Ethnic Politics and Malaysia’s China Policy
From Tun Abdul Razak to Abdullah Ahmad Badawi:
A Neoclassical Realist Interpretation

Mustafa Izzuddin

A thesis submitted to the Department of International Relations of the London School of Economics for the degree of Doctor of Philosophy, London, October 2014
DECLARATION

I certify that the thesis I have presented for examination for the MPhil/PhD degree of the London School of Economics and Political Science is solely my own work other than where I have clearly indicated that it is the work of others (in which case the extent of any work carried out jointly by me and any other person is clearly identified in it).

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I declare that my thesis consists of 99,990 words.

Mustafa Izzuddin
27 October 2014
This thesis is a neoclassical realist study of Malaysia’s China policy from 1970 to 2009 under four Malaysian Premiers starting with Razak and ending with Abdullah, with Hussein and Mahathir in between them. Given the puzzle that despite the prevalence of Malay supremacy and the lingering perception of the ‘Chinese problem’, Malaysia’s China policy has unexpectedly evolved from cautious rapprochement to matured partnership, the primary purpose of this thesis is to assess the relationship between ethnic politics and Malaysia’s China policy. That is, why and how has Malaysia’s China policy evolved from cautious rapprochement under Razak to a matured partnership under Abdullah despite the prevailing ethnic conflict between the Malays and Chinese? To locate an answer, this thesis presents a neoclassical realist model of domestic legitimation to study the relationship between ethnic politics and Malaysia’s China policy under each of the four Prime Ministers.

This thesis finds that it was the care for domestic legitimation that drove the Malaysian decision-maker to either continue or change Malaysia’s China policy. Extending further, the systemic pressures in the external strategic environment were mediated within the prism of domestic legitimation, that is, by the perceptions of the Malaysian leader who also took cognisance of the ethnopolitical situation before taking the foreign policy decision to continue or change Malaysia’s China policy. This thesis also finds that neoclassical realism was able to accommodate a menu of policy choices in multilateral and bilateral senses – rapprochement, engagement, deterrence, middlepowermanship, and cultural diplomacy – for Malaysia to manage its relations with China, whether as a threat or an opportunity. This thesis further finds that Malaysia’s China policy had an effect, albeit to varying degrees, on the performance legitimacy of the governing regime, that is, the justification of its right to rule in Malaysia. This thesis claims to be the first-of-its-kind in examining Malaysia’s China policy through the lens of neoclassical realism.
ACKNOWLEDGEMENTS

This dissertation is an outcome of my keen interest in keeping a close watch on Malaysia, both in its domestic politics and foreign policy since my undergraduate days at the National University of Singapore (NUS) and later on, as an MSc student at the London School of Economics and Political Science (LSE) as well as working as a researcher at three think-tanks in Singapore – Institute of Southeast Asian Studies (ISEAS), S. Rajaratnam School of International Studies (RSIS), and the LSE IDEAS Centre.

I am grateful for all the support and advice I have received whilst researching and writing up this dissertation. There are simply too many of them to name one by one. My first thanks go to the admin, library, publications, and research staff at ISEAS from where my academic journey actually began. My second thanks go to the admin staff and research faculty members of the International Relations Department (IRD), the staff at the library of the LSE where the bulk of my journey was undertaken, and the Research Degrees Unit (RDU) who were patient with, and truly compassionate with me and my difficult personal problems. My third thanks go to the admin and research staff of the Institute of Strategic and International Studies (ISIS), Malaysia as well as the libraries of the University of Malaya and the International Islamic University Malaysia where I spent the first lap of my fieldwork. My fourth thanks go to the admin and research staff of Ohio University’s Center for International Studies, Georgetown University’s Edmund A. Walsh School of Foreign Service Asian Studies Program, and East-West Center, Washington D.C. where I spent the second lap of my fieldwork. My fifth thanks go to the admin and research staff of Peking University’s School of International Studies where I spent the third and final lap of my fieldwork. My sixth thanks go to all the interviewees who have very kindly given me their time to have a conversation on Malaysia-China relations. My seventh thanks go to my much-needed sponsors for my doctorate and fieldwork expenses: a) ISEAS; b) LSE IRD; c) Fulbright Commission; and d) Global Public Policy Network (GPPN). My eighth thanks go to my panellists – Dr Roy Allison and Dr Andrew Walter (also my advisor) – for their invaluable input on my first few chapters. My ninth and final thanks go to my fellow PhD colleagues whose friendly banter and humour kept me sane for several years.

A very special mention has to go to Dr Jürgen Haacke who was not just my supervisor but also my mentor who had supported and encouraged me every step of the way especially when I had fallen sick and hospitalised several times, and when there was a death in the family and another member in the Emergency Unit for a considerable period of time. Dr Haacke’s words were a source of utmost comfort and relief. I could not have asked for a better person to guide me through a difficult albeit fulfilling a lengthy doctoral journey of my life. I have finally come to the end of the student road. It is time to work full-time, earn a proper salary, and support the family.
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<td>ACSA</td>
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<td>AFC</td>
<td>Asian Financial Crisis</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>ASEAN+3</td>
<td>ASEAN Plus China, Japan and South Korea</td>
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<td>BA</td>
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<td>BERSIH</td>
<td>Coalition for Clean and Fair Elections</td>
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<td>BFSU</td>
<td>Beijing Foreign Studies University</td>
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<td>BN</td>
<td>Barisan Nasional (National Front)</td>
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<td>Bumiputra</td>
<td>Sons of the Soil/Malay and Indigenous Peoples of Malaysia</td>
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<td>CCP</td>
<td>Chinese Communist Party/Communist Party of China</td>
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<td>CCPIT</td>
<td>China’s Council for Promoting International Trade</td>
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<td>CGDK</td>
<td>Coalition Government of Democratic Kampuchea</td>
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<td>CMC</td>
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<td>CoC</td>
<td>Code of Conduct</td>
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<td>DJZ</td>
<td>Dong Jiao Zong (Malaysian Chinese educationist movement)</td>
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<td>NDP</td>
<td>National Development Policy</td>
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<td>NEP</td>
<td>New Economic Policy</td>
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<td>NGO</td>
<td>Non-Governmental Organisations</td>
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<tr>
<td>NOC</td>
<td>National Operations Council</td>
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<tr>
<td>NWFZ</td>
<td>Nuclear-Weapons-Free Zone</td>
</tr>
<tr>
<td>OIC</td>
<td>Organisation of the Islamic Conference/Cooperation</td>
</tr>
<tr>
<td>OL</td>
<td>Operation Lalang (Weeding Operation)</td>
</tr>
<tr>
<td>PAPERI</td>
<td>Parti Persaudaraan Islam (Islamic Brotherhood Party)</td>
</tr>
<tr>
<td>PAS</td>
<td>Parti Islam SeMalaysia (Pan-Malaysian Islamic Party)</td>
</tr>
<tr>
<td>PKR</td>
<td>Parti Keadilan Rakyat (People’s Justice Party)</td>
</tr>
<tr>
<td>PLA</td>
<td>People’s Liberation Army</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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</tr>
<tr>
<td>PLAN</td>
<td>People’s Liberation Army Navy</td>
</tr>
<tr>
<td>PM</td>
<td>Prime Minister</td>
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<tr>
<td>PRC</td>
<td>People’s Republic of China (China)</td>
</tr>
<tr>
<td>RM</td>
<td>Ringgit Malaysia (Malaysian Dollar)</td>
</tr>
<tr>
<td>RMN</td>
<td>Royal Malaysian Navy</td>
</tr>
<tr>
<td>ROC</td>
<td>Republic of China (Taiwan)</td>
</tr>
<tr>
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<td>South China Sea</td>
</tr>
<tr>
<td>SEANWFZ</td>
<td>Southeast Asian Nuclear-Weapons-Free Zone</td>
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<tr>
<td>SPDC</td>
<td>State Peace and Development Council (Burma/Myanmar)</td>
</tr>
<tr>
<td>TAC</td>
<td>Treaty of Amity and Cooperation</td>
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<td>UK</td>
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<td>United Malays National Organisation</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<td>UNCLOS</td>
<td>UN Convention Law of the Sea</td>
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<tr>
<td>VOMD</td>
<td>Voice of Malayan Democracy</td>
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<tr>
<td>VOMR</td>
<td>Voice of Malayan Revolution</td>
</tr>
<tr>
<td>Wisma-Putra</td>
<td>Ministry of Foreign Affairs (Malaysia)</td>
</tr>
<tr>
<td>ZOPFAN</td>
<td>Zone of Peace, Freedom and Neutrality</td>
</tr>
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**Specific Acronyms/Translations of Newspapers, Periodicals and Databases**

<table>
<thead>
<tr>
<th>Acronym</th>
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<tr>
<td>ADJ</td>
<td>Asian Defence Journal</td>
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<tr>
<td>AFP</td>
<td>Agence France-Presse</td>
</tr>
<tr>
<td>Al-Jazeera</td>
<td>Al-Jazeera English Media Network</td>
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<tr>
<td>ALTSHEN-Burma</td>
<td>Alternative ASEAN Network on Burma</td>
</tr>
<tr>
<td>AWSJ</td>
<td>Asian Wall Street Journal</td>
</tr>
<tr>
<td>BBC-News</td>
<td>British Broadcasting Corporation News</td>
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<tr>
<td>Bernama</td>
<td>National News Agency of Malaysia</td>
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<tr>
<td>BH</td>
<td>Berita Harian (Singapore)</td>
</tr>
<tr>
<td>Borneo-Post</td>
<td>Borneo Post (Malaysia)</td>
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<td>Code</td>
<td>Source</td>
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<tr>
<td>BT</td>
<td>Business Times (Malaysia and Singapore)</td>
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<tr>
<td>China-Daily</td>
<td>China Daily Online (People’s Republic of China)</td>
</tr>
<tr>
<td>CNN</td>
<td>Cable News Network</td>
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<tr>
<td>FAM</td>
<td>Foreign Affairs Malaysia</td>
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<tr>
<td>FBIS</td>
<td>Foreign Broadcast Information Service (United States)</td>
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<tr>
<td>FEER</td>
<td>Far Eastern Economic Review</td>
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<tr>
<td>FMT</td>
<td>Free Malaysia Today</td>
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<tr>
<td>Huff-Post</td>
<td>Huffington Post International</td>
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<tr>
<td>IHT</td>
<td>International Herald Tribune</td>
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<tr>
<td>LZ</td>
<td>Lianhe Zaobao (Singapore)</td>
</tr>
<tr>
<td>Malay-Mail</td>
<td>Malay Mail Online (Malaysia)</td>
</tr>
<tr>
<td>NST</td>
<td>New Straits Times (Malaysia)</td>
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<tr>
<td>NYT</td>
<td>New York Times</td>
</tr>
<tr>
<td>Peking-Review</td>
<td>Peking/Beijing Review (People’s Republic of China)</td>
</tr>
<tr>
<td>People’s-Daily</td>
<td>People’s Daily Online (People’s Republic of China)</td>
</tr>
<tr>
<td>SCMP</td>
<td>South China Morning Post</td>
</tr>
<tr>
<td>Shenzhen-Daily</td>
<td>Shenzhen Daily (People’s Republic of China)</td>
</tr>
<tr>
<td>SIPRI</td>
<td>Stockholm International Peace Research Institute</td>
</tr>
<tr>
<td>SMH</td>
<td>Sydney Morning Herald</td>
</tr>
<tr>
<td>ST</td>
<td>Straits Times (Singapore)</td>
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<tr>
<td>Star</td>
<td>The Star Online (Malaysia)</td>
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<td>The-Australian</td>
<td>The Australian National and International Newspaper</td>
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<td>TNP</td>
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<td>TODAY</td>
<td>The TODAY Newspaper (MediaCorp Press, Singapore)</td>
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<tr>
<td>Xinhua</td>
<td>Xinhua News Agency (People’s Republic of China)</td>
</tr>
</tbody>
</table>
For my Parents and Sisters,

Nephews and Nieces
INTRODUCTION

1.1 Setting the Scene

In much of Malaysia’s history since independence in 1957, a mix of envy and anxiety of the Malays towards the Chinese has been a major factor in the political organisation of the Malays under the umbrella of the United Malays National Organisation (UMNO) so as to ensure that their survival and security as the dominant ethnic group in Malaysia is retained (see Abdullah 1997; Funston 1980). Among other insecurities, the May 13, 1969 ethnic riots, Communist insurgencies (1948-1960), major electoral gains made by the Chinese in the 2008 General Elections (GE), and the continued Chinese domination in the economic sphere all suggest that the recurring fear of being overwhelmed by the Chinese in their own homeland remains a nagging concern among the Malays to this day. To this end, it is somewhat of a puzzle that despite the prevalence of Malay supremacy and the lingering perception of the ‘Chinese problem’, Malaysia’s China policy seems to have unexpectedly evolved from cautious rapprochement to matured partnership, that is to say, there is a convergence of interests that have brought Malaysia and China1 closer together (Liow 2000). One scholar also opined that a “tacit entente” had developed between Malaysia and China, with the gradual dissipation of China-threat2 perceptions in Malaysia’s China policy (Baginda 2002:244). Such analyses suggest that Malaysia’s policy towards China had evolved to become one of deepened engagement that follows from such a partnership (Liow 2005). By the same token, another scholar has even described China and Malaysia as being bilateral “soul-mates.”3

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1 China, Mainland China, and People’s Republic of China (PRC) will be used interchangeably in this thesis.
2 Espoused primarily by the West as well as China’s neighbours, this theory is “essentially foreign attributions to China of a harmful, destabilising, and even pernicious international reputation” (Deng 2006:186).
3 The author qualified this by saying that China and Malaysia only became “something of a soul-mate in international politics and regional affairs since the end of the Cold War” (Haacke 2005:131).
But the above viewpoints defy conventional wisdom because one would anticipate the continued ambivalence in Malay-Chinese relations to result in Malaysia adopting a more reticent approach in dealing with China rather than one that appears to be based on mutual trust and confidence consistent with the development of a matured partnership. Even in neighbouring Indonesia and Singapore where there is a sizable Chinese presence, the ethnic Chinese factor was a hindrance in pursuing closer ties with China. In Indonesia, the economically-dominant ethnic Chinese and its attendant support of communism engendered a rupture in Indonesia-China relations in 1967, with diplomatic relations only restored under the ‘New Order’ Suharto government in 1990 (Sukma 1999). Singapore, where Chinese are in the majority, was the last among the founding members of the Association of Southeast Asian Nations (ASEAN) to establish diplomatic relations with China in 1990. This is in part due to its deference to Indonesia and because its political elite believed it to be unwise for Singapore to be labelled as the “Third China” during the Cold War, bilateral trade relations notwithstanding (Ho 2006:74). Put briefly, what makes Malaysia’s China policy anomalous in that there was no rupture in Malaysia-China relations as was the case in Indonesia, and that the ethnic Chinese issue was not much of an obstacle to establishing diplomatic relations with China as was the case for Singapore? Beyond that, why has the ‘Chinese problem’ not been a hindrance in the continued evolution of Malaysia-China relations towards a matured partnership?

To make sense of this puzzle, the primary purpose of this thesis is to assess the impact of ethnic politics on Malaysia’s China policy. In other words, how much of an impact does ethnic politics, that is, primarily the conflict between the Malays and Chinese have on the evolution\(^4\) of Malaysia-China relations from 1970 to 2009 under four Malaysian Prime Minister (PM)’s, that is, Tun Abdul Razak (Razak), Tun Hussein Onn (Hussein), Mahathir Mohamad (Mahathir) and Abdullah Ahmad Badawi (Abdullah)? This thesis seeks to address the following key question: why and how has Malaysia’s China policy evolved from cautious rapprochement under Razak to a matured partnership under Abdullah despite the continued conflict between Malays and Chinese in Malaysia?

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\(^4\) Evolution encompasses change and continuity in this thesis.
Empirically, this thesis aims to provide a more coherent account of Malaysia-China relations with ethnic politics as its central theme. This thesis has its starting point in 1970 as this was the beginnings of cautious rapprochement, which led to the establishment of diplomatic relations with China in 1974; and prior to which, Malaysia’s China policy was virtually non-existent since Malaysia’s foreign policy under the first PM Tunku Abdul Rahman was principally pro-West and anti-Communist in character from 1957 to 1970. The thesis has its end point in 2009 because this was the year that PM Abdullah handed over the premiership to current PM Najib Razak (Najib), and it was on Abdullah’s watch (2003-2009) that a matured partnership seemed to have emerged between Malaysia and China. Theoretically, this thesis is a study that is situated within the realm of Foreign Policy Analysis (FPA), a sub-field of International Relations (IR), which seeks to explain foreign policy behaviour by opening up the black-box of the state to examine various units that make up its decision-making apparatus (see Hudson 2007; Hill 2003; Light 1994). Specifically, this thesis discusses the relationship between ethnic politics and foreign policy of a developing state like Malaysia. In examining this relationship, this study will also review, in Chapter Two, the twin concepts of national security in the developing world, and domestic legitimation (DL). The concept of security is significant as this thesis is concerned with security of the dominant ethnic group (Malays) in the face of an internal threat emanating from the ongoing conflict with a sizeable minority ethnic group (Chinese). Concurrently, there is also the real or perceived external threat of an emergent China hovering over Southeast Asia, commonly termed as the China-threat (see Yahuda 1986; Yee and Storey 2002). The concept of DL, that is the process of conferring legitimacy to a governing regime, is also relevant as it involves a pre-dominant UMNO regime, which draws its legitimacy principally from the Malay constituency, while also, under the banner of Barisan Nasional (BN), attempts to garner support from the non-Malays, and in particular, the Malaysian Chinese community.

Before proceeding to present a viable conceptual framework for this thesis, it is imperative to first do three things. One is to understand how the above puzzle came about by providing a brief overview of Malay-Chinese relations, which will be revisited later in every empirical chapter. The second is to outline the significance of Malaysia-
China relations in order to justify the need to address this puzzle. The third is to review
the literature written on Malaysia-China relations so as to have a clearer idea of how
much it has been studied and the lacuna that is noticeable; and to establish whether the
current writings have been able to address this puzzle in Malaysia’s China policy.

1.2 Overview of Malay-Chinese Relations in Malaysia

Malaysia is a multi-ethnic state with Malays as the dominant ethnic group comprising
about 51% of the population followed by the Chinese at about 24% and the Indians at
about 7%. Malaysia has been ruled since independence in 1957 by the Alliance and later
in 1974, the BN which comprises various component parties, but chief of which are
UMNO, the Malaysian Chinese Association (MCA) and Malaysian Indian Congress (MIC).
Since the formation of UMNO in response to the Malayan Union proposal of 1946,
Malaysia’s society has been defined by Malay supremacy and Muslim conservatism.
Thus, UMNO’s legitimacy hinges on the security of the Malays, and in particular, the
sustenance of the Malay nationalist agenda, which comprises the protection of Malay
special rights and privileges alongside defending Islam as the official religion. In fact,
constitutionally, it also elucidates that Malays are Muslims who practise Malay customs
and culture as part of their identity. Since Article 153 of the Malaysian Constitution
safeguards these ‘special rights’ of the Malays under the guardianship of the Yang di-
Pertuan Agong (‘King’), questioning this is blasphemous and could result in a trial for
sedition. Malaysia can therefore be dubbed an “ethnocratic” state because the Malay
political leadership are mainly concerned with the practice of preferential policies that
safeguards the interests of the Malays. In other words, this is the raison d’être of UMNO,
which envisages itself as a defender of Malay supremacy, with the security perceptions
of its leaders with respect to Malaysia’s domestic and foreign policies being shaped
around the objectives of Malay survival as an ethnic group (see Jalil 2008; Tan 2004:113).

5 The British-initiated 1946 Malayan Union proposal was opposed by the Malays as such a union would dismantle the
Malay states and erode the Sultans’ sovereignty, the principal symbol of Malay supremacy (Shome 2002:49-61).
6 Although David Brown described Burma as the ethnocratic state in his study of ethnic politics in Southeast Asia, it
can also be applied to Malaysia as will be discussed in Chapter Two of the thesis (Brown 1994:36-37).
7 Policy issues favouring Malays include education, employment, and internal security (see Crouch 2001:225-62).
A cursory account of Malay-Chinese relations reveals that there is indeed a perpetual conflict between the two ethnic groups. In fact, the relations between the two ethnic groups have been to varying degrees, and at different times been fractious and volatile because of contestations over political, economic, ethno-religious and social issues. In the political sense, as per the Malaysian constitution and political arrangement in Malaysia, the Malays exhibit political hegemony so hence, any challenge to its political power would be seen to be unacceptable, and can lead to conflict as was evidenced by the 1969 racial riots, and the struggle against the Communist Party of Malaya (CPM) until 1989. Additionally, the perception of being outnumbered by the Chinese and becoming a ‘minority’ in their motherland adds to tension in Malay-Chinese relations. This stems from the pre- and early independence days whereby a large non-Malay ‘immigrant’ population created anxiety among the Malays that if these immigrants were accorded equal status through citizenship by the British, it could result in the Malays being dethroned from the helm of political leadership (Kaur 2007:79; Khoo 1981:93-107). In truth, Malays would find it unthinkable should Malaysia become a Chinese province alongside a Chinese-dominated Singapore: this could spell the end of Malay supremacy arguably for the whole of maritime Southeast Asia. To circumvent such a scenario, Malays have continually looked to UMNO to defend their rights against threats emanating from the Chinese. It was thus a significant coup for the Malays when UMNO succeeded not only in dismantling the British-initiated Malayan Union, but also successfully securing a Federation of Malaya Agreement in 1948 with the British where Malay rights and interests, particularly on issues such as citizenship, land ownership, national language and religion, would be protected (see Hussin 1990:27-28).

The economic factor has also contributed to the tension between the Malays and Chinese since it is the Chinese who are the economic powerhouse in Malaysia. As one scholar intimates, the Chinese have the bigger share in ownership of the country’s total wealth as compared to the Malays, despite the Chinese being much smaller in size as an ethnic group than the Malays (Sundaram 1998:254). As of 2012, the Chinese control

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8 Malay political hegemony in Malaysia refers to exercise of Malay political power (Ahmad and Kadir 2005:48).
9 Communism is interlinked with China’s overseas Chinese policy, which will also be discussed in this thesis.
about 60% of the economy (Witt 2012:5), and of the 20 richest Malaysians listed in 2013, only 5 were Malays while 13 were Chinese. While the estimated combined wealth of these 13 Chinese was US$44.7 billion, it was only US$6.2 billion for the 5 richest Malays (Forbes 2013). What is thus apparent here, is that while political supremacy lies with the Malays, economic dominance rests with the Chinese. But this is unacceptable to the Malays because by virtue of their indigenous status as the Bumiputras (sons of the soil), the Malays believe that they should have primacy in both the polity and economy of the country: they are not mutually exclusive (Kheng 2002:121-158). In fact, the economic deprivation of the Malays was perceived by the Malay governing elite as a principal cause of the 1969 ethnic riots in Malaysia (see Milne 1976:235-262).

Contestations over religious issues have also added to the tension in Malay-Chinese relations. The main problem is the fact that, as per the Malaysian constitution, Malays are Muslims and Islam is the official religion while the Chinese are largely non-Muslims who are confronted with persistent problems in trying to practise their religion in peace and harmony even though the constitution grants them the right to do so (see Harding 2012:161-92). Two such problems are to do with religious conversion and the rise of Islamisation. There has been a rise in recent years in the number of disputes regarding religious conversions that have sparked anxiety among non-Malays who profess the Buddhist, Christian or Hindu faith. The reason for this is that Malaysia operates on a dual court system with civil courts for non-Muslims and Islamic courts for Muslims. So for Muslim apostasy, it comes under the remit of the Islamic courts; and since apostasy is forbidden in Malaysia, the Islamic courts usually rule against people seeking to leave Islam (Liow 2009a:64-68). The rise of Islamisation in Malaysia really began in the 1980s in large part due to UMNO’s quest to counter the Islamic challenge posed by the Pan-Malaysian Islamic Party (PAS) so as to retain the support of Malays who demand that Islam be ubiquitously practised and protected in Malaysia. As a “process by which what are perceived as Islamic laws, values and practices are accorded larger significance in Malaysian state and society” (Othman 2003:124), Islamisation has instilled fear in the hearts of the non-Malays with the belief that it could perpetuate their “second-class

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10 The other two are an Indian and Thai resident in Malaysia with a combined wealth of about US$12.5 billion.
status” as citizens of Malaysia (Sundaram and Cheek 1992:104). These fears were justified when one observes how Malaysia has been declared on several occasions by Malay governing elites as an Islamic state, that is, Sharia law is the ideological foundation of the state (see Liow 2009a:82-108). Of course, these proclamations were met with angry responses from the non-Malays especially MCA and the Chinese-dominated Democratic Action Party (DAP) to the extent that the government had to step in to enforce the 1971 Amendment Act. That is, it arbitrarily halts any religious discussion, because Islam is regarded as sacred and therefore, a sensitive out-of-bounds issue.

Educational matters have also been contentious between Malays and Chinese, chiefly around the issue of Chinese vernacular education (Saravanamuttu 2004a:89-114). Since the Chinese believe their vernacular education epitomises their culture and defines their identity, they have firmly opposed any attempts by the government to standardise the education system in Malaysia as this would threaten their identity as ethnically Chinese. One scholar suggested that the government’s interference to streamline the education system was a “Malay-dominated state’s attempt to regulate, control and marginalise Chinese education.” He believed that such interference was due to the perception among the Malays that “the Chinese education is detrimental to the development of a national culture and in fostering national unity” (Lee 2000:5-9). To counteract this, the Chinese looked to the Chinese educationist movement Dong Jiao Zong (DJZ), which comprised the United Chinese School Committees’ Association and the United Chinese School Teachers’ Association. The several bitter exchanges that occurred between DJZ and the Malay-majority government peaked in 1987 when racial tensions reached such a volatile point that Operation Lalang was launched, resulting in many arrests being made under the Internal Security Act (ISA). From the perspective of the Chinese, the use of draconian measures like the ISA to detain individuals without trial, the majority of whom were Chinese, was an attestation to the precarious relationship that continues to exist between the Malays and Chinese in Malaysia (see Collins 2005:567-588).

Overall, while it is remarkable that there were no further flare-ups to the extent that 1969 ethnic riots might reoccur, the resentment between the races still prevails today,
and anti-communal undercurrents remain a feature of Malaysian society. Malay political
elite have continued to flaunt their political supremacy as was the case when an UMNO
Youth Chief brandished a Malay dagger (Keris) at UMNO's General Assembly twice in
2005 and 2006. This action was slammed by the Chinese because, although the Keris is
a cultural symbol for the Malays, it is also a symbol of violence, and as such, this gesture
could be seen as an incitement of violence between the Malays and non-Malays in
Malaysia. Another instance came on the heels of the March 2008 GE where UMNO-led
BN lost its two-thirds majority in Parliament, lost control of five state assemblies, and
the Chinese opposition made considerable electoral gains in Parliament. Although the
difference here compared to May 1969 was that the opposition was led by a Malay
leader in Anwar Ibrahim, the electoral outcome incensed several UMNO elites to the
extent that one party official racially berated the Chinese by describing them as
“squatters” and “immigrants” who did not deserve the same equal rights in Malaysia.
He also warned the Malaysian Chinese “not to try to be like the Jews in America – it is
not enough they control the economy, now they want political control.” Fearing that
such a racial tirade might split the 14-party multi-ethnic ruling coalition, PM Abdullah
responded by suspending Ahmad Ismail from UMNO (Al Jazeera 11 September 2008).
So, having shed light on Malay-Chinese relations in Malaysia, this chapter will now turn
to present several selected pieces of evidence to provide a snapshot on the significance
of Malaysia-China relations particularly in the modern period from 1970 to 2009. The
ensuing section seeks to outline Malaysia’s evolutionary relationship with China despite
there being interethnic tensions within Malaysia as demonstrated in this section.

1.3 Snapshot on the Significance of Malaysia-China Relations

Relations with China occupy a unique place in Malaysia’s diplomatic history. Malaysia
prides itself as the first ASEAN country to establish diplomatic relations with China when
Razak visited China on 31 May 1974, and signed a Joint Communiqué with China’s first
Premier Zhou Enlai.11 Crucially, this watershed event formalised the establishment of
Sino-Malaysian relations while also serving as a major catalyst and setting an example

11 Some scholars have described Malaysia as the first ‘Southeast Asian country’ to establish diplomatic relations with
China. However, as Table 1 shows, this assertion is factually incorrect.
for other ASEAN states to emulate. Thailand followed first in June 1975 and then it was
the Philippines a month later, and at different times, other countries in Southeast Asia
with Vietnam, Brunei, Indonesia and Singapore the last ones to do so in the 1990s.\footnote{For a good overview of China’s relations with individual ASEAN countries, see Haacke (2005); Storey (2011).}

<table>
<thead>
<tr>
<th>Countries</th>
<th>Accession to ASEAN</th>
<th>Diplomatic Relations with China</th>
</tr>
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<tbody>
<tr>
<td>Malaysia</td>
<td>8 August 1967 (Founding member)</td>
<td>31 May 1974</td>
</tr>
<tr>
<td>Philippines</td>
<td>8 August 1967 (Founding member)</td>
<td>9 June 1975</td>
</tr>
<tr>
<td>Thailand</td>
<td>8 August 1967 (Founding member)</td>
<td>1 July 1975</td>
</tr>
</tbody>
</table>
| Indonesia   | 8 August 1967 (Founding member) | 13 April 1950 (initial)  
30 October 1967 (ruptured)  
8 August 1990 (normalized) |
| Singapore   | 8 August 1967 (Founding member) | 3 October 1990 |
| Brunei      | 7 January 1984    | 30 September 1991 |
| Vietnam     | 28 July 1995      | 18 January 1950 (initial)  
25 December 1978 (ruptured)  
10 November 1991 (normalized) |
| Cambodia    | 30 April 1999     | 19 July 1958 |
| Laos        | 23 July 1997      | 25 April 1961 |
| Burma/Myanmar| 23 July 1997      | 8 June 1950 |

Malaysia-China relations have grown from strength to strength despite the occasional
twists and turns that are often characteristic of most bilateral relations. Foremost in this
regard were propitious opinions formed about China by each of the Malaysian PMs.\footnote{Such opinions will be explored in the empirical chapters. Favourable opinions held by PRC leaders towards Malaysia, which underscores the significance of Malaysia to China as well, will also be addressed in the empirical chapters.} Further, in political terms, as Jürgen Haacke observes, China regards Malaysia as “a soulmate in international politics and regional affairs since the end of the Cold War” (Haacke 2005:131). Similarly, in strategic-security terms, as Joseph Liow elucidates with respect to the unresolved Spratly Islands dispute in the South China Sea (SCS), “there was a perceptible change in Malaysia’s SCS islands policy with regard to Beijing” by which bilateral solutions were favoured over multilateral ones at the displeasure of other ASEAN claimants; and hence, it was unsurprising that China only issued a “token, muted
diplomatic response” to Malaysia’s occupation of the contested Investigator Shoal and Erica Reef while it strongly protested against claims made by countries like Vietnam and the Philippines on other islands (Liow 2000:685-689). The broader strategic-security point from this Spratlys example was how Malaysia managed the China-threat in a way that this bilateral relationship still remained on an even keel as opposed to others in Southeast Asia, where diplomatic relations had either ruptured or not established until much later. In a way, Malaysia-China relations is significant as it shows how a Southeast Asian country manages its ties with a country that has a threat potential; and in so doing, upholds that country’s national security, and security of the region (see Baginda 2002).

Economic interdependence has also become a mainstay in Malaysia-China relations as shown by the expansion in bilateral trade and investment. Malaysia-China bilateral trade grew significantly from less than US$40million in 1970 to around US$40billion in 2009 (Lim 2009). In fact, Malaysia became China’s leading trading partner in ASEAN alongside Singapore since the 1990s (Yi 2006:127). Further, Malaysia’s arguably most productive Look-East policy under Mahathir also gradually tilted from Japan to China with Japan being replaced by China as Malaysia’s leading bilateral trading partner in East Asia as a result of the twin principal factors of China’s economic reforms and its attendant massive economic growth, and the relative stagnation of Japanese trade with Malaysia (Lam and Lim 2007:241). In a sense, economic pragmatism became the cornerstone for improving relations between Malaysia and China, despite the continued emphasis on political vigilance (see Leong 1987), given the protracted ethnic conflict in Malaysia.

Having presented a brief overview of Malay-Chinese ethnic relations as well as succinctly outlined the significance of the bilateral relationship between Malaysia and China, the next section proceeds to review the existing works on Malaysia-China relations so as to ascertain first how sufficiently this bilateral relationship has been studied, and second, in what ways has the literature attempted to address the puzzle of the evolution that had taken place in Malaysia’s China policy despite the prevailing ethnic conflict between the Malays and Chinese. Put differently, to what extent has the current literature addressed the relationship between ethnic politics and Malaysia’s China policy?
1.4 Review of Literature on Malaysia-China Relations

It can be argued that there is an apparent gap in the literature on bilateralism between China and individual states in Southeast Asia, because most scholarly attention has been devoted since the start of the millennium to discuss relations between China and Southeast Asia as a region. One plausible explanation is that China and ASEAN occupy a unique and important position in the international politics of the region. Thus, in response to a rising China over the past two decades, several scholars have focused their efforts on the regional level by studying China’s impact on Southeast Asia’s economic development and its strategic-security imperatives (see Wade 2009; Goh and Simon 2008; Sutter 2005). As a result, as aptly observed by Jürgen Haacke, few analyses have explored the roles individual ASEAN countries have played in “China’s strategic, political and economic considerations relative to Southeast Asia” and “few works have offered a comparative study of recent developments between Beijing and individual ASEAN states and the importance of these bilateral ties for advancing China’s relations with ASEAN as a diplomatic grouping.” Haacke adds that this neglect may be due to an ardent interest in East Asian regionalism at the expense of relations between China and individual ASEAN countries, but which is puzzling given the critical importance bilateralism has traditionally assumed in Beijing’s contemporary foreign policy (Haacke 2005:111-12).

Haacke’s observation of this lacuna in the literature on bilateralism is confirmed when studies relating to Malaysia-China relations in particular seemed to be rather few and far between. Joseph Liow echoed a similar sentiment when he deduced that “there is a conspicuous paucity of scholarship on Malaysia-China relations in the 1990s” (Liow 2000:672). In his second writing in 2005, Liow also observed that there is a dearth of scholarship on Malaysia-China relations in the post-Cold War period because most studies tended to focus primarily on the so-called ‘Strategic Triangle’ of US-China-Japan relations and how these dynamics affected the East Asian region. Further, Malaysia’s relations with China appeared to have largely escaped notice due to the inclination to regard Malaysia-China relations as inconsequential for the reason that it has little impact on either China’s rise, or the international politics of the East Asian region. Malaysia also
appeared to be seen neither as a threat to regional stability nor as having the capabilities of becoming a great power as China does (Liow 2005:281). While this might seem a valid observation, this does not mean that Malaysia-China relations are inconsequential and unimportant. Rather, as this thesis will show in its study of Malaysia’s China policy, Malaysia-China relations is a crucial bilateral relationship in many ways, which includes the maintenance of regional stability through ASEAN and its affiliated institutions. Beyond this, the existing literature on Malaysia-China relations also reveals the common use of the concept ‘hedging’, and its attendant difficulties, as will be discussed below.

1.4.1 The ‘Hedging’ Concept

One key concern that emerges from the current literature on Malaysia-China relations is the overuse of the hedging concept and its variations in the domain of strategic-security studies in its attempt to make sense of the foreign policy of smaller states such as Malaysia in their varied responses to managing a rising power like China. The growing reliance on hedging stems from the fact that many scholars “decry the utility of relying on balancing and bandwagoning for analytical purposes” (Haacke 2011:107-108). Hedging was seen as a more nuanced and durable approach by many scholars because they lamented the weaknesses and unattractiveness of the traditional patterns of state behaviour – bandwagoning and balancing – as proffered by the enduringly realist theory of international relations to account for the relationship between Southeast Asia and the major powers, especially in the light of a rising China (Fiori 2013; Ciocciari 2008:168; Goh 2006). Hedging has come to be a concept of choice to many scholars for its analytical convenience: it has become far too handy to simply turn to hedging when studying for example, Malaysia’s China policy. In fact, all notable theoretically-informed existing works have used some form of hedging variation to study Malaysia-China relations (Acharya 1999; Kuik 2008, 2010, 2013; Storey 2007, 2011; Liow 2005). For them, neither balancing nor bandwagoning can adequately account for Malaysia’s

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14 For analytical convenience, China will be referred to as great, major and rising power interchangeably in this thesis.  
15 Washington and Beijing were arguably the first ones to hedge against each other by developing relations with smaller Asian states while enhancing their own bilateral engagement policy (see Brinkley 2005; Medeiros 2005; Foot 2006). Hedging was also prevalent in the 2006 US National Security Strategy, which stated that the US approach “seeks to encourage China to make the right strategic choices, while we hedge against other possibilities” (Fiori 2013).
responses to a rising China. These strategies are ruled out as viable options because Malaysia does not view itself as losing its strategic freedom by bandwagoning with China while simultaneously, Malaysia does not see China as a clear imminent threat to warrant a balancing strategy which calls for the formation of alliances with like-minded states to contain and confront an allegedly threatening power (Tang 2007:102). Isolating China is too an unwise option because “any attempt to isolate China will bring grief not only to China but also to the rest of the world” (Lee 2005:7). While hedging gives a useful account of Malaysia’s responses to a rising China, there are flaws that warrant mention.

The first is of definitional ambiguity in that hedging means different things to different people. Hedging is what authors make of it to serve their respective arguments. Doing so also results in hedging being defined too loosely to the extent of rendering the concept vague and imprecise (Ciorciari 2008:168). The first category of scholars is those who view hedging as a fall-back option or a form of insurance in an uncertain environment. Such a standpoint is congruent with financial terminology where hedging is about not putting all your investment eggs in one basket. That is, hedging is about minimising one’s losses on an investment by counterbalancing potential risks through companion investments. In strategic-security terms, hedging comprises a wide range of strategies that “couple engagement with countervailing alignment against a potential enemy” (Ciorciari 2008:168). Simply put, Southeast Asian states would on the one hand develop relations with China, but then insure it with the US on the other (see Chung 2004; Khoo et-al 2005; Roy 2005; Storey 2007). They were, in a sense, “simultaneously engag[ing] China while hedging their bets” (Goldstein 1997/1998:63). Similarly, Amitav Acharya, in his study of Malaysia-China ties, equates hedging with “counter-dominance” where Malaysia, while engaging China, wants to ensure that China does not become too dominant in its own bilateral relationship, and the region more generally (Acharya 1999). Acharya believes such an insurance comes either from US entrenchment in the region or by “lock[ing] China into a network of constraining multilateral arrangements”
A second category of scholars is those who view hedging as a ‘middle’ position between major powers where a state “forestalls or avoids having to choose one side at the obvious expense of another” (Goh 2005b:2-5). Echoing a similar position is Joseph Liow who, in his writing on Malaysia-China relations, termed ‘hedge diplomacy’ to refer to “a move not only to avoid becoming a strategic pawn of great powers, but also to capitalise on economic, political, and diplomatic rivalry between great powers in a manner that furthers a small state’s own interest and does not foreclose policy options” (Liow 2005:285). One scholar too inferred from this ‘middle’ position as Malaysia “maintain[ing] equidistance relations with both powers, aimed at maintaining and enhancing existing ties” (Tang 2007:102). Such a definition becomes problematic when a premium is placed more on one power like when Ian Storey argued that Malaysia’s hedging strategy with China “puts a premium on the continued US military presence in the Asia-Pacific region” (Storey 2007). Even for Singapore, it is ambiguous to say that it practises a hedging strategy given its close relationship with the US. In short, there is no genuine ‘middle’ position as there is a tendency to navigate closer to one great power.

A third category of scholars is those who see hedging as not merely a ‘middle’ position but an ‘opposite’ position. Popularised by Kuik Cheng-Chwee, hedging is understood as “a behaviour in which a country seeks to offset risks by pursuing multiple policy options that are intended to produce mutually counteractive effects under the situation of high-uncertainties and high-stakes” (Kuik 2008:163). But it is not entirely straightforward to ascertain when such situations of high-uncertainties and high-stakes actually arise and apply (Haacke 2011:109). Nonetheless, Kuik operationalises hedging as a set of mixed strategies which involves a mix of military and non-military options with an affinity for multilateral institutions for Malaysia to deal with a rising China. This set of mixed strategies was also adopted by John Ciorciari with a focus on limited alignments in his

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16 A caveat must be offered here in that for some countries such as Singapore, its leaders would favour the US as the ‘top dog’ if push comes to shove for a great power to dominate the region (see Goh 2005a; Khong 1999).
study of Southeast Asia and great powers. For him, limited alignments allow countries in Southeast Asia to capitalise on the benefits of alliance with great powers while at the same time avoiding entrapment through preserving “flexibility, leverage and autonomy” (Ciorciari 2010:16-55). But the key problem with Ciorciari’s work, as John Sidel observes, is “ad-hoc and inconsistent, biased in favour of a putatively ‘benign’ United States and superficial in the rendering of national contexts” (Sidel 2011:755). Moreover, Ciorciari places much of the focus on limited alignments vis-à-vis Beijing instead of Washington, and does not give sufficient appreciation of the relationship between domestic factors and alignment choices of countries in Southeast Asia vis-à-vis the great powers.

A second flaw is that hedging is mostly used to account for state behaviour at the systemic or regional (sub-systemic) level given that it is a policy strategy for a smaller state to deal with a rising power so as to ensure its survival in an anarchic international system “dominated by great powers” (Waltz 1979:73); and is thus unconcerned with opening up the black-box of the state. This is perhaps because hedging is a slightly rigid concept in that it accords “unnecessary theoretical and conceptual constraints” (Haacke 2011:108). Looking within the state matters especially when domestic (ethnic) factors could impact the decision made by the Malay ruling elite on how to manage Malaysia’s relations with China. It is also noteworthy that although hedging seems to be linked to the perception of whether China is seen as a threat to Malaysia, it does not consider the role of individuals in the formulation of Malaysia’s China policy. This can be problematic because many scholars have extensively argued that individuals play a significant role in shaping Malaysia’s foreign policy. In the end, due to its emphasis on state behaviour, the hedging concept does little, though it could perhaps in its analysis, to consider the roles and functions of Malay ruling elite in its attempt to study Malaysia’s China policy.

One possible exception is a work done by Joseph Liow who drew on the concept of hedge diplomacy to argue that a discernible shift had taken place in Malaysia’s China policy under Mahathir after the Cold War, which in turn showed how KL has sought to secure its interests by navigating closer to Beijing. To back-up his claim, Liow presented

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17 See for example, Faisal (2008); Dhillon (2005); Saravanamuttu (2004b); Liow (2001); Camroux (1994).
empirical evidence from an analysis of political, economic and strategic-security issues in Malaysia-China ties; and deduced that Malaysia’s hedge toward China was “motivated not so much by threat perception as by KL’s intention to capitalise on the potential political, economic and strategic benefits associated with the rise of China, which affiliation with Beijing might entail” (Liow 2005:300). But due to Liow’s preoccupation with structural explanations as borne out by the hedging concept, he mentions only briefly the impact of ethnic politics on Malaysia’s China policy such as Chinese electoral support being the main domestic rationale for Malaysia improving its relations with China. It is also noteworthy that Liow’s focus on Malaysia’s China policy under Mahathir also meant that he only focused on a specific phase in Malaysia-China relations, and thus left out the pre- and post-Mahathir phases, which will be discussed in this thesis.

One other exception is a comparative study done by Kuik about the alignment choices of smaller states in Malaysia and Singapore in the face of a rising power in China. Such politics of alignment offers foreign policy choices that not only extend beyond balancing and bandwagoning, but also attempt to craft out hedging as a more precise concept (Haacke 2011:108). By meticulously operationalising the hedging concept as a form of state behaviour (Kuik 2010:141), Kuik concludes that the reactions of smaller states to rising powers “is not determined by their concerns over the growing power gap per se; rather, it is a function of domestic legitimation through which the ruling elite seek to capitalise on the dynamics of the rising power for the ultimate goal of justifying their own political authority at home” (Kuik 2010:152). In a sense, the hedging behaviour by Malaysia and Singapore is mostly determined by the domestic sphere. Here, Kuik put forth a DL model to explain different types of hedging behaviour that are exhibited by Malaysia and Singapore (Kuik 2010:153). One main problem with Kuik’s work is that there is too much focus on the concept of hedging, and too little emphasis on empirical issues. That it was a comparative study also meant that Kuik’s work was limited in its discussion on Malaysia-China relations although he tried to cover a substantial period from Tunku to Najib. Recognising however that Kuik’s domestic legitimation model has its strengths, it will be briefly revisited later in this chapter as the proposed framework to study the impact of ethnic politics on, or its relationship with, Malaysia’s China policy.
A third notable flaw is that hedging can only best account for Malaysia’s response to a rising China during the post-Cold War period (Liow 2005). Focusing in this period could be attributed to the changing distribution of power in the international and regional systems after the Cold War with on the one hand, an accelerated rise of China to the upper echelons of a great power which implies a move towards multipolarity; and on the other, a more “stable security environment that offers small states such as Malaysia much more manoeuvring room in its relations with great powers” (Liow 2005:300). It is predicated on this strategic milieu that hedging can be used as an analytical tool. But by focusing on the post-Cold War period, this entails leaving out any analysis of Malaysia’s China policy during the Cold War period from 1970 to 1989. It also leaves the question unanswered whether any key issues during the Cold War, chiefly those to do with ethnic politics could have led to Malaysia adopting a hedging strategy after the Cold War.

To recap, while the hedging concept has achieved wide currency as a seemingly useful analytical tool in the study of Malaysia’s China policy, it does contain a few flaws. One is definitional ambiguity in so far as hedging can refer all at once to a form of insurance, a ‘middle’ position or an ‘opposite’ position because hedging is what authors make of it. For some, it is an approach while for others it is a purpose which adds to the confusion of the concept. Two is the focus of hedging on state behaviour at the systemic level, which in turn implies a lack of consideration for sub-state actors. And three, hedging is mostly concerned about state behaviour in the post-Cold War period. While this study acknowledges the usefulness of the hedging concept and will make references to the writings noted here on Malaysia-China relations in the empirical chapters, hedging will not be the concept of choice for this thesis, because its limited scope and focus renders this concept problematic for use especially since this study considers sub-state actors as important. As such, as will be revisited later, a modified DL is offered as an alternative, primarily because it considers domestic factors in the formulation of foreign policy. Given also that hedging lacks theoretical rigour, neoclassical realism (NCR) is offered as an alternative theory of choice. It is hoped that a neoclassical realist model of DL would be a viable alternative to hedging in the study of Malaysia’s China policy.
1.4.2 Ethnic Politics and Malaysia’s China Policy

A second key concern that emerges from the literature that is unrelated to hedging is the observation that there has been a gap in the literature to analyse the impact of ethnic politics on Malaysia’s foreign policy in general and the policy towards China in particular. While there have been voluminous works done on ethnic politics in Malaysia mainly that of the conflict between Malays and Chinese (see Ahmad and Kadir 2005:42-64; Loh et-al 2003; Brown 1994:206-257; Vasil 1980) or the emphasis on the Malaysian Chinese more specifically (see Suryadinata 2007; Wang 2003; Ramanathan 1994), there have been few notable studies done on the impact ethnic politics has on the country’s foreign policy. In conceptual terms, most discussion on ethnic politics in Malaysia has been confined to the domestic realm and as such its impact on Malaysia’s relations with other states, which is in the external realm, is seldom discussed.18 Given also that ethnicity is enmeshed with religion in Malaysia where the majority Malays are Muslims, some scholars have looked at the impact of Islam in Malaysia’s foreign policy particularly during the Mahathir premiership (Abdalla 2006; Nair 1997), although none of them seriously looked at the contemporary Islamic links between Malaysia and China. It is also worth noting that there is a paucity of scholarship on Malaysia’s foreign policy to begin with, and much of that work has centred on Mahathir’s premiership for the reason that he was at the helm for 22 years (see Dhillon 2009; Faisal 2008). The lack of works on first, Malaysia’s foreign policy and second, the impact of ethnic politics on the country’s foreign policy, and in particular, towards China presents a chance for this thesis to carry out such a study and in so doing, attempt to make a contribution to the current literature.

Of those who have tried to look at the relationship between ethnic politics and Malaysia’s China policy, the focus has largely been on the ethnic Chinese variable. This was unsurprising given the challenges faced by countries in Southeast Asia regarding the overseas Chinese, and the communist threat emanating from China. Apart from the voluminous works by specialists such as Wang Gungwu and Leo Suryadinata on China

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18 One exception is a doctoral study by Jafri Jalil who looked at the ethnic dimension in studying the relations between Malaysia and three other Southeast Asian states: Thailand, Indonesia and Philippines (Jalil 2008).
and the overseas Chinese (see Wang 2003; Suryadinata 2007) and others on China’s links with the Malayan communists (see Kheng 2009; Shuib et-al 2009), three other works are worth mentioning here. Abdullah Dahana, who traced the evolution of China’s policy towards Malaysia from 1949 to 1982, investigated three main issues in his thesis: diplomacy, China’s support for the CPM and China’s ties to the overseas Chinese. Dahana found that China’s Malaysia policy was closely tied to its global policy while Malaysia’s experience with communism pushed the country into indirect participation in Western efforts to contain China. Dahana also found that CPM was indeed Chinese in its origins and in most cases, CPM’s strategy and party organisation followed a ‘China model’ although the CPM was an independent political actor, despite Beijing’s support (Dahana 1986). But Dahana’s object of analysis was the evolution of China’s policy towards Malaysia rather than evolution of Malaysia’s policy towards China, which will be the focus of this thesis. Dahana’s work, which had focused from 1949 to 1982, meant that he was unable to address the evolution of Malaysia-China relations under Mahathir which, as this study will show, was a major turning point of this bilateral relationship.

Similar to Dahana’s study, Lauren Carter’s work, while also outdated, also looked at the ethnic Chinese variable in the domestic and foreign policies of Malaysia and Indonesia, and in particular towards China. She argued that China’s relations with the overseas Chinese had influenced the domestic and foreign policies of Malaysia and Indonesia (Carter 1995). The main problem with Carter’s thesis is the lack of consideration for external factors that are, as this study will show, demonstrably important in Malaysia’s China policy. The third concerns a notable descriptive-analytical work done by three Malaysian scholars that discussed the opinions of the Malaysian Chinese elite on the evolution of Malaysia-China relations between 1957 and 1981 (Loh et-al 1981). Building on this work, this dissertation will account not only for the perspectives of the Chinese, but also the perspectives of the Malays especially the governing elite as it pertains to Malaysia’s China policy. Lastly, one theoretically-informed work by Razak Baginda has attempted to study directly the relationship between ethnic politics and Malaysia’s China policy. Locating his doctoral thesis within the study of foreign policy in the developing world, Baginda studied the normalisation of Malaysia’s relations with China
under Razak’s government between 1970 and 1974. Because Baginda found that no theoretical framework existed to consider both external and domestic factors, as both were crucial to his study, Baginda decided instead to adopt a strong historical narrative through the lens of linkage politics to conduct his study (Baginda 2009). While this thesis does not adopt this approach, it will emulate Baginda’s work inasmuch as it is a study focused on the developing world, but also broadening it beyond the Razak period.

Despite the literature being reviewed here, the puzzle remains unaddressed. This is because firstly, there is a lack of studies on the bilateral relationship between individual countries like Malaysia in Southeast Asia and China. Second, there is a shortage of major works that considers the impact of domestic factors alongside the role of the governing elite when studying Malaysia-China relations. Third, there is a paucity of scholarship that looks at the impact of ethnic politics on Malaysia’s foreign policy and in particular, towards China. It is also worth mentioning that the concept of ethnic politics also needs to be problematized, which will be done in Chapter Two of the thesis. The fourth relates to the limitations of the hedging concept in trying to study Malaysia-China relations in theoretical terms, and in particular, looking at the impact of ethnic politics on Malaysia’s China policy. It therefore follows from this summation that an alternative conceptual framework is required. That is, one which considers both external and domestic factors in discussing the impact of ethnic politics on the evolution of Malaysia’s China policy.

1.5 Towards a Conceptual Framework

This thesis proposes NCR as a viable conceptual framework to analyse the relationship between ethnic politics and foreign policy of a developing state. NCR is a term coined by Gideon Rose in a World Politics review article to refer to a theoretically-informed approach which “builds upon the complex relationship between the state and society found in classical realism without sacrificing the central insight of neorealism about the constraints of the international system” (Taliaferro et-al 2009:13). Further, NCR
“...incorporates both external and internal variables updating and systemizing certain insights drawn from classical realist thought. Its adherents argue that the scope and ambition of a country’s foreign policy is driven first and foremost by its place in the international system and specifically by its relative material power capabilities. This is why they are realists. They argue further, however, that the impact of such power capabilities on foreign policy is indirect and complex because systemic pressures must be translated through intervening variables at the unit level [i.e. decision-makers’ perceptions and/or state-society relations]. That is why they are neoclassical” (Rose 1998:152).

One main reason for choosing NCR is its appeal as a multivariate approach that is able to take on board both domestic and external factors through its conceptual innovation – the intervening variable. Often, this would comprise the perception of decision-makers and/or domestic politics through which systemic pressures are mediated before affecting the foreign policy choices of the state in question (Rose 1998:146; Schweller 2003:316-317). Put differently, it is the inclusion of the intervening variable that permits NCR to be employed as a tool to study a foreign policy of a specific country: NCR is the “realist theory for the foreign policy analyst” (Wohlforth 2008:46). As this thesis explores the relationship between ethnic politics and Malaysia’s China policy, which, in a sense, looks at the complex linkage between domestic-level variables and foreign policy, NCR, with its intervening variable, is thus well-suited as an approach to conduct this study. Given also the importance of the role of the governing elite as borne out of the current literature, which thus must be taken into account, the neoclassical realist approach is also able to accommodate the role of individuals as, according to one scholar, it is the flesh-and-blood officials who make foreign policy decisions given that “statesmen, not states, are the primary actors in international affairs” (Zakaria 1998:42).

It is also imperative to suggest a model by which NCR can be operationalised to carry out a study of a country’s foreign policy. As such, this thesis proposes a DL model as borne out of works on security in the developing world (Alagappa 1995:11-68; Ayoob 1991:257-83; Paribatra and Samudavanija 1986: 57-91). The inspiration of this model comes from Kuik, who also operationalised it to study Malaysia-China relations. While the model will be further deliberated in Chapter Two, it suffices to mention here that DL is “a process in which the ruling elite seeks to justify, preserve and enhance its moral authority to rule at home” (Kuik 2010:153). Crucially, this model treats DL or the elite’s
internal justification efforts as intervening variable between structural conditions in the external environment and the foreign policy choices made by the government-of-the-day (Kuik 2013a:437). Corresponding with DL is the specific concept of performance legitimacy – defined as “a state’s right to rule is justified by its economic and/or moral performance and by the state’s capacity of territorial defence” (Zhao 2001:22) – which will also be utilised by way of policy assessment. That is, how does the foreign policy choice affect the performance legitimacy of the governing regime? There are two reasons for choosing the DL model. First, the case being studied - Malaysia’s China policy - is situated within the developing world. That is, Malaysia and China are developing states, and as such, issues related to security are those linked to the developing world. Second is based on the notion, as this thesis will show, that the care for legitimation\(^{19}\) is a key theme in analysing the relationship between ethnic politics and foreign policy; and is in itself a related feature of national security (Azar and Moon 1988:77-98). In short, what this thesis offers as a framework, to conduct the study in question, is a neoclassical realist approach whereby DL is proposed as the intervening variable (see Figure 1).

\(^{19}\)By ‘care’, this thesis refers to ‘concern’ of state leaders in that legitimation is on their minds when making decisions.
1.6 Core Propositions of Study

It is the main contention of this thesis that it is the care for domestic legitimation that drove the Malaysian decision-makers (i.e. PMs) to either continue or change Malaysia’s China policy, which had evolved from cautious rapprochement to a matured partnership. Put differently, domestic legitimation was on the minds of the decision-makers when they made the decision on Malaysia’s China policy. Specifically, it is about the legitimation of UMNO’s political authority in Malaysia as the rightful governing regime entrusted with the protection of Malay rights against internal and external threats, chiefly those arising from the local Chinese and a rising China respectively. Thus, the better able the UMNO-led BN regime can ensure the security of the Malays as the dominant ethnic group by managing the ethnic conflict between them and the Chinese,
the greater will be its right to rule the country. It is the additional suggestion of this thesis that the care for domestic legitimation is influenced by the Malaysian PM’s perceptions of firstly, the systemic pressures, especially from an emergent China and secondly, the ethnic political situation. Put differently, the systemic pressures in the external strategic environment are mediated within the prism of domestic legitimation, that is, by the perceptions of the Malaysian leader who also takes cognisance of the ethnic political situation before arriving at a foreign policy decision to either continue or change Malaysia’s China policy. As for the specific responses, this thesis claims that the neorealist emphasis on balancing and bandwagoning as strategies for states to respond to external threats is too limited as policy choices, and hence, unable to take into account a gamut of strategies that NCR is able to accommodate in both bilateral and multilateral senses. This thesis also makes the case that it is one thing to suggest that domestic legitimation is constantly on the minds of the leaders, and so is factored into their foreign policy decisions, but it is also just as important to examine the extent to which the legitimation of the ruling regime is achieved after the foreign policy decision is implemented. As such, this thesis makes the additional claim that Malaysia’s China policy has had an effect, albeit to varying degrees, on the performance legitimacy of the UMNO-led BN regime, which then helped justify its right to govern at home in Malaysia.

1.7 Methodology and Sources

This thesis can be readily classified as a “historical explanatory dissertation” whereby theory is used to “explain the causes, pattern, or consequences of historical cases.” Such a thesis often constitutes a good deal of description, but there is an emphasis on explaining what is being described (Evera 1997:91-92). Put briefly, it is not possible to understand what seems to be new or presently taking place without reference to the past. Hence, in order to make sense of Malaysia’s relations with China in the present, it is imperative to refer to the series of events that have taken place since rapprochement began to occur since the 1970s. This study also adopts a “disciplined configurative case study” approach by which at least one established theory is used to explain a historically

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20 ‘Emergent’ is used interchangeably with ‘emerging’ and ‘rising’ in referring to China in this thesis.
important case, or a case may be used to “exemplify a theory for pedagogical purposes” (George and Bennett 2004:75). Here, a variant realist theory of foreign policy – NCR – is applied to the historically important case that is Malaysia’s China policy. Despite being a single case study, the comparative element comes in when the issues and cases under the four PMs at different phases and times will be compared and contrasted.

This thesis employs a qualitative method of research to study Malaysia’s China policy. Data had been gathered from a variety of sources. Primary data was collected through 40 semi-structured interviews with officials from two Malaysian state institutions: the Ministries of Foreign Affairs, and Trade and Industry; Malay and Chinese Members of Parliament from both ruling and opposition parties; and retired officials and scholars (academics and political analysts) from various research institutes either interested or involved in the formulation of Malaysia’s China policy. These interviews were conducted during the author’s fieldwork trips to China, Malaysia and the US. Such interview-based research was significant as it provided for more personalised knowledge to be shared with the author as it pertained to the specific phases in Malaysia’s China policy. In fact, some of this information has not been documented prior to the writing of this thesis, which thus makes it a somewhat special and worthwhile undertaking. To complement the interview findings, secondary material was drawn from several sources including online articles, newspapers in English, Malay and Chinese, journals, speeches and un-classified documents available in the national archives of both Malaysia and Singapore.

1.8 Contributions and Limitations of Study

This thesis intends to make two contributions to the existing literature: one empirical and one theoretical. For the former, this thesis helps to fill a glaring lacuna in the literature on Malaysia-China relations by discussing the impact of ethnic politics on Malaysia’s China policy, and in so doing, attempt to provide a more coherent account of the evolution that has taken place in Malaysia-China relations from 1970 to 2009. More broadly, the discussion of the relationship between ethnic politics and foreign policy of a Southeast Asian country, and in particular, relations between this country and China
is also a contribution to the literature on the international politics of the Asia-Pacific. This is because of the importance of an emergent China from within this region. Furthermore, since most of the literature on bilateralism in recent years has focused mainly on Western states such as countries within the EU, or a Western state with a non-Western one like US-China relations, Malaysia-China relations makes for a unique and significant case study as both countries are non-Western, and appears to be an important bilateral relationship of the Asia-Pacific, and specifically, the East Asian region. The thesis makes a theoretical contribution to the IR literature in general and FPA in particular by studying the relationship between domestic politics and the foreign policy of a developing state. Through this discussion, a related contribution is made as this relationship also brings into the equation the concept of national security in the developing world, and DL of governing regimes. By adopting a neoclassical realist approach to examine the relationship between ethnic politics and foreign policy, this study provides an alternative way of thinking about IR as it attempts to overcome the neorealist syndrome; and in so doing, reinvigorate the realist paradigm on issues related to foreign policy. Given also that NCR is traditionally applied to the study of great powers, this thesis makes an additional theoretical contribution in that neoclassical realism can also be used to study the foreign policy of smaller states or in this case, Malaysia’s China policy. A further contribution, as will be deliberated in Chapters Six and Seven, is how neoclassical realist insights can be linked to the practice of middlepowermanship in Malaysia’s China policy.

There are three specific limitations to this study. First, this is a study of Malaysia’s China policy and not a study of China’s Malaysia policy, that is, this is a study of Malaysia-China relations from a Malaysian instead of a PRC perspective. Second, due to its limited space and scope, this thesis does not claim to be an exhaustive study as it is not possible to cover every issue in detail of a period that spans over three decades. Third, due to the author’s limited proficiency in Mandarin, the sources being utilised were either in Malay or English. That said, the author did pick up Mandarin and as such, has tried to also take into account some of the key documents made available and written in this language.
1.9 Outline of Chapters

The thesis is organised into seven more chapters. Chapter 2 is divided into three parts. The first part looks at definitional problems and characteristics of ethnic politics with a focus on Southeast Asia. The next part analyses the relationship between ethnic politics and foreign policy. In so doing, it will also examine salient issues related to the national security in the developing world. In short, the chapter reviews three concepts: ethnic politics, foreign policy, and national security. The final part discusses the neoclassical realist approach, and the proposed DL model including how it can be applied to study the effect of ethnic politics on a country’s foreign policy i.e. Malaysia’s China policy.

Chapter 3 applies the DL model to examine the impact of ethnic politics on Malaysia-China relations under Razak from 1970 to 1976. Razak’s China policy can be principally characterised as beginnings of cautious rapprochement. In the same chapter, Malaysia’s China policy under Tunku, which is one of complete disengagement due to Tunku’s pro-West and anti-Communist leanings, will also be briefly discussed so as to provide the context for the policy shift towards cautious rapprochement that had occurred under his successor, Razak. Chapter 4 does the same in the application of the DL model during the Hussein period from 1976 to 1981. Hussein’s China policy was a continuation of Razak’s policy of cautious rapprochement towards China. Similarly, Chapters 5 and 6 applies the DL model to examine the relationship between ethnic politics and Malaysia’s China policy under Mahathir from 1981 to 2003. The reason for devoting two chapters to Mahathir’s premiership is that Mahathir was in office for a lengthy 22 years and thus, it would be prudent to carry out the study by dividing it into two chapters: first from 1981 to 1989, and second from 1989 to 2003. The main reason for dividing the chapters in the 1989 year was because it was during this time that the communists surrendered in Malaysia, which then contributed what seemed to be a discernible shift in Malaysia’s China policy under Mahathir from 1989 onwards. It so happens as well that the 1989 cut-off line coincided with the end of the Cold War, which was a major systemic event that will be covered in the empirical chapters. While Chapter 5 covers Malaysia-China relations from 1981 to 1989 where Mahathir’s China policy was about Malaysia pursuing
measured engagement with China, Chapter 6 explores Malaysia-China relations from 1989 to 2003 whereby Mahathir’s China policy seemed to have shifted gears with an emergence of a maturing partnership between Malaysia and China. Rounding off the chapters is Chapter 7 which applies the model to study the impact of ethnic politics on Malaysia’s China policy under Abdullah from 2003 to 2009. It was on Abdullah’s watch that there was a genesis of a matured partnership in Malaysia-China relations.

Chapter 8 summarises, compares, and contrasts the main findings of this thesis. It also restates the empirical and theoretical contributions of the thesis, and proposes further avenues of research. Table 2 presents a summary of Malaysia’s China policy which is the specific policy outcomes that will be discussed in the empirical chapters of the thesis.

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ETHNIC POLITICS AND FOREIGN POLICY OF A DEVELOPING STATE: A NEOCLASSICAL REALIST INTERPRETATION

2.1 Introduction

This chapter explores the relationship between ethnic politics and foreign policy, and in particular of a state in the developing world. In examining this relationship, this chapter will concentrate on the concept of national security in the developing world. Specific emphasis will be given to the Southeast Asian region given that the thesis is a study of the relationship between a Southeast Asian state and a state external to the region. Given also the limited space here, this chapter will be unable to address every issue in detail, but it will attempt to present towards the end a viable framework to conduct this study. Specifically, NCR is suggested as the preferred theoretical approach for this study, and from this, a neoclassical realist model of domestic legitimation (DL)\textsuperscript{21} is proposed as the viable framework to study the relationship between ethnic politics and foreign policy of a developing state or specifically, ethnic politics and Malaysia’s policy towards China. The first section problematizes the concept of ethnic politics, after which a working definition will be furnished for use in this thesis. The second section specifies the parameters of a developing state as far as foreign policy analysis is concerned. In so doing, a working definition of foreign policy would be offered for use in this thesis with relevance to a developing state. The third section makes the connection between ethnic politics and foreign policy of a developing state by reviewing the national security concept, and as such, delving into debates on national security in the developing world as well as the related concept of domestic legitimation. The final section examines NCR, which is the proposed alternative to the existing problematic approaches in studying a foreign policy of a developing state. The section ends with specifying the nuts-and-bolts of the DL model, which will then be applied to the case study of Malaysia’s China policy.

\textsuperscript{21} This is not to say there are different models of DL, but it is a model that will be enhanced by the insights of NCR.
2.2 Ethnic Politics Problématique

Ethnic politics is an ambiguous concept in that ethnicity cannot be defined with ease, because while “everyone is sure by now that it exists and is important, the reality represented by [this] term is in fact imprecise, full of contradictions and uncertainties” (Isaacs 1975:31). For Max Weber, ethnicity refers to a sense of shared common descent, common customs, religion, language, values, morality, etiquette, and political solidarity of that ethnic group vis-à-vis other groups in society (Mills and Gerth 1998). In a way, ethnicity is the state of being ethnic, or belonging to an ethnic group (Kellas 1991:5) which can be defined as “a social collectivity which possesses and is aware of certain historical experiences as well as certain objective attributes such as race, descent, tribe, language, region, dress, diet – a combination of which endows it with a differentiated character vis-à-vis other groups as they perceive it and it perceives them” (Jha 1997:1). Ethnicity thus provides the ethnic group with a “character and quality” that accords it “status and recognition as a distinct social entity” (Jha 1997:1), and is often ranked in a hierarchical manner in society vis-à-vis other ethnic groups (Eriksen 2002:7). Some groups are seen to be more equal than others in a multi-ethnic society, where majority-minority or superior-subordinate relations predominate (Lian and Rajah 1993:238).

So defined in a relational sense, ethnicity is couched in identity terms. Ethnic identity refers to the extent to which individuals identify with a particular ethnic group through a collection of meanings such as ethnic awareness, self-identification, attitudes to one’s own group and others, and behavioural patterns specific to that ethnic group (Phinney 1996:145). Such meanings then make membership of this group of individuals exclusive as a collective, and distinguish them from other groups within a confined environment such as the boundaries of a state (Esman 1994:27). Not only does ethnic identity convey elements of continuity, but it also becomes a rallying call for an ethnic group to evoke loyalty, to mobilise its people, and to protect common interest among its members so as to survive or strengthen its presence (Davies 1996:87). Seen this way, ethnic identity

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22 Ethnic group is itself an ambiguous term, and so have been defined in various ways by scholars working on the study of ethnicity (see McKay and Lewins 1978; Keyes 1981; DeVos 1982; Schermerhorn 1996). But despite several definitions of the term, they are similar in their fundamentals as defined by Ganganath Jha, which this thesis utilises.
becomes intertwined with the security of an ethnic group (Theiler 2003:249-268). In the theoretical study of ethnic identity, two schools of thought are identified from the current literature – primordialist and situationalist – which will be discussed below.

2.2.1 Primordialism vs. Situationalism

For primordialists, ethnicity is innate, immutable and permanent because it is a “primordially given” (Brown 1994: xii-xiii). In the main, the primordialists assume that every human carry through life ‘attachments’ derived from one’s place of birth, kinship relations, race, religion, language and socio-cultural practices that are seen to be primarily natural in character (Geertz 1963:109). Ethnocentrism – the notion of ‘us’ versus ‘them’ – is synonymous with the primordialist school as ethnicity is “an expression of a basic group identity...[that] binds an individual to a larger collectivity based on common outlook that differentiates members of a group from non-members” (Stack 1986:1). Simply put, “the inherited physical features of one group have cultural, moral and intellectual superiority over others” (Frosh 1989:233). One either has these traits or one does not (Fishman 1977:17). The primordial ties that bind members of that community, whether physically, culturally or biologically, create a sense of oneness or unity among them, which in itself, is sufficient to form a nation, and justifiable reason for nationalist aspirations for a territorial homeland of their own. Simply put, people are willing to die for the cause of ethnic groups such as in ethnic conflicts (Jha 1997:12-13).

Situated within the primordialist perspective is J.S. Furnivall’s concept of plural society where various ethnic communities live “side-by-side, but separately, within the same political unit...and as individuals they meet but only in the marketplace in buying and selling” (Furnivall 1956:303-305). Singapore is a good example with its multi-ethnic population: the Chinese as the majority and Malays as sizeable minority (Trocki 2006:76-106). Similar primordial strands are also visible in countries where an ethnic group predominates such as the Malays in Malaysia and the Burmans in Myanmar.

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23 For an overview on a range of approaches like genetic- and socialisation-primordialist, see Dunbar (1987:48-59).
24 It is also termed instrumentalist, constructivist and strategist in the literature (Sokolovskii and Tishkov 1996:190-3)
25 Couched in similar terms is the ‘relative group worth’ perspective: when the ‘worth’ of an ethnic group is low due to threats from other groups, ethnic ties become a natural base for political organisation (Horowitz 1985:186).
The main flaw in the primordialist school is its lack of operational coherence due to the static and timeless view of ethnicity as a fixed idea. Primordialism is criticised because this school “assumes the boundary maintenance is unproblematic and follows from the isolation which the itemised characteristics imply…We are led to imagine each group developing its cultural and social form in relative isolation” (Barth 1969:9-38). While the primordial approach is attractive to some for its simplicity, its overemphasis on the permanence of ethnic ties, and vulnerability to political manipulation makes the primordialist view on ethnicity ambiguous, and lacking in dynamism and explanatory value. For instance, primordialism is unable to explain why the level of consciousness of an ethnic group may increase or decrease through different periods of time. Or more broadly, it seems unable to give lucid explanations about the origins, development, and political salience of ethnicity including, for example, state-society relations within Southeast Asia (Brown 1994:xiv-xv). As a result, an alternative approach—situationalism—has sought to challenge primordialism, and has gained vast traction as it is seen to be “epiphenomenal and malleable” at its most basic (Hechter 1986:13-15). Situationalists, in essence, focus on the dynamic nature of ethnicity (Cohen 1974; Burgess 1978:265-85; Schermerhorn 1970): they see nothing intrinsically and immutably powerful about one’s tie to an ethnic group as posited by primordialists. For them, ethnic attachments evolve over time as people come and go, and as they develop new traditions and ways of life while the ethnic group as a single entity endures (Hale 2004:458-85; Harff and Gurr 1994:95-116). According to this camp, ethnicity is a form of resource used in a fluid and interchangeable manner for the achievement of tangible goals like political power, security and economic gains or social status (Okamura 1981:452-65). Situationalists posit that people of a group would use ethnicity as they see fit, for their own advantage such as for material and political advances including mobilisation for collective action (Esman 1990:83-93). Simply put, people will emphasise or de-emphasise their ethnicity or ethnic identity “when it is in their best interests to do so” (Patterson 1975:306).

