

POSITIONING MALAYSIA



in the INTERNATIONAL ARENA



PERDANA DISCOURSE SERIES NO. 5/2006

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Preface

Positioning Malaysia in the International Arena was the theme for the fifth Perdana Discourse Series. The discourse was an interactive platform where participants had the opportunity to share and discuss issues relating to policies, strategies, and possible models and achievements accomplished during the tenure of Malaysia's previous Prime Ministers. Participants comprised of university students, academicians, senior civil servants and members of various youth associations.

The discourse started with a keynote address by Tun Dr Mahathir sharing his thoughts and ideas on the topic. This was preceded by a moderated discussion session chaired by UiTM's Assistant Vice Chancellor, Associate Professor Dr Mustaffa Mohamed Zain. The panel discussants were Dato' Harun Siraj, Professor Azman Awang, Professor Zulaiha Ismail and Mohd Rafa'ei Mohd Tahir. Each presenter took the opportunity to reiterate, list and illustrate several key decisions, and the contributions of the past four leaders on Malaysia's position in the international arena.

More than 60 participants took part in the group discussion session to further deliberate on the issues and to reaffirm on the three aspects of the topic discussed: the past, the present and the future of Malaysia's position in the international arena. Students from various tertiary institutions played key roles during the sessions. They took up the roles as facilitators, scribes and presenters. The outcome of the group discussion session was presented as a closing remark for the discourse.

Editors

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We would like to thank the Board of Perdana Leadership Foundation and the Deputy Vice Chancellor of UiTM, Professor Rahmat Mohamad (Research and Commercialization/Innovation) for their continued support and confidence in InQKA (formerly known as INKA) to again come out with this publication. In this fifth series, we are very honoured to have Tun Dr Mahathir Mohamad who shared his ideas and forthright opinions with clarity and intelligence on the topic of Positioning Malaysia in the International Arena. We are also very grateful to have with us personalities, each distinguished in his/her own particular field, such as Dato' Harun Siraj, Professor Azman Awang, Professor Zulaiha Ismail and Mohd Rafa'ei Mohd Tahir, who have further contributed to our knowledge on the topic. Our appreciation also goes to all the participants who have much contributed during the group discussions. The results of the discussions have further enriched the information gathered for documentation. Last, but not least, a special thanks to the transcribers of Perdana Leadership Foundation and friends of InQKA who have helped us with this fifth issue of the Perdana Discourse Series.

Prologue

Some Points on Positioning Malaysia in the International Arena

The international system stems from a stream of relationships amongst world's state and is structured according to certain rules and patterns of interaction. This modern international system has existed for less than 500 years. Malaysia, as an independent state is a part of the international system, and as a middle-income country has come a long way in transforming itself from the producer of raw materials (in the 1970s) into an emerging multi-sector modern economy (in the 1990s).

In the last two decades, Malaysia has undergone tremendous growth and prosperity, and has paved its way into the international arena. The continuing effort of positioning Malaysia started as early from its independence in 1957 and was personalized by its previous premiers. In retrospect, every policies in positioning the country involves the aspect of nation building, economy, politics and diplomacy issues, regional and international community, and many aspect of political and securities realities.

In positioning itself in the international arena, Malaysia has focused its policies and strategies in areas relating to international trade, international relationships and memberships.

- **International Trade**

Trade with outside countries begun around the first century BC where Malaya, as Malaysia was known at that time, had regular trading contacts with India and China, and with it brought the Hindu and Buddhist religions. It was during the 13th century, that she began trading with Arab traders, and with it brought the spread of Islam.

After independence, Malaysia successfully positioned itself as an attractive investment, business and tourism destination, and in building markets' for its exports. Currently, Malaysia is one of the world's most globalized economies, with its trade 2.8 times greater than its gross domestic product. Her export-led economic growth is made possible through attractive foreign investment policies accelerated with the open markets resulting from The General Agreement on Tariffs and Trade (GATT) and The World Trade Organization (WTO).

- **International Relations and Membership**

As a developing country, Malaysia attaches high priority to the security and stability of South East Asia. Such priority is made clear by Malaysia, being an active and supportive member in ASEAN. As a member of ASEAN, Malaysia has adopted several declarations with the latest being the Kuala Lumpur Declaration on the establishment of the ASEAN charter.

