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KINGDOM COME

Prime minister-in-waiting Anwar Ibrahim
finally sees his chance to lead Malaysia



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THE LONG ROAD BACK

Anwar Ibrahim is within touching distance of Malaysia's premiership, the culmination of a decadeslong journey that took him from rising political star to a prison cell. But with the country's politics as febrile as ever, will he truly be able to deliver on his radical promises?

The construction site of the Tun Razak Exchange in Kuala Lumpur, among the projects of the scandal-plagued state fund 1Malaysia Development Berhad.



KUALA LUMPUR For a soft-spoken politician, Anwar Ibrahim angers quickly when talking about corruption.

"We have tried, for the last half-century, a pro-Bumiputra policy that benefited cronies and elites," he says, referring to the entrenched, race-based affirmative action system that favors his country's majority ethnic Malays. "Look at the figures. Poverty has increased! Inequality has increased!" he goes on, his voice rising as he counts the points off on his fingers. "It becomes like a clientelist system. And that needs to be rejected!"

The Nikkei Asian Review met Anwar, 72, in Kuala Lumpur during October to discuss Malaysia's future, more than a year after his opposition Pakatan Harapan -- "Alliance of Hope" -- coalition triumphed unexpectedly in national elections. It was a victory he celebrated from inside a prison hospital, however, having been imprisoned two years earlier on what many legal observers view as politically motivated charges of sodomy.

While awaiting release, Anwar could only watch as his long-time rival-turned-ally Mahathir Mohamad took power as prime minister. Now, he is waiting once again, this time for the fulfillment of an opaque pact with Mahathir, in which the veteran prime minister is supposed to hand over power -- reportedly, within two years.

The vague details of that agreement -- when exactly will it happen? on what terms? -- are staple gossip in Malaysia, and

also a topic on which Anwar has grown adept at deflecting questions. Instead, he wants to talk about his reform ambitions. During decades in opposition, he often pledged radical changes to clean up politics and heal racial disharmony. Now, as prime minister-in-waiting, he may soon be in a position to do something about it.

Yet his is far from the only vision for Malaysia. Just a few days

His admirers still see an unusual talent, combining mesmerizing oratory and rare intellect with the potential to turn Malaysia into a genuinely prosperous, multiethnic Islamic democracy

before our interview the Malay Dignity Congress, an influential ethnic nationalist group, held a large rally in the capital, rejecting just the kind of plural democracy Anwar supports. He dismisses the movement's "Malaysia for the Malays" rhetoric, as well as its unwillingness to grapple with the ethical failures of previous Prime Minister Najib Razak -- and, in particular, the megascandal involving state-owned investment fund 1Malaysia Development



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Supporters of Mahathir Mohamad await his swearing-in as prime minister, following the opposition's shock election victory in May 2018.

for six years, often in solitary confinement, on what many viewed as trumped-up sodomy charges.

Over the decades since, he has climbed back to prominence, bit by bit. His admirers still see an unusual talent, combining mesmerizing oratory and rare intellect with the potential to turn Malaysia into a genuinely prosperous, multiethnic Islamic democracy. Last year's election marked one political watershed with the defeat of the United Malays National Organization, the party that had dominated the country's political system since independence. Anwar's appointment as leader would mark a second significant shift. While he himself is Malay, he heads the multiethnic Parti Keadilan Rakyat, meaning that as Malaysia's eighth prime minister he would also be its first not to lead an ethnic pro-Malay party.

