A STUDY OF THE CONTENT, SOURCES, AND DEVELOPMENT
OF MALAYSIAN FOREIGN POLICY
1957 - 1975
by
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We accept this thesis as conforming
to the required standard

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ABSTRACT

Foreign policy studies of Third World countries in general have been either very narrow in their focus, such as those based on the nonalignment theme, or comprehensive without being historically dynamic in their analysis, such as the efforts of the comparative scholars of foreign policy. Other studies have focused primarily on the idiosyncracies of Third World leaders in explaining foreign policy.

This study is aimed at correcting these deficiencies through the study of the content, sources and development of Malaysian foreign policy across different issue-areas and over three historical periods spanning the years 1957 - 1975. By means of an à priori dynamic framework of foreign policy analysis, this study indeed found Malaysia to have had definite foreign policy objectives, postures, strategies and actions across the issue-areas of Defence and Security, Development and Trade, and International Co-operation and Diplomacy in the three historical periods of the study.

Malaysian foreign policy also exhibited a plurality of sources, the potency of which varied significantly over the three historical periods and across the different issue-areas, demonstrating that the view that foreign policy formulation is elitist may be overstated.
In substantive terms Malaysian foreign policy has shifted from a pro-Western, anti-communist posture with its concomitant strategies and actions in the first period to a neutralist posture with its concomitant policy outputs by the third period. Thus, there has been two stable periods of foreign policy, namely 1957 - 1963 and 1970 - 1975, and an unstable, transitional period, 1964 - 1969, marking the development of Malaysian foreign policy from one extreme of the East-West political continuum to somewhere in its mid-point.

The change in Malaysian foreign policy, among other things, demonstrates the significance of internal and external feedback effects acting upon extant policies.

Finally, the study shows that Malaysian foreign policy is explained not merely by ranking the "relative potency" of the various sources of foreign policy but more importantly through the insightful and logical relation of these various sources to the different policy outputs in a holistic manner.
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Needless to say, the sole responsibility for all statements, opinions and judgements as well as omissions and mistakes rests entirely on me.
CHAPTER 1

INTRODUCTION

Malaysia and the Study of Foreign Policy

The independent, sovereign, territorial nation-state of the modern era continues to be the predominant actor on the world stage despite predictions of its early demise. Accordingly, the study of national foreign policies has maintained a sustained interest among scholars of international relations even if some attention has shifted to the study of non-national and supra-national actors. Despite the discipline's continued emphasis on foreign policy analysis, the foreign policies of Third World countries have not received the attention commensurate with their growing importance in world politics. Until recently, preoccupation with the Cold War has tended to relegate foreign policy analyses of Third World countries to largely collective treatments such as those under the label of nonalignment, a term which is itself a by-product of Cold War politics. A bipolar world of two ideologically opposed power blocs and a more or less nonaligned floating centre of Third World states is fast becoming unrealistic, if not already so. While Third World countries still vaguely group together under the banner of nonalignment, the issues that really bind them today as a group are more often economic than political. The emergence of the rich versus poor, or North-South, axis of conflict on the international scene has itself diverted some attention
away from the East-West conflict and thereby led to the declining importance of nonalignment as a foreign policy posture and strategy. The sharpness of the post-war bipolar world is thus blurred by the emergence of this and other new cross-cutting cleavages, most important among which are the Sino-Soviet schism within the Eastern bloc and the French-American dispute within a disintegrating Western bloc. It is ironic that the very reduction of East-West tensions has led to the diminishing significance of nonalignment considering that amelioration of the Cold War was among its proponents' main aims. Nevertheless, sufficient Cold War-like situations in the contemporary world remain to warrant continual espousal of the concept or some variant thereof for many Third World countries groping for direction in foreign policy. Sentimental and symbolic attachment to the concept will also ensure its political longevity. However, as one writer points out, the prescriptive quality of the concept has become somewhat suspect:

The narrowness of nonalignment as a "theory" prevented it from being adapted when external circumstances so demanded. Nonalignment - or perhaps more precisely, its role as a symbol of all the sentiments, past experiences and impressions of its advocates - began to affect the perspective in which they saw the world. The behaviour of other nations might have been interpreted less rigidly and perhaps more correctly within the framework of a more flexible attitude for the new ... states. They could have seen their own roles more clearly. Decisions could have been based on evidence evaluated in the light of traditional national behaviours and the international system rather than on preconceived notions forcing facts to fit nonaligned "theory."

It follows that as an analytical concept, nonalignment has also become suspect, or at best, would have only limited value. Even as a descriptive label of foreign policy the term conceals more than it
reveals in today's more complex, multipolar world. To take some examples: "nonaligned" Burma today exhibits significantly different foreign policy behaviours from "nonaligned" India or Egypt. While Burma has become almost isolationist and minimises contact with its Southeast Asian neighbours and, indeed, with most of the world, India and Egypt have been active militarily in their respective regions. Both India and Egypt—early vanguards of the nonalignment movement—are also effectively but loosely allied to a superpower. One could cite other examples of nonaligned countries which do not strictly conform to the traditional tenets of the concept but are nevertheless considered—or would like to be considered—as members of the "Nonaligned Group" of states.

Some authors have preferred the term "neutralism" to nonalignment to depict the foreign policies of Third World countries. Neutralism has the advantage of having a broader meaning of "noninvolvement in the Cold War" or even perhaps noninvolvement in any "hot" war with superpower participation or support. Neutralism should however not be confused with "neutrality" which is a strict legal concept for a non-combatant status in any war. Very often, nonalignment and neutralism are used synonymously and neutrality is taken to be neutralism. The muddled usage of these terms by statesmen has not helped to clear the terminological situation. The picture is further clouded by the use of various epithets to specify particular brands of the various concepts such as "positive" neutralism, "strict" nonalignment, "committed" and "uncommitted" neutralism and the like. Thus nonalignment scholars and practitioners alike appear to be ensnared by a conceptual difficulty
that entailed the procrustean use of concepts which to be analytically meaningful should have definite and specific foreign policy referents.

Concepts such as nonalignment and neutralism cannot therefore provide the basis for a comprehensive analysis of the foreign policy of a Third World country. They might be suited to short-range, narrow-gauged explanations of foreign policy vis-à-vis the major powers, but they cannot account for the full spectrum of foreign policy behaviours that a country may possibly exhibit over time. In short, such concepts are neither comprehensive nor universal in their applicability to Third World states.

As for the explanation of foreign policy, these scholars by and large assumed that the external environment of Cold War forced Third World states to gravitate toward nonalignment. It is true that some analysts did point to national attributes and domestic characteristics as sources of foreign policy but the importance of the external factor remained a dominant theme of analysis. Thus Ernest W. Lefever wrote:

The philosophies of "positive neutralism" expounded by ... advocates of nonalignment in Asia, the Middle East and Black Africa are variations on a central theme that finds expression in the lesser leaders of the emergent states throughout Asia and Africa ... They are all responding to the same historical forces - internal weakness, a recent colonial past, and global bipolarity. The differences among neutralists are differences of emphasis and style, for each moulds his public philosophy to his personality and to his political and cultural setting and each adapts his policy to changing circumstances inside and outside his country. 10

Some analysts specifically cited domestic factors as determinants of
nonalignment. As Robert C. Good contended:

Foreign policy perpetuates the cohesive role of the revolution against colonialism; underscores the existence and integrity of the post-colonial state detached from the identity of its former metropole; enhances the prestige of the national leader at home while reducing the effectiveness of his opposition; and provides opportunities for diversifying the new state's reliance on external assistance, thereby diluting the potency of foreign influence in its domestic life.11

By this he was suggesting that the demands of "state-building" dictated particular lines of foreign policy.12 It is not clear, however, that nonalignment provides the only avenue toward such pursuits as Good in his own account seems to demonstrate.13 Other authors in looking for explanations of nonalignment found interesting differences in the versions of nonalignment proposed and practised by various Third World leaders such as Nehru, Sukarno, Nasser, Nkrumah and Tito.14 The main thrust of their analyses, however, was to explain why different Third World leaders arrived at basically similar foreign policies.

A newer crop of scholars - mainly area specialists15 - has chosen to stress idiosyncratic factors and by and large drop the nonalignment theme in their explanation of "foreign policy." In general, these scholars have emphasized the personality traits, psychological dispositions and even pathologies of top-level policy-makers as crucial variables in the explanation of foreign policy behaviour. The statement below is fairly representative of this genre of scholarship:

It is evident that many of /the/ motivations behind the international activities of Asian statesmen correspond closely to the psychological characteristics of the small elite in charge of foreign policy. Their idiosyncrasies had a freer play in this than in any other sphere of political activity. In these motivations the personalities of the leaders and their personal involvement were powerfully influential. What
many statesmen were trying to achieve for their states was at the same time what they were trying to achieve for themselves ...16

It would seem that while the nonalignment scholars were looking for a common thread in foreign policy outputs, the second group of analysts found uniquely interesting inputs stemming from the idiosyncracies of policy-makers. In one sense the area specialists were highlighting the first group's problems in lumping together a variety of Third World foreign policies and treating them collectively under nonalignment or neutralism. While the nonalignment scholars saw different political styles as variations on the same theme, the area specialists underscored these very differences in political styles as the dominant thrust of their analyses. The following passage from an analysis of Malaysian foreign policy formulation is illustrative of a preoccupation with decision-making style:

The Tunku presented a fascinating study in political style. He had all the instincts of a politician and a strong belief in the efficacy of politics. "Government," he once warned, "is not to be played with. Politics is a serious and dangerous business. It must be treated like something sacred." Bargaining, compromise, and persuasion were his way. His ability to blunt the sharp edges of hostility was obviously crucial to making such a style work. Every problem was seen as essentially a human problem, and dealt with as such. His approach was in the tradition of royalty: paternal and personal ... He responded to face-to-face encounters rather than institutionalized pressures ... His decisions were generally intuitive rather than the result of a disciplined intellectual process.17

There is nothing inherently wrong with the analysis of the decision-making styles of political leaders. The issue is to what extent should one stress such idiosyncratic factors? Have some analysts stressed idiosyncratic factors to the point that they were in fact explaining "decision-making styles" rather than the substance of foreign policy?
The perspective of those analysts who emphasize idiosyncratic explanations of foreign policy seem to bear some resemblance to the decision-making approach of Richard C. Snyder and his colleagues. However, there are at least two important differences. First, the Snyder group attempted to systematize and categorize the various influences affecting decision-making while the area specialists had no explicit framework of analysis and thus analysed foreign policy in an ad hoc fashion. Second, while the latter focussed on decision-making styles, Snyder and his associates were even more specific in exploring "the decision" as the dependent variable. The narrow focus of the decision-making approach and the unwieldy analytical framework doomed it to remain in the realm of theory. Only one of the scheme's application by Glenn D. Paige on The Korean Decision resulted. It has been convincingly shown that the subjective perceptions and evaluations of decision-makers, or their "definition of the situation," is often a more important factor in explaining decisions than the objective facts or circumstances impinging the decision-making environment. Nevertheless, decision-making analysis in general has failed to explain anything larger than decisions or events, and its narrowness of focus makes it a poor candidate for comprehensive foreign policy analysis.

For comprehensiveness one has to turn to the comparative foreign policy scholars. According to these scholars, the sources of foreign policy are mixed and multifarious. Both the external and internal environment of the state as well as idiosyncratic factors are important in the explanation of foreign policy. So, too, are the more or less permanent national characteristics of geography, history, culture,
colonial heritage, natural endowments and the like. It is the interplay of all these factors that produces a particular type of foreign policy. The analyst's task is thus to isolate those variables that are most significant in the explanation of various foreign policies and, if possible, to weigh their relative importance as "explanations." Pioneering the comparative study of foreign policy, James N. Rosenau constructed a "pre-theory" of foreign policy. In this scheme foreign policy behaviour can be explained in terms of five sets of variables - idiosyncratic, role, governmental, societal, and systemic. States are differentiated along the basis of size, economic development, degree of political accountability and degree of penetration, while policies are delineated across four issue-areas - status, territorial, human and non-human resources. The Rosenau schema is commendable in alerting us to the various sources of foreign policy and their possible differences under varying national conditions and over different issue-areas.

Following Rosenau, but aiming to synthesize and improve on existing frameworks, Andriole, Wilkenfeld and Hopple have presented a framework that attempts to satisfy the conditions of comprehensiveness, comparability, operationalizability and policy relevance. In essentially Rosenauian terms, Andriole and associates list five sets of independent variables specifying the economic, governmental and capability dimensions of states. A typology of events in terms of their spatial, relational, behavioural, situational and substantial dimensions serve as the dependent variables. While the Andriole group has succeeded in improving on the operationalizability and internal dynamics of the Rosenau model, it, like its predecessor, suffers from three major drawbacks or defects.
The first two deficiencies relate to the lack of historical dynamics. The frameworks of the comparative scholars ignore or neglect the time factor, leading to a temporal level of analysis problem. They assume that general theorizing can be achieved by taking cross-national snapshots of the foreign policies of different kinds of states at particular points in time. Such an assumption misleads, for the chief reason that the treatment of the external behaviour of various states at different points of time complicates comparability. The problem is less severe if one is analysing particular groups of nations such as Third World countries, Western democracies or Communist states, but the temporal problem remains as long as states within each group are, to borrow a phrase, at different stages of politico-socio-economic development.

A second problem with the comparative approach is its "comparative statics." The approach can seldom account for even the mildest changes in the operational environment of a state's foreign policy. A country's foreign policy necessarily changes over time, say, $T_1$, $T_2$, $T_3$ ... $T_n$, and should be analysed in that historical progression. Comparative studies often analyse events of only a particular time (or period), say, $T_1$ or $T_2$, since the demands of cross-national analysis rarely allow the luxury of longitudinal, historical analysis.

However, the most serious problem is that the approach has largely failed to specify what in fact "foreign policy" is. Rosenau in his pre-theory neglected to tell us what his various categories of independent variables were supposed to explain. Andriole and his colleagues use a typology of events as dependent variables, but their various "dimensions" remain unsatisfactory because they are no more than surrogates for issue-
areas. Thus, "the spatial dimension refers to the specific geographic areas in which foreign policy events frequently occur" and "the substantial attributes will refer to the particular issue-area of the event." One still does not know what in fact are the substantive aspects of foreign policy. A major problem with such typologies is that events cannot in themselves be used to indicate motives or goals, much less something even broader such as "policy." Charles Hermann alerts us to the difficulties that continue to confront foreign policy analysts in defining the dependent variable. However, his own formulation leaves the issue far from resolved.

The critical point remains that we now have no adequate classificatory systems and the collection of data on policy remains an essential first step, not for the purpose of organizing the array of actions (viz. finding pigeon holes for all possible actions), but for the construction of comparative theory about foreign policy. This step must be followed by the testing of relationships selected to investigate the hypotheses advanced as explanations for the profiles of foreign policy actions.25

The foreign policy framework presented in this study is aimed at correcting the major deficiencies of the comparative approach. It will categorize some independent variables in much the same fashion as the comparative foreign policy literature. The categories, however, are sufficiently broad to allow for flexibility in uncovering the special and more particular sources of foreign policy in the single-country case study. They also allow for linkages between the independent and dependent variables in a manner which shall be explained later. More importantly, the framework specifies categories of dependent variables - the actual substance of foreign policy - and establishes
general linkages among them. Finally, for a dynamic, longitudinal treatment of the subject, the framework incorporates the notion of feedback over time. A major emphasis of this study is that foreign policies change significantly over time and that there is a gap in the literature in respect to the analysis of such change. In this author's view, foreign policies after their initial formulation undergo changes according to the kinds of inputs that continually feedback over time into their operation. These inputs could range from revolutions, coups d'etat and other domestic upheavals and events to whatever historic, subtle, or critical changes occur in the international environment.

Malaysia provides an excellent case for studying how a developing country's foreign policy has emerged, changed and developed over time. The country's small size, low level of military capability and its narrow-based, largely primary-producing but industrializing economy are familiar features of Third World countries with relatively recent colonial histories. In addition, a tense political order fueled by a plural social fabric - albeit unique - has tended to focus attention on problems of nation-building. Although its external goals have been modest and low-key, Malaysia has engaged in a wide range of foreign policy actions over various issue-areas. Its two major concerns have been defence and security within and without its borders and stabilization of its external revenue deriving primarily from two or three commodities. Malaysia has also demonstrated some interest and support toward global issues of peace and co-operation. While these concerns have been stable external goals or objectives of the state, the actual
foreign policy postures, strategies and actions are in a constant state of flux and change and new objectives have been enunciated as well. It is my intention to inquire into the reasons for such nuances, shifts and changes in foreign policy.

Changes in foreign policy are indicative of a state's continual efforts to seek new ways of promoting and achieving its national interests and goals, some of which are fairly permanent and some of which are transient. (See following discussion on foreign policy objectives). Thus foreign policy is something that is constantly adjusted and attuned to the domestic needs of the nation-state. It is in this sense that it is an extension of domestic policy. This study hopes to shed light on and explain the linkage between domestic concerns and external policy. On this question I share the view of a recent analyst of Third World foreign policy:

In most analyses foreign policy is pictured as having a peculiar irrelevance to the real concerns of the nation. Sometimes it appears as little more than a game played by a single performer or a small band of elite players at the expense of the nation's real interests. Even when long-range factors are adduced to explain and justify certain policies, or when foreign policy is seen ultimately as a product of forces beyond a nation's control, there is the tendency to see foreign policy in isolation from the processes taking place within the nation. Rarely is foreign policy seen as a positive instrument in the promotion of the nation's development or the sustaining of its political system. However, changes and shifts in foreign policy cannot be solely a function of domestic concerns. Very often the impetus for change comes from the external environment of the state. For example, Malaysia's recent shift to a more relaxed or co-operative orientation in its relations with the communist countries may well have been consequent
on the reduction of Western presence generally in Southeast Asia as symbolized by the British policy of withdrawal east of Suez and the Nixon Doctrine of disengagement from Southeast Asia. In substantive terms, Malaysia's foreign policy shifted from a pronounced pro-Western, anti-communist orientation to a more neutralist position, bolstered by such foreign policy strategies as the promotion of a "Zone of Peace Freedom and Neutrality" in Southeast Asia. The final step toward neutralism came with the establishment of diplomatic relations with the People's Republic of China, a country that was until recently considered Malaysia's Number One external enemy. The changes in foreign policy can certainly be interpreted, but not exclusively, as a function of idiosyncratic factors stemming from the personality or political attitudes and beliefs of Malaysia's second prime minister, Tun Abdul Razak, who initiated the various foreign policy moves after succeeding the more conservative and pro-Western Tunku Abdul Rahman. Then again, believers of realpolitik will not hesitate to put down the policy changes as purely "political" moves aimed at defusing a domestically volatile situation represented by the continuing internal security threat of the communists to the government, or, indeed, that the foreign policy moves were no more than attempts to woo support for the ruling party from various groups in the country with an eye toward an impending general election. Finally, we cannot rule out the possibility that the foreign policy shifts reflect and promote certain real and objective needs of the nation. Each of these alternative explanations appear to have an element of truth in it and perhaps the whole truth lies in viewing them not as alternative but complementary explanations.
Before these questions can be examined in greater detail, it is necessary to explain more systematically the methodology and research design of the study. In so doing, I will be presenting the theoretical framework which will steer and provide the basis for the analysis of the content, sources and development of Malaysian foreign policy for the period under survey.

**Methodology and Research Design**

The study is organized into four analytically distinct tasks:

(a) to construct à priori a comprehensive and exhaustive framework with abstract categories of the determinants and process of foreign policy over time. The framework is based on the author's own notions about foreign policy and certain theoretical writings of the international relations literature (which I briefly surveyed in the foregoing section.) The framework is applicable to the analysis of the foreign policy of any state. The general manner in which the sources of foreign policy are linked and related to policy outputs is shown in the framework although the specific manner in which their empirical referents are related will naturally depend on the case under study. The framework should be seen as a generalized heuristic device for analysing foreign policy behaviour.

(b) to survey Malaysian foreign policy in three historical periods, specifying and operationally defining the dependent variables of the study or what may be simply called the content or substance of Malaysian foreign policy.

(c) to advance explanations of Malaysian foreign policy and its changes
in each historical period. This task is accomplished by identifying the crucial independent variables and specifying their relative importance and relationships by means of a number of interrelated hypotheses. (d) to present an overall assessment of the explanations of Malaysian foreign policy over the three historical periods with a view toward generating higher-level hypotheses about Malaysian foreign policy and about the foreign policy behaviour of developing countries in general.

The Framework:

In my framework of analysis, the sources of foreign policy are suggested by the work of the comparative scholars of foreign policy. It borrows considerably from Rosenau's pre-theory of foreign policy. Rosenau specified five sets of foreign policy sources, idiosyncratic, role, governmental, societal and systemic and selected four national conditions of size, economic development, nature of polity and degree of penetration. In the interest of parsimony, I have reduced his categories into four basic sets of mutually exclusive foreign policy sources. The strategy is to be exhaustive while at the same time allowing for flexibility to employ imaginatively the categories according to the peculiarities of the individual case. An excessive number of categories tends to stymie the single-country investigator who may be hard put to find the relevant empirical referents to fill the categories.

The first set of sources are termed eco-historical. These refer to the relatively permanent features or attributes of the state such as its history, culture or cultures, geography, natural endowments and the like. Traditionally, these sources are looked upon and described as "background" factors influencing foreign policy. Geopolitical factors
FIGURE 1.1

A FRAMEWORK OF DYNAMIC FOREIGN POLICY ANALYSIS

<table>
<thead>
<tr>
<th>Time</th>
<th>Sources</th>
<th>Policy Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Eco-historical</td>
<td>Foreign Policy Objectives</td>
</tr>
<tr>
<td></td>
<td>External</td>
<td>Strategies</td>
</tr>
<tr>
<td></td>
<td>Internal</td>
<td>Actions</td>
</tr>
<tr>
<td></td>
<td>Idiosyncratic</td>
<td></td>
</tr>
</tbody>
</table>

FEEDBACK

T_1  
Eco-historical  
External  
Internal  
Idiosyncratic  

Foreign Policy Objectives  
Strategies  
Actions  

FEEDBACK

T_2  
Eco-historical  
External  
Internal  
Idiosyncratic  

Foreign Policy Objectives  
Strategies  
Actions  

FEEDBACK

T_3  
.  
.  
.  
T_n  

such as a state's strategic location or its location within various spheres of interest and influence would be considered external sources rather than as eco-historical sources of foreign policy. Thus the external sources are those that emanate from a state's external environment, that is, influences which are the result of actors and factors operating outside a state's national boundaries. Rosenau uses the term "systemic" to designate such sources while Andriole and associates distinguish between the "inter-state" and the "global" components of this variable. For reasons of parsimony, my external sources therefore incorporate both the systemic (or global) and inter-state components of the Rosenau and Andriole frameworks.

The internal sources refer to the domestic influences of actors and factors operating within a state's national boundaries, such as those stemming from societal, political, economic and governmental-bureaucratic factors. Internal sources are different from eco-historical sources in two major aspects. They are of a more transient and political nature, while the latter are relatively permanent and non-political in nature. For example, I would consider the Islamic culture of Malaysia an eco-historical characteristic but Malaysian Muslims agitating for the non-recognition of Israel will be considered an internal source of foreign policy. Another example is that British colonial rule would be considered an eco-historical factor but the present-day workings of the British-type politico-bureaucratic structure of government would be considered an internal source of policy. The distinction is subtle but real.

Finally, there are the idiosyncratic sources which refer to the
influences that stem specifically from the individual or personality traits of policy makers. The Shorter Oxford Dictionary defines "idiosyncracy" as "the mental constitution peculiar to a person or class." This study uses the term in its larger meaning and is concerned mainly with its political dimensions rather than with the eccentricities or pathologies of political leaders. Various concepts have been used to "tap" this factor. Thus we have Michael Brecher's "attitudinal prism" and "elite images," corresponding roughly to Ole Holsti's "belief system" and Kenneth Boulding's "national image." Andriole and associates merely refer to it as the "psychological" component but includes under it, psychodynamics, personality traits, belief systems and perceptions. Again for reasons of parsimony, I will use the one term "idiosyncratic" to incorporate the most important dimensions of this source of foreign policy. In some instances, an analyst may find pathological conditions of leaders to be significant while in other instances these influences may be only marginal. My emphasis here is to be comprehensive without being too inflexible about categories. Thus, following Rosenau and Brecher, idiosyncratic variables can be defined as those aspects of elite attributes that are not a function of their role occupancy. Role is thus excluded from my framework since its significance becomes dubious because of its definitional status of being "nonidiosyncratic." In any case it can be considered a governmental or bureaucratic (and thus internal) source of foreign policy.

The difference between idiosyncratic and internal sources is based on a well-known distinction in the international relations literature. Initially, this was stated as a "level of analysis
problem" but is now adequately resolved. Thus idiosyncratic sources are those at the individual or elite level while internal sources refer to national or state level of influences. However, there is a presumption in this study that one considers only the idiosyncracies of the elite which is effectively in power and not, say, the idiosyncracies of the opposition leaders.

The choice of categories is still largely arbitrary. There is sufficient agreement, nevertheless, that sources are wide-ranging and multifarious and some consensus on the better acknowledged categories. My effort, far from being the be-all and end-all of classificatory schemes, has been to synthesize the wisdom of previous efforts in a manner that it becomes suitably relevant to my own research.37

Let us turn now to the foreign policy outputs. As Hermann has pointed out, classificatory schemes of the dependent variable in foreign policy analysis are at best rudimentary and there has been little or no agreement on concepts.38 I noted earlier that the Andriole framework's typology of events into different dimensions is no more than a substitute for a typology of issue-areas. Hermann suggests a mode of classification which he terms "progressive differentiation."39 This method divides foreign policy into various classes of actions with each class having its own sub-class. Thus under "negative" actions, we have "obstruct" and "object" which sub-divide further into "force" and "threat" and into "demonstrate" and "protest" respectively. The same procedure is followed for the other two categories of "neutral" and "positive" actions.40 The effort is commendable but the proliferation of categories is bewildering and
disconcerting to the single-case analyst who will be hard put to ascribe the correct action to the various categories. Moreover, patterns of events or actions reveal little about motives, goals and strategies which are implied by the word "policy." This study posits that "foreign policy" consists of various broad levels of policy outputs such as objectives, postures and more specifically directed outputs such as strategies and actions. Concepts such as these have intuitive appeal since they are often the very terms used by the practitioners of foreign policy. I have attempted to provide some degree of conceptual clarity and definitional rigour to these concepts as they apply to the praxis of foreign policy. In my framework, then, foreign policy objectives and postures occupy a central position, and in combination, determine the kinds of strategies and actions implemented in the actual conduct of foreign policy. Before elaborating on the exact nature of the relationships among these key concepts, it is necessary to define them more fully.

Foreign Policy Objectives: These are the external goals sought by a state. The most permanent of these objectives are the "core values" of political independence, territorial integrity and national survival which all states must value qua nation-states. These basic goals of self-preservation are likely to be pursued by states for a long time more considering the low likelihood of any substantial change in the present anarchic condition of the international system. Since all nation-states by definition seek to protect these core goals, they require little explanation beyond what I have already said. Apart from these basic goals, Arnold Wolfers has distinguished between
"possession goals" and "milieu goals." The former are goals aimed at enhancing national values and needs, while the latter refer to the pursuit of conditions which transcend national boundaries. An example of a possession goal is bargaining for trade concessions with the view to gaining economic advantage, while a common milieu goal is the pursuit or promotion of international peace. Following K. J. Holsti, core goals are then short-range objectives of immediate importance, possession goals are middle-range objectives, normally involving demands on other actors, and milieu goals are long-range goals with no specific time limits and of grander pretensions.

Foreign Policy Postures: Postures are the general orientation of a state toward other world actors. They are different from objectives in that they are aspirational and are not functionally specific in purpose. Together with foreign policy objectives, they determine the kind of strategies and actions carried out by a state. However, since postures are aspirational in character they may not directly result in any foreign policy strategy or even actions. Thus strategies and actions may be more a function of foreign policy objectives than postures. Nevertheless, since postures are the reflection of the various sources of a state's foreign policy, they give the general complexion and character to a foreign policy. For example, although the core-value goals exist solely by virtue of national existence, the manner in which these goals are sought (strategies and actions) will be affected by a state's foreign policy postures.
In this case the causal sequence is:

\[
\text{OBJECTIVES} \rightarrow \text{POSTURES} \rightarrow \text{Strategies} \downarrow \text{Actions}
\]

In other instances, foreign policy objectives are to a large extent determined by foreign policy postures. In general, the middle-range goals fall into this category. For example, a "developing-world" posture in foreign policy usually leads to the pursuit of developmental goals such as those sanctioned by many Third World forums. In this case the causal direction is:

\[
\text{POSTURES} \rightarrow \text{OBJECTIVES} \rightarrow \text{Strategies} \downarrow \text{Actions}
\]

The relationship between objectives and postures is indicated in my formal framework by means of two dashed arrows pointing in opposite directions, representing a two-way flow between the two concepts. It has already been mentioned that postures may not directly result in foreign policy strategies or actions. As the word suggests, postures do imply a degree of "posturing," that is, the attempts by states to play to the gallery and to take stands largely for "home consumption" or for purely symbolic and political motives without any real intention of following through the pronouncements with concrete actions. Malaysia's adoption of a strong developing-world posture in economic issues often has the ring of posturing particularly in the early and
mid-1960's. For the most part, however, this study will treat the concept in its more formal and serious sense as the general orientation of a state along various dimensions or issue-areas of foreign policy.

What is clear is that a state's foreign policy postures are of primary importance in the depiction of its foreign policy.

**Strategies:** These refer to the middle-range schemes, plans and general lines of action which a state presents or employs as a means of securing its objectives. A strategy may be single-purpose or multi-purpose. That is, it may be aimed at securing one or more foreign policy objectives. While strategies are directly related to objectives, their particular texture and character is also a function of a state's foreign policy postures since there are many ways of securing any one objective. To take a simple Cold War example, a country not having the capability to protect its territorial boundaries may either turn to the Americans or the Russians for military assistance. Whether it goes to the Americans or Russians will be determined by whether it has a pro-Western or pro-Eastern foreign policy posture, or if it is nonaligned, the strategy would be to steer clear of either side or play off the interests of one against the other.

**Actions:** These refer to the actual steps taken at the diplomatic, political or military levels to implement policy. Actions normally flow from foreign policy strategies but can also flow directly from foreign policy objectives or postures. It is unusual - but certainly not unknown - to have actions which are unrelated to any foreign policy strategy, objective or posture. Thus it has been shown quite decisively by Graham Allison, employing nonrational-actor paradigms that actions
sometimes simply occur as standard bureaucratic procedures or as political resultants of an explicit or implicit bargaining process. 44 This raises the issue of the assumption of rationality in my foreign policy framework. I have stated from the outset the bias of this study that foreign policy is conceived largely as a purposeful activity geared to the pursuit of national objectives. Such a bias is perhaps not totally unjustified given that this is a study of the foreign policy of a small, developing country with relatively limited external goals and considering that organizational structures relating to policy formulation are not highly complex. A more important argument, however, is that while nonrational-actor paradigms are important in the explanation of decision-making behaviour, my focus on the substantive aspects of foreign policy makes the rational-actor paradigm the most suitable candidate for my purposes. In any case, the foreign policy framework presented in this study does not exclude the consideration of "organizational process" and "bureaucratic politics" variables, which can be subsumed as internal sources of foreign policy.

In closing this discussion of the foreign policy outputs, let me illustrate the relationship between foreign policy objectives, postures, strategies and actions with a substantive example from
Malaysian foreign policy:

**OBJECTIVE:**
Protecting territorial integrity

**STRATEGY:**
Align with Western nations for protection

**POSTURE:**
Pro-Western orientation - supporting Western ideals

**ACTION:**
Sign Anglo-Malayan defence pact

Thus for the purposes of this study, we should view foreign policy outputs - objectives, postures, strategies, and actions - as the dependent variables, that is, the phenomena we seek to explain, while the various sources (or inputs) of foreign policy represent the independent variables or the factors with which we explain the phenomena under study. It is clear, however, that one does not explain foreign policy merely by examining each of the policy outputs discretely but rather in the manner in which they relate to each other and to their various sources. In a dynamic foreign policy framework such as the one presented, there may be a tendency to confuse the dependent and independent variables. This could occur if one thinks of the constant feedback process functioning as a recycling device
whereby the policy outputs of time $T_1$ are converted back into sources of foreign policy at time $T_2$. For instance, a country may wage a war at a particular time (policy output) but at a later time the war will have become internalized as an historical experience and thus as an eco-historical source of foreign policy. To avoid confusion, therefore, we should at any one time, $T_X$, only speak of policy outputs and foreign policy sources as dependent variables $(d_x^1, d_x^2, \ldots, d_x^n)$ or independent variables $(i_x^1, i_x^2, \ldots, i_x^n)$ respectively. Once a policy output has become internalized as a source of foreign policy and is recognized as such, it follows that it can no more be spoken of as a policy output.

I will examine Malaysian foreign policy across three broad issue-areas, namely, Defence and Security, Development and Trade and International Co-operation and Diplomacy. These are largely intuitive categories which are again often used in the vocabulary of statesmen. The categories are nevertheless meant to be exhaustive of the broad range of foreign policy outputs that a state may evince. While there are certainly other possible ways of delineating issue-areas, I find this three-way classification particularly suited to my purposes. In general, the three kinds of foreign policy objectives identified earlier tend to correspond with related concerns in the
three issue-areas as follows:

<table>
<thead>
<tr>
<th>Defence and Security</th>
<th>Core-value Goals</th>
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</thead>
<tbody>
<tr>
<td>Development and Trade</td>
<td>Possession Goals</td>
</tr>
<tr>
<td>International Co-operation and Diplomacy</td>
<td>Milieu Goals</td>
</tr>
</tbody>
</table>

Each of the issue-areas will therefore be surveyed in terms of its respective foreign policy objectives, postures, strategies and actions.

Defence and Security would cover Malaysia's general orientation toward issues and problems pertaining to national defence and security, its strategies and actions for ensuring such security, including its bilateral and multilateral defence and security arrangements. The issue-area therefore covers all matters related to the protection of Malaysia's core values, or its existence as an independent political unit. Development and Trade will cover Malaysia's postures, objectives, strategies and actions in matters concerning socio-economic development generally, its policies and actions in such forums as the UNCTAD, and its participation in multilateral economic associations such as the International Tin Agreements. Under this issue-area, I would also include questions of international social justice, aid, and the investment policies Malaysia proffers vis-à-vis the rich, industrial countries, as well as toward non-national actors such as multi-national business corporations. International Co-operation
and Diplomacy covers the areas of Malaysia's participation in the United Nations, its agencies and other supra-national organizations, including regional associations such as ASA, ASEAN and the Commonwealth. Where such activity is directly concerned or connected with national defence and security or with development and trade, it shall be considered to fall under the two latter categories. The distinction between the issue-areas is guided by reference to foreign policy objectives as indicated in the table presented in the preceding page. However, in the actual description of foreign policy events, some overlap in the three broad issue-areas is unavoidable since foreign policy actions can often be multi-purpose in intent.

The foreign policy survey will be carried out over three historical periods. There are both theoretical and practical considerations for doing so. I have emphasized from the outset a preference for a dynamic-historical approach to foreign policy analysis. Dividing the analysis into separate periods provides the opportunity to examine the feedback process over time and the manner in which this process has led to broad shifts in Malaysian foreign policy. While it is possible to divide the analysis into many more time periods, it would be difficult to find logical historical demarcations to do so. Second, it is not the purpose of this study to examine every detail of foreign policy, but to analyse it over broad sweeps of time in order that the more general aspects of foreign policy changes may be discerned. The particular time periods were chosen because Malaysian foreign policy has tended to exhibit a certain degree of distinctiveness in terms of policy outputs in each period.47 The
beginning or end of each period is marked by an event or events which have a significant impact generally on politics and in particular on foreign policy. The periods, with their appropriate designations, are:

1957-1963: Malayan Foreign Policy under Tunku Abdul Rahman
1964-1969: Malaysian Foreign Policy under Tunku Abdul Rahman
1970-1975: Malaysian Foreign Policy under Tun Abdul Razak

On August 31, 1957, Malaya became an independent nation under the prime ministership of Tunku Abdul Rahman. It was under the Tunku that the emergent Malayan foreign policy took shape and had its basic tenets enunciated. By September 16, 1963, still under the Tunku's leadership, the Malayan Federation was expanded to include the former British territories of Singapore, Sarawak and Sabah in the new Federation of Malaysia. (Singapore subsequently left the federation on August 9, 1965). The formation of Malaysia brought in its wake the first, and to date, the only external challenge to the political existence of the nation in the form of Indonesian Confrontation. The second period of foreign policy is thus a period of turbulence as well as transition. It is not only of symbolic but also of analytical significance that the period closed with the domestic violence of May 13, 1969 and the subsequent retirement from politics of the Tunku. The final period of foreign policy is thus a period of change and consolidation of change and is marked by the enunciation of new directions in foreign policy. It could be said to begin near the end of 1969 (September) when Tun Abdul Razak assumed charge as the Director of National Operations but Razak did not
succeed the Tunku as Prime Minister until September 22, 1970. For convenience, I have designated the period as beginning in 1970. The tragic and unexpected death of Tun Razak in January 1976, provides perhaps a symbolic end to the third period.
Notes to Chapter 1


2 Indeed, foreign policy has been said to be "the key subject in the study of international relations." See David Vital, "Back to Machiavelli" in Klaus Knorr and J. N. Rosenau, eds., Contending Approaches in International Politics, Princeton, Princeton Univ. Press, 1969, p. 151. However, the system-oriented scholars will no doubt challenge such a view. See, for example, Morton A. Kaplan's classic System and Process in International Politics, New York, Wiley and Sons, 1957, and Richard Rosecrance's Action and Reaction in World Politics, Boston, Little, Brown, 1963, for two different genres of the systemic approach.

3 The classic work in the area is Inis Claude's Swords into Plowshares: The Problems and Progress of International Organization, New York, Random House, 1956, while new ground was broken in the study of supra-nationalism in terms of integration theory in Karl Deutsch, et. al., Political Community in the North Atlantic Area, Princeton, Princeton Univ. Press, 1957 and in terms of "functionalism" in Ernst B. Haas, Beyond the Nation-State, Stanford, Stanford Univ. Press, 1964. There has followed a spate of studies on integration theory too numerous to name here.


6 Lyon, op. cit., p. 62.

8 Lyon, op. cit., p. 20.


11 Robert C. Good, "State-Building as a Determinant of the Foreign Policy in New States" in *ibid.*, p. 11.


13 Since the article appears in a reader on nonalignment and neutralism, one assumes the writer is attempting to relate his discussion to that topic.

