Chapter I

INTRODUCTION: BASIC DETERMINANTS OF MALAYSIA'S FOREIGN POLICY
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BASIC DETERMINANTS OF MALAYSIAN FOREIGN POLICY

The purpose of this study is to analyse within a 10-year historical framework Malaysia's foreign policy and its quest for unity and national security. This quest is associated with several factors, both internal and external, which impinge on the making of its foreign policy.

The debate and confrontation of ideas on the concept of stability and national security of Asian and African states requires a new type of expertise on a wide range of strategic and socio-politico-economic issues. If the over-riding concern of nation states today is security and survival, the conditions to assure it may not be avoidance of war, global or regional. The avoidance of war and the limiting of crises in external relations to manageable proportions are only a negative aspect of peace and stability. What are more important are the socio-economic problems of a state and its internal political dynamics. These should find a pride of place in any consideration of national security.

This study does not propose to prescribe a formula for national security. It seeks to study how the Malaysian elites perceive the problems of their national security and how the Malaysian decision-makers view the various external environmental influences impinging on the security question. The attitudes and perceptions of the states of Asia are different.
from those of the Great Powers. These states perceive the various international security systems as irrelevant to their security needs and compulsions, whatever the relevance of those systems to the power relations among the United States, the Soviet Union, and China may be.

The research methodology followed in this study is one of critical analysis and historical inquiry based upon such empirical data as are available. There is hardly any full-length work on the subject although we do have a fairly large number of commentaries in newspapers and scholarly journals. The study draws on both primary and secondary source materials with a view to unravelling the intricacies of the problems of Malaysia's national security, the emerging pattern of rivalry among the Great Powers, and the inherent weaknesses of Malaysia's socio-political set-up.

The study comprises six chapters. The first chapter deals with the implications of the socio-politico-economic background of Malaysia with reference to its foreign policy. The second chapter examines Malaysia's security in historical perspective. Three of the remaining chapters seek to present an analytical understanding of the way the Malaysian elites perceive the question of their country's national security. They focus in this context on the bilateral security arrangements between Malaysia and its immediate neighbours through accommodation of interests (Chapter III), on regional co-operation for regional security and stability through the Association of Southeast Asian Nations (ASEAN) (Chapter IV), and the scheme of Neutralization of Southeast Asia (Chapter V).
The last chapter sums up the broad conclusions of the study.

The study gives a detailed historical account and uses quotations here and there in the belief that emphasis should be placed on a detailed rather than a general treatment of the problem. The subject in question requires a comprehensive historical treatment.

At the outset it might be in order to record some of the constraints under which the study has been carried out. Malaya/Malaysia did achieve a measure of stability and political viability as a nation in the early years after independence, but it suffered a serious setback on 13 May 1969, when Kuala Lumpur witnessed one of the most bloody racial riots in its history. This led the Government to declare a State of Emergency and suspend democratic processes for a period of eighteen months. It also imposed restrictions on research by foreign scholars. These restrictions are in force even today. They constitute a serious constraint for the researcher.

In spite of these difficulties, the present author managed to obtain the permission of the Government of Malaysia to do his field work in Malaysia and to travel far and wide in the course of such work in West Malaysia meeting and talking with people in various walks of life. He found his interviews with prominent political leaders and party workers and the leaders of the bureaucracy particularly useful. Gathering of information entails a great effort, but, alas, not all the information gathered can be used.
The foreign policy of a country is determined not by one factor or group of factors; it is the product of the interplay of a variety of factors which are relatively stable. The location of Malaysia in the geographical centre of Southeast Asia is a factor that has had a share in the shaping of its foreign policy. While geography and contemporary world politics place Malaysia in a pre-eminent position, its medium size and territory increase its vulnerability. Malaysia's security and foreign policy are, therefore, dependent on four factors: (i) its geo-political setting; (ii) its social set-up; (iii) its political set-up; and (iv) its economy.

It should, however, be noted here that there might be disagreement over the relative importance of the various factors cited above inasmuch as the circumstances under which a policy is formulated or implemented would vary. Nevertheless, there can be no gainsaying the fact that these factors have influenced the making of the foreign policy of Malaysia in so far as they have increased or affected its national security.

**Geopolitical Setting**

The major geographical component of Southeast Asia is the sea. The countries of Southeast Asia are situated around the South China Sea, the Malacca Straits, the Gulf of Siam, and the Andaman Sea. They consist of an extended peninsula, a cluster of archipelagos from Sumatra to Luzon, and a series of islands, big and small. The Southeast Asian seas are of great strategic significance inasmuch as they
link the Indian with the Pacific Ocean. Thus the territories of Southeast Asia, criss-crossed with seas and straits, constitute the most important crossroad of the world.1

The geopolitical expression of present-day Malaysia is the result of the historical forces which operated in and around the Southeast Asian region. The country is divided into two major parts - West Malaysia (the Malay peninsula) and East Malaysia (Sarawak and Sabah) - situated along the southern periphery of the South China Sea. From mainland Southeast Asia, the Malay peninsula extends southwards in the direction of Sumatra, dividing the Gulf of Siam and the South China Sea from the Andaman Sea and the Indian Ocean. East Malaysia is separated from the peninsula by four hundred miles of South China Sea at their nearest points. The large island of Borneo, situated across the equator, is at the centre of Southeast Asia. Here the East Malaysian states of Sarawak and Sabah and the Sultanate of Brunei have common frontiers with the Indonesian territory of Kalimantan. The southern two-thirds of the island constitutes Kalimantan, and the northern one-third comprises Sarawak and Sabah. Southern Malaya is separated from Northern Sumatra by the narrow Strait of Malacca. Thus being situated at the juncture of the Malacca Straits and the South China Sea, Malaysia not only serves as a link between the Pacific Ocean and the Indian Ocean

but also commands the great trade routes passing between the East and the West through the Pacific Ocean. All the important trade routes between India and China in the past passed through the Malacca Straits and across the South China Sea.