As Chair of the ASEAN Standing Committee (2005/2006), Malaysia hosted the 2005 ASEAN Summits in Kuala Lumpur on December 2005. Subsequently, she hosted the first East Asia Summit (EAS), bringing together the leaders of ASEAN, Australia, China, India, Japan, New Zealand and South Korea. The EAS was the first significant addition to the framework of institutional architecture in the region since the establishment of ASEAN+3 in 1997, and only one of two forums, besides APEC, where Heads of Government from other Asian regions and Australasia can meet on a regular basis.

Under Tun Dr Mahathir, Malaysia looked increasingly outward beyond South East Asia to its relations with Islamic states and also with the Non-Aligned Movement (NAM). Malaysia holds the Chair of the Organization for Islamic Conference (OIC) until mid-2007 and the NAM until September 2006. Malaysia takes part in the G15, a group of

developing countries interested in promoting greater South-South economic cooperation. She hosted the inaugural G15 meeting in 1990. Malaysia is also active in United Nations' and the Commonwealth.

Below is, the a list of Malaysia's involvement in the international arena during the tenure of her past Prime Ministers.

- Close political relations with Her Majesty the Queen, during Tunku Abdul Rahman's premiership (before Independence);
- The establishment of Malaysia after the separation of Singapore by mutual understanding with Singapore;
- Established good relations with the Middle East during Tun Razak's premiership;
- Member of ASEAN;
- Antarctica as the common heritage of mankind;
- The Look East policy (LEP);
- Reverse investment;
- East Asia Economic Caucus (EAEC);
- Group of 15 (G15) - ASEAN Mekong Basin Development Co-operation;
- Islamic Unity; and
- The championing of the cause of developing countries on major issues such as environment, human rights, and democracy.

For the future, the challenge for Malaysia is to continue on the growth path in the context of increasing globalization and regionalization. In particular this will entail greater investments in human capital development for the knowledge economy, as envisaged in the Ninth Malaysia Plan, 2006-2010, with an emphasis on knowledge, innovation and ideas.

The following are points for discussion:

1. What is the understanding or definition on positioning Malaysia in the international arena?
2. What are the strategies in positioning Malaysia in the international arena?
3. What are the differences in strategies to position Malaysia from the various time frames?

4. What role does globalization play in positioning Malaysia in the international arena?
5. What role does political stability play in positioning Malaysia in the international arena?
6. What are the country's foreign policies in relation to positioning Malaysia in the international arena?

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Positioning Malaysia in the International Arena

Keynote Speech

Tun Dr Mahathir Mohamad

Malaysia was once a British colony. Although it was not directly ruled by the colonial office, Malaysia was designated as a British protected state, or British protectorate, but in actual fact, the British colonial office controls Malaysia fully. The area that they were most responsible for was the area of foreign relations and defence. Therefore before independence, Malaysia had really no knowledge about our foreign relations, accepting whatever it is that is prescribed by our colonial masters and we did not quite know how to position ourselves when we gained independence. Like most people we seek comfort, and we found comfort with the people we know. The people we knew at that time were the British and those who were with the British, principally the countries of the British Commonwealth. There were not so many nations at that time in the Commonwealth, but the principal members of the Commonwealth were Britain, Canada, Australia and New Zealand, and also South Africa, before it was expelled from the Commonwealth.

So Malaysia's position at that time was to be as close to its comfortable friends. We were very close to the Commonwealth, and of course to the head of the Commonwealth which was Great Britain. We were very close to Britain. We obtained our independence, not through war nor through military uprising, but rather through negotiation. Obviously, we were very grateful that the British gave us independence without too much resistance. They did resist by imposing certain conditions, but in the end they granted us independence on a silver platter, so to speak.

Malaysia had nothing against the British, and we felt that we should be with them and continue to seek comfort in their company. Therefore, initially, when Malaysia became independent, we position ourselves as a member of the British Commonwealth. Since the Commonwealth followed the British foreign policy, we naturally become a part of that. In other words, since Britain was a member of the Western group of countries, as opposed to the Eastern group headed by the Soviet Union, we were linked to the Western group.

"The Western Bloc believed in a certain form of democracy, and a certain degree of freedom. Therefore, Malaysia subscribed to such a belief and rejected the Eastern Bloc. We rejected the Eastern Bloc because there was a rejection from the British and the Commonwealth and the Western Bloc, and that the Eastern Bloc was perceived to be made up of evil countries which were out to harm the rest of the world, and would harm Malaysia.