14 Lyon, *Neutralism*, op. cit. and Lefever, op. cit.

15 There are clearly some area specialists who qualify as analysts of the first genre, a case in point being Peter Lyon, whose work I have already cited. See also his *War and Peace in Southeast Asia*, London, Oxford Univ. Press, 1969. Other area specialists who emphasize long-term and external factors include Roger M. Smith, *Cambodia's Foreign Policy*, Ithaca, Cornell Univ. Press, 1965 and Claude S. Phillips, *The Development of Nigerian Foreign Policy*, Evanston, Northwestern Univ. Press. A writer in seeking to discover general trends and thrusts in the literature may perhaps be allowed a degree of poetic license in grouping scholars under certain descriptive labels without doing undue violence to truth.


"Pre-Theories and Theories of Foreign Policy" in Rosenau, op. cit., particularly, pp. 68-95 and 103-166.


See K. J. Holsti, "National Role Conceptions in the Study of Foreign Policy," International Studies Quarterly, Vol. 4, No. 3, 1970, pp. 233-309, for an attempt at correcting the lopsidedness in foreign policy analysis. Holsti finds that apart from the standard labels of Western Bloc, Eastern Bloc and Nonalignment, countries could well have a number of different national role conceptions such as "regional protector," "balancer," "bastion of revolution" and so forth. There is also a need to develop a set of universal categories to indicate what it is that we seek to explain of the substantive aspects of foreign policy. Such categorizing is attempted in the framework presented in this study.

See, for example, Michael Brecher, "Inputs and Decisions for War and Peace," *International Studies Quarterly*, Vol. 18, No. 2, June 1974, pp. 131-177, for an excellent study of the June 1967 Israeli-Arab War in which the author makes abundant use of the feedback concept. The research design Brecher employs is in the genre of decision-making analysis and is suited more for the detailed study of particular events rather than for broad aspects of foreign policy in which we are interested.

The study's title accordingly reflects the dynamic approach employed. It also takes its point of departure from the first known study of Malayan foreign policy by T. H. Silcock, "Development of a Malayan Foreign Policy," *Australian Outlook*, Vol. 17, No. 3, 1963, pp. 42-53. Writing in 1963, Prof. Silcock succeeded admirably in sketching out the broad outlines of an emerging foreign policy. A doctoral thesis of a similar title by J. B. Dalton, *The Development of Malayan External Policy, 1957-1963*, D. Phil. Thesis, Oxford University, 1967, describes in some detail Malaya's foreign policy vis-à-vis the Cold War, its Asian neighbours, the Commonwealth and the United Nations, but may be subject to the same criticism as Prof. Silcock in prematurely terming the first five years of Malayan foreign policy as "development."


"Pre-Theories and Theories of Foreign Policy," *loc. cit.*


34 Rosenau, "Pre-Theories and Theories of Foreign Policy," op. cit.

35 Brecher, op. cit.

36 J. D. Singer, "The Level-of-Analysis Problem in International Relations" in Rosenau, International Politics and Foreign Policy, op. cit., pp. 20-29.

37 This raises an epistemological issue. My position is that the truth of a scientific explanation is largely context-dependent and bounded by the hypothetical constructs with which explanation is made and is therefore dependent on the state of the science in question. See, for example, Michael Scriven, "Definitions, Explanations, and Theories" in H. Feigle, et. al., Minnesota Studies in the Philosophy of Science, Vol. II, pp. 99ff, for his discussion of the analytical method of context analysis to which this author subscribes.


39 After a survey of various types of classificatory schemes, Hermann seems to settle for this approach which is borrowed from biology. See ibid., pp. 68-70.

40 Ibid.


43 Holsti, op. cit., pp. 131-132. While in Wolfer's classification, possession goals include core-value goals, I prefer to use the two terms as mutually exclusive. Wolfers also distinguishes between "direct" and "indirect" goals, that is, those directly serving national interests and those serving the interests of private individuals. This distinction is not pertinent here since this study is in general concerned with only national or state goals. See Wolfers, op. cit., p. 77.
G. Allison, *The Essence of Decision: Explaining the Cuban Missile Crisis*, Boston, Little, Brown, 1972. There also exists a school of thought which not only suggests but prescribes "the science of muddling through" as the basis of the decision-making process. Political decisions are thus seen as "disjointed" and "incremental" in nature, guided as they are by inadequate information and understanding and thus subject to constant reconsideration and redirection. See David Braybrooke and Charles Lindblom, *A Strategy of Decision*, New York, Free Press, 1963, pp. 61-66.


Rosenau, for example, classifies issues into the status, territorial, non-human and human resources areas. See "Pre-Theories and Theories of Foreign Policy," *op. cit*.

Defence and Security

The cornerstone of Malaya's external defence policy was the Anglo-Malayan Defence Agreement of 1957 whereby Britain and Malaya were obligated to provide each other with mutual aid in the event of an armed attack on either Malaya or British possessions in the Far East. The relevant article reads:

In the event of armed attack against any of the territories or forces of the Federation of Malaya or any of the territories or protectorates of the United Kingdom in the Far East or any of the forces of the United Kingdom within any of those territories or protectorates or within the Federation of Malaya, the governments of the Federation of Malaya and the United Kingdom undertake to cooperate with each other and will take such action as each considers necessary for the purpose of meeting the situation effectively.¹

The two governments were also to consult each other if the peace of the mentioned territories was threatened.² Should hostilities involving either party occur anywhere else in the world, "the Government of the United Kingdom shall obtain prior agreement of the Government of the Federation of Malaya before committing United Kingdom forces to active operations involving the use of bases in the Federation of Malaya ..."³ Another provision obligated the parties to consult each other "when major changes in the character
or deployment of the forces maintained in the Federation ... were contemplated." Beneath the formal language, this proviso was evidently a recognition that Britain could not introduce nuclear weapons into Malaya without the latter's approval.

Malaya's objectives in negotiating the treaty were fairly obvious given the size of its armed forces at the time of independence. It had only one battalion of the Malay Royal Regiment, but no air force or navy. The Deputy Prime Minister and Defence Minister, Tun Abdul Razak, gave the following rationale for Malaya's defence policy:

Today the cost of maintaining defence forces is extremely high and can be said to be prohibitive. The United States and the USSR may perhaps be the only powers in the world which can claim to maintain forces of sufficient strength to protect themselves. Other countries, apart from supporting the United Nations, have to combine together forming collective security pacts such as NATO, CENTO and SEATO. As far as the Federation of Malaya is concerned we are a relatively small nation with many demands on our resources. We have to concentrate our efforts on improving the standard of living of our people and provide them with amenities and social services which are necessary for an independent and civilised country. Therefore, we can only afford to maintain a small defence force and must depend for our external defence on the help of friends and allies in times of need. That is why ... we entered into a mutual defence pact with the United Kingdom Government, associated by the governments of Australia and New Zealand .... Our defence policy is, therefore, to contribute toward a common Commonwealth effort in the protection of our territories in this area and for the maintenance of external peace and security of our country, to ensure that the authority of the lawful government is effectively enforced anywhere in the Federation, including its territorial waters.
For Britain, the pact was used as a means to protect its national interests in the region with an eye particularly toward its Southeast Asian Treaty Organization (SEATO) commitments. However, the facade of formal language in the pact couched a preoccupation with the communist threat to the region. Malaya's long and bitter internal war with the communists in which the British played the major role, left the country, or at least the policy-makers, with a considerable degree of fear of communist expansionism in Southeast Asia.

Malaya's defence, prior to independence on August 31, 1957, had been provided for by the ANZAM Agreement of 1949 between Britain, Australia and New Zealand. The Commonwealth Far East Strategic Reserve was formed in 1955 and stationed in Malaya, its functions being to contain communist insurrection, provide defence from external attack, and carry out SEATO obligations. In the protracted negotiations over the Anglo-Malayan Defence Agreement (AMDA) in which letters were exchanged until as late as August 23, 1957, Malaya had evidently, "won a maximum of security with a minimum of obligation and it had not compromised on two basic policies of rejecting nuclear weapons and refusing to join SEATO."

However, AMDA was not accepted at home without a brief ground-swell of opposition against the pact from nationalist elements in the United Malay National Organization (UMNO) of the ruling Alliance Party, the opposition parties, and various trade union leaders and public figures, while the most vocal support for the pact came from the non-Malay partners in the Alliance, the Malayan Chinese
Association (MCA) and the Malayan Indian Congress (MIC). The UMNO back-bench revolt began when a party member, Tajuddin Ali, attacked the treaty as being "harmful to independent Malaya." This sparked off the Johore UMNO Youth claim that the pact made Malaya indirectly a member of SEATO and led the UMNO Kedah branch to call for an emergency general session to discuss the implications of the treaty as it considered some of the clauses too binding.

The Prime Minister, Tunku Abdul Rahman, stood his ground amidst mounting criticism of the treaty but was forced to call an emergency meeting of the UMNO Executive Committee to "explain" the pact. The Tunku placed his leadership at stake by making the pact a "confidence issue," stating that an emergency UMNO assembly debate on the pact would be taken by him to be a vote of no confidence. The Tunku's tactic succeeded and he won a unanimous vote from the Executive Committee and the demand for a general session subsided. The Tunku, however, did make the concession that the treaty would be reviewed within a year.

Subsequently, in October, AMDA was presented and debated in the Legislative Council. A number of back-benchers, the opposition parties, and the trade union representatives continued to oppose the pact, in general, arguing that it compromised Malaya's sovereignty and independence, that military pacts invited military threats, and that Malaya was unnecessarily rushing into a military pact without having had a full debate on foreign policy. The Tunku reiterated the government's position that the pact was a matter of necessity: ... let us face facts, and the facts are that we
have at our command an army of less than one division in strength; we have no air force, not even a single plane or a single man; we have no navy, not even a single sailor and we have not even a sea-going craft. With the revenue at our command we can never be able to build our forces to the strength which we would require for the defence of our country.15

The Tunku in winding up the debate again staked his political career over the issue, stating "... if the people of this country do not want [the treaty], a simple thing can be done and that is - this is all I ask of the people of this country and of my party - to call a meeting, a general meeting, of UMNO and pass a vote of 'no confidence' against me and my friends and colleagues, and we can just make way for some other clever 'Dicks' to come and run this country."16 As it turned out, the motion of support for the treaty was unanimously passed, with those opposing it, abstaining.

In the light of the UMNO rear-guard opposition to AMDA, it is perhaps less surprising that Malaya had not joined SEATO. The leadership dared not hazard a formal tie with the Western bloc even though SEATO was specifically aimed at containing communism, which, presumably, was the chief purpose of AMDA. Among the other reasons given for non-participation in SEATO was that Malaya would not have gained any military advantage by joining and that the organization was unpopular with India and Indonesia, the two non-communist Asian bulwarks to which Malaysia showed a great degree of deference.17 The Tunku, when asked about Malaya's decision not to join SEATO, was quoted in Canberra in 1959 as saying: "Well, I don't count, you know. As the representative of my people, I have to do as they want,
and SEATO is rather unpopular among my people. I don't know for what reason."\textsuperscript{18}

Despite Malaya's many denials that it had anything to do with SEATO,\textsuperscript{19} Robert O. Tilman has compiled evidence, produced below, that Malaya's voting in the United Nations closely approximated that of the SEATO countries.\textsuperscript{20}

**TABLE 2.1**

Malaya and the SEATO Countries: Percentage of Agreement on East-West Issues, 1957, 1960, 1963 in UN Voting*  

<table>
<thead>
<tr>
<th>Country</th>
<th>1957\textsuperscript{a}</th>
<th>1960\textsuperscript{b}</th>
<th>1963\textsuperscript{c}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>79</td>
<td>72</td>
<td>88</td>
</tr>
<tr>
<td>New Zealand</td>
<td>79</td>
<td>72</td>
<td>91</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>79</td>
<td>72</td>
<td>79</td>
</tr>
<tr>
<td>United States</td>
<td>79</td>
<td>72</td>
<td>88</td>
</tr>
<tr>
<td>Pakistan</td>
<td>85</td>
<td>88</td>
<td>82 (N=11)</td>
</tr>
<tr>
<td>Philippines</td>
<td>85</td>
<td>72</td>
<td>96</td>
</tr>
<tr>
<td>Thailand</td>
<td>88</td>
<td>80</td>
<td>91</td>
</tr>
</tbody>
</table>

\textsuperscript{a}N=17 \hspace{1cm} \textsuperscript{b}N=15 \hspace{1cm} \textsuperscript{c}N=12

*France, the eighth SEATO member, was excluded from the voting tallies.

The table, which shows Malaya's votes on East-West issues at the United Nations computed according to the percentage of agreement with the stipulated countries, indicates that Malaya, although not in SEATO, was nevertheless circumstantially and in spirit close to the organization. The Tunku himself did not deny Malaya's indirect links with the organization. In answer to a question in Parliament: he said:

As you know, we are not in SEATO. We are tied up with Britain under the Defence Agreement but whether that has indirectly tied us to SEATO is a question that would be difficult for me to answer. All I can say is that we are not in SEATO. In this respect, if SEATO countries are involved in any war, we are not committed to the war, but on the other hand, if Britain entered the war and one of the countries which we are committed to defend, like Singapore, a British territory, or Borneo, is attacked, then we are treaty bound to fight. Perhaps you might say we are indirectly connected with SEATO, but I can say quite openly here and assure the House that we are not in SEATO.21

The pronounced anti-communism in Malaya's foreign policy was especially evident in the country's orientation toward and relations with the great powers other than Britain. The Tunku in 1958 proclaimed to Parliament Malaya's non-neutrality on questions of East-West conflict:

There is no question whatsoever of our adopting a neutral policy while Malaya is at war with the Communists. Only when we are certain that people here have become truly Malayan-minded and have set their minds on making Malaya their only home can the government declare our policy of neutrality. So long as this fight continues, I consider that we would be breaking faith with the people if this government were to enter into any form of diplomatic relationship with the communist countries .... let me tell you that there are no such things as local communists. Communism is an international organization
which aims for world domination, not by aggression if they can avoid it, but by the use of tactics and methods among the sons of the country to overthrow democracy and to set up in its place a government after the pattern of all communist countries.22

With respect to Vietnam, Malaya gave its whole-hearted support to the United States and the South. Indeed, the Prime Minister's first official visit was to South Vietnam in 1958 in which he made pledges of solidarity with President Ngo Dinh Diem. Ngo returned the Tunku's visit in 1960.

Malaya's opposition to communism was perhaps most evident in its relations with China. While it accorded diplomatic recognition to the Soviet Union and the Eastern European countries,23 Malaya was unwilling to recognize China, being content to espouse the "two-China" policy at the United Nations. This policy supported in principle the admission of China with the understanding that Taiwan would continue to be a UN member and that a vote for China's admission did not imply recognition.24 At the United Nations, Malaya had also been forthright in criticizing China's actions in Tibet in 1959 and in the Sino-Indian hostilities of 1962. The Tunku even launched a "Save Democracy Fund" which raised M$1 million "to help India defend herself against Chinese aggression."25 The excessive fear of Chinese communism prompted Malaya's representative at the United Nations in 1963 to depart somewhat from the two-China policy:

... we have been and are, indeed, too close to China to take an academic or theoretical view of the situation .... For ten long years and more, while the world has been shivering in the chill winds of the Cold War, we in [Malaya] were right in the storm centre of a shooting war arising out of a
communist campaign which threatened to overthrow our government ... China started unprovoked aggression on India ... China has recently resisted ... violently the moderating influence of even its greatest ally ... China regards a global class war not only as inevitable but desirable ... In all these circumstances, we cannot avoid asking ourselves what good, in practical terms should we do China or to ourselves by bringing it to the United Nations.26

Despite its pronounced anti-communism in foreign policy, Tilman has noted that Malaya was "no more a lackey of the West than she was a fellow traveller of the communists."27 There is some evidence that Malaya tried to steer a course of political independence while at the same time making no secret of its Western leanings. This often led to policy contradictions which opposition parliamentarians were quick to point out. One of the favourite opposition issues was that the presence of foreign Commonwealth troops compromised Malaya's political independence.28 Malaya's attempts to steer the narrow course of political independence was perhaps less an effort toward nonalignment than one which can best be described as a foreign policy posture of "non-interference." Thus, speaking soon after admission to the United Nations, Malaya's representative, Dato Ismail said:

Our position in the world today is ... unique in that we are fairly content with what we already possess. We do not need vast sums of money from our friends to tide us along in our own affairs. We do not covet the goods and chattels nor the territory of others ... The greatest need of my country today is peace and the goodwill of all countries with which it is our desire to live in friendship and mutual understanding. We venture to suggest that our unique position permits us to play an impartial role in the affairs of the world.29
To summarize, Malayan foreign policy with respect to questions of defence and security displayed a distinct pro-Western, and concomitantly, anti-communist posture, tempered by a rather ineffectual attempt toward neutrality or what would be more correctly described as a posture of non-interference. A keen observer of Malayan foreign policy has characterized it as the political schizophrenia of a "committed neutral," but we would probably be nearer the mark if we described Malayan foreign policy as being more committed than neutral. Malaya's major foreign policy objectives were the protection of its political sovereignty and its territorial boundaries against outside interference and aggression. These are, in short, the basic core-value goals of self-preservation. Given the worldview of its policy-makers, the pursuit of these objectives translated as the protection against communist expansion and aggression. The Anglo-Malayan Defence Treaty was the direct response to meeting such eventualities. As far as foreign policy strategies were concerned, there was perhaps no great deal of thought given to planning complex policies. Defence was the basic objective and AMDA was an almost automatic response to Malaya's defence needs. However, since Malaya had unequivocally camped on one side of the East-West conflict, it also naturally behaved strategically as a minor "cold warrior." There was therefore a conscious effort on Malaya's part to align with the Western powers and concomitantly to disassociate with the Eastern powers.
I summarize below in table form the foreign policy of the period with respect to issues of national defence and security in terms of foreign policy objectives, postures, strategies and the most important actions. The summary should be taken only as a listing of the various policy outputs without any specific indication of their exact relationship. This task will be accomplished in a later section.

TABLE 2.2

Defence and Security: Policy Outputs 1957-1963

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>ACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining political independence.</td>
<td>Signing Anglo-Malayan Defence Pact.</td>
</tr>
<tr>
<td></td>
<td>Not recognizing and/or having diplomatic relations with certain communist countries.</td>
</tr>
<tr>
<td></td>
<td>Following a two-China policy at UN.</td>
</tr>
<tr>
<td></td>
<td>Condemning:</td>
</tr>
<tr>
<td></td>
<td>- Chinese hostilities against India</td>
</tr>
<tr>
<td></td>
<td>(launching &quot;Save Democracy Fund&quot; in support of India), 1962.</td>
</tr>
<tr>
<td>POSTURES</td>
<td>STRATEGIES</td>
</tr>
<tr>
<td>Pro-Western Orientation</td>
<td>Aligning with Western powers.</td>
</tr>
<tr>
<td>- supporting ideals of Western democracy or the &quot;Free World&quot; and their dissemination.</td>
<td>Non-association with communist powers.</td>
</tr>
<tr>
<td>Anti-Communist Orientation</td>
<td></td>
</tr>
<tr>
<td>- opposing communist ideals and their dissemination.</td>
<td></td>
</tr>
<tr>
<td>Non-interference</td>
<td></td>
</tr>
<tr>
<td>- respecting territorial integrity and political sovereignty of other countries.</td>
<td></td>
</tr>
</tbody>
</table>
Colonialism's impact on Malaya's economy was perhaps more profound than in any other area. The British left Malaya a raw material producing economy which was largely geared to the expanding industries of the metropolis. Thus, independent Malaya emerged as essentially an agricultural country in which rubber and tin accounted for approximately 85 per cent of all exports and in which 69 per cent of its two million working population was engaged in agriculture. In addition, continued British economic interests in the country effectively controlled much of its economy. As a scholar and former British civil servant in Malaya noted, most of the major agency houses and the giant holding companies that dominate agriculture and commerce were still in British hands after independence and that, "at present (1963) all the tin dredges, three-quarters of the large rubber estates, almost all of the new oil palm estates, possibly two-thirds of Malayan foreign trade, and much of the new secondary industries are in overseas, mainly British, ownership and control."\textsuperscript{32}

Malaya's espousal of a \textit{laissez-faire} economic policy made the continued participation of foreign enterprise not only possible but to a large extent, welcome. In most part, this philosophy was prompted by the belief that only foreign economic enterprise could provide the necessary capital for growth and stability. At the international level, such a philosophy implied a strong commitment to international commerce and private foreign investment. As a direct consequence, Malaya concluded bilateral investment pacts with West Germany, Japan and the United States soon after independence,
and was also a party to the ECAFE multilateral Investment Charter (1958). Malaya has also granted tax relief for 'pioneer industries' in the country since 1958.

In contrast to its laissez-faire posture toward foreign investment, Malaya's narrow-based economy caused it to press strenuously for international control of the prices of raw materials. In particular, it has been a leading participant in the international tin agreements and the International Rubber Study Group. But before we examine the specific policies in this area, it may be illuminating to consider more thoroughly the nature and direction of Malayan trade.

A leading Malayan economist has noted that the country has a very high "export orientation" measured in terms of Gross Export Proceeds over Gross Domestic Product. Malaya ranked first among a cross-section of Asian and European countries with an export orientation of 40 per cent while the United States at the other extreme had only a figure of 4 per cent. In Lim Chong Yah's words:

The extent of export orientation can reveal a good deal about the nature of a country's economy. For one thing it suggests a high degree of dependence on foreign markets, which leads in turn to the dependence of the country's economic welfare on foreign economic forces. Insofar as a country produces goods that have high foreign marginal income elasticities of demand, as do most [Malayan] exports, the prosperity of its export industries is directly correlated with the prosperity of the importing countries.

Thus, Malaya's economic prosperity was heavily tied to its external trade, which in turn was heavily dependent on its two major exports,
rubber and tin. The table below shows that rubber was by far the most important Malayan product, accounting for more than 60 per cent of exports, with tin ranking a high second with a figure of around 20 per cent. Malaya's heavy dependence on these two primary commodities made it indirectly dependent on the major industrial countries which were the chief buyers of rubber and tin.

**TABLE 2.3**

**Composition of Malayan Gross Exports (%)**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>1947-50</th>
<th>1951-55</th>
<th>1956-60</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rubber</td>
<td>64.0%</td>
<td>64.0%</td>
<td>63.0%</td>
</tr>
<tr>
<td>Tin</td>
<td>19.0</td>
<td>21.0</td>
<td>17.0</td>
</tr>
<tr>
<td>Iron</td>
<td>0.3</td>
<td>1.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Timber</td>
<td>1.0</td>
<td>1.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Palm Oil</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>All Other</td>
<td>13.7</td>
<td>11.0</td>
<td>12.0</td>
</tr>
</tbody>
</table>

**TOTAL** 100.0 100.0 100.0

The next table shows the direction of Malayan exports in terms of the major buyers of Malayan goods. Of the six major importers, three were advanced Western countries (the United States, the United Kingdom and West Germany), one was an advanced communist country (the Soviet Union) and, another, an advanced Asian country (Japan) and, the last, a major trading centre and international entrepot (Singapore). However, there was an important difference between Singapore and the other five countries. Unlike the five, which were final consumers of Malayan exports, Singapore mainly re-exported Malaya's domestic products to other countries. Thus, the chief buyers of Malayan exports were the advanced industrialized countries.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>23.8%</td>
<td>23.0%</td>
<td>21.5%</td>
<td>19.8%</td>
<td>19.8%</td>
<td>20.0%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>18.5</td>
<td>13.3</td>
<td>13.0</td>
<td>11.9</td>
<td>9.3</td>
<td>8.3</td>
</tr>
<tr>
<td>United States</td>
<td>10.6</td>
<td>11.5</td>
<td>10.3</td>
<td>12.6</td>
<td>14.5</td>
<td>14.4</td>
</tr>
<tr>
<td>Japan</td>
<td>9.4</td>
<td>12.8</td>
<td>12.6</td>
<td>14.5</td>
<td>13.8</td>
<td>14.7</td>
</tr>
<tr>
<td>West Germany</td>
<td>5.0</td>
<td>5.8</td>
<td>7.7</td>
<td>8.6</td>
<td>4.2</td>
<td>4.3</td>
</tr>
<tr>
<td>U.S.S.R.</td>
<td>3.9</td>
<td>8.2</td>
<td>3.7</td>
<td>6.0</td>
<td>8.5</td>
<td>7.7</td>
</tr>
<tr>
<td>Sub-total</td>
<td>71.2</td>
<td>74.6</td>
<td>68.8</td>
<td>73.5</td>
<td>70.1</td>
<td>69.4</td>
</tr>
<tr>
<td>Italy</td>
<td>3.8</td>
<td>3.5</td>
<td>3.6</td>
<td>3.8</td>
<td>3.7</td>
<td>4.1</td>
</tr>
<tr>
<td>China</td>
<td>2.9</td>
<td>0.9</td>
<td>0.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>India</td>
<td>2.7</td>
<td>2.1</td>
<td>2.8</td>
<td>2.9</td>
<td>2.8</td>
<td>2.4</td>
</tr>
<tr>
<td>France</td>
<td>2.6</td>
<td>3.2</td>
<td>3.8</td>
<td>3.8</td>
<td>3.7</td>
<td>2.8</td>
</tr>
<tr>
<td>Australia</td>
<td>1.7</td>
<td>1.6</td>
<td>1.9</td>
<td>1.0</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Canada</td>
<td>1.6</td>
<td>1.4</td>
<td>1.3</td>
<td>1.8</td>
<td>1.9</td>
<td>2.4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1.5</td>
<td>1.1</td>
<td>0.8</td>
<td>0.8</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Total</td>
<td>89.5</td>
<td>89.5</td>
<td>84.5</td>
<td>88.9</td>
<td>86.3</td>
<td>88.6</td>
</tr>
</tbody>
</table>

Source: Calculated from Lim, op. cit., p. 216.
The next two tables show the composition of Malayan imports and the main sources of Malayan imports.

TABLE 2.5

Composition of Malayan Imports 1958 & 1963 (%)

<table>
<thead>
<tr>
<th></th>
<th>1958</th>
<th>1963</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food, beverages and tobacco</td>
<td>36.5%</td>
<td>28.5%</td>
</tr>
<tr>
<td>Crude materials and mineral fuels</td>
<td>19.1</td>
<td>17.6</td>
</tr>
<tr>
<td>Manufactured, capital and consumer goods</td>
<td>42.9</td>
<td>51.1</td>
</tr>
<tr>
<td>Others</td>
<td>0.6</td>
<td>2.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Calculated from Lim, op. cit., pp. 223-224.*
### TABLE 2.6

**Main Sources of Malayan Imports 1958 & 1963 (%)**

<table>
<thead>
<tr>
<th>Country</th>
<th>1958</th>
<th>1963</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>25.0%</td>
<td>21.0%</td>
</tr>
<tr>
<td>Thailand</td>
<td>11.0</td>
<td>9.5</td>
</tr>
<tr>
<td>Indonesia</td>
<td>13.8</td>
<td>8.3</td>
</tr>
<tr>
<td>Singapore</td>
<td>8.4</td>
<td>9.3</td>
</tr>
<tr>
<td>Japan</td>
<td>5.7</td>
<td>9.9</td>
</tr>
</tbody>
</table>

**Sub-total** 63.9 58.0

<table>
<thead>
<tr>
<th>Country</th>
<th>1958</th>
<th>1963</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>5.7</td>
<td>5.2</td>
</tr>
<tr>
<td>Australia</td>
<td>5.4</td>
<td>5.1</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>2.9</td>
<td>3.3</td>
</tr>
<tr>
<td>Burma</td>
<td>2.9</td>
<td>2.1</td>
</tr>
<tr>
<td>India</td>
<td>2.5</td>
<td>2.6</td>
</tr>
<tr>
<td>United States</td>
<td>2.5</td>
<td>5.2</td>
</tr>
<tr>
<td>West Germany</td>
<td>2.4</td>
<td>3.7</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1.7</td>
<td>2.3</td>
</tr>
</tbody>
</table>

**Total** 90.6 87.6

The picture on imports is a little more complex. Britain, however, dominated as Malaya's most important supplier, again emphasizing the colonial links. Malaya's substantial imports of manufactured and capital goods made the country doubly dependent on industrial countries, which, as noted, are also the main buyers of its products. Malaya also imported considerably from its Southeast Asian neighbours largely in terms of food and raw materials for domestic use and its processing industries. 37

Malayan trade figures provide us with a clearer understanding of the country's heavy dependence on external trade and the extreme vulnerability of the Malayan economy to external forces quite beyond the country's control. It is not surprising, therefore, that Malaya ardently espoused all international efforts to stabilize the prices of primary commodities. Its participation in the various international tin agreements was a direct response to the need to protect tin prices. Malaya also strenuously protested United States releases of its stockpiles of rubber and tin acquired during the years of the Korean boom for strategic reasons. Such releases, whatever the U.S. motive, adversely affected the market prices of the two commodities and became the chief irritant of U.S. - Malayan relations. 38 In addition, U.S. production of synthetic rubber and lack of support for commodity arrangements - it has never been a party to the tin agreements - have been a further source of annoyance to Malaya.

Tin, unlike rubber, has had a long history of price-fixing arrangements 39 and Malaya willingly joined the 1953 Tin Agreement
under Britain's aegis and participated after independence in the 1960 agreement. Apart from the pragmatic matter of obtaining better prices from the industrialized, tin-consuming countries, the tin conferences have also provided Malaya with the opportunity of expressing solidarity with other primary-producing, Third World countries. Typical of Malaya's utterances at such conferences was this statement made by the Malayan delegate in complaining about the producing countries having to bear the burden of maintaining the buffer stock, the mechanism for cushioning price fluctuations:

> It hurt none but the producer; the principle seems to be: "To him that hath, more shall be given; from him who giveth, more shall be taken away." The producer's burden will not be lightened for another five years. Condemned to the same old floor price, he would also be required to subsidize the consumer by providing out of his own meagre earnings the means with which to keep the price at or below the ceiling.

Apart from tin agreements, Malaya also employed the strategy of negotiating bilateral trade agreements to overcome trade barriers and thus ensure a ready market for its goods. These trade agreements typically accorded to Malaya and the other country mutual most-favoured-nation treatment in various fields as well as the abolition of duty in certain specified areas. The agreements were in force for one to three years and usually renewed at the expiry of the period. Malaya concluded the first such agreement with Australia in August 1958 with the result that rubber and tin imports were allowed into Australia free of duty in exchange for similar treatment and purchase of certain Australian products. The second trade agreement was concluded with Japan in May 1960 with the immediate impact of increasing the export
of pineapples and timber to that country. Subsequently, trade agreements were signed with New Zealand in February 1961, United Arab Republic in February 1962 and with South Korea in January 1963. Attempts were made to conclude a trade agreement with India but it never materialised. In a statement, the Ministry of Commerce and Industry said that it was Malaya's policy to sign trade agreements with any interested country. The strategy of signing trade agreements may be related to Malaya's commitment to a laissez-faire posture in international commerce but pragmatic considerations of direct economic benefit were perhaps the more important motive.

To recapitulate: Malaya's foreign policy in the area of trade and development was marked by a fairly strong developing-world orientation which belied the vulnerability of its economy. At the same time, it would seem that Malaya's colonial ties tended to foster a liberal, laissez-faire policy toward international commerce and foreign enterprise in the country. Malaya's trading ties tended to reinforce its Western-world leanings, although this orientation did not preclude its trading with the Soviet Union and China. My summary of foreign policy with respect to development and trade appears below.
TABLE 2.7
Development and Trade: Policy Outputs 1957-1963

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>ACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting economic development</td>
<td>Concluding bilateral investment</td>
</tr>
<tr>
<td>- industrialization</td>
<td>agreements with Western Germany,</td>
</tr>
<tr>
<td>- rural development</td>
<td>Japan and United States</td>
</tr>
<tr>
<td>- commercial development</td>
<td>(1957)</td>
</tr>
<tr>
<td>Stabilizing the prices of primary</td>
<td>Negotiating Multilateral Investment</td>
</tr>
<tr>
<td>commodities</td>
<td>Charter in ECAFE (1958)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>POSTURES</th>
<th>STRATEGIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laissez-faire Orientation</td>
<td>Providing a good investment climate</td>
</tr>
<tr>
<td>- commitment to international commerce</td>
<td>in the country. (Having no nationalization policy).</td>
</tr>
<tr>
<td>and free enterprise</td>
<td>Supporting and participating in trade groupings of developing countries</td>
</tr>
<tr>
<td></td>
<td>Negotiating bilateral trade agreements to overcome trade barriers</td>
</tr>
</tbody>
</table>

Developing-world Orientation
- supporting price-fixing of primary goods
- opposing tariff groupings against Third World

Denouncing U.S. GSA releases of tin and rubber stockpile

Concluding trade agreements with Australia (1958), Japan (1960), New Zealand (1961), United Arab Republic (1962) and South Korea (1963)
International Cooperation and Diplomacy

We have already noted that Malaya portrayed itself as an impartial actor in world affairs at the United Nations. Malaya looked upon the UN as a rallying point for the smaller nations and thus actively supported the ideals and work of the international organization and not without distinction. Tilman writes at some length on this point:

The United Nations has played a large part in the enunciation of [Malayan] foreign policy, and [Malaya] has played a significant role in the work of the UN. Malayan troops performed distinguished service under the UN flag in the Congo, an operation that Malaya supported not only with troops but also financially through the purchase of UN bonds. The Malayan representative opposed Soviet attempts to weaken the Secretary-Generalship after the death of Dag Hammerskjold, supported the appointment of U Thant to the vacant post, and has consistently applauded all the efforts of the Secretary-General to make the UN a more effective influence in international affairs ... As a result of its enthusiastic support of the activities of the UN, it is not surprising that Malaya was early designated to take a nonpermanent seat on the Security Council, a chair that it held [sic] during the 19th Session.

Perhaps Malaya's most significant action in support of the international organization and its ideals was the country's participation in the Congo peacekeeping in 1960. Malaya initially contributed 613 personnel but increased this to a total of 1,413 men when reinforcements were sought by the Secretary-General. It strongly supported Dag Hammerskjold when the Secretary-General came under attack from the Soviet Union. The Malayan delegate stated during the
emergency session of the UN on the Congo crisis in September 1960:

Many unjustified and erroneous accusations have been levelled against the United Nations Command, whose integrity and sincerity have been unfairly questioned by these accusations ... Under normal circumstances these charges because of their fallacious character could easily be dismissed but when they seem to have the intention of publicly discrediting the Secretary-General, and thereby endangering the authority of the UN, in which we small nations place our hope and faith in this troubled age, my delegation feels it incumbent upon it to speak up and take strong exception to these unwarranted and unjustified accusations.47

Thus, throughout the duration of the Congo crisis, the Malayan policy was to forestall any efforts of eroding the UN authority in the handling of the crisis and also to prevent its engulfment into cold war politics. This apparently nonaligned position, however, was not motivated by adherence to a truly neutral or unbiased appreciation of the problem as the Tunku amply demonstrated in explaining Malaya's stand to Parliament:

External interference in our internal affairs will not be tolerated, and we are mindful of the dangers that can come from extraneous influences. The Republic of Congo akin to us by reason of the fact that she is but recently independent, must not be exposed in her tender years to the dangers of subversion as perpetrated by international communism. Let us not be beguiled by the veneer of friendship like that offered by the communists when their declared aim is to gain control of the world and place it under a system where there were no personal freedoms and democracy as we understand them ... In the communist book, peaceful co-existence is a fraud designed to reduce into a state of non-existence those trapped victims ... We are firmly convinced that to keep the Congo free of unnecessary power bloc interference, aid must be channelled through the UN.48
The Tunku also described Soviet Premier Khrushchev's proposal of replacing the Secretary-General with a three-man "troika" secretariat as "despicable" and a "mischievous idea" aimed at turning the UN into the "Disunited Nations." It would seem that the Tunku unwittingly drew Malaya into cold war politics in the Congo crisis in his pronouncements on the subject when Malaya formally took an impartial stand at the UN on the matter.

Among the topics that came up regularly for debate at the UN was the question of disarmament. Malaya supported the idea in principle but tended to back the more conservative, usually Western-bloc, proposals on the problem. For example, at the 12th Session (1957) of the General Assembly, the newly-independent Malaya voted against a Soviet draft resolution proposing a five-year ban on the use of nuclear weapons with the provision to reconsider the moratorium at the end of that period, * and abstained on a second resolution calling for the establishment of a Permanent Disarmament Commission. ** Yet, it voted for the Western-sponsored draft resolution urging international control covering reduction of armed forces and armaments, open inspection to guard against surprise attacks and immediate suspension of nuclear testing. *** Malaya's voting at the 13th Session was similar. Dr. Ismail, the Malayan delegate, explained his country's support for a limited plan for disarmament in the

* The resolution was rejected by the First Committee by 45-11, with 25 abstentions.
** The resolution was rejected by 51-9, with 21 abstentions.
*** The resolution was adopted by 57-9, with 15 abstentions.
following manner:

It is painfully obvious to the world at large that under the strenuous conditions of modern life, disarmament has become a sprawling complex of interrelated parts, a many-headed hydra which will test our human ingenuity and resourcefulness to the limit if we are to overcome it and yet survive in the process. It is no longer possible to slay the monster with one clean sweep of the diplomatic sword. We must, therefore, turn to the venerable ancients for wise predeeds and attacking each individual part of the problem, take care to seal it off forever from its dreadful capacity of multiplying itself after every attempt to destroy its many heads.50

In general, then, Malaya did not vote with the neutralist countries which tended to propose compromise resolutions. For example, Malaya was not among the 14 neutralist countries which drafted a resolution calling for immediate discontinuance of nuclear tests until agreement was reached by the states concerned on controls necessary to ensure the stopping of such tests. Malaya abstained from voting in both the First Committee and the General Assembly on the resolution.*

Dr. Ismail, in defending Malaya's position said:

The initiative for test discontinuance rests squarely with those powers which already have atomic weapons as well as those in a position to set off test explosions in the near future. Nothing less than a discontinuance of these tests would meet humanitarian needs as world society prepares to engage in the most ambitious and hopeful disarmament efforts in modern times. In order to meet these needs, we, the other 78 members of the United Nations, are entirely dependent upon the sincerity and good intentions of the three nuclear powers.51

*The resolution was rejected by both the First Committee (36-26, with 19 abstentions) and the General Assembly (42-27, with 13 abstentions).
Thus Malaya adhered basically to a realist, if conservative, stand on disarmament, and unlike its unequivocal support for UN collective security, did not see the UN capable of controlling the arms race without the compliance of the armed.

