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Author(s): Khadijah Md. Khalid

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Malaysia's Foreign Policy under Najib

A Comparison with Mahathir

ABSTRACT

Malaysian foreign policy and diplomacy under Mahathir Mohamad were both grandiose and pragmatic, if not audacious. Faced with a changing and uncertain global environment, current Prime Minister Najib Razak has formulated external strategies expected to sustain Malaysia's economic progress to ensure regime legitimacy and political stability.

KEYWORDS: Najib Razak, Mahathir Mohamad, Malaysian foreign policy, New Economic Model (NEM), Mahathirism, Najibnomics

INTRODUCTION

Mahathir Mohamad, Malaysia's fourth prime minister (1981–2003), was without doubt the dominant figure in the management of the country's external relations. He bequeathed such a deep imprint on Malaysia's foreign policy that questions invariably have arisen whether his successors, particularly the present prime minister, Najib Tun Razak, can remold and recast the country's external orientation.

Since assuming office on April 3, 2009, from former Prime Minister Abdullah Ahmad Badawi, Najib has made significant strides within relatively limited time in deepening and expanding Malaysia's bilateral relations with its important partners. Indeed, it could well be argued that foreign policy and diplomacy are an integral aspect of Najib's administration as he seeks to grapple with domestic and external challenges. Has he been able to change the course of the foreign policy set by Mahathir?

This paper seeks to consider this question by analyzing the continuities and changes in Najib's foreign policy compared to Mahathir's. The focus

KHADIJAH MD. KHALID is Associate Professor and the Executive Director of the International Institute of Public Policy and Management (INPUMA), University of Malaya. Email: <dijut@email.com>.

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revolves around four themes. The first discusses the role of the personality of the two Malaysian leaders. In addition to their style and approach, this part considers their socioeconomic backgrounds and ideological orientation.

The second theme delves into the extent of the influence of Islam on Malaysia's foreign policy during the Mahathir era and Najib eras. The third theme examines the influence of the domestic economy on Malaysia's external orientation and relations under both administrations. And last but not least, Malaysia's external relations under Mahathir and Najib will be discussed regarding the Association of Southeast Asian Nations (ASEAN), Japan and China, the U.S., and the Middle East.

PART ONE: PERSONALITY FACTORS—SOCIOECONOMIC BACKGROUND, WORLDVIEW, STYLE, AND APPROACH

The personal background of leaders bears on their respective worldviews and political philosophies. Upbringing and early influences can decisively impact interpretations of the world. This was true in the case of Mahathir Mohamad. Writers such as Pathmanathan and Lazarus,¹ Chamil,² Khadijah,³ and Karminder⁴ have argued that Mahathir's worldview was a source for the formulation, framing, and direction of Malaysia's foreign policy from 1981–2003.

British colonial rule as well as the Japanese Occupation (1942–45) had a profound impact on Mahathir's worldview and philosophy of politics. Combined with his experience growing up in semi-rural Kedah State (unlike his three predecessors, who had aristocratic childhoods), this contributed to producing an abrasive, combative character and a tenacious will, traits that proved to be both strengths and liabilities for Mahathir. Such a makeup also contributed to his penchant for interpreting the global environment in polarized, ideologically laden terms: “black or white,” East versus West, North versus South. These traits helped prompt his rather anti-Western orientation.

1. Murugesu Pathmanathan and David Lazarus, *Winds of Change: The Mahathir Impact on Malaysian Foreign Policy* (Kuala Lumpur, Malaysia: Eastview Productions, 1984).

2. Chamil Wariya, *Dasar Luar Era Mahathir* [Foreign policy era of Mahathir] (Shah Alam, Malaysia: Fajar Bakti, 1989).

3. Khadijah Md. Khalid, *Malaysia-Japan Relations: Explaining the Root Causes of the Pro-Japan Orientation of Malaysia in the Post-1981 Period* (unpublished Ph.D. thesis, Department of Political Studies, School of Oriental and African Studies [SOAS], University of London, 1999).

4. Karminder Dhillon Singh, *Malaysian Foreign Policy in the Mahathir Era, 1981–2003* (Ph.D. thesis, Boston University, 2005), now published as *Malaysian Foreign Policy in the Mahathir Era: The Dilemmas of Development* (Singapore: National University of Singapore [NUS], 2009).