The southern tip of the Malayan peninsula is linked with Singapore by a causeway. In the north it shares a land boundary of 314 miles with Thailand. The East Malaysian states of Sarawak and Sabah are contiguous to the Sultanate of Brunei, which forms part of northern Sarawak. The Sarawak-Sabah border with Kalimantan (which is the Indonesian part of Borneo) runs nine hundred miles from west to east. Malaysia's maritime boundaries comprise the South China Sea to the northwest, the Sulu Sea to the north and east, and Celebes Sea for a short distance on the east and south.

Mountain ranges and vast stretches of uninhabited dense forest are the most prominent geographical feature of Malaysia. The climate of the region is characterized by wet and dry seasons. Malaysia, with wide local variations, receives abundant rainfall.

According to a Government estimate, the total area of Malaysia is 128,430 square miles. East Malaysia, with 77,730 square miles (Sarawak, 43,342 square miles; and Sabah 29,388 square miles), is larger than West Malaysia, which covers an area of 50,700 square miles.

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Malaysia is endowed with vast natural resources. The country is the world's largest producer of natural rubber and tin. It accounts for over 45 per cent of the world's total rubber production of 3.5 million tons (1976 figures). Rubber, tin, lumber, and palm oil together constitute its largest foreign-exchange source. Tin has played a prominent role in its history. The Malays and the Siamese were already extracting tin-ore when the Europeans arrived. It was the Chinese who first started ore extraction in the beginning of the eighteenth century. The rivalries among the Chinese over the rich deposits of tin in Perak led to the intervention of the British in Malaya. Malaya was transformed into a land of plantations early in the twentieth century. In view of the importance of these commodities to world trade, it would not be out of place here to discuss the international tin and rubber agreements to which Malaysia is a party. Along with other tin-producing countries in the region Malaysia has agreed to set up a Southeast Asia Tin Research and Development Centre with the help of the United Nations Development Programme (UNDP) and the Economic and Social Council for Asia and the Pacific (ESCAP). The conclusion of the fifth

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International Tin Agreement in July 1976 marks an important development in the tin industry. This agreement allows an increase in the buffer stock, from 20,000 tons to 40,000 tons. This is to be divided equally among the producing and consuming members. Contributions from the producers are compulsory whereas contributions from the consumers are voluntary. It further provides that the burden of administration of the International Tin Council shall be shared by all members. Similarly, the signing of the Agreement on Natural Rubber Price Stabilization Scheme among the member countries of the Association of Natural Rubber-Producing Countries (ANRPC) in November 1976 marks an important development in the rubber industry. Efforts were made in the same year to set up an International Natural Rubber Council with a Secretariat in Kuala Lumpur, Malaysia and other countries which produce natural rubber are now working in the ANRPC for a wider international agreement so as to ensure participation of the consumer countries and of other countries of the world producing natural rubber. This is being pursued within the framework of the Integrated Programme for commodities as adopted by UNCTAD IV in May 1976.

The large deposits of tin and the abundant scope for the cultivation of natural rubber are a major attraction for the Great Powers. Indeed they emphasize the strategic


5 Ibid., pp. 177-8.
importance of Malaysia in the Southeast Asian region out of proportion to its size and population.

Malaysia's coastline, long and exposed, calls for strong security arrangements against external threat and aggression. Its far-flung territories demand that it should build up and strengthen its defence on a scale that would ensure that its maritime coastline and boundary are well protected and its security properly safeguarded. Its strategic location at the centre of Southeast Asia makes it clear that any threat to its security would affect the security of its neighbours because of geographical proximity and easy accessibility between them by land and sea. This is why it seeks for friendly relations with the countries in its neighbourhood. It is in the fitness of things that it has established friendly relations with Indonesia and also been an active member of the Association of Southeast Asian Nations (ASEAN).

Social Set-Up

From the standpoint of geography, economics, religion, population, and language, the Malaysian society presents much diversity and contrast. And it is not merely the fear of an external attack that makes Malaysia feel insecure but also the weaknesses inherent in its socio-political set-up. These in themselves constitute a major source of danger. The diversity and social inequality that characterize the Malaysian society are responsible for a high degree of tension and an acute sense of insecurity.
To understand Malaysia one needs to study the ethnic
groups constituting its population. A summary glance at the
table given on the next page on the strength of the various
ethnic groups will make this clear.

The population of Malaysia consists of three major
ethnic groups -- the Malays, the Chinese, and the Indians.
The Malays, who are concentrated mostly in rural areas, regard
themselves as *bumiputras* (indigenous people or "sons of the
soil"). Even then some of them are not natives; they came from
Sumatra, Java, and other islands of the Malay archipelago.
The Chinese came originally from South China and are
identified as Hokkein, Cantonese, Toe Chew, Hainanese, Hakka,
and others. They tend to be concentrated mostly in urban
areas. The Indians, mostly from South India, consist of
groups speaking Tamil, Telugu, and Malayalam. There are also
small numbers of Punjabis, Gujaratis, and Bengalis.