One major criticism of the situationalist position, according to primordialists, is its crude overestimation on the flexibility of ethnicity, and its inability to explain why ethnicity persists despite its fluctuating intensity. That ethnicity, in and of itself, can be used to
win mass support suggests that it has a much greater value than that of a mere disposal tool as elucidated by situationalists. Put differently, situationalism “seems unable to explain particularly powerful emotional appeal of ethnicity” in the way primordialism is able to do (Brown 1994:xviii). That said, the situationalist perspective of ethnicity has remained the preferred choice for numerous studies related to ethnicity. For example, several scholars writing on ethnic politics in Southeast Asia such as Judith Nagata on Malaysia, William Liddle on Indonesia, Robert Taylor on Burma, and Charles Keyes on Thailand “have helped to shift attention away from the cultural attributes of society and towards the situational factors which influence ethnic consciousness”, which, in turn culminates in some form of ethnic conflict either among ethnic groups, or between ethnic groups and the state. Ethnicity is thus seen in an instrumental fashion as a “consequence of change in the social, economic and political arenas” (Brown 1994:xvii).

Overall, both the primordialist and situationalist perspectives, even with varying approaches and emphasis, offer valuable insights as to the nature and role of ethnicity although the latter has become a far more attractive option to scholars. Taking specific inspiration from David Brown’s study on the relationship between ethnic politics and individual states in Southeast Asia (Brown 1994), this thesis also positions its study within the situationalist perspective. This is because the conflict between Malays and Chinese was not just a perennial issue as discussed in Chapter One, but also one that has seemingly fluctuated in intensity, as will be further deliberated in the empirical chapters of this thesis. Given also that this thesis studies the evolution of Malaysia’s China policy, it makes sense to pursue such a study from a situationalist perspective, which allows for fluidity and dynamism in the nature and role of ethnicity in politics. Accordingly, the next section offers a working definition of ethnic politics for this thesis as seen and derived primarily from a situationalist perspective of ethnicity.

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26 Some of these studies have culminated in various models including the rational choice model of internal colonialism (Hechter 1999); individuality-based group solidarity (Banton 1994); and Marxist political economy (Tucker 1978).
27 Brown’s approach was actually a ‘middle’ way in that ethnicity was both a political resource (situationalist) and a “repository of loyalty” (primordialist) (McCargo 1997:140-41). Arguably however, Brown’s work on ethnic politics was closer to being situationalist as evidenced by his study of five cases, as will be outlined later.
28 The Malay ethnic group also has primordial features (see Nah 2003), but the primordialist position is not prioritised here because of the aforementioned flaw of this perspective, and the evolutionary nature of the study in this thesis.
2.2.2 Ethnic Politics: A Working Definition

In the existing literature on ethnic politics, the common thread in defining this term is the relationship between ‘ethnicity’ and ‘politics’ with ‘ethnic group’ as the focal point. Seen from a situationalist perspective, emphasis is mostly given to the relationship among ethnic groups, or between ethnic groups and the state (Brown 1994; Esman 1994; South 2008). Some have also looked at the regionalisation or internationalisation of ethnic politics in their study of ethnic conflicts (Harff and Gurr 2004; Saideman 2001; Khory 1995). One example is ethnic mobilisation that, according to Richard Davies, takes place because of competing ethnic identities, and invokes significant degrees of allegiance both within and outside the state at both regional and global levels (Davies 1996:87). Simply put, ethnicity is used as a political device to mobilise members of an ethnic group into action should their interests be threatened both from within the state, and outside of it. A related example is to do with ethnic kinship where ethnic conflicts transcend state boundaries, and the ethnic group in conflict could attract the involvement of an ethnic kin from another state. Known as ethnic kin states, an ethnic group of one state may be inclined to get involved should the interests of its ethnic brethren in another state is threatened (Ganguly 1998:9). As Will Moore puts it, “an ethnic tie (kin) exists whenever members of an ethnic group are divided across a border and members of the group form either a dominant majority or an advantaged minority in one of the two countries” (Moore 2002:77-91). Also found in the literature is the emphasis given to role of ruling elites in using ethnic groups to seek, maintain or expand economic and political power (Saideman 2001:22-23): ‘ethnicised’ leadership is crucial for ethnic politics to take place (Esman 1990:83-93). All in, security is viewed at the heart of ethnic politics whereby security of one or more groups is taken as a referent point.

Taking specific inspiration from the study of ethnic politics in Southeast Asia by David Brown and Ganganath Jha (Brown 1994; Jha 1997), this thesis presents a working definition of ethnic politics that can be adopted to study the relationship between ethnic politics and foreign policy. In addition to Jha who provided a working definition of an ethnic group, as noted earlier, the significance of Brown’s work stemmed from his
construction of a typology of five models to evaluate ethnic politics and the state in five Southeast Asian countries. Adopting a ‘statist’ approach, Brown described ethnic politics in Burma as “ethnocentric”; Singapore “corporatist”; Indonesia “neo-patrimonial”; Thailand “internal-colonial”; and Malaysia “ethno-class rivalry.”

Brown’s central thesis was that “the character of the state constitutes the dominant influence upon the character of ethnic politics” (Brown 1994:258). Essentially, ethnic politics and the governing state are intertwined albeit to varying degrees as shown by Brown’s five case studies in Southeast Asia. Arguably, the ethnocentric model which Brown proposed for Burma could also be applied to Malaysia. Just as the Burmese state “acts as the agency of the dominant ethnic community (Burmans) in terms of its ideologies, policies, and its resource distribution” (Brown 1994:36), the Malaysian state does the same within a consociationalist framework for the Malay majority. Conceivably, ethnic politics in the Malaysian context can be characterised by both ethnocentrism and ethno-class rivalry.

Ethnic politics can be defined as an ethnic group or leaders of that ethnic group making use of its ethnicity or ethnic identity as a political resource to make economic and security gains, increase its bargaining power to influence decisions made by the state, and improve its social status within the multi-ethnic environment that the ethnic group belongs to. Put simply, just as politics is about who gets what, when and how (Lasswell 1961), ethnic politics is also about which ethnic group gets what, when and how from the state. It becomes a matter of ethnic power relations, that is, which ethnic groups are included, excluded or favoured within a particular state (Chiu 2002). Ethnic politics thus signifies a competition or conflict over resources among ethnic groups in politico-economic and security terms. Simply put, ethnic groups would politicise themselves to extract as much resources as possible from the state, or organise themselves in a way that they can take control of the state (Rothschild 1981; Enloe 1973). Ethnic conflicts are often the consequence of ethnic politics, in that ethnic conflicts are primarily disputes

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29 Adopting a class-based analysis, Brown elucidates two forms of ethnic consciousness in the Malaysian context: one was “derived from the racial division of labour in the economy” while the other was “the ethnic ideology which is derived initially from the state” (Brown 1994:215). Brown makes this differentiation, because while the Malays control the political levers in governing the country, the Chinese are the major stakeholders in the local economy.

30 This thesis takes the view that ethnic politics is mostly prevalent in a multi-ethnic environment whereby the competition and conflict over resources among ethnic groups is what underpins the politics of ethnicity.
over race, language, religion, or class position (Harff and Gurr 2004:1-33). Conflict could be defined as “a struggle over values and claims to status, power and resources, in which the aims of the opponents are to neutralise, injure or eliminate rivals” (Coser 1956:8). Equally important is that while ethnic conflict could involve a specific clash between two or more groups, it can be both violent and non-violent in nature. Even ethnic violence has its degree of intensity, with some conflicts taking place within the state, while the more extreme are mostly due to ethnonationalism.\footnote{Ethnonationalism is a strand of nationalism whereby “the core of the ethnonationalist idea is that nations are defined by shared heritage, which includes a common language, faith, and ethnic ancestry” (Muller 2008).} That is, in one sense, an ethnic group located within the state seeking to either achieve greater autonomy over its own affairs or pursue statehood with a territory of its own (Harff and Gurr 2004:23). The struggle for ethnonationalism has led to a cornucopia of conflicts including in Southeast Asia.\footnote{Such conflicts have been synonymous with ethnic separatist, secessionist, and irredentist movements worldwide.} The conflict between Aceh and the Jakarta government, the Thai South and the Bangkok government, and the Moro insurgency in the Philippines are cases in point. Less virulent is the tension between Malays and Chinese in Malaysia, where the continued conflict between them have been largely non-violent (Snitwongse and Thompson 2005).

Another dimension to ethnic conflict is the centrality of the state in the management of relations between conflictual ethnic groups in a multi-ethnic polity. Such management strategies have included, according to a seminal study by John Coakley of non-Asian countries, acculturation, assimilation, accommodation\footnote{Central to the accommodation strategy is the idea of ethnic bargaining where ethnic groups peacefully negotiate, through various modes and practices, with one another over resource allocation and ownership. Such bargaining, which has the effect of delineating boundaries for ethnic groups, often takes place between minority groups and the majority group which controls the state (Jenne 2007; Chandra 2001:337-362; Tan 2001:959; Rothchild 1973:5-20).}, indigenisation, population transfer and even as extreme as genocide (Coakley 1992:343-358).\footnote{For a more recent study of ethnic management strategies, see Cordell and Wolff (2010:79-192).} These strategies have also been used, to varying degrees, in Southeast Asian countries including political accommodation in Malaysia or the genocide of non-Khmer groups in Cambodia. It must also be noted that if the ethnic conflict cannot be solved by the state to the extent of even threatens to spill over beyond territorial borders, the UN has tended to be involved to provide an international resolution to the conflict as was the case in the Cambodian crisis. So, in sum, ethnic politics, which is a conflict among ethnic groups, has two
dimensions. The first is competition over resources to the extent of the conflict being either violent or non-violent in nature, and the second involves the management of those conflicts either by the state or by third-party international organisations.

### 2.3 Foreign Policy Analysis: A Critique

Foreign Policy Analysis (FPA) is arguably the most practical side of IR, as it would be hard to envisage an international system without external relations (Light 1994:94). According to Brian White, “international relations consist of an interacting network of foreign policies” (White 1989:2). However, FPA has been relegated in importance due to the IR discipline being dominated by neorealism for at least a decade since Kenneth Waltz’s 1979 seminal work titled *Theory of International Politics*. Whereas Waltz treats the state as “functionally undifferentiated units” (Waltz 1979:97), that is, as a *black-box*, FPA is concerned with opening up the *black-box* of the state “to examine the various units that make up its decision-making apparatus” (Light 1994:93). Unsurprisingly then that Waltz declared that his theory was one of international politics, not foreign policy as his theory was concerned with patterns of international outcomes rather than with “unambiguous foreign policy predictions” (Waltz 1996:54-57). Waltz considered FPA to be reductionist by focusing on the inner-workings of the state: FPA was studying politics, not international relations (Light 1994:94). Similarly, methodological purists criticised FPA for lacking in theoretical rigour to the extent that theory development and FPA became two distinct realms of inquiry with little or no connection to each other (Carlsnaes 2002:332; Wohlforth 2008:35). In short, for Waltz, foreign policy is fallacious, because “much is included in an analysis; little is included in theory” (Waltz 1996:55).

Despite the criticisms levelled at it, FPA has not become irrelevant as a field of study. Rather, FPA is still regarded as a “subfield of international relations that seeks to explain foreign policy, or alternatively foreign policy behaviour, with reference to the theoretical ground of human decision-makers acting singly or in groups” (Hudson 2008:12).

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35 Reductionism is the tendency to explain the whole (international political outcomes) with reference to internal attributes (domestic politics/role of individuals) and the behaviour of the units (states) (Waltz 1986:322-345).
Specifically, FPA is seen as a “bridging discipline” that “translated abstract theory into concrete problems” by focusing “on the interface between the state and the state system” (Hermann et al 1987:1). Arguably, there can be no IR without FPA, and also no FPA without IR because FPA is as much domestic as it is external. At its most rudimentary form, FPA is about inputs, processes and outputs, that is, it includes both domestic and external-level variables. In the current voluminous literature, FPA works can be divided to two broad categories. The first is to provide a general understanding of foreign policy whereby works identify external and internal factors which have influenced decision-makers as well as evaluate the role of specific actors in the process of decision-making. Such works have been classified as traditional/classic FPA scholarship (Hudson 2008:17-20). Emanating from this scholarship are two specific approaches to foreign policy: middle-range theories and comparative foreign policy. While the former explains foreign policy behaviour in reference to a specific independent variable often within the domestic realm such as bureaucratic politics (Smith 1991:47), the latter provides cross-national generalised accounts of foreign policy behaviour by comparing domestic-level variables of external conduct among different countries (Hudson 2008:19).

The second category focused on the making of foreign policy in individual countries, often dividing them into the developed and developing worlds. While the classic FPA scholarship was essentially American-centric in its empirical data collection as FPA was borne out of Western understanding of foreign policy, this second category focused instead on the making of foreign policy of not just the developed, but also developing countries. This widened scope of analysis has been called more wholly contemporary FPA scholarship (Hudson 2008:26-27). Central to this metamorphosis was the end of the Cold War. This is because most research work was focused on the US decision-making apparatus within the context of the Cold War, and so little was known about foreign policymaking in developing countries. By removing the “Waltzian straitjacket” on the development of the field of IR, that is, the preponderance of realism, other approaches have also begun to gain attention, and even rose to prominence (Guzzini 2008).

36 For a recent compilation on comparative foreign policy, see Hook (2002).
37 It is also termed as “second generation” FPA scholarship (Neack et al 1995).
2013:111). This is due to the emergent wisdom that the end of bipolarity could not be predicted or explained on the basis of external-level variables alone. Put differently, neorealism failed to predict, or convincingly explain the causes of, the end of the Cold War (see Lebow and Risse-Kappen 1995; Gaddis 1992/93:5-58). Similarly, the post-Cold War paved the way for FPA to contribute to mainstream IR theory with its actor-specific approaches, that is, by examining unit-level variables to explain the end of the Cold War (Hudson 2008:26). Contemporary FPA analysts have also sought to marry classic FPA scholarship with established IR theories like liberalism, constructivism and realism (and their variants) so as to add theoretical rigour to their research methodology, and thus, become more acceptable in mainstream IR theory. In so doing, FPA has moved from just being state-centric in its approach to also include non-state actors such as international institutions, multinationals, and NGOs in its analysis. This shift also included greater injection of works on political psychology into FPA, especially as individual decision-makers have also been seen as integral to foreign policymaking (see Rosati and Miller 2010). This thesis will also be situated, as a single case study of a foreign policy of a developing state within contemporary FPA scholarship.

2.3.1 Foreign Policy: A Working Definition

Foreign policy is what analysts make of it, in that this concept has been defined in several different ways by scholars of FPA specifically and IR more generally. Given the vast scholarship on FPA, from which varying approaches and methodologies have come to be used, it is hardly surprising that no two people define the concept of foreign policy in the same vein. For some, foreign policy is merely the extension or extrapolation of the domestic policy of the state (see Dallin 1994:209). In other words, foreign policy cannot be isolated from domestic politics, not least since foreign policy is not just affected by domestic factors, but also affects domestic policy (Shichor 1979:191). Put differently, as one scholar put it, “a state’s foreign policy is the international expression of society, but it also serves to integrate the world at large into that society” (Klaveren 1996:35). For

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38 Several realist scholars have responded to those criticisms by producing a spirited defence of realism in its ability to explain the end of the Cold War, despite failing to predict its abrupt outcome (see Wohlfforth 1994/1995:91-129).
some others, foreign policy is an interplay of domestic- and external-level variables. That is, foreign policy behaviour can best be explained by examining both the domestic realm – which encompasses not only political and economic but also societal factors – and the external realm. Such an approach is inspired by J.N. Rosenau’s concept of linkage politics where Rosenau emphasised how a foreign policy event that “originated from one side of the boundary...became linked to phenomena on the other side...thus connecting domestic and international politics” (Rosenau 1971:318). Added to this concept of linkages was also Rosenau’s emphasis on idiosyncrasies of the individuals as one of his five independent sources of foreign policy (Rosenau 1971:94-116). Similarly, K.J. Holsti also stressed the role of decision-maker, when he conceived of foreign policy as “ideas or actions designed by policymakers to solve a problem or promote change in the policies, attitudes, or actions of another state or states, in non-state actors, in the international economy, or the physical environment of the world” (Holsti 1995:83). So essentially, it is the confluence of domestic and external factors that influences the decision-maker, which can be a variable on its own, in the making of foreign policy.

Importantly, foreign policy is defined based on what the phenomena the analyst is seeking to explain, and what the country’s foreign policy is presumed to accomplish, as will be elaborated in the next section. However, IR scholars have reached a consensus that factors other than systemic ones must be considered when it comes to formulating a country’s foreign policy. Recognising that foreign policy is what analysts make of it, and to situate this concept within contemporary FPA scholarship, this thesis adopts an all-encompassing definition of foreign policy as provided by Walter Carlsnaes. For him, foreign policy can be defined as “those actions which, expressed in the form of explicitly stated goals, commitments and directives, and pursued by government representatives acting on behalf of their sovereign communities, are directed toward objectives, conditions and actors – both governmental and non-governmental – which they want to affect and which lie beyond their territorial legitimacy” (Carlsnaes 2002:335). Similarly, Christopher Hill defines foreign policy as “the sum of official external relations,

40 Using the metaphor of two-level games, Robert Putnam showed how democratic foreign policy can be internationally and domestically constrained when it comes to “multilateral economic bargaining” (Putnam 1988).
conducted by an independent actor in international relations” (Hill 2003:3). Such a broad definition is useful given that contemporary FPA scholarship includes not just the usual developed countries, but also developing states, as will be explored further below.

2.3.2 Foreign Policy of a Developing State

It has been argued that FPA theorists interested in the developing world would find it most useful to study a foreign policy of a developing state by combining the use of current Western-centric culture-bound set of concepts with a much wider set that is more applicable to young states with little experience or weight in international politics. Doing so helps to avert any charge of “intellectual separatism” although “it also seems to make nonsense of the attempts to apply narrowly Western models in radically-different cultures” (Hill 1977:1). Such a proposition, while made during the Cold War, remains relevant in the post-Cold War, as shown by scholars either reformulating concepts from Western-influenced literature or devising brand new ones for exclusive application on countries belonging to the developing world (see Korany and Dessouki 2008; Robertson and East 2005; Braveboy-Wagner 2003). Given also that majority of countries in the developing world are small states, FPA scholars have also sought to debunk the Western-derived conventional wisdom of small-state foreign policy being best explained by systemic-level variables. That is, the international system is not seen as offering the main variable to explain small-state foreign policy, just because small states, by virtue of limited material capabilities, are more worried about survival than great powers (Waltz 1979:184-85). Simply put, this argument has been influenced by realist insights whereby great powers dominate while small states are relegated in importance. FPA scholars have sought to bring ‘small states’ back in by seeking to account for their foreign policy behaviour through a combination of state, system and system interactions.

41 The term ‘developing state or country’ have often been used interchangeably with terms such as ‘less developed country’ or ‘less economically-developed country’; and even more controversially with the nebulous concepts of the ‘Third World’ and ‘Global South’. This thesis takes the view that among all the terms that are being used to describe this category of states, it is the term ‘developing state or country’ that is the least controversial, its lack of common definition notwithstanding. But this term can be broadly defined, according to the World Bank, as states with a Gross National Income of US$11,905 or less per capita per year. Based on this criteria, 139 countries are developing states.

42 ‘Small state’ is an ambiguous concept as it has contested definitions (see Katzenstein 1985; Baehr 1975; Vital 1971). This thesis adopts a broad perception-based definition which is not particularly controversial. Noted Robert Keohane: “A small power is a state whose leaders consider that it can never, acting alone or in a small group, make a significant impact on the system” (Keohane 1969:296). It is, in Jeanne Hey’s words, “I know one when I see it!” (Hey 2003:3).
individual levels-of-analysis (Cooper and Shaw 2009; Ingebritsen 2006; Hey 2003). While neorealist insights limited itself to general system-level accounts of small-state behaviour, FPA has focused on specific foreign policy behaviour of those states.

Significantly, there are differences in understanding the foreign policy of a developed state as opposed to a developing one. First is to do with the decision-making mechanism itself where the most quoted work appeared to be Graham Allison’s *Essence of Decision* (Allison 1971). To explain why and how US President J.F. Kennedy selected to impose a blockade of Cuba during the 1962 Cuban Missile Crisis, Allison proposed three frameworks of foreign policy formulation: rational actor, organisational behaviour and governmental (or bureaucratic) politics. It was Allison’s treatment of bureaucratic politics which became the most commonly-adopted conceptualisation of how foreign policy decisions were made (Light 1994:95). While Allison’s work redirected attention to the impact of domestic politics on foreign policy, it was also heavily criticised, not least by Waltz who chastised Allison’s work as “reductionist” (Hill 2003:161). Beyond that, Allison’s work has also been criticised for its limited applicability to developing states, because his theory of bureaucratic politics is “more distinctive in the US than elsewhere” (Brenner 1976:332). Allison’s interpretation of the crisis also underestimated the power of the presidency and the political system. Altogether, Allison’s theory of bureaucratic politics has proven to be a deficient tool if used and applied to many other countries especially the developing ones (Art 1973:467-90). Echoing the same was Hill who argued that there was a consensus among many scholars over the inapplicability of Allison’s insights to foreign policymaking inside less modernised (developing) states (Hill 1977:2).

While bureaucratic politics plays a role in policymaking in developed and developing countries, it should not be overplayed in the latter. This is because developed countries have undergone a higher degree of institutionalisation than most developing states, which are essentially authoritarian or semi-democratic in nature. In short, the greater the level of institutionalisation, the more likely a bureaucracy can exert its autonomy from the central political leadership, and safeguard its institutional interests. Applying thus a bureaucratic model based purely on Western experiences to a developing
country’s political structure would be “inappropriate and misleading” (Baginda 2009:25). More so since power is far more concentrated in the leadership of developing states where political structures have tended to be less or non-democratic. So when decision-making rests in the hands of a few or a single leader such as in the case of an autocrat, or a junta, its formulation would be affected by the concentration of power. Further, while decision-making tends to be more concentrated in developing states of the more authoritarian kind, it is less for advanced countries of the developed world, as decision-making there is likely more diffused. For a developed state, Allison’s aphorism “where you stand depends on where you sit” seems apt as it refers us to the views of a bureaucrat being a reflection of his position in the political structure (Allison 1971:253). But in a developing state where politicians dominate over bureaucrats, it is more fitting to say that “Where you stand depends on who is in front of you” (Baginda 2009:25).

A second difference could be found in the premise that while a sharp distinction exists between domestic and foreign policymaking in much of Western-influenced literature on foreign policy formulation in developed countries (Webber and Smith 2002:11), the division between the external and internal dimensions of policymaking is often blurred in the developing world. Hence, the category ‘intermestic’ was specifically created to deal with this amorphous area of being neither inside nor outside the state boundary (Persaud 2003:48-63). It is based on this distinction that a checklist was created of the salient variables in shaping a developing country’s foreign policy. Such a checklist, which goes beyond the external-level variable of the international environment, defines the essence of a developing state’s foreign policy. As elucidated by John Stremlau: “At domestic level, the analyst needs to consider political/ethnic/religious cleavages; economic disparities; resources endowment; the stage of industrial development; the effectiveness of governmental institutions – civilian and military; the country’s state and location; and personal characteristics of key members in the ruling elite. Regionally, there are important relations among states and ethnic groups that need to be carefully identified in terms of the historical record of conflict and cooperation; the prevalence and intensity of civil strife; interstate disparities of political/military/economic power; [and] the extent of major power involvement in regional affairs” (Stremlau 1982:1-2).
The above checklist will also be adopted in this thesis because ethnic cleavages, the role of governing elites, and the extent of major power involvement or interference in either domestic or regional affairs of that developing state would be of particular significance. Concurrently, this thesis also sees the external-level variable of the international environment as paramount in the shaping of a developing country’s foreign policy. So essentially, both external and domestic factors influence the decision-maker in the shaping of a developing country’s foreign policy. It must also be noted that, for some, the foreign policy of a country has seven aims to accomplish, although they may not apply to every country: protecting citizens, projecting identity abroad, maintenance of territorial and social space against external threats, advancing prosperity by promoting economic well-being, making decisions on interventions abroad, negotiating a stable international order, and protecting global commons (Hill 2003:44-46). Although the premium placed on the above objectives varies from state-to-state – whether developed or developing – the most important objective of foreign policy appears to be the primacy of national security (Schmidt 2008:156-168; Holsti 1995:84). While this thesis does not refute the centrality of national security in a country’s foreign policy, it does question what national security actually entails and how differently this concept is determined by countries in developed and developing worlds. Importantly, this thesis explores how national security features in the relationship between ethnic politics and a developing country’s foreign policy, which will be discussed in the next section.

2.4 Ethnic Politics and Foreign Policy of a Developing State

The relationship between ethnic politics and foreign policy of a developing state is predicated upon two core propositions as derived from the dual works of Stephen Saideman (2001) and Thomas Ambrosio (2002). Firstly, ethnic politics, being a domestic-level variable, relates to foreign policy in the way that domestic politics is both affected by and affects foreign policy. In other words, ethnic politics, through the medium of ethnic groups in conflict, affects and is affected by a state’s foreign policy. Put differently, foreign policy is inextricably linked to domestic (or ethnic) politics, and so, states both take into account and respond to domestic pressures accordingly (Fearon 1994:577-92; Mesquita and Lalman 1992; Morgan and Bickers 1992:25-52). One
conventional approach taken by an ethnic group to influence decision-makers to adopt policies favourable to that group’s interest has been through an ethnic lobby (Smith 2000:109). While an ethnic lobby is principally associated with developed countries, especially the US, its variations of looser groupings can also be found in developing countries. For example, Nahdlatul Ulama and Muhammadiyah – Islamic organisations of Indonesia – became crucial voting blocs in the post-Suharto era of democratisation in Jakarta, because of their mass membership and links to major political parties. Their influence has led to both domestic and foreign policies being informed by Islam although religion in theory is kept out of policymaking in Indonesia. One such foreign policy shift was for Indonesia to be much more aligned with the Islamic world (Sukma 2003:82-122).

A second approach stems from the ethnic group the government forms the majority of, or the decision-maker belongs to. This ethnic group might compel the decision-maker to follow a particular foreign policy or to make use of foreign policy to emphasise particular identities and deemphasise others (Saideman 2001:24). This is mostly true of developing states, which have a heterogeneous society, that is, a society comprising multiple ethnic groups. Simply put, the ethnic identity of the decision-maker becomes intertwined with the political purpose of running the state and formulating its foreign policy. Depending on how the political leadership treats other ethnic groups would determine whether the ethnic conflict would be benign or violent. Importantly, the political elite, whether they govern in developed or developing countries, must retain support of some constituents of not just the ethnic group that they belong to, but also of other groups. This is because states cannot repress everyone in a heterogeneous society (Morgan and Palmer 1998:193-220). A caveat must also be offered here in that although ethnic politics is a factor in foreign policy, it does not mean that it always influences policymaking. In fact, in developing countries, where decision-making is concentrated in the hands of a few, it can be argued that ethnic politics, even while considered as a factor, does not necessarily inhibit foreign policymaking.

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43 Defined as “political organisations established along cultural, ethnic, religious and racial lines that seek to directly and indirectly influence foreign policy” (Ambrosio 2002:2), ethnic lobbies are taken seriously especially in the US due to them being major voting blocs, and also being significant campaign finance contributors (Smith 2000:94-129).
The second proposition is that “politicians care primarily about gaining and maintaining office, the prerequisite for most other goals attainable through politics” (Saideman 2001:22). To this end, incumbent politicians care most about preventing their adherents from ‘exiting’ their constituencies of support despite being powerless at times to intervene and restrain those who wish to do so. What politicians prefer is for supporters to claim a voice by cooperating within a state structure (Hirschman 1970:1-20). One scholar has termed this condition an “ethnically-based security dilemma” for politicians in dealing between ‘exiting’ and ‘voicing’ of supporters from one or more ethnic groups within the state (Carment 1995:2). Moreover, the care by which governing elites want to remain in office can be described as the process of legitimation, or specifically, DL, which is the term preferred in this thesis. Recognising that legitimation varies from state to state both in developed and developing worlds based on regime type and political institutions (Saideman 1997:726), this thesis conceptually limits the discussion to DL in developing countries where there also exists a range of regime types from dictatorship to democracy of various stripes. Key to this process of legitimation, as is germane to this thesis, is the linkage between ethnic politics and foreign policy. Given that the process of legitimation also embodies the attainment of security (Collins 2003:63-92; Alagappa 1995:32-41; Paribatra and Samudavanija 1986:60-81), the section will now review key facets related to the national security of developing countries before linking it up to DL.

2.4.1 National Security of Developing Countries

The first facet relates to the concept of national security itself, which is problematic on two counts. Firstly, the concept is nebulous and imprecise, in that it means different things to different people. Despite national security being one of the most important concepts for those who engage in the analysis of foreign policy, in that it is one of the core objectives of foreign policy, there is a sizeable amount of ambiguity about the actual meaning of the concept (Schmidt 2008:156). So unsurprisingly, scholars have warned against its use due to national security being seen as an “ambiguous symbol” (Wolfers 1952), “essentially contested concept” (Gallie 1956), or having a “lack of neat and precise formulation” (Schultze 1973). But despite there being no universally-agreed definition of national security to the extent that Al-Mashat argued that “national
security theory is less advanced and less coherent than other areas of the theory of International Relations” (Al-Mashat 1985:19), it has not halted a slew of scholars from attempting to provide a (re)definition of the concept. Secondly, national security is a Western-centric concept as it was premised on the modern Western state system (Azar and Moon 1988:278-79). The primacy of national security concerns was established at the outset of the Cold War rivalry between the US and USSR after World War II. As a result of national security concerns dominating the US policy agenda, a new academic IR subfield – security studies – was conceived (Cohen 1989:29). But since the international system was seen, following Barry Buzan, as a “transplantation of the Euro-centric territorial state” (Buzan 1991:240), the range of experiences and issues of developing countries became largely absent in the discourse of security studies (Acharya 2011:52). More so, according to Mohammed Ayoob, when developing countries were expected to emulate the European experience of state-building within “a ridiculously short timetable and with a predetermined set of goals”, despite state-making in Europe being itself slow and violent in their formative years (Ayoob 1995:32).

The second facet relates to the notion of threat, because security only makes sense against the backdrop of threats. As Buzan reminds us, security is about the “pursuit of freedom from threat” (Buzan 2011:22). But just as there is little consensus on the meaning of security, the same is true of threats. That is, the assessment and definition of a threat is always subjective and thus requires reformulation. At the abstract level, threats to security are actually threats to cherished ‘core national values’. Such values are significant in that the state would be ready to make all the necessary sacrifices to preserve them. As noted by Walter Lippmann, “a state is secure to the extent to which it is not in danger of having to sacrifice core values, which if it wishes to avoid war, and is able, if challenged, to maintain them by victory in such a war” (Lippmann 1943:51). Echoing the same was Arnold Wolfers who viewed security in terms of threats to “protection of values previously acquired.” Wolfers added that “security, in an objective sense, measures the absence of threats to acquired values; in a subjective sense, the absence of fear that such values will be attacked” (Wolfers 1962:150). This ‘core values’

44 For competing definitions of national security, see Collins (2013:3); Buzan (2011:20-21); Schmidt (2008:156-157).
is traditionally understood as physical protection of the state from external aggression in order to safeguard its territorial integrity and its inhabitants (Holsti 1995:124-127).

The contention about what constitutes ‘core values’ in need of protection hinges on whether the threat to security is viewed as more significant from the outside or inside the state. While the much greater security threat of developed countries appeared to come from outside the state, it was within the state the security threat appeared to arise for developing countries (Schmidt 2008:162). This is not to say the security threat from outside the state was not significant; but rather, the internal threat to security was equally important, if not more, than the external threat to security in developing countries. No wonder then that scholars have called for a rethinking of national security in the developing world so as to be more inclusive in the range of threats to national security (see Job 1992:11-14; Azar and Moon 1988:1-13). So instead of security threats being solely couched in military terms from outside the state, analysts of the developing world have called for a shift away from military threats by opening up the black-box of the state so as to then better appreciate security problems in developing countries. One was Caroline Thomas who wrote that “Security in the context of the Third World...does not simply refer to military dimension as is often assumed in the Western discussion of the concept, but to the whole range of dimension of a state’s existence which are already taken care of in the more developed states...for example the search for internal security of state through nation-building, the search for secure system of food, health, money and trade” (Thomas 1987:1). Similarly, Joseph Romm observed that non-military threats like economic depression, political fragmentation, environmental degradation, and conflict among ethnic groups, all arguably reside within the state, and were thus internal in nature (Romm 1993:1-8). Simply put, the traditional understanding of ‘core values’ must be widened when it comes to national security in the developing world. Given that there are internal and external threats to security, the concept of national security in developing states must also comprise an internal and external dimension.

The third facet relates to the dominant realist interpretation of national security especially since neorealism was the prevailing IR theory in large part of the Cold War
period. Such an interpretation is problematic because neorealism provided a narrow conception of national security by defining the concept in outwardly-directed terms due to the centrality of the state in a realist conception of an anarchic international system. In other words, threats to the security of a state emanated from outside its borders, and given the context of the Cold War superpower rivalry, threats were solely military in nature as were the responses if the security of the targeted state needed to be preserved (Azar and Moon 1988:278-280). By confining the nature of national security to the external dimension, the domestic component was thus excluded from a neorealist analysis of national security. Significantly, the strong link with security at the systemic level suggests that the explanatory value of the national security concept diminishes in importance when applied to developing states. Not least since the internal dimension of security is equally crucial, if not more, in such states (Ayoob 1995:6). More so, as Amitav Acharya reminded us, the issues and experiences of developing countries have “challenged the realist image of the state as a provider of security” (Acharya 2011:54).

In response to the arguably-discredited neorealist orthodoxy, the final facet concerns the alternative approaches to the study of national security of developing countries. While such approaches can be divided between non-realist and reformulated realism, the focus here would be on the latter. Forefront in a reformulated realist conception of security in the developing world is Ayoob’s works on security predicament of developing countries. To Ayoob, the internal dimension of security, which is inextricably entwined with the process of state-making, is the key variable that defines a developing state’s security predicament, and thus its approach to foreign policy (Ayoob 1995:165-88). The roots of insecurity in developing countries are multi-faceted such as “the lack of unconditional legitimacy for state boundaries, state institutions and

45 Notable non-realist approaches to security include social constructivism (Agius 2013:87-103; McSweeney 1999:13-22) particularly of security communities (Acharya 2009; Adler and Barnett 1988:3-28); liberalism (Morgan 2013:28-41) like liberal internationalism (Moravcsik 2001) and democratic peace thesis (Doyle 1983); and ‘dependent-development’ theory which shifts emphasis from politics to economics on security matters (Kohli 1986; Smith 1985).

46 The reason for doing so is the presupposition that this thesis is a study situated within the realist school of thought.

47 There is a whole body of literature on the security predicament/dilemma of countries in the developing world. See for example, (Tsering 2011; Alagappa 1998:27-64; Buzan 1991; Azar and Moon 1988; Thomas 1987).

48 State-making is defined as the ability of the state to do three things: expansion and consolidation of the territorial and demographic domain under a political authority including going to war to achieve this purpose; maintenance of order in the territory by way of policing; and extraction of resources from the territory and the population under the control of the state for state-making and policing purposes, chief of which is through taxation (Ayoob 1995:22).
regimes, inadequate societal cohesion, and absence of societal consensus on fundamental issues of social, economic and political organisations” (Ayoob 1995:28). Moreover, Ayoob argues that “the Third World state elites’ major concern – indeed obsession – is with security at the level of both state structures and governing regimes” (Ayoob 1995:4): regime security, including through legitimation, is a major concern of governing elites in developing states (Ayoob 1995:40). It is, in truth, internal insecurities that determine the security predicament of developing states as violence and insecurity are engendered, because “state-making strategies adopted by state elites to broaden and deepen the reach of the state clash with the interests of counter-elites and segments of population that perceive the extension of state authority as posing a direct danger to social, economic and political interests” (Ayoob 1995:32).

Despite dwelling on the internal dimension of states, Ayoob recognised that state-making was also determined by externalities. He outlined sources of interstate conflict and insecurity in the developing world, that is, “the intermeshing of domestic insecurities with interstate antagonisms, and the autonomous dynamic of regional conflict, which is often centred on the aspirations of preeminent regional powers” (Ayoob 1995:47). Simply put, while the idea of looking at internal security is important, Ayoob, as a Third World Security scholar, also recognises the need to pay attention to systemic pressures. Further, Ayoob specifies the security predicament of developing countries as a multi-layered tier comprising domestic, regional and global dimensions. To Ayoob, since governing elites are preoccupied with national security, it becomes a pivotal factor in domestic and foreign policymaking in the developing world (Ayoob 1995:2-9). Recognising also that there are common characteristics shared by developing states – experience of colonisation/domination, unique kind of economic development, fractured social order, and extreme weaknesses on many indices of economic, military and technological capabilities when compared to the developed world (Ayoob 1995:14-15) – and that current approaches have failed to capture the range of issues in developing states, Ayoob proposed the idea of ‘subaltern realism’ as an alternative way of looking at security in the developing world (Ayoob 1998:31-54). By focusing on the experiences of developing states, Ayoob presents four main assumptions of subaltern
realism. First, domestic and international orders are closely entwined chiefly in the arena of conflicts. Second, issues of domestic order, because they are key determinants of most conflicts, must receive analytical priority. Third, issues of domestic order are subject to regional and global influences, and so external variables must be considered when explaining domestic conflicts. Fourth, the linkage between domestic and external factors suggests “the intertwining of the state-making enterprise with regional balance of power politics” (Ayoob 1998:45). Essentially, Ayoob has attempted to reconceptualise realism so as to make it more germane to the study of the developing world, and in so doing, integrate his study into mainstream contemporary IR theory (Ayoob 2002:27-48).

One key flaw with Ayoob’s alternative approach is that subaltern realism is not a reformulated form of realism but rather a brand new perspective. Put simply, Ayoob’s inclusion of domestic politics, and the emphasis placed on internal factors violates the neorealist assumption of external variables being paramount (Barnett 2002:55). To some extent, Ayoob was forced to recognise that external factors have a major impact although his work stressed to a large degree internal sources of insecurity in the developing world. Paradoxically however, the apparently strong influence of external factors then undermines Ayoob’s main thesis that it is internal threats to security that dominates the minds of governing elites in their respective developing countries (Vayrynen 1995:261). Yet another criticism of Ayoob’s approach came from Keith Krause who took issue with Ayoob adopting ‘Third World’ as his object of study. This is because such a category reinforces the Western-derived stereotype of these countries being in a perpetual zone of conflict (Krause 1998:134). Further, while Ayoob’s work provides a general applicability to states in the developing world, it does not go deep enough to take into account the subtle distinctions that exist among different states including Malaysia (Baginda 2009:28). That said, Ayoob’s proposed subaltern realist approach suggest that there is value in the realist conception of national security in developing countries. Similarly, this thesis too makes a modest attempt at providing a modified form of realism as an alternative approach to study the national security of a specific developing state. Moreover, this thesis corresponds to Ayoob’s central contention that internal and external variables must be considered to fathom the national security of
developing states. However, this thesis parts company on two counts. One, as subaltern realism appears to have contradicted the core assumptions of realism, this thesis adopts another variant of realism – neoclassical realism – that is better equipped to withstand criticisms of invalidating the realist theory. Two, as Ayoob’s overemphasis of internal variables makes his writings appear less realist, this thesis takes the external realm to be the starting point of its analysis which is then mediated by variables contained inside the state. Doing so allows the thesis to better claim that it is still neorealist in nature.

Ayoob’s ‘new thinking’ on security suggests that the national security concept must be more broad-based - a point echoed by Barry Buzan and Muthiah Alagappa. In the latter’s writing on *Asian Security Practices* where seven case studies are from Southeast Asia, Alagappa argued that research on security practices in developing countries must be broad enough to include issues of history, culture, economics, domestic politics, and international relations. In so doing, national security of developing states can then be understood, especially when compared to the narrow idea of security being espoused in Western countries (Alagappa 1998:27-64). Forefront too at widening the concept of security was Buzan, who intimated that the national security problem in the developing world can only be understood by taking a multi-layered holistic approach, that is, to go beyond just the systemic analysis of a unitary state. In other words, one must go beyond the state-centric focus by moving either down to the level of the individual or up to the level of the international, with regional subsystems and domestic politics in between those levels (Buzan 1989:11-12). Of significance from Buzan’s analysis is his inclusion of subsystems, as the regional level of security is especially salient to developing states. In his writings on *People, States and Fear*, Buzan argues that states within regions including Southeast Asia define their security problems mostly in terms of other regional states with which they share a complex (Buzan 1988:41). That is, “security complexes rest, for the most part, on the interdependence of rivalry rather than on the interdependence of shared interests” (Buzan 1986:3-33). For example, the Southeast Asian security complex was divided into two main categories: communist and non-communist countries; they were being defined more by rivalry than shared interests when seen through multiple lenses of the domestic, regional and global (Buzan and Wæver 2003:128-184).
Combining Alagappa’s and Ayoob’s assertion that we should broaden the concept of security with Buzan’s recommendation that we should consider not just the domestic, but also the regional and global levels, this thesis seeks to do the same by looking first at the external realm at both extra-regional and regional levels before being mediated by factors from within the state to better understand the primacy of national security in the analysis of a developing state’s foreign policy. Set against this, the definition of national security chosen here is given by Melvyn Leffler, who, in his attempt to incorporate external and internal variables into the study of national security policy, wrote that “national security is about the protection of core values, that is, the identification of threats and the adoption of policies to protect core values” (Leffler 2004:131). To further unpack the concept of national security, it is crucial to identify the referent of security; what the core values are; type and nature of threats, and the conceptual approach to security (Alagappa 1998:28). Given also that the idea of ethnic politics lies at the core of the author’s study, the next section looks at the duality of state-societal security, which is germane to ethnic politics. State-societal security would then be linked to the idea of DL of regimes, which, as will be seen later, is a key aspect undergirding the linkage between ethnic politics and foreign policy of a developing state.

2.4.2 Duality of State-Societal Security and Domestic Legitimation of Regimes

Given how the concept of security has been overly state-centric in focus, there was a need to consider other referents of security either individually or in combination with the state. The duality of state-societal security falls in the latter bracket. First introduced by Buzan, ‘societal security’ was defined by Ole Wæver as “the ability of a society to persist in its essential character under changing conditions and possible or actual threats...it is about the sustainability, within acceptable conditions for evolution, of traditional patterns of language, culture, association, and religious and national identity and custom” (Wæver 1993:23).\(^{49}\) Society refers to the state population or a community of people living within the state, and the duality of state-societal security consists of two tenets (Roe 2013:177-188). Firstly, the referent of security is a combination of state and

\(^{49}\) Both Buzan and Wæver belong to the ‘Copenhagen School’ of Security Studies (see Emmers 2013:131-144).
society, thus the emphasis on duality. That is, society is both at once a dimension of state security and a referent object of security in its own right. This is not to say the state and society are necessarily allies. Rather, the state could feel threatened by the society in it, or society could feel threatened by the state itself. The other permutation is that both state and society face similar threats coming from outside the borders.

Secondly, societal security is synonymous with identity security. For Buzan, “societal identity can be threatened in ways ranging from the suppression of its expression to interference with its ability to reproduce...The reproduction of a society can be threatened by sustained application of repressive measures against the expression of its identity. If the institutions that reproduce language and culture are forbidden to operate, the identity cannot be transmitted effectively from one generation to the next” (Buzan 1993:43). Linking Buzan’s stance to ethnic politics, Paul Roe and Alan Collins have argued that since identity security is closely intertwined with societal security, the duality of state-societal security would be especially useful in examining ethnic security problems (Roe 2005; Collins 2003:24). Given also that ethnic identity is intertwined with security of one or more ethnic groups, as argued earlier, it makes ethnic identity a security referent within the broader context of societal security (Theiler 2003:249-268). But while societal security is concerned more with the security of society as a whole instead of individual social groups in society (Wæver 1994:8), this thesis takes the view that societal security has little meaning if the elements that make up society are ignored. So, just as the black-box of the state must be opened up to better appreciate security problems, the same must also be done of society. This is particularly poignant when societies are heterogeneous in multi-ethnic states, which comprise most countries in the developing world including Southeast Asia. Central to a heterogeneous society are ethnic communities that make it up within the state. Threats to the identity or survival of one or more ethnic groups can come in at least three ways. The first is directly from the state especially when it is ruled by a majority group. The second comes from within the society itself chiefly when there are conflicts among ethnic groups, which could also extend beyond the state. The third emanates from the outside when external influences – whether foreign state or non-state actors – protrude into the state because most
countries in the developing world are weak states with low levels of socio-political cohesion, and thus, both state and society are prone to penetration (Buzan 1989:16-23).

To outline how duality of state-societal security, as part of the wider context of national security, can also be linked to DL of regimes, it is imperative to first unpack the concept of DL. Broadly defined, DL is a process where “the ruling elite seek to justify, preserve and enhance its moral authority at home” (Kuik 2010:153). By authority, it refers to the notion where the ruler “possesses an acknowledged right to command” and the ruled have “an acknowledged obligation to obey” (Wrong 1979:49). In a word, legitimacy is the “belief by the governed in the rulers’ moral right to issue commands and the people’s corresponding obligation to obey such commands” (Alagappa 1995:11). While legitimacy and legitimation are synonyms, legitimacy is seen more as a belief in the acceptance of authority whereas legitimation chiefly denotes the process that leads to legitimacy (Ludz 1979:162). Similarly, Alagappa argued that legitimation is an “interactive process between ruler and ruled” whereby legitimacy, as an outcome of this process, is dynamically contingent on the specific time and context (Alagappa 1995:29). While there is a whole body of literature devoted to reformulating legitimation, the focus here will be restricted to the notion of performance legitimacy of a governing regime. This is because, as Alagappa argued in his work on political legitimacy in Asia, DL based on performance is common in less well-established regimes where level of institutionalisation is much lower. That is, political systems and procedural elements of legitimacy have tended to be weak and embryonic in many of such regimes found largely in the developing world. Conversely, in the more established regimes located mainly in the developed world, the procedural element appears to be more significant than performance for the purposes of legitimation (Alagappa 1995:30).

Notwithstanding Max Weber’s criticism that legitimation on the basis of performance is highly contingent, and hence, an unreliable indicator of legitimacy (Weber 1964:125),

\[50\] On works focused chiefly on states in East/Southeast Asia, see Kane et-al (2011); White (2005); Alagappa (1995).

\[51\] While accepting that there is a subtle difference between governments and regimes (Alagappa 1995:27), this thesis does not make that distinction; rather, it fuses the two concepts by describing them as governing regimes.

\[52\] Following Weber, Alagappa refers to the procedural elements as a readiness to conform to established rules that are formally correct and have been imposed by accepted procedure (Alagappa 1995:14).
performance legitimacy can be defined as “a state’s right to rule is justified by its economic and/or moral performance and by the state’s capacity for territorial defence” (Zhao 2001:22). Echoing the same was Alagappa who proposed that performance legitimacy should include the economy, security, and welfare functions of the governing regime (Alagappa 1995:41). Concerning economic performance, legitimation equates to creating the stability necessary for economic development and sustaining a healthy economic growth with its fruits being enjoyed by the population through some form of distributive justice. It is, in a way, about the state being able to provide a degree of economic security to its population that comprises the society (Buzan 1989:14). For territorial defence, legitimation is equated to the ability of the governing regime to preserve national security, that is, to maintain domestic law and order on the one hand, and defend the territory from external threats on the other. Preserving national security also extends to the governing regime contributing to regional security, which is integral for developing states (Buzan 1989:8). For moral conduct, it is a focus on the cultural dimension of performance legitimacy (Zhao 2001:23). Specifically, it is, for example, the capacity of the governing regime to ensure social harmony, or specifically, the mitigation of ethnic conflict (Collins 2003:68-70). Given too that many developing countries conduct elections to confer legitimacy to governing elites, this thesis adds electoral showing of governing regimes to the assessment of DL through its performance. In sum, the performance legitimacy of the ruling regime comprises four elements: a) attainment of national security or explicitly, duality of state-societal security, which includes the protection from external threats and mitigation of ethnic conflicts; b) contribution to regional security; c) economic achievements; and d) seeking re-election.

To sum up, the relationship between ethnic politics and foreign policy of a developing state is premised on DL, chief of which is the attainment of national security where the referent objects of security is the duality of state and society. Central to DL is the elites

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53 For Ayoob, regional security makes three assumptions: a) outside powers with interests in the region either willingly cease from interfering in regional problems or are deterred from doing so due to regional cohesion; b) regional states themselves have been able to manage, if not eliminate, problems that could create inter-state tensions; and c) institutional mechanisms inside the region can search for solutions to conflicts within the region (Ayoob 1986:3).
54 Zhao Dingxin describes this legitimacy as “legal-electoral” whereby “top leaders are popularly elected on a regular basis” (Zhao 2001:22). Lynn White views such legitimacy as politicians being “re-election seekers” (White 2005:10).
of the governing regime who preside over state and society. The better able the ruling elite can achieve DL based on their performance, the longer they will last as the governing regime. Given also that existing realist approaches to national security have been flawed for developing states, the next section offers an alternative from the realist school to analyse the relationship between ethnic politics and a developing state’s foreign policy, with DL the focus of analysis and Malaysia’s China policy the case study.

2.5 Neoclassical Realist Model of Domestic Legitimation in Developing States

2.5.1 What is Neoclassical Realism?

Neoclassical realism (NCR), according to its adherent William Wohlforth, is the “realist theory for the foreign policy analyst” (Wohlforth 2008:46). This is because, according to Gideon Rose, who coined the term NCR in a review article in 1998, such an approach “…incorporates both external and internal variables updating and systemizing certain insights drawn from classical realist thought. Its adherents argue that the scope and ambition of a country’s foreign policy is driven first and foremost by its place in the international system and specifically by its relative material power capabilities. This is why they are realists. They argue further, however, that the impact of such power capabilities on foreign policy is indirect and complex because systemic pressures must be translated through intervening variables at the unit level [i.e. decision-makers’ perceptions and/or state-society relations]. That is why they are neoclassical” (Rose 1998:152).

Essentially, in NCR, “there is no immediate or perfect transmission belt linking material capabilities to foreign policy behaviour” (Rose 1998:146) because “systemic pressures are filtered through intervening variables to produce foreign policy behaviour” (Schweller 2006:6), as shown in Figure 2. As such, NCR corresponds to Fareed Zakaria’s proposition that “a good account of a nation’s foreign policy should include systemic, domestic and other influences specifying what aspects of policy can be explained by what factors” (Zakaria 1992:198). Doing so allows NCR to make a contribution to FPA.
NCR became a realist theory of choice because its adherents have sought to overcome the realism problematique in foreign policy as contained in both the strands of classical- and neo-realism. While classical realism is driven by the belief in the primacy of foreign policy where practitioners are integral to the conduct of foreign policy under conditions of international anarchy, it is not seen to be a coherent research programme in that it is merely a collection of texts written by a range of authors for different purposes and in different contexts over the course of 2,500 years (Taliaferro et-al 2009:16). Morgenthau’s works were found to contain “inconsistencies and contradictions” (Griffiths 1992:59-76) and his central concept of national power has been criticised as a “kitchen-sink theory of power” (Vasquez 2003:445). Further, classical realism is also criticised for rarely adhering to what is perceived as acceptable standards of social science methodologies (Elman 2007:13; Tellis 1995:49-51). Neorealism is not concerned about the foreign policies of states as it is a systemic theory in that it takes the external variable of the international system as sacrosanct, and the starting point of explaining international political outcomes. Unsurprisingly, Waltz dismissed neorealism as being able to make “unambiguous foreign policy predictions” (Waltz 1996:54-57). Given also that neorealism principally emphasises pure balancing or bandwagoning as survival strategies, it fails to account for the range of policy options that states, especially smaller and developing ones, may respond to threats to their security (Kuik 2010:72).
Given thus that classical realism is not a coherent research programme while neorealism distances itself as a theory of foreign policy, NCR has cast itself as an interlocutor by cross-fertilising the core insights of both strands of realism in the hope of formulating a realist theory of foreign policy. So the ‘newness’ in neoclassical realism is its “ongoing attempt to systematise the wide and varied insights of classical realists within parsimonious theory, or to put it in reverse, to identify the appropriate intervening variables that can imbue realism’s structural variant with a greater explanatory richness” (Kitchen 2010:118).

Specifically, NCR combines the classical realist insights of the role of the statesman and state-society relations with the neorealist account’s unitary focus on the systemic-level variable in accounting for a state’s foreign policy. The expectation is to move beyond the obsession with systemic factors synonymous with neorealism by incorporating variables located within the state. Mindful however of not falling into the reductionist trap of the Innenpolitikers, neoclassical realists assert that systemic factors in the external environment is the starting point of their analysis. Seen this way, NCR’s dictum, as a “natural outgrowth of neorealism”, is to “vindicate Waltz, not undermine him” (Rathbun 2008:296). In sum, NCR has three components to it: independent variable (systemic pressures); intervening variable (domestic ‘transmission belt’ through which systemic pressures are filtered); and dependent variable (foreign policy outcome).

Crucial to the innovativeness of NCR are its reformulation of power and incorporation of intervening variables. While this is not the place for a holistic critique of the concept of power, it is suffice to say that, for neoclassical realists, it is the decision-maker’s perceptions of power that matter most (Schmidt and Juneau 2012:72). This is so because the international power distribution or anarchy, as determined by neorealists, is “murky and difficult to read” (Rose 1998:168). Moreover, decision-makers do not always respond in a rational manner, as neorealists often presume. Systemic factors are therefore more “a permissive condition rather than an independent causal force” (Walt 2002:211). We must also be cautioned that “power cannot be tested; different elements

56 This ‘newness’ was also explained and defended by neoclassical realists against their critics (see Feaver et-al 1999).
57 Innenpolitikers like liberalists and constructivists give preference to the internal environment. Here, domestic-level structures and processes have a direct impact on foreign policymaking. Doing so then presupposes that international imperatives are either relegated in importance or are ignored completely (Ripsman 2009:192-93).
of power possess different utilities at different times; the relation of perceived power to material resources can be capricious” (Wohlforth 1993:306). In short, for NCR theorists, systemic factors are what statesmen make of it through their perception feelers. Further, it can be argued that there can be no NCR without the intervening variable. It is the focus on the intervening variable that has churned out a cornucopia of studies within the NCR School.\textsuperscript{58} Following on from Rose’s identification of leader perceptions and state-society relations as two intervening variables, scholars have either expanded on the choice of intervening variables or made Rose’s selection of intervening variables more specific. These intervening variables have included internal extraction capacity for mobilisation purposes; state power; national identity; strategic culture; and nature of political systems (Alden and Aran 2012:117). Notably, the choice of intervening variable hinged on the research question that was being addressed or the phenomena that needed explaining. As illustrations from the current NCR literature, how do states assess changes in their relative power (Friedberg 1988); how do state leaders think about power in world politics? (Wohlforth 1993); under what conditions do states expand their interests abroad? (Zakaria 1998); what is the relationship between a state’s external behaviour and domestic mobilisation capacity? (Taliaferro 2006); what explains variations in alliance strategies? (Christensen and Snyder 1990); and how do states respond to threats and opportunities, and do different kinds of states respond in different ways? Why do they underbalance? (Schweller 1998; 2006), so on and so forth.

It is also noteworthy that because NCR began as an American enterprise\textsuperscript{59}, most writings have focused on US foreign policy and in particular, its grand strategy (see Brawley 2010; Kitchen 2010; Auten 2008; Layne 2006). Following a focus on bigger powers, adherents of NCR have also written on British foreign policy (Hadfield 2010), European politics (Toje and Kunz 2012; Dyson 2010), Japan-India relations (Tuke 2011), Japan-China relations (Lai 2008), India’s foreign policy (Jacob 2010), Russian foreign policy (Kropatcheva 2012), and China’s foreign policy (He and Feng 2013; Cha 2000). As a result of the pre-

\textsuperscript{58} It is noteworthy that there have been at least three LSE IR students in the course of five years who have completed their doctorates premised on the neoclassical realist theory (Edwards 2013; Verma 2013; Moore 2011).

\textsuperscript{59} According to Sterling-Folker, American neoclassical realists, by viewing foreign policy problems through scientific epistemology, seeks to make NCR today’s standard-bearer of the neorealist paradigm (Sterling-Folker 2009:191-218).
occupation with bigger powers, few works have focused on smaller states with exceptions being Irish foreign policy (Mononen 2008; Loughlin 2008), relations between Mediterranean states and the EU (Costalli 2009), and the under-balancing of small or weak states (Schweller 2006). The paucity of NCR writings on small states is unfortunate as NCR can enhance our understanding of foreign policy of small states (Roth 2006:486-88) including those with developing country status (Reichwein 2012:50). Given thus that there is a dearth of NCR studies on developing countries and in particular, the smaller ones, this thesis attempts to fill the lacuna in the literature by conducting a study of a foreign policy of a small developing state. But to use NCR as the chosen approach, three things must be done: establish the main research question to address a phenomenon; identify the intervening variable; and specify the framework to conduct the study.

2.5.2 Model of Domestic Legitimation in Developing States

Proposed by Kuik, who was himself inspired by works on security in the developing world, the DL model was then applied to the study of Malaysia-China relations (Kuik 2013a; 2012; 2010). This thesis attempts to enhance Kuik’s DL model by marrying it with NCR insights. It would, in essence, be a neoclassical realist model of DL specific to developing states. Compared to the original, the modified DL model is predicated upon five, instead of four, core assumptions. Firstly, the independent variable is the external environment. That is, the international anarchical structure or systemic pressures as per the distribution of power in the external environment. Kuik referred to this variable as “structural conditions” whereby changes in the distribution of capabilities and the level of commitment of individual powers in regional affairs can induce both pressures and opportunities for smaller regional states in an anarchical environment (Kuik 2010:153). This thesis favours the phrase ‘external strategic environment’, because ‘strategic’ is seen to be all-encompassing whereby as many factors of critical relevance within the external environment can be taken into account. Secondly, states do not make foreign policy, governing elites do. In NCR, it is flesh-and-blood officials who make foreign policy.

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60 One main weakness of the DL model is its lack of theoretical rigour and operational coherence. Recognising this flaw, Kuik tried to use NCR to invigorate his DL model (Kuik 2012a). But it was a poor attempt as NCR was only briefly discussed, and Kuik says very little on how precisely NCR enhances the DL model besides stressing their similarities.
decisions as “statesmen, not states, are the primary actors in international affairs” (Zakaria 1998:42). The importance of the individual in foreign policy is stressed because the decision-maker “sit[s] at the intersection of domestic and international political systems” (Lobell 2009:56). Couched in security terms, Thomas Christensen argues that “State leaders are more likely than average citizens to be concerned with the long-term security of the nation” (Christensen 1996:18). Set against this, and as per Steve Lobell’s focus on threat assessments of systemic and domestic variables by a Foreign Policy Executive (Lobell 2009:42-74), this thesis sees the decision-maker as the pivot by which foreign policy choices are made based on external and domestic considerations.

Central to this pivot is that perceptions of a decision-maker matter. According to Gideon Rose, “Foreign policy choices are made by actual political leaders and elites, and so it is their perceptions of relative power that matter, not simply relative qualities of physical forces in being” (Rose 1998:147). In fact, “if power influences the course of international politics, it must do so largely through the perceptions of the people who make decisions on behalf of states” (Wohlforth 1993:2). The decision-maker’s perceptions of power shifts in the external environment; distribution of power between states which accounts for the relative power position of the decision-maker’s state; actions and intentions of other states; and broadly, threats within the international system all matter greatly in foreign policy formulation (Lobell 2009:42-74; Schweller 1998). However, a decision-maker can also misperceive, for example, the distribution of capabilities; and as such, “they may stand aside at crucial junctures in a conflict, overreact to insignificant threats, or even assist the wrong side in a war” (Christensen 1997:68). Similarly, Brian Rathbun warned that when leaders misperceive the international system, “the system will discipline the state...in the form of foreign policy failure” (Rathbun 2008:311). While most NCR works focused on decision-maker’s perceptions of external variables, this thesis extends that emphasis to domestic variables as well. Simply put, the decision-maker’s perceptions of both external and domestic factors matter in foreign policy. Not least as the scope of this study places heavy emphasis on agency in foreign policymaking.
It is one thing to say perceptions matter, yet still another to grasp them analytically.\textsuperscript{61} Given the analytical scope of this study being the national security in the developing world where security is couched in terms of threats coming from both within and outside the state, the focus of this model would similarly be narrowed to threat perceptions.\textsuperscript{62} Emanating from the writing of Sukhumbhand Paribatra and Chai-Anan Samudavanija, which looked at internal dimensions of regional security in Southeast Asia, was the focus on threat perceptions of developing states, which tended to be “complex, diverse and multilevel.” Further, the perceptions of threat are shaped by at least six dimensions and they are by no means mutually-exclusive before a decision-maker crafts a response to manage the threat (Paribatra and Samudavanija 1986:81-87). The first is the structural dimension whereby threat perceptions are shaped by systemic pressures in the international environment. That is, the distribution of power in the international system as understood by the extent of polarity, power asymmetry (disparity in power capabilities) between a rising threatening state and a weaker one, and the offensive actions by, and uncertain intentions of, the threatening state in question (Kuik 2013a:430; Walt 1985).

The second is the geopolitical element where threat perceptions emanate from geographical proximity and geostrategic capabilities in particular. For the former, it is about how physically close the threatening state is to the threatened state: is it distant, contiguous, or nearby within the region? For the latter, it is about how much material resources (‘national power’)\textsuperscript{63} are available to the state to counter the external threat, which in turn determines the state’s relative power position (‘state power’) in the international system in general and vis-à-vis the threatening state in particular (Zakaria 1998:38-39). Third is the sociocultural dimension where the focus is on domestic groups – religious, ethnic and cultural – in conflict chiefly in countries with heterogeneous societies. Often, this conflict involves enmity or antagonism among such groups; fear that these groups may be upset by the government’s actions chiefly those related to

\footnotesize{\textsuperscript{61} Although a full treatment of the role of perception in international politics and foreign policy is beyond the scope of this chapter, it is suffice to say that state leaders make foreign policy decisions based on their perceptions or misperceptions rather than the ‘operational environment’ (Alden and Aran 2012:21; Edelstein 2000; Jervis 1976).

\textsuperscript{62} Doing so does not preclude the decision-maker’s perceptions of opportunity even if it coexisted with the threat, because systemic factors do not just bring with it constraints, but opportunities too (Schweller 2006:37-43).

\textsuperscript{63} Waltz recognised that material resources (capabilities) include the size of population and territory, military strength, resource endowment, economic capability, political stability and competence (Waltz 1979:131).}
nation-building; and fear that another state could intervene if sociocultural groups closely aligned with them are believed to be marginalised or persecuted in their resident country. Of focus here is ethnic politics, which is essentially a conflict and competition among ethnic groups over resources for the purposes of identity security. Arguably, this sociocultural dimension, by virtue of its focus on the dynamic interactions among ethnic groups for example, emphasises the situationalist perspective of ethnicity. Related to the third is the fourth which is the economic dimension. Here, threat perceptions arise from either fear of economic domination of one group over another, or fear of economic domination or exploitation by another country or group of countries, or even both.

The fifth and sixth are doctrinal and historical dimensions where the focus is on the state leader. For the former, it is about belief systems – values, ideologies, background etc. – which forms the prism through which the decision-maker views the world, and in so doing, shapes his threat perceptions. For example, if the decision-maker is an anti-communist, his threat perceptions would be shaped by countries that embrace the communist ideology. Another instance is if the decision-maker is a staunch Malay nationalist in Malaysia, his threat perceptions could be shaped by the Chinese both from within and outside the country. For the latter, it is about learning from historical experiences like colonialism, foreign policy failures, or other forms of trauma. More, “men use the past to prop up their own prejudices”, that is, historical analogies are employed to emphasise pre-existing beliefs and preferences (Taylor 1966:64). On the whole, what “one learns from key events in international history is an important factor in shaping the interpretation of incoming information” (Jervis 1976:217). All in, the structural, geopolitical, sociocultural, economic, doctrinal and historical dimensions are crucial components to shaping threat perceptions. As an example, several dimensions recounted here also mould the perception of the China-threat (Yee and Storey 2002:2).

Thirdly, the decision-making elite of the governing regime are concerned with their domestic political survival. Thus, their policy actions are geared towards mitigating

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64 On the essentials of learning in the decision-making process, and in particular, how decision-makers learn from history, see Stein (2008:114); Levy (1994); Jervis (1976:217-287).
65 On the use of historical analogies, see Khong (1992).
security, economic and political risks to both state and society that could affect their ability to exert control over their people and territory they claim jurisdiction (Kuik 2010:150; Ayoob 1991:257-83; Paribatra and Samudavanija 1986). Put differently, it is the decision-maker’s care for the regime’s domestic political survival that makes DL the intervening variable between the external strategic environment (independent variable) and a state’s foreign policy choices or variations in its behaviour (dependent variable). To restate, DL of a governing regime is “a process in which the ruling elite seeks to justify, preserve and enhance its moral authority to rule at home” (Kuik 2010:153). Fourthly, for Kuik, “the representation of risks – which risks are identified and prioritised as foreign policy problems – is neither given nor fixed, but is constantly shaped by the manner in which elites seek to justify their domination by acting in accordance with the foundations of their authority at a given time” (Kuik 2010:150). Simply put, ruling elites prioritise foreign policy problems as a function of their internal justification efforts to govern at home. This goal prioritisation hinges on whether it enhances the domestic authority of the elites to govern the country. For example, ruling elites could prioritise short-term economic benefits over long-term security concerns (Kuik 2013a:437). This thesis adds that central to the representation of risks is the notion of threats to national security. To what extent would the governing elite be ready to reduce the level of threat for economic and diplomatic benefits for the country, which in turn could enhance their right to rule at home? Against the backdrop of risks, where is the line drawn by governing regimes between threats and opportunities?

Fifthly, the emphasis on legitimacy relates less on procedure and more on performance as far as countries in the developing world are concerned (Alagappa 1995:30-31). Hence, the focus is less on elite compliance with liberal-democratic norms emblematic of Western countries in the developed world and more on performance legitimacy. That is, “the ability to preserve security and internal cohesion, to deliver economic growth, to uphold sovereignty, and to promote a rationalised ideal that is peculiar to a particular country like the necessity of ‘maintaining ethnic balance’ in a multiracial society” (Kuik

66 By ‘care’, this thesis refers to ‘concern’ of state leaders in that legitimation is on their minds when making decisions. 67 On problem representation in foreign policymaking, see Sylvan and Voss (1998).
Further, it is one thing to say that ruling elites care about DL, but it is another thing to examine the extent to which legitimation is achieved. This examination, in what is categorised here as policy assessment, refers to the performance legitimacy of the governing regime.\(^6\) This includes the attainment of national security or explicitly, duality of state-societal security which refers to protection from external threats and mitigation of ethnic conflict; contribution to regional security; economic achievements, and seeking re-election. The better the performance of the elite in governing the country, and specifically the conduct of foreign policy including the choice of strategies\(^6\), the greater would be the right of the elites of the governing regime to rule at home.

In sum, the five core assumptions of the neoclassical realist model of DL in developing states are as follows: the external environment or systemic factors is the independent variable or starting point of the analysis; the governing elite make foreign policy and that their perceptions matter; the governing elites are concerned with domestic political survival, through which the idea of domestic legitimation emerges as the intervening variable; representation of risks or identification of threats and opportunities by the decision-maker; and the focus on performance legitimacy as an assessment of the policy choice. Taking together the five core assumptions, the DL model denotes the causal mechanism that link the external strategic environment to a state’s foreign policy choices\(^7\); or variations in its foreign policy behaviour being intervened by DL (see Figure 3). Put differently, the elite’s internal justification efforts serves as an intervening variable between structural conditions in the external environment and foreign policy choices made by the government-of-the-day (Kuik 2013a:437). Crucially, within the prism of DL as the intervening variable, there are two elements of importance: the leader’s perceptions of the state’s external strategic environment and the domestic political situation. That is, systemic pressures in the external strategic environment are mediated by the perceptions of the leader who also takes cognisance of the domestic political situation before arriving at a foreign policy decision. It must however be noted

\(^{6}\) Policy assessment can also be viewed as a feedback loop to the intervening variable. That is, while the intervening variable is about the concern for DL, the policy assessment is to evaluate the extent to which the DL is achieved.

\(^{6}\) Such strategies/diplomatic instruments include those that are both bilateral and multilateral in nature.

\(^{7}\) Foreign policy choices broadly refer here to either change or continuity in the foreign policy of a specific state.
that such a model is heavily contextualised in that it may not strictly apply to every state in the developing world. This is not to suggest the neoclassical realist DL model lacks universal applicability, but it would require specificities as to its context within a particular period of time. In a sense, this model works best when focused on a specific (developing) state at a particular time. To this end, Malaysia has been chosen as that specific state, and Malaysia’s China policy as the selected case study in this dissertation.

2.5.3 Case Selection: Malaysia’s China Policy

There are five main reasons for choosing Malaysia’s China policy as the case for this study. First, Malaysia is both at once a developing and a small state\(^\text{71}\). But while Malaysia does share many common features of a developing state such as experience as a colony,  

\[^{71}\text{For small-state diplomacy in Malaysia’s foreign policy, see Kuik (2010); Idris (2006); Liow (2000).}\]
underdeveloped institutions and an autocratic-style of government, Malaysia also has characteristics markedly different from other states in the developing world. Noted Harold Crouch: “In contrast to most Third World countries, Malaysia has experienced politics characterised by extraordinary continuity since its independence in 1957. That continuity has been based on the essential stability of the government, despite constant political tensions and occasional upheavals” (Crouch 1996:32). What makes Malaysia unique in the developing world comes in the political and economic senses. Politically, Malaysia has experienced a prolonged period of political stability with a semblance of democracy. Economically, Malaysia has experienced steady economic growth and now occupies the higher bracket of economies among developing countries. According to one report, “Malaysia has one of the most remarkable growth records in modern history. In a quarter of a century, real average per capita income increased 2.5 times and poverty rate shrunk for half of the population to 7.8%” (Baginda 2009:31). In 1970, Malaysia’s GDP was US$4billion, but in 2009, Malaysia’s GDP was US$231billion. As such, Malaysia has come to be recognised as a developing country with an upper middle-income economy. While one would be tempted to say that Malaysia is in-between a developing and developed state because Malaysia appears to exhibit characteristics of a developed state, this thesis takes the view that Malaysia is still best seen as a state in the developing world, but with a fast growing economy and relative political stability.

Second, Malaysia is a multi-ethnic state with a heterogeneous society where the ethnic relations between the majority Malays and the sizeable minority Chinese predominate. The majority-minority relations correspond to the situationalist perspective of ethnicity because fluctuations in Malay-Chinese relations and their influence on the evolution in Malaysia’s China policy call for dynamism in the nature of ethnicity in politics. Third, Malaysia’s foreign policymaking is concentrated in the hands of a few with the PM as the ultimate decision-maker. Foreign policy decisions have been the prerogative of an elite group that has been noted for the smallness of its size and its political stability (Saravanamuttu 2010:9; Pathmanathan 1990:17; Ott 1972:225). Besides elitism as a defining feature of foreign policymaking in Malaysia, personalities also have had a

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72 Described by some as quasi-democracy (Ahmad 1989:347-381) or semi-democracy (Case 1993:183-205).
significant impact on foreign policy formulation in the country (Saravanamuttu 1983), not least under Mahathir whose impact on Malaysia’s foreign policy was legendary (Dhillon 2009). Thus, it was less about whether the PMs were at the apex of the foreign policy pyramid, but more about who wielded more influence and made a greater impact on the country’s foreign policy. As the pivot, their perceptions also mattered, especially of systemic pressures in the external environment and Malaysia’s domestic situation.

Fourth, Malaysia’s governing regime is preoccupied with attaining DL for the right to rule by preserving the country’s national security interests. Put briefly, these interests have an internal and external dimension as threats confronting the country were also both within and outside of the state borders (Jalil 2008; Singh 2004:1-25). While it is true that, because the UMNO-led governing regime has never been dislodged from power, its leaders would be less obsessed with DL, the care for DL remains a preoccupation of the governing elite (Case 2011a:105-26; Gilley 2005:29-66). Fifth, Malaysia and China are regional neighbours separated by the landmass of countries in Indochina. Of note is how has China’s rise, and its attendant capabilities, affected Malaysia’s national security?