Mahathir opposed the hegemony of the West, and wanted to reform an international system whose rules of the game, he believed, were still being dictated by the former colonial powers. Thus, as prime minister, he actively promoted South-South cooperation to intensify solidarity and promote collective self-reliance. These measures were as much for the benefit of the “southern hemisphere”⁵ as to defy the expectations of the West.

Domestically, Mahathir's anti-West posture was exemplified by the launch of the “Buy British Last” (October 1981) campaign⁶ and the “Look East” (February 1982) policy.⁷ In retrospect, Malaysia's relations with the West and its allies were often tempestuous or melodramatic. Australia, for example, under Prime Ministers Paul Keating⁸ and John Howard, was viewed suspiciously, as an extension of U.S. hegemonic power in the Asia-Pacific region. But it has to be said that Mahathir's anti-Western orientation belied his pragmatism, as seen by the fact that he did not curtail Western economic interests in Malaysia.

Najib Razak is often referred to as a protégé of Mahathir's. While there is not much similarity in terms of personal demeanor, there is certainly much resemblance in terms of political style and policy outlook. Najib's penchant for an infrastructure-driven economy is reminiscent of Mahathir's mega-projects. This is exemplified in Najib's proposal to build a 100-story Warisan Merdeka (Independence Heritage) Tower in the heart of the capital, Kuala Lumpur.⁹ Najib has said that by building the tower, he was continuing Mahathir's successes, conscious of the enduring legacy of Mahathir's developmental programs.¹⁰

5. The term “southern hemisphere” here does not necessarily refer to a geographical concept but rather conveniently denotes a group of nations categorized as “least developing” and “developing” economies that share a common historical legacy of colonialization

6. Khadijah, *Malaysia-Japan Relations*, pp. 52, 77.

7. “The ‘Mahathir Factor’ in Malaysia-Japan Relations in the 1980s and 1990s,” *ibid.*, ch. 5, pp. 20–240.

8. Keating during the 1993 APEC (Asia-Pacific Economic Cooperation) Summit had called Mahathir a “recalcitrant” for the latter's refusal to attend. The incident sparked a diplomatic row in which Malaysia even suggested a “Buy Australian Last” campaign. Eventually, Keating made an official apology. See Mohd. Azizuddin Mohd. Sani, “Mahathir Mohamad as a Cultural Relativist: Mahathirism on Human Rights,” paper presented at the 17th Biennial Conference of the Asian Studies Association of Australia (ASAA), 2008, at <<http://www.arts.monash.edu.au/mai/asaa/mohdazizuddinmohdsani.pdf>>, accessed November 25, 2010.

9. Full text of Najib's Budget 2011 speech can be found in *The Star* (Petaling Jaya, Malaysia), October 15, 2010, at <<http://thestar.com.my/news/story.asp?sec=budget&file=/2010/10/15/budget/20101015174503>>, accessed November 25, 2010.

10. “Najib: Warisan Merdeka Tower to Go Ahead If Commercially Viable,” *Malaysian Mirror* (Petaling Jaya, Malaysia), November 30, 2010, <<http://www.malaysianmirror.com/media-buzz-detail/6-nation/50820-najib-warisan-merdeka-tower-to-go-ahead-if-commercially-viable>>, accessed December 5, 2010. Presently, the tower still remains in the early planning stage.

Yet, their backgrounds and personal profiles hint at no striking similarities or affinities. The former prime minister was unabashed about his non-aristocratic (albeit middle-class) background. To be sure, Mahathir's father was a schoolmaster known for his disciplinarian style and for encouraging a love for reading in the family. Hence, on the one hand, Mahathir did not belong to an upper class or administrative elite family. On the other, parental influence instilled in him a resolution to break the social and ethnic "ceiling" of the day, through education.

In other words, Mahathir's worldview, shaped in his early years in the context of the parental role model, was *atypical* of families with similar background. Najib's more-privileged background was also to prove decisive for his political career. A son of Malaysia's second prime minister, Najib belonged to a classic political elite family and was educated at the University of Nottingham in England. His origins and connections placed him in an eminently suitable position to rise to the echelons of power.