Most Malays (all Muslim by religion) live mostly in
rural Malaysia. They are farmers, poor peasants, or fishermen
by occupation. According to an estimate (1969), about 85 per
cent of the Malays dwell in the rural areas. Only a handful
of the Malays who are either descendants of the Malay aristo-
cracy or Government officials play a dominant role in national
politics. In the post-independence period, the Government
made efforts to create a Malay business class by providing
financial assistance, advisory services, business training,
<table>
<thead>
<tr>
<th></th>
<th>Malays</th>
<th>Chinese</th>
<th>Indians and Pakistanis</th>
<th>Sabah and Sarawak Indigenous</th>
<th>Others</th>
<th>Total</th>
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<tr>
<td>West Malaysia</td>
<td>5,274,077</td>
<td>3,481,447</td>
<td>1,034,577</td>
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<td>75,534</td>
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<td>Sarawak</td>
<td>209,318</td>
<td>335,767</td>
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<td>Melanau</td>
<td>58,734</td>
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<td></td>
<td>Other Indigenous</td>
<td>56,223</td>
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<td>Sebah</td>
<td>38,967</td>
<td>161,861</td>
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<td>Kadaan</td>
<td>211,210</td>
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<td>Muruts</td>
<td>35,096</td>
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<td>Bagaus</td>
<td>91,270</td>
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<td>Other Indigenous</td>
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**NOTE:** The population figures have been computed from a Federal Department of Information publication entitled *Malaysia, 1975: Official Year Book* (Kuala Lumpur, 1976), vol. 15, pp. 21-22.
and various other amenities and by following preferential public procurement policies. The strength of the Malay middle class, especially the bureaucratic middle class increased considerably after the British transferred power to native hands. The Government helped this class to grow rapidly through various measures such as provision of scholarships, stipulation of ethnic employment quotas, and so on. Students of the Malay group also enjoyed numerous scholarships and the privilege of reservation of seats in the universities and other institutions of higher learning. The Malay bureaucratic and business class grew very fast during the 1960s (following independence) in comparison with other ethnic groups.

The Chinese, and to some extent the Indians, play a dominant role in the fields of business and commerce. The Chinese are generally concentrated in urban areas. If the Chinese do lag behind the Malays in numbers, they more than make up for it by their dominant economic influence. The Indians, who also reside mostly in urban centres, large numbers of them do manual labour in rubber plantations (known as "estates" or engage in industry and commerce. Some of them are also found working in the various departments of the Government. The estates where the Indian labourers work are mostly European-owned. A few of them are Chinese-owned, especially in Selangor, Perak, and Negri Sembilan. According to a distinguished observer of the Malaysian scene, the

7 This was indicated to the author by S.J. Tilak of the National Union of Plantation Workers in an interview in Kuala Lumpur on 28 June 1978.
development of the tin-mining industry and the vast rubber plantations, as also the urbanization of Malaysia, has been possible because of Chinese and Indian immigration. In Sarawak and Sabah, the Deyaks (both sea and land) and the Kadazans live in rural areas and engage themselves in agriculture and fishing. The European Community, not significant in terms of numerical strength, is economically one of the powerful groups living in Malaysia. This is due to the huge capital resources and advanced technology it commands.

As for the economic condition of the people, there is a glaringly unequal distribution of wealth among the people in Malaysia. The wealthiest section consists of the Malay aristocracy and the Chinese and European business men who own plantation estates or operate tin-mines and industrial enterprises. The Chinese, Indian, Malay labourers are poor and eke out a precarious living by hard manual work.

It is not possible to overlook the influence of outside forces on the domestic developments of Malaysia. Particularly when we consider foreign policy we should note that the Chinese and to a lesser extent the Indians have a tendency to look to their mother countries. This comes in the way of their integration into the Malaysian society. The


9 According to Joseph Kennedy, 60 per cent of the companies in Malaya were owned by Europeans. See his *A History of Malaya, 1400-1959* (New York, 1962).
Chinese draw greater attention than the Indians. This is so because they are more numerous; they are a force to be reckoned with in many Southeast Asian countries; and China enjoys the status of almost a Super Power. This analysis is intended to indicate that the presence of the Chinese and Indian minorities may be a factor in the foreign-policy considerations of Malaysia.

At this stage it is necessary to discuss briefly the religious diversity of Malaysia. Islam is the religion of the State. Article 3(1) of the Constitution of Malaysia states: "Islam is the religion of the Federation, but other religions may be practised in peace and harmony in any part of the Federation." Islam is the religion of the Malays whereas the Chinese, the Indians, and the Eurasians practise their respective religions such as Buddhism, Hinduism, Islam, and Christianity. The Chinese have preserved their religious practices such as Confucianism, Taoism, and Mahayana Buddhism. Islam, being the State religion, receives special official attention. There is a National Council of Islamic Affairs (forming part of the Prime Minister's Department) which deals with questions of Islamic education and legislation and advises the Conference of Rulers, State Governments, and the State Religious Council on these matters. It may be noted that the State patronage of Islam does create a feeling of

11 Purcell, n. 8, pp. 12-13.
insecurity among the non-Muslim community in Malaysia even today. If, in a multiracial, multi-religious society like Malaysia, one religion receives official or political recognition in preference to other religions, it is bound to create tension and conflict between the various racial groups. The diverse racial groups have not been assimilated into the general milieu. Kuala Lumpur, the Federal capital, witnessed the worst communal riots in living memory on 13 May 1969. The memory of those communal riots is even today a destabilizing factor in the Malaysian society.

The Malaysian society is also multilingual. The languages spoken today are Malay (Melaju), Chinese, Tamil, English, and Kadazan. The various sections of the Chinese speak their native dialects, but a cross-section of them speak Mandarin. The Malays speak Melaju or Malay. The Indians, as also people of Sri Lanka origin, speak Tamil. The indigenous people living in Sarawak and Sabah speak Malay and English besides their native tongues.

When independence came in 1957, Malay became the official language, but after the promulgation of the new constitution, it became effective only after August 1967. Non-Malays living in the States of West Malaysia speak some Malay, but in Sarawak and Sabah it is much less spoken. Thus

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13 The Constitution of Malaysia states: "the National Language shall be the Malay language and shall be in such script as Parliament may by law provide." See Sheridan and Groves, n. 10, pp. 209-10.
in these States the use of Malay or Bahasa Malaysia as the official language in place of English poses a problem. Apart from the fact that a Malaysian today is expected to speak Bahasa Malaysia, there is the problem of multilingualism, which is a stumbling-block in the process of integration. The linguistic diversity has had its impact on the system of education as well. Though English, Malay, and Chinese still serve as the media of instruction in educational institutions, Bahasa Malaysia is going to be the medium in the institutions of learning in future. Today Bahasa Malaysia is the medium of instruction at the Universiti Kebangsaan Malaysia (UKM, or the National University of Malaysia). The University of Malaya, where English is still the medium, is also going to switch over to Bahasa Malaysia in the near future.