On questions of colonialism and human rights, Malaya's position was decidedly more Third-World oriented. Its response to the Algerian situation perhaps typifies the reaction to colonial issues. Except on one occasion, it supported all the Afro-Asian resolutions on the Algerian question. Only in 1958, when reference was made to the "Provisional Government of the Algerian Republic," did Malaya cautiously abstain on a resolution, but in general it voted for the recognition of the right of the Algerian people to self-determination and independence. In the words of Dato Kamil, Malaya's UN delegate, in 1960:

As a nation which has just attained its independence from colonial rule, however beneficient the regime may be, the Federation of Malaya has dedicated and continues to dedicate itself to the just cause of peoples and nations everywhere for the right to self-determination and freedom from alien bondage in all forms, manifestations and guises. This dedication to the cause of freedom has become one of the cardinal principles that form the cornerstone of [my] government's foreign policy.\footnote{52}

Malaya's attitude and voting behaviour on the West Irian question has also taken a similar line.\footnote{53}

A prominent aspect of Malaya's foreign policy with respect to international cooperation has been its active participation in the
many specialized and regional intergovernmental international organizations. Participation in these organizations has in general been a boon to Malaya in the areas of economic and technical advancement. For example, the IBRD in 1958 made a loan of $28.6 million to Malaya to help finance the Cameron Highlands hydro-electric project, the biggest single development project in the Federation. A second loan of $51.9 million was given in 1963 to finance the second phase of the project. We have already noted earlier Malaya's strong support for the role of international organization in assisting Third World socio-economic development. This extends to virtually all other specialized or specific-purpose organizations and is a manifestation of what we may term a "functionalist" orientation in this area of foreign policy.

Next in importance to the United Nations was perhaps Malaya's association with the Commonwealth. From the standpoint of defence, the Anglo-Malayan Defence Pact (associated by the governments of

* Malaya's membership in international organizations by 1963 included: The International Labour Organization (ILO), the Food and Agriculture Organization (FAO), the UN Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO), the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Civil Aviation Organization (ICAO), the Universal Postal Union (UPU), the International Telecommunications Union (ITU), the World Meteorological Union (WMO), the UN Children's Fund (UNICEF), the International Tin Council (ITC), the International Rubber Study Group, the General Agreement on Trade and Tariffs (GATT), the Economic Commission for Asia and the Far East (ECAFE), and the Colombo Plan. See Malaysia in Brief, Government Printer, Kuala Lumpur, 1963, p. 106.
Australia and New Zealand) automatically made Malaya an integral part of Commonwealth defence. As Tun Razak put it, Malaya's defence policy was to contribute toward "a common Commonwealth effort in the protection of our territories in this area ..." (fn. 6). In addition, participation in the Commonwealth also ensured certain economic advantages to a developing country such as Malaya. In particular, the benefits included capital-aid grants from advanced Commonwealth countries, technical and educational assistance from the Colombo Plan and indirect advantages through membership in the Sterling Area and participation in the system of Commonwealth trade preferences.\footnote{55}

The most significant of these benefits accrued from Malaya's participation in the Colombo Plan originally designed for Commonwealth members only, but later included non-members as well, notably the United States since 1958. The plan has benefited Malaya mostly in terms of technical assistance in the training of experts in various economic, educational and professional pursuits. The supposed benefits derived from participation in the Sterling Area and the Commonwealth trade preferences are somewhat more controversial.\footnote{56}

The most contentious issue in Malaya's Commonwealth politics has been South Africa and apartheid. It was through the Tunku's initiative that the question of apartheid - hitherto a taboo topic - was brought up in the 1960 Conference leading eventually to the South African Republic leaving the Association in 1961. The Tunku never minced words on the question of apartheid and as he told Parliament
in 1960:

Those who rule South Africa and control its destiny do not conform to our Commonwealth ideas and ideals of human rights and justice and I am beginning to think whether a country like South Africa has any right to be within this family of nations ... If those who control the destinies of South Africa will not listen to our protest in the cause of humanity and justice as a member of the Commonwealth, then again we should ask ourselves what right has South Africa to be a member of this Commonwealth of Nations.57

After South African Premier Dr. Verwoerd decided to withdraw his country's application for membership in May 1961, the Tunku said:

Nobody is sorry. On the other hand, the Commonwealth now means something and has been given a new stature. The Commonwealth nations can now speak up boldly on all peaceful issues which include social and religious subjects.58

Finally, we will examine Malaya's efforts toward regional - Southeast Asian - cooperation. Malaya was instrumental in the formation of the Association of Southeast Asia (ASA), the first truly regional association in the area in that all its members belonged to Southeast Asia. ASA, formed in 1961, appears, however, to have been the miscarried offspring of the Tunku's efforts at a broader grouping of non-communist (if not, anti-communist) Southeast Asian states. As early as April 1958, the Malayan Premier was reported to be toying with the idea of a "defence treaty organization consisting of Malaya, Burma, Thailand, Laos, Cambodia and [South] Vietnam ... outside the framework of the Southeast Asian Treaty Organization." He had previously rejected a Sukarno suggestion of an Islamic bloc comprising Pakistan, Malaya, Indonesia, N. Borneo and Southern Philippines as "impossible."59 The Tunku discussed his plans with President Garcia
of the Philippines on a visit in January 1959, at this stage denying reports that he was considering an "anti-communist pact for Southeast Asian countries." The upshot was a surprisingly prompt announcement of a plan for the formation of the Southeast Asia Friendship and Economic Treaty (SEAFET), an association with apparently only economic, trade and educational objectives. Malaya undertook to draft the treaty and the diplomatic work in inviting Indonesia, Thailand, Cambodia, Laos, South Vietnam and Burma to participate. However, the plan received lukewarm response except from Thailand and South Vietnam. Indeed, Indonesia expressed objection and even hostility toward the idea. The prevalent attitude in Indonesia was expressed by The Times of Indonesia:

It would be a charitable act on the part of the Indonesian Government if it nipped in the bud the puerile, vain and flamboyant hopes expressed by Malaya and the Philippines in the Rahman-Garcia communiqué issued in Manila on Tuesday for the setting up of an economic and cultural union of South-East Asia.

The Indonesian objections were stated rather succinctly by the Consul-General in Singapore that "the Philippines is a member of SEATO and Malaya has ties with Britain" and that "as long as all the member countries of such a pact are not really independent, there will be splits which will spoil the ties of unity." SEAFET was eventually abandoned and in its place an Association of South-East Asian States (ASAS, later, ASA) was proposed in July 1960, with Malaya, the Philippines and Thailand as the sponsor-nations. The Indonesian response was again, if not hostile, unreceptive, while the other Southeast Asian states were apparently indifferent to the
project. Nevertheless, the organization was formed on July 31, 1961, with the three sponsors as founder members. The expressed aims of the association were non-political. As embodied in the Bangkok Declaration, they were:

To establish an effective machinery for friendly consultations, collaboration and mutual assistance in the economic, social, cultural, scientific and administrative fields;

To provide educational, professional, technical and administrative and research facilities in the respective countries for nationals and officials of the associated countries;

To exchange information on matters of common interest or concern in the economic, cultural, educational and scientific fields;

To cooperate in the promotion of Southeast Asian Studies;

To provide a machinery for fruitful collaboration in the utilization of their respective natural resources, the development of their agriculture and indirectly, the expansion of their trade, the improvement of their transport and communication facilities, and generally raising the living standards of their peoples;

To cooperate in the study of the problems of international commodity trade; and generally to consult and cooperate with one another so as to achieve the aims and purposes of the Association, as well as contribute more effectively to the work of existing international organizations and agencies.63

The aims of ASA were thus very general and broad. At no point was the association geared toward defence and security. The accomplishments of ASA tend to confirm its largely cultural and diplomatic orientation as even the economic objectives were never seriously pursued. Among such accomplishments were the abolition of visa requirements for officials and the waiver of visa fees for nationals
visiting each other's countries, an ASA express train service between Kuala Lumpur and Bangkok, several athletic and cultural exchanges, and consultations on an ASA airline and a Multilateral Trade and Navigation Agreement. The last two projects never materialized. Soon after its troubled birth, the fate of ASA began to be tied to the Tunku's Malaysia Plan which brought in its wake the renewed Philippines claim to Sabah and Indonesian Confrontation, which I shall discuss in the next chapter.

In summary, Malaya's foreign policy on questions of international cooperation and peace was marked by a strong commitment to the United Nations and many of its ideals, with the notion that perhaps the UN embodied the aspirations of the small, developing states and that any attempt at reducing UN authority in such matters as peacekeeping meant indirectly a threat to the position of the militarily weak states. This foreign policy posture was best manifested in Malaya's stand in the Congo crisis and to some extent is reflected in its support for the functional UN agencies. However, Malaya's posture and actions with respect to such issues as disarmament belied a conservatism and tendency to lean toward the Western-bloc of nations, while on questions of colonialism and human rights, Malaya was more forthrightly Third-World oriented. This was evident in its position on the Algerian, West Irian and apartheid issues. Apart from the UN, Malaya also showed a commitment to the Commonwealth largely because of its mutual defence arrangement with Britain, but, one might argue, also for romantic, if not ideological, reasons, since the Commonwealth is decidedly a Western-bloc or Western-sponsored association. Finally
Malaya initiated a concerted effort at regional cooperation in Southeast Asia but typically the efforts, which culminated in the formation of ASA, were marred by undertones of anti-communism or a pro-Western flavour, which tended to foreclose the participation of countries such as Indonesia. The basic foreign policy strategy seemed to be to promote the authority of the United Nations and other international organizations so that this would also indirectly promote and protect the interests of the smaller countries such as Malaya.\textsuperscript{65}

There are two definite facets to this general strategy which may be seen as two sub-strategies of (a) promoting and participating in general-purpose, or functionally diffused, international groupings and associations such as the UN and the Commonwealth; and (b) promoting and participating in specific-purpose groupings and regional bodies. In general, the strategies in this issue-area tend to be somewhat diffused since the goals are long-range and distant in nature. There is, therefore, greater fusion between postures, objectives, strategies and actions. A foreign policy posture or objective does not always have to have a corresponding foreign policy strategy. A strategy is a premeditated, specific plan of action, whereas a good number of foreign policy actions often flow directly from policy postures and objectives. This seems to be the case with Malaya's posture of anti-colonialism. Adopting a standard posture such as this led almost automatically to certain kinds of actions, in particular voting in support of Third-World issues at the UN. Where no clear-cut foreign policy strategy exists, foreign policy postures are often also of the "posturing" type, that is, they are largely designed for public
consumption. In this sense, they are related to status and prestige questions which shall be discussed in the next section.

### TABLE 2.8

**International Cooperation and Diplomacy: Policy Outputs 1957-1963**

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>ACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Promoting UN ideals:</strong></td>
<td>Participating in UN peacekeeping in the Congo (1960)</td>
</tr>
<tr>
<td>- collective security</td>
<td></td>
</tr>
<tr>
<td>- self-determination &amp; decolonization</td>
<td>Participating in UN specialized agencies and their work</td>
</tr>
<tr>
<td>- human rights and social justice</td>
<td>Participation in the Commonwealth</td>
</tr>
<tr>
<td>- disarmament</td>
<td>- joining Colombo Plan, imperial trade preferences, Sterling Area</td>
</tr>
<tr>
<td><strong>Promoting regional cooperation</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>POSTURES</th>
<th>STRATEGIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>International Orientation</strong></td>
<td>Promoting and legitimizing the authority of the UN and other recognized IGO's so as to indirectly promote the interests of small nations:</td>
</tr>
<tr>
<td>- supporting exercise of UN authority</td>
<td>- promoting goals of general-purpose international groupings and associations</td>
</tr>
<tr>
<td></td>
<td>- promoting goals of specific-purpose international groupings and regional bodies</td>
</tr>
<tr>
<td><strong>Functional Orientation</strong></td>
<td></td>
</tr>
<tr>
<td>- supporting work of functional international organizations</td>
<td></td>
</tr>
<tr>
<td><strong>Anti-colonialism</strong></td>
<td></td>
</tr>
<tr>
<td>- supporting self-determination and human rights</td>
<td></td>
</tr>
<tr>
<td><strong>Regionalism</strong></td>
<td></td>
</tr>
<tr>
<td>- encouraging regional cooperation</td>
<td></td>
</tr>
</tbody>
</table>

Sponsoring and voting in the UN on resolutions calling for self-determination in Algeria, W. Irian

Denouncing in the UN and Commonwealth Conferences apartheid and boycotting S. African goods

Founding, with the Philippines and Thailand, the Association of South-East Asian (ASA), 1961.
The Sources of Malayan Foreign Policy

In surveying Malayan foreign policy from 1957-1963, I have used a number of descriptive labels to depict its texture or character. I have called these its postures and have also identified its major policy objectives, strategies and actions. The overall picture of the emergent Malayan foreign policy is that of a Western-leaning, conservative foreign policy with a "low profile" in Third-World orientation. No single hypothesis can fully explain the emergent Malayan foreign policy. The over-used idiosyncratic thesis is certainly not adequate. While it will be hard to deny that Malayan foreign policy "owes more to the personality of its Prime Minister, Tunku Abdul Rahman, than is usual ...", one cannot ignore the more fundamental, underlying sources in explaining the full character of Malayan foreign policy. It is certainly overstating the case to say that the formulation of Malayan foreign policy is "the virtual prerogative of a small stable elite comprising four or five men." Much of the difficulty with many analysts of Third World foreign policies is that they invariably spring upon the idiosyncracies of personalities as the crucial explanatory variables because these are the most apparent and conspicuous. Part of the problem is the emphasis on decision-making style rather than 'foreign policy.' Were such analysts to appreciate and define the full range of foreign policy outputs or dependent variables, their conclusions might be somewhat different. They may find, for example, that the importance of idiosyncratic variables will vary from issue-area to issue-area just as it will likely vary depending on whether one is
explaining foreign policy postures, objectives, strategies or actions.

While not gainsaying the importance of idiosyncratic variables in the explanation of Malayan foreign policy, such factors may best be appreciated as an intervening variable in the policy-formulation process in the sense that they represent the final "filter" through which policy is processed. 69 This manner of viewing the idiosyncratic variables in no way minimizes their significance, but I believe, puts the other independent variables in correct perspective. In my analysis, the term "elite ideology" subsumes the idiosyncratic factors affecting foreign policy on the assumption that it is the more general political beliefs and attitudes of leaders and policymakers rather than the peculiar, personality traits that are important in the analysis of foreign policy. 70 Before developing this point further, let me present in a more systematic fashion a diagramatic expression of my basic thesis with respect to the sources of Malayan foreign policy.
In the thesis, two eco-historical factors are linked to two clusters of independent variables stemming from external and internal sources, which are then translated into foreign policy outputs via the intervening variable, springing from idiosyncratic sources. The thesis is a direct application of the model presented in the study. Only the crucial independent (and intervening) variables...
have been identified and conceptualized in terms of the categories developed in the model. It is by no means an exhaustive selection of all the possible independent variables that might have influenced Malayan foreign policy but I hope to demonstrate the critical manner in which these factors have shaped the substance of Malayan foreign policy.

Two eco-historical factors which have had a lasting and profound impact on both domestic and foreign policy were British colonization and "The Emergency." British rule provided Malaya with its fundamental political ethos of Western democratic norms and its politico-administrative infrastructure. The relatively peaceful transition to independence ensured a continuity of this political ethos after independence, which shall be discussed more fully later. The 10-year internal war with the communists, euphemistically called "The Emergency," is the other significant eco-historical factor which shall also be discussed at a later point. Other eco-historical factors such as geography, population and culture are excluded from the thesis as they tend to be "constants" rather than variables. Often, they are better appreciated as indirectly relating to internal sources of policy. Thus, Malaya's relatively small geographical size and population and its natural, or lack of natural, endowments could be seen as conditions resulting in various economic needs.

Similarly, geopolitical factors were perhaps of importance only insofar as they related to the external environment of the Cold War. Malaya, falling within the British sphere of influence and being part of non-communist, Southeast Asia, came within the 'orbit' of the
Western-bloc. The most important external factor - and geopolitical factors are treated as such - was thus the Cold War of the post-World War II international system. In Southeast Asia the emergence of the communist colossus of China and the onset of a spate of guerilla wars in various Southeast Asian countries augmented the world-wide atmosphere of Cold War. As illustrated in the diagram, British colonial rule, the Emergency and the external Cold War environment combined to produce pro-Western, anti-communist foreign policy postures in Malayan foreign policy in general, and particularly in matters of defence and security. In actions, this took the form of a defence pact with Britain and the many anti-communist pronouncements and acts described in the previous section.

However, I will argue, and hopefully demonstrate, that these factors in and of themselves would not necessarily have resulted in the particular character assumed by Malayan foreign policy were it not for an elite ideology already predisposed toward certain values. In short, they were necessary but not sufficient conditions. It was the elite ideology that was largely responsible for the most characteristic features of Malayan foreign policy. This elite ideology was epitomized in the beliefs and attitudes of the Prime Minister, Tunku Abdul Rahman, and most, if not all, of his cabinet colleagues. Indeed, there is strong evidence that it pervaded much of the top echelons of government and foreign service. In essence, this elite ideology was marked by a commitment to the Western form of democracy and its ideals while its image of the international environment was that of the classic bipolar situation in which the "Free World" faced
the growing menace of a messianic World Communism. In economic matters, this ideology extended to a commitment to free enterprise and capitalism.

There is little doubt that British rule itself provided the basis for the development of such an elite ideology. British colonialism had a durable and profound impact on Malayan political life. While Malayan politics are certainly no carbon copy of British politics, many of the ideals, traditions and institutions of British parliamentary democracy still thrive there. Indeed, the group of politicians which assumed power at the time of independence was schooled in the British tradition and it was their partiality to Western ideals that perhaps prompted an early and smooth hand-over of power.\textsuperscript{71} Marvin Ott has noted, for example, that seldom could one find a greater degree of shared values than in the Malayan cabinet:

The policy consensus in the cabinet reflected the stability and homogeneity of its membership. The men who counted - the Tunku, Tun Razak, Dr. Ismail, Tan Siew Sin, and Khir Johari - were colleagues in the independence movement and members of the cabinet throughout most of the post-independence period. They were all westernised, pragmatic, conservative - and most of them were Malays. Influential Chinese like Tan Siew Sin generally came from prominent families long resident in Malaya. The civil service, the upper levels of the armed forces and much of the local business community have also recruited men with these same characteristics. Policy differences within the cabinet were more a question of nuance and implementation than of substance.\textsuperscript{72} Ott goes on to suggest that the foreign policy-formulating elite comprise only four or five men, namely the Tunku, who was \textit{primus inter pares}, Tun Razak, Dr. Ismail, Tan Siew Sin, the three most important
cabinet ministers influencing foreign policy, and Ghazali Shafie, the Permanent Secretary to the Ministry of Foreign Affairs. Ott is correct insofar as these men represent the 'core' elite among whom the highest level of decision-making on foreign policy occurred. I would suggest, however, that this core elite was backed by a much larger group of 'supportive' elite of party stalwarts, civil servants and foreign service personnel, who by and large subscribed to the tenets of the elite ideology. For example, James C. Scott provides evidence from interviews with a sample of senior Malaysian civil servants that not only the political elite but also the higher echelons of bureaucracy shared a strong commitment to an idealized model of Western democracy. Scott stressed the role that secondary socialization played toward inculcating Western values in his subjects, and I quote him at some length:

All the men with whom I spoke attended schools and universities patterned after the British model, where they followed curricula identical to those in England and learned Anglo-Saxon practices and values. Later they were recruited by Englishmen to serve in a British style administration system. The standards and goals of this structure were, and still are in large measure, cast in an unmistakeably English mould. Both in school and in the civil service their success was gauged by how they had learned the lessons that England had sought to convey. Small wonder then that all of them came by their Western [British] orientation honestly. They are the more Western oriented since their English education and high administrative posts are what set them apart from the general population and confer on them their status and prestige. The maintenance of a western orientation among higher civil servants is further encouraged by a political elite that is itself largely pro-British and committed to liberal democratic ideals.
There is little wonder, then, that Malayan foreign policy tended to lean heavily toward the West if even senior bureaucrats exhibited strong affective orientation toward Western values and ideals.  

But perhaps it was the bitter war with the communists which left the greatest mark on Malaya's policy-makers, supplying additional ballast to an already pro-Western elite ideology. In particular, the Tunku's meeting with the communist leader, Chin Peng, in December 1956, just prior to independence, seemed to have hardened the Premier's views on communism. The Tunku said after the abortive sessions in which Chin Peng refused to accept the amnesty terms offered:

*Chin Peng really taught me what communism was. I had never really understood and appreciated its full meaning. When I was briefed in communism by the British experts I always felt they were interested in making a bad case against the communists. But there in that room in Baling, Chin Peng taught me something I shall not forget. He taught me that Malaya and communism can never co-exist.*

Thus, it was not until the Emergency was officially ended in 1960 that Malaya would vote for China's admission into the United Nations (only on the basis of the two-China policy), when prior to this the newly independent country was not prepared even to discuss the China question. It has been pointed out that because the communist insurgency was largely (Malayan) Chinese in initiative and composition, the government could not afford overtures to China while the insurrection was still in progress.

Indeed, it was the very conviction that the insurgency was China-inspired and aided that caused Malaya to reinforce its internal policy of combating communism with an external posture of containing it.

*This called for the dissolution of the Malayan Communist Party which the communist leader found unacceptable.*
The external Cold War environment, with the events of Hungary, Cuba, Vietnam, Tibet and the Sino-Indian conflict, tended therefore to augment the existing image of communism in the policy-makers' minds. There is evidence that the existing elite worldview represented something akin to Boulding's 'national image' and Holsti's 'belief system':

The national image ... is the last great stronghold of unsophistication ... Nations are divided into "good" and "bad" - the enemy is all bad, one's own nation is of spotless virtue. Wars are either acts of God or acts of other nations, which always catch us completely by surprise.

The belief system, composed of a number of "images" of the past, present, and future ... may be thought of as the set of lenses through which information concerning the physical and social environment is received. It orients the individual to his environment, defining it for him and identifying its salient characteristics. National images may be denoted as a subpart of the belief system.

The Malayan elite ideology comprised a belief system which had its fundamental tenets in an adherence to Western democracy and its ideals. On this point, let me quote the Tunku:

We have every reason to want to follow the Western [form of] democracy because it suits our people. We have had freedom to do what we like; to follow our own inclination, whereas with the communists, you got to [sic] lead a regimented life, to follow whether you believe in it or not, what you are asked to do. Such a life would be foreign to our country and to our people, and so we naturally adhere to the Western form of democracy rather than follow communist ways. The Cabinet all along decided on this line.

It had a national image in foreign policy matters of "good" and "bad" in which the actions of communist countries were invariably interpreted as bad, while the actions of Western or Western leaning allies were
more often than not deemed to be good. The Tunku's statement above and the Malayan government's reaction to the events of Hungary, Cuba, Vietnam, Tibet and the Sino-Indian conflict are good indications of such a national image. Given such an image, Malaya found itself willy-nilly drawn into the Cold War arena, supporting the Western bloc in most questions of East-West conflict as its voting at the United Nations would seem to indicate. (See supra, Table 2.1)

Figure 2.2 illustrates the manner in which the elite ideology related to the other variables in determining the character of defence and security policy outputs in this first period of foreign policy. The elite ideology is located centrally to indicate its importance as an intervening variable or the final "filter" through which all other influences on foreign policy are processed. British rule and the Emergency are seen as important antecedent variables while the Cold War environment should be appreciated as a pervasive factor acting constantly on foreign policy during this period. Given the nature of the elite ideology, the impact of the Cold War was predictably in the direction of pro-Western, anti-communist policy outputs. Although defence and security needs existed by virtue of nationhood, British colonial rule and the Emergency tended to augment such needs. Little was done in the colonial era to provide an independent Malaya with adequate military capability to defend its borders in the event of external attack, while the internal war not only sapped already meagre capabilities but even after its official end loomed large as a latent threat to national security. Moreover, the perception on the part of the ruling elite that insurgency was externally fueled added an
Given Malaya's low military capability and its leaders' perception of external threat, AMDA seemed to be a logical step toward the fulfillment of the country's basic defence and security needs, at least in the eyes of the Tunku and his colleagues. National "needs" can be
best appreciated as the obverse of "capabilities" - a well-known concept in the international relations literature. While it makes sense to talk of the capabilities of great powers, to speak in similar terms about small, developing countries would be somewhat inappropriate since these countries tend to have more needs than capabilities. Yet there seems to be a woeful lack of foreign policy analysis of Third World countries from such a perspective.

The importance of national needs is even more evident in matters relating to economics. If Malaya was in a weak position with respect to defence and security, its weakness and vulnerability was all the more evident in matters of development and trade. I have already stressed how Malaya, as an underdeveloped country with an economy dependent on rubber and tin, fought for international control of raw materials' prices while opposing all forms of protection and tariff barriers against Third-World countries in its pursuit of development goals. However, despite this developing-world orientation in the question of international trade, Malaya neither espoused nor practised a policy of economic nationalism at home. Instead, it was committed to a laissez-faire policy which left its economy in foreign, largely British control. I will argue that this was again a product of the prevailing ideology which, apart from its Western-bloc orientation in matters of international security, also exhibited a capitalist economic philosophy. The basic tenets of this philosophy were a commitment to free enterprise and the belief that foreign investment provided the answer to economic stability and advancement. Minister of Commerce, Tan Siew Sin, who later became the country's Finance
Minister, enunciated such a philosophy as early as 1958 when speaking to Parliament in support of granting tax exemption to pioneer industries:

It is frequently suggested that the amount of foreign capital coming into industry in this country should be limited, either by fixing a maximum percentage of the shares which may be held in any company by foreign capital, or in some other way. In view of the extremely large amounts of capital which will be required if we are to beat the unemployment menace this is a totally unrealistic approach to the problem. Limiting the amount of foreign capital in any enterprise is tantamount to linking the rate of industrial development in this country to the amount of capital which can be raised locally ... In other words, the need for capital is so great that there is room for all the local and foreign capital wishing to invest here, with plenty more room to spare. The danger of today and tomorrow is not a surplus of capital as rather a dearth of it.90

Figure 2.3 shows the relationship among the independent variables and the development and trade policy outputs. British colonial rule pre-disposed the Malayan economy to develop in the particular fashion on which I have already elaborated. Colonial rule was therefore the most significant factor determining the kinds of economic needs the new nation was to have.

Obviously, factors of climate and natural endowment are important in influencing the nature of economic needs but the fact remains that colonialism skewed Malaya's economic development in particular directions.91 This in turn resulted in two fairly stable foreign policy postures in the issue-area: a developing-world orientation which sprung directly from its developmental needs, and a laissez-faire orientation toward foreign economic enterprise which derived from the
EXPLANATORY CHART OF DEVELOPMENT AND TRADE POLICY OUTPUTS

Foreign Policy Objectives

Promoting economic development
Stabilizing commodity prices

Foreign Policy Postures

Laissez-faire Orientation
Developing-World Orientation

Strategy

Providing good investment climate
Supporting trade groupings
Negotiating trade agreements

Actions

Investment Agreements with W. Germany, Japan and U.S.
Granting 'pioneer status' to new industries

Denouncing U.S. stock-pile releases of tin and rubber
Joining Tin Agreements
Concluding trade Agreements with Australia, Japan, New Zealand, U.A.R. and S. Korea
dominant elite ideology as well as being based on needs. The manner in which the two foreign policy postures relate to the economic objectives and their concomitant strategies and actions is shown in the explanatory chart.

A developing-world posture led to the pursuit of two common LDC objectives of promoting economic development (however a government may choose to define this) and stabilizing commodity prices. This, in turn, resulted in the adoption of fairly standard economic strategies of supporting LDC trade groupings and negotiating trade agreements. The resultant actions are enumerated in Figure 2.3. Malaya's other posture in issues of Development and Trade and the related strategy and actions were, however, more contrived, in that they arose from definite ideological tenets. Were Malaya's leaders to have adopted a socialist ideology, for example, the foreign policy posture vis-à-vis foreign enterprise would have probably taken a more "nationalistic" hue with perhaps nationalization of major industries as its concomitant strategy. As it turned out, a laissez-faire orientation prompted the liberal strategy of providing fiscal and other incentives to foreign enterprise.

In the issue-area of International Co-operation and Diplomacy, a prominent aspect of Malayan foreign policy was its pursuit of milieu or global goals. Malaya, despite being a small country, was rather active in its international relations. It showed considerable support for the UN and its functional activities, participated with keenness in the Commonwealth, and succeeded in forging a certain degree of regional cooperation among its more sympathetic neighbours.
But for the most part, the pursuance of these milieu goals spring from what we may term as status needs. A new nation seeks recognition and acceptance from the international community and the United Nations and other international forums are the most natural places to pursue these needs. As a Latin American scholar has stated:

... there are two types of sources of a nation's prestige: (1) those derived from institutional bases that make it possible for a nation to have high real status from the economic and military power point of view; and (2) those derived from the nation's behaviour in the international system, whether this be to achieve a conformance with the value-orientations of this system or to obtain an influential position not related to its military might.

Since Malaya did not have the institutional bases of prestige, it had to depend upon its foreign policy actions to boost its status. Malaya's contribution toward the Congo peacekeeping was perhaps geared, among other aims, toward establishing the new state's status in the world community. Status needs are based on the subjective evaluations of the ruling elite as well as on objective domestic conditions such as the presence or absence of a large military capability, great wealth, technology and the like. In this sense, they are "internal" sources of foreign policy, like economic needs, but unlike the latter are not solely based on objective factors. Status needs are real, nevertheless, and are reflective of the contemporary international system which operates on egalitarian principles at the formal level but exhibits vast inequalities among states at the actual level. All states to some degree have status needs but there is a greater tendency for states without the institutional bases of prestige to try and elevate their status by way of various diplomatic
FIGURE 2.4
EXPLANATORY CHART OF INTERNATIONAL COOPERATION AND DIPLOMACY POLICY OUTPUTS

Developmental Needs

Security Needs

Status Needs

Elite Ideology

Foreign Policy Postures

Internationalist, Functionalist Orientations

Anti-Colonialism

Regionalism

Promoting UN ideals:
- collective security,
  human rights

Promoting decolonization & self-determination

Promoting regional cooperation

Strategies

Promoting authority of UN and other general purpose groupings

Actions

Participating in Congo peacekeeping and other UN activities

Participating in Commonwealth

Participating in

Voting, sponsoring issues of Algeria, West Irian

Denouncing apartheid & boycotting S. African goods

Founding and joining ASA

Participating in UN specialized agencies
Although status needs dominated Malayan foreign policy in matters of international cooperation and diplomacy, it would be wrong to assert that such needs were the only sources of policy in the issue-area. Foreign policy outputs are seldom single-purpose or unidirectional in intent. Thus developmental and even security needs indirectly impinged upon policy outputs in the issue-area. In particular, Malaya's functionalist orientation in supporting the specialized UN agencies and its support of UN collective security in general reflect the influence of these needs. As a former colony, Malaya also felt the obligation to press for self-determination of colonial territories and decolonization in general. Anti-colonialism as a foreign policy posture was therefore an almost automatic outcome of independence. As for Malaya's pursuit of regionalism, it was multi-directional in purpose, but for the most part of the period, the thrust was toward cultural and diplomatic exchange among countries sharing a similar heritage. Finally, although the prevailing elite ideology had only minimal impact in this issue-area, its pervasiveness was registered in such international issues as disarmament, East-West issues in general and also with respect to the Congo question. In Figure 2.4, I provide a detailed charting of the relationships between the various sources of foreign policy as they related to the policy outputs in the issue-area.

There is one aspect of the foreign policy formulation process that has not yet been discussed in explaining the emergent Malayan foreign policy: to what extent did feedback effects emanating from
the external and internal environment affect foreign policy? For the most part, Malaya's policy-makers kept a tight rein on policy and postures, and objectives and strategies remained stable and coherent throughout the period. The events of the external environment - the 'aggressive' acts of the Eastern states and the friendly acts of the West - tended to positively reinforce the basic thrusts of foreign policy. Given the elite ideology, the feedback was thus positively in the direction of continued anti-communist, pro-Western postures, strategies and actions.

Internally, however, there was some indication of negative feedback toward certain aspects of foreign policy. In particular, opposition parliamentarians' criticisms and the UMNO back-bench revolt against AMDA put the government on the defensive in its first major foreign policy action. The Tunku was able, however, to summon his personal authority to stem rejection of AMDA but we may attribute Malaya's softened pro-Western line to these internal feedback effects. We can certainly attribute Malaya's absence from SEATO as an effect of the negative response to AMDA. The feedback sequence would be:

Pro-Western, anti-communist posture → Align with West

Sign AMDA → UMNO opposition to AMDA

Soften pro-Western posture → Malaya does not join SEATO
In issue-areas other than defence and security, the influence of feedback on policy was negligible or non-existent. There was little or no opposition to economic policies, and the government was never seriously challenged on its policies in the third issue-area. Externally, the environment more or less positively reinforced the government's policy outputs in these issue-areas, as well. In one instance, Indonesian hostility toward the Tunku's scheme for a regional organization resulted in the troubled birth of ASA and probably explains its innocuous and non-political orientation. However, negative Indonesian reactions toward Malayan foreign policy in general probably confirmed existing images of Indonesia's pro-communist leanings and therefore positively reinforced the prevailing foreign policy postures.

This survey of the first period of foreign policy has revealed a remarkable stability and coherence in Malayan foreign policy outputs. Notably, idiosyncratic sources tended to account for the most characteristic aspects of foreign policy. In particular, the survey showed that Malayan foreign policy was by and large underpinned by an elite ideology committed to certain Western values. It was this elite ideology that invariably gave the final expression to the more significant facets of foreign policy. However, particular historical experiences proved to be significant antecedent factors affecting policy and the international environment tended to positively reinforce prevailing thrusts of foreign policy. My analysis also confirms the notion that foreign policy is a purposeful activity geared to the pursuit of certain national goals and interests however these
may be defined and coloured by the political beliefs and attitudes of the policy-makers. It strengthened the thesis that from the viewpoint of explanation, it is only meaningful to appreciate foreign policy in a holistic manner, that is, in terms of how the various inputs (sources) and outputs of foreign policy interact upon each other to produce their total effect.
Notes to Chapter 2

1 Agreement between the Government of the United Kingdom of Britain and Northern Ireland and the Government of the Federation of Malaya on Mutual Defence and Mutual Assistance, Kuala Lumpur, Govt. Printer, 1957, Article VII.

2 Ibid., Article VI.

3 Ibid., Article VIII.

4 Ibid., Article IX.


9 Dalton, op. cit., p. 66.


11 Ibid., p. 68.

12 Ibid., pp. 68-69.

13 Ibid., p. 68.


15 Ibid., October 2, col. 3282.
Ibid., October 3, col. 3358.


Tilman, op. cit., p. 22. The Tunku, in a personal communication, placed the most importance on the issue of military advantage. In reply to my question of why Malaya had a defence pact with Britain but did not join SEATO, he said, "We had a defence pact with Britain under which Britain would come to our aid in the event of any aggression by any foreign power and we felt that was sufficient for our own security and safety. SEATO is a pact between the countries which include America, Britain, Pakistan ... but there was no conclusive agreement to help one another in the event of war. There was no need for us to enter into any defence agreement with other countries as we felt our agreement with Britain was sufficient." (The Tunku, after meeting me in a brief interview, agreed to answer a schedule of questions. His replies will be hereinafter cited as "Tunku, personal communication, June 1975").

Tilman, op. cit., p. 23.


The Government put out a list of 87 countries which it recognized and named six which it did not, namely, Communist China, Nationalist China, East Germany, North Korea, Outer Mongolia and North Vietnam, The Straits Times, November 7, 1957. Although the Government did not officially recognize Nationalist China (Taiwan), it showed its partiality by allowing the Taiwanese to set up a "consulate" in Kuala Lumpur ostensibly to foster trade relations. See Malaysian Parliamentary Debates (Dewan Ra'ayat), December 15 and 16, 1964, cols. 75ff and 4738ff, in which opposition members criticized the Government for allowing this.


26 Cited in Tilman, loc. cit.

27 Ibid., p. 11.

28 The Straits Times, December 1, 1959.

29 Tilman, loc. cit.


31 The Tunku in reply to a question of whether policy-makers thought in terms of goals and strategies, said, "a small country like Malaysia does not have to go into strategies and actions to formulate our foreign policy ...," however, he stressed that foreign policy objectives were important, and considered defence a short range goal and development, a long range goal. Tunku, personal communication, June 1975.

32 J. M. Gullick, Malaya, New York, Praeger, 1963, as cited in ibid., p. 36.

33 Silcock, op. cit., p. 47.


36 Ibid., p. 218.

37 See ibid., pp. 224-230 for a more detailed explanation of the import situation. These details are not of great importance to the analysis here.
38 See Tilman, op. cit., p. 16.


40 Ibid., p. 87.


42 Ibid., pp. 45-46.


44 Tunku, personal communication, June 1975.

45 Tilman, op. cit., pp. 7-8.

46 The Straits Times, September 29, 1960.


49 Hazra, op. cit., pp. 35-36.

50 Ibid., pp. 37-38.

51 Ibid., p. 40.

52 Ibid., pp. 48-49.
However, the Tunku's private attempts at mediating in the dispute were not appreciated by the Indonesians who perhaps thought the Malayan Prime Minister presumptuous in undertaking the effort. In particular, a joint Malayan-Dutch communiqué which alluded to the Tunku's secret plan for resolving the conflict was badly received in Indonesia. See various reports of affair in issues of The Straits Times and The Malay Mail, November 26 - December 3, 1960.

54 Hazra, op. cit., p. 62.

55 See Ibid., pp. 90-104 for a discussion and documentation of these economic benefits.


58 The Straits Times, March 17, 1961.

59 The Malay Mail, April 21, 1958, The Straits Times, April 18 and 22, 1958.

60 Hazra, op. cit., p. 126.

61 Ibid., p. 129.

62 Ibid., p. 130.


64 Tilman, op. cit., p. 19 and Hazra, op. cit., pp. 146-147.

65 Tunku, personal communication, June 1975.

66 Silcock, op. cit., p. 42.

Ott, ibid., in dealing with country relations eschewed the problem of defining the broad range of foreign policy dependent variables. His analysis of foreign policy in general focusses on the independent variables.

The "filter" idea is drawn from the phenomenological approach of foreign policy analysis. This view holds that the "perceptions" of policy-makers rather than objective circumstances are crucial in formulation of policy. See, for example, Kenneth E. Boulding, The Image, Ann Arbor, Univ. of Michigan Press, 1956.

My notion is akin to Alexander George's concept of "operational code" although it would have a slightly more extensive meaning. According to George, "A political leader's beliefs about the nature of politics and political conflict, his views regarding the extent to which historical development can be shaped, and his notion of correct strategy and tactics - whether these beliefs be referred to as 'operational code,' 'weltanchauung,' 'cognitive map' or an 'elite political culture' - are among the factors influencing the actor's decisions," A. George, "The Operational Code: A Neglected Approach to the Study of Political Leaders and Decision-Making," International Studies Quarterly, Vol. 13, No. 2, June 1969, p. 197.