To conclude, the selection of Malaysia’s China policy as a case study corresponds to the conceptual focus of this thesis in examining a developing state’s foreign policy. Returning to the main tenets identified by Muthiah Alagappa, the referent of security is a duality of state and society; the type and nature of threats correspond to an emergent China or what is termed as the China-threat; the ‘core values’ comprise the security of the state and society, and DL of the governing regime by way of its performance; and the conceptual approach being chosen is the neoclassical realist theory of foreign policy. This thesis is, in essence, a neoclassical realist interpretation of the relationship between ethnic politics and Malaysia’s China policy through the prism of DL (see Figure 4). To restate, this thesis seeks to address the following question: why and how has Malaysia’s China policy evolved from cautious rapprochement under Razak to a matured partnership under Abdullah despite the continued conflict between the Malays and Chinese?
Each empirical chapter will be organised into five parts. The first is the systemic pressures emanating from Malaysia’s external security environment at extra-regional and regional levels. The second is the ethnic political situation. Third is the focus on the intervening variable where the care for DL on the mind of the Malaysian PM is influenced by his perceptions of the external strategic environment especially of an emergent China as well as the ethnic political situation. Put differently, the systemic pressures in the external strategic environment are mediated within the prism of DL, that is, by perceptions of the Malaysian leader who also takes cognisance of the ethnic political situation before arriving at a foreign policy decision to continue or change Malaysia’s China policy. The fourth concerns the characteristics and strategies of Malaysia’s China policy. Fifth is the assessment of Malaysia’s China policy on DL, or what is termed here as performance legitimacy of the governing regime. It is one thing to suggest that DL is on the minds of the leaders in that they are concerned about it and so is factored into their foreign policy decisions, but it is altogether separate to examine the extent to which the legitimation of the regime is achieved after the foreign policy decision is implemented. Simply put, how has Malaysia’s China policy under four Malaysian Prime Ministers contributed to the performance legitimacy of the UMNO-led BN regime so as to justify its right to govern at home in Malaysia? To begin the empirical part of the thesis, the next chapter applies the proposed DL model to Razak’s China policy.

73 Performance legitimacy is divided to the following segments: electoral performance; economic benefits from Sino-Malaysian trade; contribution to regional security and American military presence (as will be seen later, Malaysia viewed US as a countervailing influence to China’s rise); internal military strength and external defence arrangements; and delimiting legitimation, which includes the unresolved issues (sticking points) and contending perspectives.
FIGURE 4

Domestic Legitimation Model:
A Neoclassical Realist Interpretation

A Malaysian Leader’s Administration
Within a Specific Period of Time

Independent Variable: Malaysia’s External Strategic Environment
Intervening Variable: Care for Domestic Legitimation Of the Leader’s Governing Regime

Policy Assessment: Performance Legitimacy Of the Leader’s Governing Regime
Dependent Variable: Malaysia’s China Policy of Continuity or Change

External strategic environment incorporates in particular the pressures that emanate from an emergent China.

Domestic legitimation (intervening variable) incorporates:
The leader’s perceptions of:
   a. Malaysia’s external strategic environment
   b. Malaysia’s domestic (ethnic) political situation
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MALAYSIA-CHINA RELATIONS UNDER TUN ABDUL RAZAK: THE BEGINNINGS OF CAUTIOUS RAPPROCHEMENT

3.1 Introduction

This chapter explores the relationship between ethnic politics and Malaysia’s China policy during the Razak period from 1970 to 1976 by applying the neoclassical realist DL model (see Figure 5). This chapter suggests that Malaysia’s China policy under Razak can be characterised as the beginnings of cautious rapprochement in that normalisation of relations have taken place albeit not on an optimum scale. Rapprochement refers to the (re)establishment of diplomatic relations between two countries. This period can be divided into two phases. The first is the various bilateral interactions that took place between Malaysia and China with the aim of KL having a better understanding of Beijing’s intentions, and from this, whether normalisation through rapprochement was feasible. This was especially poignant as his predecessor, Tunku, advocated a pro-West and anti-communist foreign policy, which culminated in Malaysia’s China policy being one of hostile non-recognition during his time. In fact, Tunku was seen to have made an enemy of China by opposing China’s entry to the UN given his preferred diplomatic recognition of Taiwan; condemning China’s invasion of Tibet in 1950; and siding with India during the 1962 Sino-Indian War (Ahmad 1985:23). In fact, Tunku was not against communism per se, but what made him appear anti-communist was his opposition to communism taking root in Malaysia and becoming the ideological basis for governing the country. Nonetheless, Tunku’s hostility towards China had not gone unnoticed by Beijing, and so it was imperative for Razak to pursue rapprochement cautiously, which is the second phase of this period: Razak’s trip to China in 1974 until his death in 1976.

74 For a comprehensive work on Malaysia-China relations under Tunku, see Kuik (2010:165-203); Dahana (2002a).
75 Interview with Abdullah Ahmad.
Pursuant to the Razak period as beginnings of cautious rapprochement, this chapter assesses why and how Razak reoriented Malaysia’s China policy despite the prevailing conflict between the Malays and Chinese, which had peaked during the 1969 racial riots. This chapter argues that it is Razak’s care for DL, which was influenced by his perceptions of firstly, the systemic pressures, chiefly from an emergent China, and, secondly, the ethnic political situation that drove Razak to reorient Malaysia’s China policy towards cautious rapprochement. The systemic pressures, especially of an emergent China, were mediated by DL, that is, by the perceptions of Razak who also took cognisance of the ethnopolitical situation before taking the decision to pursue cautious rapprochement with China. Moreover, as this chapter will argue, Razak’s China policy contributed to the legitimacy of his governing regime, which then helped justify the right to rule at home.

**FIGURE 5**

Domestic Legitimation Model: A Neoclassical Realist Interpretation

*Tun Abdul Razak Administration*  
1970-1976

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Intervening Variable</th>
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<td>Malaysia’s External Strategic Environment</td>
<td>Core for Domestic Legitimation Of the Razak Governing Regime</td>
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Policy Assessment

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<th>Dependent Variable</th>
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External strategic environment incorporates in particular the pressures that emanate from an emergent China.

Domestic legitimation (intervening variable) incorporates: Razak’s perceptions of

- Malaysia’s external strategic environment
- Malaysia’s domestic (ethnic) political situation
3.2 External Strategic Environment

3.2.1 The Cold War Strategic Triangle of China, the US and USSR

Razak became Malaysia’s PM in 1970 against the backdrop of the Cold War. A bipolar détente had formed between the USSR and the US, that is, there was an easing of strained relations between two superpowers in the 1970s. Of note too was China’s entry into the UN, and its appointment as a permanent member of the UN Security Council in 1971: PRC replaced the Republic of China (Taiwan) as the legitimate representative of the Chinese people at the UN. Not only did this vote bring China out of international isolation\(^{76}\), but it also made it a major power on the world stage alongside the US and USSR. China therefore moved from “a position of revolutionary isolation, apparently disdainful of inter-state relations, to one of a fully recognised great-power participant in a system distinguished by such relationships” (Yahuda 1978:212). In a way, China’s restoration to a diplomatically-recognised member of the international community also paved the way for countries to pursue rapprochement with China like America in 1972 and Malaysia in 1974. Concurrently, there was also the Sino-Soviet dispute when Razak came to office. Border clashes over Zhenbao Island; Moscow urging India to interfere in breaking up Pakistan (China’s ally); and Soviet hegemonic ambitions when it invaded Afghanistan and Czechoslovakia were cases in point. China was also discomfited with Soviet President Leonid Brezhnev’s idea for an Asian collective security system, which the Chinese viewed as a deliberate provocation to encircle China permanently (Yahuda 1978:215-216). This proposal was indicative of “Moscow’s growing interest in expanding its presence from the Indian Ocean to Southeast Asia, in filling a power vacuum, and rallying regional support to encircle China” (Kuik 2010:207). Although Malaysia was not directly impacted by the Sino-Soviet split, it became a key factor when this bilateral rift contributed to China’s decision to welcome the rapprochement with the US in 1972.\(^{77}\)

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\(^{76}\) When PRC’s internal environment began to stabilise after the 1966-69 Cultural Revolution, more than 20 countries started to recognise the PRC as the sole legitimate government of China from 1969 to 1971, with another 16 by the end of 1972 after China was admitted into the UN (Camilleri 1980:125).

\(^{77}\) The Chinese leaders realised that it was not prudent to be simultaneously hostile to two major powers, which had formed a détente among themselves. In pursuing détente with the US, China sought to end a policy of fighting two enemies at the same time, a tactic conforming to the Maoist military strategy of pacifying the subordinate enemy (Americans) and fighting the main enemy (Soviets): “Oppose the strategy of striking two ‘fists’ in two directions at the same time, and uphold the strategy of striking with one ‘fist’ in one direction at one time” (cited in Dahana 1986:229).
The Sino-American rapprochement began when Chinese Premier Zhou Enlai accepted the offer by US Secretary of State, Henry Kissinger for US President Richard Nixon to visit China in 1972. When Nixon made this proclamation in a nationwide address in July 1971, it caused shockwaves worldwide with America’s allies alarmed at the prospect of abandonment, and Moscow concerned about possible encirclement by Washington and Beijing (Ogata 1988:28). Given Washington’s desire to garner China’s support for a negotiated settlement to end the Vietnam War, and to exploit the then-ongoing Sino-Soviet conflict in shoring up the American strategic position especially in the Asia-Pacific (see Shambaugh 1994:197-223), it made sense for Nixon to visit Beijing in 1972 and sign the Shanghai Communiqué, which led to the establishment of diplomatic relations with China in 1979. Since this event came as a shock to many, Washington felt it was necessary to give an explanation of Nixon’s visit to China. The net effect of such a move was that it formed the structural basis for the Soviet-US détente with Beijing now on the side of Washington, downgraded diplomatic ties with Taiwan, and provided a diplomatic template for other countries to normalise relations with Beijing in subsequent years. Although the Sino-US rapprochement was like a diplomatic enabler in that it created a favourable climate for non-communist states to enhance links with the communist world, Malaysia’s diplomatic relations with several communist countries pre-dated both the US and its own rapprochement with China as reflected in Table 3.

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78 Noted by Malaysian Home Minister Ghazali Shafie, Nixon’s visit to Beijing “gave the United States considerable leverage in its dealings with the Soviet Union” (FAM 1972:29).

79 Nixon’s resignation over Watergate and China’s internal problems following the deaths of Mao Zedong and Premier Zhou Enlai meant that it took nearly another seven years for relations to be normalised (see Foot 1995; Goh 2005b).

80 Four reasons were given: a) China’s ongoing fear of the USSR; b) its fear of a militarist Japan; c) its desire to recover Taiwan; and d) a shift in China’s domestic outlook from ‘extremism to less extremism’ (Baginda 2009:156).
3.2.2 Indochina Conflict and Western Military Disengagement

Razak’s advent to the premiership coincided with the tail-end of the 1955-75 Vietnam War, and the large-scale withdrawal of the British and US troops from the region. It also came at the back of the 1962-66 Indonesia-Malaysia Konfrontasi under Sukarno where Indonesia was opposed to the creation of Malaysia, with support from Beijing. Not only was the region mired in conflict, but there was also heightened anxiety among Southeast Asian states due to the assertive involvement of China. Confined to Indochina between North and South Vietnam, the Vietnam War, which began in 1955, was the first conflict that entrenched all three powers – the US, China and the USSR – into the region with the US supporting the non-communist South, while China and USSR supporting the

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<th>Dates</th>
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<tr>
<td>April 1967</td>
<td>Soviet Union (dissolved)</td>
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<tr>
<td>May 1967</td>
<td>Yugoslavia (dissolved)</td>
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<td>January 1969</td>
<td>Bulgaria</td>
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<td>March 1969</td>
<td>Romania</td>
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<td>February 1970</td>
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<td>June 1971</td>
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<td>October 1971</td>
<td>Czechoslovakia (dissolved)</td>
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<td>March 1973</td>
<td>North Vietnam</td>
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<td>(later unified with the South to form Vietnam)</td>
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<td>April 1973</td>
<td>East Germany</td>
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<td></td>
<td>(later unified with the West to form Germany)</td>
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<tr>
<td>June 1973</td>
<td>North Korea</td>
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Compiled by Author from Singh (1988)
communist North. The concerns of China were intensified when America began bombing North Vietnam in 1965. As with Korea in the early 1950s, China believed it had an immediate defensive aim: to prevent the collapse of a neighbouring communist state. So Beijing sent military forces to the North and permitted North Vietnamese aircraft to use air bases in South China for sanctuary (Ross 1988:22-23). However, China began to retract its troops in 1968 when Sino-Soviet relations began to sour, and Hanoi navigating closer to Moscow. Displeased with Hanoi’s overtures, China chose to finance the Khmer Rouge (KR) to counterbalance the Vietnamese communists, which then had the effect of prolonging the Indochina conflict for a couple of decades. So while China withdrew its support for North Vietnam, it was still embroiled in the conflict when it backed the KR, which launched ferocious raids into Vietnam from 1975 to 1978; and later, initiated a retaliatory war on Vietnam in 1979 after Hanoi invaded Cambodia in 1978 (Chen 1987).

President Nixon’s 1969 Guam Doctrine also discomfited the ASEAN founding members (Singapore, Indonesia, Thailand, Malaysia and the Philippines). Providing a template for US troop withdrawals under the rubric ‘Vietnamisation’, the Doctrine stated that in cases of aggression other than nuclear, America would offer military and economic assistance according to treaty commitments, but that the country in question must take prime responsibility for its defence (Yahuda 2011:105). It was hoped that America would never again be dragged into another conflict like the Vietnam War, which was a “moral monstrosity” as manifested by the rapid decline of US public support for the war (Weatherbee 2009:69). As a result, the South Vietnamese government had to face the enemy alone, leading inevitably to the fall of Saigon in 1975. The US disengagement from Indochina exposed the limits of American power, and revealed its “change [in] the nature and basis of her commitment to Southeast Asia” from containing communism to protecting its own strategic interests as evidenced by the Sino-American rapprochement (Azraai 1973:131). Crucially, China favoured such a power rebalance in the region as they were long concerned about regional countries “let[ting] out the American tiger from the front door” but “let[ting] the Russian wolf through the back door” (Yahuda 1978:240).
A related security concern was the announcement made by UK’s Labour Prime Minister Harold Wilson and his Defence Secretary, Denis Healy in 1968 that Britain would withdraw its troops from military bases in the East of Suez including those in Southeast Asia and in particular, Malaysia and Singapore in 1971.\textsuperscript{81} But when Labour lost the elections to the Tories in 1970, the new British Premier Edward Heath chose instead to retain a small military presence in Southeast Asia by replacing the Anglo-Malayan Defence Agreement (AMDA) with the Five Power Defence Arrangements (FPDA) in 1971. He also stated that Britain would continue with its practice of sending forces to train Malaysian and Singaporean forces (ST 30 October 1971). Had Labour not lost the 1970 elections, there might not have been an FPDA in existence today. However, the British strategic presence in the region was still reduced since a bilateral defence pact committed to the defence of Malaysia had been replaced with a multilateral arrangement. Even then, the FPDA only promotes consultation in the event of an external aggression or threat to Malaysia and Singapore, and also does not obligate the other members to act either.\textsuperscript{82}

All-in-all, the Guam Doctrine which disengaged America from Indochina, leading to the communist victory in that area; and the British troop withdrawal coupled with a watered-down AMDA (FPDA) can be analogised as “the British lion no longer had any teeth and the American eagle was winging its way out of Asia” (Sopiee 1975:136). Added to this was the Chinese dragon hovering around Southeast Asia. On the one hand, there was military disengagement from the region by the US and UK; and on the other, there was the threat of China. In fact, Beijing’s move out of international isolation followed by its détente with Washington allowed its leaders a more legitimate role in advancing its interests abroad, much to the chagrin of some Southeast Asian states. Altogether, these events had the net effect of altering the regional configuration of power largely due to China’s role in the protracted Indochinese conflict, and also its interference in the internal affairs of other countries through the lenses of communist expansionism.

\textsuperscript{81} Originally scheduled for 1975, but was advanced to 1971 instead.
\textsuperscript{82} The FPDA is a multilateral security framework of defence cooperation comprising the five countries of Britain, Australia, New Zealand, Malaysia and Singapore. For a good overview of FPDA, see Storey et-al (2011).
3.3 Ethnic Political Situation

3.3.1 Racial Riots and Domestic Reforms

The one single event that defined the relations between the Malays and Chinese was the racial riots of May 13, 1969 and its immediate aftermath. Not only were the riots influenced by racialism, but they were also circumscribed by political and economic grievances (Horowitz 2001:506). The riots were triggered by the results of the 1969 GE when the Chinese opposition, due to aggressive campaigning, achieved unprecedented electoral gains to the extent that the UMNO-led Alliance Party lost the two-thirds majority it previously held in Parliament (Liew 2003:88-100). 22 seats were lost and less than 50% of the total vote was secured. The Alliance lost control of state assemblies in Kelantan, Perak and Penang, and were tied with the opposition at 14 seats each in Selangor (Drummond and Hawkins 1970:29-48). Not only were the Chinese holding on to economic power, they were now inching toward acquiring political power in Malaysia by chipping away at the political supremacy of the Malays. Fearing that the electoral outcome would threaten their privileged political position and beyond which, their existence as an ethnic group, the Malays “retaliated with the fanaticism of the religiously possessed in a holy war” (Funston 1980:211). Simply put, this fear was translated to inter-ethnic rioting between the Malays and Chinese that erupted on 13 May 1969 as it signified the fight-back of the Malays to reclaim superiority in their own homeland (Butcher 2001:35-56). It claimed 196 lives, and resulted in 409 injured (NOC 1969:3).

It soon became apparent to Razak, who was then-Director of the National Operations Council (NOC), and by extension, the de-facto head-of-state, that economic deprivation of the Malays vis-à-vis the Chinese was a contributing factor to the May 13 incident (Milne 1976:235-262). Malaysia then had a backward economy, but was blessed with steady growth of 5-6% largely due to export sales of tin and rubber to Britain in particular (Bowie 1991:80). Under Tunku, only 20,000 jobs were created for 8.6million people in 20 years. Unemployment was high mostly among rural Malays, and for those who had jobs, most were earning less than RM100 per month (Gullick 1979:239-40). While
Malays controlled a meagre 1.9% of the Malaysian economy, the Chinese commanded up to 37.4% of the economy with the rest in foreign hands (Torii 1997:214). Although Tunku tried to reduce the inequity in the distribution of income/wealth between the Malays and Chinese, he made little headway. In fact, Tunku’s economic policy, which contained elements of affirmative action, had the effect of brewing discontent among both Malays and Chinese with the former not experiencing any meaningful change in their economic plight while the latter saw this policy as ‘discrimination’ against them. So while the Chinese were accumulating wealth as the minority, the Malays were poverty-stricken as the majority group. It was this sense of economic injustice that made the Malays resent the Chinese, while it was the worry of economic discrimination against the Chinese that made them feel the need to make inroads into parliament. It was then this politico-economic tension between two ethnic groups that erupted in May 1969.

In response, Razak decided to ‘restructure society’ by adopting two domestic reforms. The first involved adopting a political system that has a national ideology (Rukunegara). This prohibited public discussion on race and religious issues; and forged an “effective ideological consensus” among ethnic-based parties as part of the government’s grand coalition (BN) to win future elections with UMNO as the coalition’s commander-in-chief (Means 1991:27). While the Chinese leaders of MCA and Gerakan were convinced of the merits of joining the BN as it would boost their chances of winning the elections, the Chinese leaders of DAP, and many in the Chinese population were apprehensive of the BN, as it might scupper the Chinese voice, and their interests, chiefly in education and culture (Lee and Heng 2000:194-227). The Chinese were also concerned that the 1956 Razak Report’s push for Malay language as the main medium of instruction could result in the phasing out of vernacular schools. Moreover, the 1971 National Cultural Policy, with its key focus on Islam and Malay culture, meant that Razak was reluctant to accept Chinese culture as a component of national culture (Hou 2006:142). The second reform was a two-pronged ‘Malay-first’ NEP enacted in 1971. One was to reduce, and then eradicate poverty by raising income levels and enhancing job chances for all Malaysians.

83 This power-sharing arrangement – predicated upon Malay political supremacy – has been described as modified consociationalism (Lijphart 1977:153) or “hegemonistic with accommodationist elements” (Ahmad 1986:235).
regardless of race. The other was to correct the economic imbalance between Malays and Chinese by targeting a 30% share of the economy for the Malays in the hope of removing the “identification of race with economic function” (Means 1991:24).

Razak’s domestic reforms suggest that if the supremacy of the Malays as an ethnic group was threatened by any other group, the Malay-led government would react with measures to reinforce and further institutionalise Malay dominance (Shamsul 1998:135-150). However, the Chinese viewed the reforms as entrenching their status as “second-class citizens” in Malaysia of now being both politically-powerless and economically-marginalised at the same time (Esman 2009:40). While such reforms were meant to counter interethnic tensions, it only succeeded in depressing the conflict. That is, ethnic fault-lines remained, but were suppressed so as to avoid a repeat of 1969. In fact, the perception among the Chinese community was that Malay political power had become “overwhelming and unassailable” to the extent that the UMNO-led government was now far more zealous in designing policies to further preserve the privileged status of the Malays at their expense (Means 1991:316). It would thus appear that Razak was fast losing the support of the Chinese with affirmative action in favour of the Malays, and the emasculation of Chinese-based parties co-opted into Barisan Nasional.

3.3.2 Communism and the Overseas Chinese

Two other domestic issues of significant concern were the problem of communism, and Beijing’s overseas Chinese policy. Common to both were the ethnic Chinese factor and the Beijing connection: one was a socio-political linkage between Beijing and the overseas Chinese including those in Malaysia; and the other was a strategic linkage between the CCP and CPM. Further, the perception among many Malays was that all Chinese were communists and all communists were Chinese since there was little support from the Malay community of communism, and Malaysian Chinese were seen to render support to the CPM, which came under the guardianship of the CCP (Kheng 1981:108). Being a Chinese was thus akin to being a communist in Malaysia. Although

84 It has been argued that for the NEP to be successful, economic growth must be kept at a high level (Means 1991:69).
CPM’s Chinese members represented a fraction of the Malaysian Chinese community, the entire Chinese ethnic group were branded the “fifth column” due to their alleged “work of infiltration, subversion and armed insurrection to overthrow the government of their countries of residence [i.e. Malaysia]” (Chan 1988:125). With regard to Beijing’s overseas Chinese policy, Razak’s main concern was the duplicity of the policy where on the one hand, Beijing encouraged the Chinese living abroad to take the citizenship of their countries of residence, but on the other, it would use the term “qinqi pengyou” (relatives/friends) and “Huaqiao” (sojourners) interchangeably to describe even those who were no longer citizens of China. Such terms called into question the loyalty of the Chinese to Malaysia, and their “sense of temporariness” (Wang 1981:19). Exacerbating this problem was the recurring ambiguity in China’s policy on dual nationality, that is, whether or not this practice had been ceased. Further, there was a lingering perception among Malays that the Malaysian Chinese were more interested in making economic contributions to China than their country of residence. Also, there was the problem of 200,000 stateless Chinese who were awaiting Malaysian citizenship (Storey 2011:215).

Another concern was the suspicion that the Chinese were used as conduit to channel funds to the CPM either on their own volition, or with encouragement from Beijing (Dahana 1986:242). Such concerns could be seen as China making use of the Malaysian Chinese as bargaining chips to influence the policies of Malaysia towards itself.

The threat of communism can be understood by three interrelated factors. The first was the threat posed by the clandestine Voice of Malayan Revolution (VOMR). Formed in November 1969, the South China-based VOMR was a radio station that became the de-facto media interlocutor between CCP and CPM. It included greetings of key occasions, and the intensification of Chinese propaganda against Malaysia (Bahari 1988:242). Put simply, the VOMR was the only media outlet for the local communists to spread the revolutionary message of overthrowing the non-communist government in Malaysia.

The second factor was the type of support China, through the CCP, gave to the CPM. While there is no concrete evidence to suggest that direct material aid was supplied to the CPM, the CCP was obliged to look after other communist parties abroad, which still

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85 Interview with Michael Chen.
looked to China for protection (Carter 1995:63). One example was giving sanctuary to communist officials including CPM’s General Secretary, Chin Peng, which constituted a blatant indirect interference in the internal affairs of Malaysia. Curiously, the CPM was also seen as an embarrassment to China. Despite the CPM being predominantly urban Chinese, its identification was based on ethnic, not class lines – the very basis of Marxist thought. Partly due to this, and CPM’s wretched performance as insurgents, the CCP gradually began to distance itself from CPM’s activities, and even tried to restrain CPM’s activities when they deemed them to be in unwinnable situations (Carter 1995:64).

The third was about how much physical damage CPM caused in Malaysia. Although there was a resurgence of communist activities in the urban areas in the early 1970s, it was gradually accepted by Razak’s government that the support given by Beijing to the CPM was not driven by the intention of China to establish a communist regime in Malaysia (Dahana 1986:242). Moreover, the threat from communism was perceived to be much lower than in the past such as during the 1946 Malayan Emergency, and that this threat was fairly well-contained. However, communism was still an issue due to the physical damage its adherents were causing to public property. In May 1974, communist guerrillas sabotaged a highway project near KL by blowing up RM$10million worth of equipment (ST 26 May 1974). More communist attacks were to follow when CPM split in the 1970s to competing breakaway factions (FEER 26 December 1975). While CPM’s fighting prowess was gradually diminishing, it remained a security issue that had to be resolved. There was a need to end the protracted struggle between Razak’s government and CPM as this was contributing to the Malays bearing ill-will towards, and being mistrustful of the general Chinese population. Dissipating this threat would also placate the Malays as communism was seen by them as being synonymous with the Chinese.
3.4 Care for Domestic Legitimation and Razak’s Perceptions of China

3.4.1 Razak’s China Perception from External Strategic Environment

It is argued here that Razak’s attention for DL was influenced by his perception of China as one of a threat to Malaysia’s security. On the external front, the threat of China came from its emergence in the international system so much so that Razak proclaimed in a conference of non-aligned nations in September 1970 that “the world today is no longer bipolar; it is at least tripolar with the emergence of China onto the international stage” (cited in Jain 1984:141). Added Razak, “Communist China is the biggest power (or threat – my emphasis) in Asia” (cited in Jain 1984:150). Echoing the same was Razak’s deputy, Ismail Abdul Rahman who said at the UN in December 1970 that “it is a fact that the world today is no longer bipolar; it is, if not multipolar, at least tripolar” (cited in Jain 1984:146). The emergence of China as a plausible threat was compounded by the Western troop disengagement from the region as evinced by US troops from Indochina after the Guam Doctrine, and British soldiers, chiefly after the election of Harold Wilson, and the AMDA being watered down to FPDA. The net result was a fluid balance of power in the region that was being increasingly defined by the Sino-Soviet conflict, chiefly the Indochina crisis which intensified after the Sino-Soviet split in the 1960s (Kuik 2010:206).

Moreover, the historical memory of China’s support for Indonesia in its confrontation with Malaysia in the 1960s left an indelible mark on Razak, who was then deputy to the Tunku. This is because Razak was at the forefront of trying to end the animosity by mending the ties between Malaysia and Indonesia, but had to grapple with China’s deliberate attempts to prolong the hostilities (Liow 2003:338-340). China’s support for Konfrontasi can be attributed to its proclivity for communist expansionism so as to liberate countries in the region that were either under Western colonialism or closely-allied to the West. No wonder then that the PRC leadership supported Sukarno in his ‘Crush Malaysia’ campaign, because it was against the formation of Malaysia (called

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86 Beijing’s communist expansionism policy is premised on Mao Zedong’s rural-based revolution as the model for other national liberal struggles in China’s regional neighbourhood (see Taylor 1976; Gurtov 1975).
87 On the detailed role of China in Indonesia’s ‘Crush Malaysia’ campaign, see Dahana (2002b:58-68).
Malaya disparagingly), which it termed “an offspring of neo-colonialism” (cited in Jain 1984:64-68). Worryingly too for Razak’s leadership was the fact that Beijing’s support for Jakarta was part of the wider Jakarta-Beijing-Hanoi-Pyongyang axis, with Malaysia a target for communist expansionism in that it could potentially become the fifth member of this Beijing-dictated regional communist alliance (Tilman 1969:47-48).

3.4.2 Razak’s China Perception from Ethnic Political Situation

Reinforcing Razak’s perception of China as a threat to Malaysia’s security was China’s interference in Malaysia’s internal affairs through its support for the CPM, and its preferential affinity with Chinese Malaysians. As cautioned by Razak, “Malaysia is the target of China’s propaganda and subversive activity” (cited in Jain 1984:150). Further, Beijing’s interference also had the effect of exacerbating the tense relationship between the Malays and Chinese post-1969 riots, especially after Razak embarked on domestic reforms to enable nation-building.88 So the more China interfered in Malaysia’s internal affairs, the more its subversive actions affected the nation-building process in Malaysia post-1969. In Razak’s words, “we cannot allow the spread of militant communism in our country because it will destroy our ideals of democracy we strongly uphold and rely to foster harmony and goodwill among our people” (cited in Jain 1984:115). Such a stance was expected given Razak’s nationalistic leadership style whereby he unabashedly sided with the Malays while distancing himself from Chinese affability contra-Tunku (Shome 2002:90). Further evidence of his pro-Malay proclivities was when, as Tunku’s Minister of Rural Development, Razak was sympathetic towards, and a champion of the Malays. In fact, he was granted the title of Bapa Pembangunan (Father of Development) (Baginda 2009:142). Razak was, in short, an embodiment of Malay nationalism.

It can be argued that because Razak was faced with a backward economy emblematic of many small developing countries as well as a weakened defence policy after the Western troop disengagement from the region, Malaysia lacked the material capabilities to mount an effective deterrence to, or counteract the threat emanating from China.

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88 Beijing was critical of the 1969 riots as they perceived it to be anti-Chinese in nature (Shee 2008:237).
What also made China a threatening proposition, in light of Malaysia being beset by the turmoil of a protracted ethnic conflict, was that it was in close proximity to Malaysia. Seen differently, Malaysia was confronted with a much larger regional state with arguably hostile intentions as was evinced in particular by China’s support for the CPM, and preferential affinity with the Chinese Malaysians. No wonder then that other Malay nationalists from UMNO like Ghazali Shafie agreed with Razak’s perception of China as a threat. In Ghazali’s words, “China was an unsatisfied power which regards the present status quo in Southeast Asia as inimical to her interests” (Shafie 1982:162).

3.4.3 Domestic Legitimation and Razak’s China Policy

As argued, Razak’s care for DL was influenced by the pressures of the China-threat which was palpably external in its source, but had internal considerations, especially with its communist expansionism policy in particular. More than that, DL was on Razak’s mind at the back of a disappointing electoral performance in 1969 and the consequent racial riots. This was followed by Razak’s domestic reforms to ensure that such riots were a thing of the past. In simpler terms, there was an urgent need to retain not only the support of the Malays, but also to garner the support of the Chinese, which constituted about 35% of the population. So while Razak was a staunch Malay nationalist, he was mindful of the adverse impact his pro-Malay domestic reforms could have on the Chinese population, or, put differently, he had to govern as a pro-Malay leader of a multi-racial country (Ooi 2007:255). In fact, Razak made the political calculation to win the next (1974) GE by riding on the back of domestic support for an anticipated popular foreign policy move.89 As one analyst observes, “a closer relationship with Peking is very popular among the Malaysian Chinese” (Rogers 1972:173). This strategy was especially important given that the contentious NEP might result in the Chinese voting against BN at the ballot box (Baginda 2009:290). Crucial too in Razak’s calculation was how to placate the Malays; and he sought to do this by addressing the China-backed communist problem, severing the umbilical cord between Beijing and the Malaysian Chinese,90, and

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89 The 1974 elections will be discussed later.
90 According to Michael Leifer, “Central to the initiative in seeking diplomatic relations with China was a belief that such an accomplishment...would indicate to the large Chinese community of Malaysia that their interests would be served best by unreservedly extending their loyalty to their country of residence [Malaysia]” (Leifer 1976:155).
hailing a concurrently-timed Islamic Conference in KL as a foreign policy success (Shome 2002:104). It was, in short, to convey balance: China for the Chinese, and the Islamic Conference for the Malays. In sum, Razak’s attention to DL was the attainment of national security on the one hand in light of the China-threat while on the other, to ensure the domestic political survival of his post-1969 UMNO-led BN regime.

Conventional wisdom would dictate that because of Razak’s perception that China was a threat to Malaysia’s national security, he would continue with Tunku’s China policy of hostile non-recognition. The opposite was however true in that Razak reoriented Malaysia’s China policy to one of cautious rapprochement. Crucial to this change was Razak’s perceptions of China within the context of DL. Firstly, Razak, as Tunku’s deputy, had learnt that the hostile reciprocity vis-à-vis China had not meaningfully improved the ethnic political situation in Malaysia, or put differently, DL appeared not to be on the Tunku’s mind when he churned out his policy towards China. It was no secret that Razak was “privately uneasy over the Tunku’s black and white perception of China’s profile in international relations” as he felt Tunku’s stance would push China to adopt a militant posture, caused also by a “siege mentality that the outside world, led by the Americans, compelled it to develop” (FEER 10 June 1972). So while the Tunku was seen to be hostile towards China, Razak appeared to have taken a less caustic tone as Tunku’s deputy. Noted Razak in January 1968: “We are prepared to coexist and be on friendly terms with communist countries which have no aggressive intentions towards us and have no wish to force their belief or their system on us” (cited in Jain 1984:115). This is not to suggest Razak’s threat perception of China had dissipated, but rather, Razak was troubled by the “schizophrenic image” of Tunku’s foreign policy (Shee 2008:241). As observed by a highly-ranked Wisma-Putra official, “the establishment of diplomatic relations with China can be seen as a key outcome of this new foreign policy paradigm.”

It is notable that Razak’s China project was backed by many UMNO nationalists. This is because they were disillusioned with Tunku’s pro-Western policies, which was “‘neo-colonial’, and not in line with the mood of rising nationalism in third world countries”

91 Interview with Zakaria Ali.
Accordingly, these nationalists supported Razak’s reversal of Tunku’s pro-Western outlook in Malaysia’s foreign policy, which included rapprochement with China. It was also believed by Malay-centric leaders like Harun Idris\(^\text{92}\) that it was unwise to ignore a country of then-700 million people because it was likely to misbehave. Harun added that “the time has come for the Government to think of setting up diplomatic relations with China” (ST 28 February 1973). While it is unclear whether support from other UMNO members had influenced Razak’s perceptions of China, it might have arguably assisted to reinforce Razak’s policy decision to seek rapprochement with China.

Secondly, it was about Razak as an individual.\(^\text{93}\) Razak’s technocratic approach to foreign affairs, which stemmed from its administrator par excellence as Minister for Rural Development, made him adopt a more pragmatic approach to foreign policymaking as opposed to the Tunku (Pathmanathan 1990:90). Razak’s well-known deference to the Tunku albeit disagreeing with him particularly on foreign policy matters might suggest that Razak preferred the language of cooperation to confrontation in approaching foreign policy problems (Jaafar 2007:62-63). By extension, the issues in Malaysia-China relations could be approached through a language of cooperation so as to stand a better chance of resolving them. Realising too that he lacked the foreign policy experience as this portfolio was in Tunku’s hands (Ott 1972:225-237), Razak decided to modernise Malaysia’s *Wisma-Putra* (Jeshurun 2007:107-108), because he saw the value in creating a “professionalised bureaucracy” to execute foreign policy decisions.\(^\text{94}\) Ultimately, according to two Malaysian specialists, “it took a leader with as strong a pro-Malay reputation as that of Razak to convince the Malays that they were not being ‘sold short’ to the Chinese” in his policy shift towards China (Milne and Mauzy 1986:158-159). In fact, Razak’s ambition was to establish himself as an independent leader on his own merits; so hence, a reorientation of Malaysia’s China policy could assist in that regard.\(^\text{95}\)

\(^\text{92}\) Harun Idris was Chief of UMNO Youth, which was then known as an “outright pressure group” especially on issue of Malay rights (Mustafa 2005). It had an “uncompromising pro-Malay nature” (Hussin 1978).

\(^\text{93}\) For a holistic insight into Razak’s life, see Nik-Mahmud (2011); Samad (1998); Shaw (1976).

\(^\text{94}\) Interview with Ahmad Kamil-Jaafar.

\(^\text{95}\) Interview with Abdullah Ahmad.
Unsurprisingly, in a significant departure from his predecessor, Razak, after Nixon’s visit to China, welcomed the signing of the Shanghai Communiqué as “a hopeful first step in the efforts being made by the Chinese and American governments to bridge the gulf which has divided the countries for so long” (FAM 1972:43). By recognising China’s ascendance into the international community chiefly after its entry into the UN, and later, its rapprochement with America, it can be argued that Razak had begun to accept the notion that the international system was evolving from bipolarity to tripolarity (Yahuda 2011:62-84) or what was termed the “strategic triangle” among the US, USSR and China (Kim 1987). So while Razak’s perception of China was a threat to the security of Malaysia, which informed his care for DL, it was arguably not as hostile as Tunku’s China perception. This was further evidenced by Razak’s decision to reorient Malaysia’s foreign policy especially towards China in the form of cautious rapprochement. Razak chose to tackle the China issue head-on as opposed to ignoring it as the Tunku had done.

3.5 Characteristics and Strategies of Razak’s China Policy

3.5.1 Pre-Rapprochement Period, 1970-1974

Ismail Peace Plan and Recognition of People’s Republic of China

Given that Tunku’s Malaysia was hostile to China and vice-versa, Razak had to proceed with caution, and test the waters first on whether rapprochement between the two states was feasible. One of the first foreign policy shifts made by Razak was to replace Tunku’s pro-West stance with a nonalignment posture and regional neutralisation, which was first proposed by Razak’s deputy, Ismail in 1968. Termed the ‘Ismail Peace Plan’, it called “for countries to declare collectively the neutralisation of Southeast Asia” due to changing security trends (Jeshurun 1980:120). Ismail’s proposal contained three key elements: one, the neutralisation of the region must be guaranteed by the major powers (US, USSR, and China); two, it would be premised on non-aggression pacts among regional states; and three, it would be based on a policy of peaceful coexistence among states in the region (Ooi 2006a:248). In a sense, if Southeast Asia was no longer “a theatre of conflict for competing interests”, meaning there was peace in the region,
the affected countries could then devote their energies towards economic development (Morais 1969:14). Upon becoming PM, Razak internalised the idea of neutralisation of Southeast Asia as a “central aspirational plank” of Malaysia’s foreign policy at the Non-Aligned Forum in Lusaka in 1970 (Storey 2011:214). Given however that some ASEAN members had alliance commitments, a compromise was then reached in what became known as ZOPFAN (Zone of Peace, Freedom and Neutrality). Seen as a watered-down proposal of the Ismail Peace Plan (Hänggi 1991:17), ZOPFAN was now more a collective aspiration of countries in the region rather than an end in itself (Chee 1974:49). Even then, the emphasis was still placed on striving for a regional order that was based on respect for sovereignty and territorial integrity of Southeast Asian states; and getting an undertaking by outside powers to avoid regional power struggles (Wilson 1975:8).

From Malaysia’s perspective, it made no sense on one hand to promote neutralisation, while on the other, favour non-recognition of China. As noted by Ismail: “We cannot ask Communist China to guarantee the neutrality of Southeast Asia and at the same time say we do not approve of her” (cited in Morrison and Suhrke 1978:160). As such, once ZOPFAN was formalised in 1971, Razak recognised that he had “to obtain the Chinese government’s support for a zone of peace and neutrality in Southeast Asia, of which Malaysia had been the leading advocate of ASEAN” (Milne 1975:166). Simply put, if Razak wanted ZOPFAN to work, he had to bring China into the diplomatic conversation as China was a regional neighbour, deeply involved in the Indochina conflict, and chosen patron of communist movements in Southeast Asia. Further, it was within the context of a realigned foreign policy – shift to the centre – that Razak pursued rapprochement with China cautiously as he was “not under any illusion by assuming that the diplomatic boat to Beijing was a smooth and calm voyage on the South China Sea” (Shee 2008:241). Understandably, Razak began to test the viability of his project via goodwill gestures, trade missions, sporting events and secret bilateral meetings.96

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96 For a chronology of major activities that occurred between Malaysia and China in the pre-rapprochement period under Razak, see Baginda (2009:190-256). See Table 4 for summary of bilateral activity.
At a rally in 1970, Razak told his domestic audience that if one was to manage the “source of threat” to the region, “the world and Malaysia should not ignore or isolate themselves from China” just because the country embraced a different ideology. The threat can only be properly contained when China is brought back to the international fold whereby it is “subject to the influence of international opinion” (Lau 1971:28). The quicker China returns to the international community, the better it would be for the security of Southeast Asia. Along those lines, Razak offered a goodwill gesture to China by reversing Tunku’s policy of obstructing China’s entry into the UN by voting in favour of it in 1971.\textsuperscript{97} Razak also replaced Tunku’s two-China policy with a one-China policy. Concurrently, Razak urged Mainland China to also consider rights to self-determination of around 12 million people resident in Taiwan. Razak was thus both at once able to get into PRC’s ‘good books’ and retain ‘good ties’ with Taiwan (Saravanamuttu 2010:123).

\textit{Malaysia-China Bilateral Interactions}

Being welcomed into the international community left an indelible mark on the minds of the PRC leaders. They were appreciative of Malaysia’s goodwill gestures, which then made such a diplomatic move in favour of China possible.\textsuperscript{98} Hence, the PRC leaders were more receptive to entertain statesmen like Razak who accorded due respect to China as a sovereign actor in the international community. Of note was a 19-member nonofficial trade mission to China in May 1971 led by Tengku Razaleigh, who was Chairman of PERNAS, a state trading corporation. The aims of the mission were to establish direct bilateral contacts with Beijing, and to develop direct trade links by tapping into the large rubber market in China. Although direct trade links were not achieved as bilateral trade was still monopolised by third parties, Beijing still agreed to purchase 200,000 tons of rubbers annually at world market prices with the figure expected to reach 350,000 tons by 1975 (Baginda 2009:174). China’s Council for the Promotion of International Trade (CCPIT) also paid a reciprocal visit to KL in August 1971 to further boost commercial ties especially on the export of rubber (Milne 1975:307). These trips signified that two-way bilateral contact had occurred for the first time, with rubber diplomacy at the heart of

\textsuperscript{97} Razak was one of the first leaders (of the 75 who were in favour) to cast their vote. Interview with Abdullah Ahmad.

\textsuperscript{98} Interview with Razali Ismail.
it. Significantly, Razaleigh had an audience with PRC Premier Zhou Enlai on 15 May 1971. Zhou expressed China’s desire to normalise ties not only with Malaysia, but also with other ASEAN states; and sought Malaysia’s help to make this possible (Shee 2008:243). In a sense, Zhou saw Malaysia as a leading light of ASEAN whereby if Malaysia was to broach this subject to other ASEAN members, it was more likely that China’s desire to build relations with ASEAN could come into fruition. As China was concerned about being encircled by the Soviets, and risk being isolated from the region, it was logical for Zhou to widen China’s relations with ASEAN. It was also the first time China directly told Malaysia that it welcomed its idea for regional neutralisation, the closest any major power came to endorsing this proposal (Wu 1975:40). Razaleigh’s mission marked the beginnings of a “people-to-people relationship” between Malaysia and China with Razak seeing such gestures as Beijing softening its hostile posture toward KL (Bahari 1988:243).

Two other notable events were the 1971 table-tennis competition and the 1972 China visit of Razak’s economic advisor, Raja Tun-Mohar. The former was at the invitation of Beijing, but the competition was used as a pretext for a meeting between Chinese Foreign Minister Ji Pengfei and MCA veteran Michael Chen. This 45-minute meeting led to “serious thinking on the establishment of diplomatic relations between two countries” (Bernama 31 May 2009). ‘Ping-Pong diplomacy’, which was pivotal in Sino-American rapprochement, also appeared to have played a key role albeit on a smaller scale in deepening Sino-Malaysian contacts. The latter was the first high-level official contact between the two governments although Raja made the trip under the guise of a trade delegation so as to keep the meeting a diplomatic secret. Held late at night with only Raja and Razali Ismail, a Wisma-Putra official, speaking to Zhou, they “came away satisfied and positive, convinced of the sincerity of the Chinese” to normalise ties with Malaysia (MHF 2007:67). Raja’s China visit had the effect of shifting the perception from hostility to possible diplomatic recognition in tangible terms, and paving the way for Malaysia and China to start face-to-face negotiations aimed at normalising relations.

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99 Interview with Tengku Razaleigh-Hamzah.
100 ZOPFAN was only formalised later on 27 November 1971.
101 Two members in the trade delegation were Malaysian passport holders from Indonesia, which might suggest that Suharto’s Indonesia were monitoring Sino-Malaysian developments. Interview with Razali Ismail.
Subsequently, Malaysia’s UN representative, Zakaria Ali led a team of three high-ranked *Wisma-Putra* officials in opening talks with his PRC counterpart, Huang Hua in June 1973 at the Chinese mission in New York. This venue was chosen to show deference to China as meetings were to occur on China’s home-ground at the UN. It also “would not attract undue inquiring attention, and therefore enjoyed the advantage of privacy and secrecy” (Ali 2006:125). Each side’s expectation was starkly different because while China wanted normalisation to come first, the Malaysians wanted outstanding issues to be resolved first before ties between the two sides could be formalised (Sopiee 1974:50). This secret talks lasted for a year as revealed by Zakaria himself. Nonetheless, an in-principle agreement was finally reached in December 1973, and a draft Communiqué was readied to be signed later by Razak and Zhou when the former made his first trip to China in May 1974. In the end, Razak chose to seek rapprochement instead of the policy of ‘distancing’ synonymous with Tunku. That is, Razak chose to meet the challenge instead of hiding when confronted with “the threat of a rising, dissatisfied power” (Schweller 1999:16).

### 3.5.2 Rapprochement and Immediate Aftermath, 1974-1976

**Razak’s China Trip**

Razak’s 6-day trip to China from 28 May to 2 June 1974 was the turning point in Malaysia-China relations. He was accompanied by a 44-strong entourage of Malay and Chinese politicians, senior officials from *Wisma-Putra*, and members of the media (ST 28 May 1974). That Razak was invited by Premier Zhou was significant as it showed Malaysia being viewed with great respect by the Chinese leaders. Razak’s visit was “the key component of the normalisation process” – the Communiqué signed on 31 May 1974 between him and Zhou marked a momentous victory for Zakaria and Huang (Jeshurun 2007:132). Razak’s visit also constituted a diplomatic triumph as Malaysia became the first ASEAN state to normalise relations with China, the 94th state to recognise China, and only the 18th state to open a diplomatic mission in Beijing (Baginda 2009:257). It was a highly-publicised visit with the Chinese rolling out the red carpet for

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102 Interview with Zakaria Ali.

103 Interview with Abdullah Ahmad.
Razak throughout the trip. In a sense, Razak’s visit was meant to shed the image of China as a closed and hostile country, with Beijing treating Razak to the warm hospitality of its people, and showing him various aspects of the country.¹⁰⁴ That a boisterous crowd of 5000 Chinese people welcomed Razak to Beijing, and Malaysian and PRC flags were hoisted everywhere Razak went were cases in point (Rahim 2006:131). CCP’s People’s-Daily carried a front-page editorial, which underlined the historical friendship between peoples of Malaysia and China since the pre-Christian era. The editorial also outlined Malaysia’s stand on issues favourable to the struggle of the Third World, the first time China came out publicly to label Malaysia a Third World state. It also described Razak’s China visit as “turning a new page” in relations between the two states (ST 29 May 1974).

Of significance was Razak’s meeting with the founder of Communist China, Mao Zedong on 29 May 1974. That the meeting lasted for 90 minutes, a rarity given Mao’s revered stature and frailness, was indicative of China’s appreciation of Razak’s visit. The handshake between Razak and Mao was an event of historic proportions, with the photograph taken of it memorialised by both Malaysian and Chinese leaders till this day. Referring to the CPM issue, Razak informed Mao that while most Malaysian Chinese “are loyal to the country, there is a small group of terrorists that is causing trouble in our country. The existence of this group may hinder the progress of our diplomatic relations and our good relationship” (ST 3 June 1974). In response, Mao asserted that China would not interfere as the CPM was Malaysia’s “internal problem” (FAM 1974:56). Similarly, Chinese Vice-Premier Li Xiannian noted that “if Razak wanted to fight the Malayan communists, that would be Razak’s affair, and if the communists wanted to do the same thing, that was their affair, as the Chinese would not intervene either way” (Baginda 2009:275). Despite this acknowledgment, Razak’s successors had to grapple with the PRC talking-point that state-to-state relations must be kept separate from party-to-party relations. That is, while CCP continued its links with CPM, this should not affect relations between the Malaysian and PRC governments. On the overseas Chinese issue, Mao told Razak that Beijing always maintained that overseas Chinese must owe loyalty to the

¹⁰⁴ Interview with Michael Chen.
country of their adoption; and once they have adopted the citizenship of that country, they would no longer have anything to do with the PRC (BH 2 June 1974).

At the banquet to welcome Razak, Zhou used conciliatory language in his speech, not least when he called Malaysia by its sovereign name, with the recognition that Malaysia was a multi-ethnic country. Zhou praised the Malaysian people of all ethnicities by describing them as “industrious and valiant people who have a glorious tradition of opposing imperialism and colonialism” (ST 29 May 1974). Further, Zhou applauded Razak’s efforts to neutralise the Southeast Asian region. He emphasised the value of Malaysia in the Third World’s “united struggle” against “hegemonism”, a reference directed at the Soviets (FAM 1974:40-41). Zhou added that “the establishment of a Zone of Peace and Neutrality in Southeast Asia gives expression to the desire of the Southeast Asian people to shake off foreign interference and control [and] has won support from many Third World countries” (Saravanamuttu 2010:126). Zhou saw Razak’s proposal as similar to China’s belief that as a socialist country belonging to the Third World, it was her duty to support “oppressed nations” and “oppressed people” in their “just struggles against imperialists” (Shee 2008:246). Razak, in his speech, expressed his gratitude to Zhou’s support for the ZOPFAN proposal because with his cooperation, this proposal could be realised. Razak also privately told Zhou that US Secretary of State William Rogers tried to persuade him not to support China’s entry into the UN, but that he proceeded anyway; to which Zhou replied that Razak’s wisdom in decision-making made him “trustworthy” in Beijing’s eyes (Baginda 2009:262). Razak too praised China’s historical contributions to Southeast Asia while also recognising that differences exist between Malaysia and China: “Today, it is the barriers of mind and spirit of misunderstanding and misapprehension that loom so large in our lives. I believe that these barriers must be crossed if our two peoples are to re-forge their historical links” (ST 29 May 1974). That Razak and Zhou had good chemistry made their meeting more pleasurable. But unbeknown to Razak, he was the last foreign head-of-state to meet with Zhou as he was hospitalised after meeting Razak. Zhou’s presence at the banquet was thus retrospectively seen as a special gesture to Razak (ST 29 May 1974).

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105 Interview with Michael Chen.
The most important implication of Razak’s Beijing trip was the opening up of a direct line of communication between Malaysia and China, which then provided Malaysia with an avenue to influence the future course of Malaysia-China relations. The clarifications given by Beijing on the communist issue and overseas Chinese policy were a positive outcome from Razak’s visit. It could be said that Razak’s visit also contributed to China’s quest to break out of relative isolation, and for Malaysia to be the interlocutor between Beijing and ASEAN. Tellingly, the word ‘threat’ disappeared in official pronouncements made by Razak’s government on Malaysia-China relations after the trip.106 Moreover, as testified by the Razak-Zhou and Razak-Mao meetings, the ‘Razak factor’ was crucial in shifting Malaysia’s China policy from hostile non-recognition to cautious rapprochement.

106 Absence of this word was observed by the author in six statements made from 1974 to 1976 (Jain 1984:229-39).
<table>
<thead>
<tr>
<th>Month</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 1971</td>
<td>Visit by China Council for the Promotion of International Trade to Malaysia.</td>
</tr>
<tr>
<td>September 1971</td>
<td>Malaysian participation at a Chinese Invitational Ping-Pong Tournament. Team led by Secretary-General of the Alliance Party and President of the Olympic Council of Malaysia, Michael Chen. He handed over a letter written by Razak to Zhou Enlai</td>
</tr>
<tr>
<td>October 1971</td>
<td>Nonofficial General Malaysian trade delegation to the Canton Trade Fair.</td>
</tr>
<tr>
<td>April 1972</td>
<td>Nonofficial Malaysia’s Federal Land Development (FELDA) delegation to Beijing to discuss Malaysian palm oil sales to China.</td>
</tr>
<tr>
<td>May 1972</td>
<td>Second nonofficial Pernas trade delegation to the Canton Trade Fair. First Malaysian medical delegation to China.</td>
</tr>
<tr>
<td>August 1972</td>
<td>Chinese Ambassador to Britain’s attendance at Malaysia’s National Day reception in London at the invitation of Malaysian High Commissioner to Britain.</td>
</tr>
<tr>
<td>November 1972</td>
<td>Visit by Razak’s economic advisor, Tun Raja Mohar’s visit to China under the guise of another unofficial trade delegation to Canton. Mohar had a dead-of-night ‘secret’ meeting with Zhou Enlai together with a senior Wisma Putra official, Razali Ismail.</td>
</tr>
<tr>
<td>May 1973</td>
<td>Reciprocal visit of Chinese ping pong team to Malaysia. Accompanied by officials in an unofficial capacity from Beijing’s Foreign Ministry.</td>
</tr>
<tr>
<td>June 1973</td>
<td>Start of negotiations for Malaysia-China rapprochement. Malaysian side was led by the country’s permanent representative to the UN, Zakaria Ali while the Chinese side was led by the country’s permanent representative to the UN, Huang Hua.</td>
</tr>
<tr>
<td>December 1973</td>
<td>Side-line talks in Hong Kong between Malaysian Home Minister, Ghazali Shafie and an unnamed Chinese government official. Conclusion of talks between Zakaria Ali and Huang Hua.</td>
</tr>
<tr>
<td>May-June 1974</td>
<td>Official visit of Razak to China on the invitation of Zhou Enlai. Courtesy meetings with Zhou Enlai and Founder of Communist China, Mao Zedong</td>
</tr>
<tr>
<td>December 1974</td>
<td>Malaysia appointed its first Ambassador to China, Hashim Sultan.</td>
</tr>
<tr>
<td>October 1975</td>
<td>Official trip to Beijing by Malaysian Minister of Agriculture and Rural Development, Ghafar Baba to discuss Sino-Malaysian cooperation in the field of agriculture.</td>
</tr>
</tbody>
</table>

Compiled by Author (2014)
Post-Razak China Trip

To formalise the establishment of diplomatic relations, 17 Malaysian officials, led by Dali Hashim Sultan, left for Beijing on 13 August 1974 to set up an embassy there. Dali became the Chargé d’Affaires until Malaysia appointed its first Ambassador, Hashim Sultan on 14 December 1974. China too appointed a Chargé d’Affaires Li Chungying who was later replaced by Ambassador Wang Youping on 24 January 1975. Upon his arrival, Wang remarked that normalization had “opened a new chapter in the annals of Sino-Malaysian relations”, and he was “confident that the friendship between the Chinese and Malaysian peoples and friendly relations and the cooperation between our two countries will develop steadily based on the principles of peaceful coexistence” (NST 25 January 1975). There was also one official trip made to China by Malaysian Agricultural Minister, Ghafar Baba in October 1975. The aim was to urge China to import more raw materials from Malaysia so as to reduce the balance of trade deficit in favour of Beijing (FAM 1975:28). Pursuant to the neoclassical realist model of DL presented earlier, the last section looks at how Razak’s China policy contributed to the performance legitimacy of his governing regime, which then helped justify the right of Razak to govern at home.

3.6 Performance Legitimacy of the Razak Governing Regime

3.6.1 1974 Malaysian General Elections

A rally was first held at KL’s Merdeka (Independence) Square to commemorate Razak’s return from China on 2 June 1974. Holding the rally at this venue was noteworthy as it suggested that Malaysia now had an independent policy towards China. Razak was greeted by about 50,000 Malaysians and was welcomed by Malay and Indian drummers alongside Chinese lion dancers, reflecting the “harmonious nature of relations in the country” (Baginda 2009:278). It was the first time since the riots that Malays and Chinese were seen together cheering on in large numbers. The regional prestige that came from Malaysia being the first ASEAN state to establish diplomatic ties with China may have

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107 Interview with Abdullah Ahmad.
also resonated with Malaysians. Further, many Chinese viewed Malaysia’s détente with China as the “willingness on the part of a Malay-dominated government to acknowledge their ancestral home” (Saravanamuttu 1981:29). So by way of political symbolism, Razak’s China policy had the effect of unifying the Malays and Chinese around a historic occasion. It was also during this rally that Razak intimated that elections were imminent. For example, he reiterated the concept of the BN as the vehicle to contest in elections. Razak underscored the importance of such a concept in a multiracial society, as it is only under such an arrangement that the government can effectively implement programs to manage the conflict between ethnic groups. Razak was both at once interlinking the government’s China policy to party-political and domestic-political matters. In fact, Razak felt that the presence of a large crowd on his return reflected the acceptance of, and support for BN (ST 3 June 1974). Predictably, it was announced that nomination day was on 8 August and polling day on 24 August 1974. That Razak called for a snap election suggests that he wanted to exploit his China trip for domestic-political purposes.

Understandably, Razak’s China trip became the cynosure of the BN election campaign when it came to courting the Chinese vote. Posters depicting Razak and Mao shaking hands were prominently displayed in order to “strengthen the support of the Malaysian Chinese for the government...and to sap Malaysian Chinese insurgents’ resistance by suggesting that China had abandoned them” (Milne and Mauzy 1986:159). Calling his China project “a very great success”, Razak stated that “my visit to China heartened our people to see our country respected by a great nation like China” and it also “succeeded in putting Malaysia in a highly respected position in international affairs by pursuing a free, neutral and active foreign policy” (cited in Baginda 2009:321). In fact, Razak urged MCA leaders to explain the benefits of normalisation to the Chinese community (ST 22 July 1974). The clarity of the PRC’s position on the status of the overseas Chinese seemed to have dispelled doubts among Malays on the lack of loyalty of the Chinese to Malaysia.

108 One such poster/pamphlet read: “Malaysia-China everlasting friendship. Give us a vote on Malaysia-China relationship success. It is National Front’s achievement” (ST 19 August 1974).
Further, Mao’s remark may have placated the Malays as it implied that the communist threat could be dealt with, despite the shift in Malaysia’s China policy (BH 30 May 1974).

Razak’s BN scored a landslide victory at the 1974 GE. It won 135 of 154 parliamentary seats with UMNO securing the most number. Compared to 1969 where UMNO won 51 of 64 seats contested, the 1974 GE saw UMNO clinch 61 of 61 seats contested. Given also that PAS joined BN before the GE, it added 14 more seats contested by a Malay candidate. No opposition Malay candidate won a parliamentary seat in the 1974 GE. As such, the 1974 results showed an overwhelming support of the Malays for the UMNO-led BN (Mauzy 1983:95-6). The results for Chinese-based parties in BN also improved. MCA clinched 20 of 24 parliamentary seats in 1974 as opposed to 13 of 33 in 1969. It can thus be argued that MCA regained the confidence of the Chinese community (Pillay 1974:7). Gerakan contributed 4 of 7 parliamentary seats contested, and formed the only Chinese State Government after winning 13 of 18 state seats fought in Penang. So overall, the 1974 GE results revealed support from both Malays and Chinese for the BN. This in turn suggests that there was a huge voter swing back to BN in 1974 after a dismal showing in 1969. In fact, BN significantly improved on its total popular vote from 41.9% in 1969 when it was the Alliance to 63.2% in 1974 (see Table 5). This result showed that
Razak’s China trip paid dividends and “considerably strengthened Razak’s leadership of the people and the country where peace, racial harmony and prosperity have also been ensured” (ST 26 August 1974). It must also be said that the “odds were stacked in favour of a win for BN” since there was “not much of an opposition to fight” with a catch-all coalition competing in the GE (Baginda 2009:294). Razak’s China policy was thus one of several key factors in BN’s landslide victory and the attendant legitimacy to rule at home.

### TABLE 5

1974 Malaysian General Elections
Malay- or Chinese-Contested Parliamentary Seats
Peninsular Malaysia (Excluding Sabah and Sarawak)

<table>
<thead>
<tr>
<th>Selected Political Parties</th>
<th>Malay or Chinese Candidates</th>
<th>Seats Contested</th>
<th>Seats Won</th>
<th>Popular Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barisan Nasional - UMNO</td>
<td>Malay</td>
<td>61</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>Barisan Nasional - PAS</td>
<td>Malay</td>
<td>14</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Barisan Nasional - MCA</td>
<td>Chinese</td>
<td>23</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Barisan Nasional - Gerakan</td>
<td>Chinese</td>
<td>8</td>
<td>5</td>
<td>63.2%</td>
</tr>
<tr>
<td>Barisan Nasional - PPP</td>
<td>Chinese</td>
<td>4</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Opposition - DAP</td>
<td>Chinese Majority</td>
<td>46</td>
<td>9</td>
<td>18.3%</td>
</tr>
<tr>
<td>Opposition - Pekemas</td>
<td>Chinese</td>
<td>36</td>
<td>1</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

NB: 63.2% also includes support for MIC whose Indian candidates won 4 parliamentary seats

Sources: [Mauzy 1983:95-96]

#### 3.6.2 Economic Benefits from Sino-Malaysian Trade

While Razak’s China policy was not driven by an economic imperative, Razak’s China policy still contributed to Malaysia’s economic growth. The annual GDP steadily rose from US$4.05 billion in 1970 to US$10.1 billion in 1975 before reducing slightly to US$9.89 billion in 1976 (see Table 6). In 1974, Sino-Malaysian bilateral trade recorded a phenomenal increase to US$282.5 million from a low US$39.96 million in 1970. Even after Razak’s China visit until his death in 1976, two-way trade between Malaysia and China still reached US$201.3 million in 1975 and US$179.2 million in 1976 (see Table 6). Given also that the bulk of China’s rubber intake had to be met by imports, Malaysia’s rubber exports to China increased steadily, peaking at 127,300 tons in 1973 (see Table 6). Given too that Malaysia was not self-sufficient in rice, China became a reliable supply
of rice especially during the 1973-75 world food crisis whereby rice imports from China shot up from 50% in 1972 to 84% in 1975 (Wong 1984:108). As such, Sino-Malaysian economic relations benefited from the positive political ambience ushered in by a Sino-Malaysian détente. Chinese Malaysians, in particular, also benefited from the gradual easing of political barriers to conduct or expand their trade. That there was healthy economic growth alongside an expanding Sino-Malaysian trade also meant that there were greater resources available to uplift the dire economic situation of the Malays. Pernas was able to, since 1971, bring 11 Malay companies into the China trade and arranged for 127 Malay entrepreneurs to visit China for business contracts (BT 24 March 1981). So, the economic fruits that were derived from Sino-Malaysian trade benefited both the Malays and Chinese although it was still tilted in favour of the Chinese.

### TABLE 6
Selected Malaysia-China Trade Statistics
Under the Razak Administration, 1970-1976

<table>
<thead>
<tr>
<th>Years</th>
<th>Annual GDP (Billion US$)</th>
<th>Imports from China (Million US$)</th>
<th>Exports to China (Million US$)</th>
<th>Imports + Exports (Million US$)</th>
<th>Export of Rubber to China (’000 tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>4.051</td>
<td>13.18</td>
<td>26.78</td>
<td>39.96</td>
<td>49.6</td>
</tr>
<tr>
<td>1971</td>
<td>4.277</td>
<td>66.1</td>
<td>18.2</td>
<td>84.3</td>
<td>57.8</td>
</tr>
<tr>
<td>1972</td>
<td>4.514</td>
<td>99.0</td>
<td>27.1</td>
<td>96.1</td>
<td>79.7</td>
</tr>
<tr>
<td>1973</td>
<td>5.364</td>
<td>147.6</td>
<td>80.7</td>
<td>228.3</td>
<td>127.3</td>
</tr>
<tr>
<td>1974</td>
<td>8.151</td>
<td>195.4</td>
<td>87.1</td>
<td>282.3</td>
<td>99.5</td>
</tr>
<tr>
<td>1975</td>
<td>10.101</td>
<td>148.9</td>
<td>52.4</td>
<td>201.3</td>
<td>91.4</td>
</tr>
<tr>
<td>1976</td>
<td>9.89</td>
<td>134.4</td>
<td>44.8</td>
<td>179.2</td>
<td>51.7</td>
</tr>
</tbody>
</table>


### 3.6.3 Contribution to Regional Security and American Military Presence

Razak’s China policy contributed to regional security by providing a diplomatic blueprint for other ASEAN states to emulate when normalising their own relations with China. Thailand and the Philippines were in fact well ahead in their own negotiations with China, which led to Bangkok and Manila following KL in formalising diplomatic ties with Beijing in 1975. The Joint Communiqués signed between Beijing and Manila, and Beijing
and Bangkok resembled the one Razak signed with Zhou (Baginda 2009:321). Thai Foreign Minister Chatichai stated that Malaysia’s normalisation methodology was a model for ASEAN states to emulate (NST 1 April 1975). However, Razak’s China policy had limited impact on Jakarta’s position towards Beijing as Suharto viewed KL’s move as a “threat to national security” (Sukma 1999:94). While Razak pursued normalisation to strengthen his domestic base, Suharto felt that such a policy move would exacerbate problems at home. It was only after the communist threat had dissipated that Indonesia normalised relations with China in 1990. This was followed by Singapore, the last of the founding ASEAN members to do so (Baginda 2009:330). Normalising relations with China amid the Indochina crisis also meant that there could be straightforward communication between ASEAN and China to discuss this conflict diplomatically. The normalisation of relations also led to lessening hostile perceptions of China towards the ASEAN grouping, which it saw as a Western invention.\(^1\) Malaysia’s first ambassador to China opined that Beijing had not only “given a tacit recognition of ASEAN as a regional body but also approved of ASEAN’s efforts toward regional cooperation” (cited in Baginda 2009:231).

Despite Razak’s China project, his perception of China as a threat did not dissipate as was evidenced by his decision to proceed with rapprochement cautiously. As a ‘realist’, Razak did not put all his eggs in one basket in that he favoured an American presence in the region as a strategic insurance to communist China. This is despite the fact that he advocated a policy of neutralism and nonalignment in his foreign policy, which, in turn suggests that ZOPFAN was more an aspiration than a reality. Be that as it may, according to US Deputy Secretary-of-State Kenneth Rush, “every country in the area has a lurking fear of China and the Soviet Union. There is a concern over an American withdrawal and it would be frightening to them” (ST 5 March 1974). Fearing that a domino theory\(^2\) may befall the rest of Southeast Asia after the fall of Saigon in 1975, the new President Gerald Ford, who took over from Nixon after Watergate, gave assurances of its “continued interest and commitment to the area” (Hummell 1976:469). Razak welcomed America’s commitment to the security of Southeast Asia. In fact, Malaysia had an expansive

\(^1\) This change in perception was reflected in the government-controlled Peking-Review (Khaw 1977:46).
\(^2\) Razak’s government, and in particular, Ghazali Shafie has categorically dismissed this theory.
bilateral relationship with the US, which was also illustrated by their close cooperation to solve the hostage crisis of the American embassy in KL in 1975 (Sodhy 1991:328-30).

3.6.4 Internal Military Strength and External Defence Arrangements

Malaysian defence planners were not prepared to compromise the national security of the country just because Razak had normalised relations with China. Moreover, Britain and America were bringing their troops home from Southeast Asia, and referring to the FPDA, British PM Edward Heath stated that there would be “no blank cheques on [British] intervention”, and both Australia and New Zealand were ambivalent in their level of support (Chin 1983:125). This lack of external support necessitated Razak’s government to pursue self-reliance on defence matters. Hence, it was unsurprising when the annual allocated expenditure for defence was at least 1.5 times more under Razak in the 1971-75 Second Malaysia Plan – blueprint of the national budget for five years – than the 1966-70 First Malaysia Plan under the Tunku (Alagappa 1987:181). That the total allocation for defence expenditure increased from US$567.7million in 1971 to US$1018.9million in 1975 and the actual defence expenditure also rose from US$546 million in 1971 to US$1053.8million in 1975 showed that Razak’s government was striving for greater self-reliance on defence (see Table 7). By 1975, the security services were 82,214 in size, complemented with acquisition of modern weaponry like fighter jets and squadrons from Australia, Britain and America (Jeshurun 1975:20-22).

111 Interview with Chandran Jeshurun.
112 This was premised on the KESBAN Doctrine which “constitutes the sum total of all measures taken by the Malaysian Armed Forces and other agencies to protect society from subversion, lawlessness and insurgency” (Yusof 1994:136).
Overall, Razak’s government adopted a multidimensional approach to its security: domestic resilience by its own military build-up and fighting the communists; ZOPFAN through ASEAN and diplomatic overtures towards the communist world; and fall-back options of traditional Western friends. Moreover, it was hoped by Razak that the move towards economic interdependence from the burgeoning Sino-Malaysian trade could make China less prone to interfering in the internal affairs of Malaysia (Wong 1974:18).

Razak used two river banks as a metaphor for security and economic development: as he suggested, one was useless without the other (Alagappa 1987:181). Such a metaphor might relate to the local Chinese as they were driven by economic interests within a stable environment conducive for business and trade.\textsuperscript{113} That Razak’s government had done much for the internal and external security of the country in the face of an intransigent China would have also resonated with the Malays. This is because the security of the state is intertwined with the security of the Malays as the dominant ethnic group in that it maintained political control in Malaysia. In short, the attainment of national security, which was central to Razak’s care for DL, benefited both Malays and Chinese. This in turn contributed to Razak’s governing regime the right to rule at home.

\begin{table}
\centering
\caption{Second Malaysia Plan, 1971-1975 (in millions of Ringgit)}
\begin{tabular}{|l|l|l|}
\hline
Year & Total Allocation for Defence Expenditure & Actual Defence Expenditure \\
\hline
1971 & 567.7 & 546.0 \\
1972 & 590.9 & 707.6 \\
1973 & 681.0 & 725.3 \\
1974 & 747.1 & 964.7 \\
1975 & 1018.9 & 1053.8 \\
\hline
\end{tabular}
\label{table:second_malaysia_plan}
\end{table}

\textsuperscript{113} Interview with Stephen Leong.
3.6.5 Sticking Points and Contending Perspectives

_Communism and the Overseas Chinese Policy_

Beijing’s stand on maintaining party-to-party ties with the CPM was still a thorn in Malaysia-China relations. CPM’s response to Razak’s China trip was that it was precisely because of its revolutionary prowess that compelled Razak to seek rapprochement with China. In short, it was a triumph for the CPM more than it was for Razak. Further, for CPM leaders, the “Razak clique of being the lackeys of imperialists has not changed a bit regardless of the establishment of diplomatic relations with the Chinese Government” (cited in Jain 1984:228). So to show that it was still a potent force, the CPM upped its communist activities in 1974-1975\(^{114}\) not least by the killing of the Inspector-General of Police. In the words of CPM’s Chin Peng, “Our aim was to show CPM’s independence from China’s diplomatic arrangements. Fraternal parties had the freedom to work independently of Peking’s direction” (Chin 2003:471). But while the CPM issue persisted, Razak’s government was actually successful in containing the threat.\(^{115}\) Also, Beijing still treated Chinese Malaysians visiting China like returning overseas Chinese, and looked after their personal affairs despite opposing dual nationality (Suryadinata 1985:80). As a result, there was an “almost total absence of people-to-people relations” apart from business trips, which were itself tightly controlled (Leong 1987:1111). Limiting also to a degree the performance legitimacy of the Razak governing regime were the myriad of perspectives of Malay-dominated and Chinese-oriented parties as will be seen below.