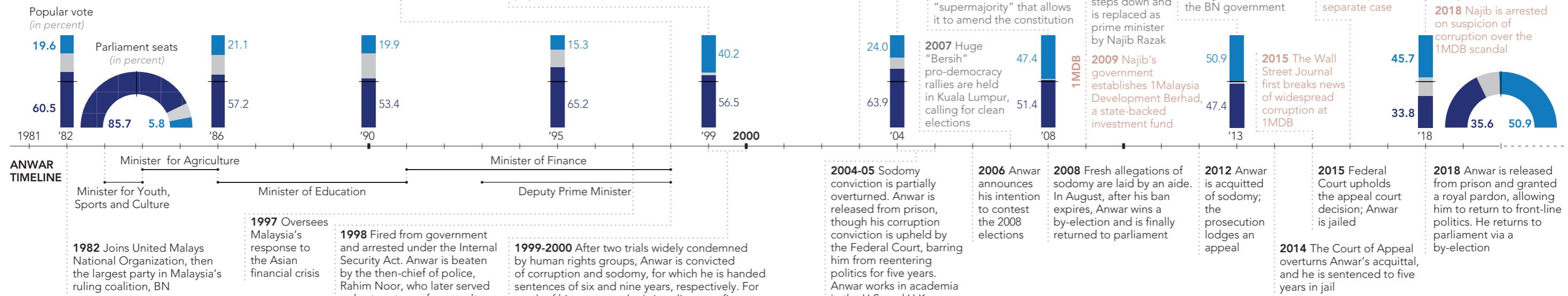
Yet, for all his talents, he remains a divisive and mercurial figure, and one whose policy plans remain hard to pin down. Much ink is spilled over the timing of his succession, but rather less on what he might do in a job for which he has spent half a lifetime preparing. His constraints are clear. Malaysia's politics are fractious. Its economy is struggling. Polls tend to show him to be less popular than the more avuncular Mahathir, too, posing questions about his odds of winning reelection. Given all this, what hopes

Path to a power handover

■ Barisan Nasional (BN) ■ Opposition ■ Others

Opposition parties: Democratic Action Party (1982, 1986), People's Concept (1990, 1995), Alternative Front (1999, 2004), People's Pact (2008, 2013), Alliance of Hope (2018)

Source: Nikkei Asian Review research, Election Commission of Malaysia





Peter Guest

The district of Little India in George Town, Malaysia: Anwar Ibrahim heads the multiethnic Parti Keadilan Rakyat, meaning he would be the country's first prime minister not to lead an ethnic pro-Malay party.

does Anwar have of not just talking elegantly about change, but actually delivering it?

UNCERTAIN TERM In person, Anwar seems relaxed about the task ahead, with a graying goatee and rimless wire glasses that give the air of a gracefully aging professor. We meet in a rented mansion in a plush Kuala Lumpur suburb, which aides describe grandly as a "transition office." Images from his career dot the walls: skinny 1970s student radical; firebrand government minister; global Muslim statesman, and now member of parliament for the coastal seat of Port Dickson, which he won in a by-election last October.

Malaysia's economy

is expected to have grown

4.5%

in 2019

from highs of
around
10%
in the late '80s and early '90s

Source: IMF, World Bank

Malaysia's poverty rate

According to government figures

In 1979:
49%

In 2019:
1%

According
to the U.N.
around
15%

Source: Malaysian government figures, U.N.

One display case holds the meager contents of his cell on his day of release, including a pair of sandals, a wooden back scratcher, and a string of *misbahah* prayer beads. More than a dozen well-thumbed books came home too: biographies of Barack Obama and the Prophet Muhammad; essay collections by Isaiah Berlin and the conservative British philosopher Roger Scruton; and, as if all those were not high-minded enough, the complete works of Montaigne.

Prison was arduous, he says, although his health has since recovered, with few aftereffects from spinal and shoulder surgery undertaken last year. Learning to work closely with Mahathir was tricky too. "It was difficult, initially, of course," he admits of their

"There is an obsession with Najib as the source of all evil. I don't share that view. ... The judiciary was compromised. The media was compliant. The enforcement agency, too"

Anwar Ibrahim on the long-running 1MDB scandal

rapprochement, which began gingerly in 2016. The duo now hold weekly meetings in private, swapping notes and managing their fragile four-party coalition, of which Anwar's PKR is the largest member. Although his wife is deputy prime minister, Anwar himself holds no government role, a partly tactical decision which allows him to avoid public disagreements with Mahathir. "We are, I should say, cordial. Friendly. Very proper."

Anwar says he still expects to take power next May, two years after the election, although many doubt his confidence. In September, a few months after his 94th birthday, Mahathir said he

might stay for three more years, fueling rumors that he is not keen to hand over to his one-time protege. Anwar demurs. "As far as I'm concerned, the transition is on schedule," he says. "There is a little bit of nitty-gritty about a specific date, which is yet to be discussed. But there is a general consensus among the leadership. What is more important is what I will do."