Linguistic and educational diversity is likely to create differences between the different communities in Malaysia. The insistence by each community on the use of its own language certainly comes in the way of the process of integration through the national language (Malay). As for educational opportunities and standards, there is a yawning gap between the Chinese and the indigenous people in Sarawak and Sabah as in West Malaysia. In recent years the Government has sought to narrow the gap. It is, however, an enormous task to fashion a uniform national educational system out of the divergent school systems and languages and promote among all the ethnic groups a sense of national consciousness. Malaysia's future largely depends on the success of its efforts to integrate the diverse ethnic
communities into a united nation.

**Political Set-Up**

Leadership elements of most of the Southeast Asian countries were produced by Western (colonial) administration through its education policy. These were the people who led the nationalist movements to independence from colonial rule. After independence the Western-educated *elite* succeeded to power. In Malaysia too a small group of English-educated people came to power. This group consisted of three main components of the country's population -- the Malays, the Chinese, and the Indians. Malaysia inherited its political institutions from the traditional and colonial periods. The dominant feature of its political set-up is the clear-cut division between the ruling *elite*, who possess a distinctive outlook and culture, and the general mass of population, which is attached to the rural way of life. The ruling *elite* represent the most urbanized and the most Westernized segment of the population.

Malaysia's political system could be characterized as feudal although it also has some Western representative institutions like elections, parliament, and cabinet. It is necessary to discuss certain political elements, such as the nature of the administrative structure, internal political dynamics, etc. which influence the making of Malaysia's policy, both foreign and domestic. The Federation of Malaysia is comprised of thirteen States. These are Johore, Kedah, Kelantan, Malacca, Negri Sembilan, Pahang, Penang, Perak,
Perlis, Selangor, Trengganu, and the two Borneo states of Sabah and Sarawak. As in all federations, there are two sets of government -- the Federal Government and the thirteen State Governments. Powers are distributed between the Federal and State Governments. Residual legislative powers are vested in the State Governments in such matters as Islamic law, Malay custom, agriculture, mining, local government, public works, and land. Defence, foreign policy, internal security, citizenship, education, labour, economic planning, and fiscal policy are the subjects which fall within the jurisdiction of the Federal Government.

Malaysia's head of State is called Yang di-Pertuan Agong (King or Supreme Sovereign). He is elected by a body called Majlis Raja Raja (Conference of Rulers) which consists of the Rulers of the States (also called the Sultans). The Yang di-Pertuan Agong appoints the Prime Minister, the Cabinet or Council of Ministers, and high Federal officials. He is regarded as the guardian of the special position of the Malays. He is the source of all authority -- executive, judicial, and legislative.

14 See Article 38 and the Fifth Schedule of the Constitution of the Federation of Malaysia. According to it, Governors of States are not members of the Conference of Rulers. The States of Malacca, Penang, Sabah, and Sarawak have Governors whereas each of the rest of the States has a Ruler or Sultan. Sheridan and Groves, n. 10, pp. 282-83 and 282-3.

15 Malays enjoy some special privileges in Malaysia such as preferential recruitment to the civil service, educational facilities, scholarships, land utilization, and business establishments, including new permits and licences to engage in business.
The Federal Parliament is bicameral and consists of the Yang di-Pertuan Agong, the Dewan Ra'ayat or the House of Representatives, and the Dewan Negara or Senate. The Senate consists of both elected and appointed members. Each State elects two members in accordance with the provisions of the Seventh Schedule of the Constitution. The rest of the members of the Senate are nominated by the Yang di-Pertuan Agong.

Members of the House of Representatives are directly elected through free elections based on adult franchise. According to the Third Schedule of the Constitution, only a Malay Ruler from among the nine Rulers of the States of West Malaysia is entitled to be elected the Yang di-Pertuan Agong. Nine States of West Malaysia (except Penang and Malacca) have Malay Rulers titled Head of the Muslim Religion. The Yang di-Pertuan Agong nominates governors for two States, viz Penang and Malacca (formerly Straits Settlements), his choice being normally restricted to those belonging to the Malay community. The heads of the Borneo States of Sabah and Sarawak are known as Yang di-Pertuan Negara and Governor respectively. They are also nominated by the Yang di-Pertuan Agong. Thus the Malays enjoy a predominant position in the Malaysian system; so much so that a non-Malay cannot become the Ruler of a State, let alone the Yang di-Pertuan Agong. Most issues in the Malaysian situation have obvious communal overtones; for it is difficult in practice to separate any issue from communal considerations. If anyone should discuss

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the question of equality in Malaysian society, a non-Malay would almost invariably refer to Article 153 of the Constitution, which states: "It shall be the responsibility of the Yang di-Pertuan Agong to safeguard the special position of the Malays and the legitimate interests of other communities in accordance with the provisions of this Article."

The Constitution of Malaysia guarantees its citizens a number of rights under the "Bill of Rights". Some of these rights are designated fundamental rights. While it grants freedom of speech and expression, assembly and association, to the people it also provides that "Parliament may by law impose" such restrictions as it deems necessary or expedient "in the interest of security of the Federation or any part thereof; friendly relations with other countries, public order or morality and restrictions designed to protect the privileges of Parliament or any Legislative Assembly."