_Perspectives of Malay-Dominated Parties_

Despite the support shown by UMNO members to Razak’s China project, opposition to rapprochement existed from within the conservative faction of UMNO. This is because it was believed that recognition of China would be a morale booster for the Chinese in Malaysia; and if the Chinese in Malaysia joined forces with the Chinese majority in Taiwan, Singapore and Hong Kong, it could be a security problem as “the Malays were

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\(^{114}\) This period became known as the Second Malayan Emergency (Stubbs 1977:249-262).
\(^{115}\) From 1973 to 1975, 150 communists were killed, 96 captured and 709 surrendered (NST 5 February 1976).
apprehensive that Malaysia would be the target of their attack.” Rather, this group of UMNO leaders preferred Indonesia and Brunei as its close companions so as to strengthen the Malay kinship within the context of a united Nusantara region (Ahmad 2001:139). Recognising this, Ghazali Shafie cautioned the Malaysian Chinese against over-exuberance on Razak’s China trip as it could be misinterpreted by the Malays, especially in light of the 1969 race riots (Milne 1975:166). Given also that the CPM issue remained unresolved, it was believed among several UMNO leaders that Razak’s China project had failed to achieve its primary aim of “developing a better leverage for the government to reduce its internal security threat” (Wong 1984:114). Some UMNO politicians even called for a review of Malaysia’s China policy due to Beijing’s continued backing for the CPM (ST 9 December 1975). For this faction, Razak’s China project was a wasted diplomatic undertaking in that the end-result did not justify the means.

Opposition to Razak’s China project also came from PAS under Asri Muda’s leadership. Asri’s PAS developed a reputation of being a Malay-centric party with an Islamic ideology at its core. In effect, Asri viewed the communist threat in racialist terms — the Chinese-dominated CPM, which was “directed from Peking”, had attacked the Malays, chiefly those in the security forces (Noor 2004:314-20). So while PAS did not have a policy vis-à-vis China per se, PAS was certainly hostile to the China-supported communists. In fact, Asri’s anti-communism stance meant that PAS distanced itself from all communist movements both within and outside Malaysia. It was also believed by PAS leaders that the resolution to the communist problem was not rapprochement with China, but a focus on Islam and looking to the Islamic world. At the 1975 PAS Convention, Asri postulated that “Malaysia must take positive steps in the revival of the Islamic world by active participation in the activities of other Muslim countries” (NST 29 July 1975). Predictably, Asri chose not to be a member of Razak’s entourage to China in 1974. But while PAS was anti-communist, its leaders had not publicly denounced Razak’s China project; perhaps because PAS was in coalition with UMNO, and it was a case of being muted for the better good of protecting Malay rights in Malaysia (Asri 1993:90).

116 Email Correspondence with Farish Noor.
117 Interview with anonymous PAS member.
Perspectives of Chinese-Oriented Parties

MCA and Gerakan welcomed rapprochement with China as evidenced by the top leadership of both parties travelling with Razak on his historic trip to Beijing. Given that many of their members were businessmen, Razak’s China policy removed a major political barrier for increased economic activity to take place. It also seemed to have allayed concerns about the loyalty of Chinese Malaysians. For Gerakan President Lim Chong-Eu, Malaysia’s agreement with China had removed all doubts on the question of undivided loyalty facing Malaysians of Chinese origin as “it clearly indicates that the citizens of this country can only be Malaysians, whether they are of Malay, Chinese or of other ethnic origin” (ST 13 October 1974). Echoing the same was MCA President Lee San-Choon, who, after calling China a “superpower”, averred that “the Chinese in Malaysia had proved their loyalty to the country without having repudiated their heritage” (cited in Milne 1975:166). That said, some MCA members were displeased that the Joint Communiqué failed to grant citizenships to the 200,000 stateless Chinese, who would have in fact chosen Malaysia as their country of choice (ST 4 July 1974). It was also believed at the time, according to opposition Pekemas politician Tan Chee-Koon, that there were MCA members who were still working for China’s interests (Saravanamuttu 1981:30).

Tellingly, no representatives from the opposition were included in Razak’s entourage. This was because, according to Razak, “the decision to have diplomatic relations with China is a Government decision and it is reasonable from the political point of view that my delegation comprise only representatives of parties in National Front” (ST 18 July 1974). Nonetheless, from DAP’s perspective, Razak’s decision to seek rapprochement with China was a vindication of their own efforts to press the government to normalise relations with China as early as 1968.118 DAP’s Secretary-General Lim Kit-Siang called for a new China policy where he urged Razak to support China’s entry into the UN; and to adopt a foreign policy independent of “American international power politics” by establishing diplomatic relations with China (Lim 1971). But rather than pursue rapprochement cautiously, where normalisation was not fully attained, DAP’s position

118 Interview with Liew Chin-Tong.
was in favour of full-scale normalisation. Not least because a cautious approach seemed to imply that there were still doubts over the loyalty of the Malaysian Chinese (Lim 1974a). The DAP also cautioned the Malaysian Chinese against voting in the 1974 GE based on a foreign policy event: the establishment of diplomatic relations between Malaysia and China does not correspond to resolving problems at home (Lim 1974b). But DAP’s warning was not heeded, as the Malaysian Chinese chose Razak’s BN in 1974.

3.7 Concluding Remarks

It was Razak’s care for domestic legitimation, which was influenced by his perceptions of firstly, the external strategic environment and particularly, of the China-threat, and, secondly, the ethnic political situation that drove him to shift Malaysia’s China policy towards cautious rapprochement. Put differently, the systemic pressures that emanated from the China-threat were mediated by Razak’s attention to DL, and in particular, of Razak’s perceptions of both external and domestic considerations before taking the decision to pursue rapprochement with caution. Razak’s perception of China as a threat was shaped by the rise of China to the extent that for him, it gave the international system a tripolar look; the historical memory of China’s support for Konfrontasi; and Beijing’s interference in Malaysia’s internal affairs through its links with the Malaysian Chinese, and the backing for the CPM. But rather than continue Tunku’s policy of hostile non-recognition, Razak shifted Malaysia’s China policy toward cautious rapprochement. This change can be attributed to Razak’s pro-Malay reputation, which meant there was little political risk in making this policy decision to regain the Chinese support; Razak’s technocratic approach to policy-making, which included a preference for cooperation to confrontation; and Razak’s learning from the Tunku that hostile reciprocity vis-à-vis China had not brought any meaningful political or economic benefits to Malaysia.

Given in particular that this foreign policy shift was taking place in a high-threat environment, Razak sought rapprochement with caution. The strategy of testing the waters was vital to see whether rapprochement was in fact viable. Put differently, the significance of Malaysia-China bilateral interactions in the pre-rapprochement period
was to better gauge Beijing’s intentions, and in particular, how they would respond to Malaysia’s gestures, two of which were Malaysia’s vote in favour of China’s entry to the UN, and its one-China policy. Once the path was cleared for normalisation to materialise after secret negotiations in New York, Razak made his maiden trip to China in 1974. The signing of a Joint Communiqué established diplomatic relations between the two countries. Of note was the importance of the individual in foreign bilateral relations, as evidenced by the roles played by Razak, Razaleigh, Raja, Zakaria and Michael Chen from the Malaysian side, and Huang, Zhou and to a lesser degree, Mao from the Chinese side.

Razak’s right to govern at home was legitimated by his government’s performance in managing Malaysia’s relations with China. Testament to this performance legitimacy was the rallying together of Malays and Chinese at Merdeka Square; the successful electoral outcome at the back of Razak’s China trip in 1974; the economic benefits from Sino-Malaysian trade; and contribution to regional security by getting Beijing’s support for KL’s ZOPFAN proposal as well as implicitly encouraging other ASEAN members to normalise relations with China. Given however the lingering perception of China as a threat especially since it persisted with its support for CPM and stewardship of the Malaysian Chinese, Malaysia bolstered its military forces as per the Kesban Doctrine; participated in the FPDA; and welcomed the US military presence to serve as a counter-weight to Chinese influence in the region. In so doing, Razak hoped to further augment the legitimacy of his regime by showing to Malaysia’s ethnically-diverse population that his government was able to take countermeasures to preserve Malaysia’s national security vis-à-vis the perceived China-threat. Contending perspectives from PAS and the DAP, given their own membership base and voting blocs as established political parties, would have also limited, to a degree, the performance legitimacy of, or the support for, Razak’s governing regime. In the end, the most important implication of Razak’s China project was that it provided a diplomatic blueprint for Razak’s successors to nurture further Malaysia-China relations, starting first with Hussein Onn from 1976 to 1981.
4

MALAYSIA-CHINA RELATIONS UNDER HUSSEIN ONN:
THE CONTINUATION OF CAUTIOUS RAPPROCHEMENT

4.1 Introduction

This chapter analyses the relationship between ethnic politics and Malaysia’s China policy during the Hussein period from 1976 to 1981 by applying again the neoclassical realist DL model (see Figure 6). This chapter suggests that Malaysia’s China policy in the Hussein period can be described as continuation of cautious rapprochement, as Hussein, who was in office for less than five years, essentially carried on Razak’s foreign policy in general and KL’s policy towards China in particular. Given that Hussein assumed the premiership soon after Razak normalised Malaysia’s relations with China, he also had to focus on stabilising this bilateral relationship. Much of this stabilisation process was to ensure that items enshrined in the 1974 Joint-Communiqué were being followed through by Beijing and resolved to the satisfaction of Malaysia. So, contrary to the belief of some scholars that Hussein’s China policy was relatively insignificant as testified by the space allocated when discussing Malaysia’s China policy (see Storey 2011; Baginda 2009), this chapter will prove that it would be an empirical error to downplay this period. Pursuant to the Hussein period as continuation of Razak’s cautious rapprochement, this chapter examines why and how Hussein continued with Malaysia’s China policy despite the prevailing conflict between Malays and Chinese. This chapter argues that it is Hussein’s attention to DL, which was influenced by his perceptions of firstly, the systemic pressures, chiefly from an emergent China, and, secondly, the ethnic political situation that drove Hussein to persist with Razak’s cautious rapprochement. The systemic pressures, especially of an emergent China, were intervened by DL, that is, by the perceptions of Hussein who also took cognisance of the ethnopolitical situation before taking the decision to continue Razak’s China project. Furthermore, as this
chapter will argue, Hussein’s China policy contributed to the performance legitimacy of his governing regime, which then helped justify the right to rule at home in Malaysia.

4.2 External Strategic Environment

4.2.1 Sino-American détente and Beijing’s Open-Door Policy

Hussein assumed the premiership in 1976 against the backdrop of the Cold War. During his tenure, the Cold War moved from confrontation through détente between the US and USSR (1962-79) to beginnings of the Second Cold War (1979-85) when US-USSR relations deteriorated after the Soviets actively supported revolutions in the Third World.
especially the invasion of Afghanistan in 1979 (Halliday 1986). Of interest here are the events following Nixon’s trip to China. This was because while Sino-American détente coincided with Razak’s premiership, the consolidation of Sino-American relations coincided with Hussein’s premiership. It was only under President Jimmy Carter that America and China established full diplomatic relations in 1979, despite the fact that the Carter Doctrine favoured an ethical policy that focused on championing human rights, and shifted the US emphasis in its foreign policy from Asia to Africa (see Dumbrell 1993:179-209). One key implication from the Sino-US détente was that China was able to secure US support against Soviet hegemony on the one hand, while on the other, able to recalibrate the international system premised on US dominance (Yahuda 2011:149).

Concomitant with an emergent China was Deng Xiaoping’s emergence in China and its attendant open-door policy. This policy gradually transformed China’s domestic political economy, and revolutionised its role as a key participant in affecting the oft-dominated Western capitalist economic order. Mao’s death cleared the second comeback of Deng, and due to his strong support among the military elite, he managed to weaken the Maoists led by Hua Guofeng to the extent that since 1978, a kind of “de-Maoisation” had occurred (Yee 1981:93-101). That is, Maoist radicalism was replaced by Dengist pragmatic moderation and a corresponding shift began to occur from the primacy of politics to that of economics. So whatever that was seen as good for China’s domestic economic development became a key plank in Beijing’s foreign policy (Robinson 1994:568). Among others, Deng’s policies of political stability and economic progress replaced past Maoist radical policies which primarily stressed class struggle and politics-in-command. Deng’s measures were adopted under the banner ‘Four Modernisations’, which were goals set by former Premier Zhou in 1963, but then were re-announced by Deng at the 3rd Plenum of the 11th Central Committee in 1978 with the aim of making China an economic power by the early 21st century (Goodman 1994:79-81). Set against this, Deng took the decision in December 1979 to open China up to foreign investments in special economic zones, technology transfer, and trade and training (Ku 2006:30-33).

119 The Sino-Japanese Treaty of Peace and Friendship was also signed on 12 August 1978. This treaty had the effect of removing another obstacle in China’s integration into the international community (Ming 2006:179-180).
It can be argued that it was Deng’s open-door policy that made regional states and major powers – the US and USSR – pay more attention to China as an emergent power. Understanding too that peace and security were needed for economic development, and the US represented a beacon of economic and technological leadership, Deng welcomed the Sino-American détente to advance Beijing’s open-door policy, and to serve as a form of security insurance against the persistent Soviet military threat (Robinson 1994:569).

Deng’s open-door policy also transformed China’s foreign economic relations with many countries especially those that China deemed to comprise the Third World.\(^{120}\) China’s relations with Malaysia also began to generate economic momentum, but with the added advantage that Malaysia already had diplomatic relations with China. In a way, Deng’s reformist agenda vindicated Razak’s decision to normalise relations with China since the open-door policy gave an opportunity to improve trade and economic ties, which in turn could bring benefits to the Malaysian population, as will be discussed later.

### 4.2.2 Sino-Vietnamese War and Spratlys Dispute

Against the backdrop of a protracted Indochina crisis intensified by Sino-Soviet rivalry, and the changing phase of regional security brought about by the reduced presence of American and British troops, ASEAN states became concerned about a possible breakdown of regional stability in Southeast Asia. China and the USSR tried to fill the power vacuum left behind by Western powers, which brought to the fore the Sino-Soviet rift as the principal great power conflict in Southeast Asia (Yahuda 2011:66). When Pol Pot’s Khmer-Rouge (KR) recruits came to power in Cambodia upon defeating the US-backed government of Lon Nol in 1976, the regime pursued a genocidal de-urbanisation policy that led to the massacre or starvation of over two million Cambodians (Bergin 2009:6-7). The regime also pursued a militant nationalist policy that led to border skirmishes with and provocations of Vietnam as it was perceived by Pol Pot that Vietnam, bolstered by its defeat of America, was poised to extend its hegemonic influence in Indochina by

\(^{120}\) In the Three Worlds Typology (superpowers; lesser powers; and third world of exploited nations), Deng identified China with the Third World, which had “long suffered from colonialist and imperialist oppression and exploitation.” For Deng, China was both “a socialist and a developing country” (cited in Hinton 1993:384).
capturing Cambodia as well (Shome 2002:121). The regional balance of power was such that on the one hand, China was aligned with America and supported the KR, while on the other, a reunified Vietnam exercised dominance over Laos with backing from the Soviets. In the end, Vietnam proceeded to invade Cambodia, and installed its own puppet government by the end of 1978, although fighting ensued until about 1991.

China was angered by the Vietnamese invasion of Cambodia. Its leaders saw in this a Soviet-directed military act. In the event, the intensification of Sino-Soviet rivalry was concomitant with the intensification of the Sino-Vietnamese conflict. Deng’s China deduced that Vietnam was seeking regional dominance, and was, in this endeavour, by Moscow whose aim was to encircle China through its pursuit of dependable bases, strategic resources and raw materials (Sutter 2008:75). By signing a Treaty of Friendship with Moscow, Vietnam added to the Soviet encirclement of China as it was seen to tilt towards Moscow, and thus deserting its traditional neutrality in the Sino-Soviet conflict. From a Chinese perspective, Hanoi’s Soviet overtures also reflected its ungratefulness for China’s previous assistance. Moreover, Beijing’s policymakers was upset over the alleged mistreatment of the Chinese in Vietnam, given pressure on them to either adopt Vietnamese nationality or leave the country in hordes. China thus called Vietnam the ‘Cubans of the Orient’ and felt it was necessary “to teach Vietnam a lesson” by waging a war of attrition upon it. This war was begun in 1979 to weaken Vietnam economically and militarily (Yahuda 1986:28-29). It caused an intra-ASEAN divide between Indonesia and Malaysia, countries that remained suspicious of China’s intentions, and Thailand which chose to align itself with China to thwart the Vietnamese threat (Ba 2009:86-87).

Stemming from the Indochina conflict was the refugee problem that further destabilised the region, and caused a humanitarian crisis with over three million Indochina refugees (Kneebone 2009:17). Most affected were Thailand and Malaysia as most refugees had escaped by sea with the nearest being the Malaysian shoreline. The first wave was thought to be mostly Catholics and the second wave, stemming from Vietnam’s invasion of Cambodia and the consequent Sino-Vietnamese war, brought with it thousands of Chinese from both northern and southern Vietnam who feared reprisals from the
Vietnamese regime. About 169,709 refugees landed on Malaysian shores in 1979 alone (Stubbs 1980:114-123). As 70-80% of fleeing refugees were Chinese, the influx of refugees alarmed Malaysia as their arrival could “upset Malaysia’s racial balance” (Means 1991:75). In fact, then-Deputy PM Mahathir sparked an outcry when he lamented that “if the illegal Vietnamese refugees continue to come in, we will shoot them on sight” (cited in Morais 1982:19). In particular, Malaysia refused to dock a ‘Hong Hai’ freighter carrying 2500 Vietnamese refugees despite appalling conditions on the ship (Miller 2002:182). So while the conflict raged on in Indochina, it was Malaysia that was negatively headlined by the world press as inhumane for the ‘shoot on sight’ remark and for turning a blind eye to a humanitarian crisis. Responding to criticism from the UN, Hussein said that “as a small developing country, Malaysia can ill-afford to shoulder the burden of sheltering these people especially as there is no certainty that they will be accepted for permanent settlement elsewhere” (cited in Morais 1981:177). However, to diffuse the outcry, Hussein eventually permitted 75,000 refugees on a selective basis to stay in Malaysia while others were repatriated to third countries with UN assistance.

Malaysia also began to be embroiled with China over the Spratly Islands dispute that has lasted to this day. Not only were the islands and surrounding maritime zones thought to be rich in offshore oil and natural gas fields, they were also politically and geo-strategically significant as those who control the islands can seemingly command the major maritime routes from East Asia and the Pacific through to the Indian Ocean and beyond (Valencia and Evering 1984:30-31). Former PRC Premier Zhou was in fact the first to officially state China’s claims to exclusive sovereignty over the Paracels and Spratlys and the related reefs, banks and shoals in a response to the territorial debate at the San Francisco Peace Conference of 1951. But it was not until Deng’s ascendance that PRC moved to enforce their claims chiefly after Hanoi published maps claiming both Paracels and Spratlys. Hanoi then offered to negotiate over this issue, but was rejected outright by Beijing (Yahuda 1986:11-12). Crucially, Malaysia came into the picture as a claimant to 12 reefs and atolls in the south-eastern portion of the SCS when Hussein published a new map of its territorial waters and continental shelf boundaries on 21 December 1979 (Haller-Trost 1990:67-70). With this map, Malaysia’s territorial waters
increased to 18,957.23 square nautical miles, and Exclusive Economic Zone (EEZ) areas of 131,263.26 square nautical miles (Haller-Trost 1998:2). However, Hussein declined to enforce the claims for fear of open confrontation with other claimants. Amboyna Cay, which was geographically closer to Malaysia than Vietnam, was in the end occupied by Vietnam, with Hussein choosing instead not to contest the claim (Mahathir 2011:317).

The decade 1970-1980 also saw China enhance its military capability despite defence being fourth in priority behind agriculture, industry, and science and technology in Deng’s ‘Four Modernisations’. This was perhaps in response to the Soviet threat including from the conflict in Indochina, and to protect its perceived maritime zones. Although Deng streamlined the People’s Liberation Army (PLA) (see Scobell 2003:138), there was still a threefold increase in China’s conventional submarine force from 35 to 100, launch of two nuclear-powered submarines, and construction of guided missile frigates and other auxiliary vessels for the purposes of naval projection (Swanson 1984).

4.3 Ethnic Political Situation

4.3.1 Communism and the Overseas Chinese

Especially after the status of Malaysian Chinese was clarified in the Communiqué signed between Razak and Zhou in 1974, it was expected that Beijing’s ambiguous policy towards the overseas Chinese could be finally put to bed. Instead, Deng revived the Commission for Overseas Chinese Affairs – abolished during the 1968 Cultural Revolution – by renaming it the Office for Overseas Chinese (Qiaoban) in 1978. In fact, the Qiaoban looked after the Malaysian Chinese visiting China as they were classified as returning overseas Chinese. One Malaysian journalist lamented that “the very fact that such Malaysians were permitted by the Chinese Government to visit China clandestinely and were issued with temporary travel documents to help them circumvent the laws of their own country is indicative of China’s less than honest attitude on the question of the Overseas Chinese issue” (cited in Leong 1987:1113). Hence, it was felt by Hussein’s government that “Beijing’s authorities still put a lot of emphasis on the matter of the
Overseas Chinese”; and feared that China was cultivating the Malaysian Chinese to the extent that they could become ‘fifth columnists’ by promoting China’s interests within Malaysia, and exacerbating the tension with the Malays (Suryadinata 1985:80). In fact, Beijing was actively encouraging overseas Chinese to help their motherland in the economic modernisation programme underpinned by Deng’s open-door policy (Sulong 1988:8). That there had been many overseas Chinese who responded to this clarion call must have alarmed those countries with a sizeable Chinese population. Such overtures made Malaysia believe that China was either insensitive to its domestic policies or flatly interfering in its internal affairs. Appeals for Malaysian Chinese investment into China could also result in the outflow of capital required by Malaysia for its own development efforts. In a sense, Beijing’s overseas Chinese policy in the Deng period not only revived fears, among the Malays, on the China-oriented inclinations of the Malaysian Chinese, but also imperilled the country’s nation-building programme to alleviate ethnic conflict.

On the communism issue, PRC’s firm stance about keeping government-to-government separate from party-to-party relations was conveyed to Hussein. Worse still, there was an escalation of communist attacks as a result of disunity in the CPM ranks, and the breakdown into splinter groups which began to compete against one another for power and influence (Dahana 1986:266). Further, the CCP and CPM still continued, through the VOMR medium, to disseminate reciprocal messages of revolutionary zeal. When Musa Ahmad, a Malay communist leader exiled in China surrendered to Malaysian authorities in November 1980, it confirmed the suspicions of KL, through Musa’s confessions, that China had been using the CPM to expand its ideological aims, chief of which were the abolition of the democratic political system, and the overthrow of the government (Heaton 1982:788). The battle with communism also led to Hussein playing on the fear of the China-backed CPM to advance his political ends. If there were disputes over policy issues for example, Hussein was quick to move against those dissenters including those in UMNO. When there appeared to be an allegation that ‘communists’ had gained access to the top echelons of Malay leadership, it led to immediate arrests.121 These arrests

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121 Accusations were made by some UMNO ultranationalists that Hussein relied on confidants who were believed to be secret agents of the CPM, or that they espoused policies inspired by the Communist doctrine (Means 1991:55).
were due to the overzealousness of Home Minister Ghazali Shafie who invoked the ISA to detain two deputy Ministers and two journalists. Predictably, Hussein’s government blamed the arrests on China’s links with the CPM, and the fear of communism in the guise of “left-wing doctrine wielding influence in the governing of the country.”

4.3.2  NEP, Islamic Revivalism, and Factionalised Politics

Hussein continued with Razak’s NEP by expending resources to tighten and expand the provisions of the NEP. By forming Malay-based corporate bodies to promote the Malay stake in the economy, “selectively acquire[ing] the reserved [Malay] shares in enterprise with high growth potential for subsequent sale to Malays”, and passing the Industrial Coordination Act (ICA), which extended the NEP employment ethnic quota system to the private sector (Shome 2002:117-118), these initiatives caused the Malaysian Chinese businesses to become anxious as their very livelihoods were being threatened. Most threatened were small Chinese family businesses as their archaic management practices and limited financial resources paled in comparison with the government-aided and well-financed Malay corporations. It can thus be argued that Hussein’s efforts to enforce NEP vigorously had left a bad taste in the mouths of the Chinese. This, in turn, could have exacerbated the ethnic political situation in the country.

Hussein’s premiership also coincided with an outpouring of religiosity on an unprecedented scale. This was partly due to Islamic fundamentalism spreading around the world including Southeast Asia in the wake of the 1979 Iranian Revolution. In Malaysia, Islamic revivalism was known as dakwah (missionary activities) in which there was mobilisation of Malays by diverse and even deviationist groups calling them to worship (Shome 2002:112). PAS in particular were enthralled by the Iranian concept of religious hierarchy, and later proposed a vision of an Islamic state for Malaysia with Shari’a as the exclusive source of law (Liow 2009a:34-35). As dakwah groups favoured a

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122 Interview with Abdullah Ahmad. Abdullah referred to Ghazali Shafie as his ‘jailor’.
123 The ICA was a means by which the Malaysian government could apply additional and stringent controls to ensure equitable competition such as in the manufacturing industry particularly in the private sector (Gill 1986:60).
124 Interview with Stephen Leong
more Islamic environment with an emphasis on Malay primacy, their missionary activities alarmed non-Muslims and other Malays who saw themselves as mainstream and moderate. To shield Malays from deviationist groups, Hussein also reformed the Muslim Welfare Organisation Malaysia (PERKIM). But the irony was that PERKIM’s work to ‘out-Islamise’ the dakwah groups led to a more Islamicised atmosphere, which culminated in a group of Islamic vigilantes desecrating 20 Hindu shrines. This incident also instilled fear among the Chinese as they were deeply concerned that a similar form of violence could also spread to their temples as well (see Barraclough 1983:958-975).

Worryingly too was the apparent collusion between Islamic revivalism and communism. The CPM claimed to be involved in Islamic affairs through one of its front organisations called the Islamic Brotherhood Party (PAPERI) in the Kelantan State. PAPERI was seen as a “Communist propaganda organisation in the guise of a religious body” (NST 17 October 1981). Not only did the organisation accuse the Malaysian government of betraying Islam, but it also pledged support for Muslims in southern Thailand and Philippines. According to one Malaysian government Minister, “we know of certain foreign powers using several missionary bodies to spread falsehood to confuse the people and ultimately lead them to communism. These missionary organisations are used as tools to penetrate the Malay community” (cited in Barraclough 1983:961). Such a development was worrisome for the authorities as it was both at once an external and internal threat to the security of the country because it contributed to a highly-charged Islamicised atmosphere mixed with communism linked to a foreign power in China. Further, it instilled fear not only in the Chinese, but also the more moderate Malays who were concerned about the fundamentalist form of Islam spreading throughout Malaysia.

Factionalised politics in UMNO was another issue that plagued the Hussein premiership. Hussein was known to have a weak political base, and was faced with factional infighting due to the previously interventionist style of Razak (Means 1991:55). Hussein also had to deal with the clashing personalities of Ghafar Baba, Mahathir and Razaleigh who were all vying for the deputy post. So when Hussein chose Mahathir as he wanted someone with more political maturity, it precipitated a crisis in UMNO – several prominent figures
resigned in protest. In addition, Hussein had to grapple with the ‘Harun Idris’ affair whereby Harun, who commanded a large following within UMNO, was expelled by Hussein from the party. Not to mention the detention of ‘communists’ which had infiltrated the government. Taken together, the factions within UMNO became a cause for concern since UMNO was seen as the custodian of Malay rights. If UMNO was to become severely weakened, there could be ramifications for the Malays especially if other political parties such as the opposition Chinese-dominated DAP were able to take advantage of UMNO’s frailties and wrest political power in Malaysia (see Case 1995:97).

4.4 Care for Domestic Legitimation and Hussein’s Perceptions of China

4.4.1 Hussein’s China Perception from External Strategic Environment

It is argued here that Hussein’s concern for DL was influenced by national security considerations in that Hussein’s perception of China was one of a threat to Malaysia’s security. On the external front, China’s accelerated rise in the international system further reinforced the notion that the international system between US and USSR had a third pole. So unsurprisingly, Hussein noted that “As China is a major power, its policies were sure to affect the world especially countries in Southeast Asia” (cited in Morais 1981:119). No more so than China’s growing participation in the Indochina crisis. Driven by the warring expression of “bleeding the Vietnamese white on battlefields of Cambodia” (Pilger 1994:416), China’s 1979 invasion of Vietnam heightened Hussein’s security concern about the destabilisation of the region, principally because of external power involvement. Putting forward Hussein’s viewpoint at the UN, Wisma-Putra’s Zaiton Ibrahim expressed “rejection of any recourse to the use or threat of use of force to settle disputes” (cited in Jain 1984:260). In blunter terms, Hussein’s deputy, Mahathir asserted that China’s hostile actions “demonstrated unequivocally [its] willingness...to act regardless of the usual norms or world opinion” (cited in Jain 1984:276).

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125 Hussein, after overlooking Harun for the position of his deputy in UMNO, removed him as Selangor’s Chief Minister, and later, expelled him from the party altogether. It was only after Harun was sentenced to six years in prison for corruption charges and mobilising Malay constituents into the streets that the affair ended (Case 2002:115).
Beijing’s destabilising effect as a regional trespasser was further evident in the refugee problem precipitated by the Indochina conflict, and its piecemeal intransigence in the Spratlys dispute. That Malaysia was a claimant in the Spratlys also heightened KL’s anxiety of China’s potential use of force to protect what the PRC leaders claimed to be exclusively theirs. Set against this, it is argued here that Hussein begun to subscribe to the notion that China’s long-term geopolitical objective was to “establish Southeast Asia a region of China’s special influence where a ‘Pax Sinica’ would prevail” (Yahuda 1986:28). No wonder then, for Hussein, China constituted a long-term threat to Malaysia (Tilman 1984:11). Moreover, the disparities in military capabilities between Malaysia and China also made Beijing a threatening outfit. The distribution of power between China and Malaysia was such that China appeared to possess a much stronger military than Malaysia. For instance, when Hussein assumed office in 1976, Malaysia’s defence expenditure was US$348million as opposed to PRC’s defence expenditure, which was US$7billion (SIPRI 1976-77). Of concern to Hussein and his government was that China would abruptly change tack in the future and use force to settle the Spratlys dispute just as it had demonstrated in the 1979 Sino-Vietnamese War (Baginda 2004:236-237). So unsurprisingly, Hussein’s government described China as “militarily-determined” and as possessing a “big power potential for disruption in the region” (cited in Jain 1984:266).

4.4.2 Hussein’s China Perception from Ethnic Political Situation

Hussein’s perception of China as a threat was augmented by China’s interference in Malaysia’s internal affairs through its backing of the CPM, and close ties with the Chinese Malaysians. Although it was not in Hussein’s nature to get irritated easily, he was reportedly vexed by Beijing’s insistence that CCP would not renounce its ties with CPM as it could not abandon the principle of ‘proletarian internationalism’, chiefly for an exclusively-based Chinese party (Wong 1984:114-115).126 Worse still, for the first time, communist elements appeared to have infiltrated Muslim organisations and more crucially, UMNO, which then compelled Hussein to take action. Doing so weakened an

126 Chinese leaders privately told ASEAN leaders that support for local communist parties were only moral and ideological. If they ceased their support, they would be replaced by the Soviets and Vietnamese, which would then pose a much greater danger (apparently when compared to China) to ASEAN member-states (Yahuda 1986:26-27).
already heavily-factionalised party. This, in turn, undermined the capacity of UMNO to be the custodian of Malay nationalism in Malaysia. UMNO Youth Chief Ja’afar Albar, who once told a Chinese parliamentarian to “go back to China”, called for Hussein “to purge UMNO and the Government of communist elements” (ST 6 October 1976). Moreover, Hussein was enraged by Beijing’s unhinged desire to reengage with the overseas Chinese through Qiaoban (Leong 1987:1113). Further, Hussein felt discomfited by how quickly and forcefully China came to the aid of the overseas Chinese if they were seen to be allegedly mistreated as was the case with the Chinese population in Vietnam. Set against this, Hussein was concerned that Beijing might resort to the same if it felt Chinese Malaysians were being mistreated, which seemed to be the case with affirmative action policies for Malays while discriminating against the Chinese politically and economically. In fact, Hussein and his governing regime even claimed that the Malaysian Chinese veritably viewed China like a big brother to them (Saravanamuttu 1981:42).

From Hussein’s perspective, Beijing’s penetration into Malaysian society affected the nation-building process in the country especially with the implementation of the NEP. In other words, as an autobiography on Hussein reveals, China’s intransigent behaviour disrupted the building of national unity in an ethnically-divided Malaysia, which was also bedevilled by problems of Islamic revivalism and the politics of factionalism within UMNO (Zainah 2011:243). In an implicit reference to China, Hussein asserted that “[t]he destiny of Malaysia will only be decided by the people of Malaysia. Others cannot and will not be allowed to make that decision” (cited in Jain 1984:253). Echoing too in diplomatic-speak was Foreign Minister Tengku Rithauddeen who stated that “(o)ur most ardent desire is that we be left alone so that we can concentrate on national efforts for the development of our respective countries” (cited in Jain 1984:282). In fact, Hussein was committed to the goals of the NEP, and forging national unity was at the heart of his premiership (Zainah 2011:243). Fittingly, Hussein was conferred the soubriquet Bapa Perpaduan (Father of Unity) (Hamid 2006). Such a stance could be attributed to Hussein’s image as “a Malay saviour and nationalist” (Kheng 2002:183), and that he was son of Onn Jaafar who was the founder of UMNO. In Hussein’s words, “UMNO belongs to all Malays and its struggle involves all Malays” (ST 3 July 1976). Hussein’s nationalistic
leadership style was complemented by his rectitude, which appealed to non-Malays, especially the Chinese in that his “integrity was unquestionable” (Zainah 2011:254).

4.4.3 Domestic Legitimation and Hussein’s China Policy

As argued, Hussein’s care for DL was influenced by the pressures of the China-threat which was external in its source, but had internal considerations, especially with its communist expansionism policy in particular. Further, DL was on Hussein’s mind against the backdrop of UMNO factionalism where, in addition to communist infiltration, Razak’s “interventionist leadership...had left a legacy of bitterness among a group of disappointed power-seekers who assumed that Hussein would be fairly easy to challenge and outmanoeuvre” (Means 1991:54). Also, NEP remained a contentious issue that polarised opinion among non-Malays, who were also fearful of the highly-charged Islamicised atmosphere brought about by Islamic revivalism in Malaysia. Just as Razak was concerned about garnering the support of both Malays and Chinese for his regime’s domestic political survival, it was the same for Hussein in ensuring the longevity of the regime. Hussein’s care for DL was thus premised on the attainment of national security in light of the China-threat, and to ensure the continued survival of his governing regime.

It is noteworthy that Hussein was so incensed with China’s continued interference in Malaysia’s internal affairs that he even thought of breaking off diplomatic relations with China as he felt China’s attitude went against the pledge and spirit of the 1974 Joint Communiqué (FEER 24 November 1978). According to Hussein, “It takes two to have an agreement. If one cannot agree, what does the other do? Do we have no diplomatic relations at all or do we have diplomatic relations? Or do we say we understand what to us sounds a bit illogical, but to them are logical?” (ST 14 November 1978). The risk of rupture was further observable when UMNO ultras led by the party’s Secretary-General, Senu Abdul Rahman tabled a motion in Parliament to review Malaysia’s China policy (Lim 1976). To be sure, much of the opposition to détente with China was carried over from Razak’s time because some UMNO leaders felt that Razak’s China project failed to bear fruit in security terms (Wong 1984:114). Even when Deng visited Malaysia, as will
be discussed later, Hussein’s government arranged for tight security in order to insulate Deng from the Malaysian Chinese because “public assemblies to greet the Chinese leader could cause misunderstanding” particularly from the Malays (ST 9 November 1978). In sum, one could argue that, because Hussein was confronted with a high-threat situation emanating from China, Razak’s China project was in danger of falling apart.

However, Hussein continued with Razak’s cautious rapprochement, despite the fact that the threat environment he was operating under was arguably higher than Razak.\(^{127}\)

Crucial to this continuity was Hussein’s China perception within the context of DL. Firstly, as Razak’s deputy, Hussein learnt from Razak on assessing the China factor in “cost-benefit terms”, and was reluctant to undo Razak’s hard work to normalise relations with China.\(^{128}\) In particular, Deng Xiaoping’s open-door policy proffered potential economic opportunities to Malaysia. No wonder then that Hussein viewed China’s modernisation as a positive outcome when he called for “trade and economic ties to be the strongest basis for the development and strengthening of bilateral relations between our two countries” (cited in Jain 1984:266-267). In fact, Hussein went as far as to reject the Western-derived scaremongering ‘domino theory’ (ST 6 October 1977). In his words, this theory “presupposed that the non-communist countries of Southeast Asia were weak and supine, and communism was an irresistible force” (cited in Morais 1981:204).

Secondly, it was about Hussein as an individual.\(^{129}\) Hussein’s perception of China as a potential economic opportunity, given Deng’s open-door policy, can be attributed to his style of “balanced and corporatist” leadership (Shome 2002:109-110). That is, Hussein injected a dose of ‘realism’ into his policy decisions, while also being meticulous when taking those decisions (Zainah 2011:259). In Hussein’s words, “How can you be anything but cautious when an error in judgement may cause misery to thousands?” (cited in Zainah 2011:258). So far from being weak and indecisive as portrayed even by his own party, Hussein brought a semblance of stability in domestic and foreign policy matters,

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\(^{127}\) This is because China was not only interfering in Malaysia’s internal affairs but was also appearing to become more embroiled in the Indochina conflict in the post-Razak period.

\(^{128}\) Interview with Tengku Rithauddeen.

\(^{129}\) For a greater insight into Hussein’s life, see Zainah (2011); Hamid (2006); Morais (1981).
one crisis after another notwithstanding (Star 22 May 2011). Given also that he was seen to be a transient leader, or that his period in office was described as a “caretaker administration” (Abdullah 1989:154), it was unsurprising that Hussein basically followed Razak’s domestic and foreign policy agendas (Shee 2008:246). It follows from this that Hussein favoured continuity in Malaysia’s China policy, that is, to continue Razak’s China project. Given also that Hussein returned to UMNO after a prolonged absence and in which case, he was a diplomatic neophyte in foreign policy matters, it was Tengku Rithauddeen who executed the country’s foreign policy initiatives (Saravanamuttu 2010:167). So unsurprisingly, Hussein continued Razak’s policy of modernising Wisma-Putra by making it a highly-professionalised bureaucracy (Jeshurun 2007:152-53). This is not to downplay Hussein’s role as the ultimate decision-maker. In fact, Hussein made up for his lack of foreign policy experience by his “likeable personality and professional tact gleaned from his legal training.” Crucially, as will be seen later, Hussein’s diplomatic interactions were tempered with a sense of kehalusan (mix of gentleness and humility) (Shome 2002:127). Overall, while Hussein’s perception of China constituted a long-term threat to Malaysia’s security, he persisted with Razak’s China policy. This was primarily because of the potential gains Malaysia could derive from China’s rise as an economic power once Deng’s open-door policy generated greater momentum.130

4.5 Characteristics and Strategies of Hussein’s China Policy

Hussein chose to manage Malaysia-China relations within the context of neutrality and nonalignment in the country’s foreign policy, just as Razak had done. As Hussein asserts, our policy “is to have friendly relations with all countries irrespective of ideological and social systems” (cited in Morais 1981:182). But given that the China-threat remained a perennial security issue, Hussein, like Razak, proceeded with caution in Malaysia’s diplomatic interactions with China. Specifically, Hussein sought to counter the China-threat or manage Malaysia’s relations with China by utilising a combination of bilateral visits and multilateralism through ASEAN as the cynosure, as will be discussed below.

130 Interview with Stephen Leong.
4.5.1 High-Level Bilateral Visits

Hussein emulated Razak’s bilateral strategy of high-level visits to interact with China. As Hussein noted, “Rapport between leaders can be maintained by close contacts. This also provides leaders with an opportunity to exchange views and show appreciation through their respective policies. The exchange becomes more meaningful when they can talk to each other frankly and openly” (cited in Morais 1981:73). During Hussein’s tenure, there were at least seven high-level visits to China by Malaysian leaders, and three similar visits to Malaysia by PRC leaders as per Table 8. In the main, such a channel of communication was crucial as it allowed Hussein to persist in diplomatically addressing the issues that were a bane in the bilateral relationship. The focus here would be on two of the highest high-level bilateral visits: Deng visiting Malaysia as de-facto leader of China following Mao’s death in September 1976; and Hussein’s only visit to China as PM.

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<td><strong>Selected Malaysia-China Bilateral Visits and Messages</strong></td>
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Compiled by Author (2014)

131 Deng was China’s Senior Vice-Premier of the State Council at that time, but he had begun to consolidate his power after dislodging Mao’s heir-apparent, Hua Guofeng to become China’s de-facto Head-of-State.
Deng’s 1978 Visit to Malaysia

Deng was the first high-ranked Chinese leader to visit Malaysia from 9 to 12 November 1978. While it might seem at first glance that Deng’s trip was a reciprocation of Razak’s visit, it was in fact a visit to solicit support from ASEAN against the Soviet-Vietnamese regional threat after the two states signed a friendship treaty in November 1978. Deng made goodwill trips to Bangkok, KL and Singapore in that order (Vogel 2011:280-291). Deng was also keen to learn about tried-and-tested economic models to emulate, chiefly that of Singapore. Deng then enacted his open-door policy a year later (Lye 2013:448).

Deng hoped that the changing regional environment “would give China a chance to plug into the circuit of ASEAN and Asia-Pacific affairs” (Lee 1999:15). Hussein, who himself received Deng on arrival, hoped that Deng’s visit with a 36-strong delegation could potentially lead to resolving the issues of communism and the overseas Chinese policy.

Although Hussein did not publicly confront Deng over Beijing’s support for the CPM, he did make indirect references to it. In his speech to welcome Deng, Hussein reiterated Malaysia’s desire to be “left alone in peace, free from any form of interference, subversion, or incitement” (NST 11 November 1978). Privately however, Hussein bluntly communicated to Deng that Malaysia would not compromise its fight “to eliminate the threat posed by the Communist terrorists and other subversive elements” (AWSJ 14 November 1978). But Deng refused to abandon China’s stand that a distinction be drawn between government-to-government and party-to-party relations when it came to the communist issue because if China were to back down, this would have “very serious implications for China.” Unsurprisingly then that Deng shunned the national monument in KL which memorialised the struggle against the communists for fear of upsetting both CPM and his own party (FEER 24 November 1978). This is because Deng was in the midst of consolidating his own position of power within the CCP. By emphasising that the Chinese should enjoy the same equal rights as other ethnic groups in Malaysia and that their rights should be protected by the government, Deng struck a raw nerve in Malaysia’s domestic politics. This is because the post-1969 reforms were deliberately

132 Perhaps to placate his host, Deng paid his respects to Razak who was buried at the Heroes’ Mausoleum in KL.
recalibrated to extend more political, economic and social opportunities to the Malays, thus the Chinese were interpreted by Deng to be “second class citizens” (Lee 1981:68).

One upside to the visit was Deng’s recognition that “it was Malaysia who suggested the establishment of a zone of peace, freedom and neutrality in Southeast Asia, and Malaysia has worked ever since for its realisation”, and that “the Chinese Government and people support this proposal of the ASEAN countries” (cited in Jain 1984:250). There was, in a sense, common ground in so far as Malaysia and China were committed to checking Vietnamese territorial expansionism in the region, despite Malaysia being unsuccessful in convincing China to sever all links with the CPM. In fact, after Deng’s visit, China’s support for CPM began to wax and wane. This was perhaps because Deng realised that he had to placate Hussein as losing Malaysia’s support may mean alienating a key ally against Soviet-backed Vietnam. But as the communist issue was still unsolved, any time a PRC leader visited Malaysia and vice-versa, this matter was raised as one of interference in Malaysia’s internal affairs (Lee 1982:519). On balance though, Malaysia-China relations post-Deng trip was “friendly, proper and correct” (Wong 1984:116).

**Hussein’s 1979 Visit to China**

Hussein’s visit from 2 to 6 May 1979 came on the heels of the PRC pushback against the Vietnamese forces. By hotfooting to Beijing, Hussein hoped to defuse the situation and reiterate Malaysia’s position, that is “to offer any assistance which will bring about a solution to the problem in Indochina...But we are not putting ourselves in the position of a mediator. We are only asking if we can be of any help” (Morais 1981:75). Making this qualification was important because Hussein did not want Malaysia to be seen as ‘taking sides’ with China (ST 12 April 1979). Despite the Sino-Vietnamese War violating ZOPFAN, Hussein still received support from Deng for the ZOPFAN proposal. In Deng’s words, “the Chinese government and people will firmly support all the efforts of the ASEAN countries to defend national independence and sovereignty, and to see ASEAN countries strengthen their unity and coordination and play a greater part in safeguarding peace in Asia and Southeast Asia” (cited in Jain 1984:265). In a sense, Deng’s support for
ZOPFAN was more rhetoric than reality. Further, Hussein sought to develop closer bilateral economic ties with China since Deng was very keen for China to open up to the world (Baginda 2004:237). Noted Hussein, “trade and economic ties have always been and should continue to be the strongest basis for the development and strengthening of bilateral relations between the two countries. We should therefore make further endeavour to extend our trade ties” (cited in Jain 1984:267). Regardless of the reasons for Hussein’s visit to China, the red carpet was still rolled out for Hussein with Deng and Hua meeting him on arrival. It was rather unusual for both Deng and Hua to be seen together in public, let alone to receive a foreign visitor. This was because there was a power struggle within the PRC political system between the Maoist faction led by Hua and the reformist faction led by Deng. Such a gesture may have been undertaken given the deep respect PRC leaders have had for Malaysia since Razak’s trip to China in 1974. In a way, Hussein’s visit had the effect of ‘uniting’ two rivals with the photo of all three leaders in it being widely published by the media of both countries. Moreover, the front page editorial of the PRC’s People’s-Daily welcomed Hussein and praised Malaysia for its ZOPFAN initiative in maintaining regional peace and stability (Morais 1981:95).

Image 3: Hussein shaking hands with Hua in 1979 with Dang in the middle

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133 Observed by the author perusing the National Archives of Malaysia.
Hussein’s China visit brought with it some accomplishments. This is because, according to one senior Wisma-Putra official, the “direct and disarming approach of the Prime Minister contributed much to the success of his talks with his Chinese counterpart and various other high officials in that country” (cited in Morais 1981:95). While Hussein was unable to get China to cease its support for CPM, his constant reiterations eventually led to Deng reducing the provision of aid in the form of arms to the CPM and to him closing down the VOMR station in June 1981. Hussein’s efforts also paid dividends when Deng promulgated the Nationality Law of 1980, which principally stipulated that “any Chinese national who has settled abroad and who has been naturalised there or has acquired foreign nationality of his own free will automatically loses Chinese nationality” (Suryadinata 1985:83). Although overseas Chinese were still utilised by China to further its strategic interests, this Nationality Law helped allay doubts among Malaysian citizens of Chinese origin about their nationality status, and where their loyalty should lie (Gong 1980:24-25). But since the communist issue persisted, Hussein curbed social visit passes for Malaysians to visit China (ST 13 June 1979), although exceptions were made to allow social visits for Malaysians over 60, and to carry out trade in China (Lee and Lee 2005:9).

On the economic front, Hussein and Deng agreed on exchanges of technical missions including a move to direct trading between Malaysia and China, with PERNAS designated as the official trading agency for the China trade. But in truth, China was reluctant to provide agency rights to PERNAS as it still favoured trade done through middlemen in Hong Kong and Singapore. Nonetheless, the opening up of China, and growth of Malaysia’s exports to China renewed the scope for future expansion of bilateral trade (Bahari 1988:245-47). The primacy of economics also underpinned two missions to China in 1976 and 1980. The first, led by Primary Industries Minister Musa Hitam, culminated in China’s agreement to purchase 5,000 tons of palm oil from Malaysia. This marked the first shipment of this commodity between the two countries (FAM 1976:53-56). Malaysia was also able to secure China’s assurance to increase its purchase of

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134 Recalling his meeting with Deng, CPM’s Chin Peng narrated that Deng told him that “I have brought you here in order to talk to you about your radio station. We would like you to close it down.” The closure was to appease ASEAN leaders, whose support for China-backed KR was crucial at the UN (Chin 2003:456-57). But to the dismay of Hussein’s government, VOMR was replaced by a transmitting station outside of China called the Voice of Malayan Democracy.
rubber and tin from Malaysia. Granting such an assurance was significant because the “commodities that Malaysia produce have direct impact on the economic well-being of our people especially of the poorest strata as well as the general economic development of Malaysia” (FAM 1976:56). The second mission, led by Paul Leong, resulted in Beijing’s assurance to KL that Malaysia would be the first country China would “buy rubber, palm oil and timber in consonance with her expanding requirements for modernised industrialisation, and as standards of living in China increase” (FAM 1980:105).

In sum, Hussein utilised bilateral visits as a strategy to address the outstanding issues. These visits had the primary effect of expanding economic relations despite differences in their respective political systems. In a private meeting with Hussein, Deng recounted one of his famous maxims that ‘it doesn’t matter whether a cat is white or black, as long as it catches mice’, and added that “he wanted to catch lots of mice in Malaysia.”¹³⁵ Put simply, Deng looked to Malaysia for opportunities to boost the economy back home. However, the communist issue festered, the overseas China policy only partly resolved, and there was still a lack of direct trade. Nonetheless, Hussein recounted his sole China visit, in diplomatic parlance, as “satisfactory and fruitful” (cited in Jain 1984:269).

4.5.2 Multilateral Approach through ASEAN

At the meeting of the ASEAN Heads-of-State in KL in August 1977, Hussein described ASEAN “as a group of countries in this part of the world which is pragmatic, cohesive and full of promise. Its potentiality to do good is immense” (cited in Morais 1981:210). He was also against ASEAN being seen as a security organisation since he viewed economic cooperation as its most vital purpose (Milne and Mauzy 1978:313). Hussein’s constant emphasis of ASEAN as an organisation devoted to regional peace eventually altered Peking’s thinking about ASEAN being a military alliance or a tool of American imperialism (Rajendran 1985:46). In fact, Hussein felt that “it would be self-defeating for ASEAN to talk of a military pact while striving to implement the neutrality concept as this would only make the neighbouring nations of ASEAN wonder whether such a pact

¹³⁵ Interview with Tengku Rithauddeen.
was directed at them or not” (cited in Milne and Mauzy 1978:313). Malaysia’s decision to put forward ASEAN’s 3rd Secretary-General from 1978 to 1980 further underlined the importance Hussein gave to this regional body. It was also through ASEAN and working with its members that Hussein sought to manage Malaysia’s relations with China vis-à-vis Beijing’s regional embroilment in the Indochina conflict, as will be discussed below.

**The Bali Accords**

Hussein was committed to the eventual phasing in of ZOPFAN and the phasing out of the military presence of the outside powers (Sulong 1988:3). Considering the ominous situation in Indochina between Soviet-backed Vietnam and China, the First ASEAN Summit in Bali on 24 February 1976 produced two major documents known as the Bali Accords – Declaration of ASEAN Concord (DAC) and Treaty of Amity and Cooperation (TAC) – that spelt out the principles of the non-use of force and the peaceful settlement of disputes (Rao and Ross-Larson 1977:182). While the Accords – a framework for governing interstate ties by promoting “collective political security” – were seen to fall short of the original concept of neutralisation, they provided a useful ‘blueprint’ for what Hussein hoped would eventually result in some form of neutrality system for the region (Weatherbee 2009:76-77). For one scholar, the Bali Accords appeared to represent the most significant regional multilateral set of agreements to emerge out of Southeast Asia (Saravanamuttu 1983:141). While DAC was a more general emphasis on the affirmation of earlier declarations, TAC was more specific in spelling out how political cooperation can occur to resolve conflicts peacefully, or put differently, it outlined in treaty form a clear set of norms to regulate relations among ASEAN members (Haacke 2003:64). That TAC was left open for accession to all Southeast Asian countries suggests that ASEAN leaders were using this treaty to dispel criticism of a Western-centric ASEAN by holding out an olive branch to countries in Indochina. Crucially, Malaysia actively lobbied for ASEAN to ratify the TAC, which Hussein exaggerated as “the first wholly indigenous multilateral treaty in the entire history of Southeast Asia” (NST 1 March 1976).

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136 This includes past declarations signed in Bandung, Bangkok and KL as well as the UN Charter.
The Kuantan Principle

Driven by the belief that Vietnam’s actions were motivated by the mistrust of China, Hussein, together with Indonesian President Suharto, initiated a bilateral meeting in Kuantan, Malaysia in March 1980. In what became known as the Kuantan Principle, it called on both the Chinese and Soviets to withdraw from Indochina, and appealed for a negotiated political resolution to the Cambodian dispute (Gyngell 1982:133). Not least to allow Southeast Asia to become a region of peace, Vietnam had to be freed from Chinese and Soviet influence (Leifer 1989:102). Seeking a legitimate role for Vietnam through the Kuantan Principle could also be viewed as a reaffirmation of Malaysia’s external threat policies towards China as KL saw China as a bigger threat than Vietnam (Kroef 1981:515-535). In fact, Hussein’s Malaysia was against a protracted Indochina conflict as China’s support for the KR could drag Thailand into the conflict and destabilise the country. As Malaysia shares a common border with Thailand, the authorities feared a weakened Bangkok could result in a security threat through a rise in communist insurgencies at the Thai border (Lee 1982:521). In fact, Malaysia even pledged to come to the aid of Thailand should it be attacked militarily by Vietnam (Weatherbee 2009:80).

But the Kuantan Principle exposed “an intra-ASEAN divide” in the Indochina conflict. On one side was Malaysia and Indonesia holding the view that “China posed the real long-term threat to Southeast Asia and Vietnam could be a bulwark against Chinese expansionism”, and Singapore and Thailand, the frontline state, on the other side, taking the view that a Soviet-backed Vietnam was the main threat to regional peace and security (Acharya 2009:104). Despite the stillborn Kuantan Principle, it revealed that Malaysia and Indonesia, which then formed the core of ASEAN, were seemingly more committed than other ASEAN members to defuse the Indochina crisis and by extension, the threat posed by China. Recognising this, Malaysia sought to heal the rift by chairing an ASEAN Foreign Ministers Meeting in KL. The statement issued here reaffirmed ASEAN’s commitment to call for Vietnam to withdraw from Cambodia, the right to self-determination of Cambodians, and in line with the Bali Accords, the right to be “free from outside interference, subversion and coercion and non-interference in the internal
affairs of the states of Southeast Asia” (Gyngell 1982:134). It was followed by a Malaysian-led ASEAN-sponsored UN Resolution a few months later. This again called for the removal of Vietnam’s troops, and free elections in Cambodia under UN supervision. This proposed resolution put ASEAN and China on the same side. Hussein also exhorted ASEAN states to recognise the Chinese-backed Pol Pot’s KR as the legitimate governing regime perhaps because Vietnam was adamant in resuming its occupation of Cambodia after installing its own puppet regime. Following this, Malaysia, on behalf of ASEAN, sponsored a UN seat for Pol Pot, despite the KR’s macabre reputation (Chen 1987:127).

In sum, Hussein adopted a mix of bilateral strategies (high-level visits) and multilateral strategies (ASEAN as a focal point) in Malaysia’s policy towards China. Tellingly too, there was a near-absence of any flashpoints in the Spratlys dispute, perhaps because Hussein made no attempt to enforce its claims besides releasing a map of it. Pursuant to the neoclassical realist model of DL presented earlier, the last section looks at how Hussein’s China policy contributed to the performance legitimacy of his governing regime, which then helped justify the right of Hussein to rule at home in Malaysia.

4.6 Performance Legitimacy of the Hussein Governing Regime

4.6.1 Economic Benefits from Sino-Malaysian Trade

Hussein presided over a healthy Malaysian economy with GDP rising from US$9.89 billion in 1976 to US$24.937 billion in 1981 (see Table 9). KL remained the foremost exporter of rubber and also benefited from record world commodity prices (Morais 1981:54). Under Hussein, two-way trade between Malaysia and China expanded from US$179.2 million in 1976 to US$362 million in 1981 with the peak at US$469 million in 1980 (see Table 9). Malaysia’s rubber exports to China fluctuated from 1976 to 1981 although they peaked at 130,400 tons in 1977 (see Table 9), the highest amount of rubber exported to China to date. Crucially, a healthy economy, of which Sino-Malaysian trade was a contributor, “enabled redistribution of employment, income and ownership of productive assets [that] has been fair and equitable to all” (cited in Morais 1981:72). Put differently, a
steady economy provided Hussein’s government with an adequate funding base to improve the economic position of the Malays as per the restructuring aims of the NEP without adversely affecting the Chinese. For example, the mean annual household income of all ethnic communities rose between 1971 and 1979: Malays increased by 13%, Chinese by 12%, and Indians by 11% (Sundaram 1983:51-54). Poverty reduction was also evident when from 1975 to 1980, poverty in rural areas was reduced from 77% to 55.1% (Mustapha 1983:98-108), and urban poverty reduced from 19% to 12.6% (Lim 1983:51). Moreover, Malay investment in the corporate sector, both individual and through agency participation, increased from 2.4% in 1970 to 12.4% in 1980 although it was still some way from meeting the NEP target of 30% by 1990 (Lim 1983:56). So the economic fruits derived from Sino-Malaysian trade benefited both Malays and Chinese. This, in turn, boosted Hussein’s support, and augmented his legitimacy to rule at home.

<table>
<thead>
<tr>
<th>Years</th>
<th>Annual GDP (Billion US$)</th>
<th>Imports from China (Million US$)</th>
<th>Exports to China (Million US$)</th>
<th>Imports + Exports (Million US$)</th>
<th>Export of Rubber to China ('000 tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>9.89</td>
<td>134.4</td>
<td>44.8</td>
<td>179.2</td>
<td>61.7</td>
</tr>
<tr>
<td>1977</td>
<td>11.754</td>
<td>140.5</td>
<td>119.9</td>
<td>260.4</td>
<td>130.4</td>
</tr>
<tr>
<td>1978</td>
<td>13.975</td>
<td>221</td>
<td>110</td>
<td>331</td>
<td>95.5</td>
</tr>
<tr>
<td>1979</td>
<td>16.658</td>
<td>223</td>
<td>182</td>
<td>405</td>
<td>110.3</td>
</tr>
<tr>
<td>1980</td>
<td>21.603</td>
<td>253</td>
<td>216</td>
<td>469</td>
<td>95.1</td>
</tr>
<tr>
<td>1981</td>
<td>24.937</td>
<td>274</td>
<td>88</td>
<td>362</td>
<td>54.5</td>
</tr>
</tbody>
</table>


4.6.2 Contribution to Regional Security and American Military Presence

Hussein’s China policy contributed to regional security in three ways. The first was to build upon Razak’s ZOPFAN proposal by pushing for the enactment of the Bali Accords against the backdrop of the Indochina conflict. One such party was China, which through
its high-level bilateral visits with Malaysia, gave support to the Bali Accords albeit rhetorical only after Beijing had invaded Vietnam in 1979. Secondly, Hussein contributed to efforts, on behalf of ASEAN, to involve the international community to find a resolution to the Indochina, and specifically, Vietnam-Cambodia conflict. Concurrently, Hussein sought to reiterate ASEAN’s united position at the UN in its recognition of Pol Pot’s Khmer-Rouge as Cambodia’s rightful governing regime, its macabre reputation notwithstanding. Doing so would delegitimise Vietnam’s Heng Samrin regime, and put sufficient international pressure to bear on Hanoi so that it would be compelled to withdraw from Cambodia. The third contribution concerned Hussein’s reiterations to find a speedy resolution to the refugee crisis that was destabilising the region. Success on this score would then alleviate the pressure of regional states to take in the refugees, not least to avoid the negative impact on Malaysia’s fragile ethnic political situation.

Hussein became the first ASEAN leader to meet the new US President Jimmy Carter in September 1977. He hoped to secure an agreement for some US military presence to balance the influence of the Soviets and Chinese in the region. Despite Malaysia, like its ASEAN counterparts, being “less disposed to express their interests in an American military presence in the region, all of them are favourably inclined towards an American underpinning of their political and economic viability” (Chin 1980:123). In a way, ASEAN viewed an American naval presence in Southeast Asia as a form of insurance towards contributing to regional security. Describing Malaysia curiously as a “model for human rights”, as this concept was a cornerstone of US foreign policy, Carter pledged to Hussein that Washington “will continue to have substantial interest in Southeast Asia” (ST 29 September 1977). In particular, America extended military sales to ASEAN, with Malaysia receiving US$13.5million in 1978. Further, in 1980, Malaysia bought 88 Skyhawk jets from the US Navy at a cost of US$320million to upgrade its air force (Sodhy 1991:350).

It can be argued that efforts made by Hussein’s government to ensure the security of the region would have received broad support from the population at home. This is because the security of the region contributes to the security of the state in the region, which then provides a more secured environment inside the state. Despite the fact that
the Indochina conflict continued beyond Hussein’s premiership, his contribution to regional security, chiefly his efforts to address the Indochina conflict was later built upon by his successor, Mahathir, as will be discussed further in Chapter Five of this thesis.

4.6.3 Internal Military Strength and External Defence Arrangements

The expansion of Malaysia’s maritime area of responsibility after Malaysia published a map of its claims in the SCS in 1980 necessitated Hussein’s government to boost the country’s national defence. For example, the Malaysian Armed Forces (MAF)’s Chief-General Sany Ghaffar cautioned in 1979 that Malaysia needed to expand its current 65,000-strong military to meet the external threats coming from Indochina (NST 5 December 1979). Set against this, Hussein’s government increased Malaysia’s defence expenditure on the one hand, but was also realistic on Malaysia’s defence capability on the other when he conceded that “Malaysian forces could only respond to regional dangers and that aggression from the outside world would still have to be met by international aid” (cited in Mehden 1981:251). Central to Hussein’s national defence strategy was the launch of a Special Army Plan in 1978 called PERISTA. Based on the policy of self-reliance, PERISTA was a set of initiatives crafted to enhance MAF’s strength and firepower of the land, air and sea. PERISTA constituted the bulk of defence spending in Hussein’s Third Malaysia Plan (1976-1980), which was twice as much as Razak’s Second Malaysia Plan (1971-1975). That the actual defence expenditure steadily rose from RM1117.2million in 1976 to RM2253million in 1980 (see Table 10) suggests that Hussein was pursuing greater self-reliance on security matters. The army strength also increased from 52,000 in 1978 to 80,000 by 1983 (Jeshurun 1994:197). The development of Lumut Naval Base was also expedited, and modern naval equipment was purchased to convert the Royal Malaysian Navy (RMN) from a mere coastal force to one that was ocean-going to better protect the country’s offshore interests (Alagappa 1987:184). The air defence network was also enhanced in part by Malaysia purchasing 88 Skyhawk fighter jets and 4 R5-5E Tiger-eye aircrafts from America so as to provide more effective surveillance of the country’s EEZ area (Kasmin 2009:182). Despite this increased defence expenditure to enhance its power capabilities, MAF remained a supposedly effective deterrent force only in the event of limited external aggression (Alagappa 1987:183).
Hussein was also receptive to the FPDA as a means of boosting the country’s national defence. He was heartened that Britain agreed to retain a modest military presence under the FPDA framework despite the country having undergone three political leadership changes in the Hussein period. But Hussein remained sceptical about the FPDA given the apparent reluctance of Britain and Australia to come to Malaysia’s aid in times of need (Alagappa 1987:186). As such, Hussein sought to build security cooperation from within the region such as when Malaysia entered into a Bilateral Military Cooperation Agreement with Indonesia in December 1976. In the main, Hussein’s efforts to provide a more secure environment by boosting the country’s national defence would have resonated with all Malaysians. Success on this score would enhance economic activity, which would be welcomed by the Chinese, while a strong national defence would enable Malaysia to protect its territorial integrity, and by extension the land of the Malays.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Allocation for Defence Expenditure</th>
<th>Actual Defence Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>1026.0</td>
<td>1117.2</td>
</tr>
<tr>
<td>1977</td>
<td>1346.2</td>
<td>1324.0</td>
</tr>
<tr>
<td>1978</td>
<td>1646.5</td>
<td>1406.0</td>
</tr>
<tr>
<td>1979</td>
<td>2879.0</td>
<td>1704.0</td>
</tr>
<tr>
<td>1980</td>
<td>2552.0</td>
<td>2255.0</td>
</tr>
</tbody>
</table>

Source: (Alagappa 1987:174)

4.6.4 1978 Malaysian General Elections

Compared to the 1974 GE, the 1978 GE was a more subdued affair as far as Malaysia-China relations was concerned. This was due to three main reasons. One, Hussein’s maiden trip to China came about 10 months after the GE which took place in July 1978. Two, the 1978 GE was primarily fought on domestic political issues. Three, Hussein’s government banned all public rallies, which then compelled parties to use door-to-door campaigning, tape-recorded speeches and indoor rallies as alternative mediums to connect with voters (Kassim 1979:31). Predictably, BN overwhelmed its opponents by
gaining 94 of 114 parliamentary seats in Peninsular Malaysia as shown in Table 11. BN’s share of the popular vote under Hussein in Peninsular Malaysia however decreased to 55.3% from 63.2% under Razak in 1974. Even so, the margin of victory was better than expected considering that PAS was a member of the BN coalition in 1974, but stood its own ground in opposition for the 1978 GE, and so shifted its support away from UMNO. That BN still won and made inroads into PAS strongholds suggest that the support of most Malays in Malaysia was still with BN. It was however a different story when it came to the Chinese vote: BN conceded some Chinese electoral support to DAP as evidenced by DAP almost doubling its parliamentary representation from 9 to 15 seats in Chinese-majority districts. Nonetheless, Hussein’s leadership of BN was legitimised after the 1978 GE, with the basic structure of the coalition remaining intact (Means 1991:68).

<table>
<thead>
<tr>
<th>TABLE 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978 Malaysian General Elections</td>
</tr>
<tr>
<td>Malay or Chinese Contested Parliamentary Seats</td>
</tr>
<tr>
<td>Peninsular Malaysia (Excluding Sabah and Sarawak)</td>
</tr>
<tr>
<td><strong>Selected Political Parties</strong></td>
</tr>
<tr>
<td>BN Kuala Lumpur - UMNO</td>
</tr>
<tr>
<td>BN Kuala Lumpur - non-parti</td>
</tr>
<tr>
<td>BN Kuala Lumpur - MCA</td>
</tr>
<tr>
<td>BN Kuala Lumpur - Gerakan</td>
</tr>
<tr>
<td>BN Kuala Lumpur - PPP</td>
</tr>
<tr>
<td>Opposition - PAS</td>
</tr>
<tr>
<td>Opposition - DAP</td>
</tr>
</tbody>
</table>

NB: 55.1% also includes support for MIC whose Indian candidates won 3 parliamentary seats
Source: (Kossim 1978:66)

However, there were indirect references made to Malaysia-China relations in the course of the 1978 GE. One, the GE was held in a period when the economy was healthy and commodity prices were high, especially those of tin and rubber (Lee 1980:178). In this regard, Sino-Malaysian economic relations were seen as a contributory factor. Two, BN’s GE manifesto, while focused on issues of ethnic conflict management and economic development, also included a small part on foreign policy. This stated how Hussein’s government would be able to provide peace and stability to Malaysia (Means 1991:67). Hussein assured the electorate that the UMNO-led BN government “would take all
necessary measures to safeguard the sovereignty and security of the country both from internal and external forces” (cited in Morais 1981:152). In other words, Hussein’s government had the threat of China in mind, and in particular, was concerned about the regional implications on the conflict in Indochina. Third was the impact of the China-backed CPM issue on the 1978 elections. Public rallies were banned as, according to the Inspector-General of Police Hanif Omar, “intelligence reports indicated that CPM intended to commemorate its armed struggle anniversary by creating violent incidents in various parts of the country to boost the morale of its members” (Star 5 June 1978).

4.6.5 Sticking Points and Contending Perspectives

Perspectives of Malay-Dominated Parties

While UMNO backed Hussein to stabilise Malaysia-China ties, there was tension within the party, because the communism issue was still unresolved, and Beijing refused to cease its links with the overseas Chinese (Wong 1984:114). UMNO Youth Chief Suhaimi Kamaruddin, for example, called for the Vietnamese boat-people (most of whom were Chinese) to be shot-on-sight as initially favoured by Mahathir, and led UMNO Youth in a protest outside the US Embassy after the Whitehouse castigated Malaysia for towing the boat-people back into the sea to die (ST 4 August 1979). Some UMNO leaders even called for a review of Malaysia’s China policy (Lim 1976). Far more virulent was PAS which left the BN coalition in 1977 after the Kelantan crisis (Means 1991:61-64). Not only was PAS Malay-centric, its outlook also became radically-Islamic, chiefly after its members were inspired by the Iranian Revolution. A stronger pro-Muslim outlook made PAS sympathetic to the plight of the Muslim minorities in Thailand and the Philippines to the extent that PAS President Asri Muda called the struggle against their governments ‘Jihad’ (Yegar 2002:164). Given also that communism was godless in nature, and due to Beijing’s repression of Muslim minorities especially in Xinjiang, it can be argued that PAS opposed any relationship with China. So unsurprisingly, at PAS’ Annual Convention in 1978, its Youth and Women’s sections passed a resolution to “sever diplomatic ties with

137 The election timing coincided with CPM’s 48th anniversary.
China” (ST 27 November 1978). Further, the ‘Young Turks’ of PAS, which had effectively made Asri a figurehead, were opposed to Hussein’s recognition of KR as the governing authority of Cambodia.\textsuperscript{138} This was because the regime was seen to be responsible for the massacre of more than 500,000 Cham Muslims who had been judged to be alien to Khmer culture. PAS had affinity with the Chams because its stronghold of Kelantan had names of places that were adopted from the Champa language (NST 2 October 1988).

\textit{Perspectives of Chinese-Oriented Parties}

MCA and Gerakan leaders were restrained in their criticism of Hussein’s China policy despite travel restrictions to China still in place. Noted Hussein: “the government has no intention of lifting restrictions on social visits to China as it continues to support the communist group operating within Malaysia” (cited in Jain 1984:273). Similarly, in 1980, Ghazali Shafie asserted that so long as the CCP behaved the way it did, there was “no hope of people to people relations as far as I am concerned” (cited in Jain 1984:285). Such travel restrictions suggest that the Malay ruling elites still doubted the loyalty of the Malaysian Chinese. This is despite the fact that, according to one survey, “there were strong indications that ‘China’ has ceased to be an issue since the 1974 rapprochement [because] they were less concerned with international politics than they were with domestic issues which impinge directly on their lives” (Saravanamuttu 1981:44). According to one other survey, Malaysian Chinese were indifferent to Deng’s KL visit, because according to one respondent, “Deng has no connection with us here” (ST 5 December 1978). That said, the Chinese were showing greater unease due to domestic policies which was seemingly impacting them. It was against this backdrop that MCA hosted a seminar of 500 people to chart the future of the Chinese community (ST 6 May 1979). That said, MCA and Gerakan leaders were not restrained from travelling to China to boost bilateral relations: Senate President and MCA member Omar Yoke led the first Malaysian parliamentary delegation to China in 1980 (ST 7 October 1980); and Penang’s Chief Minister and Gerakan President Lim Chong-Eu led a seven-member Penang State Delegation to China in 1978 to promote investment in his State (ST 14 October 1978).