The Alliance, led by the Tunku, in winning the 1955 general elections in resounding fashion (51 out of 52 seats) ensured that British traditions would be passed on after independence. The party continues to dominate politics and led the National Front in capturing all but 19 of the 154 parliamentary seats in the 1974 elections.

Ott, "Foreign Policy Formulation ...," op. cit., p. 229.

See fn. 67.

Tun Tan Siew Sin talked of "the four of us," that is, the Tunku, Razak, Ismail and himself, as being the most important decision-makers on foreign policy questions. Interview with Tun Tan Siew Sin, June 27, 1975.

Ott himself admits the supportive nature of the Ministry of Foreign Affairs, which he says "plays a role second only to the Prime Minister in the shaping of ... foreign policy." Ott, Ph.D. Thesis, *op. cit.*, p. 43ff. See also Tilman, *op. cit.*, pp. 43-45 in which he discusses the "elite political culture."


*Ibid.*, p. 202. Scott does note, however, that commitment to an idealized model of Western democracy is coupled with a pessimistic outlook on its attainment in Malaysia. This nevertheless does not detract from the fact of that commitment and its prevalence among civil servants.

While it is true that there was a dominant elite which largely supported the ideals and values of the power-wielders, evidence points to the existence of a latent or potential 'counter-elite' within the ruling group, in particular, within UMNO. The brief but aggressive opposition to AMDA was proof of its existence. The leaders and members of the opposition parties can also be regarded as a counter-elite but their capacity to affect government decisions is very limited. In employing the notion of an elite ideology, one avoids having to define the size and the actual individuals that comprise the elite. It is the political beliefs and attitudes of the acknowledged policy-makers rather than the policy-makers themselves with which we are concerned.

Harry Miller, *Prince and Premier*, London, George G. Harrap, 1959, pp. 192-193. The Tunku confirmed that "... to a large extent Malaysia's strong anti-communist policy was due to our trouble with the Malayan Communist Party at home and our knowledge of what was happening in countries around us, Vietnam, Cambodia, and one time, Indonesia." Personal communication, June 1975.

*The Straits Times*, September 26, 1957.

For a brief period Malaya appeared to have softened its line toward China when in 1960 after the official end of the Emergency, the Tunku said in Washington that China should be in the UN and Malaya would support its admission. The incident created a furore at home and led the then Minister of Foreign Affairs, Dr. Ismail, to resign his portfolio. The Tunku admits that Ismail thought "he had gone beyond the agreed policy on China." Tunku, personal communication, June 1975, see also Dalton, op. cit., pp. 96-98.

The Tunku told me, "All these events which took place in Hungary, India, Vietnam and Tibet and elsewhere proved to us beyond any doubt the aggressive character of the communists." Personal communication, June 1975.


Tunku, personal communication, June 1975.


Cf. Weinstein, op. cit.

Cf. Silcock, op. cit., p. 47.

Taking Malaya's two major industries, for instance, it is interesting to note that the rubber tree, while it thrives in Malayan topography and climate, is strictly not a 'native' since it was introduced by the British from Brazil. Tin, on the other hand, is a natural endowment. The development of the two industries, however, was largely a function of colonialism which expedited the large-scale emigration of Indian labour for the rubber industry and Chinese labour for tin. See Lim Chong-Yah, *Economic Development of Modern Malaya*, New York, Oxford Univ. Press, 1967.

An undersecretary of the Ministry of Foreign Affairs said Malaya's participation in the Congo peacekeeping was part of the process of creating "credibility and a good image" in the early years of independence. Interview with Encik Yusof Hitam, Undersecretary III (Southeast Asia), June 27, 1975.


See fn. 92.


It is true too that the pursuit of prestige may be just an effort at maintaining a particular status such as the competition between the superpowers in the arms race or space race, or it could be aimed at recovering loss status ("atimia") as Lagos, op. cit. discusses at length.

The then Permanent Secretary to the Ministry of Foreign Affairs denies vehemently that Malaya was ever "pro" Western, although he admitted it was anti-communist. Interview with Tan Sri Ghazali Shafie, Minister of Home Affairs, October 30, 1975.

See supra, pp. 22-25.
 CHAPTER 3

MALAYSIAN FOREIGN POLICY 1964 - 1969

Defence and Security

"Malaysia" became an international issue even before it actually came into being. As early as January 1963, the Indonesian Foreign Minister, Dr. Subandrio, announced a policy of "Confrontation" against the Malaysia project which he called "neo-colonialist" and "neo-imperialist." About the same time Indonesian Confrontation or "Konfrontasi" was launched, the Philippines renewed their territorial claim on Sabah, the North Borneo territory that was to be included into the proposed new federation. The Indonesian opposition was further fueled by a revolt in Brunei under the leadership of the Brunei Party Rakyat leader, A. M. Azahari, who opposed the formation of Malaysia and put forward his own plan for the creation of an independent state consisting of the Sultanate of Brunei, North Borneo (Sabah) and Sarawak. Although it registered some initial success, the Azahari Revolt was quickly suppressed by British troops at the request of the Brunei Sultan, who himself opposed Azahari's scheme. Thereafter, the Malaysia issue seemed to have subsided to a détente with the meeting of the Tunku, President Sukarno and President Macapagal in Manila in August 1963. The 'summit' brought about the birth of MAPHILINDO - a vague scheme of cooperation among the three countries - amidst the showering of mutual compliments by the three
leaders. Maphilindo died stillborn a little over a month after it was proposed. Following the proclamation of Malaysia on September 16, 1963, Malaysia broke off diplomatic ties with Indonesia and the Philippines. Although Indonesian Confrontation had not ceased after Maphilindo, it became more serious after Malaysia was officially declared. The Indonesian acts ranged from aggressive patrolling of the Malacca Straits, in which Malaysian fishermen were harassed, to border clashes involving members of the Tentera Nasional Kalimantan (North Borneo National Army). By 1964, Indonesian troops had landed or were air dropped on Malayan coasts. Konfrontasi continued well into 1965 but began to simmer down after the September putsch of 1965 in Indonesia. There were various efforts of mediation between 1964-1966 but it was only on August 12, 1966 that an accord was signed between Indonesia and Malaysia to cease all hostilities and renew diplomatic ties. Provided below is a chronology of the main events and incidents from the outset of Konfrontasi till its termination. (The chronology is compiled from reports in the Straits Times, Malay Mail and other secondary sources, particularly A. G. Mezerik's "Malaysia-Indonesia Conflict," International Review Service, Vol. XI, No. 86).

**CHRONOLOGY OF EVENTS FROM THE OUTSET OF KONFRONTASI TILL ITS TERMINATION**

<table>
<thead>
<tr>
<th>DATE</th>
<th>EVENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td></td>
</tr>
<tr>
<td>January 20</td>
<td>Dr. Subandrio, Indonesian Foreign Minister, announces a policy of &quot;Confrontation&quot; against Malaysia in a speech at Jogjakarta, denouncing the scheme as &quot;neo-colonialist&quot; and &quot;neo-imperialist.&quot;</td>
</tr>
</tbody>
</table>
January 24  Tunku tells Indonesia to "keep your hands off," that "Malaysia" will go ahead as scheduled on August 31.

January 28  Philippine-UK talks open in London. Philippines calls for "restoration" of Sabah to the Philippines in the interests of the security of the region.

February 13  President Sukarno declares at a mass rally that Indonesia now "officially" opposes Malaysia.

March 9  Tun Razak returns from Manila with "diplomatic triumph" after meeting President Macapagal who had earlier met with Dr. Subandrio.

April-June  A series of meetings of representatives of Malaysia, Indonesia and the Philippines, including a meeting of Sukarno and Tunku in Tokyo on May 30.

June 7-11  Tripartite Foreign Ministers' Meeting in Manila in which accord is reached that Philippines and Indonesia will drop their opposition to Malaysia on the understanding that there would be a United Nations assessment of the wishes of the Borneo people on Malaysia and positive steps will be taken toward settling the Sabah claim.

July 30 - August 5  Manila Summit Conference convened. The Manila Declaration is signed in which Maphilindo is proposed as a grouping of three nations bound together by "historical ties of race and culture," cooperating in the pursuit of common interests in the economic, social and cultural fields and in the struggle against colonialism and imperialism. In a Joint Statement, the three leaders called upon the UN Secretary-General to ascertain the wishes of the Borneo people by a "fresh approach," in particular, to verify whether Malaysia was a major if not the main issue in the recent elections in the two territories; whether the elections were "free;" and whether votes were properly polled and registers properly compiled. The three heads of government further acknowledged that foreign bases were of a temporary nature and will not be used to subvert the national independence of any of the three countries and that they will each "abstain from the use of arrangements of collective defence to serve the particular interests of any of the big powers."
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 12</td>
<td>The UN names a nine-member mission to ascertain the wishes of the people of Sabah and Sarawak.</td>
</tr>
<tr>
<td>August 16</td>
<td>UN mission arrives in Sarawak 'greeted' by demonstrations against Malaysia.</td>
</tr>
<tr>
<td>August 22</td>
<td>Dispute over observers holds up UN assessment.</td>
</tr>
<tr>
<td>August 26</td>
<td>UN survey in Sarawak and Sabah begins with Philippine and Indonesian observers still absent.</td>
</tr>
<tr>
<td>August 28</td>
<td>President Sukarno says in nation-wide radio talk, &quot;We will have to bow our heads and obey&quot; if the Borneo people want to join Malaysia.</td>
</tr>
<tr>
<td>August 29</td>
<td>Malaya announces that Malaysia will be formed on September 16 instead of August 31 as originally scheduled since the UN survey will not be completed until September 14.</td>
</tr>
<tr>
<td>September 3</td>
<td>Indonesia sends protest to Malaya on &quot;reckless and premature decision&quot; to set formation of Malaysia on September 16 as a &quot;unilateral act contravening the letter and spirit of the Manila Summit Agreements.&quot;</td>
</tr>
<tr>
<td>September 5</td>
<td>UN team completes work.</td>
</tr>
<tr>
<td>September 14</td>
<td>UN assessment is published. It finds that Malaysia was a major issue in the recent elections in Sabah and Sarawak, that the elections had been free and that &quot;a large majority of the people favoured joining Malaysia.&quot;</td>
</tr>
<tr>
<td>September 15</td>
<td>Indonesian Cabinet meets, decides Malaysia is illegal and cannot be recognized. Dr. Subandrio says UN survey was not conducted in accord with the Manila agreement and was &quot;hasty.&quot; Philippines informs Malaya it will defer recognition of Malaysia.</td>
</tr>
<tr>
<td>September 17</td>
<td>Malaysia severs diplomatic relations with Indonesia and the Philippines.</td>
</tr>
<tr>
<td>September 18</td>
<td>A Malaysian Defence Council is formed with power to call up reserves.</td>
</tr>
<tr>
<td>December 11</td>
<td>Tunku in report to Parliament on Konfrontasi says 66 terrorists were killed and 31 captured in 48 armed incursions since April 12.</td>
</tr>
</tbody>
</table>
President Sukarno and Macapagal hold talks in Manila and issue statement saying "they cherish the hope that a tripartite 'mushawarah' would be convened to resolve existing differences amongst the three signatories to the (Manila) agreements."

Tunku says that another summit meeting must be preceded by clarification of whether Indonesia and the Philippines recognize Malaysia as an independent sovereign state and whether Indonesia will withdraw its troops from Malaysian soil. The U.S. announces that Robert Kennedy, Attorney-General, will go to Japan to discuss Malaysia with Sukarno.

"Truth Mission" led by Singapore Premier Lee Kuan Yew is off to Africa to explain "Malaysia."

Tunku agrees to meet Macapagal in Cambodia after Prince Sihanouk arrives on a surprise visit to Kuala Lumpur.

Kennedy and Sihanouk in Kuala Lumpur in mediation efforts are hopeful of summit meeting.

Sukarno announces in Jakarta that Indonesia, Malaysia and the Philippines have agreed on a truce and summit meeting.

Sukarno agrees to reciprocate.

Sukarno's ceasefire order comes into effect.

Tripartite foreign ministers' meeting in Bangkok. Agreement is reached to continue ceasefire with Thailand supervising the truce with UN consent. Another foreign ministers' meeting is to be held within a month.

Malaysia protests six violations of ceasefire to Indonesia.

Resumed Bangkok ministerial talks break down on ceasefire question with Malaysia insisting on the withdrawal of all Indonesian guerrillas from its territory if there were to be any settlement.
March 27  Malaysia informs U Thant of 50 incidents between January 16 and March 27 with Indonesia, requesting Secretary-General to take any initiative he deems desirable.

April 25  The Alliance in general election wins 89 of West Malaysia's 104 seats, a gain of 15 seats.

May 3  Philippines and Malaysia issue joint communiqué that they have agreed to establish consular missions in both countries on May 18.

June 18-19  Tripartite ministerial talks in Tokyo prepare agenda for summit meeting.

June 21  One-day summit conference of Sukarno, Tunku and Macapagal collapses on issue of guerrilla withdrawal. Indonesia says settlement should come first and there should be a fresh referendum in Sabah and Sarawak.

July 8-15  Commonwealth Prime Ministers' Conference in London. Prime Ministers in final communiqué express "sympathy and support" for Malaysia.

July 22-24  Riots involving Malays and Chinese break out in Singapore following a procession on the occasion of the Prophet Mohammed's birthday.

August 17  Malaysia reports Indonesian unit of 40 armed raiders landing on west coast of Johore on Malayan mainland.

September 2  Indonesian aircraft flies over south Malaya dropping around 30 armed paratroopers.

September 9-17  UN Security Council meets on Indonesia-Malaysia conflict. After six meetings, Norwegian draft resolution regretting and deploiring Indonesian actions and calling on the parties "to refrain from all threat or use of force" receives 9 votes in favour with Czechoslovakia and the USSR voting against the resolution, the latter constituting a veto.

Tunku claims moral victory.

September 25  Tunku appeals to heads of nations attending forthcoming nonaligned conference in Cairo to give Malaysia a fair hearing after Malaysia's failure to receive an invitation to the conference.
October 5-11
Heads of 47 nonaligned countries meet in Cairo. President Nkrumah of Ghana suggests mediation in Indonesia-Malaysia conflict.

October 14
Tunku in a letter to President Nasser of UAR declares his support for the principles of co-existence expressed in the Declaration of the Cairo Conference.

November 11
Razak, en route to Colombo Plan Conference in London, to meet African and Middle East leaders to canvass support for Malaysia.

November 26-29
Razak wins diplomatic recognition for Malaysia from Algeria, Morocco and Tunisia.

December 30
UN General Assembly, under formula of non-voting, elects Malaysia to serve on Security Council.

December 31
In Jakarta, Sukarno announces that Indonesia will withdraw from the UN in protest of Malaysia's seating in the Security Council.

1965

January 7
President Sukarno formally announces Indonesia's withdrawal from the UN at a mass rally in Jakarta.

January - March
Peace efforts by Pakistan and Thailand fail to produce any results.

March 16
Tun Razak off on a tour of North and East Africa (Sudan, Ethiopia, Kenya, Somalia, Malagasy and Uganda).

April 15
Razak on return claims "95%" support for Malaysia in the countries visited.

April 17
Tunku in speech to Alliance Party Convention says Malaysia supports all U.S. bombing of North Vietnam and speaks of the need for British bases in the country.

May 16
A Malaysian delegation's application for membership of the Afro-Asian People's Solidarity Organization is rejected at Winneba, Ghana. (China and Indonesia had threatened withdrawal if Malaysia gained membership).
Tunku says the delegation to Winneba had no official sanction. Calls organization "a communist set-up" and is not surprised that the delegation failed to gain membership. The Tunku said, "But what I am surprised is why the Malaysians had gone there."

Goodwill missions by two ministers to West African and West Asian countries.

Report from Malaysian mission in Manila that a total of 28 nations will back Malaysia for the Algiers nonaligned conference this year, Malaysia's four sponsors being India, Nigeria, Ceylon and Ethiopia.

Report that the Algiers conference is postponed till November. (The conference never came about as a result of a rebellion in Algeria which ousted President Ben Bella from power).

An Alliance Parliamentary Group on Foreign Affairs while expressing satisfaction with the present foreign policy recommends "widest diplomatic representation possible with countries irrespective of their ideologies."

Singapore separates from Malaysia following an amendment to the Constitution approved by Parliament under a Certificate of Urgency.

Abortive pro-communist coup in Indonesia results in de facto military takeover.

Pakistan severs diplomatic relations with Malaysia over Malaysia allegedly taking sides with India at the UN in Indo-Pakistan conflict.

**1966**

Report of Jakarta "peace feelers" from government and army officials.

Bangkok Peace Talks between Malaysia, Indonesia and Philippines leading to Phillipine recognition of Malaysia and rapprochement between Malaysia and Indonesia. Agreement is reached to submit proposals to end Konfrontasi.

Malaysia and Philippines resume full diplomatic relations at the ambassadorial level.
August 12

Malaysia and Indonesia reach accord to cease hostilities and restore diplomatic relations.

NOTE: In three years of hostilities, 590 Indonesians were killed, 222 wounded and 771 captured. Commonwealth casualties included 114 servicemen (64 British) and 36 civilians (mostly Malaysians) killed, while 118 servicemen and 53 civilians were wounded.

Thus Malaysian foreign policy in the issue-area of defence and security for most of this period was dominated by Konfrontasi and other events arising from Malaysia's formation. The creation of Malaysia may be seen from one perspective as the pursuit of a possession goal, or as Wolfers calls it, an act of self-extension, since it involved territorial expansion. It may also be viewed as an indirect method of pursuing, ironically, security interests at least in the eyes of the Malayan policy-makers. Foreign Policy actions are seldom single-purpose in intent and the creation of Malaysia is fraught with multiple interpretations as to the motives behind it. A strong case can be made for the view that the Malaysia proposal grew out of a perceived security threat posed by communism to the Malaysia region. The Tunku, who can be relied upon for his candidness, said soon after Konfrontasi was launched: "We have no territorial ambitions. All we want to do is try and save ourselves from the communists. Otherwise, I won't want Malaysia." Indeed, the Malaysia idea originally arose from the Singapore government's campaign for merger with Malaya largely to avert what the Singapore leaders saw as an imminent communist threat if not its already disguised but widespread
The Tunku, who had previously rebuffed requests for merger, found this argument sufficiently compelling, but not wanting to upset the delicate politico-racial balance in Malaya with Singapore's overwhelming Chinese population, conceived of bringing in the Borneo territories into the new federation. On this point, R. S. Milne writes:

The inclusion of the Borneo territories was not so urgent, but it did promise to solve two problems at once. To some degree the addition of the indigenous inhabitants would "balance" the Singapore Chinese majority. This argument should not be overstressed; the indigenous peoples were indeed more numerous than the Chinese in the Borneo territories, but the majority of them were neither Malays nor Muslims. However, the Malays in Malaya looked on the indigenous races as being their "brothers," and hoped that they could be persuaded to support Malaysia and also the Alliance Party.11

One might add that the Tunku's perception of the internal security situation in the Borneo territories was probably also an important factor in prompting the rather hurried manner in which the new federation was created. As the Tunku told Parliament, "We cannot afford to wait so long [for Britain to grant the territories independence] without providing the communists with the weapons they require for subversion, infiltration and disruption with the ultimate objective of capturing these territories .... The important aspect of the Malaysian ideal, as I see it, is that it will enable the Borneo territories to transform their present colonial status to self-government for themselves and absolute independence in Malaysia simultaneously, and balk the communist attempt to capture these territories."12

Whatever the other motives for the Malaysia project, it would not be
wrong to say that it carried undertones of anti-communism and reflected security considerations which no doubt sprung from the prevailing elite ideology of the Malayan policy-makers.\(^{13}\)

The immediate effect of Konfrontasi was to harden Malaysia's Western-world, anti-communist orientation. For one thing, it triggered into operation the Anglo-Malayan Defence Pact thus resulting in a major western power and two Commonwealth allies fighting on Malaysian soil. The Malaysian policy-makers themselves tended to view Konfrontasi suspiciously as a communist, PKI (Parti Kommunis Indonesia) - inspired project pointing to a Jakarta-Peking-Hanoi-Pyongyang axis with Malaysia as the target of China's expansionism.\(^{14}\) But paradoxically, it was Konfrontasi that brought about a softening of Malaysia's hard-line anti-communist policy in the long run. The Indonesian military and diplomatic offensive goaded the hitherto cautious Malaysia into a new foreign policy strategy of external outreach\(^{15}\) in which a concerted diplomatic drive was carried out to win friends in Afro-Asia, and later, Eastern Europe. In particular, Malaysia's failure to gain a seat at the Cairo nonaligned nations conference largely because of Indonesian propaganda sparked off a diplomatic counter-offensive which won Malaysia the dubious recognition of a number of African and Asian countries and eventually support from 28 countries to attend the next conference at Algiers.\(^{16}\) It was also at this time that the Tunku declared that Malaysia fulfilled the criteria of non-alignment, when in the past he had never failed to underscore Malaya's non-neutrality in East-West issues. (See section on defence and security in Chapter Two). The Tunku was also quick to endorse the
Declaration of the Cairo conference on the principles of peaceful co-existence in a letter to President Nasser. 17 Another spin-off from Konfrontasi was the first public review of Malaysian foreign policy by a Parliamentary Group, albeit of Alliance MP's, which while finding that "the present independent and nonaligned foreign policy was in conformity with the Alliance Party's principles," proposed "the widest diplomatic representation possible with countries irrespective of their ideologies." 18 The Government also received a fusillade of criticism from the Opposition and certain public figures on its adamant, hard-line anti-communist policy. In particular, the Government was taken to task for its support of the American bombing of North Vietnam at a time when it was attempting to win Afro-Asian friends. 19 There is some indication of the ascendancy of a counter-force of Alliance and other politicians who were opposed to some of the views of the ruling group on foreign policy. An unofficial Malaysian delegation led by UMNO Member of Parliament, Dr. Mahathir, 20 attended the Afro-Asian People's Solidarity Organization Conference at Winneba, Ghana, in May 1965, but its application to join the organization was rejected. 21 The Tunku commenting on the Winneba incident said he had "no knowledge" of the Malaysian mission and described the organization as a "communist set-up .... financed by Russia and China." 22 Nonetheless, it was in the wake of the Winneba episode that the Parliamentary Group to review foreign policy was formed.

However, it was not until Konfrontasi actually ended that the rethinking in foreign policy took a more definitive shape. The Tunku in a Malaysia Day broadcast in 1966 admitted to a shift in foreign policy
Two months earlier, Tun Ismail as Acting Foreign Minister, had been more explicit in indicating the nature of the shift when speaking to the Foreign Correspondents' Association:

We look forward to the day when outside powers both great and small will accept our right as a region [i.e. Southeast Asia] and as constituent nations of this region, to sustain our distinctive ways of life in freedom and prosperity, without interference ... We do not oppose the communist system in mainland China so long as it confines itself within its own borders. But we call upon the People's Republic of China to keep its hands off our region and to adopt a policy of peaceful co-existence towards its fellow Asians in Southeast Asia.

We look forward to a regional association embracing Thailand, Burma, Indonesia, Singapore, Malaysia, Philippines, Cambodia, Laos and Vietnam ... Such a community would not be a military alliance. It would not be an anti-communist alliance. Nor, for that matter, would it be an anti-Western alliance ... I do not believe that military blocs and alliances by themselves can provide a lasting solution to the problem of communist expansionism. I myself envisage an organization which would be first and last, pro-Southeast Asia, pro-development pro-regional co-operation and pro-peace.24

It appeared that Malaysian foreign policy was shifting from a hard-line anti-communist, pro-Western orientation toward greater neutrality. Foreign policy was at this stage still somewhat ambivalent and the policy-makers themselves appeared to be a little confused as to whether Malaysia was nonaligned or neutral. For example, Tun Ismail in answering a parliamentary query said: "We are not committed to any power bloc and we crystallize our attitude on any issue strictly on its merits and in the light of our national interest. In that sense we are not aligned. We never claim to be neutral. We can never be neutral in
the choice between right and wrong." It is perhaps more correct to say that Malaysia tried to be neutral with respect to particular international issues while being aligned de facto to the West by virtue of its military ties. Taking the cue from Premier Khrushchev, Malaysia had nevertheless transformed its hard-line anti-communist posture into one of "peaceful co-existence." The general foreign policy strategy of the period was one of external outreach. While still relying on old allies, Malaysia went out of its way to win Afro-Asian supporters in a diplomatic war against Indonesia. Considerations of trade also prompted new ties with the Eastern European nations. In so doing, the contradictions in its foreign policy became more and more apparent, necessitating the change in foreign policy posture.

By 1968, Tun Ismail, who had retired from the Cabinet six months earlier for health reasons, put forward as a backbencher in Parliament his seminal "Ismail Peace Plan." He called for the neutralization of Southeast Asia guaranteed by the major powers, the signing of non-aggression pacts and the declaration of a policy of co-existence:

The time is ... ripe for the countries in the region to declare collectively the neutralization of South-East Asia. To be effective, [this] must be guaranteed by the big powers, including Communist China, [Second], it is time that the countries in South-East Asia signed non-aggression treaties with one another. Now is also the time for the countries in South-East Asia to declare a policy of co-existence in the sense that the countries ... should not interfere in the internal affairs of each other and to accept whatever form of government a country chooses to elect or adopt .... The alternative to the neutralization of South-East Asia guaranteed by the big powers ... is an open invitation by the region to the current
big powers to make it a pawn in big power politics. The alternative to the signing of non-aggression treaties among the countries in the region is an arms race among themselves which would be detrimental to their economy. The alternative to the declaration of the policy of co-existence is increased tension and subversion in the region.27

The Cabinet seemed to show mixed response toward the Ismail suggestions. While the Tunku said the neutralization idea was only "worth consideration," Razak said Ismail's proposals had the full support of the government.28 There must have doubtless been some differences of opinion on the Ismail proposals, with the Tunku perhaps taking a more adamant stand than the other cabinet members, but at any rate, the process of re-thinking in foreign policy had begun to affect the top policy-makers.

Ironically, with the end of Konfrontasi a downturn in Anglo-Malaysian relations also developed. The deterioration of traditional ties exacerbated the general turmoil of foreign policy in this period. It began with the separation of Singapore from Malaysia of which Britain was apparently given very little notice.29 Then came a cut-back in British economic assistance resulting in a Malaysian request for $630 million in defence aid being turned down.30 Relations reached their nadir when the Tunku uncharacteristically accused Britain of talking with Indonesia about Malaysia behind its back.31 At about the same time, Malaysia was also taking a second look at the Anglo-Malaysian Defence Pact as Britain, even before the Bangkok Peace Agreements of 1966, had announced in a White Paper its intentions to scale down troop commitments and overall defence expenditures east of the Suez Canal.32 For Malaysia, British withdrawal was to be effective
by 1971 and completed by the mid-1970's. Thus in 1968, under the urgings of the Tunku, talks began for a five-power defence arrangement among Malaysia, Singapore, Britain, Australia and New Zealand. This arrangement was to replace the Anglo-Malaysian Defence Pact after Britain pulled out in 1971. In the course of a series of talks in 1968 and 1969, the intricacies of the five-power defence scheme were worked out. At one stage there were doubts expressed about Australia's and New Zealand's participation after 1971, but by early 1970 an expensive ($15 million) military exercise over two months was carried out to test the viability of the five-power defence arrangements. Whatever the merits of the scheme, it became more and more evident to the Malaysian leaders that they could no longer lean as heavily on Britain and other allies in matters of defence. Tun Ismail made his proposals in the backdrop of British withdrawal from the region.

Thus foreign policy in the issue-area of defence and security during this period was in transition, if not turmoil. The previous rigidity of Malaya's foreign policy began to give way under the exigencies created by Konfrontasi and its related events. Therefore with the end of Konfrontasi also came a noticeable shift in foreign policy orientation and strategies, even if the latter at this stage were not particularly clear-cut. While Malaysia still hung on to its Western-world peggings, by the end of the period it had discarded its previously pronounced anti-communist posture for one of "peaceful coexistence." This can perhaps be seen as an extension of the earlier posture of "non-interference" but it would be difficult to deny a qualitative difference between the two concepts in terms of the
praxis of Malaysian foreign policy.

Development and Trade

Although Malaysia's foreign relations in this period were dominated by Konfrontasi and security matters, there were at least two important events which related to economic policy, namely, the UNCTAD conferences of 1964 and 1968. At both these conferences, Malaysia joined the Group of 77 developing nations in espousing developmental issues, thus enhancing its developing-world image. Thus Malaysia consciously aligned itself with the "South" in the "North-South" conflict between rich and poor nations. It was among the original "75" calling for UNCTAD I to be held in order to press a number of demands on the advanced, industrialized nations. The key demands which were embodied in the controversial "Prebish Report" were:

1) Creation of conditions for expansion of trade between countries at a similar level of development, at different stages of development or having different systems of social and economic organization

2) Progressive reduction and early elimination of all barriers and restrictions impeding the exports of less developed countries (LDC's) without reciprocal concessions on their part

3) Increase the volume of exports of developing countries in primary products, both raw and processed, to industrial countries and stabilization of prices at fair remunerative prices

5) Provision of more adequate resources at favourable terms so as to enable LDC's to increase their imports of capital goods and industrial raw materials essential for their economic development, and better co-ordination of trade and aid policies
6) Improvement of the invisible trade of developing countries, particularly by reducing their payments for freight and insurance and the burden of their debt charges.

7) Improvement of institutional arrangements, including, if necessary, the establishment of new machinery and methods for implementing the decisions at UNCTAD I.

UNCTAD I could boast of no immediate, concrete achievements, but the fact that it was convened represented a moral victory for the LDC's in the first few blows of the North-South conflict.

Soon after UNCTAD I, Malaysia carried the North-South battle into the arena of tin conferences in bargaining for a higher price range for the 1965 Tin Agreement. Dissatisfied with the outcome of the negotiations, Malaysia, together with Bolivia, threw caution to the winds and threatened withdrawal from the Agreement if a higher price range was not fixed. The threats were later withdrawn but at a subsequent Tin Council meeting, the consuming countries conceded to a higher price range. By the time of UNCTAD II in 1968, Malaysia was selected to serve on the Trade and Development Board. UNCTAD II's achievements included adoption of the International Development Strategy of the Second UN Development Decade and a Generalized System of Preferences, both of which measures Malaysia strongly supported. In particular, the developed countries agreed in principle not to raise new tariff and non-tariff barriers or increase existing ones against imports of primary products of particular interest to developing countries. They also agreed to accord priority, by reducing or eliminating duties and other non-tariff barriers, to certain imports of primary products of export interest to developing countries.
Thus in questions of Development and Trade, Malaysia's foreign policy was marked by a continued adherence, if not greater commitment, to its developing-world posture, and thereby to its pursuit of developmental goals.

At the same time, too, Malaysia did not discard its laissez-faire policy in respect to foreign enterprise. About the time when Anglo-Malaysian relations ebbed to a low point, Tun Razak toured the United States in late 1966, wooing American capital. In a speech made at the annual convention of the Far East American Council of Commerce and Industry in New York, Tun Razak appeared eager to lay Malaysia bare to American enterprise:

Malaysia is a peaceful and democratic country, politically and economically stable and friendly with the United States. We want to keep it that way. But it is sometimes difficult to understand why even though your government is so generous in providing assistance to so many other developing countries, it yet seems reluctant to give forthright and substantial aid to Malaysia ... We are not looking for direct hand-outs. We are looking for people to have faith in us, and to invest in our country and to play a part in the development of industry and trade in our country. On the other hand, as hard-headed businessmen you are looking for opportunities of expansion of your enterprise, and my main message to you today is this. If you want to expand and invest and you look around the world for a suitable place to do this; then I suggest you look towards Malaysia where you will find the basic requirements you seek - political stability within a democratic framework and potential progress to mutual advantage of both our countries ....

The liberal attitude toward foreign enterprises in Malaysia has led to a startling degree of foreign ownership and control of the Malaysian economy. This gives the lie to a popular but incorrect notion that
the Chinese dominate Malaysia's economy. Information released only recently shows that foreign ownership of fixed assets in the industrial sector in Peninsular Malaysia (i.e. Malaya) is more than half of the total at 57.2% (the Chinese share is 26.2%) while it stands at an amazing 70.8% in the modern agriculture sector, attesting the enduring impact of colonial rule despite more than a decade of independence. The foreign ownership in the non-corporate sectors is considerably less, but as the Government itself puts it:

The overall picture indicates that foreign corporate ownership of assets in Malaysia is substantial in agriculture, manufacturing and mining, though this is already declining in agriculture and mining. Further, ownership and control is largely in the hands of a relatively small number of multi-national foreign firms with diversified economic interests. Among Malaysians, Chinese own the highest shares in the corporate sectors, while their share in the non-corporate sector of modern agriculture is more balanced ... (But) the value of assets accounted for by the non-corporate sector is small ... In modern agriculture, (it only) comprised 29.6% of the total planted acreage. In industry, the non-corporate sector made up only 12.6% of the total value of fixed assets.}
TABLE 3.1
OWNERSHIP OF ASSETS IN MODERN AGRICULTURE AND INDUSTRY,

PENINSULAR MALAYSIA 1970*

<table>
<thead>
<tr>
<th>OWNERSHIP</th>
<th>MODERN AGRICULTURE (planted acreage)</th>
<th>INDUSTRY (fixed assets)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CORPORATE SECTOR</td>
<td>NON-CORPORATE SECTOR</td>
</tr>
<tr>
<td></td>
<td>(000 acres)</td>
<td>(%)</td>
</tr>
<tr>
<td>Malay</td>
<td>5.0</td>
<td>0.3</td>
</tr>
<tr>
<td>Chinese</td>
<td>457.0</td>
<td>25.9</td>
</tr>
<tr>
<td>Indian</td>
<td>4.9</td>
<td>0.3</td>
</tr>
<tr>
<td>Other</td>
<td>48.1</td>
<td>2.7</td>
</tr>
<tr>
<td>Malaysians</td>
<td>515.0</td>
<td>29.2</td>
</tr>
<tr>
<td>Non-Malaysians</td>
<td>1249.6</td>
<td>70.8</td>
</tr>
<tr>
<td>Government</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>1764.6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

% of total | 70.4 | 29.6 | 87.4 | 12.6

(Next page for source and notes)
NOTE: Although the figures are for 1970, they will probably not differ significantly from data for the period under survey. Since no earlier data were available, I am compelled to use the more recent statistics.

1 Modern agriculture covers estate acreage under rubber, oil palm, coconut and tea. Ownership is in terms of total planted acreage. Government FELDA schemes are included under this category in the non-corporate sector.

2 The industry sector covers manufacturing, construction and mining. Ownership is in terms of fixed assets. Total excludes unallocatable assets amounting to $25.2 million.

3 Government ownership of 17,000 acres in modern agriculture is included in the non-corporate sector, while ownership of $17.5 million of fixed assets in industry is included in the corporate sector.


The picture for the ownership of share capital in Malaysia is much the same, butressing the already dominant position of foreign ownership in fixed assets:

The most significant feature is that foreign interests accounted for as much as 61% of the total share capital invested in the corporate sector ... Foreign participation is especially dominant in modern agriculture and mining while it amounts to about 50% to 60% of the total in manufacturing, commerce and finance.
<table>
<thead>
<tr>
<th>TABLE 3.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>OWNERSHIP OF SHARE CAPITAL OF LIMITED COMPANIES, BY RACE AND SECTOR</td>
</tr>
<tr>
<td>PENINSULAR MALAYSIA 1970</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sector</th>
<th>Malay</th>
<th>Chinese</th>
<th>Indian</th>
<th>Foreign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($000)</td>
<td>(%)</td>
<td>($000)</td>
<td>(%)</td>
<td>($000)</td>
</tr>
<tr>
<td>Agriculture, forestry and fisheries</td>
<td>13,724</td>
<td>0.9</td>
<td>177,438</td>
<td>22.4</td>
<td>1,079,714</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>3,876</td>
<td>0.7</td>
<td>91,557</td>
<td>16.8</td>
<td>393,910</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>33,650</td>
<td>2.5</td>
<td>296,363</td>
<td>22.0</td>
<td>804,282</td>
</tr>
<tr>
<td>Construction</td>
<td>1,258</td>
<td>2.2</td>
<td>30,855</td>
<td>52.8</td>
<td>19,937</td>
</tr>
<tr>
<td>Transport and Communications</td>
<td>10,875</td>
<td>13.3</td>
<td>35,498</td>
<td>43.4</td>
<td>9,845</td>
</tr>
<tr>
<td>Commerce</td>
<td>4,715</td>
<td>0.8</td>
<td>184,461</td>
<td>30.4</td>
<td>384,549</td>
</tr>
<tr>
<td>Banking and insurance</td>
<td>21,164</td>
<td>3.3</td>
<td>155,581</td>
<td>24.3</td>
<td>332,790</td>
</tr>
<tr>
<td>Others</td>
<td>13,349</td>
<td>2.3</td>
<td>220,330</td>
<td>37.8</td>
<td>182,862</td>
</tr>
<tr>
<td>Total</td>
<td>102,611</td>
<td>1.9</td>
<td>1,192,083</td>
<td>22.5</td>
<td>52,402</td>
</tr>
</tbody>
</table>

The total includes share capital ownership by Federal and State Government and Statutory Bodies and other Malaysian residents (individuals and Nominee and locally controlled companies), amounting to about $734 million. In this table, the racial shares in each sector exclude these two groups.

Towards the end of the period there were signs that Malaysia was beginning to temper its laissez-faire attitude towards foreign enterprise with a greater degree of governmental direction in the area of industrial development. The formation of the Federal Industrial Development Authority (FIDA) in 1968 was indicative of the slight shift in attitude. FIDA's main functions were:

(a) to undertake or direct economic feasibility studies of the range of industrial possibilities

(b) to undertake industrial promotion work in the country and abroad

(c) to facilitate exchange of information and coordination among institutions engaged in or connected with industrial development

(d) to recommend policy on industrial site development and, where necessary, undertake the development of such sites

(e) to evaluate applications for pioneer industries, which are entitled to tax relief ('pioneer status')

(f) to report annually to the Minister of Trade and Industry on the progress and problems of industrialization and to make the necessary recommendations.

(g) to generally undertake such matters as may be incidental to or consequential upon the exercise of its powers or the discharge of its functions (under the Act of Parliament by which it was established)

(h) to advise the government generally on measures for the protection and promotion of industries including the imposition and alteration of, and exemption from customs and other duties, and import and export licensing

Thus FIDA in general coordinated and systematized Malaysia's industrial development programme. Although the authority remained true to Malaysia's open-door policy toward foreign enterprise, with its formation also came a shift from the promotion of import-substitution industries in the early years to a new emphasis on export-oriented industries toward the end of the period.
On the whole, Malaysia's basic foreign policy postures, goals and strategies in the area of trade and development remained much the same for this period although there were signs of minor shifts. Its commitment to free enterprise did not stop Malaysia from seeking wider ties in the area of trade, particularly in responding to overtures from the Eastern European countries. Thus in 1967, Malaysia signed a Trade Agreement with the U.S.S.R. - its first with a communist country - as a prelude to full diplomatic relations. About the same time, Anglo-Malaysian economic ties had also become relaxed. The Malaysian dollar was unpegged vis-à-vis the pound sterling and the Commonwealth trade preference was removed for certain commodities. The foreign policy of external outreach, prompted by Konfrontasi, seemed to have spilled over to some extent into the development and trade issue-area or at any rate it did not escape the general turbulence created during this period. The overall picture is thus one of moderate transition in contrast to the more definite transition occurring in the issue-area of defence and security.