The Constitution of Malaysia also makes provision for special powers against subversion and for Emergency powers. Article 149(1) states:

If an Act of Parliament recites that action has been taken or threatened by any substantial body of persons, whether inside or outside the Federation -- (a) to cause or to cause a substantial number of citizens to fear, organised violence against persons or property; or (b) to excite disaffection against the Yang di-Pertuan Agong or any Government of the Federation ...
which is prejudicial to the security of the Federation or any part thereof any provision of that law designed to stop or prevent that action is valid. 19

An Act was passed on 1 August 1960 to provide for the internal security of the Federation, preventive detention, prevention of subversion, and suppression of organized violence against persons and property in specified areas of the Federation. The Act states:

If in the opinion of the Yang di-Pertuan Agong public security in any area in the Federation is seriously disturbed or threatened by reason of any action taken or threatened by any substantial body of persons, whether inside or outside the Federation, to cause or to cause a substantial number of citizens to fear organized violence against persons or property, he may, if he considers it to be necessary for the purpose of suppressing such organized violence, proclaim such area as a security area for the purposes of this part. 20

Politics in a multi-racial society is a complicated process. Ever since the Malaysian people became politically articulate enough to fight for independence from colonial rule (in the period since the Second World War), communalism has exercised a strong influence in Malaysian politics. For instance, Malaysia's three main parties -- the United Malays National Organization (UMNO), the Malaysian Chinese Association (MCA), and the Malaysian Indian Congress (MIC) -- were originally formed to organize their respective communities to fight for political rights. In 1945 the British Colonial Government made a proposal for a Malayan Union, i.e., a

19 Ibid., pp. 201-2. Emphasis added.
proposal for "a constitutional union of Malaya and for institution of Malayan citizenship which will give equal citizenship rights to those who claim Malaya to be their homeland". The Malays opposed this proposal and to articulate their opposition and to fight for their interests they formed themselves in 1946 into an organization called the United Malays National Organization under the leadership of Dato 22 Om bin Ja'afar, a member of an aristocratic family.

Similarly the Chinese community in Malaya formed the Malayan (now Malaysian) Chinese Association to organize themselves and to fight for the protection of their interests. The Indians in Malaya formed the Malayan (now Malaysian) Indian Congress to safeguard their interests. These three political parties together formed the Alliance System which came to power after independence and ruled Malaya de facto till 1970 and de jure till 1974. On the eve of independence a reconciliation between the Alliance Party and the British Colonial Government was worked out. This led to a bargain between the Malayan leaders and the Chinese elite. The result was the establishment of Malay ascendancy in political fields through retention of certain traditional Malay features of government such as rulers of the States and reservations in the civil service. The non-Malays were given a free hand in business, and their citizenship qualifications were relaxed.

21 As stated by George Hall, Secretary of the State for the Colonies. See UK, Commons, Parliamentary Debates, series 5, vol. 414, 1945-46, p. 255.

Malaysia has a multi-party system. The country is governed today by a national front called Barisan Nasional, which is a coalition of about nine parties, viz the UMNO, the MCA, the MIC, Gerakan Ra'ayat Malaysia (generally known as Gerekan), the People's Progressive Party (PPP), the Sarawak United People's Party (SUPP), Parti Pesaka Bumiputra Bersatu (PBB), the United Sabah National Organization (USNO), and Barjaya or Parti Bersatu Rakyat Jelata Sabah (from Kelantan). The process of formation of this coalition started in 1970 and was completed in 1974. The parties in opposition today are the Democratic Action Party (DAP), Parti Se Islam Malaysia or the Islamic Party (PAS), Parti Keadilan Masyarakat (PEKAMAS) or Social Justice Party, Parti Sosialis Rakyat Malaysia (PSRM) or the Malaysian People's Socialist Party, the Sarawak National Party (SNAP), and Kesatuan Insaf Tanah Air (KITA or the National Consciousness Party). The State of Sarawak is ruled by an alliance consisting of Parti Bumiputra Pesaka and the Sarawak Chinese Association. Similarly the State of Sabah is ruled by an alliance formed of the United Sabah National Organization and the Sabah Chinese Association.

It is now clear from the polarization of the political forces that the ruling coalition is constituted of the members of the three main components of Malaysia's population, viz the Malays, the Chinese, and the Indians. The UMNO, being the largest group, plays a dominant role in influencing the policy of the Government. The various constituent parties of Barisan Nasional function politically in similar fashion. They also differ in outlook and expectations. These differences are
manifest not only in domestic policy but also in the foreign and defence policies of the country. There is no consensus even within the Malay community. For instance, the Pan-Malayan Islamic Party (PMIP, now called PAS) was opposed to the Malayan Government's proposal for the formation of "Malaysia" as it was against the merger of Singapore into the larger federation. There is a very small section of Malays even within the DAP (Democratic Action Party) fold as there are in some other small opposition parties. These Malay groups, however hardly influence Malaysia's foreign and defence policies. Within Barisan Nasional the constituent parties do exercise influence in policy-making, but the UMNO has always exercised the most decisive influence in the formulation of policies, foreign or defence. The avowed objectives of Barisan Nasional (earlier Alliance Party) in Malaysia is to uphold Parliamentary democracy. The MCA, the MIC, and Gerakan and other partners accept the UMNO's predominance for the sake of protecting the interests of the business communities.

It would be worthwhile here to examine why the Alliance Party in the past was, and the ruling Barisan Nasional even today is, so staunchly anti-communist? We have already seen

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23 The PMIP was divided over the issue of formation of Malaysia. Dr. Burhanuddin, the President, and the Centre Executive Committee of the PMIP opposed the Government proposal for the formation of Malaysia. They were in favour of a much wider political union embracing Malaya, the Borneo territories, the Philippines and Indonesia which they called Melayu Raya. See ibid., pp. 228-30.

how the UMNO and the MCA joined hands to rule Malaysia to protect the interests of their respective communities. The MIC, which represents the Indians, is similarly motivated on behalf of the Indian community. There was a kind of ideological similarity which brought all these three together to strive to protect the interests of the Malays, the Chinese, and the Indians in Malaysian society and to oppose Communism in all its forms. There is yet another factor which should be taken into consideration in this analysis. The Malayan Communist Party (MCP) fought against the British colonial Government in order to free Malaya from colonial rule and to capture power. It led a revolt in 1948; so much so that Malaya passed under Emergency rule from 1948 to 1960. The British colonial Government took counter-insurgency measures to check the spread of Communism in the country. The Alliance Party came under the influence of the British policy of anti-Communism. Though Malaya achieved independence in 1957 and adopted a parliamentary system, the MCP was declared illegal by the Tunku's (Tunku Abdul Rahman) Government which came to power after the exit of the British. Thus the British colonial Government did contribute to the growth of the anti-Communist orientation of the ruling coalition in Malaya. The twelve years of grim struggle (Emergency) against the Communists convinced the Alliance Party that "as the pivotal point in Southeast Asia, Malaya obviously must not pass into communist military control. Such control would spell disaster
for the whole of Southeast Asia."