I must admit that Malaysia had good reasons for rejecting the Eastern Bloc, because at the time of our independence in 1957, we had a communist uprising in Malaysia. We had guerrillas in the jungles actually fighting against our military forces. The guerrillas were communist and therefore supporters of the Eastern Bloc, and they wanted to overthrow the government by force of arms. So our rejection of the Eastern Bloc of communism was not merely because we are affiliated or we are comfortable with the Western Bloc (British), but more because we really had a problem with communists who are supported by the Eastern Bloc.

So that was Malaysia's position when it became independent. And the country continued to have this affiliation, this association with the Western Bloc for a long, long time especially during the premiership of Tunku Abdul Rahman. Tunku always felt very comfortable with the British having been educated in England, coming of course from a member of the royal family (Malaysia). As such, Tunku could get along with the British much better than he could get along with the Russians or the Eastern bloc.

So Malaysia's foreign policy at that time was very pro Western and pro democracy. I say democracy if you like simply because the Russians also consider themselves democratic. Hence the German Democratic Republic and all the countries affiliated to Russia, regard themselves as democratic republic. So, democracy was hijacked by both sides. The Western side also consider themselves as democratic. The Eastern Bloc

also consider themselves as democratic. But, due to our affiliation with the West, our version of democracy was shaped like the Western bloc.

Malaysia became a part of the Bloc and since we were not any great power, we were rather weak. In fact the country was still dependent upon the Western Bloc for many things. Malaysia was dependent upon the British for support in fighting against the communist terrorists; its association with them was natural. That was Malaysia's position then. The country went so far of course as to support the Americans in Vietnam. Malaysia actually supplied the Vietnamese government (South Vietnamese) with old rifles and other discarded arms that it had, for them to fight against the Vietcong.

So Malaysia not only associated itself with the Western Bloc, but it was ready in fact to participate in some of their activities, for example their attempts to suppress the spread of communism. Malaysia believed fervently at that time in the domino theory, that if Vietnam were to fall to the communist, then there will be a spread of communism throughout South East Asia - from Vietnam it would go to Cambodia, Laos, Thailand, down to Malaysia. Such situation was further aggravated when our neighbour, Indonesia, mounted a confrontation against us which was due, to some extent, to an influence of the Indonesian Communist Party or KPI. Malaysia felt itself threatened by the communists and wanted to be helped. Therefore, associating with those who were anti-communists appeared to be the most logical solution. Countries that were anti-communist were of course the Western Bloc, such as the British, the Australians, the New Zealanders and others.