International Co-operation and Diplomacy

This was a period of frenzied international activity for Malaysia. I have already dwelt on its diplomatic drive to win friends and influence nations in a counter-offensive to Indonesian Confrontation. At the UN, Malaysia won something of a moral victory when a Norwegian resolution deploiring the Indonesian landings on Malayan coasts received affirmative votes except from the Soviet Union and Czechoslovakia in an emergency Security Council session. However, it was not until the
dust of Konfrontasi had settled that Malaysia's strenuous efforts in international diplomacy bore fruit. The resultant softening of its anti-communist line led to the historic establishment of diplomatic ties with the Eastern European countries. Admittedly, there were also pragmatic considerations of trade which spurred the détente. In August 1965, Malaysia's Permanent Representative to the UN, Mr. Ramani, said, "The central government's policy is to cultivate good trade relations with Russia since it is desirable that new markets be found for our rubber and tin ... This dynamic business of political re-thinking has been because of Russia's policy of peaceful co-existence, which is also the central government's theme." Thus in April 1967, following the signing of a Trade Agreement after week-long discussions, Malaysia and the Soviet Union agreed to exchange diplomatic missions. This was followed by ties with Yugoslavia and Bulgaria by 1969.

With the end of Konfrontasi also came a resuscitation of regional co-operation. Malaysia, in June 1966, was among the nine Asian and Pacific nations that agreed to set up the Asian and Pacific Council (ASPAC). Although ASPAC had undertones of anti-communism, it was not formed as an anti-communist military pact. Khir Johari, the leader of Malaysia's delegation to the Seoul conference which set up ASPAC, was emphatic that Malaysia opposed a military pact of any sort: "It is not in line with our policy to be drawn into or encourage any military pacts, even if they are militantly anti-communist. We have steered clear of such pacts and will continue to do so ... There are other more important things than military pacts. Regional development of cultural and economic ties is more vital in this region." As
ASPAC foundered on its shaky beginnings, the Indonesian Foreign Minister, Adam Malik initiated moves for a "larger-than-ASA" regional Southeast Asian organization. Although the Tunku did not appear to be initially enthusiastic about replacing ASA, the Malaysian policy-makers came around to accepting the need for a larger Southeast Asian organization which at least included Indonesia. Thus in August 1967 at Bangkok, after some quibbling over the name for the new organization, the Association of South-East Asian Nations (ASEAN) was born with Thailand, Indonesia, Philippines, Malaysia and Singapore as founder-member countries. The goals of ASEAN as summarized in the official Declaration were to accelerate economic growth within the area; promote regional peace and stability; encourage collaboration in the social, economic, cultural, technical, scientific, and administrative fields; improve trade, industry and agriculture; promote Southeast Asian studies; and maintain close co-operation with other international and regional organizations. The aims do not differ significantly from those of ASA. Membership, as with ASA, was open "to all states in the region subscribing to the ... aims, principles and purposes of the organization." Of particular interest was a paragraph on foreign bases reminiscent of Maphilindo:

... affirming that all foreign bases are temporary and remain only with the expressed concurrence of the countries concerned and are not intended to be used directly or indirectly to subvert the national independence and freedom of states in the area or prejudice the orderly processes of their national development ....

This undertaking may be considered the functional equivalent of a non-aggression pact in intention. Malaysia did not hide its enthusiasm
for the new organization once it was formed. Tun Razak at one point even suggested that ASEAN could potentially include defence arrangements: "A mutual defence alliance is always possible once we become very close, with a common interest and destiny."

The immediate effect of ASEAN was to seal the growing entente of the five Southeast Asian neighbours thus marking the end of a period of turmoil in the region. However, toward the end of 1968, Malaysia-Philippines relations were again temporarily strained over the Sabah issue. A bill passed by the Philippine House of Representatives declared Sabah to be part of Philippine territory. Malaysia responded by asking the Philippines to withdraw its diplomatic staff from Kuala Lumpur. However, mediation efforts by Thailand's Thanat Khoman led to a Philippine decision to observe a moratorium on the Sabah issue until after Malaysia's General Election in May 1969. By the end of 1969 at the Third ASEAN Foreign Minister's conference, it was announced that Malaysia and the Philippines would resume diplomatic relations. Held in the cool atmosphere of Malaysia's Cameron Highlands, the ministers approved all the 98 recommendations put before them covering projects for co-operation in the areas of commerce and industry, tourism, shipping, civil aviation, air traffic services and meteorology, transportation and communication, food supply and production, fisheries, mass media, cultural activities and finance. They also signed two agreements for the establishment of an ASEAN fund and for the promotion of co-operation in mass media and cultural activities. It looked therefore like ASEAN had begun to function smoothly in fostering regional co-operation among its five member countries.
Konfrontasi aside, Malaysia continued to participate actively in the UN and the Commonwealth. We have already noted its election to the UN Security Council in 1965. At one point in September 1965 a furore resulted in which the Malaysian representative at the Security Council was alleged to have taken sides in the Indo-Pakistani clash over Kashmir. Despite the Malaysian government's assurance to Pakistan of its neutrality in the conflict, Pakistan severed diplomatic ties with Malaysia in October that year. On questions of decolonization, Malaysia continued to take a strong anti-colonial and anti-apartheid posture. The Rhodesia question was particularly prominent during this period. Apart from supporting all UN resolutions on Rhodesia, Malaysia adopted the following international measures against the rebel regime of Ian Smith: a total trade ban of imports and exports to and from Malaysia; non-recognition of passports and visas issued by the Smith government; a surcharge on any letters, parcels or communications arriving by post in the same manner as items having no stamps; exchange control measures excluding Rhodesia from the Sterling Area and restricting all payments and financial transactions of Rhodesian origin.

In summary, Malaysia's basic objectives, postures and strategies on matters of international co-operation and diplomacy did not change appreciably over this period although the general strategy of external outreach tended to extend into this issue-area as well. The most important development in this respect was the détente with Russia and the East European countries. The other important development of the period, although it did not reflect any change in foreign policy
objectives, postures or strategies, was the resuscitation of regional
coop-eration in the larger ASEAN, which succeeded the three-member
ASA.

Foreign Policy 1964-1969: A Transitional Foreign Policy

The most striking feature about the survey has been the general
turmoil that engulfed this period of foreign policy. It is possible
to identify two distinct phases of the turbulent foreign policy of
this period. In the first phase, the exigency of Konfrontasi resulted
in a greater rigidity in previously held foreign policy postures.
The prevailing pro-Western, anti-communist elite ideology was rein-
forced. In the perception of the policy-makers, Konfrontasi was
communist-inspired and ultimately linked to Peking. Malaysia therefore
hardened its anti-communist, anti-China line. The support of the
Russians and the Czechs for the Indonesians at the Security Council
re-affirmed the existing image of Konfrontasi as a communist-inspired
project. The Philippines, with its claim on Sabah, was seen merely
as an opportunist but its action at a time when Malaysia was already
pressured by Indonesia made Malaysia more adamant about its position.
The creation of Malaysia itself, as noted, to some extent grew out
of the fear of a growing communist threat to the region, particularly
in Singapore and Sarawak. The Indonesian reaction to "Malaysia" was
thus not unexpected as in the eyes of Malaysian policy-makers Indonesia
had already moved toward Peking long before Malaysia was proposed.
In addition, the unwillingness of Indonesia to join ASA on the grounds
that it was "a tool of American imperialism" had also strained
Malayan-Indonesian relations and established in the policy-makers' minds Jakarta's leftist image. Konfrontasi confirmed the Malaysian policy-makers' perception, so it seemed.

The initial hardening of foreign policy postures soon gave way to actions which were turned toward identification with the Afro-Asian world. This began as "truth missions" to propagate Malaysia's position in the Indonesia-Malaysia conflict but following Malaysia's failure to be seated for the Cairo Nonaligned Conference, it became a campaign to win recognition as a nonaligned country. These events also sparked considerable domestic debate on foreign policy. The Government was taken to task on a number of foreign policy issues by the opposition and even members of its own party. Furthermore, a non-government group attempted to gain membership in the Afro-Asian People's Solidarity Organization at Winneba and failed. These events added to the growing public sentiment that Malaysia's foreign policy was inadequate in the light of British withdrawal. The Alliance Parliamentary Group was formed to review foreign policy. The Government could not sit back and fail to take heed.

Thus began the second phase in this period of foreign policy - a phase of re-thinking resulting in the eventual discarding of Malaysia's anti-communist posture for one of "co-existence." This was followed up by the establishment of diplomatic ties with the Soviet Union and other Eastern European countries. The elite ideology had undergone, or at any rate, was undergoing, a qualitative change. The Ismail Peace Plan, and the Tunku's and Razak's admissions of slight shifts in foreign policy are indications of the general change taking place.
Perhaps in an effort to enhance its Third World image, Malaysia also became something of a leader in the affairs of developing countries in economic issues. It played a major role in raising the price of tin in 1965 tin negotiations and became a member of the UNCTAD Trade and Development Board in 1968. The basic foreign policy objectives, postures and strategies in the area of development and trade, however, remained much the same, even if they were pursued with greater vigour. This was nevertheless a period of transition in which traditional ties with Britain became relaxed and a drive was made to woo American capital together with greater efforts to promote economic ties with Eastern Europe. In short, Malaysia's economic links became more diversified, reflecting the general foreign policy strategy of external outreach.

This general foreign policy strategy also tended to spill-over into issues of international cooperation and peace. We have already discussed the widening of diplomatic relations, particularly with Eastern Europe which can perhaps be best understood as a spin-off from events related to Konfrontasi. As with trade and development, there were no appreciable changes in basic objectives, postures and strategies in this issue-area although the transition in overall policy was also reflected in this issue-area. The major achievement in this area was the formation of ASEAN, marking a renewed drive toward regional co-operation which was interrupted by Konfrontasi. But because of the thorny Sabah claim, this promising resuscitation of regional co-operation faltered, although it was restored by the end of the period. It is not until the next period of foreign policy
that ASEAN came into its own.

Thus foreign policy in this period was dominated in the earlier part with issues of defence and security arising out of Konfrontasi. The general turmoil that accompanied Konfrontasi resulted in an appreciable shift in foreign policy postures and strategies. In all, this was a period of transition for Malaysian foreign policy. I will again resort to a graphical display to illustrate the feedback effects of Konfrontasi and its related events in what can be identified as two distinct phases of Malaysian foreign policy in the period under survey. Since we have already indicated in the previous chapter the main sources of Malayan foreign policy in the three issue-areas, only the major events and developments of this period are cited, most of which are in the issue-area of defence and security. The chart nevertheless illustrates the spill-over effects of the defence and security issues into the other issue-areas.
FIGURE 3.1
Explanatory Chart of Major Foreign Policy Outputs 1964-1969

Phase I
Konfrontasi
Sabah Claim
Communist support of Konfrontasi

OBJECTIVES
Political independence
Territorial Integrity

POSTURES
Rigid pro-Western, anti-communist

STRATEGIES
Align with west
Disassociate with communist powers

ACTIONS
Severance of ties with Indonesia and Philippines
Activation of Anglo-Malaysian defence treaty
Military actions to combat Konfrontasi

Phase II
Failure to attend Cairo Conference
Domestic criticism of Foreign Policy
British policy of withdrawal east of Suez
Russian posture of peaceful co-existence

OBJECTIVES
Political independence
Territorial integrity

POSTURES
Relaxed pro-Western orientation
Co-existence with Eastern European Communist countries

STRATEGIES
Relax ties with the West
Widen contacts with Afro-Asia and Eastern Europe (external outreach)

ACTIONS
Replacing Anglo-Malaysian defence pact with five-power arrangement
Diplomatic drive in Afro-Asia
Contacts with E. Europe leading to Trade Agreement with USSR and diplomatic ties with USSR, Yugoslavia and Bulgaria.
Removing certain preferences for Commonwealth Goods
Unpegging Malaysian dollar from Sterling
The preponderance of external factors impinging on foreign policy particularly during Phase I of this period is amply evident from the chart. All the significant factors - Konfrontasi, the Philippines' Sabah claim and communist support generally for Konfrontasi - emanated from the external environment. Their combined effect was thus to reinforce existing elite images. This in turn led to a continued adherence, indeed, greater commitment, to prevailing foreign policy postures, objectives and strategies with their resultant actions as shown in the chart. For the most part, therefore, foreign policy during Phase I can be explained almost entirely by reference to external sources, given the thrust of the prevailing elite ideology. The second phase, however, shows the impact of both external and internal sources of foreign policy. In particular, it was the feedback effect of various external and internal events that led to a shift in Malaysia's foreign policy postures and strategies. It is not possible to show in the chart the constant feedback process affecting policy actions. However, we can attempt to trace the longer term effects of Konfrontasi on Malaysian foreign policy, in a series of actions
and reactions, in the following manner:

Konfrontasi → Activation of Anglo-Malaysian defence pact → British, Australian and New Zealand troops fighting together with Malaysian forces

Enhances Malaysia's pro-Western image → Failure of Malaysia to be invited for Cairo Nonaligned Conference → Domestic criticism of Foreign Policy

Diplomatic drive to win Afro-Asian support

Changing elite perceptions → Softening of anti-communist, pro-Western line

In addition to the long-term impact of Konfrontasi on foreign policy, the general British policy of withdrawal east of Suez and the Soviet Union's new posture of peaceful co-existence enhanced the movement toward softened pro-Western and anti-communist lines. Indeed, by the end of the period, Malaysia had largely dropped its anti-communist line for one of peaceful co-existence and was fast transforming its pro-Western stance for one of neutralism. It was not until the next period, however, that these changes became really apparent.

There was also a tendency for the effects of changes in the Defence and Security issue-area to spill-over, as it were, into the other two issue-areas. Thus Malaysia responded positively toward
Eastern European overtures to open trade and diplomatic ties. Konfrontasi also seemed to have shown Malaysian policy-makers how few firm friends the country really had and resulted in the general strategy of reaching out toward the Afro-Asian world and the setting up of diplomatic missions in many of those states. In all, it seemed to have been a good lesson in diplomacy for the new nation. Thus, while objectives, postures and strategies did not change significantly in the issue-areas of Development and Trade and in that of International Co-operation and Diplomacy, policy actions not only increased quantitatively in the two issue-areas, but became more pluralized in terms of their targets.

In general, then, the second period of foreign policy demonstrates the importance of the feedback process in foreign policy formulation and the manner in which this process affects shifts in foreign policy. This is another way of saying that foreign policy is continually tailored to the existing needs of the nation as perceived by its policy-makers, who constantly have to re-appraise and adjust policies to changing external and internal conditions. For Malaysia's policy-makers, various events and conditions from the external environment signaled the need for an adjustment in foreign policy orientations so that the national goals could be better pursued. In particular, Malaysia found it necessary to adjust its posture and strategies in the pursuit of its core-value goals in the aftermath of Konfrontasi and in the wake of various changes in the international environment. At home, the general turmoil in foreign policy induced a spate of criticism which did not fail to have its effect on the policy-makers.
as well. In short, the elite ideology which had been rigidly adhered to was undergoing a revision. The previous 'black-and-white' national image which sprung from a classic view of East-West struggle mellowed into a recognition that co-existence was not only possible but necessary. On the whole, idiosyncratic factors receded in importance or were overwhelmed in the face of strong external pressures and domestic demands for a shift in foreign policy. However, it is not until the next period of foreign policy that these incipient changes in foreign policy became consolidated and formalized.
Notes to Chapter 3


3. The claim was based essentially on the contention that the Sultan of Sulu had merely "leased" and not "ceded" the territory in 1878 to the predecessors of the British North Borneo Company from which it was passed on to the British Crown; that sovereignty could be transferred only to sovereigns; and that the Philippine Government was the heir to the Sultan of Sulu. See Milne, op. cit., pp. 187-188.

4. Ibid., pp. 185-186.

5. A sample of the outpouring of brotherly love is provided from the following statements of three leaders at the conclusion of the conference:– Macapagal: "I say that President Sukarno is a great leader and Tunku Abdul Rahman a great statesman."; Sukarno: "The Tunku is a great statesman, and Macapagal a great leader of the people of Asia."; Tunku: "President Macapagal and Sukarno are dynamic leaders who have fought colonialism and imperialism." The Straits Times, August 6, 1963.

6. A series of events prior to Malaysia's proclamation led to a total breakdown of relations among the three countries. Malaya had postponed the Malaysia formation from August 31 till September 16 to give enough time for the UN Secretary General's report due to appear on September 14. The Secretary General deplored the fact that the date was fixed before his conclusions were made known and so did Indonesia. After the report had found that the majority of the Borneo people supported the project, Indonesia and the Philippines chose not to accept the UN conclusions.

For a thorough and detailed examination of the motives and reasons behind Malaysia's formation, see Noordin Sopiee, Political Unification in the Malaysia Region 1945-1965: From Malayan Union to Singapore Separation, Penerbit Universiti Malaya, 1974, pp. 143-145.

The Straits Times, February 8, 1963.


Milne, op. cit., p. 63. See also Sopiee, op. cit., pp. 144-145.


The Tunku denies the importance of the Communist threat in the formation of Malaysia but agrees that the racial balance theory has "some truth." He insists that "the truth of the matter ... was that the people living under the same form of administration previously (that is, British rule) would naturally want to live again under the same form of administration in independent Malaysia." Tunku, personal communication, June 1975. The "same administration" nevertheless implies a pro-Western, non-communist political framework.


The expression "external outreach" is employed by Stephen Chee, op. cit.


The Straits Times, October 15, 1964.

The Straits Times and The Malay Mail, August 9, 1965.
19 See The Straits Times, May 28, 1965, in which the Socialist Front MP, Dr. Tan Chee Khoon queries the Tunku on the issue in a House debate. A PAP opposition member, Devan Nair, wrote pointedly in a letter to The Straits Times, "We do not advance our cause in Afro-Asia by doing an ecstatic jig round the American totem." The Straits Times, June 5, 1965.

20 Other members of the delegation were Lee San Choon, Alliance MP, Abdullah Ahmad, Political Secretary to the Deputy Prime Minister, Musa Hitam, Political Secretary to the Minister of Transport, Wong Leng Ken, PAP leader, Devan Nair, PAP MP, James Puthucheary, lawyer, Samad Ismail, journalist. These individuals comprised a "National Committee" according to PAP MP Devan Nair. See The Straits Times, May 20, 1965, and Dewan Ra'ayat Parliamentary Debates, May 26, 1965, col. 124.

21 Malaysia's support of the US bombing of North Vietnam was apparently the major obstacle to the delegation's acceptance. There was also an element of inter-party competition involved as Malaysia's socialist parties, the Labour Party, Party Rakyat and the Barisan Socialis of Singapore had been sponsored for membership by Indonesia although these parties did not send any delegation to the Conference. Interview with Encik Samad Ismail, editor, New Straits Times, May 19, 1975, and ibid., cols. 123-126.


23 The Malay Mail, August 31, 1966 and The Straits Times, September 1, 1966.

24 Ibid., June 24, 1966.


26 Tun Ismail said he had not discussed his proposals with the Prime Minister or any of his former Cabinet colleagues, The Straits Times, January 24, 1968.

The Straits Times, January 28, 1968. Opposition party leader, Dr. Tan Chee Khoon alleges that Tun Ismail resigned from the Cabinet not only because of health reasons but because he had differences with the Tunku on foreign policy matters. Dr. Tan also alleged that Ismail wanted to hold the Ministry of Foreign Affairs but the Tunku was adamant in not giving up the portfolio. The Tunku-Ismail conflict dates back to the early years of independence (see fn. 83, Chapter Two) and seems to have an ideological dimension. Ismail in the later years appeared to have changed his hard-line anti-communist position but the Tunku has remained uncompromising in his attitude toward communism and communist countries, especially China. Interview with Dr. Tan Chee Khoon, May 22, 1975, and Tunku, personal communication, June 1975.


Tilman, op. cit., p. 46.

Ibid., pp. 46-47.

Boyce, op. cit., pp. 132-133.

The British pull-out plans announced were as follows: Phase 1: Withdrawal of 10,000 men by April 1968; Phase 2: Withdrawal of a further 20,000 men by 1970-71, reducing the size of British forces to about half the pre-Confrontation level of 60,000; Phase 3: Total withdrawal by about the mid-1970's. The Sunday Times, January 14, 1968.


In February 1969, the two countries announced their decisions to maintain their forces in the region after 1971, The Malay Mail, February 26, 1969, but Tun Razak and the Tunku on a number of occasions expressed doubts about this commitment. See The Straits Times, August 8 and 10, 1969.
The Exercise dubbed "Bersatu Padu," which was widely publicized, involved the deployment of 4,000 men, 500 aircraft and 50 ships. The Malay Mail, April 10, 1970. It was not until April 1972 after a ministerial meeting in London that the five-power arrangement was finally formalized in a joint communiqué issued by the five governments. The Five-Power Arrangement, however, is not a military pact although its purpose was to replace AMDA which was terminated in November 1971. See Chin, op. cit., p. 1 and pp. 17-18.

For example, the Permanent Secretary to the Ministry of Foreign Affairs stated that "We have steadfastly maintained these principles [of peaceful co-existence] ever since our independence and most recently they have borne fruit in the exchange of diplomatic missions between the Soviet Union and Malaysia ... It is not that the principles of co-existence have changed; it is rather that these principles ... which we ... have long espoused have won gradual acceptance." See Tan Sri Ghazali Shafie, "The Elements of Foreign Policy," Foreign Affairs Malaysia, Vol. 2, Nos. 1 & 2, December 1969, pp. 12-13. Tan Sri Ghazali, in an interview, maintained that it was the communist countries that had changed rather than Malaysia. Interview with Tan Sri Ghazali Shafie, October 30, 1975.


If both Malaysia and Bolivia had withdrawn from the Agreement, it would have collapsed since Malaysia is the leading tin producer and Bolivia is second in line. See my M.A. Thesis, pp. 109-110 and "Storm In a Tin Cup," The Far Eastern Economic Review, Vol. 51, January 20, 1966, pp. 90-91 for an account of the episode.

The price range was raised from a level of 1,000 - 1,200 to a level of 1,100 - 1,400 per ton, ibid.


45. Ibid., p. 81.


50. Czechoslovakia, Poland and Rumania were at this time also reported to be seeking ties with Malaysia. See *The Malay Mail*, July 25, 1967 and *The Straits Times*, January 3, 1969.

51. The other ASPAC countries were: Australia, Taiwa, Japan, New Zealand, the Philippines, South Vietnam, Thailand and South Korea.

52. *The Straits Times*, June 12, 1966. The purported aim of the organization was cooperation in the economic and cultural fields, *The Straits Times*, June 19, 1966. Malaysia, together with Japan, had reportedly blocked moves to mould the organization as an anti-communist front. On the whole, Malaysia was not particularly enthusiastic about ASPAC. See *The Straits Times*, July 5 and 7, 1967.
The Straits Times, August 9, 1967. The machinery for carrying out the work of the regional body were as follows: an annual foreign ministers' meeting; a standing committee with rotating chairmanship, sitting in the country of the foreign minister serving as chairman and comprising ambassadors of the other states; ad hoc and permanent committees of specialists and other officials as needed; and a national secretariat in each member country, Tilman, op. cit., p. 49.

Ibid.

Ibid.

The Straits Times, August 2, 1967.

The Straits Times, August 3, 1968.

The Straits Times, December 11, 1968.


Ibid., p. 49.

The ASEAN Fund was to have an initial grant of $15 million, that is, a contribution of $3 million from each member state, The Straits Times, December 18, 1969.

The Malaysian Representative, Mr. Ramani, indicated that he would support a resolution calling only on Pakistan to ceasefire since, he said, India had already indicated it would accept the ceasefire unconditionally, The Straits Times, September 21, 1965. The Tunku, in defending Ramani, said Malaysia's international ties were more important than its religious ties, The Straits Times, September 27, 1965.

The Malay Mail, October 6, 1965.

See Michael Brecher, "Inputs and Decisions for War and Peace," *International Studies Quarterly*, Vol. 18, No. 2, June 1974, pp. 131-177, for an excellent study of the June 1967 Israeli-Arab war in these very terms of feedback to which we have alluded. The research design Brecher uses is however designed for the detailed study of particular events rather than foreign policy in general with which I am concerned.
CHAPTER FOUR

MALAYSIAN FOREIGN POLICY 1970 – 1975

Defence and Security

With the turmoil of the 1960s behind it, Malaysia moved toward consolidation of relationships in the region. Malaysia put the final touches to its rapprochement with Indonesia by signing with it, in March 1970, a Friendship Treaty and a Delimitation of Territorial Seas Treaty. The Friendship Treaty was a renewal of a similar treaty signed in 1959, the only such treaty Malaysia has signed with any country. The 1970 treaty has the aura of a non-aggression pact. Article 3 states that "the two High Contracting Parties undertake that in case any dispute on matters directly affecting them should arise they will not resort to the threat or use of force and shall at all times endeavour to settle such a dispute through the usual diplomatic channels in the true spirit of friendship and goodwill between good neighbours." In the 1959 treaty, a similar article stated merely that the parties "shall endeavour" to settle a dispute through peaceful means. The Delimitation of Territorial Seas Treaty had international ramifications and sprung from Malaysia's and Indonesia's claim of a 12-mile territorial waters instead of the traditional 3 miles. The treaty related in particular to the Straits of Malacca, which being less than 24 miles wide in places meant that the two countries did not consider the Straits
to be international waters. In December 1971, Malaysia and Indonesia, after tripartite consultations with Singapore, announced that "the Straits of Malacca and Singapore are not international straits, while fully recognising their use for international shipping in accordance with the principles of innocent passage." Singapore, while not holding this position, agreed with Malaysia and Indonesia that the safety of navigation was the responsibility of the littoral states and that there was need for tripartite cooperation on the question. Its position is understandable because of its international status as an entrepot and commercial center. Malaysia's and Indonesia's positions, however, arose from a wish to assert national sovereignty over the Straits for a number of reasons. While the two countries claimed navigational safety and pollution to be the most compelling reasons for controlling the Straits, the obviously important strategic implications of the move cannot be denied. At one point, Tunku Razaleigh, as President of the Associated Malay Chamber of Commerce, proposed that the Straits be turned into "the Suez Canal of Southeast Asia" and a shipping levy be imposed on all vessels passing through the Straits. The scheme received no official endorsement, however. The official view on the extension to 12 miles of territorial seas is that it was necessary for the day-to-day administration of defence and commercial security and that Malaysia was merely "falling in line with the large majority of nations."

In May 1970, Malaysia served on the three-nation mediation task force (Indonesia and Japan were the other two countries) which was appointed by a Jakarta conference to look into the deteriorating war situation in Cambodia. Toward the year's end, Malaysia attended its
first nonaligned nations conference at Lusaka. The event was symbolic of Malaysia's final acceptance as a "nonaligned" nation. Malaysia's delegation to Lusaka was led by Deputy Prime Minister, Tun Abdul Razak, shortly before his succession as the nation's Prime Minister. In his speech to the conference, Razak spoke in glowing terms of nonalignment and identified Malaysia's foreign policy goals with its principles:

...Today with the détente between the two power blocs, it is an important responsibility of the Non-Aligned Group to ensure that the interest of the big powers do not converge at the expense of the medium and small powers. The hegemonistic tendencies on the part of the major powers which appear to be under various guises and with various justifications must be resisted. Furthermore, the world today is no longer bipolar. It is at least tri-polar with the emergence of China and her legitimate role in the world cannot be simply washed away by those who are opposed to her. At the same time, it is a fact which also cannot be washed away that the relations between China and a number of countries remain unsatisfactory. I submit that here the non-aligned countries have an extremely important role to play and have a unique duty to discharge if we are to remain loyal to the principles of co-existence and to our basic tenets of non-alignment in our efforts to bring about a harmonisation of international relations on the basis of respect for independence and integrity of states.

It was also at the Lusaka Conference that Razak for the first time sought endorsement, at an international forum, for Malaysia's proposal for the neutralisation of Southeast Asia. Although the scheme received only partial endorsement at Lusaka, Malaysia continued to air it at various international conferences, notably, the commemorative session of the 25th anniversary of the United Nations in December 1970, and then at the 1971 Commonwealth Conference at Singapore.
I quote Tun Razak in his speech to the Commonwealth summit:

...the non-alignment principles to which Malaysia whole-heartedly subscribes...call for...restraint and consideration from the big powers in their actions and decisions which affect smaller countries. In keeping with the latter, the non-aligned countries at Lusaka looked to the neutralisation of Vietnam, Laos and Cambodia. Malaysia for its part has taken this a step further and called for the neutralisation of Southeast Asia - a neutralisation which necessarily requires the endorsement of the U.S., U.S.S.R. and China. Vietnam, Laos and Cambodia cannot be considered in isolation. They are very much a part of Southeast Asia which has all the potentialities of becoming an arena of conflict of the super powers intent on the extension of their spheres of influence. In our view, therefore, peace and stability in this region can only be a reality if the neutralisation which should cover the entire area is guaranteed by the U.S., U.S.S.R. and China.  

Malaysia's neutralization proposal no doubt had its origins in the 1968 "Ismail Peace Plan." However, it was not until two years after Tun Ismail had presented his proposals to Parliament that they became formalised as part of Malaysia's foreign policy. Initially, the proposal, as explained by party ideologue Tan Sri Ghazali Shafie involved "two levels" or policy:

On the first level, the countries of Southeast Asia should get together and clearly view their present situations and agree upon the following:

* individual countries in the region must respect one another's sovereignty and territorial integrity, and not participate in activities likely to directly or indirectly threaten the security of another. This is an essential requirement. Non-interference and non-aggression are basic principles which Southeast Asian countries must unequivocally accept before any further steps can be taken.
* all foreign powers should be excluded from the region.
* they should devise ways and means of, and undertake the responsibility for, ensuring peace among member states.
* they should present a collective view before the major powers on vital issues of security.
* they should present a collective view before the major powers on vital issues of security.
* they should promote regional co-operation.

On the next level, the major powers (the United States, Russia, and China) must agree on the following:
* Southeast Asia should be an area of neutrality
* the powers undertake to exclude countries in the region from power struggle among themselves
* the powers devise the supervisory means of guaranteeing Southeast Asia's neutrality in the international power struggle.16

The scheme, while ambitious, was based on a pragmatic appreciation of the Southeast Asian situation. It thus became the most important of Malaysia's foreign policy strategies in the area of defence and security in this period. By November 1971, Malaysia partially fulfilled the "first level" of policy by persuading the four other ASEAN members to endorse the scheme. In the historic Kuala Lumpur Declaration, the ASEAN countries, "agreeing that the neutralization of Southeast Asia is a desirable objective and that we should explore ways and means of bringing about its realization..." stated

(1) That Indonesia, Malaysia, the Philippines, Singapore and Thailand are determined to exert initially necessary efforts to secure the recognition of and respect for, Southeast Asia as a Zone of Peace, Freedom and Neutrality, free from any form or manner of interference by outside powers
(2) That Southeast Asian countries should make concerted efforts to broaden the areas of cooperation which contribute to their strength, solidarity and closer relationship.17

The neutralization scheme was subsequently also endorsed in principle by the Commonwealth Conference of Ottawa in August 1973 and
the Fourth Nonaligned Summit Conference in Algiers in September 1973. Endorsement is of course a far cry from implementation and to date the big two, U.S. and U.S.S.R., have not responded officially to the scheme although China has expressed verbal support for the idea. The slowness of big-power response and the feedback from other countries, particularly the ASEAN countries, on the scheme had led to a slight shift in emphasis in the foreign policy strategy. Increasingly the term "neutralization" has been dropped in favour of the expression "Zone of Peace, Freedom and Neutrality" or simply, "zonal neutrality." Thus the emphasis today is less on big-power guarantee for neutralization than on ASEAN, or Southeast Asian, initiative in fostering zonal neutrality. The concept of neutralization implies big-power participation, or at any rate, control, and this does not sit well with some ASEAN countries which would prefer to see big-power disengagement from the area. The scheme has evidently made good progress since the Kuala Lumpur Declaration of 1971. By May 1975 during the ASEAN Ministerial conference in Kuala Lumpur, it was publicly announced that a "Blueprint for the Zone of Peace, Freedom and Neutrality" was in the process of being mooted and formulated by senior ASEAN officials. The change of emphasis from big-power guarantee to national and regional initiative was underscored by Tun Razak in his speech to the ASEAN ministers:

The premise of the neutralisation proposal is regional and national resilience. Southeast Asia must stand on its own feet. We -- individual countries as well as the region as a whole -- must be self-reliant if we wish to survive. If a country or a people values its way of life, it must be prepared to defend it against any
form of external encroachment. If a people is not prepared to fight in the defence of its sovereignty and its values, it will not survive — indeed it does not deserve to survive. The best defence lies in the people themselves — in their commitment, their will and capacity. This is the premise of the neutrality system as it applies both to individual countries and to the region as a whole. It is not premised on vague hopes and euphoric dreams. It is premised on friendship and goodwill, on an open-minded readiness to co-operate, and patience and perseverance in working out detailed arrangements — and equally on national resilience, on our readiness to fight and defend our values and way of life.... This is the meaning of and thrust of the neutrality system....The key to our future security and stability lies not in outdated and irrelevant attitudes of the cold war, but in imaginative and constructive response to the new realities of today.22

The shift of emphasis in the neutralization strategy was explained in a more complete fashion by foreign policy theoretician and currently Home Affairs Minister Tan Sri Ghazali Shafie. In a talk on regional security to the Centre for Strategic and International Studies, Jakarta,23 Ghazali spelled out three security issues-areas, namely, internal security issues that arise from internal conflict situations; intra-regional security issues that arise out of intra-regional (Southeast Asian) conflict situations; and external security issues that arise out of extra-regional conflict situations. He argued that these conflict situations could be alleviated by a "Southeast Asian Neutrality System" which would entail the pursuit of three "essential elements" namely (1) national cohesiveness and resiliency (2) regional cohesiveness and resiliency, and (3) the observance of a policy of equidistance by Southeast Asian states vis-à-vis the major powers. National resilience refers to a state's "capacity to mobilize (its)
population for nation-building and rapid economic development..."\textsuperscript{24}

A state is said to be resilient if "...its socio-political system is nationally accepted and has the inherent ability to meet the heightened expectations for greater prosperity and social justice of its population."\textsuperscript{25}

The second element, regional resilience, is more than a mere extension of the national concept and appears to incorporate some notion of regional integration,

The notion of regional resilience may be defined as the ability of each state in the region to be fully committed to their [sic] organised inter-relatedness and interdependence as the first principle of foreign policy. ASEAN is clearly a first step in that direction. It has focussed interest on the real possibility of accelerating economic development through increased intra-regional trade, improvement of collective extra-regional trade terms, sectoral plan-\textsuperscript{h}\textsuperscript{a}\textsuperscript{m}onization as well as collective utilization of a larger volume of external resources through joint regional projects.\textsuperscript{26}

The third element, equidistance, is taken to mean a policy of maintaining noninvolved and more or less impartial or neutral relationships with the great powers. As Ghazali Shafie puts it, "In the short term, equidistance reinforces the adoption of a neutral,non-aligned policy stance, which in turn reinforces accommodation between external powers. In the long term, equidistance will entrench a regional policy of neutrality and nonalignment that will facilitate and perpetuate great power disengagement from Southeast Asia."\textsuperscript{27} He suggests that

None of these policy trends are [sic] fundamentally unacceptable to any Southeast Asian state. In fact these trends are already being pursued by most of
them, with the rest already showing an inclination to adopt similar policy trends. The elements necessary for a neutrality system are mutually reinforcing, such that once firmly established, will provide constant dynamics to the overall situation. The question really is not whether systemic neutrality will eventually come about (it will eventuate as a direct result of the entrenchment of the necessary policy trends) but rather whether it will eventuate spontaneously, or be institutionalized by collective agreement.28

Because of the changing nature of the neutrality proposal, some confusion has been generated over its precise meaning and doubts have arisen with respect to its practicality. As one foreign policy analyst puts it,

The [neutralisation] proposal may not be practical; indeed, may be utopian as many of the critics have argued. Quite realistically, Southeast Asia is not likely to develop into a Zone of Peace, Freedom and Neutrality soon. Yet it is important to distinguish between neutralisation as an end or as a goal, and as a means, or more particularly, a theoretical framework — a process of thinking, articulation and formulation of individual and collective policies.29

It is perhaps possible to overcome the conceptual difficulty encountered by the analyst here by referring to the foreign policy model of this study. The neutralization scheme, accordingly, would be basically a foreign policy strategy, grounded on a number of foreign policy objectives, and springing from a foreign policy posture of nonalignment, as it is officially claimed, or, neutralism as I would prefer to call it. My contention is that Malaysia's claim to nonalignment remains dubious as long as the Five-Power Defence Arrangement, however loosely, remains in force.23 The proposal for zonal neutrality is also hardly in the tradition of nonalignment, having perhaps greater affinity to European
neutrality. The change in emphasis recently in the foreign policy strategy reflects a continual adjustment toward external developments and to some extent domestic events. Although the strategy is flexible, Malaysia's basic posture of neutralism has been a stable facet of foreign policy for this whole period, and one suspects, for a long time more to come. The neutralization scheme, because it specifies clear-cut lines of action and is based on a particular ideological or political position may also be looked upon as a "doctrine." A foreign Ministry official stressed, for example, that it was a "total concept" on which all foreign policy actions were "tested" so that they conformed to its premises. However, for the purposes of this study, I prefer to use the term "strategy" to describe the concept as this dovetails with the other designated foreign policy outputs. Toward the end of the period, Malaysia had initiated, under ASEAN auspices, a "Blueprint" for Southeast Asian neutrality, which, according to a Wisma Putra official, enjoyed "90 percent support" of the other ASEAN countries.

Malaysia's final stride toward neutralism actually came with the recognition and establishment of diplomatic relations with the People's Republic of China. While the move was strictly a diplomatic matter, its implications for Malaysia's national defence and general security will become obvious in the course of my account. Steps toward rapprochement with China became evident when Malaysia began to soften its China line soon after the termination of Konfrontasi. At various points, Malaysian spokesmen publicly lamented the absence of China from the UN, although they invariably defended the rights of Taiwan. Tun Razak in
1966 called this position the "One China, one Formosa" policy, not wishing to be identified with the "two-China" policy. Until 1970, Malaysia held this position. Thus Tun Ismail told the UN General Assembly in December that year:

It is...a fact that the world today is no longer bipolar. It is, if not multipolar, at least tri-polar. Specifically, I am referring, of course, to the People's Republic of China, whose absence from this organization reflects a serious short-coming of the United Nations. Furthermore, the denial to a big power of its proper role cannot be conducive to the establishment of a stable and harmonious world order....I should...wish to state the view here of my Government that, taking into account the rights of the people of Taiwan to self-determination, a right which surely member states of this organization cannot deny to any people, China should be properly and fully represented in this organization. The exclusion of China from this organization and from the mainstream of international activities is unrealistic and shortsighted and benefits no one.