\textsuperscript{138} Interview with anonymous PAS member.
The speeches of DAP’s Secretary-General Lim Kit-Sian suggest that the party was supportive of Hussein’s approach to resolve the Indochina conflict. Like Hussein, the DAP called for an UN-sponsored International Conference to end the violation by Vietnam of Cambodia’s national sovereignty, and to seek a resolution to the refugee crisis in South-east Asia (Lim 1979a). But DAP’s leadership disagreed with Hussein on two issues. First, it saw the USSR and its surrogate Vietnam, instead of China, as the principal threat to the region. Further, when there was a risk of a rupture in Sino-Malaysian relations, DAP’s leadership warned against it because doing so “would put the clock back in the foreign policy of Malaysia and make the KL Declaration of wanting to turn Southeast Asia into a Zone of Peace, Freedom and Neutrality into an impossibility” (Lim 1976). Second, DAP was opposed to towing the Vietnamese refugees back into the sea or worse still, to shoot them. This was because Malaysia had humanitarian responsibilities, and for Lim, the country thus needed to be mindful of its international image. Repeated negative stories in the foreign press could tarnish the reputation of the country (Lim 1979b). Lim also reminded Hussein’s government that despite the refugees being mostly ethnic Chinese, the Malaysian Chinese were visibly restrained in their reaction, and displayed almost no public support for them. Noted Lim, the Malaysian Chinese “have gone out of their way not to do or say anything on the refugee question which could remotely be misconstrued as siding with ethnic Chinese from other countries against the interests and welfare of Malaysia…It was a mark of loyalty and attachment to Malaysia.” It was this very loyalty that made the DAP call on Hussein to dispense with a cautious approach, and establish instead closer bilateral relations with China. In so doing, travel curbs can be abolished, and about 200,000 stateless Chinese can be given citizenships (Lim 1979c).

The most important implication of the perspectives of the opposition parties was that it limited to a degree the performance legitimacy of Hussein’s governing regime. This is mainly because, as established parties, they had their own membership base and voting blocs. On the one hand, the PAS leadership criticised Hussein for continuing Malaysia’s relations with China, while on the other, the DAP leadership criticised Hussein for not establishing closer relations with China as testified by his cautious approach. There was
also some dissension within the ranks of BN’s component parties especially of UMNO. However, on balance, UMNO members fell in line with Hussein’s China policy.\textsuperscript{139}

4.7 Concluding Remarks

It was Hussein’s care for domestic legitimation, which was influenced by his perceptions of firstly, the external strategic environment and particularly, of the China-threat, and, secondly, the ethnic political situation that drove him to continue Razak’s policy of cautious rapprochement with China. Seen differently, the systemic pressures that came from the China-threat were mediated by Hussein’s attention to DL, and in particular, of Hussein’s perceptions of both external and domestic considerations before taking the decision to sustain Razak’s China project. Hussein’s perception of China as a threat was shaped by the accelerated rise of China as the third pole in the international system after Deng’s ascendance to become China’s paramount leader; building-up of China’s military capability and an increase in its projection in the region; Beijing’s embroilment in regional affairs as evinced by its invasion of Vietnam and the Spratlys dispute; the refugee crisis that threatened to imbalance the ethnic ratio in Malaysia; and Beijing’s ongoing interference in Malaysia’s internal affairs through its affinity with the local Chinese and its support for the CPM. But despite the prevalence of the China-threat, which threatened to rupture Malaysia-China relations, Hussein defied conventional wisdom by continuing Razak’s China policy. This decision can be attributed to Hussein’s perception of China as a potential economic opportunity after Deng’s open-door policy, which could bring about benefits to Malaysia; Hussein’s learning from Razak to assess the China factor in cost-benefit terms; Hussein’s ‘balanced and corporatist’ leadership style which led to an injection of ‘realism’ into his foreign policy decisions; and Hussein’s likeable personality and kehalusan in his diplomatic interactions with the PRC leaders.

To influence the course of Malaysia-China relations, Hussein adopted a mix of bilateral and multilateral strategies. The former was through high-level trips like Deng’s 1978 visit to Malaysia, and Hussein’s 1979 visit to China – in the hope of enhancing Sino-Malaysian

\textsuperscript{139} Interview with Tengku Rithauddeen.
economic relations and settling the outstanding political issues as was enshrined in the 1974 Joint Communiqué. The latter was through ASEAN as the fulcrum to mitigate, if not eradicate, the involvement of external powers – in particular, China – in regional affairs. To this end, Malaysia actively lobbied for the Bali Accords which has been described as a progressive move towards realising peace and stability in Southeast Asia; pursued, together with Suharto’s Indonesia, the Kuantan Principle which called for a negotiated political settlement to the Cambodian conflict and the withdrawal of China and USSR from Indochina; and served as the leading proponent at the UN on behalf of ASEAN for the KR to continue being recognised as the rightful governing regime of Cambodia.

Hussein’s right to govern at home was legitimated by his government’s performance in managing Malaysia’s ties with China. The Hussein governing regime’s domestic political survival was made more crucial given the factionalised politics within UMNO, and the outpouring of Muslim religiosity on an unrivalled scale, which had the effect of disuniting the Malays and driving a wedge between Muslims and non-Muslims. Testament to this performance legitimacy were the economic benefits from Sino-Malaysian trade; and contribution to regional security by getting Beijing’s support for the Bali Accords albeit more rhetoric than real, involving the world community to resolve the Cambodian crisis, and finding a speedy resolution to the refugee problem that had destabilised the region. However, the one major difference between the Razak and Hussein periods was that while Razak played the China card in that he made a trip to China prior to the 1974 GE, Hussein chose not to do the same as he made a trip only after the 1978 GE. As such, it can be argued that, apart from some indirect references made to China, Malaysia’s China policy had no bearing on Hussein’s comfortable victory in the 1978 GE.

Given however the recurring perception of China as a threat, especially since it persisted with its support for the CPM and stewardship of the Malaysian Chinese, Malaysia bolstered its internal military strength chiefly through PERISTA, participated in the FPDA, and convinced Jimmy Carter to redeploy the US military in Southeast Asia so as to act as a counterweight to PRC’s influence in the region. In so doing, Hussein hoped to further enhance the legitimacy of his regime by showing to Malaysia’s ethnically-diverse
population that his government was capable of taking countermeasures to preserve Malaysia’s security vis-à-vis the perceived China-threat. Contending perspectives from PAS and the DAP, given their own membership base and voting blocs as established political parties, would have also limited, to a degree, the performance legitimacy of, or the support for, Hussein’s governing regime. To conclude, the implications of Hussein’s China policy were twofold. Firstly, it prevented a rupture in Malaysia-China relations, and, secondly, Hussein’s continuation of Razak’s China project was ephemeral in that Hussein, who was seen as a transitory figure of stabilising influence, resigned after only five years in office. He was replaced by Mahathir who was responsible for the second significant shift in Malaysia’s China policy, as will be discussed in the next chapter.
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MALAYSIA-CHINA RELATIONS UNDER MAHATHIR MOHAMAD:
TOWARDS MEASURED ENGAGEMENT

5.1 Introduction

This chapter investigates the relationship between ethnic politics and Malaysia’s China policy during the early Mahathir period from 1981 to 1989 by applying the neoclassical realist DL model (see Figure 7). This chapter suggests that Malaysia’s policy towards China had shifted from cautious rapprochement under Razak and Hussein to measured engagement under Mahathir. Mahathir threw caution, which underpinned Malaysia’s China policies under Razak and Hussein, to the wind by adopting a more direct approach of engagement but with a certain measure of moderation. In a sense, Mahathir’s China policy in the first decade was a midpoint between cautious rapprochement in the pre-Mahathir period and full-scale normalisation in the Mahathir period of the second decade. As will be seen later, such a measured engagement is premised on the twin ideas of economic pragmatism and political vigilance (see Leong 1987). Engagement, defined from the standpoint of neoclassical realist scholar Randall Schweller, refers to “the use of non-coercive means to ameliorate the non-status quo elements of a rising major power’s behaviour. The goal is to ensure that this growing power is used in ways consistent with peaceful change in regional and global order” (Schweller 1999:14). Also, engagement “involves the use of rewards and threats to influence the revisionist state such that it behaves more in accordance with the rules of the established order” (Schweller 1998:75). Of relevance here is that Malaysia was the initiator of engagement, China was the rising major power, and the established order is that of Southeast Asia.

140 Then-Malaysian Ambassador to China called the relationship “constructive engagement” (Jaafar 2013:94).
Pursuant to the Mahathir period as a move towards measured engagement, this chapter examines why and how Mahathir was responsible for a second shift in Malaysia’s China policy despite the ongoing conflict between the Malays and Chinese. This chapter argues that it was Mahathir’s care for DL, which was influenced by his perceptions of firstly, the systemic pressures, chiefly from an emergent China, and, secondly, the ethnic political situation that drove Mahathir to make a shift towards measured engagement. The systemic pressures, especially of an emergent China, were interposed by DL, that is, by the perceptions of Mahathir who also took cognisance of the ethnopolitical situation before arriving at this foreign policy decision. Furthermore, as this chapter will show, Mahathir’s China policy contributed to the performance legitimacy of his governing regime, which then helped justify the right to rule at home in Malaysia.

**FIGURE 7**

**Domestic Legitimation Model:**
A Neoclassical Realist Interpretation

*The Mahathir Mohamad Administration*
First Phase: 1981-1989

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Intervening Variable</th>
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<tr>
<td><strong>Malaysia’s External Strategic Environment</strong></td>
<td><strong>Care for Domestic Legitimation Of the Mahathir Governing Regime</strong></td>
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<th>Policy Assessment</th>
<th>Dependent Variable</th>
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<tr>
<td><strong>Performance Legitimacy Of the Mahathir Governing Regime</strong></td>
<td><strong>Towards Measured Engagement with China</strong></td>
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**External strategic environment incorporates in particular the pressures that emanate from an emergent China.**

**Domestic legitimation (intervening variable) incorporates:** Mahathir’s perceptions of
a. Malaysia’s external strategic environment
b. Malaysia’s domestic (ethnic) political situation
5.2 External Strategic Environment

5.2.1 Beijing’s Open-Door Policy and Tiananmen Incident

Mahathir was the last Malaysian PM to be confronted with a Cold War environment. Mahathir’s premiership coincided with the second phase of tripolarity, that is, the scaling down from confrontation among the strategic triangular powers - China, US and USSR - to the eventual collapse of USSR in 1991 (Yahuda 2011:73-81). Concomitant was China’s hastened emergence onto the global stage under Deng’s leadership. By 1989, before the Tiananmen protests\textsuperscript{141}, it was observed that “for the first time in modern history, China has finally joined the world, becoming a full-fledged member of the global political system” (Kim 1989:3). Deng’s initial pursuit of an open-door policy was now in full swing.\textsuperscript{142} The language of economic diplomacy was favoured in China’s relations with economic-friendly countries in order to serve its domestic agenda. In a way, foreign policy was an extension of China’s domestic policy in pursuit of the “greatest national interest”, which was economic progress (Harding 1987:242): “Whatever appeared good for China’s domestic economy became China’s foreign policy” (Robinson 1994:568).

To develop the country economically, the PRC leadership advocated “a favourable and peaceful international environment so as to pursue the priorities of domestic economic development” (Yahuda 2011:74). Deng declared at the CCP Congress in 1982 that China would adopt an “independent foreign policy of peace”, which was in line with Zhou’s Five Principles of Peaceful Coexistence. That is, to protect China’s “independence, security and sovereignty, and adopt a positive attitude towards safe-guarding world peace” so as to cultivate a “long-term peaceful international environment for China’s socialist modernisation drive” (Liu 1997). Similarly, Premier Zhao Ziyang stated in 1984 that “we do not attach ourselves to any big power, and are not subject to any big power’s will. We have determined our foreign policy in line with our judgement on international affairs formed according to fundamental interests of the Chinese people”

\textsuperscript{141} On an in-depth look at the Tiananmen incident, see Barth (2003); Zhao (2001).
\textsuperscript{142} Four Special Economic Zones were created as to attract foreign capital. Foreign investments were encouraged, and China began to conduct significant economic exchanges with other countries (Ross 1994:442-450).
(Peking-Review 1984a). In short, China wanted to rebrand itself as a ‘non-threatening’ power that favoured independence in its foreign policy to advance its national interests.

Along those lines, Deng tried to build relations with “socialist countries and countries with different social systems, third world and second world countries, and the US and Soviet superpowers” with China identifying itself as a “poor country belonging to the Third World” (Peking-Review 1984b). Concurrently, Deng was reluctant for China to become a leader of the Third World because “we cannot afford to do this, and besides, we are not strong enough” (cited in Cheng 1998:225). So unsurprisingly, China began to adopt the language of cooperation instead of confrontation as it started to believe that “it was futile to use force and subversion to settle differences in politics and ideology” (Peking-Review 1984c). Ideology also became less of an issue within China and in its external relations after Deng begun to dismantle much of Mao’s ideological legacy. The de-emphasis on ideology in China’s foreign policy was confirmed when Deng proclaimed that “China did not import its revolution nor will it export revolution. What road a country may choose is its own business, and has nothing to do with China” (Peking-Review 1981). For the first time since 1949, China renounced exporting the revolution. Deng also noted that the path taken by communist parties elsewhere were of their own accord because “no party, no matter how big and how old it is, can claim to be a supreme spokesperson” (Peking-Review 1983). As such, China appeared to have both at once dropped pretensions to being a world leader, and a gatekeeper of world communism.

Deng’s open-door policy also led to a cautious push to improve China’s relations with the superpowers. After USSR publicly recognised China as a socialist country in 1982 (Harding 1988:21) and upon the accession of Mikhail Gorbachev in 1985\(^\text{143}\), the Kremlin began to disengage gradually from regional conflicts such as in Indochina, and sought to heal the Sino-Soviet split by normalising relations, which occurred in May 1989 (Yahuda 2011:76). Concurrently, Deng navigated Beijing closer to Washington as the latter was seen as pivotal in opening China up to the global economy especially since America was

\(^{143}\) Besides major domestic reforms of glasnost (openness of state institutions) and perestroika (restructuring of the economic system), Gorbachev also stressed the need for new political thinking in foreign policy (see Holloway 1988).
seen by Deng as the “centre and powerhouse of high technology in the world” (Yahuda 2011:74). But Sino-American relations were not smooth-sailing due to the Taiwan issue and the 1989 Tiananmen Incident. China was displeased with the big increase in arms sales to Taiwan during the Ronald Reagan administration although the Taiwan issue was considered more as an irritant than an obstacle in Sino-US relations (Ross 1993:165-166). Also, Sino-US relations reached a nadir after America, alongside Western Europe, condemned China’s crackdown on pro-democracy protests, suspended all arms sales to China, and imposed economic sanctions on China. The net effect was an acute downturn in China’s relations with the West, and a sudden halt to Deng’s economic modernisation programme. This is because the Tiananmen crackdown not only led to economic sanctions, but it also undercut investor confidence, due to perceived political instability in the country. So unsurprisingly, Deng’s economic programme only resumed after he embarked on his southern tour within China in early 1992 (Vogel 2011:664-692).

5.2.2 Indochina Conflict, Spratlys Dispute, and Sino-Vietnamese Naval Clash

The Indochina conflict remained unresolved during the first decade of Mahathir’s premiership. There were no major clashes besides the continued occupation by Vietnam of Cambodia, and sporadic Vietnamese border raids into Thailand throughout the 1980s in pursuit of China-backed Cambodian guerrillas seeking refuge in the Chanthaburi province. It thus came as no surprise that ASEAN and the US blasted Vietnam’s raids as a “clear violation of international law” (NYT 30 May 1987). Add to that the unresolved refugee crisis that saw Vietnamese boat-people continue to arrive on Malaysia’s shores with the total reported as high as 252,452 in the 1980s, and there being no long-term solution in sight (NST 25 October 1994). In addition, Mahathir was the first Malaysian statesman to enforce his country’s claim in the Spratlys by deploying a small naval force to occupy Swallow-Reef in 1983, and Mariveles-Bank and Ardasier-Reef in 1986 (Storey 2011:217). Mahathir’s rationale was to do with his frustration over the loss of Amboyna Cay to Vietnam because of Hussein’s indecisiveness (Mahathir 2012:317). Mahathir’s maritime policy came to be called “assertive and proactive”, that is, through a strategy

144 One estimate of the death toll ranged from several hundred to more than 2000 (NYT 4 June 1999).
of “possession, presence and effective control” (Shee 2004:70). Of note too was an international agreement that came into being called the UN Convention Law of the Sea (UNCLOS) in 1982. That the demarcation of the EEZ under UNCLOS was similar to Hussein’s 1979 continental map seemingly implied that there should be no dispute as far as Malaysia was concerned regardless of China’s own maritime claims in the Spratlys.

Beijing’s response to KL’s occupation of Swallow Reef was immediate but restrained. China’s Foreign Ministry issued a protest note by restating that “China had indisputable sovereignty over the Nansha Islands and the nearby waters and that the natural resources in these areas belong to China” (Lo 1989:36-37). But China stopped short of escalating the issue as Beijing wanted to keep KL on its side against Moscow. China’s response to Malaysia’s claim was thus cautious and low-key without surrendering its claims (Lo 1989:155-156). In fact, China’s reaction vis-à-vis the claimants were seen as discriminatory as it applied varying standards to different states. So while PRC’s reaction to Malaysia was mild, it was harsher when dealing with Vietnam. In a way, China’s handling of the Spratlys dispute was a “function of its anti-Soviet diplomacy in Southeast Asia” because China was “more concerned about the strategic significance of the South China Sea in the superpowers’ rivalry and their policies towards China than about the [Spratlys] dispute” per se (Chen 1994:894). But the Chinese reaction began to change in the mid-1980s with the accession of Gorbachev, and the attendant scaling down of the Sino-Soviet conflict with the “decoupling [of] local and regional conflicts from global superpower rivalry” (Kim 1992:247-252). As such, China then began to focus more on its interests in the region. China’s economic programme became the impetus for China to assert forcefully its position in the Spratlys as early studies suggested there was oil and gas reserves in this area that could fuel its economic growth (Garver 1992:1017-1020).

In 1985, Deng shifted China’s military strategy to conducting “people’s war under modern conditions”, that is, to conduct “military conflict with neighbouring countries in a limited region and military conflict in territorial waters...” (Shambaugh 2002:64). The focus moved from increasing the quantity to improving the quality of the military. For example, the CCP’s Central Military Commission pursued the construction of second-
generation warships as an integral component of modernising the Chinese navy (Huang 2010:22). Attendant to this new military doctrine was China’s military budget which was the world’s third largest in the 1980s (Robinson 1994:581). In fact, the modernisation of China’s defence capability continued unabated with Chinese naval vessels “operating further away from the China coast” (Swanson 1984). As such, China arguably planned to project its power in maritime terms by enforcing its claims in the SCS (Leong 1987:1117).

Against the backdrop of improved relations with the US and USSR, and modernisation of its armed forces, China was in an improved position to enforce its territorial claims. Not least against its arch-nemesis Vietnam which was also burdened militarily with its occupation of Cambodia. After conducting naval exercises in 1984 and 1986 nearby the islands occupied by Vietnamese, and setting up ‘observation stations’ on some of the Spratly Islands in 1987, Beijing’s conflict with Hanoi peaked with a naval clash in March 1988 (Khoo 1993:189-190). Given Beijing’s military prowess and deliberate inaction by Moscow, it was unsurprising that China effortlessly defeated Vietnam by capsizing three Vietnamese naval vessels (Milivojevic 1989:74). From Beijing’s perspective, its military move was to mark its territory before other claimants occupied even more islands than they currently do. It was effectively a scramble for territorial acquisition on a first-come first-served basis. That China also begun to construct platforms and helipads in the immediate aftermath of its naval victory over Vietnam suggests that Beijing intended to be in the region for the long haul (Milivojevic 1989:74). One implication from the Sino-Vietnamese clash was that Beijing now had the naval muscle to enforce its claims. Put differently, Beijing’s use of overwhelming power was an “effective reminder of China’s capacity and willingness to resort to force to meet a challenge” (Yahuda 1986:14-15). In fact, ASEAN claimants like Malaysia were anxious enough by China’s use of force to query whether it was only a matter of time before it too befalls them (Khoo 1993:191).
5.3 Ethnic Political Situation

5.3.1 Communism and the Overseas Chinese

It was reported that, by 1985, there were 200 guerrillas operating in five different factions along the Malaysia-Thai border, and about 90 communists in East Malaysia. Activities were limited to “propaganda offensives, booby-trap laying, and occasional acts of sabotage” (Sidhu 2009:13). One new development was China’s support for the Malay Nationalist Revolutionary Party (MNRP) in 1981. Led by Abdullah C.D., a CPM veteran, MNRP was tasked to secure the support of the Malays especially the poorer ones so as to both at once be in-line with the communist ideology and also lessen CPM’s Chinese image. Worse still, MNRP began to rehabilitate the North Kalimantan Communist Party, which shared the same revolutionary aim as the CPM, only this time in East Malaysia (Bahari 1988:244-245). Added to this was a new radio station in Thailand called the Voice of Malayan Democracy (VOMD) that replaced the VOMR. VOMD began to run the same covert and revolutionary broadcasts, but on a much weaker signal (Heaton 1982:788).

On the overseas Chinese policy, the Overseas Affairs Bureau of China issued a report to assist the Chinese Foreign Ministry in forging closer relations between the overseas Chinese and Beijing. The overriding aim of this report was to attract overseas Chinese participation in Beijing’s economic modernisation programme. It provided guidelines on how to “attract all Chinese without distinction who can contribute to Beijing’s latest, non-Marxist giant leap forward” (ST 20 November 1985). For instance, the Bureau gave special treatment to overseas Chinese businessmen, as evidenced by several reports of unauthorised visits by Malaysian Chinese to China (Bahari 1988:247). In fact, in 1984, it was uncovered that Malaysian Chinese were allowed to visit China clandestinely with special visas (‘Returned Overseas Chinese Travel Permits’) issued from Hong-Kong. Also, in the same year in 1984, the Chinese embassy in KL issued invitations only to the Malaysian Chinese to commemorate the 35th anniversary of China in Beijing. The same

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145 The States of Sabah and Sarawak comprises East Malaysia.
146 The report was titled ‘The Guiding Principles for the Policy towards Overseas Chinese’.
embassy also bypassed the Mahathir government when, during the Tiananmen Incident, it reached out to the Malaysian Chinese leaders to explain the situation to them.147

This report aimed to form an exclusive economic network between Beijing and the Malaysian Chinese. Of worry was “the very idea of Malaysian Chinese traipsing all over mainland China...which then sent shudders down many a [Home Ministry] spine” (Malaysian-Business 16 December 1985). This ethnic factor in the China trade was evinced too by the deep-seated resentment of the Malays against the ethnic, cultural and linguistic advantages enjoyed by the Malaysian Chinese in doing business with China148: the Malays wanted to be “just as able to pave a way there as those who have more direct ethnic ties” (Malaysian-Business 1 November 1985). Further, according to one Malay journalist, Beijing’s issuance of special visas to help the Malaysian Chinese “circumvent the laws of their own country is again indicative of China’s less than honest attitude on the question of the Overseas Chinese issue” (NST 18 September 1984). Moreover, there was a genuine worry that the easy access to Beijing could render the Malaysian Chinese “susceptible to communist influence and cause them, upon their return to Malaysia, to sympathise with, and support, the local communist movement; or evoke strong cultural emotions [among their brethren]” (Leong 1987:1112).

5.3.2 UMNO Factionalism, Operation Lalang, and Creeping Islamisation

Early in Mahathir’s premiership, factions within UMNO begun to emerge to dislodge him as UMNO President, and by extension, PM of Malaysia. To counter this, Mahathir began to purge “influential dissenting elements” within his inner circle especially those who were overzealous in competing against him for leadership of the party. Among them were Razaleigh and Ghazali Shafie who were prominent figures in past governments. Mahathir’s purge heralded the “most divisive period of party politics” in Malaysia (Shome 2002:139). The experience of factionalism left an indelible mark on Mahathir: he wanted to reform the way Malaysia was governed. In a sense, Mahathir wanted to

147 Interview with Michael Chen.
148 According to Malaysia’s then-Deputy Trade Minister, Bumiputra (Malay) participation in Malaysia’s trade with China was still less than 5% in 1985 (Malaysian-Business 16 February 1988).
entrench power in his leadership by extinguishing his political foes either vindictively or tactically (Shome 2002:144). Mahathir was able to do this in October 1987 by riding on a large police swoop, which was codenamed Operation Lalang (OL). It was because of the potential escalation of a conflict between Malays and Chinese that the OL was launched. This conflict stemmed from Chinese resentment over interference of the UMNO-led government in their community affairs when it sought to standardise the education system at the expense of vernacular education that was integral to the identity of the Chinese. In a way, it was a “Malay-dominated state’s attempt to regulate, control and marginalise Chinese education” (Lee 2000:5-9). In response, the Chinese looked to the Chinese educationist movement Dong Jiao Zong (DJZ)\(^{149}\) to safeguard the vernacular education of the Chinese. It led to 2000 Chinese leaders gathering at a temple in KL and calling for a three-day boycott of schools (Hilley 2001:241). Responding swiftly, UMNO Youth hosted a rally of around 10,000 Malays in attendance to denounce the boycott and condemn MCA leaders for colluding with DAP in championing the DJZ cause.

This nationwide security operation had the effect of exacerbating the conflict between the Malays and Chinese. About 106 people of mostly politicians and intellectuals of both Malay and Chinese ethnicities were arrested and detained under the ISA. That there were Chinese politicians and journalists apprehended aggrieved the Chinese community because they found themselves in a situation where they could not express, and protect their culture and identity (Means 1991:316). While the Malays welcomed the crackdown on Chinese political gatherings, they would have also been wary of Mahathir amassing too much power given that OL arrested far more Malays than Chinese. In one fell swoop, Mahathir shifted the balance of power to himself in that he was now effectively “the decisive arbiter” of critical policy issues in the country. In short, not only did Mahathir silence the dissent within a factionalised UMNO, but he also emasculated the opposition parties in Malaysia, that is, the DAP and PAS after the launch of OL (Means 1991:214).

\(^{149}\) It comprised the United Chinese School Committees’ Association and United Chinese School Teachers’ Association, which ran 1281 primary schools, and raised funds for independent Chinese secondary schools (Collins 2005:567-588).
Yet another issue was ‘Islamisation’ creeping into Malaysia with the coming into power of Mahathir, and the ascent of Yusof Rawa to the presidency of PAS in 1983. This was due to two reasons. Firstly, PAS adopted a radical version of Islamisation where it went on a kafir-mengkafir (allegations and counter-allegations of being an infidel) tit-for-tat crusade with UMNO. Secondly, Mahathir was obsessed with UMNO ‘out-Islamising’ PAS through the ‘bureaucratisation’ of Islam in governing the country. Besides calling UMNO kafir for condoning secularism by separating religion from the state and for maintaining the British colonial constitution after independence, PAS also called for ‘jihad’ on UMNO members and their supporters. Further, PAS criticised the NEP as ‘ethnic chauvinism’ given Islam’s recognition of equality among races (Liow 2009a:74). In response, among other initiatives, Mahathir revitalised the National Fatwa Council and PERKIM, and also co-opted Anwar Ibrahim – Malaysian Islamic Youth Movement (ABIM)’s populist leader – into UMNO. It was hoped that this co-option would enhance Mahathir’s religious legitimacy to rule by redefining the content of Islam through a state-led Islamisation policy (Nagata 1984:159). Further, Mahathir published a white paper titled ‘Threat to Muslim Unity and National Security’ in response to the threat to national security posed by extremist groups, which also implicated PAS members (Abdullah 1989:146). By also invoking the ISA as seen via the OL, UMNO arguably gained the upper hand over PAS in the Islamisation chess game. Significantly, the effect of Islamisation on ethnic politics was twofold. First, Malay disunity intensified as growing rift developed among Malay-Muslims of various persuasions not least between UMNO and PAS over the meaning and content of Islamic matters. Such a rift then enervated the position of Malays vis-à-vis non-Malays, chiefly the conflict with the Chinese. The second were non-Muslims being caught in the middle to the point of being targeted in the conflict between UMNO and PAS. This included apostasy controversies which will be discussed in the next chapter.

In sum, this section has shown that the conflict between Malays and Chinese persisted during Mahathir’s first decade in office. One was due to the China-linked communism and the overseas China policy, which were seen as a threat to the security of the Malays. Two was the apparent disunity of the Malays due to a heavily-factionalised UMNO, and the further rupture caused by UMNO-PAS competition on who propagates the correct
version of Islam. The third was the resentment showed by the Malaysian Chinese over the government’s education policy, which threatened to erase their identity. This led to a series of protests that culminated in OL, which exacerbated the rift between Malays and Chinese. The fourth was due to the Islamised atmosphere caused by UMNO and PAS trying to ‘out-Islamise’ each other, but with non-Muslims caught in the middle. Worse still, this ethnic conflict prevailed against the backdrop of the 1980s economic recession, which depressed prices of Malaysian commodities (Rachagan 1987:223). This recession impeded the progress of the NEP which Mahathir continued until 1990 (Means 1991:91).

5.4 Care for Domestic Legitimation and Mahathir’s Perceptions of China

5.4.1 Mahathir’s China Perception from External Strategic Environment

It is argued here that Mahathir’s care for DL was influenced by national security concerns in that Mahathir’s perception of China was one of a threat to Malaysia’s security. On the external front, the continued emergence of China has entrenched the international distribution of power as one of tripolarity. It was based on this notion that Mahathir called for rules of engagement so as “to ensure that big powers like Russia, the US and China understood each other” (cited in Jain 1984:325). Beijing’s threatening posture became evident with its continued regional embroilment through its military support for KR’s resistance to Hanoi’s occupation of Phnom Penh, and its assertiveness to defend its claims in the Spratlys, which peaked with the Sino-Vietnamese naval clash. That Deng’s China sought to improve atmospherics with USSR and US (pre-1989) suggests that Deng’s renewed thinking was to channel more resources towards regional matters. Unsurprisingly then that Mahathir’s spokesman Mon Jamaluddin warned that “China continues, in our mind, in the long run, to be a threat to the region” (SMH 11 July 1984).

Moreover, the China-threat was amplified in two important respects. The first was the reality that Malaysia was a small state in close proximity to a bigger power. In Mahathir’s words when referring to China, “historically, small countries on the periphery of a big and powerful state have always had reason to be wary” (Mahathir 1985). By the same
token, KL strongly urged Washington to “take into account the concern of small countries on the periphery of China” when its economic and technological superiority was being courted by Beijing (NYT 10 July 1984). The second was China’s increased military spending in tandem with its rapid economic progress. Compared to Malaysia’s defence spending of RM3332million (US$1040million) in 1981, PRC’s defence spending was much larger at ¥16.8billion (US$2.7billion) (SIPRI 1981). So unsurprisingly, China had a much stronger military than Malaysia, which, together with the fact that Malaysia also suffered from the 1980s global economic recession, suggests that Malaysia’s relative power position was much weaker than China in the international system. In fact, Mahathir viewed China’s military expansion as a direct threat to Malaysia. As cautioned by Mahathir, “an economically advanced China, would be equally a militarily strong China, which would then revert to the policies of hegemony” (NYT 10 July 1984). In fact, Mahathir forewarned that China “might march south after acquiring military strength following its modernisation programme” (ST 25 April 1985), and possibly become more aggressive towards Malaysia due to the unresolved Spratlys dispute (Mak 1991:151).

5.4.2 Mahathir’s China Perception from Ethnic Political Situation

On the local front, Mahathir’s perception of China as a threat to Malaysia’s security was reinforced by China’s interference in Malaysia’s internal affairs via its support for the CPM, and its tutelage of the Malaysian Chinese. Beijing’s insistence in maintaining ties with the communist guerrillas in Malaysia and elsewhere in the region as well as its subversive approach to expose overseas Chinese visiting China to communist doctrines made China, according to Mahathir, “a long-term threat to peace in Southeast Asia” (ST 20 November 1985). Further, Mahathir sarcastically remarked that “it is well-known that UMNO does not have any party in China” (cited in Jain 1984:306). It was also due to the communist issue that, contrary to Thailand and Singapore, Mahathir viewed China, not the USSR or its surrogate, Vietnam as “always [having] been a threat” to Malaysia (ST 25 April 1985).\(^{150}\) In fact, according to Mahathir, China will “continue to be the long-term threat to this region” (NST 10 July 1984) so long as Beijing did not totally renounce its

\(^{150}\) Ironically, Mahathir’s political secretary, Siddiq Ghouse was found to be a Soviet mole in 1981.
support for the outlawed CPM in particular (Tilman 1984:11). It is thus unsurprising that Mahathir expressed his opposition to the US Secretary-of-State George Shultz over Washington’s arms sales to Beijing. As reported, “It is all right for the United States to support China in its global strategy. But if its support for China will hurt us, then we have to tell them that arms could be used by guerrillas against us” (NST 7 October 1981).

From Mahathir’s perspective, the Indochinese boat-people also constituted a threat as they continued to arrive on Malaysia’s shores in large numbers (NYT 19 November 1989). That the boat-people were mostly Chinese meant that by seeking asylum, they could aggravate the conflict between the Malays and Chinese as the influx of refugees would lead to them upsetting the ethnic ratio of Malays to Chinese. Significantly, China’s intransigent behaviour was an impediment to the ongoing process of nation-building which sought to foster greater unity in Malaysia on the one hand while also reversing the economic ills of the majority Malays through the continued implementation of the NEP on the other. Of note was Mahathir’s heavy industries policy where, as crucial to his Industrial Master Plan, the Heavy Industry Corporation of Malaysia (HICOM) was established to “plan, identify, invest in, and manage such (heavy industrial) projects” (Milne and Mauzy 1999:64). Doing so would also assist Malaysia to meet its NEP targets by giving the Malays a chance to be trained as industrial managers and skilled blue-collar workers (Wain 2009:96). In the main, Mahathir was not as well-disposed to Beijing as his predecessors, Razak and Hussein for the reason that Mahathir was well-known for being strongly resentful of the economic influence of the Malaysian Chinese (Wong 1984:116). Mahathir’s standpoint can also be attributed to his strong Malay chauvinistic views as evidenced by first, his early writings under the pseudonym Che-Det which displayed nationalist undertones; by second, his Malay Dilemma treatise whereby he asserted that Malays were a “definitive people” and non-Malays subservient to them in Malaysia; by third, speaking out against Tunku’s proclivity towards the Chinese; and by fourth, blaming his defeat in the 1969 GE on the Chinese voters (Dhillon 2009:27-28).
5.4.3 Domestic Legitimation and Mahathir’s China Policy

As elucidated, Mahathir’s care for DL was influenced by the pressures of the China-threat which was external in its source, but had internal effects with Beijing’s communist expansionism policy, and its proclivity for the Malaysian Chinese. Moreover, DL was on Mahathir’s mind given the internal turmoil of UMNO factionalism, resentment of the Chinese to the Malay-dominated government’s policies on the economy and education, UMNO-PAS Islamisation rivalry, the 1980s global economic recession, and the OL, which exacerbated the conflict between the Malays and Chinese. Similar to both Razak and Hussein who were concerned about their UMNO-led BN regime’s domestic political survival, Mahathir also understood the need to get support of the Malays supplemented by the Chinese to justify the right to rule at home in Malaysia (Rachagan 1987:219-225).

It is noteworthy that Mahathir was more forthright about the China-threat than Razak and Hussein. Driven by the belief that “China has dangerous ambitions of her own in the region which she has refused to denounce” (cited in Jain 1984:316), Mahathir was more outspoken than his predecessors by publicly speaking out about the China-threat. For Mahathir, it was Beijing which was the longer-term threat to the region than Hanoi (SMH 4 February 1982), which, “in its present weakness, [does not] represent a dire menace” (NST 24 August 1981). Such a stance could be due to Mahathir’s proclivity for being a vocal straight-shooter and a staunch Malay nationalist opposed to outside interference in Malaysia’s internal affairs. Also, Mahathir opined that “relations with the big powers, really I put far down in my priorities” (cited in Jeshurun 2007:168). Given how publicly upfront Mahathir spoke out against the China-threat, one would think that Malaysia-China relations would at best stagnate, or at worst rupture. Instead, Mahathir chose not just to continue Hussein’s China policy, but also to make the additional stride to seek a more direct policy response of pursuing measured engagement with China.

Crucial to this policy shift was Mahathir’s China perception within the context of DL. Firstly, as Hussein’s Trade and Industry Minister, he garnered the political experience to assess the China factor in cost-benefit terms. Mahathir, as Trade Minister, pushed for
more direct trade between Malaysia and China (cited in Jain 1984:262). Moreover, the domestic turmoil also “motivated much of his new thinking on national economic strategy and how to deal with emerging realities of a new international economic order” (Jeshurun 2007:164). So, just as Mahathir’s perception of China was a long-term threat to Malaysia’s national security, it was also one of economic opportunity. That is, China was a potential economic powerhouse after Deng’s open-door policy appeared to be irreversible, and that “China has never been more open to the outside world” in the post-Mao reign (Mahathir 1985). Added Mahathir, “while politics dominated the first decade of Sino-Malaysian relations, economics should dominate the next decade” (NST 30 November 1985). Bilateral trade was crucial as it can contribute to Mahathir’s HICOM policy, despite Japan being his country of choice which as will be seen later was pivotal to Mahathir’s Look-East policy. In fact, so enamoured was Mahathir with China as an economic opportunity that he was even ready to concede that “the internal communist threat was not as grave as before” (cited in Jain 1984:295) and welcomed “assurances that China’s military capacity is purely for its own defence” (NST 23 November 1985).

Secondly, it was about Mahathir as an individual. Mahathir’s perception of China as an economic opportunity can be attributed to his image of himself as a cross between a Malay traditionalist and a modernist without being Westernised (Shome 2002:132). As much as he embodied ultra-Malay nationalism, Mahathir was determined to modernise the country in a rapid fashion (Dhillon 2009:24). His background as a medical doctor denoted that he did things differently from his predecessors who were both lawyers. Mahathir looked at problems in a more personal way reminiscent of a doctor-patient relationship: “the medical solution is to cut out the cancer” (NST 2 May 1987). Crucial to this ‘doctor-patient’ approach was the element of control in that Mahathir “prefers his own diagnosis of issues, savours dominance and delegates little” (Shome 2002:133). In a sense, Mahathir’s eclectic style of doing things came to be seen as an “idiosyncratic person within an idiosyncratic category” (Milne and Mauzy 1999:183) or “an iconoclast comes to rule” (Saravanamuttu 2004b:307). So it was inevitable that Mahathir had an

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151 Interview with Barry Wain.
152 For a detailed look into Mahathir’s life, see Mahathir (2011); Wain (2009); Dhillon (2009).
autocratic effect on Malaysian political life including foreign policymaking. But besides his first mission abroad where he was tasked by Razak to make Malaysia a member of the Afro-Asia Solidarity Organisation in 1965 (Mahathir 2011:184-185), Mahathir had almost no practical experience in foreign policy, which in turn explained why he had little diplomatic savvy (Shome 2002:176). To overcome this, Mahathir made Wisma-Putra more action-oriented and appointed the experienced technician Ghazali Shafie as his Foreign Minister (Jeshurun 2007:168). Paradoxically, neither the Foreign Minister nor Wisma-Putra were initiators of foreign policy, or vetted Mahathir’s speeches, which invariably lacked the diplomatic finesse\textsuperscript{153} So, it was mainly Mahathir’s decision, as per his perceptions of China as both a threat and an opportunity, to shift Malaysia’s China policy from cautious rapprochement to measured engagement: enjoy economic fruits from trading with China while keeping vigilant on any China-effect on domestic matters.

5.5 Characteristics and Strategies of Mahathir’s China Policy

Mahathir chose to influence Malaysia-China relations through measured engagement, that is, a mixture of economic pragmatism and political vigilance (Leong 1987). Such a policy began with Mahathir instructing Wisma-Putra to prepare a white paper to review “the most comprehensive assessment of Malaysia’s most sensitive foreign relationship” (FEER 4 July 1985). This 200-page report recommended how Malaysia could strengthen its economic relations with China without compromising on its national security. Titled ‘Managing a Controlled Relationship with the PRC’, it “urges a sensible halfway house that combines vigilance with commercial opportunism” so as to reap the benefits via improved trade with China (FEER 4 July 1985). Implicit in the paper was the idea that if Malaysia could not muster enough firepower to protect itself from the China-threat, Malaysia should make it as economically unattractive as possible for China to threaten its security. The report also reflected Mahathir’s view that “dollars and cents must now dominate Malaysia’s foreign relations” (ST 21 November 1985). In essence, economic pragmatism became a central plank in Mahathir’s China policy throughout the 1980s.

\textsuperscript{153} Wisma-Putra were seen as Mahathir’s foot soldiers in foreign policy (Ahmad 1999:117-32), and that foreign policy planning was conducted from the PM’s office (Jeshurun 2007:161).
Notably, Malaysia had a *Look-East* policy that saw Mahathir look specifically to Japan to tackle the poor work ethic of the Malays, which was hindering his ambition to promote heavy industrialisation to further Malaysia’s economic progression (Means 1991:93). This policy arose when Mahathir concluded that “if we were to emulate the [economic] success of foreign nations, the most valuable role models were no longer in Europe or the US, but rather in our own backyard. We had to look east” (Mahathir 1999:115). Looking east also had its underpinnings in Mahathir’s longstanding anti-Western bias, and in particular, his aversion towards Britain, which came to head in his *Buy-British-Last* policy. When asked why China did not feature in his *Look-East* policy, Mahathir replied that it was because China was still an “economic backwater”, but had the potential to become an “economic giant.” It was based on China’s potential that Mahathir chose to forge closer economic links with Beijing although he still privileged a more developed Japan in his *Look-East* policy. Crucially, Mahathir pursued a policy of measured engagement with China through a mix of bilateral and multilateral strategies.

### 5.5.1 High-Level Bilateral Visits

Mahathir favoured bilateral visits at the government-to-government level to manage the course of Malaysia-China relations. In the first decade of Mahathir’s period in office, there were at least six high-level visits to China by Malaysian leaders, and five similar visits to Malaysia by Chinese leaders (see Table 12). Mahathir favoured such visits as it allowed him to express candidly his concerns and advance the interests of Malaysia in a more personalised setting. Put differently, Mahathir fancied a “‘one-to-one’ bilateral approach to forum-type multilateral negotiations” (Shome 2002:132) Two such bilateral visits of significance were Zhao Ziyang’s trip to Malaysia, and Mahathir’s trip to China.

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154 It began in September 1981 when, in response to negative British attitudes towards Malaysians, Mahathir wanted all contracts between government bodies and British firms to get approval from the PM’s office (FEER 18 Sept 1981).
155 Interview with Mahathir Mohamad.
156 Interview with Abu Hassan-Omar.
Zhao Ziyang’s 1981 Visit to Malaysia

Chinese Premier Zhao Ziyang led a 24-member delegation to Malaysia from 9 to 11 August 1981. According to Ghazali Shafie, “the trip is of tremendous value to us, coming at a time when the Government under Mahathir has just kicked off” (NST 8 August 1981). Zhao’s trip to Malaysia was also the second stop of his tour of several ASEAN countries. The aim of this tour was more political than economic, although bilateral trade was also on the agenda with China’s Foreign Trade Minister Li Qiang in Zhao’s delegation. Zhao gave assurances on three major issues. The first concerned the Cambodian crisis. Zhao, while reiterating that it was the Soviet-backed Vietnam that was the threat to the region, assured Malaysia that Beijing “had no ambition to create a satellite nation of Cambodia” nor the intention to “threaten the peace and stability of ASEAN countries”. Zhao further stated that “he does not care who rules Cambodia.

### TABLE 12

<table>
<thead>
<tr>
<th>Time</th>
<th>Visit Description</th>
</tr>
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<tbody>
<tr>
<td>August 1981</td>
<td>Visit to Malaysia by Chinese Premier, Zhao Ziyang</td>
</tr>
<tr>
<td>May-June 1983</td>
<td>Palm Oil Trade Mission to China led by Secretary-General of the Malaysian Primary Industries Ministry, K. Ram Iyer</td>
</tr>
<tr>
<td>February 1984</td>
<td>Visit to Malaysia by Chinese Foreign Minister, Wu Xueqian</td>
</tr>
<tr>
<td>May-June 1984</td>
<td>Visit to China by Malaysian Foreign Minister, Ghazali Shafie</td>
</tr>
<tr>
<td></td>
<td>10th anniversary of the establishment of diplomatic relations between Malaysia and China</td>
</tr>
<tr>
<td>September 1984</td>
<td>Visit to Malaysia by Chinese Vice-Premier of Metallurgical Industry, Lin Hua</td>
</tr>
<tr>
<td>November 1985</td>
<td>First of six visits to China by Malaysian Prime Minister, Mahathir Mohamad</td>
</tr>
<tr>
<td>October 1986</td>
<td>Visit to Malaysia by Chinese Vice-Premier Tian Jiyun</td>
</tr>
<tr>
<td>September 1987</td>
<td>Visit to China by Malaysian Deputy Prime Minister, Ghafar Baba</td>
</tr>
<tr>
<td>April 1988</td>
<td>Investment Mission to China led by Malaysian Trade and Industry Minister, Rafidah Aziz</td>
</tr>
<tr>
<td></td>
<td>Visit to Malaysia by State-owned Bank of China Officials</td>
</tr>
<tr>
<td>October 1988</td>
<td>Visit to China by Chief Minister of the Malaysian State of Penang, Lim Chong Eu</td>
</tr>
<tr>
<td>November 1988</td>
<td>Visit to Malaysia by Chinese Foreign Economic Relations and Trade Minister Zhong Tuobin</td>
</tr>
<tr>
<td>July-August 1989</td>
<td>Trade Mission to China led by Malaysian Trade and Industry Minister, Rafidah Aziz</td>
</tr>
</tbody>
</table>

Compiled by Author (2014)
Whatever government the people of Cambodia chooses, China is willing to accept” (cited in Jain 1984:301). Given also that China “opposes the hegemonistic acts of any country using its strength to bully the weak and infringe on the sovereignty of other countries”, Zhao reaffirmed Beijing’s support for the KL-led proposal to implement ZOPFAN in Southeast Asia (NST 10 August 1981). The second issue concerned the continuing activities of the China-linked CPM, which was raised by Mahathir and anticipated by Zhao. Much to Mahathir’s dismay, Zhao stated that “at present, we have only ideological and moral relations with communist parties in the ASEAN countries. We will strive not to allow our relations with the communist parties affect our friendly relations with ASEAN countries” (cited in Wong 1984:117). But he assured Mahathir that Beijing had stopped supplying arms to the guerrillas. So, in a sense, Beijing’s umbilical cord with the CPM was severed, although not broken. The third was the relative lack of direct bilateral trade, and the balance of trade in China’s favour. Regarding the former, Zhao noted Malaysia’s interest in cutting off the middlemen in Hong-Kong and Singapore so as to enable greater growth of trade, and to include in bilateral trade agreements, “a provision for direct trade [instead of] going through third countries” (NST 9 August 1981). Concerning the latter, Li Qiang assured his Malaysian counterpart that China would increase its imports from Malaysia, and also avoid depressing rubber prices so as to help with price stabilisation in the world rubber market (NST 8 August 1981). By working towards advancing economic ties despite political issues unresolved illustrated the policy of measured engagement being put in motion by Mahathir vis-à-vis China.

*Mahathir’s 1985 Visit to China*

Nowhere was Mahathir’s policy of measured engagement more evident than his visit to China from 20-28 November 1985. Heading the biggest trade delegation – 130 members, mostly businessmen – to-date, Mahathir tried to break new ground in Malaysia’s economic relations with China. What also prodded Mahathir to make this trip were the economic problems faced by Malaysia due to the 1980s world economic recession. Malaysia’s vulnerability had been exposed given its reliance on Western markets, which for Malaysia’s leadership, necessitated the diversification of Malaysia’s economy (Kuik 2010:242). Perhaps because the economic benefits from trading with
China were of significance to Malaysia, Mahathir sidestepped the CPM issue, the key stumbling block, as seen from KL’s perspective, to forge better relations between Malaysia and China (Bahari 1988:248). Noted Mahathir: “we know the Chinese stand on the issue and they know our stand. We decided that instead of talking about differences during the visit, we should concentrate on our similarities...on economic matters where we can achieve more” (BT 2 December 1985). Succinctly, Mahathir told his audience at Tsinghua University that “We must now put economics in command!” (FAM 1985:399).

Notably, the *Peking-Review* gave a glowing coverage of Mahathir’s delegation, which by virtue of being “one of the largest China has received in recent years”, acknowledged the “strong desire of China’s leaders to develop relations with Malaysia” (*Peking-Review* 1985). Given the importance of this visit from an economic perspective, Mahathir’s 1985 trip amounted to a high watermark in Malaysia-China relations. It was also Mahathir’s first of six trips, and so unsurprisingly, he vividly recalls every detail to this day.\(^{157}\)

Three major agreements were inked during this visit. One concerned a joint processing venture between Malaysia’s Sino-Malay Joint Chambers of Commerce and the CCPIT. The second was a MoU on direct bilateral trade involving the sale of 200,000 tons of briquetted iron from China; and the third was avoidance of double taxation (Leong 1987:1122). In addition, around RM$57million worth of deals were also signed by individual members of the delegation (Bahari 1988:248). Further, Mahathir managed to gain assurances from Beijing on two other issues which were domestic in origin. China pledged to stop the special treatment given to Malaysian Chinese businessmen. Given that this created consternation among the Malays, Beijing was prepared to accede to Mahathir’s request that all Malaysian citizens be treated equally (Bahari 1988:249). A second issue related to Malaysia’s NEP. KL sought an understanding in trade agreements whereby this policy was recognised as helpful in terms of helping to restructure society by offering affirmative action for the Malays. In this regard, Zhao assured Mahathir that China would adopt a “multi-racial approach” in future trade deals, and give favourable consideration to businessmen of non-Chinese origin (ST 22 November 1985). Crucially, Mahathir’s 1985 visit also cleared the path for the inking of future bilateral economic

\(^{157}\) Observed by the author in his interview with Mahathir Mohamad.
agreements, chiefly after Rafidah Aziz became the new Trade Minister in 1987. For example, the Sino-Malaysian Economic and Trade Joint Committee, which was formed in 1988, laid the groundwork for greater bilateral economic cooperation (Shee 2004:62).

The significance Mahathir gave to economics was also apparent after the Tiananmen Incident. While the West was busily condemning Beijing and punishing it with sanctions, Malaysia was the first state from the region to send an official mission to China. While this can be construed as an opportunistic move by Mahathir, the timing of the visit was not lost on the Chinese in that Beijing was even more willing to trade with Malaysia after the hysteria over this event receded. If anything, such a move was to make the point, according to Rafidah Aziz, that “we are serious businesspeople” (ST 1 August 1989). So although Beijing continued to interfere in the internal affairs of Malaysia through its relations with the outlawed CPM, KL refrained from doing a tit-for-tat by not joining the Western world in condemning China. This was presumably because “Malaysia’s stand was that the crackdown on students was China’s internal matter” (Star 31 May 2009).

Alongside economic pragmatism, political vigilance was the second characteristic of Mahathir’s China policy. Although Mahathir tried to strengthen economic relations with China, at no time did he lose his sense of ‘realism’ about the China-threat. Cautioned Mahathir, “There is a feeling of uncertainty with regard to how China would impact upon the region politically and militarily. Many wonder how, and in what ways, China will exercise its political and military potency. Your neighbours...in the region particularly, worry how this would impinge upon their territorial integrity and sovereignty” (Mahathir 1985). Specifically, Mahathir pursued a ‘managed and controlled’ policy in the 1980s whereby rules and controls were enforced to insulate Malaysian Chinese from Beijing’s influence (see Chai 2000). As Ghazali Shafie lamented, “So long as the CCP behaves the way it does, there is no hope of people-to-people relations as far as I am concerned” (cited in Jain 1984:285). Put differently, Mahathir’s government would only be contented if and when Beijing terminated all contacts either by dissociating itself from or by condemning the CPM (Storey 2011:217). Although Mahathir lifted, since 1985, the restrictions for multiple visits by Malaysian businessmen to China and issued multiple
exit permits for them to reside longer in China, the bilateral mistrust continued to underpin Malaysia-China relations in the 1980s up until the 1990s (Kuik 2010:245).

5.5.2 Multilateral Approach through ASEAN

Although Mahathir favoured a bilateral approach to foreign policy, he also viewed ASEAN as a significant multilateral mechanism to advance Malaysia’s national interests. As noted by Mahathir, “ASEAN remains in the forefront of our foreign policy priorities. ASEAN has become an important platform for the development of closer relations with advanced countries as well as with international organisations. [It] has an important role to play in national, regional and international affairs” (cited in Pathmanathan 1984:103-104). Mahathir’s policy of measured engagement vis-à-vis China also involved ASEAN whereby political vigilance could be observed through multilateralism. Two examples illustrate this: a revitalisation of ZOPFAN, and the resolution of the Cambodian conflict.

ZOPFAN and the Nuclear-Weapons-Free Zone

Mahathir reaffirmed Malaysia’s commitment to ZOPFAN. As Mahathir noted, “Among the kind of cooperation that is designed by ASEAN to ward off threats is the concept of ZOPFAN. This concept requires the cooperation of the big powers. The cooperation is not really forthcoming, but each of the big powers is not willing to say that they disapprove of peace or freedom or neutrality in Southeast Asia. In a sort of negative way, ZOPFAN is working” (FAM 1982:192). For Mahathir, ASEAN’s doctrine of regional cooperation was enshrined in the ZOPFAN concept which “presupposes a policy of equidistance between the regional states and great powers which will allow the former to control its own destinies and assume responsibility for their own security” (FAM 1987:67). While China had consistently supported ZOPFAN, and the USSR was ready to endorse this concept if the region was free of PRC influence, the US rejected the concept outright since it saw ZOPFAN as being “unrealistic and impractical” (Hänggi 1991:45-46).
To breathe new life into ZOPFAN, Mahathir and Suharto called for the denuclearisation of Southeast Asia in the form of a Nuclear-Weapons-Free Zone (NWFZ). This was seen as a vital initial step in the realisation of ZOPFAN, with NWFZ being an integral component of ZOPFAN (Hänggi 1991:32). It was revealed at the 18th ASEAN Ministerial Meeting in KL in 1985 that the NWFZ concept “as a component of ZOPFAN is now under active study by the Working Group of ZOPFAN” (Singh 1992:62). Although a NWFZ was far from being realised due to the Indochina crisis, it showed the continued commitment of ASEAN especially Malaysia, which had championed ZOPFAN from the start to free the region from external power influences. From the ASEAN side, NWFZ was realised as the Southeast Asia Nuclear-Weapons-Free-Zone (SEANWFZ) in 1995 after the Sino-Soviet rivalry receded with the end of the Cold War (see Singh 2000). While China supported Malaysia’s ZOPFAN proposal, it appeared to be more rhetoric than real. This was mostly due to the Soviet-backed Vietnam’s occupation of Cambodia. In a way, the Cambodian crisis was a stumbling block towards the efforts made by ASEAN in the realisation of ZOPFAN and its attendant new elements added over time. Realising this, ASEAN states continued to search for a political solution to the Cambodian crisis. The notion was a simple one: the quicker the Cambodian crisis was resolved, the faster the region would be free from outside interference, not least from China, which Malaysia perceived to be the long-term threat to the region. According to a Wisma-Putra official, it was within the context of ZOPFAN that “the Kampuchean people [would be enabled] to determine their own political destiny” (FAM 1983:82). Put briefly, from the Malaysian perspective, ZOPFAN and the settlement to the Cambodian problem were closely tied to each other.

**Expediting a Resolution to the Cambodian Conflict**

Mahathir tried to expedite a settlement to the Cambodian conflict by exerting pressure on the major parties embroiled in the crisis. Mahathir’s concern stemmed from the fact that the Khmer Rouge (KR) were taking the cue from China as they were reliant on Beijing for military supplies in their continued struggle against Vietnam’s occupation of Cambodia. This was worrisome as Malaysia considered China to be a longer-term threat to the region than Hanoi, and it seemed to indicate that China was a major stumbling block in a resolution to the conflict being found in Cambodia. Moreover, Mahathir was
concerned that the KR could develop ties with the CPM from across the border in Thailand should the KR be side-lined in this conflict (Hussain 2009:175). Realising this, Mahathir tried to resolve the Cambodian crisis in four specific ways. Firstly, he issued a veiled threat to the KR that its recognition as the legitimate authority of Cambodia at the UN was not absolute. As Mahathir stated, “The intransigent attitude of some parties is very much regretted. It may no longer be worthwhile for us to support their position at the UN” (NST 2 February 1982). In the event, Malaysia supported the establishment of the Coalition Government of Democratic Kampuchea (CGDK) in 1982. The CGDK included the three Cambodian factions in exile, which, while a coalition of strange bedfellows, were united in their opposition to the Hanoi-backed regime in Cambodia.158

Secondly, Mahathir decided that Malaysia would not offer military aid to the resistance movement in Cambodia so as not to prolong the conflict. Rather, as noted by Mahathir, “We are only prepared to give humanitarian aid to the refugees” (NST 21 June 1982). Thirdly, Mahathir initiated a Malaysian-led ASEAN diplomatic offensive in relation to the Cambodian conflict by dispatching delegations to several non-European countries so as to garner support for the CGDK to retain its seat at the UN (NST 14 June 1985). Fourthly, Mahathir supported an international resolution to the conflict with ASEAN playing a core role. Just as KL had supported the 1981 International Conference on Kampuchea, the Mahathir government also lent its support to the 1989 Paris Conference on Cambodia. This culminated in the 1991 Paris Peace Agreements (Saravanamuttu 1996:53-54). In essence, Mahathir viewed the Cambodian crisis as a crucial factor in the country’s threat perception of China. So therefore its resolution could alter that threat perception. While this conflict did not end in Mahathir’s first decade, it subsided in the second decade.

Summing up, Mahathir’s China policy of measured engagement incorporated bilateral strategies involving high-level visits and multilateral strategies with ASEAN as the pivot. In the main, this policy was underpinned by the primacy of economics combined with political vigilance. Pursuant to the neoclassical realist model of DL, the last section looks

158 CGDK’s President was Norodom Sihanouk, the PM was Son Sann, and the Foreign Secretary was Khieu Samphan.
at how Mahathir’s China policy in the 1980s contributed to the performance legitimacy of his governing regime, which then helped justify Mahathir’s right to rule at home.

5.6   Performance Legitimacy of the Mahathir Governing Regime

5.6.1  1986 Malaysian General Elections

The 1986 GE was for Mahathir what the 1974 GE was for Razak in that Mahathir and Razak played the ‘China card’ by making a trip to Beijing just prior to the elections. Noted DAP’s Lim Kit-Siang, “there is a great likelihood that after Mahathir’s visit to China in November, he would call snap general elections, which would enable him to play the ‘China card’ as was done by Razak in 1974” (Lim 1985a). The GE took place on 3 August, eight months after Mahathir made his trip to China. Moreover, Malaysia’s economy, which underwent a recession in the early 1980s, was forecasted to exacerbate in the mid-1980s. So instead of holding a GE later, in which case there could be a dire economic situation on his hands, Mahathir chose to bring forward the GE. It was hoped that Mahathir’s China trip could aid in healing the economic situation in Malaysia through trade and investment. As opined by one analyst, “the apparent success of Mahathir’s trip to China where he met top leaders went down well with the Chinese constituents” (ST 7 December 1985). Just as the Razak-Mao picture was widely publicised during the 1974 GE, it was the same in the 1986 GE where photos of Mahathir’s meetings with Zhao and Deng were rehashed by the state-controlled media.159 So, in a sense, Mahathir tried to emulate Razak’s strategy, albeit on a lesser scale, to capture the Chinese vote in 1986.

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159 Observed by the author perusing the National Archives of Malaysia.
Despite winning the GE, the results showed that Mahathir had lost the Chinese vote. BN’s popular vote in Peninsular Malaysia also reduced from 61.3% in 1982 to 49.5% in 1986. The loss in Chinese vote could be due to a strong showing by DAP, whose effective articulation of Chinese interests within the wider framework of the values of equality and democracy resonated with the Chinese community. DAP, with its majority Chinese line-up, won more parliamentary seats than Gerakan and MCA combined (see Table 13). Put differently, BN lost 20.4% of the Chinese vote to DAP. It can thus be said that there was a swing in the Chinese vote to DAP when compared to the 1982 GE, where BN, won the Chinese vote convincingly (Crouch 1982:45-55). The reduced Chinese support was partly due to internal bickering within MCA and Gerakan, and partly also to problems with the NEP that had begun to falter because of the recession. The 1986 GE made the DAP “the undisputed champion of Malaysia’s urban Chinese” (Ramanathan and Adnan 1988:50-59). It follows from this that it was because of the Malay support that BN won the GE. UMNO was the key beneficiary of the Malay vote by winning 83 of 84 Malay-majority seats it contested. The upturn in Malay support for UMNO was due to PAS’ dismal showing given the perception of PAS as an ultraconservative party with a radical Islamic outlook that drove the moderate voters towards BN (Liow 2009a:39-41). In short,
it can be argued that Mahathir’s China visit failed to pay off in capturing the Chinese vote. Crucially, the Malays concurred with Mahathir’s ‘open-letter’ in which he pencilled that BN “was the only political group capable of establishing a strong government that could provide peace and political stability” in the country (Chung 1987:149-154).

### TABLE 13

**1986 Malaysian General Elections**  
**Malay- or Chinese-Contested Parliamentary Seats**  
**Peninsular Malaysia (Excluding Sabah and Sarawak)**

<table>
<thead>
<tr>
<th>Selected Political Parties</th>
<th>Malay or Chinese Candidates</th>
<th>Seats Contested</th>
<th>Seats Won</th>
<th>Popular Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barisan Nasional - UMNO</td>
<td>Malay</td>
<td>84</td>
<td>83</td>
<td>49.47%</td>
</tr>
<tr>
<td>Barisan Nasional - HAMIM</td>
<td>Malay</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Barisan Nasional - MCA</td>
<td>Chinese</td>
<td>32</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Barisan Nasional - Gerakan</td>
<td>Chinese</td>
<td>9</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Opposition - PAS</td>
<td>Malay</td>
<td>99</td>
<td>1</td>
<td>13.15%</td>
</tr>
<tr>
<td>Opposition - DAP</td>
<td>Chinese Majority</td>
<td>64</td>
<td>24</td>
<td>20.39%</td>
</tr>
</tbody>
</table>

**NB:** 49.47% also includes the support for MIC whose Indian candidates won 6 parliamentary seats  
**Source:** (Ramanathan and Adnan 1988:51-54)

### 5.6.2 Economic Benefits from Sino-Malaysian Trade

Two-way trade between Malaysia and China expanded from US$362million in 1981 to US$1090million in 1989 (see Table 14). The increase in Sino-Malaysian trade then contributed to the overall economic progress of Malaysia whereby, under Mahathir, Malaysia’s GDP growth rose steadily from US$24.9billion in 1981 to US$35.3billion in 1989 albeit with a slight drop during the recession between 1985 and 1987 (see Table 14). Although the focus of Mahathir was to industrialise the country, that is, to invest in the manufacturing sector, the export of rubber continued to expand from 54,500 tons in 1981 to 101,800 tons in 1989 as reflected in Table 14. The export of another Malaysian commodity – palm oil – also grew from 50,000 in 1985 to 700,000 tonnes in 1989 (ST 7 June 1989). Especially after Mahathir’s 1985 China visit, Sino-Malaysian economic ties strengthened, which, in turn, brought benefits to Malaysia through trade and investment. This was important so far as improved economic relations provided KL with the resources to fulfil the objectives of the NEP: the healthier the economy, the more
resources would be available to uplift the economic situation of the Malays without negatively impacting that of the Chinese. So although the aims of NEP were yet to be achieved by 1990, the economic fruits from the Sino-Malaysian trade did contribute towards the economic restructuring of Malaysia (see Wang 2007:100-105).

<table>
<thead>
<tr>
<th>Years</th>
<th>Annual GDP (Million US$)</th>
<th>Imports from China (Million US$)</th>
<th>Exports to China (Million US$)</th>
<th>Imports + Exports (Million US$)</th>
<th>Export of Rubber to China (000 tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>24.937</td>
<td>274</td>
<td>88</td>
<td>362</td>
<td>54.5</td>
</tr>
<tr>
<td>1982</td>
<td>25.483</td>
<td>277</td>
<td>110</td>
<td>387</td>
<td>74.2</td>
</tr>
<tr>
<td>1983</td>
<td>27.287</td>
<td>270</td>
<td>157</td>
<td>427</td>
<td>107.8</td>
</tr>
<tr>
<td>1984</td>
<td>30.683</td>
<td>285</td>
<td>165</td>
<td>450</td>
<td>115.5</td>
</tr>
<tr>
<td>1985</td>
<td>34.566</td>
<td>251</td>
<td>161</td>
<td>412</td>
<td>88.8</td>
</tr>
<tr>
<td>1986</td>
<td>31.722</td>
<td>282</td>
<td>163</td>
<td>445</td>
<td>119.4</td>
</tr>
<tr>
<td>1987</td>
<td>28.243</td>
<td>374</td>
<td>279</td>
<td>653</td>
<td>159.5</td>
</tr>
<tr>
<td>1988</td>
<td>32.182</td>
<td>482</td>
<td>415</td>
<td>897</td>
<td>112.5</td>
</tr>
<tr>
<td>1989</td>
<td>35.272</td>
<td>609</td>
<td>481</td>
<td>1090</td>
<td>101.8</td>
</tr>
</tbody>
</table>


5.6.3 Contribution to Regional Security and the American Military Presence

Set against the doctrine of comprehensive security\textsuperscript{160} which called for “a secure South-east Asia” and a “strong and effective ASEAN community” (FAM 1984:94), Mahathir’s China policy contributed to regional security in three ways. First, the policy helped to revitalise the ZOPFAN concept. This involved the pursuit of realising NWFZ in Southeast Asia. Secondly, the policy helped expedite a resolution to the Cambodian conflict. The faster a solution was found, the quicker the region could rid of outside interference. Third, the policy also opened the way for a quick resolution to the refugee problem as the boatpeople continued to land in Thailand and Malaysia; and as a result, destabilising not just the region, but also the domestic politics of affected countries (Loescher and

\textsuperscript{160} Advanced by Mahathir’s deputy, Musa Hitam in 1984 and reiterated by Mahathir in 1986. According to Mahathir, “national security is inseparable from political stability, economic success and social harmony. Failure to understand threats may result in a cycle of (economic) recession followed by political instability” (Mahathir 1986).
Scalan 1986:125). Moreover, Malaysia participated in several international meetings, which led to their eventual repatriation or resettlement (NST 24 September 1988).

Given however that the Spratlys dispute was coming to the fore with Beijing taking steps to enforce its claims as evidenced by Chinese warships cruising in the SCS (ST 6 October 1989), Mahathir welcomed the US presence in Southeast Asia to maintain a balance of power in the region. This policy was low-key, given the heightened anti-American sentiments at home (Sodhy 2007a:31). In Mahathir’s words, “we think for the foreseeable future that the US should have its navy in the Pacific” (ST 1 November 1989). After acknowledging “Malaysia’s importance both within ASEAN and bilaterally” (Sodhy 1991:400), US Secretary of State George Shultz elucidated that “We want our friends to know that we are committed and engaged in Asia” (NST 13 July 1985). That Malaysia viewed the US as the only power that had the capability to act as a military balance against a rising China meant that Mahathir’s government favoured the “eventual, but not immediate withdrawal of U.S. military bases from the region” (ST 31 October 1989).

5.6.4 Internal Military Strength and External Defence Arrangements

While one would anticipate that the security threats emanating from the outside and from within Malaysia would necessitate Mahathir’s government to enhance the country’s national defence, and in so doing, precipitate an increase in Malaysia’s military spending, the opposite actually took place. That is, there was a marked reduction in actual defence expenditure in part due to the world economic recession as shown in Table 15. In 1985, the actual defence expenditure was the lowest in the 1980s at RM1850 million. Noted Finance Minister Tengku Razaleigh: “Although there is much concern about the possible threat to the country from external sources [especially China], the government clearly feels that the need for financial stability needs greater priority” (NST 24 October 1984). Many projects under PERISTA also had to be shelved (Alagappa 1987:188). Although the economic slowdown of the mid-1980s reduced the defence expenditure, there were still efforts made for Malaysia “to establish a more comprehensive national defence system with an armed force furnished with modern
equipment” (Sidhu 2009:22). Examples of arms acquired were from the US and UK where Chapparal air defence missiles were purchased from the former (Sodhy 1991:403), and Hawk-Mark 100/200 fighter jets from the latter (Balakrishnan 2009:136). By 1988, when the economy picked up, the defence expenditure also went up. That the Spratlys dispute erupted into a naval clash between China and Vietnam in 1988 may have also factored into Mahathir’s decision to reinstate spending on defence (Acharya 1999:133). It is noteworthy that the modernisation of the MAF began in 1988 after inking a £1billion arms deal with Britain. Since then, Mahathir’s focus has been on procuring advanced weapons and defence systems that could enhance Malaysia’s capacity to safeguard its territorial claims in the Spratlys (Sidhu 2009:21-22).

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Allocation for Defence Expenditure (in millions of Ringgit)</th>
<th>Actual Defence Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>3688.0</td>
<td>5332</td>
</tr>
<tr>
<td>1982</td>
<td>4850.0</td>
<td>3694</td>
</tr>
<tr>
<td>1983</td>
<td>3888.0</td>
<td>3489.9</td>
</tr>
<tr>
<td>1984</td>
<td>3051.0</td>
<td>2624.4</td>
</tr>
<tr>
<td>1985</td>
<td>2700.0</td>
<td>1850.2</td>
</tr>
<tr>
<td>1986</td>
<td>Not Available</td>
<td>5074.6</td>
</tr>
<tr>
<td>1987</td>
<td>Not Available</td>
<td>2090</td>
</tr>
<tr>
<td>1988</td>
<td>Not Available</td>
<td>2241</td>
</tr>
<tr>
<td>1989</td>
<td>Not Available</td>
<td>2761</td>
</tr>
<tr>
<td>1990</td>
<td>Not Available</td>
<td>3043</td>
</tr>
</tbody>
</table>

Sources: (Alagappa 1987:174) Stockholm International Peace Research Institute (SIPRI) and Arms Control and Disarmament Agency (ACDA)

Additionally, the FPDA remained the standout framework as a loose form of deterrence. Given Mahathir’s ‘Buy British Last’ Policy, there was a possibility that Malaysia may withdraw its support for the FPDA. In fact, Mahathir was sceptical that other members of FPDA would come to the aid of Malaysia so much so that he sought assurance from New Zealand in 1984 that they would continue with their commitment to FPDA (ST 6 August 1984). In the end, Mahathir favoured Malaysia’s participation in the FPDA as it would be more prudent to be engaged in some form of external defence arrangement.
in light of the *China-threat*. One such joint exercise was a KL-hosted Exercise Starfish. Comprising 24 ships, 18 aircraft and 3000 men, it was the largest joint maritime exercise to-date in enhancing cooperation in the event of a maritime warfare (ST 7 July 1989).

5.6.5 Sticking Points and Contending Perspectives

*Perspectives of Malay-Dominated Parties*

The loyalty of the Malaysian Chinese vis-à-vis China continued to be doubted especially by some elements in UMNO. So when Chinese-linked issues were debated in Parliament, it was commonplace to hear snide remarks like “China balik Tongsan (Chinese go back to China)” (ST 26 March 1988). As DAP’s Lim Kit-Siang observed: “I am aware that there are extremists in UMNO who doubt the loyalty of Malaysian Chinese, completely ignoring the fact that Malaysia’s development today is also the result of the great contribution of the Chinese of generations past” (Lim 1985b). Nonetheless, when it was discovered that two foreign companies in Singapore were acting as agents for trade between China and Malaysia, then-UMNO Youth leader Najib Razak protested by saying that “China should not give preference to overseas Chinese in international trade but instead should take into account the national policies of the countries concerned” (ST 24 January 1986). Immediately after the 1986 GE, former UMNO stalwart Abdullah Ahmad spoke in Singapore about Malay dominance in Malaysia where he warned the Chinese in both countries not to “play with fire.” While not mentioning China by name, it can be gleaned from his speech that he also had Beijing in mind when he lamented that there were outsiders who were perpetuating the problem of racial polarisation. He blamed the local Chinese for BN’s poor showing in the 1986 GE and for rejecting the sacred idea that “the political system in Malaysia is founded on Malay dominance” (Abdullah 1986). So arguably, UMNO supported Mahathir’s China policy of measured engagement whereby political vigilance was required to preserve Malay dominance.