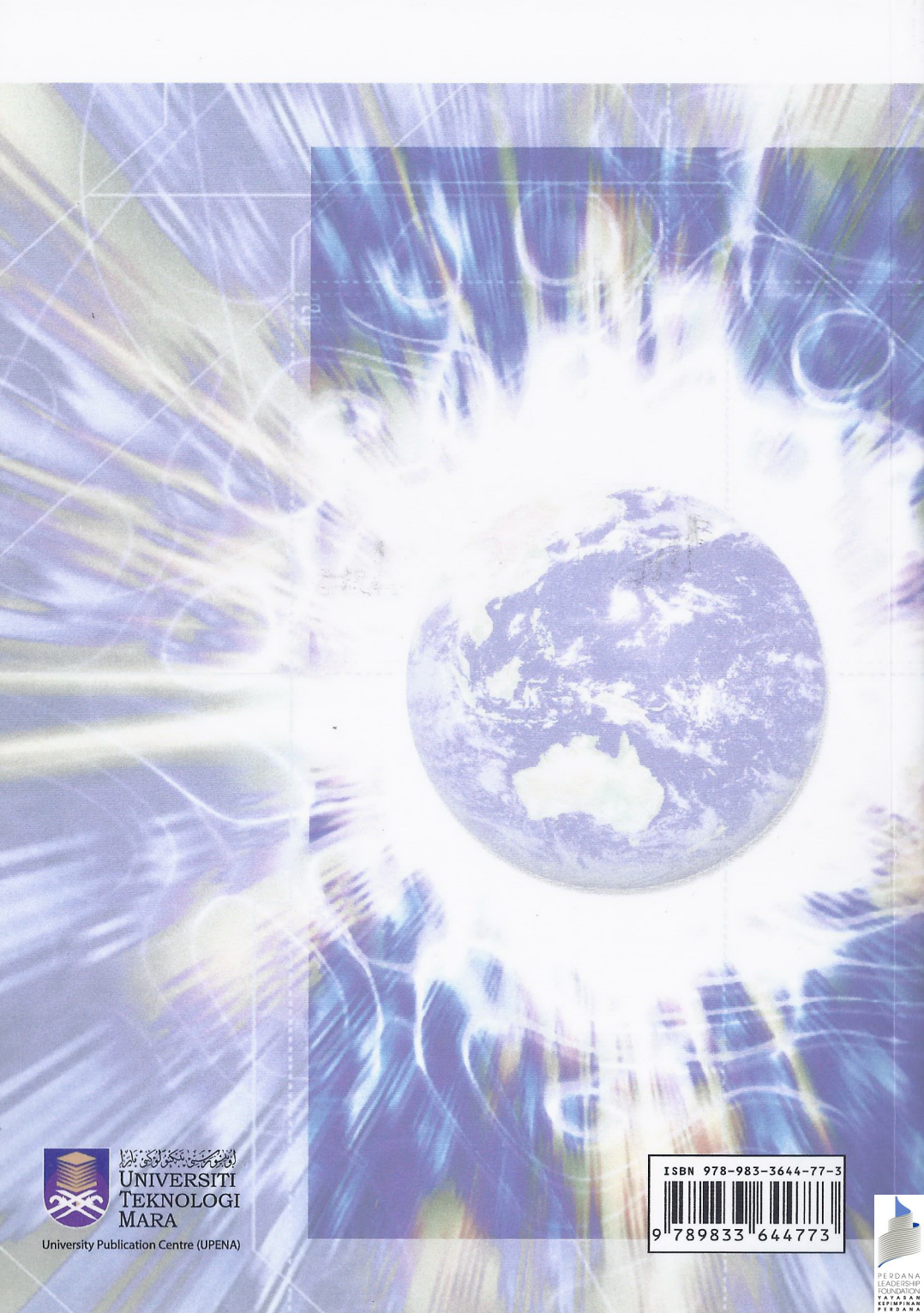
But over time, things developed quite differently. Malaysia began to be a little bit more sophisticated about its knowledge of the world. Having just gained independence, of course it was not too knowledgeable about the rest of the world. But over the years, during the period when Tunku Abdul Rahman was the Prime Minister, we began to rethink about our position in the international arena. Should Malaysia always be aligned with the Western Bloc and move against the Eastern Bloc? Should Malaysia always consider that the ideologies of countries must influence its relations? We asked such questions and I believe some younger people in the Party, for example, began to question this close association with the Western Bloc, whether it is really what we want or whether we should become a little bit more independent? But, always at the back of our minds, we have

this problem of a communist insurgency in the country and therefore we should be anti-communist. How do you deal with the insurgency? We deal with them with the guns. We will fight them. We will defeat them. We did not consider negotiating with them. Although Tunku had a negotiation in Baling, it was a failure.

But despite all this anti-communist feeling that we had, Tunku actually thought that we should not associate this communist uprising entirely with communism. Maybe there were other elements which influence the insurrection. Not just ideology but other local factors. It was Tunku who concluded that the Chinese in this country were dissatisfied.

When we had the Malayan Union, the Chinese had easy access to citizenship, and at the same time retained their Chinese citizenship and still became Malayan Union citizens. But when the Malayan Union became the Federation of Malaya, after pressures by Dato' Onn, the Chinese community were deprived of opportunities to become Malaysian citizens, and therefore they felt discriminated, and began supporting the communist uprising. Tunku in his wisdom decided to minimize such dissatisfaction among the Chinese. One effort was by giving one million Chinese citizenship status without asking them too many questions. They were automatically made Malayan citizens. This effort appeared to minimize the Chinese's support for the communists. So it was clear that it was not communism which motivated the Chinese to support communist but rather a feeling of dissatisfaction as the Communist guerrillas were mainly Chinese.

At that stage of course people began to think that we should not link race with ideology. Yes, China had become a communist country by that time, and we had no relations with China. We had diplomatic relations with Russia but we regard Russia as a kind of enemy state. And of course we had very little relations with the Communist Bloc. We were people of the West. That was the situation that Tun Razak inherited. Malaysia was positioned as one of the extension of the Western Bloc. Not a very important member but still considered as worthy of being helped when needed. They (the Western bloc) even had the Five Power Defence Agreement which stipulated that should Malaysia be attacked by the communists then the Five Powers would act in order to fight against any communist attempts to invade Malaysia.



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