By 1971, the Malaysian position on China and Taiwan had become more definite. In a briefing to the Commonwealth Parliamentary Association, Tan Sri Zaiton, the Permanent Secretary to the Ministry of External Affairs said:

Malaysia's policy on China is this: We subscribe not to a two-China policy or one China one Taiwan policy but rather, I say this quite categorically, to a one China policy. But the problem of Taiwan remains a difficult issue. The fact has to be accepted that a de facto government exists on this island, based on an ideology different from that existing on the mainland. On the other hand, for centuries it has been accepted that Taiwan is part of China. The problem is well-nigh impossible to resolve unless there is a spirit of give and take on both sides. It is for this reason we say that, while the problem is essentially one for the Chinese people to decide, in considering its solution,
we urge that cognizance be taken of the principle of self-determination to assess the wishes of the twelve million or so people inhabiting the island of Taiwan....We do not seek to involve ourselves in the minutiae of the Chinese problem. We recognize that the problem of Taiwan as a problem which must be sorted out by the Chinese people.35

Thus in the 1971 UN General Assembly, Malaysia voted for the Albanian resolution which allows for the seating of China and consequently, Taiwan's expulsion.36 There followed in October 1971, a 19-man Trade Mission to China, led by Pernas Chairman, Tengku Razaleigh, to establish direct trade links with the People's Republic. Subsequent missions followed, paving the way for unofficial negotiations on recognition and diplomatic ties. The most important of these negotiations were carried out, it was revealed later, in secret meetings between the Malaysian UN Representative at New York, Zakaria bin Mohammed Ali, and his Chinese counterpart, Huang Hua.37 The two men had first met in Ottawa when they were ambassadors to Canada. The Chinese position at these meetings was that diplomatic relations should come first while Malaysia wanted the outstanding issues settled before ties could be formalised.38 From the Malaysian perspective, there were three main issues: China's support for the Malayan Communist Party (MCP); the related question of "Suara Revolusi Malaya" (Malayan Voice of Revolution) radio broadcasts which emanated from China; and the status of the 220,000 stateless Chinese in Malasia. China, apparently after a little hesitation, agreed to discuss these and other issues and by December's end, agreement had been reached on the entire range of questions. As a prelude to the China ties, Malaysia had recognised without much fanfare the Mongolian Republic, North

Then, on May 27, 1974, a Malaysian entourage, led by Prime Minister Tun Abdul Razak, left for the People's Republic of China in the the first high-level official contact of the two governments since Malaya's independence in 1957. On May 31, Malaysia and China announced the normalisation of relations to be followed by an exchange of ambassadors. At the same time, Malaysia terminated diplomatic (consular) relations with Taiwan. In the joint communiqué announcing the normalisation of relations, the two governments agreed on the following chief points:

...that although the social systems of the People's Republic of China and Malaysia are different, this should not constitute an obstacle to the two Governments and people in establishing and developing peaceful and friendly relations between the two countries on the basis of the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful co-existence. The two Governments consider all foreign aggression, interference, control and subversion to be impermissible. They hold that the social system of a country should be chosen and decided by its own people. They are opposed to any attempt by any country or group or countries to establish hegemony or create spheres of influence in any part of the world. 39

Specifically, Malaysia stated that it recognises "the Government of the People's Republic of China as the sole legal Government of China and acknowledges the position of the Chinese Government that Taiwan is an inalienable part of the territory of the People's Republic of China." The Chinese Government, on its part,

....takes note of the fact that Malaysia is a multi-racial country with peoples of Malay, Chinese and
other ethnic origins. Both the Government of the People's Republic of China and the Government of Malaysia declare that they do not recognise dual nationality. Proceeding from this principle, the Chinese Govt. considers anyone of Chinese origin who has taken up of his own will or acquiring Malaysian nationality as automatically forfeiting Chinese nationality. As for those residents who retain Chinese nationality of their own will, the Chinese Government, acting in accordance with its consistent policy, will enjoin them to abide by the law of the Government of Malaysia, respect the customs and habits of the people there and live in amity with them. And their proper rights will be protected by the Government of China and respected by the Government of Malaysia.

Although not specifically mentioned in the joint communiqué, it seemed that China was prepared to stop actively supporting the MCP and base its relations with Malaysia on the five Bandung principles of co-existence. At any rate, it appeared to be the Malaysian government's understanding that "non-interference" in internal affairs was a reference to the MCP issue. Thus the Malaysian Prime Minister said on his return that he had received assurances in private talks with both Chairman Mao and Premier Chou that the MCP was Malaysia's "internal problem."41

China also accepted Malaysia's position on the issue of overseas Chinese (Huachiao), which is based on the principle of *jus soli*. In the past, China applied the principle of *jus sanguinis* in the fear that Taiwan would absorb the Huachiao if the local societies rejected them.42 As a *quid pro quo* to the concessions made by China, Malaysia discarded its ambivalent stand on Taiwan in stating plainly that the island was an inalienable part of the People's Republic of China and
in so doing also breaking off ties with the island republic. Premier Chou also spoke favourably, if only generally, of the Malaysian-ASEAN scheme for the neutralisation of Southeast Asia. In his words, "... the Malaysian Government's position for 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."43

The China visit represented a diplomatic breakthrough for Malaysia and a personal triumph for Tun Razak. On his return from the historic trip the Malaysian Premier said with considerable truth:

The prestige of Malaysia has never been higher than it is today. The success of our foreign policy is internationally recognised. Every major power in the world can without equivocation support our policy of friendship because it is directed against none, our policy of non-alignment because it is fair and objective, our strong commitment to regionalism because it is constructive, and our pursuit of regional neutrality because it would bring and build peace.44

Thus with the establishment of diplomatic ties with the People's Republic of China, Malaysia's foreign policy has more or less come around full circle. It can now claim with greater credibility to have a neutralist foreign policy and thereby pursue a policy of equidistance vis-à-vis the major powers. As long as it did not recognize China and China did not recognize Malaysia, such a strategy of equidistance, ipso facto, could not be pursued.

A little under a year after Malaysia's rapprochement with China came the dramatic turn of events, in April 1975, in Indo-China. In
unprecedented and relentless military offensives the revolutionary movements of South Vietnam and Cambodia - admittedly with generous support and participation from Hanoi - overwhelmed the non-communist regimes of Thieu and Lon Nol within a matter of months. The communist victories led to the establishment of communist governments in South Vietnam and Cambodia under the National Liberation Front and the Khmer Rouge respectively. These events will no doubt have far-reaching implications for the security of the Southeast Asia region as a whole.

Malaysia has extended recognition to the two new Indo-China governments. It has taken a positive attitude of the events in Indo-China. This is concomitant on its adherence to a neutralist foreign policy.

In the words of the Prime Minister Tun Razak, speaking to the ASEAN Foreign Ministers in Kuala Lumpur in May, 1975,

We meet today at a historic moment in Southeast Asia. Only days ago, we have seen the emergence of new governments in Cambodia and South Vietnam, born out of the turmoil of a protracted war and extraordinary and untold human sufferings. ... Southeast Asia today is a different place from what it was only a few weeks ago. Peace, for the most part, has come to this region. This must indeed be a decisive moment in our history. Never before in the history of this region have we the opportunity to create and establish for ourselves a new world of Southeast Asia -- a world at peace and free from foreign domination and influence -- a world in which the countries of the region can co-operate with one another for the common good....

We are now at the threshold of exciting possibilities. This is the challenge which faces us in Southeast Asia today. This challenge brings new opportunities for peace, friendship and co-operation for us to grasp....Which path shall we follow? The path of unity or the path of division? The path of co-operation or of confrontation?...It is a historic choice - a historic opportunity - a historic responsibility which will determine the
the future of our region and of our people. As brother Southeast Asians, we in Malaysia are happy the guns of war in the countries of Indo-China have at last been muted. We extend our friendship and goodwill to the governments and peoples of the Indo-China states with whom it is our earnest desire to have friendly and neighbourly relations. Basic to our thinking about the future is our commitment to do our utmost to ensure that the countries of Southeast Asia irrespective of political ideology or social system -- can co-operate together in ensuring peace and prosperity for all our peoples.45

Malaysia's policy-makers made it absolutely clear that they did not subscribe to the so-called "Domino Theory." Party theoretician Tan Sri Ghazali Shafie went on Radio-Television Malaysia to explain what he called "The Great Domino Fallacy."46 Ghazali submitted that the two simplistic assumptions of the theory are untenable, namely, the inevitability of communist victory, that is, that it would spread from country to country, and the assumption of the uniformity of Southeast Asian countries. In short he argued that the fall of "American dominos" does not necessarily presage the fall of other states, which may not even be "dominos":

In theoretical as well as practical terms the domino theory has little relevance to the states of Southeast Asia. The collapse of American policy in Indo-China does not determine the internal order of these states, unless their internal order happens to be a function of American support, and that they depend on the United States for the maintenance of their internal political system.... Whether or not a country goes communist depends on the success of the internal and external policies of that country itself.... In the years ahead the domino theory will come to be regarded as being increasingly irrelevant even by the United States.... If
the Americans can begin to grasp the reality that their global security links are actually premised on political socio-economic and not military efficacy, there would be no cause for them to hold on to the myth of the domino theory.47

In summary, Malaysia's general strategy of the period appeared to be a shift from the pursuit of 'defence' to that of 'security.'48 'Defence' implies a definite military strategy of a state protecting its borders, usually by means of a military pact where its own military capabilities are thought to be inadequate. 'Security', on the other hand, suggests a more general - both political and military - orientation toward minimizing threats to a state's territorial integrity. In Malaysia's case, the emphasis on defence in the first period was manifested in the Anglo-Malayan defence pact while the new emphasis on security in the third period is reflected in its pursuit of regional neutrality. For the most part, then, the pursuit of national security dovetailed into the pursuit of regional security. Malaysia's major strategy initially was the Swiss-style proposal for the neutralization of Southeast Asia to be guaranteed by the major powers. The strategy evidently underwent a slight modification and became the promotion of a Zone of Peace, Freedom and Neutrality in Southeast Asia, a concept which was duly endorsed by all the ASEAN countries in 1971. There seems to have appeared more recently another 'package' of strategies with respect to the pursuit of security goals. This consists of the promotion of national and regional "resilience" and a policy of "equidistance" vis-à-vis the major powers. But these more general strategies are no doubt tied to the promotion of a zonal neutrality system which for the most
part has been the cornerstone of Malaysia's foreign policy in the period. It may be possible to obtain the support and participation of the other Southeast Asian countries for the scheme but perhaps of equal importance is some form of endorsement or acceptance by the major powers. The opening up of diplomatic relations with Peking by Malaysia, the Philippines and Thailand is a right step in that direction. No doubt there will be thorny details of implementation to be worked out before the neutrality zone can actually come into force. It is beyond the scope of this study to examine the intricacies of the neutrality proposal. Suffice it to say that up till today it has proved to be a viable foreign policy strategy for Malaysia.

A summary of the main foreign policy objectives, postures, strategies and actions for the period in the defence and security issue-area appears below in table form.

Development and Trade

There was some indication of a change in posture and strategies in economic matters although Malaysia's economic policies in broad terms -- particularly its objectives -- did not change fundamentally. Notably, Malaysia's developing-world posture took on a more forceful or even radical orientation. Malaysian spokesmen began to stress more strenuously the need to institutionalise various measures aimed at alleviating price fluctuations in primary commodities of developing countries and measures generally aimed at a more equitable distribution of world wealth. For example, at the Third UNCTAD Conference at
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Santiago in April 1971, Malaysia's chief delegate, in complaining of the slow advancement of UNCTAD goals, said:

The debate and discussions in UNCTAD and other forums of the UN have certainly added to our understanding of the problems of developing countries, but positive action has not matched the pace of rhetoric and we have so far failed to achieve a truly interdependent and integrated world economy. The terms of trade of the developing countries continue to grow worse. Their share of world trade and share of their carriage of sea borne trade has persistently declined. The flow of resources from developing countries to developing countries has not been commensurate with the development needs of developing countries. Debt servicing has become an acute problem for developing countries and there is clear danger that the inflow of development resources into developing countries would be nullified by the outflow of capital from developing countries. On the top of all these problems, we are saddled with the ailments of the wealthy nations.51

The last remark was in reference to the international monetary crisis and specifically with respect to the re-alignment of currencies among the major developed countries - the group of Ten - which prompted the developing countries to form its own Inter-Governmental Group of 24 to look into monetary issues. The international monetary situation did little to ameliorate North-South relations and the lack of progress of UNCTAD III reflected this poor state of affairs. There was also an impending World Multilateral Trade Negotiations to liberalise trade to be held in Tokyo in 1973,52 and this tended to prompt the developed countries to put things off. There were, nevertheless, several minor achievements at UNCTAD III. These in brief were (a) recognition of the pollution hazards in the production of synthetics and substitutes, (b) a decision to carry out a series of studies on the marketing and distribution
system of commodities of special interest to developing countries, (c) agreement in respect of shipping and freight that Liner Conferences should be given adequate notice and that consultation precede any freight increases and particular account be taken on the effects of such increases on commodities of importance to developing countries, (d) agreement on the need of a code of conduct for Liner Conferences, and (e) a decision to invite the IMF to consider establishing a Committee of Twenty Central Bank Governors in the Fund to advise it in reform of the international monetary system. As for Malaysia's private achievements, it was re-elected to serve on the Trade and Development Board, which is the governing body of UNCTAD, and the leader of the Malaysian delegation also served as a Vice-President of the Conference. This was testimony that Malaysia had become increasingly recognised as a champion of Southern causes while at the same time being more acceptable to the industrialised countries than perhaps some of the more radical African and Latin American countries.  

The more aggressive tone of Malaysia's orientation toward North-South issues was also evident from Malaysia's participation in other UN bodies. The Malaysian Finance Minister, speaking at the annual meeting of the IMF and IBRD in 1970 said, "...it is clear that the developing world must re-appraise its basic financial and economic policies. The countries in this category must attain industrial self-sufficiency at whatever cost. Whatever the sacrifices needed, we must reduce our imports of manufactured goods from the highly industrialised countries and we must do this as quickly as possible. We must form trading blocs which would be in a position to compete on more equal
terms with the developed world." The two notions or economic strategies of "industrial self-sufficiency at whatever cost" and that of "forming trading blocs" were voiced openly at an international forum for the first time. In the past, Malaysia's spokesmen had been content to speak mostly in general terms of industrial development and support for price-fixing schemes such as that of tin. Malaysia also began to throw its support behind the call for a "new economic world order," a concept originally attributed to President Boumediene of Algeria and which basically consists of three premises: (i) that producer-countries should have absolute control over their own natural resources, (ii) that primary-producing countries should have remunerative returns for their primary produces, and (iii) that prices of primary products should be tied to the price trends of manufactures. On questions of aid, Malaysia's attitude seemed to have become one of cynicism with regard to its efficacy. Again let me quote the Finance Minister,

If I may say so, much of the so-called aid being given can hardly be called aid because it is tied to the exports of the donor country. Malaysia has experienced great difficulty in utilising such so-called aid which is really nothing more than export promotion on the part of the developed country. This is fair enough, because even developed countries have a right to sell as much of their goods as possible but let us be honest about it and not call it aid. All that this exercise does is to force the recipient of such credits to buy from this donor country at inflated prices. In the last analysis, this form of aid could benefit the donor more than the recipient, particularly when the latter has managed its finances well and is not short of foreign exchange. Malaysia is one of those countries in this (dubiously) happy position.
In general, then, Malaysia's foreign policy posture toward the developed or industrialised countries during this period became more radicalised and aggressive even if in the broad context of Third World politics Malaysia was by no means regarded as a "radical." \(^{58}\) It nevertheless appeared to have gained acceptance and even esteem among the large majority of Third World states.

Before we discuss Malaysia's policies toward other economic issues, it may be useful at this juncture to re-examine the nature, composition and direction of Malaysia's trade and compare this with the trade statistics of the first years of independence. This is in keeping to the dynamic approach employed in this study. From the table on exports (4.1), it is evident that although there has been some degree of export diversification, Malaysia is still heavily dependent on primary commodities for nearly 70 percent of the value of its exports (excluding petroleum and petroleum products). The share of manufactured goods, included under "others," has however increased from a small 5 percent in 1961 to a significant 16 percent at the value of $1,530 million by 1974. \(^{59}\) As for the direction of Malaysian trade, this has not changed significantly since the early years of independence (see Chart 4.1). Japan maintains its position as the single most important buyer of Malaysian exports with its share increased to 18 percent today as compared to 15 percent in 1963. The overall picture is still one in which Malaysia's major customers are the industrialised countries and Singapore acts as a purveyor of Malaysian goods to the Southeast Asian countries.
TABLE 4.1

Breakdown of Exports by Major Commodities

<table>
<thead>
<tr>
<th>Commodity</th>
<th>1974</th>
<th>1961</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$M</td>
<td>%</td>
</tr>
<tr>
<td>Rubber</td>
<td>2,882</td>
<td>30</td>
</tr>
<tr>
<td>Timber</td>
<td>1,272</td>
<td>13</td>
</tr>
<tr>
<td>Tin</td>
<td>1,408</td>
<td>15</td>
</tr>
<tr>
<td>Palm Oil</td>
<td>1,022</td>
<td>11</td>
</tr>
<tr>
<td>Petroleum and Petroleum Products</td>
<td>940</td>
<td>10</td>
</tr>
<tr>
<td>Others</td>
<td>2,056</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>9,580</td>
<td>100</td>
</tr>
</tbody>
</table>


CHART 4.1

Exports by Destination

*Excluding U.K. **Includes U.S.S.R. **Western Germany, Italy, France, Holland

Sources: Economic Report 1974-75, op. cit., p. 19 and Table 1.4, supra.

The statistics do not allow for perfect comparability in some instances (such as "EEC" and "Western Europe") but this does not materially affect the general thrust of my analysis. The same point applies to Charts 4.2 and 4.3.
The composition of imports shows a continuation of the heavy buying of manufactured and capital goods (Chart 4.2). In fact, this has increased over the last decade by 16 percent. The largest import items in 1974 were machinery and transport equipment, comprising 31 percent of total imports. It would appear therefore that a major portion of Malaysia's foreign exchange earnings go into the purchase of such capital goods which are no doubt necessary for industrial development. This makes Malaysia doubly dependent on the industrialised countries, as we shall see from the following discussion on Malaysia's major suppliers. The sources of Malaysian imports provide an
an interesting picture of change over the last decade or so. The most outstanding fact is Japan's rise as Malaysia's single most important supplier with a startling share of 25 percent of total imports. Compare this with its figure of 10 percent in 1963. Together with Japan's rise and concomitant upon it, is Britain's plunge from being major supplier in 1963 with 21 percent share to a comparatively small 9 percent in 1974. Another interesting change is the declining imports from Malaysia's Southeast Asian neighbours. While Thailand, Singapore and Indonesia supplied a substantial 28 percent of Malaysia's imports in 1963, ASEAN nations contribute only a 14 percent share of its imports today.

CHART 4.3

Imports by Major Countries of Origin

1974

Japan 25%
U.S.A. 5%
Holland 7%
S'pore 8%
W.Germany 14%
China 5%
Others 32%

1963

Japan 5%
U.S.A. 10%
Holland & W.Germany 6%
U.K. 21%
China 5%
Others 24%

Sources: Economic Report 1974-75, op. cit., p. 71, and Table 1.5, supra.
The foregoing discussion on Malaysia's external trade has underlined the continued importance of the industrialised countries to Malaysia's economic well-being. Japan emerges as Malaysia's single most important trading partner, buying 18 percent of Malaysia's exports and supplying 25 percent of its imports. Malaysia continues to be heavily dependent on several major primary commodities for external revenue although there is some indication of export diversification.

In particular, the export of manufactures has shown impressive progress. Since Malaysia's major buyers and suppliers are still the industrialised countries it is doubly dependent upon these countries and its economy remains vulnerable to the vicissitudes of external economic forces. (See Chart 4.3) Under the circumstances, it is understandable that Malaysia's Finance Minister called for the pursuit of "industrial self-sufficiency at whatever cost" and the formation of trading blocs. It reflects a frustration with the persistence of the status quo in the world economic order despite more than a decade of the promotion of developmental goals in numerous international organisations. Let me again quote the Finance Minister in his major policy speech to World Bank and International Monetary Fund:

I now come to the most important problem of all, and that is the trading relationship between the developed and developing world. Broadly speaking, we in the developing world buy manufactured goods from the developed world and pay for them with the proceeds of sale of our primary commodities. As is well known, the prices of manufactured goods, compared with pre-war prices, have risen much faster than the prices of primary commodities in the post-war period. Broadly speaking, therefore, we have to pay more and more for what we buy from the developed world which continues to pay less and less for what we sell to them. On this basis, no
developing country can be economically viable for reasons which are painfully obvious. Even if we adopt the most prudent and sensible policies and execute them with maximum efficiency, we would still be in the red because no amount of prudence, good sense and efficiency can overcome such overwhelming odds. The terms of trade which are so overwhelmingly loaded against the developing world will continue to impoverish them whatever the beautiful things are said in this...assembly and outside it. We in the developing world do not want charity or even aid from the developed world. All we want is fair terms of trade, a square deal.

Since 1973, a group of 13 developing countries, the Organization of Petroleum Exporting Countries (OPEC) has demonstrated that it can turn the tables on the industrialised countries with devastating impact. But this is only a small group of countries operating as a cartel with an essential, and up till now, indispensable commodity. The bulk of developing countries are not in this happy position, and indeed, the very action of the OPEC countries in quadrupling oil prices is not without its adverse effects on the developing, especially the very poor, countries. As such, Malaysia's Finance Minister's observations holds true in large measure for the great bulk of developing countries. It is in the light of the perception of the international economic situation that Malaysia has joined the call for a new economic world order. Accordingly, Malaysia has noticeably modified its economic strategies in pursuing its economic objectives at the international level. Rather than use the existing traditional frameworks and institutions, there is a greater inclination now to seek out new steps, or at any rate to reshape the old frameworks in order to change the economic status quo. For example, Malaysia
recently took unilateral steps to stabilise the price of rubber. According to a senior official of the Ministry of Trade and Industry, the government has been operating a "mini buffer stock scheme" on its own for some time by buying when the price was low and selling when it went up. This scheme received official sanction in July 1975 through the introduction of a Rubber Stabilisation Bill in Parliament, allowing for the establishment of a national advisory council for rubber stabilisation and establishment of a rubber stock.

However, it is in relation to the question of foreign investment that Malaysia's economic postures and strategies have seen the greater change. The government's New Economic Policy (NEP), which formed the basis for the Second Malaysia Plan, 1971-75, provided the point of departure for the general change in economic posture. The most important concept in the NEP in this respect is the notion of "economic balance." Although the main emphasis appears to be the balance between Malay and non-Malay participation in the economy, the concept undoubtedly has an external dimension, given the predominant role of foreign capital in the country. I quote from the Second Malaysia Plan:

Economic balance, in a growing and dynamic economy, refers to the equitable and legitimate sharing of the rewards and responsibilities of economic development. The principal reward of economic development - the growing income generated by the national economy - must be equitably distributed....Balance also refers to racial shares in management and ownership and in employment in the various sectors of the economy. At present, non-Malays and foreigners dominate the manufacturing and commercial sectors....The Government has set a target that within a period of 20 years, Malays and other indigenous people will manage and own at least 30% of the total commercial and industrial activities in all categories and scales of operation.
In 1973, the Mid-Term Review of the Plan recognised in clear terms that the goal of economic balance necessarily entails the reduction of the share of foreign interests in the Malaysian economy:

"...the attainment of the growth targets of the Perspective Plan (1970-1990) will enable non-Malay ownership of share capital to expand by nearly 12% per year and to increase its share of the total to over 40% by 1990, nine times more than the 1970 level in absolute terms. There will also be ample opportunities for ownership by foreign interests to increase by about 8% per year during the same period. In relation to total share capital, however, the expansion of the share of Malays and other indigenous people from under 2% in 1970 to 30% in 1990 will involve a sizable decline in the share of foreign interests from 61% to about 30% during the period."\(^5\)

In general, however, Malaysia's orientation toward foreign enterprise continued to be one of welcome although one would be wrong to call this is a laissez-faire posture today. There was an increasing sense that foreign economic participation must be trimmed to the pursuit of national goals. But the prevailing attitude remained that foreign capital was necessary for Malaysia's development and that the transfer of professional and technical know-how as well as the job-creation function of foreign enterprise outweighed the effects of foreign economic control. I quote FIDA on this point,

"The Malaysian Government's policy towards new industrial investments and...foreign capital inflow is one of welcome. Malaysia still lacks the necessary expertise and knowhow in many fields but it has rich investment opportunities to offer...the Malaysian Government encourages foreign investments in the form of joint-ventures where Malaysian capital and resources (are)...combined with foreign technical know-how, management, international marketing expertise and to some extent capital."\(^6\)
Thus attractive fiscal incentives continued to be granted to foreign investors. There are four major investment incentives:

(a) Pioneer Status
(b) Investment Tax Credit
(c) Labour Utilisation Relief, and
(d) Export Incentives

Under Pioneer status, incentives include total exemption from income tax for a period ranging from 2 - 5 years depending on the level of fixed capital investment, extension of relief for up to another five years for additional investment, and further extension for a year if the company met certain other conditions. The Investment Tax Credit allowed for the deduction from a company's taxable income of at least 25 percent of its expenditure on fixed assets and an additional 5 percent for meeting conditions of "location," "priority product" and "Malaysian content." The Labour Utilisation Relief refers to the exemption from income tax from 2 - 5 years depending on the number of employees engaged. Export incentives are the various tax rebates and deductions for companies manufacturing products mainly for export, and particularly of Malaysian-based products.

It became evident, toward the end of the period, that Malaysia would not be able to achieve the rather ambitious goals of the New Economic Policy, particularly those of the Perspective Plan, which projects the targeted increases of Malay participation and ownership in the economy to a 30 percent level by 1990. If these targets were to be attained, it seemed therefore that some drastic measures had to
taken in the economic sphere. Thus toward the end of 1974, Malaysia had edged toward a new economic posture. The Prime Minister in September that year told a conference on Southeast Asia's Natural Resources and the World Economy that Malaysia believed in the concept of "economic nationalism:

...We in Malaysia believe in economic nationalism in guiding the exploitation of our natural resources in such a way that our people and country will obtain the greatest benefit. We believe that private enterprise, whether domestic or foreign has an important role to play in our development. Our objective is to bring about an effective and equitable mixture of domestic and foreign enterprise on the one hand, and private and public enterprise on the other, so that our national interest can be advanced to the context of an expanding, stable and equitable world economic order. 73

Tun Razak went on to explain why the Government set up a National Petroleum Corporation (Petronas) under the Petroleum Development Act, 1974. The reason was to ensure that Malaysians would reap the major benefits from this vital resource. Accordingly, Petronas has been given exclusive rights in the exploration and exploitation of oil in Malaysia. 74 In practice, this has meant a policy of signing exploration and production sharing agreements with oil companies operating in Malaysia. 75 Under the aggressive, and some would contend, ruthless, direction and chairmanship of Tengku Razaleigh Hamzah, Petronas has been conferred with further powers in 1975 to acquire an apparently innocuous one percent "management shares" in foreign oil companies which effectively allows it to control the oil companies' policies through a mechanism of weighted votes. 76 This led to the charge in business circles that the Government, in particular Petronas,
was pursuing a policy of "nationalization without compensation." The upshot was the "temporary" pull-out of Exxon from oil prospecting off the east coast of Peninsular Malaysia, presumably as a protest against the sweeping powers of Petronas. At one point, Tengku Razaleigh accused "several companies" of "trying to blackmail" the government and of launching a campaign against Petronas. Government officials deny that holding management shares is tantamount to nationalization or quasi-nationalization, pointing out that Malaysia has a number of investment guarantee agreements with the major Western countries thereby foreclosing any possibility of nationalization without compensation of companies based in these countries. They contend that the provision for management shares is merely a "contingency plan" to protect a very vital resource. No date has apparently been fixed for the implementation of management shares, although according to the Act, this should be carried out "as soon as practicable."

The changing posture and strategies in Malaysia's pursuit of economic objectives was evident as well in areas other than oil. Working within the framework of the free enterprise system, Tengku Razaleigh in his capacity as the Chairman of PERNAS, Malaysia's government-funded corporation for the promotion of Bumiputra interests, proceeded to acquire for the corporation major interests in a number of foreign and local companies. These moves were in accordance with the New Economic Policy of "economic balance" and promoting greater Bumiputra participation in the economy. Thus by a strategy of state capitalism, Pernas Securities, a PERNAS subsidiary, succeeded by
1975 in acquiring, *inter alia*, a 19 percent holding in Island and Peninsular Development, 20 percent holding in London Tin Corporation and a 10 percent share in Sime Darby, all large companies with major interests in Malaysia's economy.

In a yet more ambitious but abortive project, Pernas Securities announced in July 1975 its plan to acquire a controlling interest (40%) in Haw Par Brothers International, a Singapore-based company with various interests in Malaysia and abroad. At the height of the episode, Razaleigh said that the government would continue to employ the technique of takeovers and swops until the NEP target of 30 percent Bumiputra participation was achieved. However, following the failure of the Haw Par deal, no new ventures had been undertaken by the end of the year. The various initiatives and acts of Tengku Razaleigh ensured his retention of a Vice-President's post in the UMNO during the 1975 General Assembly and won him the title of "Bapa Ekonomi Malaysia" (Father of Malaysia's Economy), conferred by the Malay Chamber of Commerce of which Tengku Razaleigh is the president. In his speech to the Chamber, Tengku Razaleigh chastised the foreign firms for not being responsive to Malaysia's national needs and stressed his Chamber's support for "economic nationalism":

> If other countries have legislation and regulations to ensure that their economies do not fall into the hands of others, the time has come for Malaysians themselves to control the nation's resources.

The increasing concern over foreign ownership in Malaysia's economy led to the setting up in February 1974 of a Foreign Investment Committee (FIC) which has its Secretariat with the Economic Planning
The FIC has been charged with formulating guidelines on foreign investment in all sectors of the economy in accordance with the NEP and to supervise and advise all the pertinent Ministries and government agencies on all matters concerning foreign investment. Its first act was the formulation of guidelines for the regulation of acquisition of assets, mergers and take-overs with a view toward ensuring that such actions "should result directly or indirectly in a more balanced Malaysian participation in ownership and control," among other things.

By the end of the period, however, Malaysia had begun to soft-pedal its economic nationalism posture but without really discarding it. In a "Malaysian Investment Seminar" held in Kuala Lumpur in October, 1975, various cabinet members made speeches assuring foreign investors of the government's continued adherence to a private enterprise-oriented economic system. The Prime Minister, in his address, admitted that there were recent "uneasy comments" and "misgivings" in the foreign media about Malaysia's investment climate but he tried to dispel any idea that Malaysia either did not want or need foreign investment:

A major misinterpretation of the New Economic Policy concerns the government's attitude towards the private enterprise system generally and the private sector in particular. Let me reiterate our position once more. The Malaysian economy has prospered because of the open nature of the economy and the initiative of its private sector ....The Government therefore realizes that it has a major responsibility to assist the private sector to play its proper role in the structural transformation of the economy. We are only too
aware that all this implies the need for pragmatism in our economic policies and the maintenance of a healthy climate for investment and business in the country.92

On the Petroleum Development Act(s), the Prime Minister explained that because oil was a vital resource, the special legislation was necessary to control its depletion, but he ensured the investors that "this law will be implemented fairly and equitably and in a manner that will not affect adversely Malaysia's investment climate and our unblemished record of fair treatment to all investors."93 He ensured the investors that the other sectors of the economy will continue to operate "within the framework of normal and established practice."94

In summary, Malaysia's foreign policy in the issue-area of development and trade saw noticeable shifts during this period. In particular, its developing-world posture took on a more forceful thrust and Malaysia appeared ready to adopt more 'radical' measures in its pursuit Third-World economic goals in general and its own developmental objectives in particular. However, the most significant shift occurred with respect to the issue of foreign participation and investment in the country's economy. The adoption of the New Economic Policy led to policies which were geared toward a reduction, if not of the role, at least of the share, of foreign participation in the economy. The process has just begun and all its possible ramifications are unknown at this time. Malaysia's attitude toward foreign investment remains one of "welcome" but it has by and large dropped its laissez-faire economic posture for one which its policy-makers now call "economic
nationalism." Summarized below are Malaysia's main postures, objectives, strategies and actions in this issue-area for the period surveyed.

**International Co-operation and Diplomacy**

For most of this period, issues of international co-operation and diplomacy tied in closely with issues of national and regional security. Malaysia by and large paid less attention to long-range milieu goals and concentrated on the medium-range goals of regional security which dovetailed nicely into its pursuit of national security. While there was a recognition that defence was strictly a national matter, security was seen more and more in regional terms. It is in this sense that a Wisma Putra Official spoke of neutralization as a "total concept" and that all foreign policy moves and actions must be consistent with the concept. Thus Malaysia throughout the period was promoting its neutralization scheme at various international forums, notably at the Lusaka and Commonwealth Conferences, and diplomacy at this level became linked to the general pursuit of security. At the regional level, the process was carried out with even greater vigour, most importantly through the declaration of an ASEAN Zone of Peace, Freedom and Neutrality and the active pursuit of a "Blueprint" for such zonal neutrality. The détente with the communist countries, in particular the establishment of diplomatic relations with China, should also be appreciated in the light of the search for and pursuit of security through the avenue of international diplomacy.
<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>ACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting economic development</td>
<td>Adopting New Economic Policy as basis of Second 5-Year Plan 1971-75</td>
</tr>
<tr>
<td>Stabilising prices of primary commodities</td>
<td>Attending UNCTAD III, supporting developmental issues and measures (1971)</td>
</tr>
</tbody>
</table>

**POSTURES**

<table>
<thead>
<tr>
<th>Developing-World Orientation -supporting policies and measures aimed at raising the lot of the LDC's</th>
<th>Operating rubber price stabilisation scheme</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Economic Nationalism -orientation of seeking national control of resources and economy</th>
<th>Opting out of the Sterling Area and floating Malaysian dollar (1972)</th>
</tr>
</thead>
</table>

**STRATEGIES**

<table>
<thead>
<tr>
<th>Promoting and participating in trade groupings and price stabilisation schemes of LDC's</th>
<th>Participating in Multilateral Trade Negotiations, Tokyo, 1973-75</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating unilateral stabilisation schemes (rubber)</td>
<td>Operating rubber price stabilisation scheme</td>
</tr>
<tr>
<td>Pursuing industrial self-sufficiency by encouraging particular kinds of foreign investment</td>
<td>Opting out of the Sterling Area and floating Malaysian dollar (1972)</td>
</tr>
<tr>
<td>Employing technique of state capitalism to gain control of economy</td>
<td>Joining International Sugar Agreement (1973)</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Passing Petroleum Development (Amendment) Act, 1975</th>
<th>Formulating guidelines for acquisition of assets, mergers and take-overs under Foreign Investment Committee (1974)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Acquiring, through Pernas, major and/or controlling interests in various companies</th>
<th>Joining International Tin Agreement (1975)</th>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Formulating guidelines for acquisition of assets, mergers and take-overs under Foreign Investment Committee (1974)</th>
<th>Holding investment seminar in Kuala Lumpur (1975)</th>
</tr>
</thead>
</table>
However, milieu goals were not totally ignored or discarded. Malaysia continued to support or pay lip service to the many United Nations ideals and still pursued, for example, anti-colonial causes. It also began to develop its ties with the Muslim World. What was evident, however, was that much more emphasis was not given to regional (Southeast Asian) co-operation, when in the other two periods, the United Nations and the Commonwealth took precedence over ASA. In this period, then, ASEAN took on a greater importance than ever before. A Foreign Ministry official said that Malaysia's pursuit of "international" goals can be appreciated in terms of concentric circles, at the centre of which is ASEAN, extending to Asia in the next circle and so forth to the rest of the world. ASEAN has indeed grown in importance and has become the chief avenue of Malaysia's efforts at international co-operation. In his speech to the 1975 UMNO General Assembly, Tun Razak talked glowingly of ASEAN having "reached maturity" and accorded a status similar to that of an organization such as the Organization of African Unity (OAU) or for that matter any other international organization. The Prime Minister thought also that ASEAN was now ready to extend to the rest of Southeast Asia following the cessation of war in Indo-China. Emphasising its non-ideological nature, he told the ASEAN foreign ministers in May, 1975.

Some eight years ago, even as the war in Indo-China was raging, we five countries in South-east Asia, established ASEAN and began nurturing a structure of regional cooperation which over the years has proved itself constructive.
in promoting regional understanding and friendship...The growth of ASEAN has been nurtured with care to maintain its non-antagonistic, non-military and non-ideological character. I think today we can truly say that ASEAN's independent and progressive nature has won admiration from many quarters---large and small powers alike...At this juncture, when the war in Indo-China has ended, the countries of Southeast Asia have the opportunity to extend the scope of regional cooperation throughout Southeast Asia. I think I can say for the other ASEAN countries that ASEAN is ready to cooperate with the new Governments of Indo-China and to offer its hand of friendship...to them.98

Toward the end of the year, the newly appointed Malaysian Foreign Minister, Tengku Ahmad Rithaudeen, made further overtures at the United Nations to non-ASEAN Southeast Asian countries to join the organization, reiterating the ASEAN goal of zonal neutrality.99

Despite the emphasis placed on regional co-operation during this period, Malaysia had to contend with a major area of global co-operation (and controversy) at the Law of the Sea Conference in 1974, which had important ramifications for its stand on the Straits of Malacca. At the Caracas Conference, the Attorney-General and Minister of Laws explained that Malaysia's position on the Malacca Straits was based on the following points: that while the straits were a major waterway for internal shipping, the coastal states were burdened with the sole responsibility of maintaining and cleaning up the straits; that the heavy usage of the straits would inevitably lead to damage of the marine environment by pollution and accident; and that under the guise of commercial shipping, military vessels may use the straits with strategic intentions:

What we would like...therefore, to see is a greater appreciation of our legitimate interests and a
clearer enunciation of the responsibilities of the international maritime community to be embodied in the Convention that would emerge from this Conference. Among other things, the Convention should contain regulations to ensure unhindered passage for commercial shipping, adequate safety for pollution prevention standards, liability and compensation for damage and passage for military vessels.100

In addition, Malaysia supported the call by the bulk of Third World countries for an economic zone extending to 200 nautical miles and for an international machinery to regulate exploitation of seabed resources in accordance with the interests of developing countries.101 Needless to say, little was decided at Caracas and most of the Law of Sea issues remain unresolved.102 Malaysia's positions for most part are based simply on the pursuit of self-interest although it tends in general to support issues propagated by the Third-World countries.