Despite PAS still having no coherent policy towards China, its disdain for communism continued from Asri Muda to Yusof Rawa. Yusof censured UMNO for its ineptitude to
prevent communist infiltration from abroad including China, and for working instead with the MCA when, in his view, Chinese and communism were two sides of the same coin (Jaffar 2000a:213). Moreover, Yusof was also opposed to maddiiyah (materialist culture) that comes with capitalist development (Noor 2004:351). Unsurprisingly, Yusof also questioned Mahathir’s Look-East policy, which promoted maddiiyah (Noor 2004:364). It could thus be argued from Yusof’s opposition that he was also against Mahathir’s 1985 visit specifically and his China policy more broadly. If viewed in the context of kafir-mengkafir, it was, in a sense, a kafir teaming up with a kafir, that is, the infidels of the government were forging ties with the infidels of communist China.

**Perspectives of Chinese-Oriented Parties**

MCA and Gerakan leaders were generally supportive of Mahathir’s China policy, people-to-people travel restrictions notwithstanding. The party elite and its members, many of whom were businessmen, benefited from the government’s economic missions, chiefly Mahathir’s 1985 visit to China.¹⁶¹ Both MCA President Ling Liong-Sik and Gerakan Chief Lim Keng-Yaik accompanied Mahathir on that trip. Moreover, former Gerakan President and Chief Minister of Penang Lim Chong-Eu also led a delegation for an 18-day trip of China to deepen trade relations between China and the Malaysian State of Penang (ST 13 October 1988). Maybe to show restraint and to be aligned with the government’s position on Tiananmen being an internal matter, MCA only expressed a ‘regret’ that the peaceful student protests were met with violence by the authorities (ST 8 June 1989). It is also noteworthy that, despite its espousal of the rights of democracy and human rights, the DAP was relatively muted in its reaction on Tiananmen. This was perhaps because DAP was in the midst of planning a study trip to China (ST 24 December 1989).

Two controversies placed MCA and Gerakan between a rock and a hard place. The first was when MCA President Ling proposed offering residence to the Hong-Kong Chinese so as to arrest the declining birth rate in the Malaysian Chinese population. The proposal provoked the ire of the Malay elite, which dubbed it as “illogical and suspicious”. This is

¹⁶¹ Interview with Stephen Leong.
because such a proposal came at a time when there was still suspicion about the loyalty of Malaysian Chinese vis-à-vis China; and Hong-Kong Chinese and Mainland Chinese were perceived to be one and the same. More than that, there was a fear, chiefly among Malay nationalists, that Ling’s proposal posed a threat to the Malays as it could reinforce “the power balance of the Chinese in the 21st century” (ST 13 September 1989). The second controversy erupted when Gerakan’s Lim Keng-Yaik cautioned the local Chinese not to go overboard in their reaction to Beijing’s open-door policy as it appeared to have caused uneasiness among the Malays. While such a statement was welcomed by the Malays, it generated resentment among the Chinese. This is because Lim was either seen to be doubting the loyalty of the Malaysian Chinese, or to be leaning over backwards to placate the Malays (Lim 1985c). Lim’s callous remark heightened the apprehension of the Chinese that Gerakan and MCA were serving as political puppets for UMNO in the coalition; and so, predictably, both parties suffered humiliating defeats in the 1986 GE.

Remarkably consistent in its China policy was the DAP, which continued to advocate for a full-scale normalisation of relations between Malaysia and China. One could thus argue that DAP would have taken issue with Mahathir’s policy of measured engagement. This is because it seemed to indicate that the Malay governing elite remained suspicious of the loyalty of the Malaysian Chinese; and reinforced the perception of China as a security threat due to a distrust of its intentions (Lim 1985d). Contrarily, the DAP urged Mahathir’s government not to formulate its China policy on the premise that “China is a bigger military threat than Russia” as it was the Soviets which have been “menacing” in the region and elsewhere in the world (NST 16 July 1984). In short, Malaysia had more to fear from ‘Pax Sovietica’ than from ‘Pax Sinica’ as far as the perception of threat was concerned, according to the DAP (Lim 1981). While DAP backed the government’s demand that Beijing unequivocally withdraw its support for CPM, “it should not stand in the way of full normalisation of relationships [because] this matter had not prevented the establishment of diplomatic relations between the two countries” (Lim 1985e). The DAP also called for the “bamboo curtain” to be lifted so as to enable unrestricted travel between the peoples of Malaysia and China (Lim 1985b). Enabling free travel would remove doubts over the loyalty of the Malaysian Chinese, which, in turn, could reduce
the trust deficit between the Malay government and the general Chinese population. In so doing, this could then hasten the process of nation-building in Malaysia (Lim 1985e).

5.7 Concluding Remarks

It was Mahathir’s concern for DL, which influenced his perceptions of firstly, the external strategic environment and in particular, of the China-threat, and secondly, the ethnic political situation that drove him to seek a policy of measured engagement with China. Put differently, the systemic pressures that emanated from the China-threat were interceded by Mahathir’s care for DL and in particular, of Mahathir’s perceptions of both external and domestic factors before taking the decision to adopt a more direct form of engagement, but with a certain measure of moderation, that is, a mix of economic pragmatism and political vigilance. Mahathir’s perception of China as a threat was shaped by the continued rapid emergence of China; the continued embroilment in the Indochina conflict; China’s propensity to use force in the Spratlys as evidenced by the Sino-Vietnamese naval clash; the vast disparity in the military capability between China and Malaysia as seen by Beijing’s far superior defence spending when compared to KL; and PRC’s continued interference in Malaysia’s internal affairs. Despite Mahathir being more vocal than his predecessors in calling China the principal threat to Southeast Asia in general and Malaysia in particular, Mahathir decided not just to continue with Razak’s China project, but also to take the political risk for Malaysia to pursue measured engagement with China. This decision can be attributed to Mahathir’s perception of China as an economic opportunity. This, in turn, could contribute to Mahathir’s HICOM policy, and provide benefits for the domestic populace, especially with the continued enactment of the NEP. Further attribution could be made to Mahathir’s autocratic effect on Malaysia’s foreign policymaking; his problem-solving approach as a doctor treating a patient; and assessing the China factor in cost-benefit terms, stemming, in part, from Mahathir’s past political experience as Hussein’s Trade and Industry Minister.

To influence the course of Malaysia-China relations, Mahathir utilised a mix of bilateral and multilateral strategies. The former was through high-level visits – two of which were
Mahathir’s 1985 visit to China, and Zhao’s 1981 visit to Malaysia – in the hope of extracting from China as much economic fruits as possible while ensuring that Malaysia’s security was not compromised. This was done by retaining travel restrictions to China, and continuing its battle with the CPM. The latter was through ASEAN as the conduit to reduce, if not remove, the embroilment of external powers such as China in regional affairs. To this end, Mahathir’s Malaysia sought to breathe new life into ZOPFAN through its support for a NWFZ, and to expedite a resolution to the Cambodian crisis by coercing the KR to form the CGDK, giving humanitarian aid to the refugees, lobbying for the CGDK to retain its UN seat, and pushing for an international resolution to the conflict.

Mahathir’s right to govern at home was legitimated by his government’s performance in managing Malaysia’s relations with China. The Mahathir governing regime’s domestic political survival was made more crucial given the factionalised politics inside UMNO, and creeping Islamisation, which had the effect of disuniting the Malays, and driving a wedge between Muslims and non-Muslims. Testament to this performance legitimacy were the economic benefits from the Sino-Malaysian trade; and contribution to regional security by revitalising ZOPFAN, and expediting a resolution to the Cambodian conflict. Although Mahathir followed Razak in playing the ‘China card’, that is, to make a trip to China just prior to the elections, Mahathir’s China visit failed to capture the Chinese vote in the 1986 GE. This is despite the GE being a comfortable victory for Mahathir’s regime.

Given however Mahathir’s perception of China as the principal long-term threat to the region, especially since it persisted with its support for the CPM, and was still embroiled in regional conflicts, Malaysia bolstered its internal military strength chiefly through the modernisation of the MAF; welcomed, in a low-key fashion, the American military presence in Southeast Asia to act as a counterweight to PRC’s influence in the region; and participated in the FPDA, Mahathir’s scepticism notwithstanding. In so doing, Mahathir hoped to buttress the legitimacy of his regime by showing to Malaysia’s ethnically-diverse population that his government was capable of taking counter-measures to preserve Malaysia’s national security vis-à-vis the perceived China-threat. Contending perspectives from PAS and the DAP, given their own membership base and
voting blocs as established political parties, would have also limited, to a degree, the performance legitimacy of, or the support for, Mahathir’s governing regime. To end, the one implication of Mahathir’s China’s policy in the first decade was that it was a logical extension of Razak’s China project, which, to restate, provided a template to develop further Malaysia’s relations with China. Importantly, just as Mahathir was pivotal in the second shift in Malaysia’s China policy towards measured engagement in the 1980s, he was also responsible for a third shift in Malaysia’s China policy. That is, a maturing partnership begun to emerge in the 1990s, as will be discussed in the next chapter.
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MALAYSIA-CHINA RELATIONS UNDER MAHATHIR MOHAMAD:
EMERGENCE OF A MATURING PARTNERSHIP

6.1 Introduction

This chapter evaluates the relationship between ethnic politics and Malaysia’s China policy during the second half of the Mahathir period from 1990 to 2003 by applying the neoclassical realist DL model (see Figure 8). This chapter suggests that Malaysia’s policy towards China underwent its most significant evolution during Mahathir’s second decade in office when a hugely significant shift occurred from his initial policy of measured engagement to a full-scale normalisation through a policy of comprehensive engagement. Such a policy led to the emergence of a maturing partnership between Malaysia and China. A partnership differs from a relationship, as per the policy of cautious rapprochement of Razak and Hussein, in two ways. The first is the deepening of political trust between the two countries where trust can be defined in international relations, “as a belief that the other is trustworthy, that is, willing to reciprocate cooperation, and mistrust as a belief that the other side in untrustworthy, or prefers to exploit one’s cooperation” (Kydd 2005:3). The second is mutual co-operation via economic synergism and convergent political outlooks (Storey 2011:218).

Pursuant to the Mahathir period as a shift towards a maturing partnership, this chapter examines why and how Mahathir was responsible for this transformation in Malaysia’s China policy despite the ongoing conflict between the Malays and Chinese. This chapter argues that it was Mahathir’s care for DL, which was influenced by his perceptions of firstly, the systemic pressures, chiefly from an emergent China, and, secondly, the ethnopolitical situation that drove Mahathir to pursue a full-fledged engagement with China. The systemic pressures, especially of an emergent China, were mediated by DL, that is, by the perceptions of Mahathir who also took cognisance of the ethnopolitical
situation before reaching the decision to further transform Malaysia’s China policy. Moreover, as this chapter will demonstrate, Mahathir’s China policy contributed to the legitimacy of his governing regime, which then helped justify the right to rule at home.

6.2 External Strategic Environment

6.2.1 End of the Cold War and Beijing’s ‘Good Neighbour’ Policy

Mahathir’s second decade in office coincided with the end of the Cold War, which radically altered the distribution of power in the international system. It brought to an end a rigid bipolar character of a Cold War system that spanned over four decades. For
some, it was a ‘unipolar’ moment, that is, the US emerged as the sole superpower after the collapse of the Soviet Union in 1991 (Krauthammer 1991). For others, the post-Cold War era signalled a discernible move towards multipolarity, despite continued American preponderance of power (Yahuda 2011:181). That is, the bipolar system had loosened up to the point of enlarging the scope and space for new and emerging powers such as China and India (Nadkarni and Noonan 2013) as well as middle and smaller powers to play a pivotal role in the post-Cold War period (Hey 2003; Cooper 1997a). Of significance here is the latitude allowed for middle powers to be ‘relocated’ within the post-Cold War international system (Cooper et-al 1993:12), or simply put, to bring middle powers back in. This is because, as will be argued later, Malaysia was a small state exhibiting observable middle-power behaviour during Mahathir’s second decade in office.

Equally important was that the decline in the Soviet threat ended the decades-old Sino-Soviet split. The dissolution of the USSR and its attendant declining threat allowed China more strategic latitude, not least because the fear from being attacked by USSR seemed to have been dissipated. Significantly, the Sino-Soviet rapprochement was achieved in September 1994 after the signing of a joint statement between Chinese President Jiang Zemin and Russian President Boris Yeltsin to form a “constructive partnership looking beyond the century” (FBIS 1994:24). United in their opposition to US hegemony, a “strategic partnership” was later formed in April 1996 (Yu 2005:233). Such a partnership then paved the way for improved Sino-Russian relations, which was now essentially underpinned by “competition rather than rivalry” (Yahuda 2011:191).

The end of the Cold War and the dissipation of the Soviet threat provided China with a greater strategic freedom to embark on a more holistic foreign economic policy. For this reason, China has been described as “a regional power without a regional policy” or an “Asian power without an Asian policy” (Yu 2005:228). China’s newfound diplomacy included the expansion of bilateral relationships, chiefly with states at its periphery; and having a penchant for multilateralism through its participation in regional organisations.

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162 China’s entry into the World Trade Organisation (WTO) on 11 December 2001 also boosted its economic growth as well as made it more competitive vis-à-vis other countries with much smaller economies (Chen 2006:17-32).
(Fravel and Medeiros 2003). Crucial to this renewed diplomacy was the incorporation of the *duoji shijie* (multipolar world) into China’s foreign policy to promote a multipolar order. That is, to forge closer relations with a multitude of countries so as to “multipolarise” American unipolarity; only then can there be a fair and peaceful world (Guo 2006:2). Central to China’s diplomacy in its foreign economic policy was its ‘Good Neighbour Policy’, which was given greater emphasis first by Deng and then with Jiang at the helm. To be sure, this Policy has always been a key cornerstone of the CCP’s foreign policy interests since Communist China was founded in 1949 (Chung 2009:107-108). Such a Policy was significant for China in the post-Cold War as it gave a blueprint for Beijing to rebrand its tarnished image post-Tiananmen, and embark on confidence-building measures to debunk the *China-threat* theory. Specifically, this Policy aimed to resolve territorial disputes peacefully; cultivate cooperative relationships with peripheral countries so as to resolve future conflicts; participate actively in multilateral organisations; and enhance trade and economic cooperation with likeminded countries (Tsai *et-al* 2011:29-30). Implicit in this Policy was its relevance to China’s interaction with Southeast Asia like oil and gas exploration in the SCS, economic expansion into regional markets, and conceivably, to occupy the void left vacant by the USSR (Muni 2002:16).

6.2.2 Spratlys Dispute, and China’s Military Expansion

After the Indochina conflict ended with the signing of the 1991 Paris Peace Agreements, the Spratlys dispute became the main hotspot for a regional flare-up in the post-Cold War as far as Southeast Asia was concerned. While this dispute is itself not new, it seemed to have intensified after the Cold War. Perhaps as a reaction to countries staking their claims in the Spratlys, China decided in February 1992 to promulgate its ‘Law on the Territorial Sea and the Contiguous Zone’, which was a more codified legislation than the earlier ‘Declaration on China’s Territorial Sea’ of 1958. Put briefly, this legislation aimed to, as per Article 1 of 17, “exercise its sovereignty over its territorial sea and the control over its contiguous zone, and to safeguard its national security and its maritime rights and interests.” The territorial sea referred not just to the Spratlys, but also to the Paracels and other isles in the SCS as well as the Diaoyu islands in the East China Sea. Further, as per Article 8 of 17, China had the right to use force to keep foreign ships off
its demarcated territorial waters (Dzurek 1996:24-26). Predictably, this ‘law’ was met with protests by other claimants. For example, Malaysian Foreign Minister Abdullah Badawi expressed ‘shock’ at China’s move to extend her territorial sea in the Spratlys, but also warned that “we must avoid military conflict at all costs” (ST 11 March 1992). In response to Beijing, ASEAN Foreign Ministers issued an ASEAN Declaration on the South China Sea in July 1992. Essentially, this Declaration called for claimants to “exercise self-restraint, renounce the use of force and explore joint cooperation while setting aside the issue of sovereignty.” However, this Declaration was watered-down as some ASEAN members were concerned about aggravating Beijing to the extent of them resupplying arms to the Khmer Rouge, or playing the ‘Cambodian Card’ by derailing the peace process towards ending the decades-old conflict in Indochina (Lee 1999:25).

Concomitant with the SCS disputes was China’s military expansion as per its expenditure in the post-Cold War period. According to one estimate, China’s military spending rose from US$17.2 billion in 1990 to US$49.8 billion in 2003 (SIPRI 1990-2003). At the heart of this expansion were the modernisation of the PLA Navy (PLAN) and the development of its blue-water capability (Huang 2010:22-23). Known as the offshore defence doctrine, PLAN was accorded the responsibility to safeguard “China’s maritime security and maintaining the sovereignty of its territorial waters, along with its maritime rights and interests” (Huang 2010:28). The key aim of this doctrine was not to use overwhelming force, but to formulate an effective deterrent through “credible intimidation” (Christensen 2001:5-40). So despite the increased military expenditure, PLAN’s focus was on a maritime strategy of “littoral defence and limited peripheral war” (Shambaugh 2002:165). Predictably, there were conflicts between China and Southeast Asia as evinced by China’s occupation of Da Lac Reef in 1992 and Mischief Reef in 1995, much to the consternation of Hanoi and Manila respectively. Beijing’s quest to spread its tentacles throughout the SCS has come to be aptly described as “creeping assertiveness” (Storey 1999:95-118). Malaysia was similarly concerned when it enforced its claims on the Erica Reef and Investigator Shoal in June 1999. However, China’s reaction was curiously mild, which led credence to the claim that Beijing was discriminatory towards disputants in the Spratlys. In fact, Manila suspected Sino-Malaysian collusion after Syed
Hamid-Albar’s visit to China earlier that year where he could have given Beijing a heads-up of KL’s intentions in the Spratlys (ST 30 June 1999). Undeniably, it was this flashpoint that was to occupy regional security thinking in Southeast Asia after the Cold War.

6.3 Ethnic Political Situation

6.3.1 End of Communism and Cessation of the Overseas Chinese Policy

The two longstanding issues – communism and overseas Chinese policy – were finally resolved on Mahathir’s watch. The outlawed CPM ended their armed struggle by signing a peace agreement with the Malaysian government on 2 December 1989 in Hatyai, Thailand. It was a remarkable U-turn on the part of the CPM because it was once said by Chin Peng to the Tunku at the 1956 Baling Talks that “we will fight to our last drop of blood!” (Maidin 2005:77). That drop of blood in Baling was exchanged for the ink of a pen in Hatyai. Given however that there were more than 2000 individual pieces of armed equipment underground and over 1200 communist guerrillas requiring rehabilitation and resettlement against the backdrop of internal purges and breakaway factions, it was only in 1992 that communism ceased to become an issue (Chin 2003:506). One telling feature of the peace agreement was that two of CPM’s signatories – Abdullah CD and Rashid Maidin – were Malays while the other was Chin Peng himself. This debunks the claim that communism was synonymous with the Malaysian Chinese community. In fact, the main reason for Abdullah and Rashid being the signatories was that both were senior leaders of the Malay-majority 10th Regiment, the most organised of CPM’s armed brigades (see Suriani 2006:123-131; Abdullah 2009:227-251). The Hatyai peace accords also brought to an end the subversive VOMD radio transmission (Wong 2005:24).

Hatyai was only possible because of Beijing’s blessings. Noted Wang Gungwu: “That the PRC Government was directly involved in the decision and in arranging Chin Peng’s appearance on the Thai-Malaysian border is almost certain, though the extent of its involvement is not known.” Added Wang, “Because Chin Peng had been in Beijing and

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163 Central role to reaching this agreement was played by Thai Defence Minister, General Chavalit Yongchaiyudh.
the PRC’s cooperation would have been essential, the move could be represented as a gesture of goodwill and friendship towards both those ASEAN countries” (Wang 1990:72). Even Chin Peng conceded that “once Peking had established firm state-to-state relationships with the countries of Southeast Asia, I felt my continuing presence anywhere in China was likely to be an embarrassment for CCP’s leadership” (Chin 2003:506). Also, CPM’s demise coincided with the end of the Cold War. This is because China’s new diplomacy in its foreign policy shifted the thinking from political ideology to economics; and so, it can be argued that CPM was no longer useful to CCP. This is more so when Beijing had developed diplomatic relations with all ASEAN states by 1990. In short, CCP’s continued relations with CPM no longer served Beijing’s national interests.

The signing of the Accords was testament to the culmination of concerted efforts made by previous Malaysian governments to battle the communists. So, the accord was “more in what the Malaysian government has done rather than what the communists have not done” (Nathan 1990:210). It was also politically significant for Mahathir as communism had, for decades, exacerbated the conflict between the Malays and Chinese. For the communists, the Accords were indicative of the Malaysian government finally realising that they can only advance the country’s politico-economic interests if they made peace with the CPM. According to Maidin, “The government of Mahathir understand that if it continued with the colonial strategy, the development of the nation would be hindered, the economy would not grow, and the nation would not be able to fully reap the fruits of its independent status” (Maidin 2005:82). Concomitant to the CPM’s demise was also the cessation of Beijing’s overseas Chinese policy. Whether the two issues were related remains unclear, but the common denominator was Beijing. Essentially, the Hatyai Accords, and promulgation in 1989 of the Law on Citizenship\(^{164}\), which led to Beijing fully revoking the citizenship of overseas Chinese in Southeast Asia, “effectively cut the umbilical cord between Beijing and its Chinese diaspora” (Liow 2009b:70).

\(^{164}\) It was a reaffirmation of the 1980 Law on Citizenship where overseas Chinese were citizens of their resident states.
6.3.2 Vision-2020, Enhanced Creeping Islamisation, and the ‘Anwar Affair’

Against the backdrop of the end to the NEP in 1990\textsuperscript{165}, and the unstructured \textit{Look-East} policy, Mahathir advanced his signature idea known as Vision-2020.\textsuperscript{166} In his speech on 28 February 1991, Mahathir suggested that by the year 2020, “Malaysia can be a united nation, with a confident Malaysian society, infused by strong moral and ethical values, living in a society that is democratic, liberal and tolerant, caring, economically just and equitable, progressive and prosperous, and in full possession of an economy that is competitive, dynamic, robust and resilient” (Mahathir 1991). This vision would require Malaysia’s economy to grow 7% annually from 1990 to 2020, and to double its GDP for each decade in that the GDP would have to be eight times larger in 2020 than in 1990 (Wain 2009:103). Further, it was about crafting “a nation of peace with itself, territorially and ethnically integrated, living in harmony and full and fair partnership, made up of one Bangsa Malaysia (Malaysian race)” (Mahathir 1997). It was hoped that Vision-2020 could remove the identification of race with economic function and bring to an end race-based politics (Saravanamuttu 2010:189). Crucial too for a nationalistic vision instead of the past communalistic ones was that the Malay middle class had rapidly expanded due to NEP, and a sustained economic growth being attained in the country (Liow 2009b:70). The newfound Malay middle class reflected “not only a more confident and assertive sub-stratum of society, but also being less dependent on the state for protection and less fearful of the Chinese economic threat” (Singh 2001:55). Put differently, the Malay middle class appeared to be less ethnically-driven, and had acquired interests of their own. This included not just supporting a government based on economic performance, but also on enlarging the space for political expression. As such, it was unsurprising that Vision-2020 was predicated upon “constructing a national identity, promoting national unity, and encouraging national pride” in Malaysia (Kuik 2010:266). In essence, Vision-2020 was Mahathir’s idea of garnering the support of both the Malays and Chinese.

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\textsuperscript{165} NEP was replaced by National Development Policy (NDP) which arose from the report of the National Economic Consultative Council in 1990. NDP focused on the creation of wealth instead of its redistribution, and stressed greater involvement of the private sector. NDP was central to the formulation of Vision-2020 (Derichs 2001:191).

\textsuperscript{166} Vision-2020 was inspired by ophthalmology as Vision-2020 equated to perfect vision. It suggests a call for perfect clarity in a 30-year plan to make Malaysia a developed country by 2020. Interview with Mahathir Mohamad.
\end{flushleft}
While Vision-2020 significantly enhanced economic growth through the involvement of the private sector and penetrating new markets particularly from countries in Asia (Derichs 2001:192), it made little impact in mitigating the conflict between the Malays and Chinese.\(^{167}\) This is because Vision-2020 was still racially-oriented as witnessed by the caricature of the ‘New Malay’. That is, the creation of a new category of Malay entrepreneurs and professionals who make up the Bumiputra commercial and industrial community (Khoo 1995:337). In fact, Mahathir reaffirmed his faith in Malay pride, courage and diligence to become top corporate leaders in various fields (Mahathir 1993). Further, the ‘creeping Islamisation’ wave not only continued from the 1980s, but had also intensified since the 1990s (Wain 2009:349). The ‘bureaucratization’ of Islam, that is, Islamisation ‘from above’, continued unabated. Examples included the creation of the Department of Islamic Development (JAKIM) in 1997 to act as the moral enforcer on Islamic matters, and the Malaysian Institute of Islamic Understanding in 1992 to propagate progressive Islamic views congruent with Vision-2020 (Wan-Kamal 2007).

The net effect of Islamisation was a highly-charged Islamised atmosphere, which was detrimental to non-Muslims, chiefly the Chinese. One concern was the enactment of the Apostasy Bill in 1998 against the backdrop of increased number of Muslim apostates in Malaysia, and PAS’ criticism that “UMNO could not be regarded as Islamic as it provided no punishment for those who left Islam and yet would fine a citizen RM500 for throwing a cigarette butt on the market floor” (cited in Zainah 2004). As a result, tension began to brew between Malay-Muslims and non-Muslim Chinese when JAKIM began to conduct Islamic-style spot-checks on non-Muslim social activities, and Christian-based schools were being compelled to recite Quranic verses (Liow 2009a:68). Caught in the crossfire were Malaysian Chinese Muslims who were often mistaken for being more Chinese than Muslim.\(^{168}\) Furthermore, the Lina Joy saga captured the public imagination by igniting a heated national debate on apostasy. Originally named Azlina Jailani, she left Islam to become a Christian. While she was able to alter her name to Lina Joy in 1999, her joy was short-lived when authorities refused to change her religion to Christianity

\(^{167}\) Economic growth came to a halt with the advent of the 1998-99 Asian Financial Crisis before picking up again.

\(^{168}\) Interview with Mustapha Ma.
unless the Sharia court classed her an apostate. Lina was being passed from pillar to post with verdicts of both Sharia and Federal Courts not made in her favour. Lina’s case not only generated bad press for Malaysia, but it also made apostates keep a low profile (BBC-News 15 November 2006). To project UMNO’s Islamic credentials, chiefly after KL’s support for the US post-September 11 attacks, Mahathir described Malaysia as an “Islamic fundamentalist state” (CNN 18 June 2002). Doing so however caused a furore among non-Muslims as it was seen as unconstitutional, and fundamentalism was often problematic for religious minorities. This was evidenced by them being relegated to a secondary status after a publication of an ‘Islamic State’ pamphlet (Funston 2006:60).

Possibly the most difficult problem facing the Mahathir administration was the ‘Anwar affair.’ Mahathir stated that Anwar’s dismissal in 1998 as his deputy was due to him being gay and a womaniser. But it was felt that Anwar was sacked because he preferred, contra-Mahathir, IMF-style policies of tight spending and higher interest rates; and opposed the use of public funds to bail out ailing corporations owned by tycoons, with close connections to the BN regime (IHT 22 September 1998). Moreover, Mahathir was convinced that Anwar was conspiring to unseat him as UMNO President by exploiting the economic malaise to buttress his position within UMNO (Wain 2009:286). Not only was Anwar dismissed from office, but he was also apprehended under the ISA on charges of abuse of power, and later on charges of sodomy (Ho 2001:10-11). What followed Anwar’s dismissal and detention was unprecedented in Malaysia’s young political history. Noted one journalist, “The ‘Anwar affair’ caused a deep split in the party, divided the nation and prompted people to question the foundations of their society, including its political structure, its judicial processes and the power of the police” (The-Australian 28 December 1998). Similarly, a scholar opined: “The Anwar episode and its social, cultural, and political consequences disclosed a possible erosion of the politics of racialism, [that is,] the emergence of multi-ethnic awareness in Malaysian civil society especially among young Malaysian middle class” (Hwang 2003:331). In particular, what has been described as Mahathir’s “unintended legacy”,

was the growth of civil society like the Reformasi movement\textsuperscript{169} as well as the formation of Barisan Alternatif (BA) to compete with BN in future elections (Weiss 2004:110-118).

One major implication from the ‘Anwar affair’ was the disintegration of Malay unity, and by extension, the erosion of support for UMNO. Presumably shocked at the treatment of Anwar by the Mahathir administration to the extent of being seen as cruel and un-Islamic, young middle class professionals in particular left in droves to first, PAS and later, the National Justice Party (precursor to People’s Justice Party or PKR). More than 15,000 new members signed up with PAS at the height of Reformasi (Wain 2009:231). While the Malay unity was previously split between UMNO and PAS albeit the former with the clear majority, it was now split three ways with PKR a third emerging political force to court the Malay support. Moreover, the more conservative Malays were also concerned in witnessing the Chinese community latching on the Reformasi movement as they believed that the Malaysian Chinese were conspiring to wrest political control of the country (Heng and Lee 2000:159). All-in-all, the ‘Anwar affair’ had split the Malay support, and made the ethnic political situation more volatile. Interestingly, the Chinese were on the same side of the fence with Malays in support of Anwar, but on the opposite side with Malays who were traditionally suspicious of the Malaysian Chinese.

6.4 Care for Domestic Legitimation and Mahathir’s Perceptions of China

6.4.1 Mahathir’s China Perception from External Strategic Environment

Compared to the first decade where Mahathir’s attention to DL was influenced by the perception of China as a threat to Malaysia’s national security, the second decade witnessed a 180-degrees turn to a full-throttled economic opportunity. This is not to suggest there was an absence of external security threats emanating from China, but rather, the economic imperative had taken precedence in the post-Cold War period. On the external front, Mahathir’s perception of China as an economic opportunity was

\textsuperscript{169} Launched by Anwar after he was sacked in 1998, the Reformasi movement grew stronger when Anwar’s supporters were joined by civil society groups as they were enamoured by Anwar’s message of good governance, transparency, accountability and democratic freedoms (see Weiss 2001:84-86).
shaped by the rapid emergence of China as an economic power in-line with the ‘Good Neighbour Policy’; the end of the Cold War and the attendant decline in the Soviet threat as evidenced by the Sino-Soviet constructive partnership; and China’s entry into the WTO. In Mahathir’s words, “It is high time that we stop seeing China through the lenses of threat and to fully view China as the economic opportunity that it is” (Mahathir 1995). Added Mahathir: “China should now be seen as a land of economic opportunity” (BT 24 January 1995) given especially that China “offers ample opportunities for investments” (LZ 24 January 1995). In essence, for Mahathir, “China has a great potential for becoming an economic power” (cited in Alagasari 1994:215). Equally pertinent was Mahathir’s rebuke of the China-threat theory by referring to China as a “benign power incapable of domination” (Asiaweek 11 August 1993). Additionally, according to Mahathir, “Malaysia refuses to see China as a military and political threat. We prefer to see China as a friend and partner in the pursuit of peace and prosperity for ourselves as well as for the region” (Mahathir 1995). Simply put, Mahathir viewed China as “a responsible member of the Asia-Pacific and did not consider her a military threat” (ST 15 January 1995).

On China’s defence spending, Mahathir expressed the view that the region should not be concerned because “I do not think they are out to conquer Southeast Asia” (TNP 21 August 1993). Such a stance was explained by Mahathir’s government in four ways. First, as argued by then-Defence Minister Syed Hamid-Albar, China was too “preoccupied with economic development to channel resources into an expensive military modernisation programme aimed at securing regional hegemony” (BT 10 June 1993). Secondly, China’s defence spending was perceived by Malaysia as “a natural process of replacing obsolete equipment rather than a programme to increase China’s power projection capabilities” (Storey 2011:222). Third, according to Mahathir, since Japan, South Korea and the US were seen as benign despite their heavy military expenditures in that Japan and South Korea had spent more than China, and the US defence budget allocation was ten times more than China, “we can also be allowed to sleep well without too many nightmares after looking at China’s military expenditure” (Mahathir 1995). Fourthly, Mahathir downplayed the China-threat by pointing out that “if you look at the history of China, they have never invaded neighbouring countries” (The-Australian 15 May 1995).
Mahathir’s government even soft-pedalled on the South China Sea dispute by averring that “historically, China has not exhibited any consistent policy of territorial acquisitiveness...full invasion and colonisation has not been a feature of Chinese history”\textsuperscript{170} (Mahathir 1994). In Mahathir’s view, this regional dispute is not unsolvable, because “there hasn’t been a war yet. It has been predicted that we will fight each other, but we haven’t yet. There have been light skirmishes between Vietnamese and Chinese but China has accepted that we should discuss this with ASEAN” (Asiaweek 9 May 1997). That China advocated joint exploration of SCS resources also indicated its willingness to abide by international law, and to coexist with its regional neighbours (ADJ April 1996).

Besides the economic imperative, it is noteworthy that China’s espousal of a multipolar order also found resonance with Malaysia. Put differently, Malaysia and China were united in their opposition to the prevailing Western-dominated international political and economic orders (Liow 2009b:78). Concomitant with this shared opposition was the latitude allowed for middle powers to play pivotal roles in the post-Cold War period. While the discussion on middle-powers as it relates to Malaysia would be done later, it is suffice to note at this juncture that middle powers are also a matter of perception (Giacomello and Verbeek 2011:13-28). That is, a self-perception of middle-powers that “influences policy and the implementation of policy, as well as projecting an image of the way they want to be viewed by the outside world” (Cooper 1997b:3). Although Mahathir has never used the term middle-powers even when asked directly by the author if he viewed Malaysia as such\textsuperscript{171}, it is sufficient to make the claim that, as will be elaborated later, middlepowermanship was a key cornerstone of Mahathir’s quest for Malaysia to pursue a dynamic and independent foreign policy. That is, Mahathir wanted Malaysia to be consistently on the world map as a pivotal player in international affairs.

While China was an economic opportunity, it was also an economic threat to Malaysia. While on the one hand, Mahathir opined that “I prefer to see China not as much as an economic threat as it is an economic opportunity” (Mahathir 1995), he conceded that

\textsuperscript{170} Analysts using this Mahathir quote to define the China-threat often forget that Mongols had invaded Java in 1290.
\textsuperscript{171} Interview with Mahathir Mohamad.
China could pose a threat to Southeast Asia’s trade with the world with the growing inflow of FDI to China on the other (Zha 2002:57-58). Malaysia, in particular, had been losing out in attracting FDI after the Asian Financial Crisis (AFC) as the FDI dropped from 6.4% of its GDP between 1990 and 1996 to 1.2% in 2002 (BBC-News 8 October 2003). As a small state with a comparably weaker economy vis-à-vis an emergent China as well as a population of 24 million competing with a huge population of 1.3 billion in China, it is logical to argue that Malaysia was also constrained by the lack of the economy of scale when competing directly with Beijing. In fact, China’s entry into the WTO made the economic competition more intense between itself and ASEAN states (Shee 2004:77).

6.4.2 Mahathir’s China Perception from Ethnic Political Situation

On the domestic front, Mahathir’s perception of China as a non-threat was influenced by the cessation of China’s support for CPM and its links with the Malaysian Chinese. Put differently, Beijing’s interference in KL’s internal affairs dissipated with the signing of the Hatyai accords and the promulgation of the Law on Citizenship in 1989. Testament to Mahathir’s China perception as a non-threat was that he tried to allay fears about China’s communist ideology. He said: “Nobody nowadays seriously entertains the view that China is bent on exporting its communist ideology. We can lay to rest the threat of ideological subversion and wholesale conversion” (Mahathir 1995). While it can be argued that the historical baggage from China’s interference in Malaysia’s internal affairs may take time for the Malays to overcome, the PRC threat perception was quickly abandoned after Mahathir had rebuffed his own bureaucratic resistance. Not only did Mahathir postulate a more benign view of China to his domestic audience, but he also backed efforts for a peaceful settlement to the communist saga (Lee and Lee 2005:13).

While CPM’s demise removed a major source of friction in Malaysia-China relations, the economic dominance of the ethnic Chinese was still perceived to be an incipient source of ethnic strife between Malays and Chinese, and as such, had consequences for Malaysia’s China policy (Acharya 1999:134) While on one hand, Mahathir encouraged Malaysian Chinese to utilise their ancestral identity to exploit economic opportunities
that had opened up in China in the hope that such gestures would improve relations between the Chinese community and the Malay political leadership, he also used the perceived fear of China albeit in a low-key fashion to serve as a mechanism to shore up Malay support for the purposes of domestic legitimation (Kuik 2010:262-264). Not least because of the fear that an economically-resurgent China could implode and result in a big wave of refugees to Southeast Asia reminiscent of the past Indochina crisis. This, in turn could upset the ethnic balance in several Southeast Asian states including Malaysia (Yee and Storey 2002:5). Given also the fact that Mahathir was confronted with a rising Malay middle class, which were less likely to vote along communal lines and more on economic performance and political freedoms, Mahathir’s China perception on the local front was one of economic opportunity for two reasons. First, the more economic benefits that could be derived from China, the quicker Vision-2020 could be achieved. Second, the readiness of Mahathir’s government to make economic opportunities more accessible to Malaysians might also have struck a chord with the Chinese whose support was to become even more significant in the wake of the ‘Anwar affair’, and who were themselves concerned about the creeping Islamisation phenomenon in the country.

6.4.3 Domestic Legitimation and Mahathir’s China Policy

Mahathir’s care for DL was mainly influenced by China as an engine of economic growth, which was external in its source, but was linked to internal considerations, chief of which was the burgeoning middle class. DL was also on Mahathir’s mind given the domestic turmoil from the ‘Anwar affair’, which had the effect of undermining the legitimation of Mahathir’s governing regime; and from the highly-charged Islamisation atmosphere that divided the Malays and Chinese. So, for the purposes of domestic political survival, Mahathir required the support of all ethnic communities and in particular of the Chinese given how the ‘Anwar affair’ and the Islamisation race risked splitting the Malay vote. In short, Mahathir needed to broaden the governing regime’s electoral appeal beyond just the Malays. That is, by enhancing the country’s economic progress, and by embracing an all-inclusive vision for nation-building as evidenced by Vision-2020. Put briefly, the care for DL was now driven more by a nationalistic, rather than a communal imperative (Kuik 2012a). However, it is quite surprising for Mahathir not only to make a volte-face
in his perception of China from threat to opportunity, but also to do it at an accelerated pace towards comprehensive engagement consonant with a maturing partnership in China. This is because when Mahathir assumed office in 1981, he perceived China as a long-term threat. Yet in the 1990s, he had changed his mind about China until he retired.

Crucial to this swift policy shift was Mahathir’s China perception within the context of DL. Firstly, Mahathir’s experience in dealing with China in the first decade convinced him on the importance of economic pragmatism – peaked during Mahathir’s China trip in 1985 – for the DL of Mahathir’s ruling regime in the 1980s. Similarly, if Sino-Malaysian economic relations could be strengthened further in the second decade, there could be even greater economic benefits for Malaysia, which were required to placate the rising middle class in the country. Doing so was significant as their support was crucial for the justification of Mahathir’s regime to govern at home. Simply put, the more economic benefits that can be derived from China, the better it would be for the DL of Mahathir’s governing regime. So single-minded was Mahathir on the economic imperative that he told his domestic audience that “China is a country that Malaysia cannot wish away.” Added Mahathir: “There is no way we can rid of China. It is a big country with 1.3 billion very hardworking and intelligent people. No matter what you do, they will be there. You cannot eliminate 1.3 billion people. So you have to learn to live with China.” (Mahathir 2004:60). Simply put, Mahathir’s diplomatic formula for Malaysia to live with China was to ‘commercialise’ Sino-Malaysian relations for the benefit of the domestic population.

Secondly, it was similarly about Mahathir as an individual as was argued in the preceding chapter. In addition, Mahathir also exhibited two other features which were more prominent during his second decade. The first was the categorisation of Mahathir as an “enlightened Machiavellian pragmatist who adjusted his China policies like a chameleon changing his colours according to changing situations” (Shee 2004:59). Mahathir was a “maverick” who “challenged the rules and conventions whenever they appeared to make no sense, or got in the way. He revelled in being a contrarian, doing what was popularly forbidden” (Wain 2009:4). Similarly, although it appeared illogical to pursue a

172 See Chapter Five, pp.166-167.
comprehensive engagement with China at such an accelerated pace especially given the perception of China as a long-term threat a decade earlier, Mahathir chose instead to inject a dose of ‘realism’ into his decision-making in that China was more worthwhile to Malaysia as an economic opportunity than a security threat. In fact, he self-declared himself an Asianist, where, in his words, “I am Southeast Asian and East Asian. I am proud that we have together been able to turn a battleground into a marketplace” (Mahathir 1995:41). So, in a sense, Mahathir was both at once a Malay ultranationalist and a self-declared Asian-centric pragmatic thinker in the arena of foreign policymaking.

The second was Mahathir’s anti-Western diatribes, because he was critical of the West imposing their version of political and cultural values on developing states (Storey 2011:216). Mahathir’s acerbic criticism of the West was unabated chiefly during the second decade of his premiership where “he was seldom slow to castigate the powerful or to shame the hypocritical” (Khoo 1995:79). Similarly, Mahathir’s perception of China was also contextualised within the bullying behaviour of the West towards non-Western developing states in particular. By telling the West to abolish their “Cold War mindset” whereby trying to control or contain China was “not a wise policy” (NST 25 July 1997), Mahathir exhorted the Western leaders not to treat China as an enemy because it could self-prophesise to developing into an enemy (Lee 2005:6). To accentuate that it was the West and not China which had been imperialistic, Mahathir used the following cultural analogy: “The Chinese invented explosives and used them to make noise in order to chase away the dragon and stop them from swallowing the sun and the moon during eclipses...But when the Europeans came across the Chinese explosives, the first thing that they thought was how to use them to propel their cannon balls further” (cited in Chong 2003:113). At other times, Mahathir was more point-blank in his criticism where he asserted that “the US is saying we are threatened by China but I don’t see the threat from China as being any worse than the threat from the US” (Asiaweek 11 August 1993), and unlike the West, “China has not tried to teach us how to run our government and our country” (ST 28 August 1996). So unsurprisingly, Mahathir was the pivotal figure in taking the decision to shift towards comprehensive engagement with China reminiscent of a maturing partnership. Importantly, it was up to Mahathir’s discretion on how to
dictate the tone and tempo of Malaysia-China relations. Not only was there an emergence of a maturing partnership, but also, tellingly, the words *friendship* and *friend* began to enter the diplomatic vocabulary of Malaysia-China relations.

6.5 Middlepowermanship in Malaysia’s China Policy

Driven by the care for DL whereby the economic imperative was foremost on Mahathir’s mind for the purposes of ensuring the longevity of his governing regime, Mahathir chose to pursue comprehensive engagement with China since the 1990s, which then had the effect of a maturing partnership emerging between Malaysia and China. It is suggested here that this maturing partnership can appropriately be understood through the lenses of middlepowermanship, which includes four main elements: niche diplomacy, cultural diplomacy, multilateralism through ASEAN, and bilateral high-level visits.

6.5.1 What is Middlepowermanship?

Middlepowermanship is a contested concept in both definitional clarity and operational coherence to the point of being characterised as “deceptively ambiguous” (Chapnick 1999:73). This conceptual vagueness has led to some scholars deriding it as being on the “verge of extinction” because middlepowermanship cannot clearly explain a state’s foreign policy behaviour (Leaver and Cox 1997:1-11). One such critic was Barry Buzan who dismissed the concept, because in his opinion, it cannot explain world politics and in particular, security complexes in regional and international systems in the post-Cold War (Buzan 2004:75-76). But rather than admit intellectual defeat, some scholars have reformulated the concept in order for it to become useful in analysing the foreign policy of specific states (see Chapnick 2005; Ping 2005; Jordaan 2003; Cooper 1997a). While there are two main models – hierarchical and behavioural – identified in the middle-power literature, it is the latter that has gained traction in the post-Cold War period. This is because the behavioural model views middle-power as a dynamic concept

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173 The hierarchical model is associated with Carsten Holbraad’s work where middle-powers were based on a ranking system, that is, it occupies a ‘middle position’ between bigness and smallness in the international hierarchy of states (Holbraad 1984). The main flaw with this model is that it has arbitrarily-preconceived notions of what are middle-powers, which, in turn, discriminated other states, which may be small in size but could arguably be middle-powers.
premised on ‘actorness’ (roles) in the international system (Cox 1989:825-827). Simply put, this model pays attention to foreign policy behaviour, instead of the size, of states. Middle-power is, hence, a type of state that asserts a distinct type of statecraft (action of states) called middlepowermanship in its foreign policy (Cooper et-al 1993:19).

Similarly, Kim Nossal and Richard Stubbs introduced a 2S+3F framework to argue that Mahathir’s Malaysia was a middle-power in behavioural terms (Nossal and Stubbs 1997:147-163). 2S referred to scope and style whereby the former was about practising ‘good international citizenship’ in that a state “puts the welfare of international society ahead of the relentless pursuit of its own national interests” (Linklater 1992:28); while the latter was about adopting an activist posture that was initiative-oriented in areas that the state had no direct interests. 3F referred to focus, forms and forums. The first focused on niche diplomacy, that is, “concentrating resources in specific areas best able to generate returns worth having rather than trying to cover the field” (Evans and Grant 1991:323). The second was about an abiding preference for multilateralism as the most effective means of resolving international problems (Wood 1988:20). Related to forms were forums, which refer to organisational settings for multilateralism to be expressed. Given also that bilateral approaches are a crucial tenet in Malaysia’s foreign policy, several scholars have added bilateralism to their study of middlepowermanship in Malaysia’s foreign policy (Mustafa 2007; Camroux 1994). It is also noteworthy that middlepowermanship also enhances the international stature and prestige of the country and its people (Neack 2008:162). As such, Malaysia’s political prestige rose as its practice of middlepowermanship germinated. Put differently, middlepowermanship placed Malaysia on the world map, with the implication that Malaysia, despite being a small state, was a serious actor in international affairs. Arguably, it is this very pride and prestige as a middle-power which not only made China take closer notice, but also made it hold Malaysia in higher regard. This, in turn, drove the impetus for greater cooperation between the PRC and Malaysian governments, especially in the economic field.
6.5.2 Niche Diplomacy in Malaysia-China Relations

One common niche between Malaysia and China was the convergence on issues related to the developing world. This is because both belonged to the developing world, and there were economic benefits that could be derived from engaging in a political courtship with the developing world. That Mahathir quickly rose to become a riveting spokesman for the developing world and was also known for his anti-West diatribes found resonance with the PRC leadership. Both were opposed to the prevailing Western-led international political and economic domains, which discriminated against countries in the developing world (Liow 2009b:76). The common cause of the developing world brought Malaysia and China closer together to the point of them supporting each other on a range of issues as well as their positions at multilateral fora (Liow 2000:679-80). Some examples of this convergence included China’s support for Malaysia’s call for a review of the UN Declaration of Human Rights so as to factor in the conditions of the developing world (ST 23 August 1997); KL’s backing for China’s entry into the WTO as it would enhance the position of developing states (ST 26 January 1995); and proposals to democratise the UN Security Council so as to allow greater regional representation.174

Moreover, Malaysia and China collaborated to invest jointly in other developing states as there were economic advantages from investing, for example, in African countries. Specifically, Petronas – a state-owned petrochemical corporation – collaborated with the China Petrochemical Corporation (Sinopec) to invest in Sudan, Ethiopia and Chad for the purposes of oil exploration (Green 2009:38-41). Such commercial benefits also had domestic underpinnings as more resources could be allocated to the restructuring of the Malaysian economy without exacerbating the tension between the Malays and Chinese.

6.5.3 High-Level Bilateral Visits

It was during Mahathir’s second decade in office that the largest number of bilateral visits transpired between the governments of Malaysia and China. There were at least 174 It was during Malaysia’s chairmanship of the UN General Assembly that Razali Ismail proposed the enlargement of the Security Council from 15 to 24 members, but without a veto for five new permanent members (BT 22 March 1997). Such a proposal was a top priority for Mahathir as it could enhance Malaysia’s activist role at the UN. Razali also shared that China, while supportive of the proposal, was cautious in its response. Interview with Razali Ismail.
20 trips made by Malaysian leaders to China, and about the same by Chinese leaders to Malaysia as shown in Table 16a/b. This was because of Mahathir’s preference for bilateral approaches to foreign policy, despite having a penchant for multilateralism as a middle-power. For Mahathir, bilateralism “allowed for greater intimacy, understanding and results than multilateral relations” (Nair 1997:95). So enamoured was Mahathir with China that he made a total of six trips to Beijing. It was also on Mahathir’s watch that the scope for bilateral visits expanded beyond foreign affairs and trade to defence or party-political matters for example. It is also noteworthy that China too had a propensity for bilateral approaches, as observed by China specialist Gerald Segal: “It is in China’s interests to deal with its neighbours bilaterally, and to seek to reduce any efforts to ‘internationalise’ aspects of foreign policy that could result in more actors being capable of working together to balance China” (Segal 1996:114).

Najib became the first Malaysian Defence Minister to visit China in August 1992. Najib’s visit was twice reciprocated by his Chinese counterpart, Chi Haotian to Malaysia in May 1993 and September 1994. The first trip was significant as defence cooperation was discussed for the first time albeit “in general terms” (ST 26 May 1993). The second trip was salient as it paved the way for Malaysian and Chinese military attaché offices to be established in their respective capitals in 1995 (Kuik 2010:281). After PLA’s Lt-Gen Zhou Youliang visited KL in November 1995, bilateral defence cooperation deepened with Malaysian and PRC navy ships starting to dock at each other’s ports. Such initiatives in the defence field can be attributed to the heightened political trust between the two countries even to the point of Najib postulating that “Malaysia does not see China as a security threat and is keen to forge closer defence links with Beijing” (ST 10 December 1994). But because the Spratlys was still a flashpoint, and that the domestic-political situation would forbid it (Malays would reject any security alliance with China), caution was exercised in that any sort of formal defence agreement was non-existent.175

One other telling observation was party-to-party relations being formed between the UMNO-led BN and the CCP. It was a remarkable turnaround since UMNO used to resent

175 Interview with Chandran Jeshurun.
party-political relations with China especially when CPM had looked to CCP for support for decades. The BN delegation’s visit to China in September 1994 and CCP’s reciprocal visit to Malaysia in March 1996 to commemorate UMNO’s 50th birthday was the start of party-to-party exchanges between the two countries (NST 11 May 1996). Added to the travel schedule were the Malaysian royalty making official visits to PRC, with the first being Sultan Azlan Shah in September 1991. All-in-all, the sheer volume of bilateral visits during Mahathir’s second decade in office underscored the increase in political trust and mutual respect between the two countries. To understand this further, this section now discusses Li Peng’s 1990 visit to Malaysia, and Mahathir’s 1999 trip to China.

<table>
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<th>TABLE 16a</th>
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<tr>
<td>Selected Malaysia-China Bilateral Visits</td>
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<tr>
<td>Under the Mahathir Administration, 1990-1995</td>
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<td><strong>October 1990</strong></td>
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<tr>
<th>Date</th>
<th>Event Description</th>
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<tr>
<td>August 1996</td>
<td>Visit to China by Malaysian Prime Minister, Mahathir Mohamad</td>
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<td>May 1997</td>
<td>Visit to China by Malaysian Foreign Minister, Abdullah Badawi</td>
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<td>July 1997</td>
<td>Visit to China by Malaysian King (Yang di-Pertuan Agong), Tuanku Jaafar</td>
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<td></td>
<td>Visit to Malaysia by Chinese Foreign Minister, Qian Qichen for ASEAN Regional Forum Meeting</td>
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<tr>
<td>August 1997</td>
<td>Visit to Malaysia by Chinese Premier, Li Peng</td>
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<td>November 1997</td>
<td>Visit to Malaysia by Vice-Chair of Standing Committee of National People’s Congress, Wang Hanbin</td>
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<td>December 1997</td>
<td>Visit to Malaysia by Chinese President, Jiang Zemin for the ASEAN Summit</td>
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<td>July-August 1998</td>
<td>Visit to Malaysia by Chinese Foreign Minister, Tang Jiaxuan</td>
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<td>November 1998</td>
<td>Visit to Malaysia by Chinese President, Jiang Zemin for the APEC Summit</td>
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<td>May 1999</td>
<td>Visit to China by Malaysian Foreign Minister, Syed Hamid Albar</td>
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<td>August 1999</td>
<td>Visit to China by Malaysian Prime Minister, Mahathir Mohamad</td>
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<tr>
<td>November 1999</td>
<td>Visit to Malaysia by Chinese Premier, Zhu Rongji</td>
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<td>June 2000</td>
<td>Visit to China by Chief of Malaysian Armed Forces, Zahidil Zainuddin</td>
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<td>February 2001</td>
<td>Visit to China by Malaysian Prime Minister, Mahathir Mohamad for the Boao Forum for Asia</td>
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<td>April 2001</td>
<td>Visit to China by Malaysian King (Yang di-Pertuan Agong), Salahuddin Abdul Aziz Shah</td>
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<tr>
<td>October 2001</td>
<td>Visit to China by Malaysian Prime Minister, Mahathir Mohamad for the APEC Summit</td>
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<tr>
<td>November 2001</td>
<td>Trade Mission to China led by Malaysian International Trade and Industry Minister, Rafidah Aziz</td>
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<tr>
<td>April 2002</td>
<td>Visit to Malaysia by Chinese Vice-President Hu Jintao</td>
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<td></td>
<td>Establishment of Malaysia-China Business Council by the Governments of Malaysia and China</td>
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<tr>
<td>May 2002</td>
<td>Visit to Malaysia by Vice-Chair of Chinese People’s Political Consultative Conference, Chen Qinghui</td>
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<tr>
<td></td>
<td>Trade Mission to China led by Malaysian International Trade and Industry Minister, Rafidah Aziz</td>
</tr>
<tr>
<td>July 2002</td>
<td>Visit to Malaysia by Vice-Chair of Standing Committee of National People’s Congress, Jiang Chunyun</td>
</tr>
<tr>
<td>October 2002</td>
<td>Visit to China by Malaysian President of the Senate (Dewan Negara), Michael Chen</td>
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<tr>
<td>January 2003</td>
<td>Visit to Malaysia by Chinese Vice-Premier Li Liancing</td>
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<tr>
<td>July 2003</td>
<td>Visit to Malaysia by Vice-Chairman of the Chinese People’s Political Consultative Conference, Huang Mengfu for the 7th World Chinese Entrepreneurs Convention</td>
</tr>
<tr>
<td>September-October 2003</td>
<td>Visit to China by Malaysian Deputy Prime Minister, Abdullah Badawi</td>
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Compiled by Author (2014)
Li Peng’s 1990 Visit to Malaysia

Li Peng was the first Chinese leader to visit Malaysia in the post-Cold War period and the 1989 Tiananmen Incident. It was one leg of his tour of five ASEAN countries in what can be termed as Beijing’s ‘charm offensive’. That is, Li aimed to shed Beijing’s image of a pariah after events in Tiananmen, and to boost China’s profile in Southeast Asia by assuring the regional states that Beijing is not a threat to them (Chen 1993:163). So it was essentially Li’s goodwill tour with a political motive. Li, heading a 46-member delegation, visited Malaysia from 11 to 14 December 1990. Li’s meeting with Mahathir was the start of an evolution from a relationship to a maturing partnership. This is because Li assured Mahathir that Beijing will not use the Malaysian Chinese to advance its own interests, the very reason that made Mahathir call China a threat in the 1980s (NST 12 December 1990). Mahathir also received assurances from Li on two other issues. First, China’s military modernisation was solely for defensive purposes and not to further its foreign policy objectives. For the Spratlys dispute, Li reiterated that Beijing’s solution was a peaceful one, that is, to promote joint development with other claimants (Lee 1999:123). Second, Li called for direct trade between the two countries, that is, without the use of third parties (NST 12 December 1990). It was also at the meeting that Mahathir broached the idea of forming an East Asia Economic Caucus (EAEC) as a counterpoint to the Asia-Pacific Economic Cooperation (APEC), which he felt was dominated by the US. Although Beijing was initially apprehensive of Mahathir’s proposal as it was open to all avenues to further its economic modernisation, it later supported the EAEC, as it believed, like Malaysia, that efforts at economic integration in the Asia-Pacific were being dictated by the Washington neoliberal elite (Baginda 2002:248-249).

Mahathir’s 1999 Visit to China

Mahathir led a 205-member delegation to Beijing in a 3-day trip from 18 to 20 August 1999. It came at the back of the 1997 AFC and the sacking of Anwar Ibrahim in 1999. The year 1999 also marked a quarter of a century in the establishment of Sino-Malaysian

176 193 members of this delegation were Malaysian Chinese (FEER 26 August 1999).
diplomatic relations. It was also a trip aimed at generating momentum to the 12-point Sino-Malaysian Agreement titled ‘Framework for Future Bilateral Cooperation’ signed a few months earlier on 31 May 1999. This was the second crucial bilateral document to be signed after the 1974 Joint Communiqué. This Agreement sought to promote “all directional relationship and good neighbourliness, friendship and cooperation based on mutual trust and support” by focusing primarily on the economic imperative (NST 2 June 1999). So predictably, the central thrust of Mahathir’s visit was trade and investment, which was similar to his earlier China visit in 1993 (Lee 1997:78).

The main highlight of the trip was a number of agreed joint investment projects. For example, two Malaysian companies, Lion Forest Industries and Innoprise Corporation entered into a joint venture with China Fuxin Pulp and Paper Industries Co. to build a paper pulp in Sabah, amounting to some US$1billion.177 The Malaysian companies held 60% equity while the Chinese corporation had a share of 40% of this joint venture (Shee 2004:65). In addition, quite a number of projects were joint Sino-Malay ventures, in that Malay and Chinese companies based in Malaysia formed a consortium before investing in China. For example, the Malay-owned Bridgecon Engineering entered into an agreement with Chinese-owned Berjaya Group to construct the Second Nanjing Yangtze River Bridge (Lee 1997:78). In fact, Beijing, through its embassy in KL, “urged Malaysian Chinese businessmen to partner Malay businessmen in order to reduce ethnic salience.” Doing so would then enable these companies to be congruent with the Malaysian government’s policy of affirmative action for the Malays in the economic arena. In fact, both Malaysian and PRC governments saw eye-to-eye in encouraging more investment in China by Malay businessmen (Percival 2007:56). That China was now more sensitive to Malaysia’s domestic rationale of uplifting the economic position of the Malays was further indicative of the maturation in Sino-Malaysian relations under Mahathir.

177 It was the single biggest Chinese investment in the region to-date (NST 19 August 1999).
6.5.4 Multilateral Approach through ASEAN

No Southeast Asian country has done more to bring China into the ASEAN conversation than Malaysia under Mahathir. In a conceptual sense, it was about Malaysia adopting a ‘multilateral binding’ policy. That is, according to Schweller, “the state seeking to ‘bind’ the rival hopes that, by allying with the source of threat, it will be able to exert some measure of control.” While Schweller focused on established powers using “multilateral arrangements for the purpose of entangling the rising power in a web of policies that makes the exercise of its power too costly” (Schweller 1999:13), such a policy can also be extended to a major power being interlocked in a multilateral arrangement that is dominated by smaller states (Grieco 1995:34). Similarly, Malaysia played a pivotal role in ‘binding’ China to ASEAN. Firstly, China was invited, as Mahathir’s guest, for the 24th ASEAN Ministerial Meeting (AMM) in 1991. This meeting paved the way for dialogue relations to be formalised between ASEAN and China, with Beijing conferred full Dialogue Partner status at the 29th AMM in 1996. Secondly, on Mahathir’s initiative, China was invited to an informal ASEAN Summit alongside Japan and South Korea in 1997. Emanating from this meeting was the creation of the ASEAN+3 (China, Japan, South Korea) grouping, which aimed to enhance East Asian cooperation particularly in the economic field. This grouping has since become the key linchpin for ASEAN’s dialogue with Northeast Asia till this day (Ganesan 2008:246). From PRC’s standpoint, Jiang heralded “a new stage of development in Sino-ASEAN relations” and called on China and ASEAN to “forge a China-ASEAN good-neighbourly partnership of mutual trust oriented towards the 21st century” (Jiang 1997). Equally important was Malaysia’s role in the ‘binding’ of China on security-related concerns, as will be further examined below.

ASEAN Regional Forum, Code of Conduct in Spratlys, and Bali Concord II

Malaysia contributed to the security debates that led to the establishment of the ARF in July 1994 (Acharya 1999:141). Further, Malaysia was a strong advocate for the inclusion of China in the ARF as well as its integration into an organisation that is an “expression of cooperative security” (Leifer 1996b:57). Defined as “a system of confidence-building and transparency measures with the primary goal of reducing tensions and conflicts
within a group of states” (cited in Haacke and Morada 2010:3), cooperative security was a “key underlying concept behind Asian-Pacific multilateralism in the post-Cold War [period]” (Emmers 2003:4). Cooperative security is also in-line with middle-powermanship as it stresses multilateralism, multidimensionality, burden-sharing and re-assurance through dialogue (Higgott 1997:39). Partly because of a more assertive Chinese posture vis-à-vis the Spratlys dispute, ARF was established as a multilateral security forum that focuses on building confidence among its members through consultation and dialogue so as to either prevent or contain conflicts in the Asia-Pacific (Simon 1996:28-30). Crucially, in the eyes of ASEAN, China’s ARF membership indicated “Beijing’s public acceptance that there are overlapping claims over islands in the South China Sea…and public registration of the norm of non-use of force” (Foot 1998:439).

While Malaysia initially favoured a multilateral approach to resolving the Spratlys dispute, its position began to change in that the Spratlys was a bilateral issue among the claimants. As outlined by Foreign Minister Syed Hamid-Albar, “the South China Sea issue should be settled through bilateral negotiation…it would only make a bilateral issue of dispute more complicated if the issue is internationalised” (cited in Liow 2005:294). This reversal in policy position was due to three key reasons. First, since Malaysia’s territorial claims were furthest away from China and not as resource-rich, China’s response to Malaysia’s claims was benign (Liow 2000:688). Second, Malaysia and China had signed a 12-point Agreement in 1999, chief of which was “to promote the settlement of disputes through bilateral friendly consultations and negotiations” (Kuik 2010:290). Moreover, Malaysia and China signed a Spratly Accord which “rejected any form of outside interference or mediation in the islands dispute” (Liow 2000:687). Third, both sides were not in favour of the Spratlys dispute derailing their maturing partnership. From Malaysia’s standpoint, the commercial benefits gained from China were of utmost importance to its domestic politics. In fact, Malaysia and China were in-sync in that both sides felt that the Spratlys dispute should be resolved bilaterally and not through the ARF. In fact, PRC’s stance on the ARF was that “security through cooperation does not mean the collective intervention in disputes among countries or seeking the thorough settlement of all concrete security problems” (People’s-Daily 16 July 1997).
Understanding however that its actions caused consternation within ASEAN, Malaysia gave its support on a Code of Conduct (CoC) for the SCS, which eventually came to fruition in November 2002. Known as the ‘Declaration on the Conduct of Parties in the South China Sea’ (DoC), ASEAN and China agreed “that the adoption of a code of conduct in the South China Sea would further promote peace and stability in the region and agree to work, on the basis of consensus, towards the eventual attainment of this objective.” While the DoC was not legally-binding as decisions had to be made on the basis of consensus, it paved the way for further talks on the eventual realisation of a legally-binding CoC for the SCS (Thayer 2013:77). In his last contribution to ASEAN as PM, Mahathir signed off on the Bali Concords II on 7 October 2003. Central to the Concords was the TAC being signed by China. It was to Malaysia’s credit that it both encouraged and welcomed China’s entree to the TAC (Kuik 2010:291). Also, ARF’s emphasis on security through cooperation, and “uphold[ing] the regional distribution of power” with the inclusion of both China and the US rendered ZOPFAN near-irrelevant in ASEAN’s relations with countries external to the region (Leifer 2000:135). Further, since the SEANWFZ treaty was yet to be signed by the major powers, it was effectively a toothless tiger. The only saving grace was the TAC, which, through its emphasis on the non-interference in the internal affairs of one another, mirrored, in part, to the ZOPFAN concept. So although China endorsed ZOPFAN in the early days of the post-Cold War period, the enthusiasm within ASEAN had gradually dissipated (Haacke 2003:74).

**Myanmar’s Accession to ASEAN and after**

Malaysia was an advocate for Myanmar’s admission to ASEAN. According to Mahathir, “if it is outside, it is free to behave like a rogue or pariah; while if it is inside, it would be subject to certain norms of behaviour” (AFP 1 May 1997). Myanmar’s ASEAN membership could also curtail its heavy reliance on China as Myanmar was one of the most penetrated of any of China’s neighbours in terms of economic activity and military support (Haacke 2006:25-26). Put differently, Myanmar’s ASEAN membership could dismantle China’s patron-client linkage with Myanmar, especially since Cambodia under
the KR had also once been a ‘client-state’ of China. Given also that Myanmar was a diamond in the Southeast Asian rough being largely polished by countries outside the region, not least by China, ASEAN countries were losing out on economic opportunities in Myanmar as China seemed to be the ‘most-favoured’ nation when it came to bilateral economic activity. To this end, Myanmar’s admission to ASEAN could shift the economic impetus to member-states instead, including Malaysia, which wanted to capitalise on Myanmar’s 1989 open-door policy (Sidhu 2008:78). Besides the economic rationale, Mahathir was driven too by the diplomatic prestige in taking the lead to form ‘One Southeast Asia’ when Malaysia was ASEAN’s Chair in 1997 (Steinberg 2007).

As Malaysia was a keen advocate for Myanmar’s ASEAN membership, the responsibility appeared to be more on its shoulders to bring about national reconciliation in Myanmar and uphold ASEAN’s reputation. Of note was the appointment of Razali Ismail of UN’s third Special Envoy to Myanmar in 2000. Malaysia was best placed to deal with the ruling junta for two reasons. First, Mahathir’s close rapport with the junta especially Than Shwe allowed Razali to have access to the senior leaders of the junta, while also being permitted to see Aung San Suu Kyi. As observed by one source, “Mahathir’s closeness to the regime helped open doors for Razali” (ALTSEAN-Burma 2002:39). Second, KL’s maturing partnership with Beijing meant that Razali could negotiate with Yangon on the one hand, and keep Beijing in the loop on the other. In fact, PRC’s consent was essential, however tacit, for Razali to kickstart the political process of national reconciliation in Myanmar. However, Razali’s attempts to induce China to exert some form of pressure on Myanmar was met with consternation by the junta, which then had the effect of badly damaging his image in the eyes of the regime (Haacke 2006:92). Despite not achieving the end-result, Razali’s Myanmar mission was a qualified success in that some form of dialogue began to take place in Myanmar, its slow pace notwithstanding. Malaysia’s role in Myanmar had the desired effect of moving Yangon out of Beijing’s

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178 Besides Malaysia, Indonesia was also anxious about growing Chinese influence in Myanmar (Buszynski 1998:296).
179 Interview with Razali Ismail.
180 According to a defence official who became US Ambassador to Burma in 2012, such a pace was expected as there was a lack of coordinated engagement towards Myanmar by the international community. “Only when Washington takes the lead to bring the relevant parties including China and ASEAN together as well as engage with the SPDC can there be genuine move towards some form of democratic reform in Myanmar.” Interview with Derek Mitchell.
orbit through a skilful navigation towards ASEAN, and then playing an integral role to bring about democratic change, but which only came about in the post-Mahathir period.

6.5.5 Cultural Diplomacy in Malaysia-China Relations

One new strand in Malaysia-China relations was the people-to-people contacts either as individuals or via non-governmental organisations (NGOs). Despite Mahathir’s proclivity for economics in his China policy, he had a penchant for culture. It must be noted that such interactions were intermittent before the 1990s, because the movement of people between Malaysia and China were banned or curtailed. However, after the Malaysian government lifted the ban on visits to China by reversing its managed and controlled policy, there was an upturn of people-to-people activity between Malaysia and China. Conceptually speaking, this additional strand to Malaysia’s China policy could be termed as cultural diplomacy. Situated on the soft power side of the hard-soft power spectrum, cultural diplomacy is defined as “the exchange of ideas, information, art and other aspects of culture among nations and their peoples to foster mutual understanding” (Cummings 2003:1). Further, cultural diplomacy can also be political in that it can further a government’s foreign policy goal or diplomatic practice through culture (Mark 2008:3), or open up of an additional line of communication for the purpose of backing a government’s policy (Goff 2013:421). So for Malaysia’s China policy, cultural diplomacy had the potential twin effect of reinforcing the friendship between Malaysia and China at the people-to-people level; and deepening the political trust between the two sides.

One illustration of cultural diplomacy was in tourism, where both Malaysia and China became popular destinations for their respective populations. The number of Chinese visitors to Malaysia grew from 107,600 in 1990 to 570,000 in 2002 while the number of Malaysian travellers to China increased from 42,000 in 1990 to 592,000 in 2002 (Yow 2004:6-7). A second illustration was in the area of education. For example, the signing of a MoU between Malaysia and China on Cooperation in the Education Field in June 1997 led to the creation of the first China-Malay Study Centre at Beijing Foreign Studies...
University (BFSU); and scholarship schemes for further education such as by Sime Darby, one of the largest Malaysian investors in China. Further, by 2003, 10,557 students from China were enrolled in institutions of higher learning in Malaysia (Shee 2004:62).

NGOs related to Malaysia-China relations also mushroomed in the 1990s. Quite a number of them were economic in nature such as the Malaysia-China Business Council (MCBC) and Malaysia-China Chamber of Commerce (MCCC). Established in 2002, MCBC aimed to enhance economic activity between Malaysian and Chinese entrepreneurs through a slew of initiatives including its annual Malaysia-China Partnership Summit. Formed in 1990, MCCC is a multi-ethnic organisation that fosters Sino-Malaysian economic cooperation through its collaboration with semi-autonomous organisations in China like the All-China Federation of Industry and Commerce. But the most significant body appeared to be the Malaysia-China Friendship Association (MCFA). Founded in 1992, MCFA is an NGO which is committed to promoting mutual understanding between citizens of Malaysia and China through a range of sociocultural and educational bilateral programmes. Its counterpart is the China-Malaysia Friendship Association (CMFA), which was established in Beijing in 1993. CMFA comes under the aegis of the ‘Chinese People’s Association for Friendship with Foreign Countries’, which is tasked with forging people-to-people diplomacy between China and selected countries. In fact, MCFA is the first point of contact of the Malaysian government just as CMFA is for the Chinese government.\footnote{182} All in, the net effect of cultural diplomacy was the deepening of the mutual trust between Malaysia and China at the people-to-people level. This, in turn was also indicative of Sino-Malaysian relations evolving into a maturing partnership.

Summing up, Mahathir’s China policy of a maturing partnership in the 1990s can best be understood via the lens of middlepowermanship, which includes the practice of niche diplomacy on issues pertaining to the developing world; cultural diplomacy as a form of soft power; active multilateralism via ASEAN as per the ARF and Myanmar’s accession to ASEAN and after, and bilateral visits such as Li Peng’s 1990 visit to Malaysia and Mahathir’s 1999 visit to China. Pursuant to the neoclassical realist model of DL, the last

\footnote{182} Interview with Abdul Majid-Khan.
section looks at how Mahathir’s China policy in the 1990s contributed to the legitimacy of his governing regime, which then helped justify Mahathir’s right to rule at home.

6.6 Performance Legitimacy of the Mahathir Governing Regime

6.6.1 1999 Malaysian General Elections

The 10th Malaysian GE, held on 29 November 1999, bore the imprint of the ‘China card’ being played by Mahathir. Mahathir’s highly-publicised trip to China in 1999 took place only 3 months before the GE. Even more significant was Chinese Premier Zhu Rongji’s visit to Malaysia from 22 to 26 November as it intersected with the election campaign from 21 to 28 November 1999 (BT 23 November 1999). Zhu’s visit was construed as an orchestrated event in the hope of finding favour among the Malaysian Chinese. Lamented DAP’s Lim Kit-Siang: “It is most inappropriate to involve a foreign leader in domestic elections, whether directly or indirectly …This would in fact be the first time in the history of Malaysia where a foreign leader is scheduled to make an official visit to the country in the midst of a general election” (ST 16 November 1999). Predictably, Zhu’s praise of Mahathir as a “old friend of the Chinese people” who had “done a great deal of work to promote friendly relations and cooperation between Malaysia and China” (ST 19 August 1999) was played up by the state-controlled media during election time; the purpose of which was to impress upon the Chinese in particular and the Malays in general on how highly the PRC leadership thought of Mahathir. Moreover, China sided with Mahathir during the ‘Anwar affair’ by first, chastising US Vice-President Al-Gore for interfering in the internal affairs of Malaysia with his support for Anwar’s Reformasi movement (ST 22 November 1998); and, second, having the confidence in the Mahathir government to restore political stability so as to then focus on economic development (BH 23 September 1998). Altogether, it can be argued that the UMNO-led BN played the ‘China card’ to endear themselves to the Malaysian Chinese electorate.