Such a privileged upbringing has made Najib more conservative than Mahathir on foreign policy. Nevertheless, Najib, like Mahathir, can be a visionary thinker, capable of grandiose ideas as he seeks to extend and apply his *1Malaysia* philosophy¹¹ internationally. Indeed, Najib had spoken of foreign policy as coming under the domain of his political philosophy, "*1Malaysia, People First, Performance Now*," introduced in conjunction with his appointment as prime minister. In a keynote address to diplomats, titled "*Malaysian Foreign Policy: Future Direction for 2009–2015*," at the 7th Heads of Mission Conference, Najib said:

When I became Prime Minister . . . I said our government would focus on performance for the people, and I spoke of my hope that our nation would move forward under the theme of "*1Malaysia, People First, Performance Now*." I have emphasised these principles at home, and they are also the

11. The *1Malaysia* philosophy is meant to promote and celebrate the diversity of Malaysian society existing under *one* "roof" or "umbrella," and representing the ruling coalition government of Barisan Nasional (BN, National Front). It could be argued that *1Malaysia* represents Najib's personal assurance to the people—particularly, the minorities (or non-Malays)—that their rights, interests, and future will continue to be safeguarded under his administration. This approach is especially pertinent in view of the loss of non-Malay support for BN at the last general elections of 2008, which is expected to persist. *1Malaysia* was complemented and supported by two "sub-slogans"—"*People First, Performance Now*" (*Rakyat Didahulukan, Pencapaian Diutamakan*) in 2009/10 and presently, "*Generating Transformation*" (*Menjana Transformasi*). See *1Malaysia* at <<http://www.1malaysia.com.my>>.

principles that will shape our foreign policy. . . . [W]e must reshape and adjust our domestic and foreign policy priorities to meet the changing world order.

However, thus far Najib has not actually articulated visionary foreign policy initiatives. Instead of anticipating how to *influence* international relations—Mahathir's approach—Najib is content to *adapt* to the existing world order. This reflects a conservative temperament grounded in his experience. Psychologically, the premature death of his father, Abdul Razak Hussein at the age of 54 must have left a void.¹² Najib has tried to fill it by consciously or unconsciously linking his premiership to his father's. In the context of foreign policy and diplomacy, this was evident in his visit to China from June 2–5, 2009, to commemorate the 35th anniversary of bilateral relations. Najib is keen to be seen as preserving and extending his father's legacy, which included recognizing one China.

Malaysia under Najib seeks to “elevate” its relationship with China¹³ in line with the latter's spectacular ascendancy into world power. Najib has had to juggle reconciling his self-conscious understanding as the natural political (and biological) heir of the second prime minister, and the popular conception of him as the “anointed” successor of the fourth, Mahathir. It may be that, ultimately, Najib is more interested in burnishing his father's symbolic legacy than the latter's, which is more policy-based, and thus concretely expressed.

Given that Najib is not on record as seeking Mahathir's advice, other than publicly acknowledging his readmission to the ruling United Malays National Organization (UMNO), perhaps being Mahathir's protégé no longer weighs on his political outlook, notwithstanding public perception. This is unlike his *self*-perception as the son of Abdul Razak. Hence, Najib could be understood as a nominal “Mahathirist.”

12. Najib was then 22 years old and soon afterward was asked to fill in his late father's place as member of Parliament for Pekan in the eastern Malay Peninsula state of Pahang. This made him the youngest parliamentarian elected in the nation's history.

13. Prime Minister Najib Razak's “Speech at the Business Forum Organised by the Government of Malaysia in Beijing,” Prime Minister's Office, Malaysia (June 4, 2009), <http://www.pmo.gov.my/?menu=speech&page=1676&news_id=127&speech_cat=2>, accessed August 13, 2009. See also “Speech at the Roundtable Discussion with Chinese Entrepreneurs and the Malaysia-China Business Council,” *ibid.*, <http://www.pmo.gov.my/?menu=speech&page=1676&news_id=126&speech_cat=2>, accessed August 13, 2009. See also “Speech at the Anniversary Dinner to commemorate the 35th Anniversary of the Establishment of Diplomatic Relations between Malaysia and China,” *ibid.*, <http://www.pmo.gov.my/?menu=speech&page=1676&news_id=125&speech_cat=2>, accessed July 9, 2010.