An area of international co-operation and diplomacy which gained prominence during this period was Malaysia's relations with the Muslim world. Although an Islamic state by virtue of its predominant Muslim population, Malaysia had on the whole maintained a "low profile" in Islamic affairs. It nevertheless has not recognized Israel and has generally supported Muslim causes. Thus, it participated in the first Islamic summit conference at Rabat in 1969, held as a response to the Israeli burning the Al-Alqua Mosque, and in all the subsequent conferences. However, in June 1974, Malaysia hosted the Islamic Summit in Kuala Lumpur. Amidst considerable fanfare, Tun Razak spoke in grandiose terms of Islamic solidarity and identified Malaysia with the Arab and Palestinian cause in the Middle-East:
Since the historic First Islamic Summit in Rabat in 1969, we can find satisfaction in the knowledge that we have laid a strong foundation for mutual cooperation. But we cannot sit back on the progress we have made, encouraging though it has been.... The Islamic Conference must now enter a new phase in its history. The concept of unity and cooperation has been effectively worked out; we must now give it the necessary content and substance. We must enter a period of imaginative consolidation, of building on the foundation already laid, by implementing concrete measures, programmes and projects which will make our aim of Islamic unity a reality.

Today, as our Arab brothers embark on the road of negotiations to seek peace and justice, we in this Conference must, more than ever, remain solid and united. We must not allow ourselves to become complacent by the current mode of expectancy or to be confused by the machinations of Zionism. Our unity through this organization must be clearly demonstrated so that the world will know that we will not weaken and we will not be divided.... Let our voices ring clear and loud in total and united support for the Arab and the Islamic cause in W. Asia.103

As a token of this support a representative of the Palestinian Liberation Organization was present at the Conference.

One suspects, however, that Malaysia's Muslim ties do suggest some degree of 'posturing.' For Malaysia, the goals of Muslim solidarity are vague and distant, augmented by Malaysia's geographical distance from the hub of Muslim activity in the Middle East. Nevertheless, there does seem to be a pragmatic edge to Malaysia's Muslim connections. Because of its good relations with the Arab countries, Malaysia was among the ten most favoured nations exempted from oil
cutbacks in the 1973 "energy crisis." Domestically, there is political mileage to gain from Malaysia's international Muslim ties, considering its predominantly Muslim population. Thus the 1974 Islamic Conference in Kuala Lumpur was nicely timed just before the General Election. A Foreign Ministry official thought that this event had an even greater impact on the elections than the Prime Minister's China visit. He would be right on strictly arithmetic terms since Malaysia has more Malays than it has Chinese, although one would be foolish to deny the dramatic impact of the rapprochement with China. By 1975, Malaysia began to cash in on its Arab ties by concluding a number of cultural, scientific, technical and economic agreements with several oil-rich countries. On a tour of these countries in January and February, the Prime Minister signed six such agreements with Kuwait, Oman, Qatar, United Arab Emirates, Bahrain and Saudi Arabia.

In on-going efforts - ever since Kronfrontasi - to forge a plurality of diplomatic connections while maintaining old ones, the Malaysian Prime Minister toward the end of 1975 paid courtesy state visits to Australia and New Zealand, two long-standing Commonwealth allies. A Cultural Agreement with Australia resulted with broad aims for co-operation in the fields of the arts, education, science, technology, the media, sports, youth activities and academic exchanges. New Zealand was content to issue a joint communiqué re-affirming basic mutual interests. One of the motives of the visits concerned the position and interests of some 2,000 and 6,000
Malaysian students in New Zealand and Australia respectively. The students themselves advertised their presence when some of them, along with Australians and New Zealanders, demonstrated against various "repressive" measures in Malaysia such as the Internal Security Act and the University and Colleges (Amendment) Act. The Australian-New Zealand visits concluded Malaysia's diplomatic activities for the period and as it turned out were the last external official acts of the Prime Minister Tun Razak before he passed away in January 1976.

In summary then, Malaysia's foreign policy orientation in matters of International Co-operation and Diplomacy underwent little fundamental change during the third period although it became increasingly evident that "international" goals were being pursued in greater unison with matters of national security. Thus the détente with the communist countries, the proposal of zonal neutrality and regional co-operation in ASEAN and overtures toward the new Indo-China states all dovetailed as part of Malaysia's broad plan for national and regional security. Pragmatism seemed to be the philosophy of the day as even Malaysia's Muslim ties seemed calculated to reap real benefits. The shift in emphasis seemed to be concomitant with a shift toward the pursuit of medium-range goals instead of the more distant long-range goals. A senior Foreign Ministry official attributed the change to Malaysia's wide acceptance among the community of nations and the fact that it did not have to prove its mettle internationally any more as it did in its early years as a newly independent nation.
I summarise below the major postures, objectives, strategies and actions of Malaysia's foreign policy in this issue-area during the period surveyed.

TABLE 4.4

International Co-operation and Peace: Policy Outputs 1970-75

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>ACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting regional co-operation and regional security</td>
<td>Participating in and carrying out ASEAN activities</td>
</tr>
<tr>
<td>Promoting international Muslim causes</td>
<td>Participating in UN specialised agencies and their work</td>
</tr>
<tr>
<td>Promoting United Nations' ideals</td>
<td>Supporting Arab and Palestinian cause in the Middle East</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>POSTURES</th>
<th>STRATEGIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regionalism</td>
<td>Promoting goals of general and specific-purpose international organizations</td>
</tr>
<tr>
<td>-orientation of South-east Asian solidarity</td>
<td>Promoting and enlarging role of regional organisations</td>
</tr>
<tr>
<td>Muslim Solidarity</td>
<td></td>
</tr>
<tr>
<td>-supporting international Muslim causes</td>
<td></td>
</tr>
<tr>
<td>Internationalist, Functionalist Orientations</td>
<td></td>
</tr>
<tr>
<td>-believing in usefulness of IGO's</td>
<td></td>
</tr>
<tr>
<td>Anti-Colonialism</td>
<td></td>
</tr>
<tr>
<td>-supporting self-determination and human determination and human rights</td>
<td></td>
</tr>
</tbody>
</table>

FOREIGN POLICY 1970-75: NEW DIRECTIONS

The most prominent feature of the survey of this period of foreign policy has been the new directions to which the Malaysian
policy-makers have steered the nation's foreign policy. The primary changes occurred in the issue-area of defence and security. Signs of détente with the communist countries became increasingly evident and culminated in Malaysia's rapprochement with China in May 1974. Malaysia also began publicly to profess its "nonaligned" status, pursue a posture of neutralism and promote its concept of Southeast Asian zonal neutrality. The strategy of Promoting a Zone of Peace, Freedom and Neutrality in the region has become the cornerstone of Malaysia's foreign policy in matters of defence and security in much the same manner as AMDA provided the anchor to foreign policy for the greater part of the first two periods. There was also a tendency for the more internationally-oriented goals to be sought in unison with the medium-range goals of security, thus boosting the role of ASEAN as an avenue for international cooperation and the pursuit of security goals. In matters of development and trade, while objectives remained fundamentally unaltered, a more thorough-going posture and a willingness to employ more radical strategies were evinced.

I will argue that the changes in foreign policy reflected a change in the elite ideology, a change which arose out of a new appreciation of the nature of Malaysia's national needs and interests and of the nature of the international environment. The new elite ideology takes its underpinnings from the tenets of nonalignment, or preferably, neutralism, but in large part is also based on hard-nosed pragmatism. A number of developments brought about the change in the elite ideology but these factors can be subsumed under two broad categories: (i) domestic events, and (ii) the changing international environment.
A domestic event which had a profound impact on Malaysian political life in general and which indirectly influenced the course of foreign policy was the 1969 May 13 racial riots in Kuala Lumpur and other major towns. We need not concern ourselves here with the details of May 13, but suffice it to say that the aftermath brought about a crisis of leadership in the ruling coalition, particularly in the UMNO. In the end, it resulted in the retirement of the Tunku from politics, just over a year after the crisis, in September 1970. Soon after the riots, the Tunku came under mounting pressure from the UMNO rank-and-file and students to resign. The "ultras,\textsuperscript{110} as they became known, attacked the Tunku on his poker-playing and horse-racing habits and his lack of "dynamic" leadership in a rash of student demonstrations at the University of Malaya and the MARA Institute of Technology.\textsuperscript{111} A member of the UMNO Executive Council, Dr. Mahathir Mohamad, fueled the anti-Tunku campaign with a scathing letter which he wrote the Tunku and which was widely circulated among civil servants and the Malays generally. Although Mahathir was later dismissed from the Executive Council and from UMNO, the leadership crisis had set in and the stage was set for easing the Tunku out of politics. The Tunku has himself written of this "power struggle" within the UMNO following the events of May 13,

There is no denying that there is a struggle for power going on inside UMNO as between those who built the party and helped in our independence and the new elements, the "ultras." In fact this struggle started two years ago, \textsuperscript{112} even longer back than that. The truly loyal supporters of the party were
able to keep the "ultras" in check because UMNO was strong, and had the full support of all who belonged to it, from the top level right down to the lowest rung. As a result of this the so-called ultras have generally kept quiet although they have never ceased to be active; carrying out an intense underground campaign among the younger generation, the so-called "Intellectuals."  

The Tunku is also illuminating on the goals of the ultras,

One might well ask what it is that they are after. Inquiring through other people, I have tried to find out from some of these "ultras" what the answer is, and as far as I know they want to establish a new order of things inside the UMNO and the country. For instance, they consider our political thinking is outdated and out of line with Afro-Asian policies. Among the ideas they have in mind are probably to remove the constitutional monarchy and to set up Malaysia as a republic. I suppose that, having proclaimed a Republic, they will probably change our foreign policy to bring us closer to the Afro-Asian group.

Indeed, the ultras were elements of the same group of 'counter-elite' within the UMNO rank-and-file to which I have alluded earlier in the study. Very possibly, this counter-elite had its origins in the group that rose up in opposition to AMDA as far back as 1957, and its continued presence was felt, as the Tunku noted, in the latter part of the 1960s and in the aftermath of Konfrontasi by an unofficial delegation to the Afro-Asian Solidarity People's Organization at Winneba in 1965. It is no coincidence that both Dr. Mahathir and Datuk Musa were members of the Winneba delegation. The events of May 13 provided this group with the excuse to try to oust the Tunku from power but the Tunku survived the first onslaught which was marked by the expulsion of Mahathir from the UMNO Executive Council and
Musa's removal as Secretary-General of the party. There was little
doubt, however, that the Tunku would in time relinquish his leader­
ship of UMNO as his image was already tarnished in the eyes of the
large majority of the Malays. Thus it was Tun Razak who assumed
control as Director of the National Operations Council in the Emer­
gency following May 13. With the accession of Tun Razak as Prime
Minister, Mahathir and Musa eventually became Cabinet Ministers.\textsuperscript{117}
Again this is no coincidence but rather indicates the ascendancy of
the 'counter\-elite' in the UMNO leadership. These various domestic
developments were perhaps more symptomatic of the Tunku's exit than
of direct consequence to foreign policy but they nevertheless set the
stage for the change in the elite perceptions with respect to foreign
policy. The ascension of Tun Razak to power was the domestic impetus
to such a change as he had always shown a tendency to move toward the
Afro-Asian block of countries even as Deputy Prime Minister to the
Tunku.\textsuperscript{118} Indeed, Tun Razak apparently considered the various moves in
foreign policy to be his personal initiatives.\textsuperscript{119} Nonetheless, one
suspects it was Razak's pragmatism rather than his ideological fervour
that engendered the change in elite ideology just as it was the Tunku's
adamance that probably postponed it.

If domestic events provided the impetus for change, it was the
international environment that precipitated it. At the very least,
the changing international environment made the transition smoother
and acceptance easier especially for the old\-guard elements in the
ruling party. Tun Razak aired the new elite perception of the inter­
national environment at the 1970 Lusaka Conference by his observations
on East-West détente and the increasing multipolarity in the international system,

Today with détente between the two power blocs, it is an important responsibility of the non-aligned Group to ensure that the interests of the Big Powers do not converge at the expense of the medium and small powers. The hegemonist tendencies on the part of the major powers which appear under various guises and with various justifications must be resisted. Furthermore, the world today is no longer bipolar. It is at least tri-polar with the emergence of China onto the international stage. The fact of China and her legitimate role in the world cannot be simply washed away by those who are opposed to her.

It seemed therefore that the changing international environment is largely responsible for Malaysia's shift in foreign policy. A Foreign Ministry official was convinced that even if the Tunku had remained in power, it would have been only a matter of time before he too would have yielded to the overwhelming weight of external factors. Thus out of the changing domestic and international scenes sprung a neutralist elite ideology which underpinned foreign policy for this period. The new elite ideology comprised a belief system which was based on the co-existence of the non-communist and communist ideologies buttressed by a national image of a multipolar international system in which a balance of power largely existed among the major ideological blocs and in which Malaysia's national interests were tied with those of the Third World bloc of nations. In economic matters, this ideology exhibited a form of economic nationalism within the bounds of a quasi-capitalist philosophy. It will be appropriate at this juncture to present in diagrammatic style the basic thesis in my analysis of the
final period of Malaysian foreign policy. The format follows that of the first period and is based on the theoretical model developed in Chapter One.

FIGURE 4.1

The Sources of Malaysian Foreign Policy 1970-75: A Thesis

External Sources
- Reduction of Western presence in Southeast Asia
- East-West détente
- Multipolar international system

Eco-historical Sources
- British Rule
- Emergency
- Kronfrontasi

Internal Sources
- May 13 and related political developments
- Defence and security needs
- Developmental needs
- Economic events and developments
- Status needs

Idiosyncratic Sources
- Elite Ideology

Foreign Policy Objectives

Strategies

Actions

Foreign Policy Postures
The eco-historical factors of British Rule and the Emergency remain important, if less so, during this period of foreign policy. Indications of this are the persistence of the Five-Power Defence Arrangements, however loose, and Malaysia's wariness in its relations with communist countries and the continued national alertness with respect to communist insurgency in the country. Indeed, its strategy of "national resilience" is in direct response to the recent spate of insurgency in the country. One other eco-historical factor has been added, namely Konfrontasi. Konfrontasi, which during the second period acted as a catalyst for shifts and changes in the Malaysian foreign policy, remained as a reminder of Malaysia's defence and security needs prompting its policy-makers to maintain good regional relations and wide-ranging ties with the outside world generally.

Among the most important variables in the external environment that affected the course and content of Malaysian foreign policy was the general reduction of Western presence in Southeast Asia, marked by the British East of Suez pull-out and the U.S. exit from Vietnam. I have already touched on the East-West thaw and the increasing multipolarity in the international system. According to a Foreign Ministry official, these various developments in the international environment reinforced the belief that Malaysia "made steps in the right direction" when it opted for a neutralist foreign policy despite cautioning by its allies and neighbours.

The most important domestic developments affecting the direction of foreign policy were the events arising out of the May 13 incident insofar as this resulted in a leadership shift. Admittedly, the
process of foreign policy rethinking had already begun in the aftermath of Konfrontasi as noted in the previous chapter. However, it was really the May 13 events with its resultant leadership shift that brought about the final crystallization of the inchoate foreign policy changes of the second period. May 13 notwithstanding, the more 'stable' internal sources remain as important determinants of foreign policy. Under the existing state-centric world order, defence and security needs continue to demand attention although Malaysia has been able to pursue so far an imaginative strategy of regional security with minimal emphasis on defence to fulfill these needs. Despite this, current expenditure of security (including that on internal security) runs at 17 percent share of the Federal Budget. Similarly, developmental needs continue to dominate Malaysia's economic policies although a number of domestic events and developments - on which I shall later elaborate - have changed to some extent the character or definition of such needs. Status needs, while always present, may have receded in importance by the end of the period following Malaysia's acceptance as a full-fledged member of the Nonaligned Group of nations.

Finally, under idiosyncratic sources, I have placed the new élite ideology which has developed largely out of a leadership shift in the ruling party. The new élite ideology reflects the ascendancy of a younger (or newer) crop of UMNO leaders under a Prime Minister who was generally receptive to new ideas. There is some evidence that the top echelons of the newer group draws its support from a larger supportive
core of UMNO rank-and-file who had been dissatisfied with the policies of the Tunku era. In foreign policy matters, the new élite ideology takes its theoretical underpinnings from the tenets of neutralism which I had discussed earlier.

In my thesis, then, the new élite ideology acts as the phenomenological 'filter' for all the other various sources of foreign policy translating them into foreign policy objectives, postures, strategies and actions. This is especially evident in the issue-area of defence and security as Figure 4.2 illustrates. The élite ideology has dominated almost all the important actions in the issue-area via its foreign policy posture of neutralism and its chief strategy of promoting zonal neutrality. I have noted that Foreign Ministry officials considered the strategy to be the cornerstone of foreign policy and a yardstick by which all foreign policy actions are to be somehow tested. Toward the end of the period there was some indication that foreign policy in the issue-area had become somewhat routinised in that the creative phase of foreign policy initiatives was replaced by a phase in which actions flowed almost automatically from the prevalent élite ideology. The almost automatic recognition of the new Indo-China governments is indicative of this routinisation of foreign policy. But more significantly, the elevation of Special Functions Minister Tengku Rithauddeen to Foreign Minister in August 1975 showed that foreign policy had become perhaps sufficiently clear-cut for another man other than the Premier to hold the portfolio. Tengku Rithauddeen is thus the first person other than the Prime
Explanatory Chart of Defence and Security Policy Outputs

Reduction of Western Presence in Southeast Asia

East-West détente
Multipolar international system

British Rule
Emergency
Kronfrontasi

May 13 and related political developments
Defence and Security needs

Strategies
Seeking security rather than defence
- promoting zonal neutrality in Southeast Asia
- promoting national and regional resilience and equidistance with major powers

Foreign Policy Objectives
Political independence
Territorial integrity

Foreign Policy Postures
Neutralism
Non-interference

Actions
Continuing 5-Power Arrangements
Attending Lusaka Conference (1970)
- proposing neutralisation of Southeast Asia
KL (ASEAN) Declaration of Southeast Asia as a Zone of Peace, Freedom and Neutrality (1971)
Establishment of diplomatic ties with communist states of Mongolia, N. Vietnam, N. Korea, E. Germany (1972-73)
Recognition and diplomatic ties with China (1974)
Recognition of Communist Governments of Cambodia and S. Vietnam (1975)
Formulating with ASEAN members a "Blueprint for Southeast Asian zonal neutrality (1975)"
Minister to hold the Foreign Minister's portfolio ever since the late Dr. Ismail relinquished it after holding it briefly in 1960.

In Chapter Three I demonstrated the importance of the feedback process in affecting the course of Malaysian foreign policy. The impact of Konfrontasi with its train of developments was especially important. While in that period there was a preponderance of negative feedback effects, in the third period, feedback from both the internal and external environment tended to be positive. The shift in foreign policy under Tun Razak was well taken at home as even opposition members of Parliament supported the new thrusts of policy. Abroad, Malaysia's new posture of neutralism was generally well received and finally won it a place in the Nonaligned Group of Nations. As for its neutralization strategy, there appeared to be no adverse reactions to the proposal although the virtual lack of response from the great powers and varying enthusiasm among Malaysia's Asian and ASEAN neighbours prompted slight shifts in the strategy. The feedback on the scheme has never been severely negative, but the changing nature of the proposal does suggest that Malaysia was responding to the varying feedback on the scheme. The scheme had its roots in the Ismail proposals of 1968, but was officially publicized only in 1970 at Lusaka as a European-styled neutralization of Southeast Asia with great power guarantee. The emphasis has since shifted to the ASEAN-initiated proposal of a Zone of Peace, Freedom and Neutrality. The corollary to this - drafting an ASEAN "Blueprint" for such zonal neutrality - is still unclear at the time of writing although Wisma
Putra officials appear optimistic about its implementation.

Two main factors have affected the change of emphasis in the scheme. The first is the lack of great power response except China's verbal assurance that it supports the scheme. More importantly, Malaysia's Southeast Asian, particularly, ASEAN neighbours have shown a varied response to the original scheme and are still not equally enthusiastic about the present plan for zonal neutrality. Singapore, for example, is known to prefer some form of great power participation in the region in some kind of counterweight or balance-of-power system. This could presumably occur within a neutrality system which allows access to major powers. Thailand and Indonesia are perhaps closer to Malaysia in wanting great power disengagement from the area, while the Philippines has not indicated it intends to ask the U.S. to withdraw from its military bases. The other countries of Southeast Asia, Burma and the Indo-China states, would clearly not participate in any neutrality system without total great power disengagement from the area. It seems therefore that Malaysia's neutralization strategy will remain flexible and subject to minor adjustments depending on political developments in the region. The evolution of the neutralization scheme indicates therefore the importance of the feedback process on foreign policy, which can be briefly traced as follows:
In the issue-area of development and trade, the élite ideology with its new emphasis on economic nationalism led to more radical, or at any rate, aggressive, strategies and actions in the pursuit of the economic objectives. For the most part domestic factors caused the change in policy. As indicated in Figure 4.3, the changes in policy may be seen as internal long-term feedback effects. Malaysia's laissez-faire policies in the previous periods (particularly during the first) led to the high level of foreign ownership and control of the economy. This resulted in a re-definition of economic needs with the New Economic Policy as a direct response. However, many of the major tenets of the NEP reflect purely political inputs. They nevertheless indirectly relate to the question of foreign ownership. This is true, for example, for the 30 percent targets
of Bumiputra wealth, ownership and management, the achievement of which would *ipso facto* result in a lower percentage in the level of foreign capital.\(^{135}\) The transformation in elite ideology (in economic matters) from the pristine capitalist-free enterprise variety of the first period to the present quasi-capitalist-interventionist kind provided a further impetus for the new directions in economic policies. The end result of all the various domestic inputs and their interaction thereof, as shown in Figure 4.3, was the shift in economic posture. While Malaysia's new posture of economic nationalism sprung from the domestic processes just discussed, its developing-world orientation continued to be a direct function of its developmental needs, on which I have already elaborated. Malaysia's economic objectives were in turn a function of the nation's developing-world orientation but the manner in which its objectives are sought was clearly affected by its posture of economic nationalism, as shown in the chart.

There was also some indication of external feedback effects towards Malaysia's new economic nationalism posture and some of its resultant policies by the end of the period. To the point were the negative reactions to the Petronas Development (Amendment) Act and the various actions of Petronas and Pernas Securities Chairman Tengku Razaleigh. The most severe reaction was the withdrawal of Exxon from prospecting for oil off the east coast of Peninsula Malaysia.\(^{136}\) By the end of 1975, Malaysian spokesmen, including the Prime Minister, had begun ensuring investors of Malaysia's continued policy of welcome
FIGURE 4.3
Explanatory Chart of Development and Trade Policy Outputs

- **British Rule**
  - **Laissez-faire policies**
    - **Developmental Needs**
      - **High level of foreign ownership and control of economy**
    - **New Economic Policy**
      - **Elite Ideology**
    - **Foreign Policy Objectives**
      - **Promoting economic development**
        - **Stabilising commodity prices**
          - **Foreign Policy Postures**
            - **Economic Nationalism**
              - **Developing World-Orientation**
            - **Strategies**
              - Pursuing industrial self-sufficiency by encouraging certain types of investment projects
              - Employing technique of state capitalism to gain control of economy
            - **Actions**
              - Providing investment incentives for particular industries
              - Acquiring, via Permas, interest in various companies
              - Establishing Petronas (1974)
              - Introducing 'management shares' in petroleum industry (1975)
              - Forming FIC and guidelines for mergers and take-overs (1974)
              - Attending UNCTAD III (1971)
              - Calling for "New Economic World Order" Participating in Multilateral Trade Negotiations, Tokyo (1973-75)
              - Operating, unilaterally, rubber price stabilisation scheme
              - Joining International Sugar Agreement (1973)
              - Joining International Tin Agreement (1975)
toward foreign investment. The slight back-tracking did not, however, amount to a renunciation of the posture of economic nationalism although it is clear that Malaysian spokesmen will in future probably be less aggressive or antagonistic toward foreign enterprise. It was common knowledge that the various moves and pronouncements of Razaleigh were calculated with specific political ends in view, earning him, in particular, a Vice-President's post in UMNO, and the "Bapa Ekonomi Malaysia" title. From discussions with various government and public persons, there was indication that Razaleigh's actions were not altogether well received in many government agencies and Ministries. It was therefore not entirely unexpected that Malaysia would eventually soften what appeared to have become a hard-line nationalistic economic posture.

In the issue-area of international cooperation and diplomacy, the most significant change here was that the various policy outputs became more closely identified with those of the defence and security issue-area. This largely reflected a shift in the perception of the policy-makers in which the pursuit of international cooperation and peace was seen to be closely related to the pursuit of security, particularly regional security. Thus while in the one case the short-range goals of defence receded into the background in favour of the medium-range goals of security, in the other case the more distant goals of global collective security, for example, made way for what was thought to be the more attainable goal of regional security via zonal neutrality. In discussions with Wisma Putra officials, this
author got the distinct impression that the main thrust of Malaysian foreign policy was toward regional security and ASEAN was the avenue through which this could most reasonably be attained. The Foreign Ministry consequently looked in less idealistic terms toward the more distant international institutions, including the U.N. and its agencies. The Principal Assistant Secretary of the desk dealing with U.N. affairs made the point that the thrust and emphasis of Malaysian foreign policy could be best viewed in terms of concentric circles with ASEAN at the hub and other international relations radiating out (geographically) in importance. Under the organizational structure of the Ministry of Foreign Affairs, the U.N. is now lumped in with "Nonaligned Conferences, Americas and Africa, South of Sahara." In 1958, the corresponding desk was "U.N. and International Institutions." In 1958, there was also no special desk for Southeast Asia, the appropriate desk being "Asia, Australia and Africa." Today, there are two Southeast Asia desks, one for ASEAN members and one for non-ASEAN members and there is also an Under-Secretary for economics who is also Secretary-General for ASEAN.

Malaysia also began to highlight its ties with the Muslim world and here ideological and cultural compatibility were perhaps exploited with an eye toward economic and other real gains. Pragmatism became the order of the day as the significance of status needs, assiduously pursued in the first period, receded as source of foreign policy. Figure 4.4 provides a charting of the various sources of policy in this issue-area as they relate to the policy outputs.
FIGURE 4.4
Explanatory Chart of International Co-operation & Diplomacy Policy Outputs

Foreign Policy Postures

Regionalism

Muslim

Internationalist,

Solidarity

Functionalist

orientations

Foreign Policy Objectives

Promoting

international

Muslim causes

Promoting

UN ideals

Strategies

Promoting goals

and enlarging role of

regional organisations

Actions

Hosting 5th Islamic

Foreign Ministers' Conference (1974)

Supporting Arab and

Palestinian causes

Participating in UN and

specialised agencies

Participating in UN and

specialised agencies

Anticolonialism

Promoting goals of general

and specific-purpose inter-

national organisations

Participating in and
carrying out work of

ASEAN

- declaration of a Zone

of Peace, Freedom and

Neutrality (1971)

- formulating "Blueprint"

for zonal neutrality

(1975)

Supporting anti-colonial

issues at UN, Commonwealth

Concluding cultural,

scientific, technical

and economic agreements

Supporting Arab and

Palestinian causes

Attending Law of the Sea

Conferences (1974-1975)

- voting with Third World

- formulating "Blueprint"

for zonal neutrality

(1975)
Notes to Chapter Four


3 Ibid.

4 See M. Pathmanathan, "The Straits of Malacca: A Basis for Conflict or Co-operation?" in Lau Teik Soon, ed., New Directions in the International Relationships of Southeast Asia, Singapore, Singapore University Press, 1973, p. 189. He points out that Malaysia had in 1969 unilaterally declared the extension of its territorial waters to twelve miles under the Emergency (Essential Powers) ordinance, No. 7, ibid., p. 190.


6 Ibid.

7 Pathmanathan, op. cit., 190-192, and passim.

8 Ibid., p. 189.

9 Interview with Mr. L.C. Vohra, Head of the International Law Division, Ministry of Laws and Attorney-General Chambers, May 21, 1975.

10 The participating countries were Australia, Indonesia, Japan, Republic of Korea, Laos, Malaysia, Philippines, Singapore, Thailand and the Republic of Vietnam, Foreign Affairs Malaysia, Vol. 5, No. 1, June 1970, p. 52.

11 The Lusaka Conference was held from September 8-10. Tun Razak returned to Malaysia and assumed the prime ministership on September 22.


13 Ibid., p. 16.


17 Foreign Affairs Malaysia, Vol. 4, No. 4, December 1971, p. 58.

18 China spoke favourably of the scheme during Tun Razak's visit to China which led to full diplomatic ties between the two countries. See text, infra, p. 162.

19 Interview with Dr. Noordin Sopiee, leader-writer, New Straits Times, June 10, 1975, and interview with Encik M. Ben-Haron, Principal Assistant Secretary, Planning and Research, Ministry of Foreign Affairs, June 17, 1975.

20 Ibid.

21 Address by the Prime Minister, Tun Abdul Razak at the opening of the Eighth ASEAN Ministerial Meeting, May 13, 1975, Siaran Akhbar, Jabatan Penerangan Malaysia.

22 Ibid.


24 Ibid., p. 11.

25 Ibid.

26 Ibid., p. 12.


28 Ibid., p. 11.

29 Stephen Chee, op. cit., p. 49.

30 There is considerable semantic confusion here and the varied uses of the terms by politicians and academics alike have not cleared the situation. Suffice it to say that "non-alignment" denotes a cold war situation, whereas "neutralism" has a meaning which is more extensive, that is, it connotes neutrality in situations other than the cold
war. A foreign ministry official said that Malaysia prefers "non-alignment" because it has a "positive" connotation that the state is pursuing an "independent" policy. Interview with Encik Looi Cheok Hin, Principal Assistant Secretary, UN, America, Africa and Non-alignment Conferences, Ministry of Foreign Affairs, May 27, 1975.

31 Interview with Encik Yusof Hitam, June 27, 1975.

32 Ibid. In February 1976, at the ASEAN summit conference in Bali, a Treaty of Amity and Co-operation in Southeast Asia and an ASEAN Declaration of Concord were signed by the five countries as further steps toward the neutrality ideal. It is however, beyond the purview of this study to analyse these events. See New Straits Times, February 25, 1976 and March 1, 1976.

33 The Straits Times, June 18, 1966.


35 Foreign Affairs Malaysia, Vol. 4, No. 3, September 1971, pp. 43-44.

36 Stephen Chee, op. cit., p. 50.


38 Ibid., and S. Chee, op. cit., p. 50.


40 Ibid., p. 53.

41 Foreign Affairs Malaysia, Vol. 7, No. 2, June 1974, pp. 56-57. These "assurances" did not, however, prevent the People's Republic from sending a congratulatory message to the MCP in April 1975, a little over a year after the establishment of diplomatic relations. Malaysia protested the Chinese action and said that relations would not remain as "cordial" if the practice continued. The episode does not however represent a serious strain in relations and the Chinese action is probably a routine action rather than a premeditated scheme. See The New Straits Times, June 23, 1975.


44 Address by the Prime Minister at the opening of the ASEAN Ministerial Meeting at Kuala Lumpur, May 13, 1975, Siaran Akhbar, Jabatan Penerangan Malaysia.
45 Address by the Prime Minister at the opening of the Eighth ASEAN Ministerial Meeting at Kuala Lumpur, May 13, 1975, Siaran Akhbar, Jabatan Penerangan Malaysia.

46 Tan Sri Ghazali Shafie, text of RTM broadcast, as published in The Straits Times, May 7 and 8, 1975.

47 Ibid.

48 Sopiee, "Ties with Peking....", op. cit.

49 The participation of the Indo-China countries remains problematic. While there was considerable optimism among Wisma Putra circles that the new governments of South Vietnam and Cambodia will be 'neutralist' (Interviews with various officials) and thus endorse zonal neutrality, Malaysia, according to a top aide, will keep an "open mind" on the subject and largely adopt a "wait and see" approach. The implication is that the neutrality proposal is subject to further review and evolution depending on the feedback from these countries. Interview with Encik Zain Azraai, Special Principal Assistant Secretary to the Prime Minister, November 1, 1975.

50 One of the major problems will be the question of enforcement that is, the manner in which violations should be dealt. Interview with Noordin Sopiee, June 10, 1975. See also, Zain Azraai, "Neutralisation of Southeast Asia" in Lau Teik Soon, ed. New Directions in the International Relations of Southeast Asia, Singapore, Singapore University Press 1973, pp. 135-136.


52 Press statement by Encik Khir Johari on return from UNCTAD III, Foreign Affairs Malaysia, Vol. 5, No. 2, June 1971, p. 43. Malaysia is a party to the Multilateral Trade Negotiations which is under GATT sponsorship. The negotiations are still in progress. Interview with Encik Yee Che Fong, Deputy Director, International Trade Division, Ministry of Trade and Industry, May 31, 1975.

53 Foreign Affairs Malaysia, op. cit., pp. 44-46.

54 Malaysia's standing has been described as "very good" among Third World countries by a senior Ministry of Trade and Industry official. Interview with Encik Yee Che Fong, May 31, 1975.

Interview with Encik Yee Che Fong, May 31, 1975.

Speech by Finance Minister Tun Tan Siew Sin to the World Bank and International Monetary Fund, op. cit., p. 41.

Interview with Encik Fong Kwek Yuen, Planning Officer, Economic Planning Unit, Prime Minister's Department, May 22, 1975.


Speech by the Finance Minister Tun Tan Siew Sin to the World Bank and International Monetary Fund, op. cit., p. 42.

While there is a tendency for the oil revenues to be recycled back into the industrial countries— the buying of capital goods and armaments is à propos — the LDC's, which have little to sell are left out of the cycle in addition to being saddled with the higher oil prices. See Time, October 14, 1974, pp. 42-43.

Interview with Encik Yee Che Fong, May 31, 1975.

New Straits Times, July 12, 1975.


Less than $250,000 - 2 years; more than $250,000 - 3 years; more than $500,000 - 4 years, and more than $1 million - 5 years. Economic Report, loc. cit.

These were (a) the location of a factory in a designed development area, (b) if the product was a 'priority product' and (c) if the required percentage of Malaysian content in the employment of resources was attained. See ibid.

See fnm. 69.

From 51 - 100 employees - 2 years; 101 - 200 - 3 years; 291 350 - 4 years; 350 and above - 5 years. Economic Report, op. cit.,
See Mid-Term Review...op. cit., pp. 61-94.

As published in New Straits Times, September 18, 1974.


Interview with Encik Zainal Azman, Deputy Secretary, Foreign Investment Committee (FIC), Economic Planning Unit, Prime Minister's Department, May 29, 1975.

See Petroleum Development (Amendment) Act, 1975, Act A290, Laws of Malaysia, Govt. Printer, April 29, 1975. According to the Act, "the holder of management shares of a relevant company shall be entitled either on a poll or by a show of hands to five hundred votes for each management share held by him upon any resolution relating to the appointment or dismissal of a director or any member of the staff of the relevant company...", ibid., p. 6, Since each management share is equivalent to 500 ordinary shares, the government's one percent will give it more than five times the number of shares held by other shareholders. In fact, it need only hold 0.2 percent of management shares to have a slight edge over the other holders. (If x represents shares, 0.2% of management shares is equal to 0.2% x 500x = 100x, whereas 99.8% of ordinary shares is equal to only 99.8x). (Discussion with a senior executive of an oil company.)

Informal discussions with a senior oil company executive, various journalists and government officials. See also New Straits Times, May 26, 1975, in which the Chairman of the Chinese Chamber of Commerce calls on the government not to "deviate from the principle of the free economic system" and adopt quasi-nationalisation policies.


Interview with Encik M. Shanmughalingam, Deputy Under Secretary, Economic Division, The Treasury, May 19, 1975 and interviews with Encik Yee Che Fong and Encik Zainal Aznam (cited earlier).

Ibid.


Perbadanan Nasional (National Corporation). It was formed in September 1969, roughly coinciding with the enunciation of the NEP. "Pernas Securities" is a wholly-owned subsidiary of PERNAS, and operates in the commercial sector like any private company. Razaleigh subsequently became chairman of Pernas Securities after relinquishing chairmanship of PERNAS.

See fn. 82.
Island and Peninsular Development is one of the largest housing developers in Malaysia and Singapore, with interests in tin, rubber and palm oil; London Tin Corporation is a Britain-based company with major shares in 12 tin mining companies in Malaysia, Thailand and Nigeria; and Sime Darby is a Malaysia-based company with interests in rubber, tin and various industries. See *The Far Eastern Economic Review*, June 13, 1975, pp. 55-56.

The deal initially appeared to be a cleverly maneuvered "reverse swop" whereby Pernas Securities was to surrender all its holdings to Haw Par for its controlling 40% stake in the company which would then have controlling interests in Island and Peninsula and London Tin Corporation. The deal was abandoned when Haw Par was suspended by the Singapore government which then authorised an investigation into the company's alleged mismanagement. See *The Far Eastern Economic Review*, June 13, 1975, pp. 55-56 and *New Straits Times*, July 23, 1975.

He said he hoped to achieve this target within two years by using Pernas. *New Straits Times*, July 4, 1975.

In a hotly contested race, Razaleigh emerged with the second highest number of votes for the three Vice-President posts up for election. See *New Straits Times*, June 22, 1975.

New Straits Times, July 7, 1975. Following Tun Razak's death in 1976, Razaleigh has become Finance Minister in Prime Minister Hussein Onn's cabinet.

The other major stipulations were that such mergers and takeovers should lead directly or indirectly to net economic benefits in ...the extent of Malaysian participation, particularly Bumiputra participation, ownership and management, income distribution, growth, employment, exports, quality range of products and services, economic diversifications, processing and upgrading of local raw materials, training, efficiency, and research and development". See *Guidelines for the Regulation of Acquisition of Assets, Mergers and Take-overs*, FIC, Govt. Printer, 1974, pp. 2-3.


*Ibid.* Petronas chairman, Tengku Razaleigh, was conspicuously absent from the seminar in which, apart from the Premier, the Minister
of Trade and Industry, the Minister for Home Affairs, the Attorney-General and the Deputy Finance Minister also participated.

95 See fn. 31.

96 Interview with Encik Looi Cheok Hin, Principal Assistant Secretary, UN, America, Africa and Nonalignment Conferences, May 27, 1975.