Any attempt to exploit a sensitive and delicate question like race in a plural society like Malaysia is likely to endanger the security of the country. In the General Election held in 1969 the Alliance Party suffered a setback in West Malaysia. It contested 104 Parliamentary seats, but won only 66. Though the Alliance (the UMNO, the MCA, and the MIC) thus suffered setbacks both at the Federal and State levels, it continued to rule Malaysia as the national Government. Some people exploited this situation and created a fear in the minds of the Malays that the non-Malays will now play a dominant role in Malaysian politics and that the interests of the Malays would be overlooked. This led to a bloody riot in Kuala Lumpur, the Federal capital, which is now known as the "May Thirteenth Riots". The political scene in Malaysia since the General Election of 1969 is marked by the formation of coalition Governments between the ruling Alliance Party and some of the opposition parties both in the States and at the Federal level.


26 Coalition Governments were formed in Sarawak with the Sarawak Alliance and the Sarawak United People's Party (SUPP) in 1970; in Penang, with Gerakan Rakyat Malaysia in February 1972; in Perak, with the People's Progressive Party (PPP) in May 1972; and in Kelantan, with the Islamic Party (PAS) in January 1973. The PAS joined Barisan Nasional early in 1974.
Search for a viable political system that would ensure peace and stability in Malaysia led Tun Razak to team up with some of the opposition parties to form coalition Governments based on Barisan Nasional in 1974. The formation of Barisan Nasional was part of his policy of ensuring Malaysia's internal security by reconciling the discordant elements, both of the Right and of the Left. He sought to reduce communal tension to the minimum by making some of the opposition parties share in the task of governing the country and thereby preventing them from playing up with the explosive issue of communalism.

In the Malaysian federal set-up, as in other such systems, the central Government is far stronger than the Government of the constituent units. The colonial federation had functioned under National Emergency regulations for nine years when Malaya attained independence in 1957. Independent Malaya continued to function under Emergency conditions for three more years, i.e. till 1960. In 1960, as the security situation in rural Malaya started showing signs of improvement, it was decided to lift the Emergency, which had caused much inconvenience to the people. Not surprisingly the Federal

27 Tun Razak even invited the Democratic Action Party (DAP) to join Barisan Nasional, but the DAP declined the invitation. The DAP professes to be a multi-racial party though it is a predominantly Chinese Party. In the elections held in 1974 it won seven seats in Dewan Ra'ayat. In the elections held in 1978 the DAP won sixteen seats (four of its victorious candidates were Indians as against Barisan Nasional's three (or Malaysian Indian Congress). With sixteen seats in the Parliament, the DAP is the strongest opposition party today.
Government was unwilling to give up the powers and authority it had grown accustomed to during the 12-year Emergency period. It, therefore, incorporated many of these into the Constitution in October 1960 in the form of amendments.

In the 1970s the security situation again deteriorated; the Emergency laws were again invoked, and more amendments were incorporated in the Constitution. Since 1960s the Malayan/Malaysian leaders had thought about security in national terms and had evolved policies and practices which led to more and centralization.

The May Thirteenth Riot also contributed to centralization in the Malaysian federal system. Between 13 May 1969 and 20 February 1971 (i.e., the period during which the National Operations Council ruled Malaysia), the tendency towards centralization became so strong that there was no longer any talk of sharing power between the Federal Government and the Governments of the constituent States.

Whether the Malaysian political system will continue to be unified and centralized is outside the scope of this study. So far as the Malayan peninsula is concerned, regional dissidence does not seem to be likely, though the possibility of recrudescence of social tensions in some areas cannot be ruled out. The future of the relations between East (Sabah and Sarawak) and West Malaysia is, however, unpredictable. There is, for instance, the problem of geography. There are many instances to show that lack of geographical contiguity between the various constituent units of a federation can prove fatal. This is particularly so in cases where a large
mainland fails to serve as a magnet to attract and hold the smaller units closely knit together. There is no doubt that the Malayan peninsula will serve as a magnet, but one is not sure that it would succeed in attracting and holding together the territories across the expanse of the South China Sea in view of the strong feeling of autonomy discernible in Sabah and Sarawak. Besides, Malaysia's physical separation into two distinct geographical areas gives rise to problems in regard to the logistics of defence planning and military man-power deployments.

The question, however, is: Would Malaysia in the form in which it was created in 1948 have been feasible without use of a federal kind of set-up? The Bornean States of Malaysia might have enjoyed their uniqueness if Malaysia had continued to be a viable integrated political system. Malaysia's viability would, however, depend on the ability of the national leaders of Malaysia to exploit the potential of the country.

Malaysia's Foreign Ministry (Wisma Putra)

It would not be out of place here to discuss the organization and functions of the Ministry of Foreign Affairs of Malaysia. At the apex of the Ministry is the Minister of Foreign Affairs. The Secretary-General for Foreign Affairs is the administrative head of the Ministry. He looks into the

functioning of the Ministry in matters relating to foreign policy as well as in administrative matters. Below him are a number of senior officials supervising different aspects of the Ministry. Deputy Secretary-General I looks after the Political and Information Division; Deputy Secretary-General II is in charge of the Economic Division; and Deputy Secretary-General III oversees Administration, Finance, and Consular and General Affairs. Besides, there are the Chief of Protocol, the Secretary-General of ASEAN (Malaysia), and the Chief Inspector. There is a whole Division of the Ministry to deal with Southeast Asia. This Division has a separate section concerned with Neutralization, called ZOPFAN.