183 Mahathir’s trip was palpably dubbed “a political mission aimed at a domestic constituency” (FEER 26 August 1999).
184 Mahathir denied this by clarifying that the China trip was planned much earlier to celebrate the 25th anniversary of Malaysia-China relations. In his words, “Really, it is nothing to do with the election...” (ST 21 August 1999).
One striking observation was the opposition parties in the Barisan Alternatif (BA) coalition also playing the ‘China card’ for the first time. By the time GE10 arrived, DAP and PAS leaders had also themselves made official trips to China. For example, PAS’ Chief Minister of Kelantan Nik Aziz led a couple of delegations to China, as will be discussed later. So had the DAP leaders, who, as a party, also had a coherent policy towards China, as will also be elaborated later. Joining them as well was the new entrant, PKR in that Anwar Ibrahim also led high-profile delegations to China during his time in Mahathir’s government. Leading an entourage of 147 businessmen and 26 officials, Anwar helped broker 36 MoUs worth RM$8 billion between Malaysian companies and their Chinese partners (ST 29 August 1994). So to exploit Anwar’s past dealings with China to win the support of Chinese voters, PKR’s President Wan Azizah, who is also Anwar’s wife, dispatched letters containing pictures of Anwar with China’s Premier Zhu Rongji in 1994 to the Chinese electorate (ST 27 November 1999). Moreover, in Kelantan, PAS unveiled banners and posters in Chinese characters to allay fears about Islam. Included in the paraphernalia were references to China’s Muslims whom Nik Aziz met during his

---

185 Anwar counts Zhu as one of his closest friends. In his words, “In private, we were close” (SCMP 19 March 2014).
trips to the country. Concurrently, PAS alleged that BN may bring in ‘phantom voters’ from China to enhance its chances in GE10; maybe because PAS was irked by the blatant use of the ‘China card’ by Mahathir’s governing regime (ST 29 August 1999).

The fact that both BN and BA chose to play the ‘China card’ albeit to varying degrees suggests that there was an electoral advantage to be gained by bringing China into each of their election campaigns, especially with regard to wooing the Chinese electorate. But one crucial caveat must be issued here, in that the profile of the Malaysian Chinese in 1999 was palpably different than the population in 1974 where the ‘China card’ was played out very effectively by Razak’s governing regime. The Malaysian Chinese in 1999, especially the younger ones, saw themselves as more Malaysian than Chinese; that is, they felt little primordial connection with their ancestral homeland (Liow 2009b:69). That said, the common denominator for both BN and BA was to woo the Chinese voter, because it was speculated that the ‘Anwar affair’ might polarise Malay opinion, and so, the swing vote of the Chinese would be crucial in deciding which coalition wins GE10 (Felker 2000:53). Besides the ‘China card’, BN employed a two-pronged strategy to win over the Chinese by convincing them that BA, given its collusion with the Reformasi movement, would destabilise the country. That DAP and PAS were in coalition provided political fodder for BN; they cautioned the Chinese that “a vote for DAP was a vote for PAS and an Islamic state” (Lim 2000). By equating political uncertainty to economic decline, BN hoped to impel the Chinese to prefer continuity over change. In short, if you vote for BN, you get stability; but if you vote for BA, you get chaos and instability.

BN retained its two-thirds majority in parliament although its popular vote in Peninsular Malaysia was only a satisfactory 54.2% as shown in Table 17. The Chinese voters were particularly significant as 65% of them voted for BN in Peninsular Malaysia. In other words, BN attributed its win to ethnic Chinese voters, not least because the Malay vote swung towards BA in 1999 (Jaffar 2000b:27; Felker 2000:54). The main beneficiary of the Malay vote was PAS, which was the biggest winner in GE10 by winning a record 26 parliamentary seats, and assuming control, for the first time, of two states in Kelantan and Terengganu. Although MCA and Gerakan won three times as many parliamentary
seats as DAP, it was the opinion of one analyst that it was UMNO that was pulling in the Chinese vote for the BN, because of its ostensible posturing to the middle ground in Malaysia. For this analyst, the 1999 GE was less about DAP and more about MCA which had outlived its usefulness to the Chinese community since the 1990 GE.  

So while previous GEs were won by BN due mainly to the Malay vote, BN won the 1999 GE with a two-thirds majority largely because of the Chinese vote. That the BN won the Chinese vote also suggests that Mahathir’s China policy, and in particular his 1999 trip coupled with the return trip by Zhu, contributed, to a certain extent, to BN’s electoral victory. In fact, BN’s win in GE10 suggests that BN played the ‘China card’ more effectively than BA.

### TABLE 17

1999 Malaysian General Elections

<table>
<thead>
<tr>
<th>Selected Political Parties</th>
<th>Malay or Chinese Candidates</th>
<th>Seats Contested</th>
<th>Seats Won</th>
<th>Popular Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barisan Nasional - UMNO</td>
<td>Malay</td>
<td>104</td>
<td>72</td>
<td>54.2%</td>
</tr>
<tr>
<td>Barisan Nasional - MCA</td>
<td>Chinese</td>
<td>35</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Barisan Nasional - Gerakan</td>
<td>Chinese</td>
<td>10</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Barisan Alternatif - PAS</td>
<td>Malay</td>
<td>63</td>
<td>27</td>
<td>15.0%</td>
</tr>
<tr>
<td>Barisan Alternatif - PKR</td>
<td>Malay Majority</td>
<td>59</td>
<td>5</td>
<td>11.7%</td>
</tr>
<tr>
<td>Barisan Alternatif - DAP</td>
<td>Chinese Majority</td>
<td>47</td>
<td>10</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

NB: 54.2% also includes the support for MIC whose Indian candidates won 7 parliamentary seats

Source: (UMNO Strategy Info Research Development 2000:59)

#### 6.6.2 Economic Benefits from Sino-Malaysian Trade

During the second Mahathir period, Sino-Malaysian trade burgeoned apart from the low ebb during the AFC. That is, there was a rapid expansion in two-way trade between Malaysia and China from US$1.18billion in 1990 to US$14.1billion in 2003 (see Table 18). In fact, it was in the 1990s that direct bilateral trade became significant with around a 12-fold increase from 1990 to 2003. As a result, for the first time in 2003, Malaysia surpassed Singapore as China’s largest trading partner within ASEAN (Liow 2005:289).
Malaysia’s main exports to China also moved from being mineral- and agriculture-intensive through rubber, wood, and palm oil to being largely capital-intensive through electrical and electronic products (Yi 2006:128-29). It is also noteworthy that, since the 1990s, palm oil replaced rubber as the main agricultural export to China.\(^{187}\) Malaysian palm oil exports to China increased three-fold from 856,000 tonnes in 1990 to 2,539,000 tonnes in 2003 (see Table 18). On the investment front, China was ranked as the 10th largest investor in Malaysia while Malaysia invested US$65 million in China in 2003 (Yow 2004:6). Malaysian investments to China came mostly from a combination of Malaysian Government-Linked Companies like Sime Darby and Khazanah Nasional and well-established Malaysian Chinese businesses such as the Lion’s Group, YTL Berhad and Kerry Properties (see Chin 2007). Significantly, Sino-Malaysian economic relations contributed to Malaysia’s GDP, which, in 2003, was one of the highest during Mahathir’s tenure at US$100.8 billion (see Table 18). That Mahathir was able to sustain a healthy economic growth in the country was crucial for the enactment of Vision-2020. Crucially, it would have found resonance with the Malaysian middle class, which, as stated earlier, expect the government to deliver sustained economic growth to legitimise its authority.

<table>
<thead>
<tr>
<th>Years</th>
<th>Annual GDP (billion US$)</th>
<th>Imports from China (Million US$)</th>
<th>Exports to China (Million US$)</th>
<th>Imports + Exports (Million US$)</th>
<th>Export of Rubber (‘000 tons)</th>
<th>Export of Palm Oil (‘000 tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>88.849</td>
<td>561</td>
<td>619</td>
<td>1180</td>
<td>86.6</td>
<td>856</td>
</tr>
<tr>
<td>1991</td>
<td>44.024</td>
<td>802</td>
<td>689</td>
<td>1544</td>
<td>44.0</td>
<td>752.1</td>
</tr>
<tr>
<td>1992</td>
<td>49.134</td>
<td>975</td>
<td>772</td>
<td>1747</td>
<td>25.6</td>
<td>557.8</td>
</tr>
<tr>
<td>1993</td>
<td>59.151</td>
<td>1096</td>
<td>1204</td>
<td>2290</td>
<td>18.2</td>
<td>698.2</td>
</tr>
<tr>
<td>1994</td>
<td>66.894</td>
<td>1363</td>
<td>1833</td>
<td>3296</td>
<td>84.5</td>
<td>1279</td>
</tr>
<tr>
<td>1995</td>
<td>74.481</td>
<td>1709</td>
<td>1889</td>
<td>3598</td>
<td>40.5</td>
<td>2061</td>
</tr>
<tr>
<td>1996</td>
<td>88.882</td>
<td>1875</td>
<td>1882</td>
<td>3757</td>
<td>80.4</td>
<td>1022.8</td>
</tr>
<tr>
<td>1997</td>
<td>100.852</td>
<td>2232</td>
<td>1852</td>
<td>4084</td>
<td>51.6</td>
<td>977.8</td>
</tr>
<tr>
<td>1998</td>
<td>100.169</td>
<td>1849</td>
<td>1894</td>
<td>3843</td>
<td>40.9</td>
<td>800.1</td>
</tr>
<tr>
<td>1999</td>
<td>72.175</td>
<td>2139</td>
<td>2318</td>
<td>4457</td>
<td>68.3</td>
<td>912.7</td>
</tr>
<tr>
<td>2000</td>
<td>79.148</td>
<td>3287</td>
<td>3028</td>
<td>6265</td>
<td>94.1</td>
<td>1022.0</td>
</tr>
<tr>
<td>2001</td>
<td>95.79</td>
<td>3804</td>
<td>3821</td>
<td>7625</td>
<td>85.5</td>
<td>1281.7</td>
</tr>
<tr>
<td>2002</td>
<td>92.874</td>
<td>6157</td>
<td>5253</td>
<td>11410</td>
<td>129.4</td>
<td>1838.8</td>
</tr>
<tr>
<td>2003</td>
<td>100.846</td>
<td>7300</td>
<td>6810</td>
<td>14110</td>
<td>207.4</td>
<td>2535.0</td>
</tr>
</tbody>
</table>


\(^{187}\) On Mahathir’s watch, Malaysia became the largest producer of palm oil in the world (Mahathir 2006:220).
6.6.3 Contribution to Regional Security and American Military Presence

Regional security is a core facet of middlepowermanship in that these states contribute to the security of the region by playing the roles of facilitators, mediators, interlocutors, and/or multilateralists (Christie and Dewitt 2006). That Mahathir’s Malaysia was the most active in bringing China into the ASEAN conversation to the extent of being made a full Dialogue Partner underlined the contribution made to regional security. In fact, Mahathir pursued an active ‘multilateral binding’ policy to embed China into ASEAN so that regional states could on the one hand, reap the economic benefits of China’s rise, while, on the other, feel more secure with China’s proclivity to engage in a multilateral fashion through ASEAN and its affiliates such as the ARF. Bringing Myanmar into ASEAN and promoting political change within the country by utilising its close links with China was Malaysia’s additional contribution to regional security as Myanmar, ruled by a junta was perceived as a threat to regional security especially by the US (Albright 1997).

Despite Mahathir’s strident anti-Western rhetoric, his administration facilitated the US military presence in the region. On the one hand, Mahathir opined that “I don’t think the US military presence guarantees security in Asia...If we are invaded, it is not certain that the US would extend a helping hand. I think the US would only help us when its own position is threatened” (FEER 24 November 1994). On the other, as noted by Malaysia’s Director of Armed Forces Intelligence, “America’s presence is certainly needed, at least to balance other powers with contrasting ideology in this region. America’s presence is also needed to ensure that shipping lands are always safe and not disturbed by suspicious powers” (FBIS 1990:41). Presumably because Mahathir viewed “the West especially America as a source of threat to the Malay community with its emphasis on the rights of minorities and its perversion of values” (Mak 2004:142-43), KL’s military-to-military ties with Washington was, as Najib revealed, a “well-kept secret” (Najib 2002). Crucial to this defence relationship was the signing of an Acquisition and Cross Servicing Agreement (ACSA) in 1994 where the US military can undergo maintenance in Malaysia. Moreover, the Malaysian and American navies held joint exercises, and KL permitted US military fly-overs during the War in Afghanistan in 2001 (Sodhy 2012:17).
Compared to Mahathir’s perception of China as a non-security threat, the perception of defence planners was more circumspect. They were apprehensive of China’s intentions in the region. In fact, defence planners were more upfront with their views of China.\footnote{For a compiled list of opinions from Malaysian defence planners and officials, see Acharya (1999:131-134).} This is because the military’s perception of China was influenced by the unresolved Spratlys dispute, Beijing’s track record of using force as shown by the 1995 Mischief Reef Incident, and China’s military expansion, which would then grant it greater power projection capability in the SCS (Baginda 2002:240). Outlining those fears was Malaysian Army Chief, Noor Arshad who said in 1995, “Despite recent friendly utterances, suggesting that China wants to see peace in the world and particularly in East Asia, it seems likely that the long-term aim is dominance though not necessarily aggression. That surely must be the meaning of the proposed large fleet, and this factor immediately focuses attention on the most sensitive territory in Southeast Asia – the group of Spratly Islands” (cited in Acharya 1999:132). Malaysian Navy Chief, Mohd Shariff Ishak, in referring to China, also cautioned in 1994: “In maritime terms, there is a real and close threat [which is] the territorial dispute in the South China Sea. Issues of territorial disputes could be used as a façade for the pursuance of regional superpower role by those harbouring hegemonic ambition. It would be too naïve for us to disregard the worst that could evolve from these developments” (cited in Baginda 2002:239).

Set against this, the defence expenditure steadily rose since 1990, peaking at RM11billion in 2003 (see Table 19).\footnote{Due to the AFC, there was a slight dip in defence expenditure at RM4.55billion in 1998 (see Table 19).} Recognising the importance of boosting both air and naval power to safeguard the territorial integrity of Malaysia especially claims in the Spratlys, Malaysia placed an order for British and Russian missile systems worth US$364million in 2002 (AFP 10 April 2002). Perhaps because of the growing bilateral trust flowing from a partnership, China also offered to sell weapons systems to Malaysia. However, Malaysia declined either because of a certain degree of apprehension among defence planners, or because other countries provided superior weapons at better
prices. Simply put, Malaysia still preferred traditional suppliers in the US, UK and Russia (Storey 2007). This included the acquisition of the British Hawk, Russian MiG-29 Fulcrum and the US F-18 combat fighters, and a long-term programme to acquire a submarine capability, which culminated in the order of two Scorpene submarines in 2002. Although China’s military build-up and its assertiveness in the Spratlys was on the minds of Malaysian defence planners, it was only one of several factors that led to the buying spree. Others included the issue of prestige, non-traditional security concerns like terrorism and piracy, and territorial disputes with ASEAN countries such as Singapore and the Philippines. Further, the reality confronting Malaysia was that, despite the attempts to project a deterrence capacity, it was unlikely to serve as an effective deterrent against China. Noted a maritime analyst, “Against the PLAN, it is doubtful that the RMN can give the Chinese Navy a bloody nose” (Mak 1993:118). So while enhancing military strength was key to preserving Malaysia’s security, and in so doing, legitimises Mahathir’s governing regime, it could not on its own be a match for China’s naval power.

<table>
<thead>
<tr>
<th>Table 19</th>
<th>Sixth Malaysia Plan, 1990-1995</th>
<th>Seventh Malaysia Plan, 1996-2000</th>
<th>Eighth Malaysia Plan, 2001-2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in millions of Ringgit)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>Actual Defence Expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>5045</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>4323</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>4500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>4951</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>5565</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>6121</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>6091</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>5877</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>4547</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>6321</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>5826</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>7351</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>8504</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>10950</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Stockholm International Peace Research Institute (SiPRI) and Economic Planning Unit (EPU) of Malaysia
On external defence arrangements, the FPDA remained Malaysia’s grouping of choice in the post-Cold War. In Defence Minister Najib’s words, “We have taken the position that extra-regional security arrangements like the FPDA is a very cost-effective insurance policy...It ensures that whatever happens in the future will not jeopardise the security interests of Malaysia and Singapore and that of the whole region” (ST 29 April 1991). Moreover, Malaysia has called for the strengthening of FPDA such as the setting up of a permanent joint headquarters with the FPDA Commander having a role to coordinate all FPDA activities (ST 22 October 2002), incorporating Brunei as a member and including Sabah and Sarawak in the integrated air defence coverage (ST 13 July 1993), and countering the regional terrorism threat (ST 3 June 2003). While the FPDA’s primary aim was not to deter China, but rather to defend Malaysia and Singapore from conventional external threats, the FPDA served as a “psychological deterrence against possible aggression towards countries in the region” (ST 21 September 1994). It is noteworthy that, in 1997, KL hosted the largest-ever FPDA exercise involving 12,000 personnel, 140 aircraft, 35 warships, and 2 submarines (Saravanamuttu 2011:46).

6.6.5 Sticking Points and Contending Perspectives

**Tibetan Dalai Lama and Taiwan**

Apart from the unresolved Spratlys dispute, the other two sticking points were the issues of Taiwan and Tibetan Dalai Lama. While Beijing was muted in its response when the Dalai Lama visited Malaysia in July 1982 and met with the Tunku (ST 29 July 1982), it was more vocal in its reaction when it was reported in the media that the Dalai Lama would be visiting Malaysia again in February 1996. Although Wisma-Putra dismissed the report as he was being invited by private groups inside Malaysia, the PRC Embassy in Malaysia persisted with its criticism when it noted in a statement: “We hope these organisations will view the matter from the overall interests of maintaining and developing ties between China and Malaysia. Do not do anything that will hurt the feelings of the Chinese people or bilateral ties” (ST 18 January 1996). Perhaps kowtowing to Beijing, the Dalai Lama was never again invited to Malaysia in any capacity.
The Taiwan issue was a more controversial sticking point in Malaysia-China relations. Despite the reaffirmations that Malaysia subscribes to a one-China policy in that KL sees PRC as the de jure government of China, and Taiwan is an alienable part of China, there have been instances of mild friction between Malaysia and China. Specifically, China opposed top-level contacts between Malaysian and Taiwanese officials. When DPM Anwar and Taiwanese Premier Vincent Siew met in 1998, PRC’s Foreign Ministry spokesman, Zhu Bangzao asserted: “the Chinese government’s position on the Taiwan question is consistent and clear-cut. We do not challenge non-governmental economic and trade exchanges between countries and Taiwan. However, we are firmly opposed to any forms of official relations and exchanges between Taiwan and countries having diplomatic relations with China. We hope that these countries will earnestly respect China’s position” (ST 13 February 1998). Similarly, visits by Malaysian Transport Minister Ling Liong-Sik and Trade Minister Rafidah Aziz to Taipei were criticised by Beijing as breaching the One-China Policy (Leong 2006). When it appeared that Beijing had crossed the line during the visit by Taiwanese Vice-President Lien Chan to KL, Mahathir reacted with slight annoyance. In his words, “Mainland China is in no position to interfere in terms of courting foreign investment...After all, politics is politics and economy is economy.” He added that “Taiwan investments, small or big, are always welcome here...We abide by the one-China policy...Malaysia knows what it should do in dealing with the issue” (BT 5 March 1998). Mahathir’s Malaysia, in essence, adopted a one-China policy politically and a one-Taiwan policy economically chiefly after Taiwan implemented its Go-South Policy in 1994 to expand relations with Southeast Asia (Shee 2004:76). Malaysia was Taiwan’s second largest ASEAN trading partner and Taiwan was Malaysia’s third largest investor with an average investment volume of US$9.5 billion in the 1990s (Leong 2006).

**Perspectives of Malay-Dominated Parties**

It is noteworthy that UMNO nationalists made use of ‘China’ as a bogeyman, especially when the local Chinese parliamentarians were seen to question Malay rights or demand more domestic rights for their community. For example, during a parliamentary debate to guarantee the existence of local Chinese-medium schools, an UMNO member, Sheikh Kadir rhetorically asked: “Is it not a patriotic statement to say we do not want Malaysia
to be a *mini-China*?” (ST 7 December 1991). Further, it was also commonplace for Malay politicians to make snide remarks to their Chinese counterparts by telling them to ‘go back to China’ or denigrating them as ‘Orang Pendatang’ (FMT 6 August 2013). So despite Chinese Malaysians no longer being preferentially treated by Beijing, their loyalty to Malaysia was still being doubted by some individuals within UMNO.

One evidence of insecurity emerged when Tengku Razaleigh, an UMNO member who led a breakaway faction called Semangat 46 (S46), raised the ire of the Malaysian Chinese when he cast aspersions on the loyalty of Chinese businessmen investing in China. Razaleigh was concerned about the increase in investments made by Malaysian Chinese in China instead of back home in Malaysia. In his words, “If this trend continues, it will create doubts on their loyalties to Malaysia...What if a commonwealth of Chinese states comprising China, Taiwan, Hong-Kong and Singapore emerges one day? Will it not pose a threat to other countries in the region?” (ST 13 May 1993). Presumably to show that S46 was an alternative Malay nationalist party to UMNO so as to woo the Malay electorate, Razaleigh tried to exploit the uneasiness among the Malays over China as an economic superpower on the one hand, and over their conflict with the local Chinese on the other. Perhaps in response to Razaleigh and others with similar doubts, Malaysian Chinese reportedly “played down their eagerness to flock to China”, out of concern that they could be “sending the wrong signals about their pragmatism” (FEER 14 July 1994).

Despite PAS still not having a coherent policy towards China under the leadership of President Fadzil Noor, there was a shift in the thinking of some PAS leaders regarding China. This change could be attributed to Fadzil who adopted a more accommodationist style in what was essentially a personality-centred leadership (Liow 2009a:75-78). That said, the secular ideologies of communism and capitalism continued to be disdainful for the party, but what changed was a more outward-looking PAS with Islam still at its core (Noor 2004:529-544). This change of thinking towards China was illustrated by Nik Aziz making a historic trip to China, as the first official visit by any PAS leader, in June 1993. This policy reversal could be due to PAS’ belated recognition of the economic potential

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190 Ironically, Razaleigh led the first nonofficial trade mission to China, which was pivotal in Razak’s China project.
of China, and the benefits that could bring to the states under their control, which, from 1999 to 2004, were Kelantan and Terengganu. As observed by Nik Aziz, “China was going from success to success” as a communist nation, and “our government should learn from some of the liberal policies of China.” By ‘liberal’, Nik Aziz was alluding to how China embraced economic liberalisation and permitted the existence of autonomous regions in some parts of the country, not least of the Muslim-populated Xinjiang province (ST 24 April 1993). It was, in a sense, Islamic ideology giving way to economic pragmatism in PAS’ renewed thinking of China. For example, Nik Aziz held meetings with businessmen in China so as to exhort them to invest in Kelantan (ST 24 November 1990).

**Perspectives of Chinese-Oriented Parties**

The one China-related issue that unified the MCA, DAP and Gerakan was Razaleigh’s comment over the lack of loyalty of the Chinese community to Malaysia. All three parties criticised the remark, because for them, Malaysian Chinese investing in China and national loyalty were two distinct issues. MCA President Ling Liong-Sik lamented that “if we invest in China, it is to make profit, not for sentimental tugging of the heartstrings or because we want to return to the land of our forefathers” (ST 8 August 1994). Echoing the same was Gerakan Youth Chief Ng Lip-Yong who rebuked Razaleigh for “instigating racial emotions by driving fear in the Malay community” (ST 29 May 1993). Perhaps because the DAP and S46 were in a loose political alliance known as Gagasan, DAP was less hostile in its criticism when Lim Kit-Siang merely opined that “Malaysians investing overseas, whether it be in China or other countries, should not be linked to Chinese loyalties to Malaysia” (ST 15 May 1993). Taken together, these sentiments suggest that despite the emergence of a maturing partnership between Malaysia and China, there was still a simmering tension in that the loyalty of the Malaysian Chinese was still being questioned especially when they are perceived to invest in China ad infinitum.

Nonetheless, all three Chinese parties would have welcomed the maturing partnership between Malaysia and China. This is because travel restrictions between Malaysia and China had been completely lifted, and there was now freedom to trade without any
significant barriers. Leaders of MCA and Gerakan have also maximised the opportunities that came with a more fully-fledged engagement with China; not least for the benefit of their own domestic political survival by way of support from the Chinese community. For example, MCA’s Chua Jui-Meng, who was also Malaysia’s Deputy Trade Minister, was responsible for more than 15 MoUs worth millions being signed between KL and Beijing’s state-owned corporations (ST 28 March 1995). Recognising too that Penang, under the administration of Gerakan, was in direct economic competition with Beijing as China was able to supply cheaper production bases for manufactured goods, its Chief Minister, Koh Tsu-Koon promoted an innovative China plus One (China and Penang) policy. Here, Penang would become the base for product development while China would assume the role of a mass production centre for the products (ST 28 August 2002).

The emergence of a maturing partnership between Malaysia and China was a vindication for a second time, after Razak’s rapprochement with China in 1974, of DAP’s call for full-scale normalisation of relations between Malaysia and China. DAP’s consistent stance since the 1970s of its perception of China as a non-security threat to the region was now also the position taken by Mahathir. But to realise fully this maturing partnership, DAP urged the Mahathir government to sign pacts on education and culture with China (Lim 1993). While cultural diplomacy became a key cornerstone in Malaysia-China relations since the 1990s, DAP’s gripe was with the refusal of Mahathir’s government to recognise higher education degrees from Chinese universities despite accepting university degrees from countries such as Iran and Myanmar. According to Lim Kit-Siang, “the only reason for the Malaysian government banning students from studying in China is that it still doubts the loyalty of Malaysian Chinese” (ST 3 June 1993). As such, Lim told Mahathir to dispense with his Vision-2020 of turning Malaysia into a fully developed nation until there was complete trust in the loyalty of the Malaysian Chinese (Lim 1993).

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191 Interview with Liew Chin-Tong.
6.7 Concluding Remarks

It was Mahathir’s care for DL, which influenced his perceptions of firstly, the post-Cold War strategic environment and China’s rise to become an economic superpower, and, secondly, the changed ethnic political situation, chiefly with the end to Beijing’s support for the CPM and its cessation of the overseas Chinese policy as well as the rise of the middle class in Malaysia that drove Mahathir to seek a fully-fledged engagement policy with China akin to an emergence of a maturing partnership between Malaysia and China. Put differently, the systemic pressures that emanated in the post-Cold War, chiefly the continued rise of China were mediated by Mahathir’s care for DL and in particular, of Mahathir’s perceptions of both external and domestic factors before taking the decision to shift from measured to comprehensive engagement in Malaysia’s China policy.

Mahathir’s volte-face perception of China as a non-threat and economic opportunity was shaped by the reality of China’s rapid economic progress and a convergent political outlook for a multipolar order where both Malaysia and China could play pivotal roles in an international community mainly dominated by the Western powers. Although the Spratlys dispute remained unresolved and PRC’s military spending continued unabated, it appeared to have made no difference to Mahathir’s changed perception of China. That Mahathir surprisingly changed his perception of China from a long-term threat to a non-threat rather quickly can be attributed to Mahathir’s domineering influence, and his self-declared Asian-centric pragmatic thinking alongside anti-West sentiments in the arena of foreign policymaking. Further attribution for this shift could be made to Mahathir’s focus on achieving Vision-2020, and meeting the demands of a rising middle class. For them, a government’s economic performance is critical for its legitimacy to rule at home.

Through the lenses of middlepowermanship, Mahathir sought to dictate the tempo and tone of Malaysia-China relations. These included niche diplomacy by championing issues of the developing world; cultural diplomacy in the areas of education and tourism, and through NGOs; multilateralism through ASEAN as seen by the ARF, support for a CoC in the Spratlys, Bali Concord II, as well as advocating for Myanmar’s accession into the
regional body, and helping to facilitate democratic change in the country; and bilateral visits including Li Peng’s 1990 visit to Malaysia and Mahathir’s 1999 visit to China. Crucially, the net effect of middlepowermanship was that it brought pride and prestige to Malaysia as a small state in international relations, embedded China into ASEAN so as to facilitate engagement and promote interdependence between China and ASEAN, brought Malaysia and China together on issues of the developing world; and also entailed significant economic benefits for the domestic population in Malaysia.

Mahathir’s right to govern at home was legitimated by his government’s performance in managing Malaysia’s relations with China. The Mahathir governing regime’s domestic political survival was made even more crucial given the possible split in the Malay vote due to the ‘Anwar affair’. Testament to this performance legitimacy was the economic benefits from an expanding Sino-Malaysian trade, and contribution to regional security by interlocking China into regional multilateral interfaces. Moreover, Mahathir played the ‘China card’ to woo the Chinese electorate during the 1999 GE. The crucial difference between this GE and previous ones was that even the opposition parties started to play the ‘China card’ as well, although, as the results indicate, BN played the card more effectively than the BA. The building-up of Malaysia’s military – stemming from the more cautious perception of the Malaysian defence planners – as evidenced by the gradual rise in defence spending; the continued support for FPDA; and the facilitation of US military presence in the region and in particular the secretive Malaysia-US military-to-military relationship to sustain a regional balance of power further contributed to the legitimation of Mahathir’s governing regime by intimating to the Malaysian people that his government were adept at taking countermeasures to preserve Malaysia’s security vis-à-vis any future threats from China, which could occur due to the unresolved Spratlys dispute, the Taiwan factor and to a lesser degree, the Tibetan Dalai Lama issue. The legitimacy of Mahathir’s governing regime was also challenged by PAS, the DAP, and PKR as all three opposition parties also began to play the ‘China card’ as was evident during the 1999 GE, and given that their leaders were also going on official trips to China.
Given how Mahathir believed that Razak was correct in embarking on his China project in 1974\textsuperscript{192}, it was unsurprising that it was on his watch that Razak’s vision eventually came to be realised in that there was a great amount of bilateral trust and confidence in Malaysia-China relations akin to a maturing partnership. Mahathir’s China policy was then consolidated and enhanced by his successor, Abdullah in what is termed as the genesis of a matured partnership, which will be discussed in the next chapter.

\textsuperscript{192} Interview with Mahathir Mohamad.
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7.1 Introduction

This chapter assesses the relationship between ethnic politics and Malaysia’s China policy during the Abdullah period from 2003 to 2009 by applying the neoclassical realist DL model (see Figure 9). This chapter suggests that there was a continuation of the maturing partnership between Malaysia and China under the Mahathir administration, but with consolidation having taken place in that there was a genesis (beginning) of a matured partnership in Malaysia-China relations.\(^{193}\) Put differently, there was change-in-continuity in Malaysia’s China policy under Abdullah’s government. It was, in essence, on Abdullah’s watch that Malaysia’s relations with China became the most cordial it has ever been since diplomatic relations was established in 1974. Pursuant to the Abdullah period as an incremental shift towards a matured partnership, this chapter assesses why and how Abdullah was responsible for this change-in-continuity in Malaysia’s China policy despite the ongoing conflict between the Malays and Chinese. The chapter argues that it was Abdullah’s care for DL, which was influenced by his perceptions of firstly, the systemic pressures, chiefly from an emergent China, and, secondly, the ethnopolitical situation that drove Abdullah to continue and consolidate Mahathir’s China policy of pursuing a full-fledged engagement with China. The systemic pressures, especially of an emergent China, were mediated by DL, that is, by the perceptions of Abdullah who also took cognisance of the ethnopolitical situation before taking the decision to leave his own mark on Malaysia’s China policy. Moreover, as this chapter will demonstrate, Abdullah’s China policy had contributed, to a degree, to the performance legitimacy of his governing regime, which then helped justify the right to rule at home in Malaysia.

\(^{193}\) Foreign Minister Hamid-Albar described Malaysia-China relations as “matured”. Interview with Syed Hamid-Albar.
7.2 External Strategic Environment

7.2.1 A Multipolar World and Beijing’s Peaceful Development

Crucial during Abdullah’s time in office were three events. First, the launch of the War-on-Terror by the George W. Bush administration culminated in a logical overstretching of the American military in the wars of Afghanistan and Iraq. The effect of those long and costly wars was the dragging down of the country into a financial crisis, which was also in large part of its own making. Although weakened, America was still the main provider of public goods, and the market of choice for many states around the world.
including China. The second was the staggering economic rise of China as a consequence of its rapid economic growth; and being relatively unscathed from the 2008-2009 global financial crisis (Yahuda 2011:208). Third was the quickened move towards multipolarity where distinct constellations of power centres begun to emerge as evidenced by the rise of India and Brazil (see Alden and Vieira 2005:1077-1095) as well as a resurgent post-Cold War Russia (see Mankoff 2012). This is not to say emerging powers would combine to balance American power, or that America had lost its hegemony; but rather, America was now less able to act unilaterally, that is, without in collaboration with other states (Yahuda 2011:182-183). Some like Michael Cox have even argued that America had become an empire in decline (Cox 2007:643-53). In short, the US was no longer a unipolar power in that it had to be cognisant of the fact that the international system was being expressly defined by multipolarity. Crucial to the loosening up of the system was also the greater latitude allowed for middle powers. The American decline as the sole superpower due to two wars and a global financial crisis further enlarged the space for a range of states to play a more activist role in international relations.

Concomitant with the astonishing rise of China was the ascendency of Hu Jintao as the 6th President of China in 2003. In 2004, Hu stamped his own imprint on China’s foreign policy by incorporating a concept called peaceful development (heping-fazhan), which comprised the twin ideas of ‘peaceful rise’ and ‘harmonious world’ (see Yi 2005:74-112). Basically, heping-fazhan sought to refute the China-threat theory by assuring countries that subscribe to this thesis that China’s rise poses no threat to international peace and stability in general and to individual countries in particular. Instead, countries including those at China’s periphery would benefit from Beijing’s growing influence as an economic power, because heping-fazhan emphasised an “economic development first” strategy (Guo 2006:2). ‘Peaceful rise’ rested on the notion that China will not rise through force and material procurement, that is, Beijing would work within international norms to reconfigure the global balance of power. In this vein, Beijing stressed the benefits of a multipolar world order whereby China could continue to have significant leeway to manoeuvre in an American-dominated international order in the hope that its

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194 As will be argued later, Malaysia sustained its middlepowermanship role under the Abdullah premiership.
economic development would not be impeded by outside influence (Sutter 2008:64). ‘Harmonious world’ referred to the “need for harmony and justice in international affairs, the democratisation of the international system, which also respects sovereignty of large and small states, rejection of alliances and instead the building of security communities which reflect post-Cold War issues, and respect for international law and institutions such as the UN” (Lanteigne 2013:31). In essence, the *heping-fazhan* concept was the key cornerstone of China’s foreign policy until after Hu left office in 2013. Of specific interest here was how *heping-fazhan* was translated in practice at the regional level on two key issues: the Spratlys dispute and China’s military modernisation.

7.2.2 The Spratlys Dispute and China’s Rapid Military Modernisation

Presumably due to *heping-fazhan* and the DoC signed in 2002, the dispute in the Spratlys was not as turbulent during this period. In fact, there were agreements reached among Beijing, Hanoi and Manila in 2005 for a tripartite seismic research and joint exploration in disputed waters (Percival 2007:85). However, several incidents in quick succession rekindled the dispute between 2007 and 2009. In May 2003, Philippine Defence Secretary Angelo Reyes accused China of violating the DoC by planting markers on the contested islands and deploying naval units to the Mischief Reef (Percival 2007:84). In February 2007, then-Taiwan President Chen Shui-bian visited Taiping Dao, which was the largest island in the Spratlys; and in so doing, drew protests from China, Malaysia, Vietnam and the Philippines (Valencia 2009:68). On 5 March 2009, in anticipation of a bill to be passed by Manila to stake their claim in the Spratlys, Abdullah inspected the Swallow and Ardasier Reefs to invoke Malaysia’s sovereignty over them (ST 18 March 2009).195 Few days later on 8 March, 5 Chinese ships and a US naval vessel (Impeccable) clashed in the SCS because, for the Chinese, the Impeccable had “conducted activities in China’s special economic zone in the South China Sea without China’s permission” (NYT 10 March 2009). On 11 March 2009, Philippine President Gloria Arroyo signed the Baselines Bill into law so as to demarcate the ‘regime of islands’ – the Kalayaan island group and Scarborough Shoal – under Manila’s jurisdiction. Beijing termed the law as “illegal and

195 In response, China reminded Malaysia to abide by the DoC (Wu 2013:146).
invalid” and dispatched a warship-like patrol boat called Yuzheng 311 to protect Chinese vessels in the SCS, and “demonstrate Beijing’s sovereignty over China’s islands” (China-Daily 16 March 2009). In short, while the 2003-2009 period was largely calm when compared to earlier decades, there were still bouts of protests and skirmishes, which suggest that the Spratlys dispute remained a flashpoint in China-ASEAN relations.

The increased Chinese assertiveness in the Spratlys dispute was accompanied by China’s rapid military modernisation under Hu’s leadership. According to one estimate, China’s military expenditure ballooned from ¥288billion in 2003 to ¥764billion in 2009 and continued to rise to ¥1168billion in 2013 when Hu left office (SIPRI 2013). The rise in China’s military expenditure and its attendant modernisation was attributed to China’s 2008 Defence White Paper, which stressed “the protection of national sovereignty, security, territorial integrity, safeguarding of the interests of national development, and the interests of the Chinese people above all else.” Accordingly, the PLAN “is responsible for such tasks as safeguarding China’s maritime security and maintaining the sovereignty of its territorial waters, along with its maritime rights and interests” (cited in Huang 2010:20-21). Unsurprisingly, Beijing accelerated the upgrading of its maritime power to a navy of blue-water capability. This is to enhance its ability to dispatch naval vessels further afield from Chinese waters (Lanteigne 2013: 4). However, Beijing coupled its focus on military modernisation with heping-fazhan. Here, PRC leaders assured regional states that it sought peace and stability; and its military modernisation served merely as a credible deterrence to protect its maritime interests and territorial integrity (Huang 2010:34). But because the Spratlys dispute remained unresolved, “regional stability would be imperilled, and possibly worsened by China’s PLAN capability” (Storey 2009).

7.3 Ethnic Political Situation

7.3.1 Mission-2057 and Islam Hadhari

Abdullah advanced two signature policies during his term in office: Mission-2057 and Islam Hadhari (IH). Mission-2057 was for Abdullah what Vision-2020 was for Mahathir
in that both wanted to stamp their mark on the progress of the country in sociocultural and economic terms. Announced by Abdullah in March 2007, Mission-2057 aimed to ensure continuity in Vision-2020 by taking an even longer-term view of the next 50 years. In Abdullah’s words, “Fifty years in not that far off that we cannot see things ahead. The mission will continue from where Vision-2020 left off. That is the development process in Malaysia since the Alliance Party and BN ruled” (Bernama 12 March 2007). Crucial to Mission-2057 was five core tenets: “moving the economy up the value chain, developing the value chain, developing first class human capital, addressing persistent socio-economic imbalances, improving quality of life, and strengthening institutional capacity” (Abdullah 2007). It was hoped that Vision-2020 would be realised by 2020, and in moving towards 2057, Malaysia would achieve a decrease in inflation, a 6% annual growth, a reduction in federal government deficit, and an increase in growth and development of foreign investments in the country (Derichs 2007:154).

While IH was briefly introduced as a campaign message in the 2004 GE, it was elaborated at UMNO’s General Assembly on 23 September 2004. In Abdullah’s words, IH

“...is an approach that emphasises development, consistent with the tenets of Islam, and is focused on enhancing the quality of life. It aims to achieve this through the mastery of knowledge and the development of the individual and the nation...It aims to achieve an integrated and balanced development that creates a knowledgeable and pious people who hold fast to noble values and are honest, trustworthy, and prepared to take on global challenges” (Abdullah 2006:3).

Crucial to the formulation of IH was to project UMNO as the face of true Islam in Malaysia as opposed to PAS. In so doing, Abdullah’s UMNO could outwit PAS in the battle for Malay support. That one of the lofty principles of IH was the “protection of the rights of minority groups” would have also resonated with the Chinese as they were the sizeable minority in the country. Abdullah hoped he could get not just the support of Malays, but also the Chinese through the BN component parties of MCA and Gerakan (Liow 2009a:92-93). Despite IH having its underpinnings in domestic politics, it also projected Malaysia as a model of a progressive and moderate Muslim state to the world. Doing so arguably brought Malaysia global prestige and economic benefits, as such a projection showed that Islam could coexist with economic development (Mustafa 2007).
While Mission-2057 and IH were meant to unify the Malays and Chinese, they ended up being more rhetoric than real. Not only did Mission-2057 give “the impression that Vision-2020 is no longer important”, but was also too lofty a goal because it was still “dubious that Vision-2020 [could] be achieved” (WikiLeaks 30 March 2007). Although Mission-2057 was meant to usher in a new national agenda which would have called for a more inclusive economic growth, it ended up being retrogressive with a return to the ethnically-divisive NEP. This is not to say that affirmative policies related to the NEP were not in place, but rather, they were not as strictly enforced as was the case prior to 1990, and later replaced by the NDP from 1991 to 2000 (Sundaram 2004). Crucial to the return to the past was Abdullah’s ‘surrender’ to UMNO hardliners, who made strident calls for a return to the NEP. As a result, Mission-2057 culminated in an “abandonment of prudent financial policies [and] the use of draconian economic tools and controls” (Chander 2013:426-27). Despite IH’s push for moderation, the Islamisation wave was even more pronounced during the Abdullah period. First, Abdullah’s deputy, Najib generated controversy in July 2007 when he postulated that “Islam is the official religion of Malaysia, and we are an Islamic state” (YouTube 2007). It elicited strong responses from non-Muslims who were troubled by the erosion of secularism and to practise their faiths freely (TODAY 23 July 2007). Second, Abdullah’s government had to deal with several apostasy controversies, which stirred up the racial tension between Malays and Chinese. One example was Nyonya Tahir whose burial was delayed, pending a court verdict. This is because, while her Malay name and religion as Islam were reflected in her identity card, she had renounced Islam and lived her life as a Buddhist (Star 24 January 2006). Being passed from pillar to post in apostasy cases made the non-Muslims (most of whom are Chinese) apprehensive of the Muslims (most of whom are Malays). Third, the conflation of Malay with Islam was also evident when UMNO’s Hussein Hishammuddin brandished a Malay dagger at two UMNO gatherings in 2005 and 2007. His actions were construed as an aggressive reminder to the Chinese, who were seen as becoming overly resentful, not to meddle with Malay supremacy (Lee 2008:189).
UMNO-Malay unity was also threatened by a heated row between a current and former PM in what can be named as the Mahathir-Abdullah conflict. What provoked Mahathir’s ire was Abdullah’s delaying tactics in appointing Najib as the next PM; meddling in the affairs of Proton (Malaysia’s national car); shelving of mega-projects proposed by Mahathir’s government, and in particular, the scrapping of a bridge project to replace the causeway from the State of Johor to Singapore; and the release of Anwar in 2006. In reply, Abdullah retorted that it was “unrealistic to assume that I would let everything run on auto-pilot after becoming Prime Minister” (cited in Wain 2009:322). It was not until Abdullah resigned in April 2009 that the Mahathir-Abdullah conflict finally receded. This row had the effect of splitting UMNO to three broad factions: the Mahathir loyalists, who wanted Najib to become PM; the Abdullah supporters who sympathised with his plight; and the neutrals, who were concerned about the effects of factionalism on the perception of Malays about infighting within UMNO. Moreover, the return of Anwar from prison to politics added to the tension of Abdullah’s governing regime as Anwar skilfully formed an “opposition coalition of strange bedfellows with differing ideologies” to dislodge the UMNO-led BN from power come the next elections (Mustafa 2014).

Abdullah’s leadership was further weakened by two domestic political movements: one organised by the Hindu Rights Action Force (HINDRAF) and the other by the Coalition for Clean and Fair Elections (BERSIH). Because of the decision made by the government to demolish two Hindu temples as they were allegedly built on illegal land, and to highlight the marginalisation of the Hindu community in Malaysia, HINDRAF – amalgamation of 30 Hindu groups – led a protest march in KL, but were promptly detained under the ISA (Al-Jazeera 25 November 2007). More importantly, the plight of the Indians elicited sympathies from both Chinese and some Malays, who wanted their grievances to be addressed too (Khaw 2013:368-369). The net effect of the HINDRAF protest was a racially-polarised climate, and through the negative media publicity, made Abdullah’s government appear weak, ineffectual and heavy-handed in its approach. BERSIH, a coalition of NGOs, called for electoral reforms so as to ensure clean and fair elections in
Malaysia. As BERSIH was joined by opposition parties, it created the impression in the minds of the governing elite that BERSIH was a politically-motivated movement. So when BERSIH organised its first public march of around 40,000 people in KL, it was met with teargas and water cannons as well as mass arrests by the police (Star 11 November 2007). That this demonstration was covered by the foreign press again culminated in bad publicity for Abdullah’s government as it was seen to be overbearing in its response. Crucially, these domestic political movements can also be attributed to a rising middle class of all ethnic stripes, which wanted not just strong economic growth, but also the freedom to express their political opinions (Embong 2013:63-77). All-in-all, Abdullah was faced with a domestic political situation, which was underpinned not just by the ethnic conflict between Malays and Chinese, but also by pressures from a rising middle class.

7.4 Care for Domestic Legitimation and Abdullah’s Perceptions of China

7.4.1 Abdullah’s China Perception from External Strategic Environment

It is argued here that Abdullah’s care for DL was principally influenced by the economic imperative in that Abdullah’s perception of China was one of an economic opportunity instead of an existential threat to Malaysia’s security. On the external front, it can be argued that Abdullah had welcomed Hu’s *heping-fazhan* concept, because, in Abdullah’s words, “China is an important global player which can exert much influence not only on regional but also international peace and security” (Abdullah 2006). Added Abdullah, “A prosperous China has a historic opportunity to use its size and influence to push the envelope of peace and stability outwards, both for the region and the world-at-large” (Abdullah 2004a) That *heping-fazhan* called for an ‘economic development first’ strategy whereby China’s emergence as an economic power could be beneficial to countries in its regional vicinity would have resonated with Abdullah. Describing China as a “benign economic powerhouse,” Abdullah opined that “Malaysia views China’s phenomenal growth as an opportunity. We believe that Malaysia, as well as other countries in the region can benefit from China’s prosperity” (Abdullah 2005). That Beijing continued to

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196 Interview with Abdullah Badawi.
advocate a multipolar world, or “multipolarization” as then-PRC Foreign Minister Yang Jiechi put it (Yang 28 September 2007), would have also found resonance with Abdullah. This is because Abdullah “was a firm believer in a multipolar world and saw it as the antidote to a unipolar world” (Ridzam 2009:28). Extending this point, Abdullah viewed multipolarity as important for him in “flexing his muscles on the world stage” (Wariya 2005:151-161), or, Malaysia practising middlepowermanship in its foreign policy.

Concomitant with China as an economic opportunity was Abdullah’s perception of China as “a friend in our neighbourhood” (Lam and Lim 2007:244). In fact, Abdullah appeared to be even more upfront in his rejection of the China-threat theory. Believing that China had “no hegemonic ambitions” (People’s-Daily 2 June 2005), Abdullah declared that there was “no such thing as a China threat” (Bernama 27 January 2007). Moreover, Abdullah criticised attempts by America and Japan to portray China as “a growing military power with threat potential” (People’s-Daily 2 June 2005), because “perceiving China as a threat has been wrong” (NYT 1 November 2006). Such a standpoint also applied to the regional fears of China regarding the Spratlys dispute and military modernisation. Reflecting the relaxed attitude towards the PLA modernisation, Abdullah advised regional states to “remain calm when so many warn us, almost daily, about the military threat and political threat posed by China, either today, or in the near future” (ST 17 September 2003). Referring specifically to the West, Abdullah argued that “no rising power [China], or a coalition of powers [China and allies] will soon threaten the military supremacy of the existing [US-dominated] hegemonic order” (People’s-Daily 2 June 2005). Describing thus of China as a benign power, Abdullah’s government adopted the official position that China would not resort to force to resolving the Spratlys dispute. This is because, according to Abdullah, “if this [Spratlys] is not well-managed, we will be facing a serious problem in Southeast Asian and in the South China Sea...All of us must not resort to emphasising our claim militarily...If there is a need to solve the problem, it must be done through diplomacy” (Philippine-Inquirer 26 January 2008).

However, Malaysia had apprehensions about China being an economic power in that the loss of FDI to China has continued to increase. This is because China became a much
stronger magnet for FDI inflows to the country. Admittedly, Abdullah called it a “very important challenge” (cited in Storey 2007). When Abdullah assumed office in 2003, the trade deficit between Malaysia and China was in favour of China at US$490 million (Storey 2011:226). Unsurprisingly, Abdullah deduced that “Malaysia does indeed face a tremendous challenge from China with respect to exports and competition for foreign direct investment. Consequently, if we underestimate the China trade challenge, we do so at our own risk…” (cited in Deames 2007). But rather than couch the economic competition in terms of a China-threat, Abdullah attributed the economic threat from Beijing to that of being a “challenging friend” of KL (Xinhua 27 January 2007).

7.4.2 Abdullah’s China Perception from Ethnic Political Situation

On the domestic front, Abdullah’s perception of China as a non-threat was influenced by the benefits that could be derived from China’s emergence as an economic power. As Abdullah observed, “China’s progress in building a market economy had offered Malaysia important opportunities” for its own domestic economic development (China-Daily 28 May 2004). The economic imperative was made particularly significant due to the rapid rise of the middle class and the attendant demands for economic prosperity and freedom of political expression. The intra-Malay division brought about by Anwar-led PKR’s rise, and the intra-elite struggle within UMNO brought about by the Mahathir-Abdullah conflict meant that Abdullah’s ruling regime could not just rely on traditional Malay support to retain their political supremacy. On the one hand, UMNO would have to compete with PAS for the rural Malay vote, while on the other, compete with PKR for the urban Malay vote. The weakened leadership and the attendant domestic political movements made the task of securing the middle class vote even more difficult. As such, Abdullah had to garner the support of non-Malays, especially the Chinese to guarantee not just to be returned to power, but also to win with a two-thirds majority (Kuik 2012a). As economic benefits were of paramount importance to the Chinese, the more Malaysia was able to expand its economic ties with China, the more favourably Abdullah would be perceived by the Chinese, especially those belonging to the urban middle class.
However, there was still the perceived fear of China among the Malays, especially those who resented the economic prowess of the Malaysian Chinese; or more generally, were concerned about the loss of political supremacy on what they consider to be Malay land. Specifically, this fear was manifested in two ways. First, China’s emergence as an economic giant and the attendant competition over FDI could result in job losses in Malaysia, especially in those sectors where the labour was cheaper in China. Second, the potentiality of domestic instability in China may precipitate an influx of Chinese refugees into Southeast Asia. Should this scenario play out, it could upset Malaysia’s delicate ethnic balance between the Malays and Chinese (Storey 2007). As asserted by Abdullah prior to becoming PM, “If China’s economic reforms fail miserably, the outflow of people will knock all of us down” (Asiaweek 1 August 1998). In short, if China becomes unstable, it would become a security concern both for Malaysia, and for the region.

7.4.3 Domestic Legitimation and Abdullah’s China Policy

Abdullah’s attention to DL was primarily influenced by China as an engine of economic growth, which was external in its source, but was linked to internal considerations. Crucial to this domestic factor was a rapidly expanding middle class and the attendant economic demands, and aspiration for political expression. DL was also on Abdullah’s mind given the internal turmoil from domestic political movements, and the intra-party struggle brought about by the Mahathir-Abdullah conflict. Moreover, Mission-2057 was being derailed due to the resurgence of the NEP, and IH was being seen as mere rhetoric, given the reality of a highly-charged Islamicised atmosphere, which divided the Malays and Chinese. As such, for the purposes of domestic political survival, Abdullah required the support of all ethnic communities, and in particular, of the Chinese, given how PKR’s emergence as a political force could split the Malay vote. Put differently, Abdullah had to devise a strategy to broaden the electoral appeal of his governing regime to garner as much support from not just the Malays, but also the Chinese. This, in turn, might help Abdullah’s BN to garner a winning majority in future elections (Kuik 2013b:596). Given however Abdullah’s weakened leadership in domestic political matters, it was surprising

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197 Interview with anonymous UMNO veteran.
that he was able to provide leadership on foreign policy; and in this case, for the change-in-continuity in Malaysia-China relations. That is, it was on Abdullah’s watch that there was an incremental shift towards a matured partnership, which was, in large part, a consolidation of the maturing Sino-Malaysian partnership under Mahathir’s leadership.

Crucial to this change-in-continuity was Abdullah’s China perception within the context of DL. First, Abdullah’s experience in engaging China in his earlier capacity as Mahathir’s Foreign Minister from 1991 to 1999 suggests that he was not alien to the world of international relations and diplomacy including towards China. It was also during this time that Abdullah established close rapport with PRC leaders, several of whom he continued to engage in a personalised way when he assumed the premiership.198 It was also in his capacity as DPM in 2003 that Abdullah led a 250-strong delegation comprising businessmen to China (ST 23 September 2003). This official China visit was palpably driven by the economic imperative so as to ride the tide of an economically-rising China. As such, Abdullah understood the importance of China as an economic opportunity, and so he vigorously pursued the same when he assumed the premiership a month later. Doing so was significant for the domestic political survival or longevity of Abdullah’s ruling regime as the more economic benefits Abdullah’s Malaysia can extract from China, the better the regime will be able to meet the one key demand of its middle class (Kuik 2013b:596).

Secondly, it was about Abdullah as an individual.199 Abdullah’s perception of China as an economic opportunity can be attributed to his technocratic style of leadership in foreign affairs which “exudes the fullness of his rich diplomatic experience” (Jeshurun 2007:319). No wonder then that Abdullah chose to make Wisma-Putra – effectively sidelined under Mahathir’s government – a key factor in foreign policy formulation, although the buck still stopped with Abdullah (Jeshurun 2007:320). Also, Abdullah’s congenial personality was crucial in his diplomatic interactions whereby he adopted a non-confrontational or consensus-building approach to foreign policy (Samad 2008:17). Abdullah’s background also differed from his past predecessors in two respects, as is germane to his engaging

198 Interview with Abdullah Badawi.
199 For more insight into Abdullah’s life, see Syed (2010); Samad (2008); Wariya (2006).
of China. First, he was brought up in a religious family, which in turn, explains why Abdullah injected IH into Malaysia’s foreign policy (Pandian 2007; Wariya 2005:78-79). Second, Abdullah was the only PM to have Chinese ancestry in that his maternal Muslim grandfather migrated from Hainan Island to Malaya in the 19th century. Predictably, he tried to locate his relatives during his 2003 China visit (ST 24 December 2003). While the extent to which Abdullah’s Chinese ancestry influenced Malaysia’s China policy is not instantly clear, it can be argued that it was a contributing factor, given the publicity on the revelation, and Abdullah too not denying its influence on his policy towards China.200

So while Abdullah’s congenial and consultative persona was seen as a source of political weakness in the domestic sphere, it was a source of diplomatic strength in foreign policy (see Khalid 2013:527-50; Wariya 2005:151-61). Adopting a quiet diplomatic approach, Abdullah’s foreign policy was seen to be moderate in tone and nuanced in its delivery. Noted Abdullah in 2004, “While the substance of our foreign policy has not changed, our approach has become more nuanced...I believe there is more than one way to deliver our views effectively...Malaysia can disagree with our friends and partners...on matters of principle without necessarily being disagreeable” (cited in Selat 2006:25). Similarly, Abdullah’s style of being more nuanced and consultative was also applied to deepening Malaysia-China relations, chiefly from an economic perspective.201 Concurrently, this approach also enabled Abdullah to better strike a balance between the pursuit of economic benefits from China, and the perceived fear of the Malays regarding the domestic instability in, and economic competition from, China.202 Based on the premise that “Malaysia’s China policy has been a triumph of good diplomacy and good sense [in that] if you can look beyond your fears and inadequacies and can think and act from principled positions, rewards will follow” (Abdullah 2004a), Abdullah’s government has come to describe Malaysia-China relations as one of “strategic partnership” (Najib 2005), or, as is the term preferred in this chapter, the genesis of a matured partnership.

200 Interview with Abdullah Badawi.
201 Interview with Syed Hamid-Albar.
202 As will be seen later, the Malaysian Chinese were also concerned about the economic competition from China,
7.5 Middlepowermanship in Malaysia’s China Policy

Driven by the care for DL whereby the economic imperative was foremost on Abdullah’s mind for the purposes of ensuring the longevity of his governing regime, Abdullah chose to continue Mahathir’s policy of comprehensive engagement with China, but to do so on his own terms and conditions. By continuing and deepening Mahathir’s China policy (Kuik 2013:596), Abdullah was able to consolidate the maturing partnership that had begun to emerge between Malaysia and China in what is described here as the genesis of a matured partnership. Similar to framing Mahathir’s China policy through the lens of middlepowermanship, this chapter does the same with Abdullah’s China policy.

7.5.1 Islamicised Middlepowermanship and South-South Diplomacy

The main difference between the practice of middlepowermanship in Malaysia’s foreign policy under Mahathir and Abdullah was the greater infusion of Islam into the latter. As such, Abdullah’s Malaysia was depicted as a “middle-power with Islamic characteristics” (Mustafa 2007). While Abdullah never used the term ‘middle-power’ in his speeches, he did speak of an “enlightened” foreign policy which “must bring international recognition and admiration for Malaysia and its peoples yet allow Malaysians to be good citizens of the world; and it must succeed in making Malaysia the preferred brand name in international relations” (Abdullah 2004b). Central to Islamicised middlepowermanship was its underpinnings in IH. Although IH started out as a domestic policy, it became a cornerstone of Abdullah’s foreign policy which elevated Malaysia’s international profile. This is because of IH’s propensity for ‘moderate’ Islam to be spread on a global scale (Ooi 2006b:117). Given that Malaysia was also Chairman of the Organisation of Islamic Conference (OIC) from 2003 to 2008, Abdullah promoted IH to an international audience as evidenced by one of his landmark speeches at Oxford in October 2004. For example, Abdullah offered Malaysia as “the focal point for promoting more open and diverse Islamic discourse” (Abdullah 2006:127), and called for intercivilisational dialogues, driven by the premise that the West could ill-afford to ignore the 1.4billion Muslims being represented by the OIC member-states. In essence, IH was being embedded into Malaysia’s foreign policy under Abdullah’s leadership (Saravanamuttu 2010:239-241).
On Abdullah’s invitation, PRC officials were invited to the World Islamic Economic Forum (WIEF) in 2007 to network with business groups from the Muslim world, and to speak at the forum itself.\textsuperscript{203} Abdullah’s invitation to PRC was a recognition of the vast economic potential of China and the benefits it could bring to Muslim countries, while also serving as a gateway for China to connect with the Muslim world. Moreover, Malaysia’s role as an honest broker in conflicts between Muslim minorities and non-Muslim governments in Bangkok and Manila also raised the possibility, in private talks between Malaysian and PRC leaders, that KL could also broker some form of peaceable agreement between the Xinjiang Muslim separatists and the CCP leadership.\textsuperscript{204} Intermixing Islam and economics in Sino-Malaysian relations, the Malaysian Islamic Chamber of Commerce promoted its local halal companies in China. This is because the halal industry had massive consumer potential in China, given that more than 20 million Muslims reside in the country. China also benefited from this link-up, because the international halal logo certification had incentivised budding Muslim capitalists to invest in China on a long-term basis.\textsuperscript{205}

As Chairman of the Non-Aligned Movement (NAM), Malaysia and China also concurred on a number of international issues pertaining especially to the developing world. As intimated by Chinese Premier Wen Jiabao, China and Malaysia share similar views on issues such as on Iraq, Iran and Palestine (People’s-Daily 30 May 2004). Wen added that the “great political trust” in Sino-Malaysian relations was what enabled “increased consultation and coordination in the international arena” (China-Daily 28 May 2004). Also, both Abdullah and Wen emphasised the importance of supporting one another to promote South-South cooperation (People’s-Daily 28 May 2004). For example, Malaysia was a key beneficiary of China’s goodwill decision to offer ASEAN countries one-third of the US$10 billion concessionary loans being offered to developing countries (Kemburi 2011:167). Thus, in July 2007, China agreed to loan Malaysia US$800 million to build the Second Penang Bridge (TODAY 14 July 2007). That this loan was the largest given by China for an overseas project was further indicative of the deepening bilateral trust in

\textsuperscript{203} Interview with Abdul Majid-Khan. Majid-Khan was also a guest speaker at this conference.

\textsuperscript{204} It was discussed in private due to the contentious nature of the Xinjiang conflict. Malaysia viewed Xinjiang as China’s internal matter, and so would only get involved if Beijing wills it. Interview with Syed Hamid-Albar.

\textsuperscript{205} Interview with Tengku Rithauddeen.
Malaysia-China relations. Moreover, just as Mahathir backed China’s entry into the WTO, Abdullah was one of the first few leaders to recognise China’s full market economy status under the WTO. Doing so then allowed both countries to engage further on economic issues. This is because Malaysia would treat China like all other WTO members by not subjecting them to harsher standards (ST 31 May 2004). Investing jointly in other developing countries also continued where Petronas teamed up with the China National Oil Corporation to invest in African states as well as invest in China itself. For example, Petronas sealed a 25-year LNG gas deal with China in 2006 (BT 31 October 2006).

### 7.5.2 High-Level Bilateral Visits

Abdullah demonstrated a natural proclivity for bilateralism because, in his words, “face-to-face interactions get the job done.” In a sense, Mahathir’s propensity to increase bilateral cooperation had been continued by Abdullah (Ganesan 2008:256). Even for the PRC leaders, bilateralism was the strategy of choice to build trust and foster cooperation between states. As China’s 4th generation leadership team helmed by Chinese President Hu Jintao and Premier Wen in the post-Jiang Zemin era, the duo made numerous State Visits and received countless foreign visitors to enhance bilateral cooperation while also dispelling the China-threat theory (Sutter 2008:60-65). During the 2003-2009 period, there were at least eight trips made by Malaysian leaders to China, and at least seven trips made by PRC leaders to Malaysia (see Table 20). The sizeable number of trips made in a relatively short time reflected the growing bilateral trust between the two countries.

Of note was the progress made in the field of defence cooperation. Defence had long been a sensitive issue in Malaysia’s China policy, and thus, an underdeveloped strand in Malaysia-China relations (Kuik 2013b:602). Najib, who continued as Defence Minister in Abdullah’s government, sought to forge closer defence ties with Beijing. For instance, during his China visit in September 2005, Najib signed a landmark MoU on bilateral defence cooperation, which allowed for the exchange of personnel and visits, military training and an annual security dialogue (Bernama 2 September 2005). Further, the MAF

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206 Interview with Abdullah Badawi.
and PLA conducted the inaugural collaborative defence consultation in KL in May 2006 (Kuik 2013b:602). Despite the MoU, there was still no formal defence pact between Malaysia and China, possibly because of the unresolved Spratlys dispute, ethnic political considerations, and that Malaysia had a holistic defence agreement with the US (Storey 2011:227). Party-to-party visits between UMNO and CCP, and visits by the Malaysian royalty continued during this period. To further fathom these bilateral visits, the section below discusses Abdullah’s 2004 visit to China, and Wen’s 2005 visit to Malaysia.

<table>
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<th>TABLE 20</th>
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<td><strong>Selected Malaysia-China Bilateral Visits</strong></td>
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<td><strong>Under the Abdullah Administration, 2003-2009</strong></td>
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<th>Time</th>
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| May-June 2004 | Visit to China by Malaysian Prime Minister, Abdullah Badawi  
A Second Joint Communiqué signed between Abdullah Badawi and Chinese Premier Wen Jiabao |
| August 2004 | Visit to Malaysia by Secretary of the Secretariat of the Central Committee of the Political Bureau of the Communist Party of China, He Yong |
| October 2004 | Visit to Malaysia by Member of the Political Bureau of the of the Communist Party of China, Wu Guanzheng; and State Councillor of the State Council of China, Tang Jiaxuan |
| February 2005 | Visit to China by Malaysian King (Yang di-Pertuan Agong), Tuanku Syed Sirajuddin |
| May 2005 | Visit to Malaysia by Chair of Standing Committee of National People’s Congress, Wu Bangguo |
| September 2005 | Visit to China by Malaysian Deputy Prime Minister and Defence Minister, Najib Razak |
| December 2005 | Visit to China by Malaysian Home Affairs Minister, Azmi Khalid  
Visit to Malaysia by Chinese Premier Wen Jiabao for the Inaugural East Asia Summit  
A Third Joint Communiqué signed between Abdullah Badawi and Chinese Premier Wen Jiabao |
| March 2006 | Visit to Malaysia by Chair of Chinese People’s Political Consultative Conference, Jia Qinglin |
| April 2006 | Visit to Malaysia by Chinese Defence Minister, Cao Gangchuan |
| July 2006 | Visit to Malaysia by Chinese Foreign Minister, Li Zhaoxing for the 13th Ministerial Meeting of the ASEAN Regional Forum |
| October 2006 | Visit to China by Malaysian Prime Minister, Abdullah Badawi for the China-ASEAN 15th Anniversary Commemorative Summit |
| July 2007 | Visit to China by Malaysian Foreign Minister, Syed Hamid Albar |
| November 2007 | Visit to China by Malaysian Higher Education Minister, Mustapa Mohamed |
| October 2008 | Visit to China by Malaysian Prime Minister, Abdullah Badawi for the Asia-Europe Meeting |

Compiled by Author (2014)

**Abdullah’s 2004 Visit to China**

As PM, Abdullah made his maiden voyage to China for five days from 27 to 31 May 2004. This visit was significant as it marked the 30th anniversary of diplomatic relations being
established between Malaysia and China. It also came at the back of a landslide victory at the polls just a couple of months earlier in March 2004. That Abdullah chose Beijing as the first capital outside ASEAN to visit signified how highly-ranked he located China in his foreign policy priorities. Recognising Abdullah’s positive posturing, Wen noted that Abdullah’s China visit “illustrates the value you place on cooperation between China and Malaysia” (ST 29 May 2004). Accompanying Abdullah to China was a big delegation of 800 members, which included a third of his Cabinet, four Chief Ministers, and over 500 businessmen, the bulk of whom were Chinese (BT 27 May 2004). Just as Abdullah was accorded the red-carpet treatment when he visited China as DPM in September 2003 (ST 19 May 2004), he was granted the same in 2004 (ST 29 May 2004). These gestures were an attestation to the PRC leaders also holding Malaysian leaders in high-esteem.

Undeniably, the economic primacy underpinned Abdullah’s China visit. Prior to the trip, Malaysia was in fact already the largest trading partner of China from Southeast Asia (Abdullah 2004a). The focus was thus on deepening Malaysia’s economic engagement with China. That Abdullah was accompanied by more than 500 entrepreneurs further attests to the visit’s economic nature. Testament however to the genesis of a matured partnership between Malaysia and China was the signing of a second Sino-Malaysian Joint Communiqué on 29 May 2004. Based on this 14-point document, “the leaders of the two countries noted with satisfaction the significant progress in cooperation in the political, economic, trade, culture, education, defence and other fields made by the two countries since the establishment of diplomatic relations 30 years ago...They expressed their shared commitment to consolidate the existing bilateral relations and work for greater cooperation between China and Malaysia in strategic areas to serve fundamental interests of both countries.” Moreover, both sides also signed more than 30 MoUs in the areas of travel, foreign affairs, education, and others (People’s-Daily 30 May 2004). On the back of Abdullah’s China visit, the Lion’s Group – a Malaysian-Chinese firm – embarked on a joint venture worth US$18.32million with Shandong Yinshi Tire to manufacture tyres in China (Shenzhen-Daily 16 December 2004); and Hui Wing-Mau – one of China’s richest tycoons – planned to purchase a 521-hectare plot in Selangor for RM412million to develop commercial properties (BT 31 May 2004).
In Wen’s words, it was “at the invitation of...Abdullah Badawi, I am delighted to attend the 9th ASEAN Plus China Summit, the 9th ASEAN plus China, Japan and ROK [Republic of Korea] Summit, the First East Asia Summit in KL, and pay an official visit to Malaysia” (People’s-Daily 11 December 2005). Wen made the trip to Malaysia from 11 to 15 December 2005. Such a visit can also be understood against the context of China exploiting America’s preoccupation with the War-on-Terror to amplify its reach in Asia, with Hu and Wen “personally travelling in the region bearing sizeable investments and diplomatic warmth” (NST 2 December 2003). In a speech on Peaceful development of China and opportunities for East Asia, Wen went on the ‘charm offensive’ by postulating that “China is a good neighbour, good friend, and good partner” (ST 14 December 2005). Crucial to Wen’s visit was the inking of the third Joint Communiqué albeit the first to be signed in Malaysia instead of China. Among other commitments, Malaysia and China agreed to prepare a China-Malaysia Economic Partnership Agreement (EPA) in order to promote the long-term development of bilateral cooperation in the economic, trade, scientific and technological fields (Xinhua 15 December 2005). Included too in the Communiqué was the commitment to follow the DoC in order to maintain tranquillity in
the SCS, and to focus instead on joint cooperation in disputed waters (Wu 2013:148). In the main, this Joint Communiqué reflected the increasing convergence of interests between Malaysia and China, and also testament to the enhanced bilateral trust underpinning the matured partnership being developed between the two countries.

7.5.3 Multilateral Approach through ASEAN

Abdullah deepened Mahathir’s ‘multilateral binding’ policy in embedding PRC into ASEAN. In fact, Abdullah was a more zealous regional multilateralist than Mahathir. In a speech centred on the multilateralism theme, Abdullah said: “Small nations like Malaysia do not have the military...means to insulate themselves from invasion or occupation...The best way forward, and our best hope, lies in a universal commitment to multilateralism” (Abdullah 2004b). Under Hu Jintao’s leadership, China’s proclivity for multilateralism was also enhanced as a major component of its foreign policy. This is due to China’s ever-growing ties with a number of regional actors including ASEAN (Lanteigne 2013:61). It can be argued that since China accepted Malaysia’s invitation to join ASEAN as a dialogue partner in 1994, its active participation vis-à-vis ASEAN and its affiliate agencies peaked during Abdullah’s premiership. For example, Beijing signed the China-ASEAN FTA in 2002 to allay ASEAN’s fears over its economic rise. Sketching his vision for an East Asia community, Abdullah listed seven prime markers: an inaugural summit, a regional charter, a free trade area, a financial cooperation pact, a zone of amity and cooperation, a transportation and communications network and a declaration of human rights. In Abdullah’s words, “A stable and prosperous East Asia would be a major contribution to world peace, security, and prosperity” (ST 7 December 2004). It must be noted that Abdullah wanted ASEAN-China relations to be premised on economics, despite the Spratlys dispute remaining unresolved. This is because there appeared to be an unwritten understanding between Malaysia and China not to use

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207 China’s participation in ASEAN is often compared by analysts with the US. US Secretary of State Condoleezza Rice’s ‘snub’ of ASEAN in not attending two ARF meetings is still a key talking-point. When Rice was asked by the author about this ‘snub’, she responded by saying that first, she resented the word ‘snub’, and, second, the absence was merely about strategic priorities, and not to downplay the significance of US-ASEAN relations. She did however intimate in the same breath that Myanmar was a problem. Personal communication with Condoleezza Rice.
force on each other. To further discuss multilateralism in Abdullah’s China policy, this section looks at two examples: the East Asia Summit (EAS) and the ASEAN Charter.