Paradoxically, this means that Najib's relationship with Abdul Razak's legacy is construed primarily as an *emotional* attachment to meet a psychological need. Hence, as a nostalgic sentiment, it bears little relation to today's political reality and socioeconomic landscape. Even though Najib, unlike Abdullah, is not vulnerable to being cast under Mahathir's shadow, his *policies* could well be deemed a mirror image of the mentor's 22 years in power. And indeed, such is *expected* of Najib's brand of leadership.

PART TWO: DOMESTIC POLITICS—ISLAM AS A FACTOR IN MALAYSIA'S EXTERNAL CONDUCT

On the international front, Malaysia under Mahathir was a keen advocate of the Muslim/Islamic cause. Mahathir's visits to West Asia (Malaysia's preferred term for the Middle East) were crucial to boosting his image at home and reaffirming his pro-Islam credentials.¹⁴ This can be seen in the former prime minister's championing the cause of a free Palestine.¹⁵ Malaysia's stance led to disagreements with the U.S. It is customary for Malaysian Muslims to rally against injustices endured by their co-religionists in Palestine. Malaysia has also voiced its censure on other conflicts involving Muslims. Mahathir took a personal interest in the Bosnian War when it broke out in the early 1990s and gave political asylum in Malaysia to hundreds of Bosnian refugees.

Under Mahathir, Malaysia also began to develop relations with Sudan, and was instrumental in helping to develop its resources (especially the petroleum industry) and the broader infrastructure, including construction of dams and telecommunication towers, inter alia. Mahathir also spotted an opportunity for Malaysian products to penetrate new markets. He advocated infrastructural and land communication projects in newly independent former Soviet Republics such as Uzbekistan, Kazakhstan, and Kyrgyzstan. Malaysia's cordial treatment of these Muslim members of the now Commonwealth of Independent States (CIS) reaped both sentimental and material benefits.¹⁶ The desire to assist in the development of Central Asia elevated

14. Shanti Nair, *Islam in Malaysian Foreign Policy* (London: Routledge, 1997), pp. 95–97.

15. *Ibid.*, pp. 206–07.

16. For an analysis of Malaysia's relations with Central Asia, see Jan Stark, "Snow Leopard Meets Asian Tiger," *Round Table: The Commonwealth Journal of International Affairs* 95:385 (2006), pp. 455–71.

both Mahathir's and Malaysia's profiles. No doubt his global vision made him sensitive to the strategic value of Central Asia.

The events of 9/11 and its aftermath (the invasion of Afghanistan and later Iraq by the Bush administration) resulted in Malaysia's taking a strong stand against Washington. Malaysia continued to forge close ties with many Muslim countries. The American "war against terror" launched by the Bush administration was widely interpreted as "war against Islam."

This contributed to anti-U.S. sentiments across the globe, including in Southeast Asia. In short, Islamophobia brought Malaysia and international Muslim communities closer. In effect, Islam remained a major factor in Malaysia's closer relations with the Muslim world throughout the Mahathir administration.¹⁷ Interestingly, Malaysia was soon touted as a model of a progressive, moderate Muslim country—even by the U.S. in the aftermath of 9/11.

It is the contention of this paper that Islam, always regarded as an important variable in Malaysia's domestic politics, and to a certain extent in the country's external relations, has ceased to be a major concern under the Najib administration. At this particular juncture in Malaysian political development, it is interesting to note that the discourse on Islam seems to have taken a back seat under the present government.¹⁸

It is not too farfetched to conclude that the decision by Najib to give less emphasis to Islam was also influenced by the rapidly changing political landscape and shifts in electoral attitudes. This is particularly so in the context of a more tolerant and liberal PAS. In the 2008 general elections, PAS joined forces with its nemesis, the Democratic Action Party (DAP) and PKR (Parti Keadilan Rakyat, People's Justice Party) to form an effective opposition coalition later called Pakatan Rakyat (PR, People's Alliance).¹⁹

17. Khadijah Md. Khalid, "Malaysia's Growing Economic Relations with the Muslim World," *Kyoto Review of Southeast Asia*, no. 5 (March 2004), <<http://kyotoreview.cseas.kyoto-u.ac.jp/issue/issue4/index.html>>, accessed July 7, 2009. See also idem, "September 11' and the Changing Dynamics of Malaysia-U.S. Relations," *Asian Review* (Institute of Asian Studies, Chulalongkorn University, Bangkok, Thailand) 16 (2003), pp. 91–112.