98 Address by the Prime Minister, Tun Abdul Razak, to the Eighth ASEAN Ministerial Meeting, op. cit.

99 The Star, October 7, 1975. The ASEAN Treaty of Amity and Cooperation concluded at the Bali summit in February 1976 is open to the accession of other Southeast Asian states with the view that the Indochina states and Burma may at some point wish to accede to it. See New Straits Times, February 25, and March 1, 1976.


102 Ibid.


104 Interview with Encik M. Ban-Haron, Principal Assistant Secretary, Planning and Research, June 17, 1975.

105 See Foreign Affairs Malaysia, Vol. 8, No. 1, March 1975, pp. 55-56.

106 New Straits Times, October 17, 1975.

107 Ibid., October 16, 1975.

108 See Ibid. The first act allows for political detention without trial in matters of internal security, while the second prevents students from participating in politics.

109 Interview with Encik Yusof Hitam, Under Secretary, Southeast Asia, June 27, 1975.

110 The term was used to describe the extremist elements in respect of Malay demands within the UMNO and the Malay community at large. Among such "ultras" were Dr. Mahathir, presently Deputy Prime
Minister and Datuk Musa Hitam, Minister of Primary Industries.


114 The Tunku is referring to the furore arising out of the National Language Bill of 1967 in which the Director of the Language and Literary Institute (Dewan Bahasa dan Pustaka), Syed Nasir, an acknowledged ultra, was sacked from the UMNO Executive Council for agitating against the slowness of implementing Malay as the sole official language. See Margaret Roff, "The Politics of Language in Malaysia", Asian Survey, Vol. 7, No. 5, 1967.


117 Seven years after May 13, Mahathir became the surprise choice of Premier Hussein Onn for Deputy Prime Minister. See New Straits Times, March 2, 1976.

118 According to close aides, none of Razak's speeches even when he was the Tunku's deputy could be said to be blatantly anti-communist or pro-Western and he (Razak) had always put a premium on Afro-Asian relations. Interview with Encik Zain Azraai, November 1, 1975.


121 Interview with Encik Yusof Hitam, June 27, 1975.

122 Cf. Chapter One, p. 54.

123 In line with this strategy, the Government has launched the "Rukun Tetangga" (Community Self-Reliance), which calls for the citizenry to participate in community security, and there are plans to commence national service in about two years time. The recent spate of insurgent activity include the gunning down of Special Branch officers and the bombing of the National Monument. Various issues of New Straits Times, August and September, 1975.


See supra, Chapter Two, pp. 39-40, and Chapter Three, p. 113.

Interviews with Encik Yusof Hitam, Encik Ban-Haron and Encik Looi Cheok Him, cited earlier.

New Straits Times, August 7, 1975.

In the light of revelations about Tun Razak's failing health, this factor may have prompted the Prime Minister to give up the portfolio a little earlier than he had intended.

See Chapter Two, fn. 83.


Ibid., pp. 49-74.

Cf. Ibid., p. 52.

Interview with Encik Zainal Aznam, May 29, 1975.

See supra., pp. 180-181

Interviews with various government officials, who did not wish to be named, and journalists.

Ibid.

Interview with Encik Looi Cheok Hin, May 27, 1975.

See infra, pp. 233-235.

See infra, pp. 235-236 and
CHAPTER 5

CONCLUSION

A HOLISTIC INTERPRETATION OF FOREIGN POLICY

In reviewing Malaysian foreign policy over the three historical periods, one is at once struck by its progression and dynamics over time. One is also struck by a certain symmetry in the development of Malaysian foreign policy since independence. Among the most salient features of this historical progression and symmetry are:

(i) the existence of two fairly stable periods of foreign policy separated by an unstable, transitional period;

(ii) the dominance in the two stable periods of an elite ideology, which however took its underpinnings from different ideological paradigms, and the mixed nature of elite perceptions in the transitional period;

(iii) a major shift in Malaysian foreign policy - as represented by the replacement of one stable period for another - which may be visualized as a movement from an extreme end to a middle position on the East-West ideological continuum.
The development of Malaysian foreign policy in its particular progression and symmetry really underscores the significance of internal and external feedback effects acting upon foreign policy. The stability of the first period marked the preponderance of positively reinforcing feedback on Malayan foreign policy, or, at any rate, the lack of severely negative feedback. In time, this stability was upset initially by the extreme negative external feedback of Indonesian Konfrontasi which in turn brought about negative internal feedback effects from elements in the body politic. The turmoil in foreign policy generated in the second period— together with domestic political developments culminating in a leadership shift—propelled foreign policy toward the new equilibrium and stability of the third period. The continuing stability of the third period reflects the generally positive feedback from the internal and external environment to the new directions in foreign policy. Feedback really is an unceasing process, but in a study such as this, it was only possible (and necessary) to indicate the most important of the feedback effects. Within each period, for instance, I have demonstrated that there were some feedback effects which were sufficient to cause minor changes without affecting the general thrust of foreign policy.

Along with the substantive observations about Malaysian foreign policy over three historical periods are a number of important theoretical findings and implications which this study has brought to
(1) that foreign policy - as observed from the Malaysian case - is a purposeful activity geared to the pursuit of various real and/or perceived national needs and interests no matter how these may be coloured and influenced by the psychological and operational constraints acting upon the policy-makers.

(2) that (a) a plurality of sources and factors have impinged upon Malaysian foreign policy over time; (b) this study has identified at least four important broad categories of variables influencing foreign policy, viz., eco-historical, idiosyncratic, external and internal, each set of which has been crucial at different points of time and over different issue-areas in influencing the course and content of Malaysian foreign policy; and that (c) the view that foreign policy in Malaysia (and Third World countries generally) is elitist may be greatly exaggerated.

(3) that (a) foreign policy can be meaningfully appreciated as comprising various types or levels of outputs with actions constituting the sine qua non of foreign policy praxis, postures existing by virtue of various national aspirations and
orientations vis-à-vis other states and actors, objectives as a necessary aspect of a goal-oriented activity such as foreign policy, and strategies existing or absent - or with levels of sophistication - depending upon the particular development of a state's foreign policy; and that (b) Malaysian foreign policy over time and over different issue-areas manifested all four types of foreign policy outputs.

(4) that the explanation of foreign policy by means of an à priori analytical framework entails more than the mere specification of the relative potency of the sources of foreign policy; rather, it entails the insightful but logical relation of the various sources as they impinge upon the various levels of policy outputs in a holistic manner.

Let me now expand upon these theoretical findings.

(1) This study found Malaysia epitomized the contention that a developing, Third World country's foreign policy is heavily geared toward the fulfilment of various national needs since such a country has few, or largely undeveloped, capabilities and resources. In Malaysia's case the absence of the traditional elements of military power gave rise to considerable defence and security needs. The heavy dependence on British and Commonwealth military assistance provides evidence for this assertion. Malaysia, like all nation-states
of a state-centric world order, continued to have such needs in the
third period although it has increasingly, if not totally assumed
responsibility over its own defence. Nevertheless, its promotion of
the strategy for a neutral zone in Southeast Asia belies its funda­
mentally weak military situation and its ever-present security needs.
However, internal developments, idiosyncratic-ideological factors
and a changing external situation do intervene and have intervened in
influencing a change in both the true nature and the perception of
defence and security needs, as elaborated in earlier chapters.

It is perhaps in the economic realm that the significance of
national needs has become axiomatic. By most standards, it would be
foolish to contend that the Malaysian economy has 'taken off' on the
path to sustained economic growth. Indeed, Malaysia is still heavily
dependent on its agricultural sector in which a small number of
primary commodities constitute the mainstay of the economy. Moreover,
inspite of the increased level of agricultural and industrial di­
versification, this has not reduced Malaysia's chronic dependence on
the rich, industrialized countries which are not only Malaysia's
most important trading partners but the main source of its foreign
investment as well. In short, economic needs continue to dominate
foreign policy outputs in the issue-area of Development and Trade
even more than in the area of Defence and Security. The endurance of
economic needs notwithstanding, various internal and external inputs
have caused a degree of re-definition of these needs and the pursuit
of new strategies to fulfil these same needs. Thus in Malaysia's
persistent quest to gain a more advantageous position vis-à-vis the
rich, developed countries, it maintained a strong developing-world posture demanding various concessions from the rich countries via different institutionalized and non-institutionalized means. Malaysia, however, discarded its laissez-faire orientation toward foreign enterprise for one of economic nationalism with strategies for maintaining control of its natural and other resources, short of nationalization. This shift in approach reflected the impact of the various internal and external inputs on policy, particularly the unceasing feedback effects on extant economic policies on which I have already elaborated.

Status needs, although elusive, were a major factor in Malaysia's pursuit of global or milieu goals. This was particularly evident during the first period where a strict separation between defence and security questions and the more 'international' issues seemed to obtain. In the Konfrontasi period, this distinction became somewhat blurred although the intense level of diplomatic activity can be seen as a manner of enhancing Malaysia's status in the face of Indonesian propaganda to do the very opposite. Thus Malaysia, to combat Indonesian propaganda, began to publicly profess and later practise a posture of neutralism. This, in turn, brought about acceptance from the Nonaligned Group of nations, in time reducing the need to further pursue or enhance its status as an independent, sovereign and neutral state by the third period. Policy outputs in International Co-operation and Diplomacy - particularly in the area of regional co-operation - were thus increasingly dovetailed into the pursuit of security needs and some economic needs as status needs
receded into secondary importance in the issue-area. (See Chart 4.3, supra, p. 174)

(2) Employing essentially the approach of the comparative school with modifications, this study has found indeed a plurality of foreign policy sources impinging upon the substance of Malaysian foreign policy over time in different issue-areas. This assertion has implications for two related philosophical debates in the international relations and political science literature, viz., the rationality versus non-rationality of the decision-making and foreign policy formulation process and the elitist versus pluralist views of politics. In foreign policy it is probably more useful to conceive of the debate in terms of the degree or variation in the plurality (or lack of plurality) of sources affecting foreign policy or simply in terms of the relative potency of the sources affecting foreign policy. In order to shed light on the debate from the Malaysian case, I will briefly recapitulate foreign policy over the three issue-areas and periods in terms of the explanatory power of the various 'sources' of foreign policy specified in this study. It must be stressed that the observations made are only preliminary hypotheses which require much more research before their validity can be established.

The picture that emerges of the sources of Malaysian foreign policy is a mixed one but there are nevertheless some broad generalizations that can be made. For example, idiosyncratic variables tended to dominate foreign policy in the issue-area of defence and security, that is, the formulation of policy tended to elitist in
nature. In large part, this corroborates the observations of a number of previous foreign policy studies of Malaysia. But even here, idiosyncratic factors - as symbolized by an elite ideology committed to certain Western values - were positively reinforced by inputs from the external environment of Cold War and bolstered by antecedent historical factors (British rule and the Emergency), influencing foreign policy in the same general direction. Nevertheless, the prevalence of idiosyncratic elements during the first period is difficult to dispute. In this the Tunku's personality came out rather strong.

By contrast, the second period was marked by the predominance of external factors particularly during its first phase in the form of inputs leading to and deriving from Konfrontasi. Thereafter - during the second phase - foreign policy manifested the impact of mounting negative domestic feedback upon extant policies. Idiosyncratic factors while remaining important in the omnipresent figure of the Tunku began to wane as his influence and sway suffered severe setbacks by the end of the period. For the most part of the second period the influence of eco-historical factors was negligible.

The third period saw a leadership shift which although it arose out of domestic political developments - particularly the events of May 13 - had indirect importance for foreign policy. These developments prepared the ground for the ascendance of a new elite ideology marked by material changes in elite perceptions of the internal and external reality. Certainly the external feedback effects spilling over from the second period were a factor in influencing the new elite
perceptions but more importantly it was the changing (or changed) international environment that prompted the substantive changes in foreign policy. Thus the third period underlined the importance of the idiosyncratic, internal and external sources of foreign policy with their individual ascendancy closely linked to the development of historical events. Put differently, it was largely the external and internal feedback effects, long-term and short-term, that dictated the course, if not content, of foreign policy for the period.

In the issue-area of development and trade, internal sources have been of greatest importance attesting to a 'rational' (in the sense of ends-means calculation) pursuit of policy in this issue-area since these internal sources stem largely from the nature of the Malaysian economy and its needs. However, there is a good case that antecedent eco-historical factors deriving from colonial rule contributed considerably to the nature of policy outputs especially during the first period. Undoubtedly, by the second period, internal domestic needs had risen to a dominant role in determining policy. Idiosyncratic variables, by contrast, had little or negligible impact. In the third period, while internal economic needs remained of paramount importance, idiosyncratic factors took on a more significant role. This was symbolized by the adoption a new economic philosophy engendered by the ascendancy of a newer crop of UMNO leaders and perhaps epitomized in the pragmatism of Prime Minister Tun Razak himself. The period also illustrated the significance of the long-term internal feedback effects of previous policies which
prompted a re-definition of economic needs.

Turning finally to the issue-area of international co-operation and diplomacy, the most important generalization is that for the most part status considerations were of primary importance in determining policy. By the third period there was a tendency for policy to dovetail into that in the defence and security issue-area and thus derive from much the same sources. The second period as a result of Konfrontasi, tended to be dominated by external factors. Since many of the policies and decisions in this issue-area tend to be of a more routine nature, the bureaucracy has perhaps played a greater role here in the enunciation of policy than it has, for example, in defence and security. By that token, idiosyncratic factors are not as important in influencing policy in the issue-area.

Returning, then, to the debate of the elitist versus pluralist view of politics, whilst it cannot hope to resolve the debate, the Malaysian case demonstrates that a plurality of factors impinge upon foreign policy behaviour and that various factors or sources are important or rise in ascendancy at different times over different issue-areas. However, the Malaysian case does suggest that the elitist view of foreign policy formulation in Third World countries has perhaps been overstated. For example, Henry A. Kissinger classifies "domestic structures" in the aspect of leadership patterns into three types: (a) bureaucratic-pragmatic, (b) ideological, (c) revolutionary-charismatic. The parallels are supposedly obvious: the Western democracies represent (a), the socialist-totalitarian states (b), and the Third World states (c). In fact this is a gross
simplification as, indeed, Malaysia on the basis of my analysis could satisfy criteria for all three (!) in the three different historical periods. It could qualify as (b) and presumably (c) during the first period, as (b) in the second period, and as (a) in the third. This exercise merely shows the futility of classificatory schemes such as these although Kissinger's major point of domestic structures influencing foreign policy is well taken. What should not be assumed is that the structures of Third World states are necessarily top heavy or elitist.

To follow through this point, I will briefly examine the formal structure and functioning of the Ministry of Foreign Affairs as they affect the foreign policy formulation process. There is some evidence that the foreign policy formulation has become more pluralistic with time. An indication of this assertion is the expansion of the Ministry of Foreign Affairs in terms of personnel and its coverage of issue-areas. At its establishment in 1957, the Ministry maintained a staff of only 21 Branch A (Division One) officers and even at the height of Konfrontasi in 1964, the entire Malaysian diplomatic service comprised only 30 such officers. By 1967 the number had increased to 71 and including political appointees and attachés totalled 171 persons. Although the structure of the Ministry has not changed functionally as indicated by the organization charts for 1958 and 1975 (Charts 5.1 & 5.2), coverage has expanded considerably as shown by the increase in the number of 'desks.' There has also been the addition of an economic division which was absent at independence. In the present structure, the highest civil servant
CHART 5.1

MINISTRY OF FOREIGN AFFAIRS - 1958

MINISTER

PERMANENT SECRETARY

DEPUTY SECRETARY

PAS: ADMINISTRATION DIVISION

ADMINISTRATION

PAS: SECURITY & COMMUNICATIONS DIVISION

SECURITY & COMMUNICATIONS

PAS: SENIOR PROTOCOL OFFICER

CONFERENCE & SUPPLY

CONSULAR

PAS: POLITICAL AND INFORMATION DIVISION

ASIA

AUSTRALASIA

AND AFRICA

EUROPE

AND AMERICA

UN AND INTERNATIONAL INSTITUTIONS

PILGRIMAGE CONTROL

PAS = PRINCIPAL ASSISTANT SECRETARY
DEPUTY SECRETARY GENERAL
(POLITICAL DIVISION)

UNDER SECRETARY I

- PAS: UN, NONALIGNED CONFERENCES, AMERICA & AFRICA, SOUTH OF SAHARA
- PAS: LAW OF THE SEA CONFERENCE
- PAS: PLANNING & RESEARCH
- PAS: EAST ASIA
- PAS: SOUTH ASIA & PACIFIC

UNDER SECRETARY II

- PAS: EUROPE & COMMONWEALTH AFFAIRS
- PAS: WEST ASIA & AFRICA, NORTH OF SAHARA
- PAS: NEUTRALIZATION & DEFENCE LIAISON

UNDER SECRETARY III

- PAS: SOUTHEAST ASIA I (ASEAN COUNTRIES)
- PAS: SOUTHEAST ASIA (II) (NON-ASEAN COUNTRIES)

PAS = PRINCIPAL ASSISTANT SECRETARY
CHART 5.2 (C)

DEPUTY SECRETARY GENERAL
(ECONOMIC & INFORMATION DIVISION)

UNDER SECRETARY (ECONOMICS)
& SECRETARY GENERAL FOR
ASEAN

PAS: ASEAN &
OTHER REGIONAL
ORGANIZATIONS

PAS: ECONOMICS
& TECHNICAL
CO-OPERATION

SENIOR INFORMATION
OFFICER: PRESS
RELATIONS

SENIOR RESEARCH
OFFICER: RESEARCH

CHIEF EDITOR
MALAYSIAN
DIGEST

SENIOR INFORMATION
OFFICER: CULTURAL
PROMOTION

SENIOR RESEARCH
OFFICER: PUBLICATIONS

SENIOR INFORMATION
OFFICER: SERVICING

PAS = PRINCIPAL ASSISTANT SECRETARY
CHART 5.2 (D)

DEPUTY SECRETARY GENERAL
(ADMINISTRATION & GENERAL AFFAIRS)

HEAD OF INSPECTORATE
PAS

UNDER SECRETARY
(ADMINISTRATION, SUPPLY & FINANCE)

DEPUTY CHIEF OF PROTOCOL
ASSISTANT SECRETARY: TREATY

CHIEF OF PROTOCOL

SENIOR PROTOCOL OFFICER

PAS: ADMINISTRATION, PERSONNEL & SERVICE
PAS: SUPPLY & FINANCE
PAS: CONSULAR & COMMUNICATIONS

PAS = PRINCIPAL ASSISTANT SECRETARY
directly below the Minister of Foreign Affairs is the Secretary General (in the past, the Permanent Secretary) who has below him three Deputy Secretary Generals and a Chief of Protocol. The Deputy Secretary Generals head the three divisions of the Ministry, namely, the Political Division, the Economic and Information Division and the Administration and General Affairs Division. The largest and most important division is the Political Division which has three Under Secretaries in charge of three geographical areas. This organizational tier was absent in 1958. The work-horses of the Ministry are the Principal Assistant Secretaries who man the various geographical and functional 'desks.'

Having sketched the structure of the Foreign Ministry, it will be useful to look into its day-to-day functioning. A Foreign Ministry Under Secretary denied that decision-making in Wisma Putra was an ad hoc process. On the other hand, he said there was an institutionalized procedure for deciding on and administering policy. This consisted of a daily round table meeting of all the Senior officers (down to Principal Assistant Secretaries) in the Ministry. Any matter requiring attention is brought up at this daily morning meeting and every officer is given a chance to air his view on the subject. If action is to be taken, recommendation is made to the Minister and the Cabinet via the Secretary General after all the officers have had their say. If it was an important matter which did not require immediate attention, such as a policy position on an issue or for some conference, the document would go through various drafts starting at the Principal Assistant Secretary level before it was
presented to the Cabinet. There is some evidence that the Ministry today is a closer approximation of the classic bureaucratic model than it was perhaps in the days when Tan Sri Ghazali Shafie (now Minister of Home Affairs) was Permanent Secretary. Tan Sri Ghazali was noted for his rather non-bureaucratic, inter-personal and flamboyant style and also for his receptibility to new ideas. On the other hand, an official describes the present Secretary General, Tan Sri Zaiton Ibrahim as "more or less a straight-laced bureaucratic type." Marvin Ott has given the non-verifiable and exaggerated estimate that "80-90% of the important decisions which shaped the course of ... foreign policy derived from the interaction of Ghazali and the Tunku:"

The relationship may best be characterized as one in which Ghazali and his Ministry provide the initiative and ideas while the Tunku acts as a "screen of acceptable and feasible policies" - selecting and modifying.

From his own account it would seem that Ott admits that the bureaucracy had a considerable influence on the political elite, and as he himself notes, "from all evidence ... the Tunku, the Ministry, and the Cabinet have seen eye to eye on most questions. The Ministry enjoys the respect of the Cabinet and the Prime Minister and his attitude is largely reciprocated." The present-day Ministry, with the absence of Ghazali Shafie, is closer to the classic bureaucratic model but perhaps no less influential if only because the present leaders are more likely to consult and use it. Tun Razak himself rose from civil service ranks, was well known for his pragmatism and was not known to make important decisions without
extensive consultation. There is also evidence that there is a great degree of rapport between the political leaders and the Ministry and that the large majority of Wisma Putra officials are themselves convinced about the soundness of the present-day elite perceptions on foreign policy.

My discussion of the structure and functioning of the Ministry of Foreign Affairs lends credence to the view that it probably behaves like most bureaucracies of a Western-democratic format. Interviews with government officials in economic divisions of other ministries tend to confirm this view, the majority of these officials themselves perceiving the policy formulation process to be pluralistic in the sense that there is a plurality of stages in the process as well as inputs at various horizontal levels of decision-making. Foreign Ministry officials in general also tended to see the policy formulation process as pluralistic although they were careful to note that the major guidelines were largely laid down by the politicians. One Wisma Putra official suggested that in the political sphere one has to use "the underdeveloped societal model" to appreciate foreign policy whereby the bureaucracy does not challenge the premises of policy but rather rationalizes them. While government officials were a little partial toward the pluralist policy formulation model, politicians and journalists interviewed invariably saw the process as elitist. One feels that there may be a considerable degree of selective perception among the interviewees, but there is sufficient prima facie evidence for the contention that Malaysia's formal foreign policy formulation process is certainly not too different to that existent in other Western-democratic type governments.
(3) Turning now to the dependent variables or foreign policy outputs, this study found that Malaysian foreign policy could indeed be meaningfully appreciated in its broad contours in terms of objectives, postures, strategies, and actions. The study has thus lent validity to these largely à priori concepts. A major drawback in foreign policy analysis in general as noted in Chapter One has been the emphasis on the input side (independent variables) to the neglect of analysis of the output side (dependent variables). Analysts often get so caught up with the independent variables - the idiosyncracies of Third World political leaders has occupied a particularly prominent place - that they often lose sight of the phenomena they are seeking to explain. Throughout this study, I have found Malaysia to have definite objectives, proffered certain postures, advanced a number of strategies to achieve its goals and executed numerous actions vis-à-vis other national and non-national actors over different issue-areas. A word should be added on the elitist versus pluralist views of politics from the perspective of the policy outputs. It is likely true - although much more research has to be undertaken here - that policy formulation will tend to be elitist or pluralist depending to some extent upon which level or type of output is in question. Thus, from my study, a prima facie case can be made that objectives and strategies and their concomitant actions will tend to have a pluralist base since they entail considerable bureaucratic processing before they are formalized. On the other hand, postures and actions which are not goal-oriented or arise directly out of ideological tenets tend to be elitist since these are in the one case (postures) based
on broad aspirational-normative considerations or 'imponderables,'
or in the second case (actions) arise out of idiosyncratic performance.
(Off-the-cuff statements are a good example of the latter.) I must
stress, however, that these observations are highly tentative and
further research is required to test their validity.

(4) In this study, then, I have attempted by means of an à priori
analytical framework to explain various levels or types of Malaysian
foreign policy outputs in terms of four sets of sources or variables.
A major finding of this study is that the explanation of foreign
policy entails more than the mere specification of the relative
potency of foreign policy sources, as suggested by the comparative
scholars. Rather, it entails the insightful and logical linking of
independent and dependent variables in a holistic manner. Relationships
between variables are seldom on a one-to-one correspondence but
highly complex and the constant changes occurring in the praxis of
foreign policy makes the ranking of these sources sometimes a
futile exercise. On the dynamics of choice in foreign policy,
Kissinger has written:

Any society is part of an evolutionary process by
means of two seemingly contradictory mechanisms.
On the one hand, the span of possible adaptations
is delimited by the physical environment, the
internal structure, and, above all, by previous
choices. On the other hand, evolution proceeds
not in a straight line but through a series of
complicated variations which appear anything but
obvious to the chief actors. In retrospect a
choice may seem to have been nearly random or
else to have represented the only available
alternative. In either case, the choice is not
an isolated act but an accumulation of previous
decisions reflecting history or tradition and
values as well as the immediate pressures of
the need for survival.21
To borrow a notion of gestalt theory, one might add further that the whole is never equal to the mere sum of its parts. This by and large has been the main thrust of my analysis of Malaysian foreign policy.

Among the major findings of this study then is that Malaysian foreign policy has been geared to the pursuit of certain real and perceived needs and interests and that although seeking these needs and interests have remained stable goals of policy, the manner in which they have been pursued has changed dramatically over the three historical periods surveyed. The change is reflected in the changing character of foreign policy outputs, in particular foreign policy postures, strategies and actions in the three periods surveyed. Changes are also reflected in the ascendancy and the shifting potency of the various sources of foreign policy over the three historical periods. Finally, I have also found marked differences in both the input side as well as the policy outputs in the three issue-areas examined, namely defence and security, development and trade and international cooperation and peace. In conclusion, let me state that this study has found a holistic interpretation and explanation of Malaysian foreign policy to be fruitful and rewarding.
Notes to Chapter 5


3Cf. J. N. Rosenau, "Pre-Theories and Theories of Foreign Policy," cited in Chapter One, fn. 1, supra.

4See the works of Silcock, Dalton and Ott, cited earlier in Chapter One, fn. 12 and Chapter Two, fn. 67, supra.


6A Branch A, since 1966, Division One, officer as in the Malaysian Civil Service generally is required to possess a degree from a recognized university.

7Ott, The Sources and Content of Malaysian Foreign Policy, op. cit., p. 45.

8Ibid.

9Interview with Encik Yusof Hitam, cited earlier. The account of the decision-making process in Wisma Putra is largely derived from this interview.

10Interviews with Encik Hasmy Agam and M. Ben-Haron, cited earlier.

11Agam.
12 Ott, op. cit., p. 56.

13 Ibid., p. 58.

14 It is interesting to note that Ghazali himself considers that Malaysia's foreign policy formulation process is "no different" from that of the developed countries. Interview with Tan Sri Ghazali Shafie, cited earlier.

15 From various interviews and discussions.

16 All Wisma Putra officers to whom I spoke gave me this impression.

17 Interviews with Encik M. Shanmughalingam (Treasury), Encik Fong Kwek Yuen and Encik Zainal Aznam (Economic Planning Unit), and Encik Yee Che Fong (Ministry of Trade and Industry), cited earlier.


19 Interview with Encik M. Ben-Haron.

20 Interviews with Dr. Tan Chee Khoon (Pekemas), Encik Fan Yew Teng and Encik Lim Kit Siang (DAP), Dr. Goh Cheng Teik (Gerakan), Tun Tan Siew Sin (MCA), Encik Lee Siew Yee, Encik Samad Ismail, Encik Dhahari Ali, Dr. Noordin Sopiee (journalists), cited earlier.

21 Kissinger, op. cit., p. 273.

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APPENDIX I

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND AND THE GOVERNMENT OF THE FEDERATION OF MALAYA
ON EXTERNAL DEFENCE AND MUTUAL ASSISTANCE, SIGNED AT
KUALA LUMPUR, ON 12 OCTOBER 1957.

Excerpts

Article I

The Government of the United Kingdom undertakes to afford to the
Government of the Federation of Malaya such assistance as the
Government of the Federation of Malaya may require for the external
defence of its territory.

Article II

The Government of the United Kingdom will furnish the Government
of the Federation of Malaya with the assistance ... as may from time
to time be agreed between the two governments for the training and
development of the armed forces of the Federation.

Article III

The Government of the Federation of Malaya will afford to the
Government of the United Kingdom the right to maintain in the
Federation such naval, land and air forces including a Commonwealth
Strategic Reserve as are agreed between the two Governments to be
necessary for the purposes of Article I of this Agreement and for
the fulfilment of Commonwealth and international obligations. It
is agreed that the forces referred to in this Article may be
accompanied by authorised service organisations, and civilian
components (of such size as may be agreed between the two governments
to be necessary) and dependants.
Article IV

The Governments of the Federation of Malaya agrees that the Government of the United Kingdom may for the purposes of this Agreement have, maintain and use bases and facilities in the Federation ... and may establish, maintain and use such additional bases and facilities as may from time to time be agreed between the two Governments. The Government of the United Kingdom shall at the request of the Government of the Federation of Malaya vacate any base or any part thereof; in such event the Government of the Federation of Malaya shall provide at its expense agreed alternative accommodation and facilities.

Article V

In the event of a threat of armed attack against any of the territories or forces of the Federation of Malaya or any of the territories or protectorates of the United Kingdom in the Far East or any of the forces of the United Kingdom within those territories or protectorates or within the Federation of Malaya, or other threat to the preservation of peace in the Far East, the Governments of the Federation of Malaya and of the United Kingdom will consult together on the measures to be taken jointly or separately to ensure the fullest cooperation between them for the purpose of meeting the situation effectively.

Article VI

In the event of an armed attack against any of the territories or forces of the Federation of Malaya or any of the territories or protectorates of the United Kingdom in the Far East or any of the forces of the United Kingdom within any of those territories or protectorates or within the Federation of Malaya, the Governments of the Federation of Malaya and of the United Kingdom undertake to cooperate with each other and will take such action as each considers necessary for the purpose of meeting the situation effectively.
Article VII

In the event of a threat to the preservation of peace or the outbreak of hostilities elsewhere than in the area covered by Articles V and VI the Government of the United Kingdom shall obtain the prior agreement of the Government of the Federation of Malaya before committing United Kingdom forces to active operations involving the use of bases in the Federation of Malaya; but this shall not affect the right of the Government of the United Kingdom to withdraw forces from the Federation of Malaya.

Article VIII

The Government of the United Kingdom will consult the Government of the Federation of Malaya when major changes in the character or deployment of the forces maintained in the Federation of Malaya as provided for in accordance with Article III are contemplated.

Article IX

The Government of the Federation of Malaya and the Government of the United Kingdom will afford each other an adequate opportunity for comment upon any major administrative or legislative proposals which may affect the operation of this Agreement.
1. Ministers of the Government of Australia, Malaysia, New Zealand, Singapore and the United Kingdom met in London on 15th and 16th April 1971, in order to consider matters of common interest to all five Governments relating to the external defence of Malaysia and Singapore.

2. The Ministers of the five Governments affirmed, as the basic principles of their discussions, their continuing determination to work together for peace and stability, their respect for the sovereignty, political independence and territorial integrity of all countries, and their belief in the settlement of all international disputes by peaceful means in accordance with the principles of the United Nations Charter.

3. In the context of their Governments' determination to continue to cooperate closely in defence arrangements which are based on the need to regard the defence of Malaysia and Singapore as indivisible, the Ministers noted with gratification on the development of the defence capability of Malaysia and Singapore, to which the other three Governments had given assistance, and the decisions of the Governments of Australia, New Zealand and the United Kingdom, which had been welcomed by the other two Governments, to continue to station forces there after the end of 1971.

4. In discussing the contribution which each of the five Governments would make to defence arrangements in Malaysia and Singapore, the Ministers noted the view of the United Kingdom Government that the nature of its commitment under the Anglo-Malaysian Defence Agreement required review and that that Agreement should be replaced by new political arrangements. They declared that their Governments would continue to cooperate, in accordance with their respective policies, in the field of defence after the termination of the Agreement on 1st November 1971.
5. The Ministers also declared, in relation to the external defence of Malaysia and Singapore, that in the event of any form of armed attack externally organised or supported or the threat of such attack against Malaysia and Singapore, their Governments would immediately consult together for the purpose of deciding what measures should be taken jointly or separately in relation to such attack or threat.

6. The Ministers reviewed the progress made regarding the establishment of the new defence arrangements. In particular:

a. They welcomed the practical steps being taken to establish the Integrated Air Defence System for Malaysia and Singapore on 1st September 1971.

b. They agreed to establish an Air Defence Council, comprising one senior representative of each of the five nations, to be responsible for the functioning of the Integrated Air Defence System, and to provide direction to the Commander of the Integrated Air Defence System on matters affecting the organization, training and development and operational readiness of the system.

c. They noted the progress made by the Five Power Naval Advisory Working Group.

d. They decided to set up a Joint Consultative Council to provide a forum for regular consultation at the senior official level on matters relating to the defence arrangements.

Ministers also noted that further discussion would take place between Governments on the practical arrangements required for the accommodation and facilities for the ANZUK forces to be stationed in the area. They looked forward to the early and successful conclusion of these discussions as an essential basis for the completion of plans for the new defence arrangements.

7. The Ministers agreed that from time to time it might be appropriate for them to meet to discuss their common interests. It would also be open to any of them, the participating Governments to request at any time, with due notice, a meeting to review these defence arrangements.
APPENDIX III

KUALA LUMPUR DECLARATION BY ASEAN FOREIGN MINISTERS OF SOUTHEAST ASIA AS A ZONE OF PEACE, FREEDOM AND NEUTRALITY,
27 NOVEMBER 1971.

WE the Foreign Ministers of Indonesia, Malaysia, the Philippines, Singapore and the Special Envoy of the National Executive Council of Thailand:

Firmly believing in the merits of regional co-operation which has drawn our countries to co-operate together in the economic, social and cultural fields in the Association of Southeast Asian Nations;

Desirous of bringing about a relaxation of international tension and of achieving a lasting peace in Southeast Asia;

Inspired by the worthy aims and objectives of the United Nations, in particular by the principles of respect for the sovereignty and territorial integrity of all States, abstention from the threat or use of force, peaceful settlement of international disputes, equal rights and self-determination and non-interference in the internal affairs of States;

Believing in the continuing validity of the "Declaration on the Promotion of World Peace and Co-operation" of the Bandung Conference of 1955, which, among others, enunciates the principles by which States may co-exist peacefully;

Recognising the right of every State, large or small, to lead its national existence free from outside interference in its internal affairs as this interference will adversely affect its freedom, independence and integrity;
Dedicated to the maintenance of peace, freedom and independence unimpaired;

Believing in the need to meet present challenges and new developments by co-operating with all peace and freedom loving nations, both within and outside the region, in the furtherance of world peace, stability and harmony;

Cognizant of the significant trend towards establishing nuclear-free zones, as in the "Treaty for the Prohibition of Nuclear Weapons in Latin America" and the Lusaka Declaration proclaiming Africa a nuclear-free zone, for the purpose of promoting world peace and security by reducing the areas of international conflicts and tensions;

Reiterating our commitment to the principle in the Bangkok Declaration which established ASEAN in 1967, "that the countries of Southeast Asia share a primary responsibility for strengthening the economic and social stability of the region and ensuring their peaceful and progressive national development, and that they are determined to ensure their stability and security from external interference in any form or manifestation in order to preserve their national identities in accordance with the ideals and aspirations of their people";

Agreeing that the neutralization of Southeast Asia is a desirable objective and that we should explore ways and means of bringing about its realization, and

Convinced that the time is propitious for joint action to give effective expression to the deeply felt desire of the peoples of Southeast Asia to ensure the conditions of peace and stability indispensable to their independence and their economic and social well-being:

Do hereby state

(1) that Indonesia, Malaysia, the Philippines, Singapore and Thailand are determined to exert initially necessary efforts to secure the recognition of, and respect for, Southeast Asia as Zone of Peace, Freedom and Neutrality, free from any form or manner of interference by outside Powers;
(2) that Southeast Asian countries should make concerted efforts to broaden the areas of co-operation which would contribute to their strength, solidarity and closer relationship.

Done at Kuala Lumpur on Saturday, the 27th of November, 1971.

On behalf of the Republic of Indonesia

(Adam Malek)
Minister of Foreign Affairs

On behalf of Malaysia

(Tun Abdul Razak bin Dato Hussein)
Prime Minister and Minister of Foreign Affairs

On behalf of the Republic of the Philippines

(Carlos P. Romulo)
Secretary of Foreign Affairs

On behalf of the Republic of Singapore

(S. Rajaratnam)
Minister for Foreign Affairs

On behalf of the Kingdom of Thailand

(Thanat Khoman)
Special Envoy of the National Executive Council
APPENDIX IV

JOINT STATEMENT ON THE STRAITS OF MALACCA AND SINGAPORE BY INDONESIA, MALAYSIA AND SINGAPORE, 16 NOVEMBER 1971.

THE Governments of the Republic of Indonesia, Singapore and Malaysia held consultations with a view to adopting a common position on matters relating to the Straits of Malacca and Singapore.

Consultations between the Government of the Republic of Indonesia and the Republic of Singapore were held at the Ministry of Foreign Affairs, Singapore on October 8, 1971 and attended by the Minister of Communications, H.E. Major General Soenarso, representing Indonesia while Singapore was represented by the Minister for Communications, Mr. Yong Nyuk Lin, the Minister of Defence, Dr. Goh Keng Swee and the Acting Minister for Foreign Affairs, Mr. E. W. Barker.

Consultations between the Government of the Republic of Indonesia and the Government of Malaysia were held at the Attorney General's Chambers, Kuala Lumpur on October 14, 1971 and attended by the Minister of Communications, H.E. Frans Seda, the Indonesian Ambassador to Malaysia, H.E. Tan Sri Major General H. A. Thalib, PMN and the Indonesian Ambassador to Singapore, H.E. Major General Soenarso representing Indonesia, while Malaysia was represented by the Attorney General, the Hon'ble Tan Sri Haji Abdul Kadir bin Yusof and the Deputy Secretary-General, Ministry of Foreign Affairs, Enche Zainal Abidin bin Sulong.

The results of the above-mentioned consultations were as follows:

(i) the three Governments agreed that the safety of navigation in the Straits of Malacca and Singapore is the responsibility of the coastal states concerned;
(ii) the three Governments agreed on the need for tripartite co-operation on the safety of navigation in the two straits;

(iii) the three Governments agreed that a body for co-operation to co-ordinate efforts for the safety of navigation in the Straits of Malacca and Singapore be established as soon as possible and that such body should be composed of only the three coastal states concerned;

(iv) the three Governments also agreed that the problem of the safety of navigation and the question of internationalisation of the straits are two separate issues;

(v) the Governments of the Republic of Indonesia and of Malaysia agreed that the Straits of Malacca and Singapore are not international straits, while fully recognising their use for international shipping in accordance with the principle of innocent passage. The Government of Singapore takes note of the position of the Governments of the Republic of Indonesia and of Malaysia on this point;

(vi) on the basis of this understanding, the three Governments approved the continuation of the hydrographic survey.