**East Asia Summit**

According to the EAS Declaration signed at the first meeting in KL, “We have established the East Asia summit as an [annual] forum for dialogue on broad strategic-political and economic issues of common interest with the aim of promoting peace, stability and economic prosperity in East Asia” (TODAY 15 December 2005). From Malaysia’s standpoint, the EAS marked the beginning of a long and irreversible journey towards the realisation of a more integrated East Asian community, chiefly in light of a rising China (Selat 2006:5). From China’s perspective, EAS, which its leaders regarded as an ‘Asians-only’ grouping, was an opportunity to mould East Asian multilateralism on its own terms. That is, to serve Beijing’s strategic goal of playing a dominant role in developing an East Asian community, while also enervating America’s influence in East Asia (Malik 2006).

As such, China wanted EAS membership to be restricted to East Asia as expanding membership would dilute its voice. According to Wen, “The EAS should respect the desires of East Asian countries and should be led only by East Asian countries” (cited in Malik 2006:4). It is from this standpoint that China backed Abdullah’s EAS initiative (ST 3 January 2006). That Abdullah first announced the EAS idea at an event to mark 30th anniversary of Malaysia-China relations on 30 May 2004, and backed China’s position that EAS should be confined to states currently participating in the ASEAN+3 dialogue process suggest a growing political convergence in Malaysia-China relations. Further, Abdullah’s preference in looking to China regarding his EAS proposal also suggests that there was a tilt from Tokyo to Beijing vis-à-vis leadership of East Asia (Lam and Lim 2006).

Despite Malaysia’s attempts to build an East Asian community through EAS, there were three key problems. First, the ‘China-wary’ ASEAN states were not willing to allow Beijing to have a dominant role in the EAS, and thus, advocated for a more inclusive grouping of states including Australia, New Zealand and India to counterbalance the potential

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208 Interview with Chandran Jeshurun.
dominance of China in the EAS (Frost 2008:141). Second, the EAS had the effect of intensifying China’s rivalry with Japan as both tried to undercut each other’s influence. But this spat was somewhat contained by Abdullah’s leadership of the first EAS in KL in 2005 (BT 21 December 2005). Third, EAS, as a result of its bloated membership, was criticised for its lack of focus to the extent of being described as another ‘talk-shop’. Calling the EAS an “East Australasian summit” whereby the voices of East Asian countries would be drowned by those of non-East Asian countries, Mahathir concluded that the EAS was “doomed” (BT 8 December 2005). Be that as it may, the EAS had, for example, initiated the Comprehensive Economic Partnership in East Asia in 2007 to promote greater trade and regional integration among member-countries in the EAS.209

ASEAN Charter

Just as Abdullah found it crucial to develop a strong and cohesive East Asian community, he found it equally important to strengthen ASEAN as a community. Presumably in response to an emergent China and the attendant challenges from an economic standpoint, ASEAN Ministers wanted to see the establishment of an ASEAN community by 2015, five years ahead of schedule in 2020. Key to this community was an accelerated regional economic integration programme, because, in Abdullah’s words, “To keep pace with China and India, trade liberalisation is needed for ASEAN to keep pace with economic giants India and China” (ST 11 December 2005). In line with the move towards an ASEAN community, a charter for ASEAN was mooted by Malaysia, which was then tabled at the 11th ASEAN Summit in KL in 2005 (Kassim 2009).210 The Charter was adopted in November 2007 and came into force on 15 December 2008 after all the ASEAN leaders ratified the Charter. According to Termsak Chalermpanalanupap, the ASEAN Charter “represents the catalyst for the transformation of ASEAN into a more efficient, rules-based, intergovernmental organisation with a legal personality of its own” (Chalermpanalanupap 2008). Doing so, in other words, would help ASEAN strengthen itself so as to then engage from a position of strength in its ‘multilateral binding’ policy vis-à-vis China for example. Remarkably, the PRC leadership congratulated ASEAN on

209 It has since been formalised to a Regional Comprehensive Economic Partnership in November 2012.
210 For the making of the ASEAN Charter from the start to its conclusion, see Koh et-al (2009).
the signing of the Charter. This is because, according to PRC’s Foreign Ministry spokesman Liu Jianchao, “We believe that under the Charter, ASEAN will continuously advance its integration through building an ASEAN community, to further peace, progress, and prosperity in the region and the world.” (Xinhua 20 November 2007).

Concomitant with the ASEAN Charter was the setting up of a Human Rights Commission, despite the initial resistance from Myanmar in particular. Just as Mahathir believed that it was Malaysia’s burden of responsibility to effect change in Myanmar, Abdullah also believed the same during his time in office. In fact, ASEAN’s international standing had been corroded because of its failure to improve the human rights record of, and to move quicker in restoring democracy in, Myanmar (ST 31 July 2007). To this end, the ASEAN Human Rights Declaration was finally signed in 2012 during Najib’s premiership after the Commission was formed under Abdullah. As regards Myanmar specifically, Abdullah’s Malaysia had called on China to prod Myanmar, one of its closest allies, towards political change. Noted Hamid-Albar, “We understand China’s position because they have never liked to do anything that would interfere with the domestic or national affairs or sovereignty of another state...But I think wherever they can exercise their influence to encourage Myanmar, we would be very happy” (TODAY 30 October 2006). Despite Malaysia’s harsh criticism of Myanmar’s persecution of minority Muslims like the Rohingyas, Malaysia, along with others in ASEAN, withstood pressures from the outside to impose sanctions, or suspend Myanmar from ASEAN. In Hamid-Albar’s words, “If you want Myanmar to continue to engage, we should not be talking about suspension...And there is no mechanism for suspension in ASEAN. ASEAN will never take that route” (ST 17 October 2007). It was this mode of thinking among ASEAN states, especially Malaysia that made China support ASEAN’s policy of engagement with Myanmar, according to then-Chinese Foreign Minister Li Zhaoxing (ST 2 July 2004).

211 In 2004, BN and opposition MPs established the pro-democracy Myanmar caucus in Parliament (Steinberg 2007).
7.5.4 Cultural Diplomacy in Malaysia-China Relations

Abdullah is, in his words, a “culture enthusiast.” Abdullah remarked that “the task of broadening and deepening the scope of relations between Malaysia and China should not be left merely to the leadership and governments of the two countries” (ST 31 May 2004). IH’s focus on moderation and inclusivity also dovetailed with cultural diplomacy. No wonder then that efforts at cultural diplomacy, which began with Mahathir, was intensified by Abdullah. This was evidenced by an increase in the number of initiatives and creation of NGOs particularly in China. Moreover, the first-ever Malaysia-China Cultural Pact was inked in 2003 (ST 22 November 2003). The one major implication from cultural diplomacy was that this practice not only brought Malaysia and China closer together at the non-governmental level, but it also had the effect, through culture, of soothing the conflictual relations between the Malays and Chinese in Malaysia.

Bilateral cooperation in the area of education and academia became more pronounced under the Abdullah government. It was Abdullah’s idea to establish the Institute of China Studies at the University of Malaya in December 2003. This was then reciprocated by the setting up of the Institute of Malaysian Studies at Xiamen University in April 2005. Further, the China-Malay Study Centre was upgraded to a Research Centre at BFSU in September 2005, which was then followed by the appointment of the first Chair of Malay Studies at BFSU in January 2008. Doing so underscored the importance of the Malay language, which, in turn, would have found support among Malaysian Malays. Concurrently, Abdullah’s government encouraged the learning of Mandarin among all Malaysians, and had looked into the possibility of hiring teachers from China to teach the language (ST 15 September 2006). Further, there were about 9.177 PRC students pursuing higher education in Malaysia, comprising around 25% of all foreign students in 2009 (MOHE 2010). As such, Nilai, a small town in the State of Negeri Sembilan came to be described as a little China because of the sheer number of PRC students residing there (ST 29 June 2004). As of 2009, there were also about 2,000 Malaysians studying in the

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212 Interview with Abdullah Badawi.
213 Interview with Abdul Majid-Khan.
top universities in Beijing, Shanghai and Guangzhou (Kuik 2013b:603). As a result of a rising middle class in China and the attendant purchasing power, the number of PRC tourist arrivals in Malaysia increased since 2003, and reached its peak at 605,000 in 2009, making Malaysia the fourth-best travel destination among ASEAN countries. Given also the expansion of the middle class in Malaysia, the number of Malaysian tourist arrivals in China also increased since 2003, and peaked at 1.06 million in 2009, making PRC the fifth preferred destination among Malaysians (Travel-China-Guide 2014).

Moreover, the Beijing and Shanghai Chapters of the Malaysian Chamber of Commerce and Industry in China (MAYCHAM) were established during the Abdullah period in 2004 and 2006 respectively. According to the President of the Beijing Chapter, MAYCHAM’s raison d’être was to promote business ties between Malaysia and China on the one hand, and to exhibit social responsibility by being active residents in the cities of Beijing and Shanghai on the other. Yet another grouping was the Shanghai-based Malaysian Association in the PRC (MAPROC), which, although set up in 1995, became prominent as a sociocultural informal grouping after Malaysians in their thousands began to reside in Shanghai in the 2000s. Further, MCBC, after Abdullah’s appointment of former Malaysian DPM Musa Hitam as its Joint-Chairman, began “to play a more active role in promoting bilateral commercial ties, mainly by organising trade delegations to explore business and investment opportunities across sectors and at various levels.” Moreover, MCFA went from just focusing on Malaysia and China to focusing as well on the interaction at the people-to-people level between ASEAN and China. Along those lines, MCFA hosted the 4th ASEAN-China People-to-People Friendship Organisations Conference in KL in 2009. In addition, there was a concerted effort made to shed MCFA’s Chinese-dominated image by encouraging more Malays to join the association.

Summing up, Abdullah’s China policy of matured partnership can best be understood via the lens of middlepowermanship, which includes niches of Islam and the South, cultural

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214 Interview with Choong Siew-Meng.
215 Interview with Lai Kim-Yin.
216 Musa’s appointment came after Wen’s intimation to Abdullah for there to be a ‘Malay leadership’ of the MCBC. This is because Sino-Malaysian economic relations should not be exclusively for Malaysian Chinese (Kuik 2013b:598).
217 Interview with Abdul Majid-Khan.
diplomacy as a form of soft power, active multilateralism through ASEAN as evidenced by the EAS and ASEAN Charter, and bilateral visits such as Abdullah’s 2004 visit to China, and Wen’s 2005 visit to Malaysia. Pursuant to the neoclassical realist model of DL, the next section looks at how Abdullah’s China policy contributed to the performance legitimacy of his regime, which then helped justify Abdullah’s right to rule at home.

7.6 Performance Legitimacy of the Abdullah Governing Regime

7.6.1 Economic Benefits from Sino-Malaysian Trade

Apart from a slight decline in Sino-Malaysian trade between 2007 and 2009 due to the global financial crisis, there was a rapid expansion in two-way trade between Malaysia and China from US$14.1 billion in 2003 to US$36.4 billion in 2009 (see Table 21). As a result, since 2009, Malaysia became China’s largest trading partner in ASEAN. It is also noteworthy that, in 2009, Malaysia experienced a trade surplus when its exports to China were higher than its imports from China (see Table 21). Malaysia’s main exports to China were electronic and electrical products, wood, and palm oil while key imports were cereals, optical and medical instruments, and vehicle parts (BT 14 January 2004). After the setting up of the Malaysian Palm Oil Board’s Shanghai office in 2006, palm oil exports to China continued to rise, with the largest being 4,027,200 tonnes in 2009 (see Table 21). However, the growth in PRC investment in Malaysia had been quite sluggish. While Malaysia’s investment in China was US$429 million in 2009, China’s investment in Malaysia was only US$47.2 million that same year (Najib 2010). That said, Sino-Malaysian economic relations continued to expand as political relations between Malaysia and China continued to evolve to the point of being described as a matured partnership. Crucially, the expanding Sino-Malaysian trade contributed to Malaysia’s GDP, which continued to rise to US$231 billion in 2009, the year Abdullah left office (see Table 21). Because Abdullah’s government was able to maintain a healthy economic growth, it would have struck a chord with the burgeoning middle class in Malaysia, which, as noted earlier, expect the government to deliver strong economic growth for its legitimation.
7.6.2 Contribution to Regional Security and American Military Presence

The one major contribution to regional security was the role of Abdullah’s Malaysia in embedding China into regional institutions. The EAS was a case in point. Not only was Malaysia able to advance its national interest by exploiting the economic opportunities that came with an emerging China, but it was also able to contribute to the security of the region through the building of an East Asian community, and the strengthening of an ASEAN community via the ASEAN Charter. Given also that it has been the long-standing foreign policy of the Malaysian government not to be over-reliant on one major power, it has opted to keep its military ties with America in particular. Although Abdullah did not subscribe to a regional balance of power theory, he viewed America as the only other major power that can be a “back-up insurance” in the event that Malaysia-China relations began to rapidly deteriorate (Kuik 2013b:605). For example, in May 2005, Malaysia renewed the ACSA with the US, which enabled both armed forces to share logistics and supplies for the next ten years. Further, Malaysia also continued to receive US military assistance in the form of Foreign Military Sales credits for defence purchases (Sodhy 2007b). So despite the genesis of a matured partnership between Malaysia and China, Malaysia, like other ASEAN countries, preferred to keep a US military presence in Asia. But just as Malaysia cannot be seen to be too close to China for domestic reasons...

<table>
<thead>
<tr>
<th>Years</th>
<th>Annual GDP (Billion US$)</th>
<th>Imports from China (Million US$)</th>
<th>Exports to China (Million US$)</th>
<th>Imports + Exports (Million US$)</th>
<th>Export of Rubber (’000 tons)</th>
<th>Export of Palm Oil (’000 tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>100.846</td>
<td>7300</td>
<td>5810</td>
<td>14110</td>
<td>207.4</td>
<td>2530.0</td>
</tr>
<tr>
<td>2004</td>
<td>110.202</td>
<td>10339</td>
<td>8460</td>
<td>18799</td>
<td>288.7</td>
<td>2805.9</td>
</tr>
<tr>
<td>2005</td>
<td>125.749</td>
<td>13177</td>
<td>9003</td>
<td>22480</td>
<td>386.1</td>
<td>2960.5</td>
</tr>
<tr>
<td>2006</td>
<td>143.553</td>
<td>15887</td>
<td>11646</td>
<td>27535</td>
<td>894.4</td>
<td>3577.8</td>
</tr>
<tr>
<td>2007</td>
<td>162.692</td>
<td>18908</td>
<td>15452</td>
<td>34350</td>
<td>198.2</td>
<td>3840.4</td>
</tr>
<tr>
<td>2008</td>
<td>193.553</td>
<td>20084</td>
<td>19049</td>
<td>35135</td>
<td>470.4</td>
<td>3794.5</td>
</tr>
<tr>
<td>2009</td>
<td>231</td>
<td>17277</td>
<td>19157</td>
<td>35434</td>
<td>622.1</td>
<td>4027.2</td>
</tr>
</tbody>
</table>

as the Malays would disapprove, it also cannot be seen to be closely aligned with the
US, given Washington’s wretched record of meddling in the affairs of the Muslim world.
For that reason, Malaysia refused to let the US patrol the Malaccan Straits, expand the
FPDA membership to include the US, or enter into a military alliance with Washington.

7.6.3 Internal Military Strength and External Defence Arrangements

Against the backdrop of Beijing’s military spending and the unresolved Spratlys dispute,
Abdullah heeded the call of his Ministry of Defence to maintain the defence expenditure
at the RM10billion mark, with the highest at RM14.7billion in 2008 (see Table 22).218
Stressing the importance of military modernisation to safeguard Malaysia’s territorial
integrity, Najib asserted that “We have warships, combat aircraft...so people will be
apprehensive about undermining the sovereignty of our nation” (Star 12 August 2008).
Similarly, in defending the purchase of two Scorpene submarines, Foreign Minister Syed
Hamid-Albar opined that since “Malaysia is already a maritime country, it’s not strange
for us to have two submarines [to patrol] the Spratlys” (Bernama 24 April 2007). In
addition, Malaysia purchased A-209M observation helicopters and 18 Su-30MKM fighter
aircrafts for RM3.42billion in 2003 (Sidhu 2009:27); and ordered 4 Airbus A400M aircraft
in 2005 to enhance aircraft capability for the purposes of deterrence (Kasmin 2009:183).
Abdullah also planned the building of a submarine base in 2006 to boost Malaysia’s naval
patrol (Bernama 14 November 2006). Despite the military modernisation, Armed Forces
Chief Zahidi Zainuddin stressed that Malaysia’s military manpower of 118,000 personnel
was considered small as opposed to other ASEAN states like Thailand and Singapore. As
such, Malaysia “views diplomacy as a key weapon for maintaining the country’s peace”
(cited in Sidhu 2009:26). Simply put, there was now a greater realisation within both the
Malaysian political leadership and the Ministry of Defence officials that diplomacy and
deterrence must go hand-in-hand to protect Malaysia’s sovereignty.219

218 Portions of the defence expenditure also went to tackling maritime piracy/terrorism.
219 Interview with Chandran Jeshurun.
Abdullah viewed FPDA to be a crucial external defence arrangement. In fact, FPDA’s longevity is arguably assured given the lack of other regional military arrangements in Southeast Asia. Besides military exercises, FPDA members have also agreed to conduct humanitarian assistance and disaster relief operations (Thayer 2007:92-93). This is because the region was confronted with more complex threats such as maritime terrorism and natural disasters such as the tsunami in 2004. In short, FPDA must not only be able to deal with conventional threats such as Beijing invading Malaysia or Singapore, but also handle non-traditional threats. Set against this, Najib proposed the formation of a Southeast Asian Disaster Relief Centre in 2006 (ST 6 June 2006); and counter-terrorism drills became a key feature of FPDA exercises (BT 8 June 2004). For example, Bersama Lima Exercise, held since 2004, was a quintuple military operation to act out multiple threat scenarios. 31 ships, 60 aircraft, 2 submarines and around 3500 personnel were involved in this FPDA military exercise in 2004 (AFP 10 September 2004).

### Table 22

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual Defence Expenditure</th>
</tr>
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<tbody>
<tr>
<td>2003</td>
<td>10950</td>
</tr>
<tr>
<td>2004</td>
<td>10728</td>
</tr>
<tr>
<td>2005</td>
<td>11817</td>
</tr>
<tr>
<td>2006</td>
<td>11981</td>
</tr>
<tr>
<td>2007</td>
<td>13649</td>
</tr>
<tr>
<td>2008</td>
<td>14717</td>
</tr>
<tr>
<td>2009</td>
<td>13974</td>
</tr>
</tbody>
</table>

*Source: Stockholm International Peace Research Institute (SIPRI) and Economic Planning Unit (EPU) of Malaysia*

7.6.4 2008 Malaysian General Elections

Compared to the 1999 GE where the ‘China card’ was clearly played by the Mahathir governing regime, the 2008 GE was a more subdued affair as it pertained to Malaysia’s
China policy. This was due to three reasons. First, Abdullah’s maiden trip, as PM, to China was made several years before the GE was held. Second, the 2008 GE was primarily driven by domestic-political events as testified by protest marches; Anwar’s return to politics whereby his involvement energised the opposition; ethno-religious tension; weakened leadership due to the Mahathir-Abdullah conflict; and the rapid expansion of the middle class and the attendant demands for political and economic reforms. Third, the Malaysian electorate in 2008 was markedly different from that of yesteryears in that the ‘China card’ could be effectively played to woo the Malaysian Chinese voter. In fact, the younger Chinese specifically had been de-China-ised in that they saw themselves as more Malaysian than Chinese, primordial links with the homeland mattered little to them, and China was no longer a political question as far as their identity was concerned (Liow 2009b:69; Hou 2006:153). Simply put, the sort of political appeal to ethnic proclivities as played out previously by the ‘China card’ had now outlived its usefulness.

Nonetheless, there were three observable China-related references in the course of the 2008 GE. First, Beijing’s financial assistance by way of a loan to build the Penang Second Bridge was construed as a crucial electoral lifeline. This is because the offer was made less than a year before the 2008 GE was called. It was hoped that this bridge could boost Abdullah’s support in Chinese-majority Penang, and Chinese voters in general who were unhappy at the resurrection of the NEP. Noted one analyst, “Abdullah has silenced his critics and scored a major political victory by persuading China to fund and help construct the bridge” (SCMP 12 July 2007). Second, Chin Peng’s return was made an electoral issue by Abdullah’s BN regime. The DAP leaders were denounced as communist sympathisers after its stalwart, Lim Kit-Siang was accused of campaigning for Chin Peng’s return to Malaysia (Lim 2003). It was hoped that by doing so, the BN would strike a chord with the older Malay voters, many of whom were still psychologically affected by the communist episode. Third, BN’s manifesto devoted a two-page spread in its pamphlet on foreign policy. In particular, the focus was on Malaysia’s role as a multilateralist as shown by its leadership of NAM, OIC and ASEAN, with the EAS specifically mentioned. It was hoped that this leadership behaviour, as epitomised by middlepowermanship,

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220 Interview with Stephen Leong.
would resonate with Malaysians, not least because such external conduct arguably brought pride and prestige to the country. China was the most-mentioned state in the pamphlet along with a photograph of Abdullah crossing hands with Wen during the EAS.

In the end, it was the state of domestic affairs which determined the electoral outcome. That is to say the ‘China card’, even if played, had little or no bearing on the GE results. Abdullah’s BN won the 2008 GE by a whisker. For the first time since 1969, BN lost the popular vote in Peninsular Malaysia by garnering only 49% (see Table 23). BN also lost, since 1969, two-thirds majority in Parliament, and rather strikingly, lost control for the first time, of four State Governments, with one other remaining with the opposition. That BN lost Selangor suggests that the middle class, which comprised most of the voters in the State, rejected Abdullah’s leadership. BN also lost the Chinese vote where DAP defeated MCA and Gerakan in terms of the seats won. BN won around 58% of the Malay vote, 35% among the Chinese, and 48% among the Indians. It was only due to the seats in East Malaysia that allowed Abdullah to retain a simple majority by obtaining 140 of 222 seats; and garnering 51.4% of the nationwide popular vote (Case 2011b:36).

| TABLE 23 |
| 2008 Malaysian General Elections |
| Malay- or Chinese-Contested Parliamentary Seats |
| Peninsular Malaysia (Excluding Sabah and Sarawak) |
| Selected Political Parties | Malay or Chinese Candidates | Seats Contested | Seats Won | Popular Vote |
| Barisan Nasional - UMNO | Malay | 105 | 67 | 49.0% |
| Barisan Nasional - MCA | Chinese | 40 | 15 | |
| Barisan Nasional - Gerakan | Chinese | 12 | 2 | |
| Opposition - PAS | Malay | 66 | 23 | 10.4% |
| Opposition - PKR | Malay Majority | 57 | 31 | 14.0% |
| Opposition - DAP | Chinese Majority | 45 | 26 | 12.6% |

NB: 49.0% also includes the support for MIC whose Indian candidates won 3 parliamentary seats

Source: (ST 11 March 2008)
7.6.5 Sticking Points and Contending Perspectives

Falun-Gong and Taiwan

Apart from the unresolved Spratlys dispute, the other two sticking points were the issues of Taiwan and the Falun-Gong. As a Chinese spiritual discipline gaining popularity in China since the 1990s, the Falun-Gong was soon clamped down by the atheist CCP leadership. Malaysia deferred to China by halting the distribution of 17,000 Falun-Gong newspaper at the request of the Chinese Embassy in KL (Jakarta-Post 1 July 2005). Despite this, Falun-Gong continued to gain wide currency in Malaysia as testified by the yearly celebration of World Falun-Gong Day (Ackerman 2005:495-511). On the Taiwan issue, the One-China policy was reaffirmed when the Sino-Malaysian Communiqué was signed in 2004. In it, Malaysia “emphasises its adherence to the One-China policy and recognises that Taiwan is an inalienable part of the territory of the People’s Republic of China” (People’s-Daily 30 May 2004). To this end, the Malaysian Association for the Promotion of One China (MAPOC) was formed by the Malaysian Chinese elite in 2004. Specifically, MAPOC supported the government’s stance in acknowledging that Taiwan was a part of China, opposing Taiwanese independence as proposed by President Chen Shui-bian through a national referendum, and calling for a peaceful resolution to the Cross-Straits crisis (Hou 2006:135). The younger Malaysian Chinese increasingly hold the belief that politics in Taiwan or China have nothing to do whatsoever with them.221 According to former MCA President Lee San-Choon, “Taiwan independence is against the wishes of the majority of Chinese” (cited in Hou 2006:147). Similar to Mahathir, Abdullah also had to maintain a delicate balance in Malaysia’s relations with China and Taiwan so as to extract economic benefits from both sides. But compared to Mahathir, Abdullah decided to strengthen Malaysia’s adherence to the One-China policy by barring his Ministers from visiting Taiwan. This is because, according to DPM Najib, such visits “could offend the Chinese government” (ST 24 July 2004). This directive apparently came in response to China’s public admonishment of Singapore after then-DPM Lee

221 Interview with Hou Kok-Chung.
Hsien-Loong’s private visit to Taiwan (Yow 2004:10). So, while Malaysia’s economic links with Taiwan continued, official visits to and from Taiwan were discontinued.

**Perspectives of Malay-Dominated Parties**

Two issues were conspicuous as far as UMNO-Malay nationalists were concerned with regard to Malaysia's China policy. First was the ‘Chin Peng’ issue. That Abdullah refused to countenance Chin Peng’s return to Malaysia found resonance with members of his party. For Abdullah, Chin Peng was banned from returning to Malaysia since he had links with a banned group that had a “history of perpetrating terrorism in this country” (ST 4 October 2003). The UMNO-Malay nationalists were specifically against the return of Chin Peng because they considered him to be a leader of a terrorist movement and that it would reopen old wounds (Star 14 June 2009). The second was the oft-mentioned ‘go-back-to-China’ remark. Following the case of a woman believed to be a Chinese national who was humiliated in police custody in what came to be known as the ‘nude-squat’ incident in June 2005, the Malaysian Deputy Internal Security Minister Noh Omar responded by postulating that “if the orang asing (foreigners) think we are zalim (cruel), ask them to go back to their own country” (Malay-Mail 30 November 2005). Noh’s remark was castigated by the PRC government as it was seen to be flippant, and profiling the PRC-Chinese. But more importantly, this incident highlighted the larger issue of numerous claims of PRC tourists being ill-treated while visiting Malaysia in what became categorised as xenophobia against people from China by not only Malays but also other ethnicities including Malaysian-born Chinese (BBC-News 25 November 2005).

PAS still had no coherent policy towards China even under the new political leadership of Hadi-Awang, and the spiritual leadership of Nik Aziz. That said, PAS leadership post-Fadzil Noor began to see China increasingly as an economic opportunity, the tension between Islam and ‘godless’ Communism notwithstanding. This can be attributed to two factors. First, the rebuilding of a little-known international affairs unit within PAS, which

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222 Noh later apologized for his remark.
223 For a greater insight into PAS in the post-Fadzil Noor period, see Liew (2007:201-216).
was helmed by intellectuals well-versed in both secular and Islamic knowledge, helped mould a favourable image of PAS to, and forging networks with, the outside, and in particular, the Muslim world.224 Second, PAS was reinventing itself after suffering a significant electoral setback in the 2004 GE where it lost control of the Terengganu State, and barely retained the Kelantan State as a result of a swing of the Chinese vote in those States towards BN (Liow 2011:387). Hence, looking to China could potentially achieve two things. One, Kelantan could benefit from investments from China given that it has long been neglected by the UMNO-led central government by virtue of the State being ruled by PAS. Two, PRC investments into Kelantan could send a message to its residents, especially the Chinese that PAS could also provide moderate leadership for the State (ST 10 December 2004). To this end, Nik Aziz made at least four trips to China (ST 18 June 2009). In one such trip in 2004, a Kelantan company signed a joint venture with the China Nonferrous Metal Mining and Construction Company to develop tin and gold mines (ST 10 December 2004). That this was the first joint venture between Kelantan and China suggests that PAS had begun to adopt a pro-development approach in its conservative guardianship of the State. Doing so intersected with Abdullah’s IH whereby Islam could coexist with development. PAS was moving closer to the UMNO-led government as far as policy towards China was concerned: PAS’ looking to China was similar to Abdullah’s view that China was “a very strategic and important partner” (Star 24 October 2008).

A brand new entrant as a Malay-dominated party was PKR, which was formed in the second decade of Mahathir’s premiership, but became a political force during Abdullah’s premiership. In what can be described as a husband-wife party with Anwar Ibrahim and Wan Azizah pulling the strings, PKR modelled itself as a Malay-dominated party with a multiracial outlook and a moderate posture (see Allers 2013:163-226). Given also that PKR comprised members, especially the younger overseas graduates who exhibit a global mindset, the party has also kept itself attuned with international affairs.225 It is for this reason that PKR established an international affairs bureau as part of the core functions of the party.226 It is within this context that PKR sought to develop a coherent

224 Interview with anonymous PAS member.
225 Interview with Nik Nazmi.
226 Interview with Farhash Salvador.
policy towards China, which was predictably economic in nature. For instance, it was under PKR’s guardianship that China became the fourth-largest investor in Selangor with RM228million in investments in 2013 (Malay-Mail 11 April 2014). While PKR’s view of China as an economic power dovetailed with Abdullah’s view of the same, there was one crucial difference between PKR and UMNO, according to Anwar. He explained:

“I would argue that a greater concern to Malaysians would be that the gains from closer economic cooperation between Malaysia and China under the present [Abdullah] government would be captured by a relatively small proportion of the elite business community, as opposed to being widely shared amongst the population, similar to that which has happened with the well-intentioned but poorly implemented NEP. The growing inequality in Malaysian society is a concern to us all and new policies that can effectively address the growing income and wealth inequality, not just between ethnic groups but also within ethnic groups and between urban and rural populations, will be key to ensuring the future economic development of the country.”

_Perspectives of Chinese-Oriented Parties_

MCA and Gerakan played key roles in contributing to the genesis of a matured partnership between Malaysia and China. MCA President Ong Ka-Ting, who was also Minister of Housing and Local Government, Gerakan President Lim Keng-Yaik, who was also Minister of Primary Industries, and Gerakan Deputy President Koh Tsu-Koon, who was also Chief Minister of Penang all accompanied Abdullah in his China trip in 2004. But Malaysia’s comprehensive engagement with China had its downsides in both social and economic senses for the Malaysian Chinese. Economically, the intense competition from China had caused local Chinese businesses to suffer as evidenced by more than half of the shoe-making factories being wiped out in a village in Seri Kembangan (ST 12 March 2005). Socially, the influx of PRC female nationals from Mainland China had generated consternation within the conservative Malaysian Chinese community. Specifically, there were increasing cases of ‘Dragon ladies’ from China preying on married men and as such, Malaysian women were upset at their husbands for having affairs with PRC girls. Noted members of MCA women’s wing: “They [PRC girls] cause a lot of social problems...The victims are usually middle-aged men who are flattered that young, beautiful women from China are taking an interest in them” (ST 28 September 2007). An additional problem was the fact that, according to an MCA member, Michael Chong, “the truth is

227 Interview with Anwar Ibrahim.
there are many who come here for the purpose of vice” (ST 4 December 2005). This can be attributed to over-stayers whereby around 50,000 Chinese nationals have just gone missing in Malaysia after their visas expired (BH 22 November 2005). So interestingly, while the Malaysian Chinese called for normalisation of relations with China in the 1970s onwards, they were now advocating tight controls on immigration from China.

It can be argued that the genesis of a matured partnership between Malaysia and China would be welcomed by the DAP as its position since Razak’s China visit was for Malaysia to seek full-scale normalisation with China. That said, the DAP criticised Abdullah’s government on two China-related issues. First was the withholding of recognition by the Malaysian government of degrees from PRC universities. Noted DAP’s Secretary-General Lim Guan-Eng rhetorically: “How does one explain recognising degrees from Pakistan, Bangladesh or Indonesia which do not have a single university in the top 200 universities but not the top university in Asia - Beijing University?” Further, Lim also rebuked MCA’s President Ong Ka-Ting for failing to raise this issue of recognition of reputable universities from China in Cabinet (Lim 2006). The second was the poor handling of the ‘nude-squat’ incident, which strained relations between PRC and Malaysia. Not only did the PRC government issued a public statement to criticise the treatment of a Chinese National by the Malaysian police, but it also postponed a planned visit by Malaysian Home Minister Azmi Khalid to China as a way to show its displeasure (ST 30 November 2005). This event also resulted in the number of PRC tourists dropping by more than half which is to say Malaysia’s image among PRC tourists was drastically tarnished (ST 25 November 2005). As reportedly said by DAP’s Lim Kit-Siang, “Malaysia’s national interests had been undermined and that the scandal should have been ‘nipped in the bud.’” Lim added that had the Abdullah government been competent in that they had established sooner that it was not a Chinese National who was the victim of police humiliation, this would have mollified the PRC leadership (TODAY 15 December 2005).

7.7 Concluding Remarks

It was Abdullah’s concern for DL, which influenced his perceptions of firstly, the external strategic environment especially of the astonishing rise of China as an economic power
in tandem with the *heping-fazhan* concept, and, secondly, the ethnic political situation that drove Abdullah to pursue a comprehensive engagement policy with China akin to the genesis of a matured partnership. Crucially, the systemic pressures that emanated from a post-Cold War multipolar world and more importantly, from an emergent China were intervened by Abdullah’s care for DL before the decision was made to pursue change-in-continuity in Malaysia’s China policy. The perception of China as one of an economic opportunity was shaped by the reality of China’s rapid economic growth, and Abdullah’s emphasis on moving Malaysia closer to achieve not only Vision-2020, but also Mission-2057. Although the Spratlys dispute remained unresolved and PRC’s military expenditure continued unabated, it appeared to have made no difference to Abdullah’s non-threat perception of China. Despite Abdullah’s leadership in domestic matters being weakened by his conflict with Mahathir; the BERSIH and HINDRAF protests; and a highly-charged Islamicised atmosphere and Malay ultranationalist fervour, it had not derailed Malaysia’s foreign policy, or, the policy towards China. This change-in-continuity in Malaysia’s China policy from 2003 to 2009 can be attributed to Abdullah’s technocratic style of leadership whereby he was previously Mahathir’s Foreign Minister, his congenial and consultative personality, and, to a lesser degree, his Chinese ancestry. Further attribution could be made to the demands of a rising middle class in that a government’s economic performance was critical for the legitimation of Abdullah’s governing regime. The support of the middle class was made even more crucial, given how Anwar’s return to politics energised the opposition, and as such, challenged Abdullah’s ruling regime.

Through the lens of middlepowermanship, Abdullah sought to dictate the tempo and tone of Malaysia-China relations. These included a mix of niches aligned with Islam and the developing world; cultural diplomacy in the areas of education, tourism and Islamic-related matters, and through NGOs based in both Malaysia and China; multilateralism through ASEAN as evidenced by the EAS and ASEAN Charter; and bilateral visits like Abdullah’s 2004 visit to China and Wen’s 2005 visit to Malaysia. The net effect of middlepowermanship was that it accorded pride and prestige to Malaysia as a small state in international relations; embedded China into ASEAN and its affiliated agencies so as to facilitate deeper engagement, and promote interdependence between China
and ASEAN; brought Malaysia and China closer together through convergent political outlooks vis-à-vis the developing world; and brought economic benefits for Malaysia.

Abdullah’s right to govern at home was legitimated by his government’s performance in managing Malaysia’s relations with China. Testament to this performance legitimacy was the economic benefits from an expanding Sino-Malaysian trade as well as a rise in reciprocal investments in both Malaysia and China, although it still favoured the latter; and contribution to regional security by interlocking China into regional multilateral interfaces, chiefly that of ASEAN. The build-up of Malaysia’s military capability as shown by its expenditure; the continued participation in the FPDA; and facilitation of the US military presence in the region to maintain the balance of power also augmented the legitimacy of Abdullah’s governing regime by showing to the Malaysian people that his government was adroit in taking countermeasures to preserve Malaysia’s security vis-à-vis any future threats from China. Such threats may occur due to the unresolved Spratlys dispute, the Taiwan factor and to a lesser degree, the issue of the Falun-Gong. Although there were China-related references made during the 2008 GE, the ‘China card’ had little or no impact on the electoral outcome whereby Abdullah’s BN won by a whisker. Rather, it was the state of domestic affairs which determined the electoral outcome in what was branded a political tsunami. In short, the ‘China card’ appeared to have lost its electoral appeal. The legitimacy of Abdullah’s governing regime was also challenged by PAS, the DAP, and PKR as all three opposition parties were adept at formulating their own policies and opinions of China, as well as having the diplomatic knowhow to engage with China.

The one key implication from Abdullah’s China policy was that, while Razak’s diplomatic blueprint for moulding Malaysia’s China policy remained relevant, the legitimisation potential appears to be considerably reduced if only the electoral results were taken as a guide. Be that as it may, it was on Abdullah’s watch that Malaysia-China relations became the most cordial it has ever been since diplomatic relations was established in 1974. That is, Malaysia’s China policy had well-and-truly matured as a partnership under Abdullah in that there was a high-level of bilateral trust between the two countries.
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CONCLUSION

8.1 Summary of the Main Findings of Study

To recapitulate the overarching question being addressed in this thesis, why and how has Malaysia’s China policy evolved from cautious rapprochement under Razak to a matured partnership under Abdullah, despite the continued ethnic conflict between the Malays and Chinese in Malaysia? On the ‘why’ question, the main finding of this thesis is that it was the care for domestic legitimation that drove the Malaysian leader to either continue or change Malaysia’s China policy. Extending further, this thesis finds that the systemic pressures in the external strategic environment were mediated within the DL prism, that is, by the perceptions of the Malaysian leader who also took cognisance of the ethnopolitical situation – conflict between the Malays and Chinese – before taking the decision on how to devise Malaysia’s policy towards China. On the ‘how’ question, the thesis discovers that the Malaysian leaders have been successful, albeit to varying degrees, with their strategies to dictate the terms, and to influence the course of the country’s China policy. Straddling between the ‘why’ and ‘how’ questions, this thesis finds that Malaysia’s China policy contributed, albeit to varying degrees under different Malaysian leaders, towards the legitimacy of the UMNO-led BN governing regime.

8.1.1 The Razak Period

During the Razak period between 1970 and 1976, Malaysia’s China policy has been described in this thesis as the beginnings of cautious rapprochement. Given the hostile non-recognition in Tunku’s China policy, one would have expected the policy to continue under Razak due to similar security concerns regarding China. That is, in particular, China’s continued interference in Malaysia’s internal affairs as testified by its support for CPM, and its affinity for the Malaysian Chinese as part of Beijing’s broader overseas Chinese policy. However, Razak chose to seek rapprochement with caution, and in so
doing, reorient the Tunku’s China policy. This shift can be attributed to DL, as an intervening variable, between the external environment and the foreign policy outcome. Razak’s concern for DL was influenced by his perceptions of firstly, Malaysia’s extra-regional and regional settings, and secondly, the country’s ethnopolitical situation. For the former, the main incidents that factored into Razak’s thinking about China were China’s entry into the UN, the Sino-American rapprochement, the Sino-Soviet split, the Indochina conflict, American and British troop withdrawal including the watered-down AMDA (FPDA), and China’s support for Jakarta during the *Konfrontasi*. For the latter, the key elements that factored into Razak’s calculation were the 1969 racial riots and the subsequent political and economic reforms especially the NEP, the loss of the Chinese support in the 1969 GE, and the failure of the Tunku to sever Beijing’s links with the CPM. This shift can be further attributed to Razak’s technocratic approach to foreign affairs, his penchant for a non-aligned foreign policy, and his strong pro-Malay image. Ultimately, Razak advocated a renewed thinking in Malaysia’s China policy, especially after visiting China in 1974, in the hope that this would address the national security concerns on the one hand, and the legitimation concerns of his regime on the other.

Foremost in Razak’s strategy was to conduct his China project cautiously, and to do so bilaterally. That is, Razak began to test the feasibility of his project through goodwill gestures, trade missions, sporting events, and secret bilateral meetings. Soon after, Razak made his maiden trip to China in 1974, which, after signing the Joint Communiqué, established Malaysia’s diplomatic relations with China. Importantly, Razak’s China project contributed to his regime’s landslide victory in the 1974 GE; provided economic benefits especially on the export of rubber; and contributed to the security of the region by getting tacit endorsement from Beijing for the ZOPFAN proposal, and provided a ‘normalisation’ methodology for other ASEAN countries to emulate. Moreover, Razak’s China policy, including how to exploit it for domestic legitimation purposes, provided a diplomatic blueprint for his successors to further mould Malaysia-China relations. By building up Malaysia’s military, and favouring an American military presence to maintain the balance of power in the region, Razak hoped to further augment the legitimacy of his regime by showing to the local population that his government was capable of taking
countermeasures to preserve Malaysia's security vis-à-vis the perceived China-threat. But given that Razak was unable to get Beijing to cease its backing for the CPM in particular, his regime’s support was likely to have been undercut. Given also that PAS’ leadership under Asri Muda and DAP’s leadership under Lim Kit-Siang were both critical of Razak’s China policy with PAS favouring non-recognition while the DAP favouring full normalisation, this would have also limited, to a degree, the legitimacy of Razak’s BN regime. This is because PAS and DAP have a sizeable membership base, and so their members were more likely to support the policy positions of their respective parties.

8.1.2 The Hussein Period

During the Hussein period between 1976 and 1981, Malaysia’s China policy has been described in this thesis as the continuation of Razak’s cautious rapprochement. Given that the respect for state sovereignty – as enshrined in the 1974 Joint Communiqué – continued to be violated by China, one would have expected a rupture in Malaysia-China relations, that is, a return to the Tunku years of hostile non-recognition. In short, there was a danger in Razak’s China project falling apart. However, Hussein continued Razak’s China policy of cautious rapprochement. That decision can be attributed to DL, as an intervening variable, between the external environment and the foreign policy outcome. Hussein’s attention to DL was influenced by his perceptions of firstly, Malaysia’s extra-regional and regional settings, and secondly, the country’s ethnopolitical situation. For the former, the key incidents that factored into Hussein’s thinking about China were the Sino-American détente, the rise of Deng Xiaoping and his open-door policy, the Sino-Vietnamese War, and the advent of the Spratlys as a regional dispute. For the latter, the main elements that factored into Hussein’s calculation were PRC’s continued support for the CPM, and the preferential links with the Malaysian Chinese through the revival of Qiaobian, collusion of communism with Islamic revivalism, the communist infiltration into the upper echelons of the UMNO-led government, and PRC’s penetration into Malaysian society, which then affected the implementation of the NEP. This continuity in Malaysia’s China policy can also be attributed to Hussein’s balanced and corporatist
leadership style in foreign affairs and his assessment of China in cost-benefit terms, that is, Deng’s open-door policy offered economic fruits to Malaysia, the China threat notwithstanding. As Hussein viewed himself as a transient figure, he did not rock the foreign policy boat, and therefore, he was reluctant to derail Razak’s China project.

Hussein’s strategy to address Malaysia’s national security and legitimation concerns vis-à-vis China was twofold. The first was through bilateral visits as evidenced by Deng’s 1978 visit to Malaysia, and Hussein’s 1979 visit to China. The second was multilaterally through ASEAN as the fulcrum for enacting the Bali Accords, and pursuing the Kuantan Principle. Acquiring economic benefits from an expansion in Sino-Malaysian trade, and contributing to the security of the region by building upon Razak’s ZOPFAN proposal, and addressing the Indochina conflict including the refugee problem all suggest that Hussein’s governing regime was being legitimated based on its performance. Despite there being indirect references made to China, the 1978 GE was not directly impacted by Hussein’s China policy, given also that Deng’s and Hussein’s trips came after the GE. Especially since the China-threat had not dissipated, Hussein continued to enhance Malaysia’s military strength, participated in the FPDA, and preferred the US military presence as a counterweight to China’s influence in the region. In so doing, Hussein hoped to buttress the legitimacy of his regime by showing to the Malaysian people that his government was capable of taking countermeasures to preserve Malaysia’s security vis-à-vis the China-threat. Given also that PAS’ Asri and DAP’s Lim were both critical of Hussein’s China policy for reasons similar to those of Razak’s China policy, this would have also restricted, to a degree, the legitimacy of Hussein’s governing regime.

8.1.3 The Mahathir Periods

During the first half of the Mahathir period between 1981 and 1989, Malaysia’s China policy has been described in this thesis as measured engagement. Given that Mahathir was more publicly upfront than Razak and Hussein in denouncing China as the principal long-term threat to the region, one would have expected Malaysia-China relations at

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228 This includes diplomatic interactions being tempered with a sense of kehalusan (gentleness and humility).
best to stagnate, or at worst, to rupture. However, Mahathir shifted Malaysia’s China policy from cautious rapprochement to measured engagement, that is, a more engaging approach but with a certain measure of moderation. This shift can be attributed to DL, as an intervening variable, between the external environment and the foreign policy outcome. Mahathir’s care for DL was influenced by his perceptions of firstly, Malaysia’s extra-regional and regional settings, and secondly, the country’s ethnopolitical situation. For the former, the main elements that factored into Mahathir’s thinking about China were the crystallisation of Deng’s open-door policy, the Tiananmen Incident, the unresolved Indochina conflict, and China’s aggressive posture vis-à-vis the Spratlys dispute as testified by the continued rise in military expenditure, and the Sino-Vietnamese naval clash. For the latter, the key elements which factored into Mahathir’s calculation were Beijing’s continued backing of the CPM and its linkage with the Chinese Malaysians. In addition, Mahathir’s domestic political survival was being threatened by factionalism within UMNO, and rising ethnic tensions in the country as observed through Operation Lalang and the rising Islamisation in the country. This shift can be further attributed to Mahathir’s assessment as a pragmatist in looking at China in cost-benefit terms. China offered economic opportunities to Malaysia in its drive towards heavy industrialisation, and towards the continued implementation of the NEP. Mahathir’s autocratic effect on foreign policy was a concomitant factor, and thus, it was his decision to benefit from trading with China, while also keeping vigilant on any China-effect on domestic issues.

Mahathir’s strategy to address Malaysia’s national security and legitimation concerns vis-à-vis China was twofold. The first was through bilateral visits as evidenced by Zhao Ziyang’s 1981 visit to Malaysia, and Mahathir’s 1985 visit to China. The second was multilaterally through ASEAN as the conduit by which Malaysia has sought to revitalise ZOPFAN by advocating a nuclear weapons free zone, and to expedite a resolution to the Vietnamese-Cambodian conflict, which has destabilised the region as a result of external interference, and continued influx of refugees within the region. In so doing, Mahathir’s China policy contributed to regional security, and as such, added to the legitimacy of Mahathir’s governing regime. Moreover, the economic benefits from the expansion in Malaysia-China trade, and the playing of the ‘China card’ during the 1986 GE were also
evidences to suggest how Mahathir’s China policy helped contribute to the performance legitimacy of the regime. Since the China-threat had not dissipated, Mahathir continued to enhance Malaysia’s military strength, participated in the FPDA, and preferred the American military presence as a counterweight to China’s influence in the region. In so doing, Mahathir hoped to enhance the legitimacy of his regime by showing to his citizens that his government was capable of taking countermeasures to preserve Malaysia’s security vis-à-vis the China-threat. Given also that PAS’ Yusuf Rawa and DAP’s Lim were critical of Mahathir’s China policy for reasons similar to that of Mahathir’s predecessors, this would have also restricted, to a degree, the legitimacy of Mahathir’s ruling regime.

During the second half of the Mahathir period between 1990 and 2003, Malaysia’s China policy has been described in this thesis as the emergence of a maturing partnership, which entails Malaysia engaging comprehensively with China. Given that Mahathir had perceived China as a long-term threat in the first decade, one would have expected a status quo in Malaysia-China relations in the second decade. However, Mahathir not only made a volte-face in his perception of China from threat to opportunity, but had also done so at an astonishingly accelerated pace towards comprehensive engagement with China. This swift shift can be attributed to DL, as an intervening variable, between the external environment and foreign policy outcome. Mahathir’s attention to DL was influenced by his perceptions of firstly, Malaysia’s extra-regional and regional settings, and secondly, the country’s ethnopolitical situation. These included the end of the Cold War and the emergence of multipolarity; the end to the Indochina conflict; China’s ‘creeping assertiveness’ in the Spratlys dispute and the attendant military enhancement; and the cessation of Beijing’s interference in Malaysia’s internal affairs, with the end to communism in Malaysia and the Malaysian Chinese being treated by Beijing as citizens of Malaysia. Moreover, Mahathir’s domestic political survival was also being threatened by the Islamisation fervour, the burgeoning middle class and their demands for political and economic reforms, and the ‘Anwar affair’; and the pursuit of Vision-2020 to transform Malaysia into a developed country by 2020. This shift can also be attributed to Mahathir himself, who, along with the traits mentioned earlier, was an Asian-centric

229 Compared to earlier years, this was a full-throttled opportunity congruent with the dissipation of the China-threat.
pragmatic thinker. That is, Mahathir viewed China with political opportunism whereby the economic benefits derived from the country could aid in him achieving Vision-2020. In short, it was Mahathir’s decision to make the leap to engage holistically with China.

Mahathir’s strategy to manage Malaysia-China relations was viewed through the lens of middlepowermanship. That is, a mix of niche diplomacy by championing issues related to the developing world; cultural diplomacy in the areas of education and tourism, and through NGOs; multilateralism through ASEAN as evidenced by the ARF, Code of Conduct in the Spratlys, and Bali Concord II as well as advocating Myanmar’s accession into the regional body; and bilateral visits such as Li Peng’s 1990 visit to Malaysia and Mahathir’s 1999 visit to China. The effects of middlepowermanship were that it brought pride and prestige to Malaysia, brought together Malaysia and China on issues of the developing world; and also entailed economic benefits for the Malaysian people. Playing the ‘China card’ during the 1999 GE, contributing to regional security by embedding China into ASEAN to facilitate engagement and promote interdependence between China and ASEAN, and deriving economic benefits from an expanding Sino-Malaysian trade collectively suggest that Mahathir’s governing regime had been legitimated by its performance. To further augment the legitimation of the regime, Mahathir was able to demonstrate to the Malaysian population that his government was capable of taking countermeasures vis-à-vis an emerging China. This included favouring an American military presence as a form of insurance vis-à-vis China, participating in the FPDA, and enhancing Malaysia’s own internal military strength. The Tibetan Dalai Lama, and more importantly, the Taiwan issue were sticking points in Malaysia-China relations, although the Spratlys dispute seemed to have cooled as far as the conflict between Malaysia and China was concerned. The legitimacy of Mahathir’s ruling regime was also challenged by PAS, DAP, and PKR as all three opposition parties also began to play the ‘China card’ as was evident during the 1999 GE, and in their leaders going on official trips to China.
8.1.4 The Abdullah Period

During the Abdullah period between 2003 and 2009, Malaysia’s China policy has been described here as the genesis of a matured partnership, which entails a continuation of the maturing partnership between Malaysia and China under the Mahathir government, but with consolidation having taken place to strengthen the maturity in this partnership. But given how Abdullah was perceived as a weak leader in domestic politics, one would anticipate that he would also be unable to provide strong leadership on foreign policy matters, including on China. However, Abdullah was in fact responsible for the change-in-continuity in Malaysia-China relations. This policy decision can be attributed to DL, as an intervening variable, between the external environment and foreign policy outcome. Abdullah’s care for DL was influenced by his perceptions of firstly, Malaysia’s extra-regional and regional settings and secondly, the country’s ethnopolitical situation. These included a more multipolarised international system, the meteoric rise of China to an economic superpower in-line with the peaceful development (heping-fazhan) concept; and the increased PRC assertiveness in the Spratlys dispute and the attendant military modernisation in a rapid fashion. Moreover, Abdullah’s domestic political survival was also being threatened by his conflict with Mahathir, which worsened the factionalism in UMNO; the domestic movements of HINDRAF and BERSIH; the burgeoning middle class and their demands for political and economic reforms; the return of Anwar to politics; the racially-polarised and highly-Islamicised climate, the economic threat posed by China with regard to competition over FDI; and the pursuit of Mission-2057 by which Malaysia would extend its development beyond 2020. This change-in-continuity in Malaysia’s China policy can also be attributed to Abdullah’s technocratic leadership style given that he was previously Mahathir’s Foreign Minister, his congenial and consultative personality, and to a lesser degree, his Chinese ancestry. Crucially, despite his weakened leadership, it was Abdullah’s decision to continue Malaysia’s partnership with China.

Abdullah’s strategy to manage Malaysia-China relations was also viewed through the lens of middlepowermanship. That is, a mix of niche diplomacy by championing issues

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230 This is despite the espousal of moderation and inclusiveness in Islam Hadhari.
related to both the developing and Islamic world; cultural diplomacy in the areas of education and tourism, and through NGOs; multilateralism through ASEAN as evidenced by the EAS and the ASEAN Charter; and bilateral visits such as Abdullah’s 2004 trip to China and Wen Jiabao’s 2005 trip to Malaysia. In terms of Abdullah’s China policy contributing to the performance legitimacy of his governing regime, it came from the economic benefits from the expansion in Malaysia-China trade especially in the area of palm oil, and joint investments, and the contributions made towards regional security by promoting an East Asian community, and strengthening ASEAN so as to better embed China into regional institutions. This was particularly important given the economic competition from China, and the strategic-security concerns stemming from the unresolved Spratlys dispute. Despite there being indirect references made to China, the 2008 GE was not directly impacted by Abdullah’s China policy, not least because his trip to China came after the GE. To further augment the legitimation of the regime, Abdullah was able to demonstrate to the Malaysian population that his government was capable of taking countermeasures vis-à-vis an emerging China. These included favouring an American military presence as a form of insurance vis-à-vis China, participating in FPDA, and enhancing Malaysia’s own internal military strength. The Taiwan issue, and to a lesser degree, the Falun-Gong were sticking points in Malaysia-China relations, although the Spratlys dispute appeared to have been put on the backburner as far as the conflict in the Spratlys between Malaysia and China was concerned. The legitimacy of Abdullah’s ruling regime was also challenged by PAS, DAP, and PKR. PAS was taking a more pro-development approach vis-à-vis China, DAP was critical of Abdullah’s government in its handling of the ‘nude-squat’ incident, and PKR, while also viewing China as an economic giant, criticised Abdullah for failing to ensure that the economic fruits gotten from China would benefit the general population instead of the wealthy elite or the BN cronies.

8.2 Comparing and Contrasting the Findings of Study

Common to all phases in Malaysia-China relations was the external environment as the starting point of analysis. This is because small states such as Malaysia are mindful of the effects of the systemic pressures on preserving its national security. While three of the phases came in the midst of the Cold War from 1970 to 1989, the other two phases
came in the post-Cold War since the 1990s. In other words, Razak, Hussein and Mahathir I (in the first decade) were confronted with a Cold War environment, while Mahathir II (second decade) and Abdullah until 2009 were confronted with a re-alignment in the international system in the post-Cold War period. While Razak, Hussein and Mahathir I operated within a high-threat environment, Mahathir II and Abdullah operated within a less- to non-threatening environment as far as Malaysia’s China policy was concerned. That is to say, for the first three phases, the three Malaysian leaders were confronted with an environment where China was not only embroiled in regional conflicts and had also increased its military expenditure, but was also interfering in the internal affairs of Malaysia through its guardianship of the CPM and stewardship of the overseas Chinese. For the subsequent two phases, Mahathir II and Abdullah were faced with an environment where China ceased its interference in Malaysia’s internal affairs, and the international system had become multipolar, despite the hegemonic nature of the US. In fact, China’s emergence was seen more as an economic opportunity during the Mahathir II and Abdullah periods, the unresolved Spratlys dispute notwithstanding.

Moreover, as this thesis has also shown, the policies emanating from within China also impacted the course of Malaysia-China relations. During the Razak period, Zhou Enlai was determined to get China out of international isolation, especially after the Cultural Revolution and the heightened threat emanating from the USSR. During the Hussein and Mahathir I periods, Deng’s open-door policy was integral to the beginnings of China’s ascendance to an economic power. During the Mahathir II period, an additional effort was made first by Deng, but more profoundly by Jiang to debunk the China-threat theory through the enactment of Beijing’s Good Neighbour Policy. During the Abdullah period, Hu built on the work of his predecessors to advance the heping-fazhan concept, that is, the twin ideas of peaceful rise and harmonious development in China’s foreign policy.

Threading through all the phases was also the focus on the individual, and in particular, of their perceptions. Put differently, the Malaysian leaders were the pivot by which foreign policy choices were made based on external and domestic factors. In terms of a distinctive personality, Razak and Mahathir could be placed in one bracket, while
Hussein and Abdullah could be put together in another bracket as having an indistinct personality. That is to say, the Razak and Mahathir imprints were more profound than the Hussein and Abdullah imprints on Malaysia’s China policy. Unsurprisingly then that the major shifts in Malaysia’s China policy came about on the watches of Razak and Mahathir, while the continuing or consolidating phases occurred during the times of Hussein and Abdullah. It is also noteworthy that none of the four Malaysian leaders misperceived the external strategic environment and the ethnopolitical situation in that Malaysia’s China policy continued on an upward trajectory without rupturing along the way, or put differently, the China-threat endangering Malaysia’s national security. One other compelling observation was that the partnership between Malaysia and China had not been thwarted despite the styles of Mahathir and Abdullah being sharply different with the former primarily abrasive while the latter mostly congenial.

The care for DL was on the minds of all four Malaysian leaders when taking decisions on the country’s China policy. This concern was mainly about domestic political survival or longevity of the regime and attainment of national security. But the domestic political situation was time and context-specific in that it was what the Malaysian leaders made of it. For Razak, Hussein and Mahathir I, PRC’s interference in Malaysia’s internal affairs was foremost on their minds inasmuch as DL was concerned. However, after this interference stopped, DL for Mahathir II and Abdullah became mainly about realising Vision-2020 and Mission-2057 respectively, central to which was assuaging the demands of a burgeoning middle class. One such demand was the government’s strong economic performance, which was a key indicator of its legitimacy. In short, while ethnic politics was the predominant factor during the first three phases from 1970 to 1989, class-based politics became as important a factor, if not more, than ethnic politics during the next two phases from 1990 to 2009. Further, Malaysia’s China policy under Razak and Hussein was mainly driven by the political imperative, with economics being a secondary factor. But under Mahathir II and Abdullah, Malaysia’s China policy was driven by the primacy of economics, with political and strategic-security factors, while important, were not emphasised as much. In between the contrasting periods was Mahathir I, during which Malaysia’s China policy was driven by both economic pragmatism and political vigilance.
Crucial also in the care for DL was the leverage Malaysia’s China policy could give for securing electoral support. Razak was the progenitor on how to play the ‘China card’ for domestic electoral purposes when his UMNO-led BN ruling regime exploited his China visit in the 1974 GE to regain support of the Chinese who had voted against the Alliance (precursor to BN) in the 1969 GE. More than that, Razak provided a blueprint on how to exploit a foreign policy move for domestic gains, central to which was to make a trip to China prior to the GE. While neither Hussein nor Abdullah made trips to China prior to the 1978 and 2008 GEs respectively, Mahathir had done so at least twice during the 1986 GE and the 1999 GE. That said, there were indirect references made to China by both Hussein and Abdullah, which suggests that there was some degree of expectation that Malaysia’s China policy could enhance their electoral chances by garnering the support of the Malaysian Chinese voters. While the appeal of Malaysia’s China policy to the Chinese voters was the greatest under Razak, it gradually began to lose its appeal as the years went by to the point that when it came to the time of Abdullah, the political appeal to ethnic proclivities as played out by the ‘China card’ had outlived its usefulness. Put differently, Abdullah’s winning of the 2008 GE by a whisker was because of the state of domestic affairs. Moreover, it was a mixed bag for Mahathir as far as playing the ‘China card’ was concerned. While Mahathir lost the Chinese vote in 1986, he won the Chinese vote in 1999. In other words, while the Malay vote won the election for Mahathir in 1986, it was split in 1999 due to the ‘Anwar affair’, which then made the Chinese vote significant. Moreover, the reduced appeal of Malaysia’s China policy could also be attributed to the changing electorate where the newer and younger generation of Malaysian Chinese were not as emotionally-attached as their forefathers to China.

One common strategy for all four Malaysian leaders to influence the course of Malaysia-China relations was high-level bilateral visits. While Razak’s bilateral strategy was primarily utilised to test the feasibility of his China project in the pre-rapprochement period, bilateralism was employed more as a strategy to either advance or manage Malaysia-China relations in the post-rapprochement period. Unsurprisingly, the amount of bilateral visits between Malaysia and China increased from Hussein to Abdullah, although it peaked under Mahathir from 1990 to 2003 for the simple reason that that
was the longest phase in Malaysia’s China policy for this thesis. Apart from the time of Razak where ASEAN was still in its formative years, multilateralism through ASEAN was also a concurrent strategy employed by Hussein, Mahathir and Abdullah to manage the emergence of China and the attendant ramifications for the region. It is also noteworthy that the more ASEAN crystallised as a regional body, the better able it was to embed or interlock China into regional interfaces. One other contrast which set the Mahathir II and Abdullah periods apart from previous phases was the characterisation of Malaysia as a middle-power. Viewed through the lens of middlepowermanship, there were two new strategies underpinning Malaysia-China relations besides regional multilateralism and bilateralism, which was prominent in earlier phases. They were niche diplomacy whereby there was convergence between Malaysia and China on issues related to the developing world; and cultural diplomacy whereby the focus was on improving relations between Malaysia and China at the people-to-people level. One main difference between Mahathir II and Abdullah was the greater infusion of Islam – coined by the author as Islamicised middlepowermanship – by the latter into Malaysia-China relations.

8.3 Theoretical and Empirical Contributions of Study

On the theoretical front, this thesis has contributed to the NCR literature by focusing on the foreign policy of a small state in the developing world, rather than the usual major powers. In so doing, this thesis has helped refine the realist insights on the understanding of small states, and in particular, the relationship between domestic politics and the foreign policy of a developing state.231 Taking ethnic politics as the main theme, as this is a study about the relationship between ethnic politics and Malaysia’s China policy, this thesis has further contributed to the literature by problematizing/reviewing the concepts of ethnic politics and foreign policy in particular. Crucial to the former was the contrast between the situationalist and primordialist perspectives, after which a working definition of ethnic politics was offered for use in the thesis. Central to the latter was a critique of FPA, which culminated in a working definition of foreign policy for use in the thesis as well as to better understand foreign policy in developing countries. In

231 The additional refinement was how, as shown in this thesis, NCR can accommodate a menu of policy choices that goes beyond the conventional, and often problematic, neorealit options of bandwagoning and balancing.
assessing the linkage between ethnic politics and foreign policy, the concept of national security was also reviewed as it pertained to developing countries. Following this, the duality of state-societal security was addressed as well as the concept of legitimation. Once the concepts were unpacked, the neoclassical realist approach was advanced, after which, its reformulation of the model of DL was proffered as the viable framework to study the relationship between ethnic politics and Malaysia’s China policy.

An added contribution was the incorporation of the concept of middlepowermanship in understanding Malaysia’s China policy under Mahathir in the 1990s and Abdullah from 2003 to 2009. Doing so has helped enrich neoclassical realism by way of perceptions and strategies for influence like niche diplomacy, cultural diplomacy, multilateralism, and bilateral approaches. This answers the call of Chris Alden and Amnon Aran who argued for an integration of NCR insights with the main tenets of middlepowermanship (Alden and Aran 2012:118). But while the duo’s focus is only to enrich NCR as an approach, this thesis has sought to also enrich the concept of middlepowermanship by attempting to integrate it with NCR. Either way, this integrative approach enriches the FPA discipline.

Empirically, this thesis, as a neoclassical realist study of Malaysia’s China policy, has enhanced the existing literature in two ways. The first is towards the study of Malaysia’s foreign policy, which, as discussed in Chapter One, was scarce to begin with. The second is towards the specific study of Malaysia’s China policy, which, as revealed in Chapter One, was sparse both in its content and theoretical sophistication. That is, there is still a dearth of writings on Malaysia-China relations, and, of the works available, they have either lacked the use of theory, or have overused the ‘hedging’ approach. As shown in Chapter One as well, the ‘hedging’ concept has its flaws, chief of which was definitional ambiguity in that the concept means different things to different people. So therefore, as an alternative to ‘hedging’, this thesis claims to be the first-of-its-kind in examining Malaysia’s China policy through the lens of neoclassical realism. In addition, this thesis is novel on two counts as opposed to other works on Malaysia-China relations. Firstly, it

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232 Beyond ‘hedging’, NCR is also presented in this thesis as an alternative approach, from the realist school, to the study of foreign policy, including the primacy of national security, of a small developing state.
looked in detail at the extent to which Malaysia’s China policy impacted the electoral outcome under the administration of all four Malaysian Premiers. That is, 1974 GE under Razak, 1978 GE under Hussein, 1986 and 1999 GEs under Mahathir and 2008 GE under Abdullah. Secondly, this thesis claims to be the first notable undertaking in contrasting the perspectives of both Malay-dominated and Chinese-oriented political parties vis-à-vis China. That is, the perspectives of UMNO, PAS and PKR as Malay-dominated parties, and the perspectives of MCA, Gerakan and DAP as Chinese-oriented parties.

8.4 Avenues for Future Research

Four avenues for future research are proposed here. Firstly, as this thesis is primarily a single case study, it can be expanded into a comparative case study, where, for example, Malaysia’s China policy could be compared with either Indonesia’s China policy or Singapore’s China policy, or both, through the lens of NCR. Secondly, the neoclassical realist model of domestic legitimation, although heavily contextualised, can be used in particular for other states in the developing world including Southeast Asia. Thirdly, the concept of middlepowermanship, as is discussed here within the neoclassical realist study of Malaysia’s China policy, could be extended to look at a country’s foreign policy that exhibits middle-power characteristics from a neoclassical realist perspective. Examples, chiefly of non-Western states, include South Africa, Brazil, Turkey and Japan. By encouraging more research to integrate the core insights of NCR with the tenets of middlepowermanship, this could have the benefit of further refining the middle-power concept, which remains problematic in its definitional clarity and operational coherence; while concurrently, also enrich the relatively young but evolving NCR school of thought.

Fourthly, the neoclassical realist study of Malaysia’s China policy, which ends with Abdullah in 2009, can also be extended to Najib from 2009 onwards. The relevance for doing so is six-fold. First, Malaysia-China relations under Najib has been described as a

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233 Kuik (2010) has attempted a comparative study between Malaysia’s China policy and Singapore’s China policy through the hybrid framework of hedging and DL, although it was not framed from an NCR perspective.

234 For example, this model could be used specifically to account for foreign policy change/restructuring. Relevant works on cognitive theory, political psychology, and organisational behaviour (see Welch 2005:1-71) could be drawn upon to modify/enhance the neoclassical realist model of domestic legitimation.
“comprehensive strategic partnership” (Xinhua 4 October 2013), which suggests that there is still a high degree of bilateral trust between the two countries. In fact, Malaysia and China inked a defence pact whereby both countries would engage in joint military exercises for the first time since a MoU was signed, also by Najib, on defence cooperation in 2005 (NST 30 October 2013). So unsurprisingly, Najib’s perception of China was “a friend not an adversary, a colleague not a competitor, a partner not a rival” (Najib 2011). Second, Najib was the first Malaysian PM to describe Malaysia as a middle-power, and therefore, middlepowermanship remains germane as the lens by which to understand the strategies used by Malaysia to manage its relations with China. In Najib’s words, “As a Middle Power, that means playing a greater part in Asia, and helping Asia play a greater part in the world” (Najib 2014a). Third, Najib’s government continued to be bedevilled by ethno-religious controversies and protest movements that have both at once exacerbated the tension between the Malays and Chinese, and weakened Najib’s leadership (Pasuni and Liow 2012:171-184). Add to that the continued expansion of the middle class in Malaysia and their attendant rising demands for social, economic and political reforms in the country (Brown 2013:155-167). Taken together, there were legitimate domestic legitimation concerns for Najib’s ruling regime. In response, Najib advanced the 1Malaysia concept, that is, he attempted to “decommunalise politics” whereby ethnicity was ostensibly replaced by meritocracy to foster nation-building in Malaysia. Crucial to the realisation of 1Malaysia was strong economic growth; and Najib believed that China was beneficial to Malaysia’s economy (Lim 2009).235 Fourth, Najib was the eldest son of Tun Abdul Razak, who is still fondly remembered by China’s leaders as the statesman who opened relations with China in 1974. As such, the Beijing-KL relations were, in Najib’s words, “a family kind of relationship” (Star 26 May 2014).

Fifth, the references to China were still utilised during elections as was the case in the 2013 GE. For example, the attempt was made to woo the Chinese vote, especially in the State of Johor by publicising the breakthrough in Malaysia’s recognition of degrees from

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235 China remained Malaysia’s largest trading partner, and Malaysia was China’s largest trading partner among ASEAN countries, and could soon become only the third Asian state whose trade with China would exceed US$100billion (Najib 2013). On the investment front, the Malaysia-China Kuantan Industrial Park and China-Malaysia Qinzhou Industrial Park have been integral for further integrating the economies of both countries (Star 3 October 2012).
Mainland Chinese and Taiwanese Universities. In the end however, Najib’s BN regime, despite holding on to power, performed worse than Abdullah by losing the overall popular vote (Mustafa 2014). Sixth, despite the deepened bilateral trust, there were still occasional problems, which strained Malaysia-China relations. The disappearance of Malaysia Airlines Flight 370 caused the Chinese political leadership, reacting to domestic populism, to castigate the Malaysian government for its perceived incompetence in locating the missing aircraft (Huff-Post 20 May 2014). Nonetheless, through the use of skilful diplomacy, the partnership between Malaysia and China was kept on an even keel. Even the continued clashes in the South China Sea between China and other ASEAN member-states did not affect Malaysia’s relations with China, because Malaysia, also a claimant, preferred to resolve the issue by negotiation and cooperation (Malay-Mail 11 May 2014). But to give the added insurance, Najib’s Malaysia continued to participate in FPDA exercises, and has also enhanced its relations with the US (see Kuik 2012b).

While it is business-as-usual in Malaysia-China relations under the Najib administration, there are three possible scenarios which may pose problems to the matured partnership between Malaysia and China. The first is a change of government in Malaysia whereby the UMNO-led BN regime is replaced by the opposition Pakatan Rakyat coalition of PKR, PAS and DAP. Such an outcome is not far-fetched given that Najib lost the popular vote in the 2013 GE. Importantly, a change of party in government may entail a foreign policy change including towards China. The second is that the Spratlys dispute, while not currently perceived as problematic in Malaysia-China relations, could result in the region becoming destabilised. This is because China appears to have chosen to be ‘in-your-face’ with respect to other claimants in the SCS particularly Vietnam and the Philippines. Further, America could also get involved should there be major upheavals in the SCS, and as such, enlarging this regional conflict into a clash between two military super-powers. The third and perhaps currently less likely is domestic instability in China, which would not just have regional, but also international consequences. An exodus of

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236 However, if we take past perspectives of the opposition parties as a guide, as have been outlined in this thesis, the major thrusts of Malaysia’s China policy, particularly of trade and investment, would likely be preserved.
237 Consonant with middlepowermanship, Malaysia could, by capitalising on its partnership with China, play the role of an honest broker to alleviate the growing tension between China and other ASEAN claimants in the Spratlys dispute.
238 A similar scenario could also arise if the cross-straits tension between Taiwan and Beijing were to re-escalate.
Chinese refugees into Southeast Asia would send shivers down the ASEAN spine. The economic ramifications could also be catastrophic given how closely-intertwined the economies of China and individual ASEAN countries including Malaysia have become.

To conclude, this thesis has attempted to provide a coherent account of Malaysia-China relations from 1970 to 2009. It has provided an answer to the puzzle as to why Malaysia-China relations has unexpectedly evolved from cautious rapprochement to matured partnership despite the continued ethnic conflict between the Malays and Chinese in Malaysia. By applying the neoclassical realist approach, the answer was found in the intervening variable, that is, the care for domestic legitimation by the Malaysian leaders. Their perceptions of firstly, the external strategic environment, which is the starting point of analysis, and secondly, the ethnopolitical situation make up the main elements of this prism of domestic legitimation. The concerns of legitimation, which were couched in security terms, were foremost in the minds of the Malaysian leader when taking decisions to continue or change Malaysia’s China policy. Looking ahead, it is the opinion of the author that Malaysia-China relations will continue to be perceived through the prism of domestic legitimation, crucial to which is domestic political survival or longevity of the UMNO-led BN regime, and importantly, the preservation of national security.
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