In this, Anwar faces an awkward balancing act, pledging loyalty to the government while also gently hinting he could do better. "It has been a positive beginning which makes things easier -- inshallah! -- for me," he says of the coalition's progress. After a brief period of postelection euphoria, polls suggest Pakatan Harapan's support has ebbed. Mahathir is struggling to implement a manifesto stuffed with promises written in opposition that its authors never actually expected to have to implement in government. Big ticket reforms have been limited, too, beyond replacing the country's goods and services tax -- a decision many economists already view as a mistake.

Anwar says his "big priorities" when he takes over will be economic reform and curbing inequality. But the heart of his agenda, as well as its most combustible element, remains building a "needs-based" welfare system. Beginning in the 1970s, Malaysia began handing out jobs, university places and loans to Bumiputra -- "sons of the soil" -- Malays and indigenous people, aiming to narrow the gap with the more prosperous ethnic Chinese minority, in particular. Bumiputras make up two-thirds of the population, making the system popular, even while it is widely criticized as inefficient and wasteful.

Attempts to change this will be fiercely opposed. "There are serious anxieties among the Malays, because for the first time since independence [in 1957] they see this wave of non-Malay prominence and more assertiveness," Anwar admits. Any reforms are, therefore, likely to be gradual; for instance, extending subsidies to poorer non-Malays, or opening school placements and government tenders. He hopes to make welfare more targeted and effective too, reducing cash "gifts" and focusing instead on providing things like cheap credit to help start small businesses.

In prison, Anwar read up on economists like Thomas Piketty and Joseph Stiglitz, both of whom back higher taxes on the rich to support spending on basic state services. Such measures to reduce inequality in general can, he hopes, persuade poorer Malay voters to support his specific reforms, even if they mean ending their racial privileges. "The narrative is not just about growth," he says. "The concern is that you talk about growth and the elites and the rich keep on growing and inequality widens."

Transparent welfare policies will create complexities for different reasons, he admits. Race-based programs became a major source of graft, leading to what Malaysians call "leakages," as money moved from public coffers to well-connected Malay business leaders and cronies of the old regime. "It requires a strong political will to act, because helping the poor will not enrich you," he says of his alternative approach. "It boils down to the issue of

A controversial policy

Malaysia's "Bumiputra" policy was designed to address economic inequality between the Bumiputra ethnic group, comprised of Malays and other indigenous people, and other groups, notably Chinese Malaysians.

Malaysia's ethnic breakdown

Share of population (in percent)



Examples of the policy

- Bumiputra receive a minimum 7% discount on property in new housing developments
- They also gain preferential access to government tenders, share offerings, automobile import permits and high-interest mutual funds
- Under the New Economic Policy of 1971, Bumiputra were supposed to own 30% equity in Malaysian companies by 1990. At the time, they owned 2%; by 2015, they still only owned 16%

Source: Malaysian government data

proper governance. You have to tackle the issue of corruption and leakages in a very serious manner."

Anti-corruption promises lay at the heart of Pakatan Harapan's 2018 win, notably its pledge to get to the bottom of the 1MDB scandal, where as much as \$4.5 billion went missing. Jho Low, a financier accused of orchestrating the theft, remains at large, although in October the U.S. Department of Justice announced that he had agreed to forfeit nearly \$1 billion in assets allegedly bought with the fund's money. Instead, attention has shifted to former Prime Minister Najib, who has pleaded not guilty to dozens of charges ranging from money laundering to abuse of power.

"It requires a strong political will to act, because helping the poor will not enrich you," says Anwar.



Akira Kodaka

The details emerging from these trials are “shocking,” Anwar says, although he suggests Malaysia’s problems run deeper.

“There is an obsession with Najib as the source of all evil,” he says. “I don’t share that view. What is pertinent here is the total abdication of responsibility by the institutions of governance. The judiciary was compromised. The media was compliant. The enforcement agency, too.” He saves his most stinging criticisms for the elites that backed Najib in power. “Of course, there is the hypocrisy of the intellectuals -- the so-called intellectuals! They were muted. Some of them, the leadings ones, are virtually lackeys of the old corrupt order.”