18. Mahathir implemented the "Promotion of Islamic Values" (Penerapan Nilai-Nilai Islam) and other Islamic-related initiatives particularly in the 1980s to counter the growing influence of PAS (Parti Islam Se-Malaysia, Pan-Malaysian Islamic Party). Abdullah Ahmad Badawi introduced Islam Hadhari (Civilizational Islam).

19. PR took over four states (Selangor, Perak, Penang and Kedah) and also won 11 out of the 12 parliamentary seats contested in the Federal Territory of Kuala Lumpur. PAS retained control of the

Subsequently, Islam has become less a major bone of contention in intra-opposition politics. Issues pertaining to universal values such as human rights, good governance, and “bread and butter” concerns have become dominant themes in Malaysian domestic politics. The outcome of the 2008 general elections has to a certain extent illustrated the continuing polarization and bifurcation of political allegiances within the demographically dominant ethnic Malay-Muslim community. Hence, the Islamization strategy embarked on by Mahathir did not diminish the influence of PAS. Ironically, PAS was to “reinvent” itself so as to broaden its electoral appeal to non-Muslims and secure their crucial support outside of the Malay heartlands. Currently, the promotion of iMalaysia could be seen as an attempt by the Najib administration to portray the ruling coalition BN as really inclusive and open.

Unlike Mahathir, Najib is not comfortable engaging issues pertaining to Islam/Islamic discourse. He has been linked in the press to the high profile murder of a Mongolian translator.²⁰ As such, Najib would not want to place himself in an especially vulnerable situation where his religious credibility—and thus perception over his personal suitability—would be exposed to political attacks by detractors seeking to extract maximum mileage. Also unlike Mahathir, Najib is not comfortable seeking domestic support through Islam.

However, when one considers Najib’s *wassatiyyah*²¹ (Arabic: the moderate way, known in Malay as *pertengahan*), one detects a variant, even a progression, of both Abdullah’s and Mahathir’s Islamic worldview. In talking about

state of Kelantan. However, since 2009, Perak has been under the BN coalition as three state assemblypersons defected from PR to be “BN-friendly independents.”

20. Reporter Arnaud Dubus of the French newspaper *Liberation* linked the death of a Mongolian translator, Altantuya Shaaribu, to Najib while he was defense minister, although no documentary evidence was adduced (March 5, 2009). Altantuya had been engaged to translate documents relating to the purchase of Scorpene-class submarines between the Defense Ministry of Malaysia and a Spanish company (Somaris) acting as an agent of the French submarine manufacturer, Direction des Constructions Navales (DCN). A row erupted between Altantuya and Abdul Razak Baginda, a prominent defense analyst over the former’s entitlement to a share of the commission paid out by Somaris. This allegedly led to Altantuya’s death under suspicious circumstances. Abdul Razak Baginda was said to be a close advisor to Najib in his capacity as defense minister. See also Azizuddin Sani, Irene L. Twombly, and Rusdi Omar, “Malaysian Governments’ Strategic Media Management,” College of Business (COB), Universiti Utara Malaysia (Northern University Malaysia), <<http://cob.uum.edu.my/amgbe/files/014%20F-%20Rusdi%20Omar.pdf>>, accessed May 8, 2011.

21. “Wasatiyyah and the Global Movement of the Moderates,” *iMalaysia*, <<http://www.imalaysia.com.my/blog/wasatiyyah-and-the-global-movement-of-the-moderates>>, accessed November 18, 2010.

the need to have a moderate global coalition, Najib is keen to stress how Malaysia is well positioned to spearhead efforts against extremism or violence on all sides.

Nonetheless, moderation in religion—considered as ideology—is simply the flip side of Najib's iMalaysia philosophy. Najib sees iMalaysia as integral to his foreign policy approach as well. The decision to introduce the iMalaysia concept is very much influenced by the need to win back the support of the urban Chinese electorates and younger voters.

In assessing the influence of Islam in Malaysia's foreign policy under Najib, it is apparent that the current leadership is more selective in extending its relations with Muslim countries. Malaysia's interest in and role within the Organization of the Islamic Conference (OIC)²² seems to be diminishing. It appears that Malaysia is more comfortable promoting closer relations, particularly in trade and investment, bilaterally with selected Muslim countries, not via the multilateralism of the OIC. Malaysia's relations with West Asia/ the Middle East will be explored in more detail below.