There are a number of missions and officers to carry out the function of representation overseas. In 1976 Malaysia had twenty one Embassies, nine High Commissions, two Consulates, ten Honorary Consulates, a Commissioner's Office in Hong Kong, and an Assistant High Commissioner's Office in Madras. Apart from this, Malaysia is served by two Permanent Missions, one at the United Nations in New York and the other in Geneva.

The General Administrative Division looks after the political and other activities of the Ministry in relation to administration, service, establishment, finance, and supply to facilitate the smooth functioning of the Ministry and the Missions overseas. The work of the Division consists of liaising with Missions and other authorities abroad and

co-ordinating the administrative requirements of the personnel of the various Departments of Government posted at Malaysia's missions overseas.

The Inspectorate is concerned with proper utilization of the resources so as to maintain the welfare of the personnel and to ensure the efficiency of the missions. It has separate sections dealing with consular affairs, security, and communications respectively. Functions of the Consular Section consist in dealing with the welfare of Malaysia's citizens abroad, matters of immigration, and liaising with the foreign Missions in Malaysia regarding the welfare of foreign nationals in Malaysia. It also deals with visas, passports, extradition agreements, and appointment of Honorary Consuls in places where Malaysia is not represented by missions. Further it is concerned with security aspects of the service and communication system between the Ministry and the Missions abroad.

The main concern of the Protocol and Treaty Division is the welfare of the diplomatic personnel stationed in Malaysia. It looks after matters such as diplomatic privileges, facilities, and immunities in keeping with the provisions of the Vienna Convention on Diplomatic Relations and the regulations and procedures followed by Malaysia from time to time. It is also the function of the Division to look after official visits of foreign Heads of State and Government. It co-operates with other Ministries and Departments in making arrangements for the visits of the Yang di-Pertuan Agong and the overseas visits of the Prime Minister. It, further, scrutinizes the credentials of heads of foreign missions.
The functions of the Protocol and Treaty Division also include compilation and maintenance of treaty series and arrangements for ceremonies connected with the signing of treaties. It is, besides, concerned with the missions of the UN offices and Specialized Agencies of the world body stationed in Malaysia.

The Economic Division deals with economic relations. Malaysia is an advocate of the concept of New International Economic Order (NIEO). In 1976 the Economic Division participated with other countries of the Third World in the process of planning the establishment of an NIEO. Jointly with its counterparts in other countries it played a role in the preparations made for the meeting of the Asia Group (Jakarta), the Group of 77 (Manila), the United Nations Conference on Trade and Development IV (Nairobi), and the Conference on International Economic Relations (Paris). Apart from this, the Division performs functions relating to the Economic and Social Council for Asia and the Pacific (ESCAP), the UN General Assembly, the Islamic Conference, etc.

In 1976, jointly with other ASEAN tin-producing countries, Malaysia succeeded in securing for the United States of America and Bolivia the membership of the Fifth International Tin Agreement.

The External Information Division's main function is to disseminate information on Malaysia in foreign countries to promote a better understanding of the country. In addition to the staff at the headquarters who are engaged in the production, collection, and dispatch of information.
materials, there are sixteen Information Officers in important missions overseas to supply information on, or explain the policies of, Malaysia and to provide the 'feedback' with a view to helping in the assessment of public opinion abroad. The External Information Division brings out a number of publications to disseminate information on Malaysia.

In the organization, development, and functioning of the Malaysian Foreign Ministry, Secretaries-General like Ghazali Shafie, Zaiton Ibrahim, Zakaria Ali, Zain Azraai, and Zainal Abidin bin Sulong have played important roles. These key officials have also been instrumental in the shaping and implementation of Malaysia's foreign policy.

**Economy**

The British colonial administration laid the foundation of Malaysia's modern economy. It recruited administrators from the Malay aristocracy. It also resorted to indirect governing arrangements to legitimize its colonial rule. Further, it helped in the growth of commerce and accumulation of capital. This in its turn resulted in the exploitation of the Malay peasantry by merchants and the land-holding class.

The traditional Malay ruling class subserved the interests of the colonial bureaucracy. This was one of the reasons why a strong Malay business class did not emerge. The non-Malay people who came to Malaya as immigrant (indentured)

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labourers became involved in the capitalist sector in the colonial economy. British merchants and local non-Malay business men made huge investments in extractive industries such as mineral (tin) extraction and in cash crops (primarily rubber). As local labourers were not easily available for employment on daily wages, the production of tin, rubber, etc. depended in the beginning on a large-scale use of immigrant labour from China, India, and Indonesia. In course of time a local labour force -- initially consisting of settled immigrants -- emerged. The colonial Government took care to see that British merchants and business men dominated the colonial economy. Chinese business men were allowed to play only a secondary role.

In 1957, when British colonial rule ended, the Malay middle class, which had grown prosperous by its association with the colonial bureaucracy during colonial rule, became the ruling class of independent Malaya. This class was distinct from the business class, which was predominantly Chinese. In view of its past the Malay ruling elite of post-independence Malaya/Malaysia did not oppose economic domination by foreign companies (which today has taken the form of operations of multinational corporations).

Following independence the Alliance Party, consisting of the UMNO (led by the Malay bureaucratic class), the MCA (dominated by Chinese business men), and the MIC (controlled by Indian business men and professionals), came to power.

31 See Chapter II.
This coalition ruled Malaya/Malaysia until 1974. The Alliance Government was wedded basically to a *laissez-faire* economic policy which favoured accumulation of capital by foreign companies and by local (predominantly Chinese and Indian) business men. It also helped the Malay bureaucratic middle class to grow. The colonial Government had not extended adequate encouragement and financial support to Malay business men. Consequently the number of Malay business men (largely of Indian, Arab, and Indonesian descent) was smaller than that of Chinese business men. After independence the Government of Malaya/Malaysia raised the level of its financial support, and yet a viable Malay business class did not come up because the Government's policy was calculated to ensure continued accumulation of capital by established foreign companies. This state of affairs lasted right up to 1969. Collaboration between local business men and large foreign manufacturing companies resulted in the industrial development of the country.