Anwar’s specifics on governance improvements are harder to pin down. Bodies like the Malaysian Anti-Corruption Commission must be strengthened, he suggests. Technology can increase transparency. Ultimately, though, any cleanup begins by example: “We must produce leaders who are more accountable, and who don’t display their wealth and ostentatious living style,” he says. “They must not go on shopping sprees every time they go on overseas official visits. These things need to be instilled.”

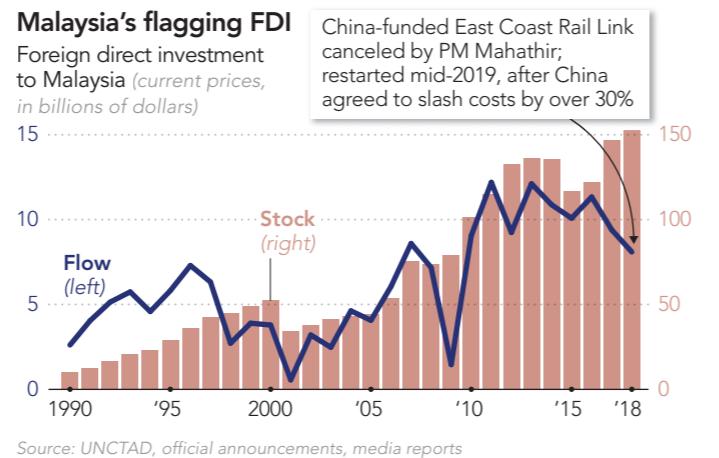
GROWING PAINS However quickly Anwar might try to push through his reforms, the economic challenges he faces will be immediate. The International Monetary Fund recently cut Malaysia’s growth projections for this year to just 4.5%, well below the level expected from a one-time Asian Tiger. Prices have risen too, driving dissatisfaction among Malay voters in particular, while the government is struggling to meet its budget targets.

This slowdown is partly a byproduct of the government’s anti-corruption drive, suggests Donald Hanna, chief economist at **CIMB**, a Malaysian bank. Postelection investigations delayed or scrapped major projects agreed under the last government, including the controversial multibillion dollar Chinese-funded East Coast Rail Link, hitting investment growth.

But there are broader problems, from the need to break out of the country’s persistent middle-income status to addressing the vulnerability of its exporters to the ongoing global trade war. Not

Malaysia’s flagging FDI

Foreign direct investment to Malaysia (current prices, in billions of dollars)



only has Malaysia’s economy stagnated, but it now risks being eclipsed by economies like Vietnam as manufacturers shift away from China, Anwar suggests. “It is problematic, no question,” he says. “It’s not going to be as easy as it was when I was finance minister in the 1990s. Having said that, we need to find a niche. We have to ask: What can be done?”

During that earlier period, international investors tended to view Anwar as a more economically liberal foil to the autocratic Mahathir, an image he seems keen to recover. “I was in New York with JPMorgan and Bank of America, and all they hear about Malaysia is 1MDB,” he says of a recent visit. “Now I want to make sure Malaysia returns as an attractive destination for domestic and foreign investments.”

Developing tourism and digital technology will be two priorities, he says. More carefully targeted incentives can persuade global companies to relocate, as can streamlining bureaucracy. Mature assets in areas like health care held by Khazanah Nasional, a sovereign wealth fund, should be sold off, with the proceeds channeled into areas with greater growth potential,

such as Malaysia’s burgeoning technology and startup scene. “Don’t compete with the private sector,” he says. “There are efficiently run private hospitals. Let them run them.”

As he searches for investment, many believe Anwar will have few options but to turn back to China. Under Najib, Malaysia was an enthusiastic recipient of infrastructure funding from Beijing’s Belt and Road Initiative. The results were controversial, leading to graft accusations and project renegotiations, including the controversial rail link. China is a complex subject for Anwar, given his record of speaking up about Xinjiang, where more than a million ethnic Uighurs, almost all of them Muslim, are held in “re-education” camps -- a point he says he’d make again as prime minister. “You can’t expect me, having stayed in prison for 10 years and been denied justice, to completely ignore this,” he says.