PART THREE: DOMESTIC ECONOMY AS A MAJOR DETERMINANT

Foreign policy is a critical tool of the domestic policy of a nation, particularly in relation to the economy. As a matter of fact, the historical pattern has been that establishing diplomatic ties moves in tandem with economic exchange, i.e., trade. In assessing Mahathir's foreign policy, one can see that his outlook was no different: boosting the economic interests and well-being of Malaysia was an important determinant. Nonetheless, our view is that Mahathir stands out for his clear thinking on the relationship between foreign policy and the economy. This is particularly relevant in the context of Malaysia's relations with its counterparts among nations of the South, that is, the "southern hemisphere" (the subtle and yet significant contrast with Najib will be discussed later). Mahathir articulated a coherent and holistic vision that can be

22. The OIC was formed on September 25, 1969, in the aftermath of the 1967 Arab-Israeli War when Jerusalem, including the al-Aqsa Mosque—then under Jordan—was occupied by Israel. This was to give concrete expression to Muslim solidarity at a time when various external challenges were confronting the *ummah* (worldwide Muslim community). Since its formation, the OIC has been the major force of the *ummah* in fostering closer cooperation among Muslim countries and the singular voice in protecting the interests of Muslims in the broader international arena. See <<http://www.oic-oci.org>>.

summed up as “prosper thy neighbor,” and was able to implement it concretely via Malaysia’s relations with the Southern nations.²³

Mahathir was always insistent that the dignity and international stature of a country lies in a successful economy. This is why Mahathir held a high admiration for Japan, a non-Muslim country that once occupied his homeland and caused much hardship to its people during World War Two. The remarkable reconstruction of Japan after its humiliating defeat earned that country Mahathir’s respect. Mahathir’s preoccupation with geopolitics is rooted in his concern for the economic well-being of the nations of the South. At the same time, because of Malaysia’s successful development, it is poised to be a leading model for the South nations, and to play a role in efforts to reverse the persisting hegemonic influence of the West.

By contrast, Najib is under intense pressure to perform both as prime minister and as president of his party, UMNO, and deliver the goods to the people. The next 10 years, representing the lifetime of this and the next parliamentary term,²⁴ will be critical for Najib as he seeks to ensure that Malaysia is on the path to attain Vision 2020 (envisioned by Mahathir as developed nation status). Thus, the forthcoming 13th general elections, due in 2013, pose an immense challenge to Najib to convince the nation that his approach will succeed. In other words, the political legitimacy of the ruling coalition headed by Najib, as well as his personal credibility, is at stake.

Malaysians have been seriously affected by the rising cost of living, only to be compounded by the overall decline in their quality of life. Other issues such as human rights, growing crime rates, corruption, poor health services, unaffordable housing, environmental degradation, and racial/religious polarization all test the sincerity and capability of the Najib administration to lead the country toward Vision 2020.

Since assuming office, Najib has displayed an acute political determination to make foreign policy a priority. This could be interpreted as an attempt to enhance Malaysia’s foreign policy performance while providing it with more “depth” than previously. This follows Abdullah’s foreign policy and diplomacy efforts, which had little meaningful impact and drew a tepid

23. The spinoff of the “prosper thy neighbor” philosophy is manifested in technical cooperation among developing countries (TCDC) through such schemes as the Malaysian Technical Cooperation Program (MTCP), which provides capacity-building programs to public officials from other South-South nations.

24. In Malaysia, general elections are supposed to be held every five years, which is the maximum life of a parliamentary term.

popular reception at home. Najib's trajectory also represents continuity with the economic philosophy of Mahathir.

For Mahathir, being economically open did not mean to meekly accept the dynamics of the global system as inevitable but to see the dynamics as a means to an end. The goal was to promote resilience and collective self-reliance among the developing and other South countries. The aim was to enhance respectability and strengthen the voice of the South to balance the domination of the West in the global system. This was particularly apt for Mahathir in relation to the OIC audience, as representing the *ummah*.²⁵ And not least, such striving toward economic success is in line with Islamic principles and historical precedents. Hence, socioeconomic development assumes a broader geopolitical import vis-à-vis Western hegemony in the present global order.