Two important developments in 1965 helped develop Malay economic power through business and industry. The Rural and Industrial Development Authority (RIDA), set up by the British colonial Government in the early 1950s, was replaced by a body called Majlis Amanah Rakyat (MARA). The aim of this latter organization was to make capital and technology available to Malay entrepreneurs. The organization played a laudable role in contributing to the growth and development of both the Malay middle and rich classes. Another development

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was the setting up of Bank Bumiputra to provide finance and encourage and develop Malay business. Besides, two Bumiputra Economic Congresses were held during 1965-68 to explore ways of strengthening Malay economic interests. The First Malaysian Plan (1966-70) too was geared to the same goal of strengthening Malay economic interests.

In spite of these official measures Malay business interests did not develop satisfactorily. This was because foreign capital in collaboration with local business interests continued to dominate the industrial sector. In addition, local business and property interests were fully entrenched.

This is not to suggest that no Malay business men emerge in post-independence Malaya up to 1969. According to an estimate, Malay business men accounted for 1.5 per cent of the total share capital in public limited companies in 1969. Of course Chinese business interests and foreign companies dominated, with 22.6 per cent and 62.1 per cent of the total share capital respectively.

Early in 1971 the Government announced a New Economic Policy (NEP). The NEP was launched to attain national unity by means of a two-pronged strategy: it sought to eradicate poverty and to restructure society regardless of ethnic considerations. It envisaged the creation of a Malay

"commercial and industrial community", so that Malays and other indigenous people might in terms of ownership and management participate at least in 30 per cent of the total commercial and industrial activities in all categories and scales of operation by the year 1990.

The Second Malaysia Plan (1971-75), which embodied the NEP, pledged to "implement a series of policy measures directed at the rapid creation of an effective Malay entrepreneurial class". To that end it called for educational and in business management and administration training programmes for Malays and other indigenous people. It identified the areas in business and commerce where Malays and other indigenous people might profitably participate and provided for the requisite financial and technical assistance and other facilities. It said that the Government should actively help in setting up enterprises and training Malays and other indigenous people so as to enable them to take charge in due course. It also encouraged non-Malay and foreign enterprises to participate in the training of Malay and other indigenous executives, managers, and entrepreneurs. Simultaneously it provided for measures to increase Malay and other indigenous ownership of capital assets, particularly the equity capital of enterprises in the modern sectors of the economy. It envisaged the purchase of equity shares by organizations like MARA, PERNAS (the National Corporation),


35 Ibid., pp. 159-60.
and SEDCS (State Economic Development Corporations) in joint ventures with the private sector at the initial stage, and the eventual transfer of such shares to individual Malays and other indigenous people.

The NEP envisaged that by 1990 Malay-dominated public enterprises would hold three-fourths of the 30 per cent share capital and that private Malay business men would hold the remaining one-fourth. The Government thus implicitly acknowledged through the NEP that the setting up of public enterprises would be compatible with the building of a Malay capitalist class. The point with which we are concerned in this section of our analysis is: How far has the foreign policy of Malaysia been influenced by its policy of economic development? In other words, does the policy of economic development determine the foreign policy of the country?

It is true that the "Outline Perspective Plan" (OPP) for 1971-90 envisaged a decline in the proportion of shares held by foreign companies. This, however, was not detrimental to the interests of foreign companies. For one thing it did not envisage any absolute decline in foreign-owned assets. Besides, local business men (of Malay, Chinese, and Indian origin) were not yet capable of making adequate capital investment for ensuring economic growth and were dependent upon the multinationals for technological, managerial, and

36 Ibid., p. 160.

financial support. The decline projected in the OPP, therefore, did not threaten foreign dominance of the Malaysian economy.

Nevertheless business men in Malaysia were not unanimously reconciled to the domination of their economy by international capital. This was reflected in the Petroleum Development Act and the Industrial Co-ordination Act of 1975. This policy of the Malaysian Government towards foreign companies encountered fierce criticism in the international business Press. Malaysia feared a virtual investment strike by foreign companies. The Government was ruffled by this criticism. Seeing that it was still unable to snap its links with foreign companies, it softened its attitude towards those companies. With a view to restoring the "investment confidence" of those companies it took a series of measures: it organized "investment promotion" activities and publicised the investment incentives it was willing to offer.

This analysis of Malaysian economic development leads us to the conclusion that the much-vaunted goal of achieving national unity through the creation of a Malay entrepreneurial class may not be attained. What is relevant to our subject here is: Is the absence of large number of Malay business men at the root of the Chinese-Malay tension? In the opinion of the present writer, none of the ethnic riots, even not ethnic riot of 13 May 1969, which is the bloodiest in the history of Malaysia, has been due to the aforesaid reason,
The cause of the riots is the poverty of the majority of Malays as against what is perceived as Chinese affluence. Closely connected with this is the problem of non-Malay political participation in relation to the present Malay political primacy. Thus the most serious threat to ethnic relations in Malaysia is the juxtaposition of Malay poverty and Chinese (and Indian) affluence.

It needs to be emphasized here that not only the question of Malay poverty but also the poverty of the people of Malaysia - irrespective of race and ethnic group - as a whole has not been given adequate attention. Poverty and backwardness have enveloped both urban and rural areas and affected all Malaysians, whatever their ethnic group. The problem of national unity would, therefore, persist so long as radical measures are not taken to eradicate the long-standing problem of poverty and economic backwardness of Malaysian society.

The first academic analysis on Malay poverty was presented by Ungku Abdul Aziz, now Vice-Chancellor of the University of Malaya. In a paper entitled "Facts and Fallacies about the Malay Economy" published in 1957, he argued: "The Malays as a whole are poor because such a large proportion of them follow the poorest of agricultural occupations in the country... The poverty of the Malay masses, the mass of peasants in the rural areas, can only be eradicated by rural development programmes that deal adequately with the three main causes of poverty: low productivity, exploitation, and neglect."