Ties with the U.S. are no less tricky. “With [U.S. President Donald] Trump, of course, we have a problem. We tend to disagree with him on most issues of life and death.” Anwar enjoys deep links in Washington, having taught at Georgetown and Johns Hopkins universities. But he has not met the current president, and doesn’t seem to be relishing the prospect either. “I don’t know what I can discuss?” he says jokingly. “I don’t play golf.”

At base, Anwar is likely to aim to keep friendly ties with both China and the U.S., avoiding significant swings in foreign policy. But he says he still hopes to craft a role for himself as an international spokesman for progressive Islamic ideas. “There is a sad and tragic state of affairs in many Muslim countries, most of which are authoritarian, dictatorial, oppressive,” he says, while admitting that ability to do much about this will remain limited.

Anwar’s Islamic credentials remain a source of domestic political strength, allowing him to deploy his formidable oratory to argue for reforms in theological terms. He rejects the fear that a more conservative and strident form of “political Islam” is on the rise in Malaysia, viewing religion instead as a progressive force.

“Without the issue of peace, justice, compassion as part of [Islamic] religious ethics, ‘Malayness’ becomes chauvinistic,” he says, nodding again to the risks posed by divisive nationalist groups like the Malay Dignity Congress. “I’m a Malay. I love my language, my culture. But I’m also a Malaysian. And I want to talk about justice and the rule of law and ethical governance.”

TICKING ELECTORAL CLOCK Anwar’s intellectual powers seem undimmed, at least judged by the references that tumble out of him, from Avicenna and George Bernard Shaw to Egyptian economist Samir Amin. Yet for all the breadth of his learning, critics still see an ideological chameleon, a charge he brushes off.

“They say: ‘You come to [Kuala Lumpur] and talk about Shakespeare. And then you go to the village and talk about the Quran,’ he says with a mischievous grin. “But I say: ‘On the contrary, I can go to the village and talk about Shakespeare and then to KL to talk about the Quran!’” Does he have more work to do to win over heartland Malays? “Yes, yes, I do,” he says. The grin grows



Old ties: Anwar, left, as deputy prime minister in 1996, speaks with Prime Minister Mahathir Mohamad at that year’s party conference.

wider. “But I have a slight advantage. I can still give a sermon.”

This unshakable faith in his persuasive abilities lies at the core of why Anwar is upbeat about his odds as prime minister. Even so, the political arithmetic is tough, according to Ibrahim Suffian, a pollster. Pakatan Harapan was Malaysia’s first government to be elected without backing from a majority of Malay Muslim voters. Now Anwar must keep at least some of this group on board, or risk an UMNO resurgence. “His coalition would face a tough battle to win reelection in 2023,” Suffian says.

Then there is the more immediate problem: taking power in the first place. In public, he jokes that, having waited decades to be prime minister, he is content to wait a few more months. Resilient though he is, Mahathir cannot continue indefinitely. His unwillingness to confirm a date likely stems from an unwillingness to be viewed as a lame-duck leader.

Even were Mahathir to favor another successor, there are few suitable candidates. The coalition the two men manage is fractious and divided, too, as is Anwar’s own political party, notes Francis Hutchinson, head of the Malaysia program at the ISEAS-Yusof Ishak Institute in Singapore. Were Anwar’s patience to fray, it is all too easy to imagine he and Mahathir falling back into the acrimony that marked so much of their history.

Anwar is more positive, suggesting the two men finally have a shared cause. “It is in his interest that his tenure is peaceful. And it is my interest to ensure the transition is peaceful, so I’m given similar support,” he says. That said, with tough reforms to deliver and the electoral clock ticking, he wants the handover sooner, not later. “I need at least two, two and a half years [until the next election]. So I think it’s fair to keep this date. And if I am able to do the right things in two and a half years, yes, I’m confident I can get back.”

Ultimately, he says, Malaysia needs to have the confidence to reform itself. “After 60 years of independence, we have to look at ourselves. That is my dream,” he says. “If the government is democratic, if it is accountable, if we can rid the country of excesses of corruption and leakages, then a lot can be done.” **N**



A station in the Malaysian town of Gemas, on the route of the now-postponed Singapore-Kuala Lumpur high-speed rail line.