For almost two years since Najib took office, Malaysia's foreign policy has been strongly influenced by domestic considerations, i.e., economic factors that in turn are intimately tied to political stability and regime legitimacy. This is set against a broad backdrop that we may conveniently divide into past, present, and future.

In terms of the past, Malaysia has been suffering from what some commentators termed the "lost decade," stemming from the unexpected financial contagion that transmuted into an economic rout for the region and beyond, the Asian Financial Crisis (1997–98). Although Malaysia under Mahathir took counter-cyclical measures that enabled the country to recover quickly, the pre-crisis annual gross domestic product (GDP) growth rates of 8%–9% never returned.

This means that Malaysia remained stuck in the so-called middle-income trap that continues to define its economic condition. As for the future, Malaysia is running out of time²⁶ to achieve Vision 2020 and attain the status of a developed nation. This explains why economic policy as a "correlate" of foreign policy (i.e., mutually connected or with the former as a primary determinant of the latter) looms large in Najib's thinking. That being the case,

25. "Speech by Prime Minister Dato' Seri Dr Mahathir Mohamad at the Opening of the 10th OIC Summit Conference," Prime Minister's Office, Malaysia (October 16, 2003), <<http://www.pmo.gov.my/ucapan/?m=p&p=mahathir&id=1533>>, accessed December 17, 2010.

26. "Malaysia Needs Complete Economic Transformation, There Is No Time to Lose," *Malay Mail* (Petaling Jaya, Malaysia), September 20, 2010, <<http://www.mm.com.my/content/49780-malaysia-needs-complete-economic-transformation-there-no-time-lose>>, accessed December 18, 2010.

Najib may be committing himself to a foreign policy stance not necessarily compatible with his economic vision. This is encapsulated in the New Economic Model (NEM) that was officially launched on March 30, 2010, by Najib. It outlines the government's determination to overcome the middle-income trap and renew the momentum for economic growth.

The NEM represents the Najib administration's policy commitment to transform Malaysia's economy in the long term and guarantee its sustainability in an increasingly competitive external environment. Reassuring trading partners and at the same time renewing economic links are necessary if the objectives of the NEM are to be realized. These include making "affirmative action"—as promoted in the New Economic Policy (NEP)—more market-friendly and meritocratic, rather than ethnicity-based, which refers to the majority Malays as the principal *bumiputra* (sons and daughters of the soil, or indigenous) target group. This tempering of protectionist elements is an uncharacteristic move that generated controversy among the more nationalistic elements in the Malay community.²⁷ The move has also attracted criticism from Mahathir who thought it premature.

Ironically, Mahathir himself introduced the National Development Policy (NDP) in 1990 upon expiration of the NEP 20 years after its promulgation in 1971. The NDP assured a liberal investment climate aimed at promoting foreign direct investment (FDI); it was far less insistent about the government's economic redistribution goals.²⁸

As such, there is a striking similarity between Najib's and Mahathir's attitude toward the NEP. And this expresses yet another line of continuity between outward relations and domestic economy. The new approach stated in the NEM signals an acknowledgement that the policy could be hampering the full potential of Malaysia to attract FDI amid stiff competition in the region and beyond. Even domestic direct investment (DDI) was vulnerable, encountering capital flight and voluntary de-listing from domestic stock markets in favor of those overseas.

27. Perkasa (Pertubuhan Pribumi Perkasa, Indigenous Empowerment Organization), a self-proclaimed non-governmental organization (NGO) established to protect Malay rights, has been vocal in opposing measures to liberalize the economy. "Perkasa: NEM Lacks Malay Agenda," *The Star*, April 2, 2010, <<http://thestar.com.my/news/story.asp?file=/2010/4/2/nation/5984817&sec=nation>>, accessed December 18, 2010.

28. Donald R. Snodgrass, "Successful Economic Development in a Multi-Ethnic Society: The Malaysian Case," *Harvard Institute for International Development*, 1995, <<http://www.earthinstitute.columbia.edu/sitefiles/file/about/director/pubs/503.pdf>>, accessed December 18, 2010.

To address the drastic decline in DDI, which had further deteriorated after the Asian Financial Crisis, another of Najib's initiatives (the Economic Transformation Program [ETP]) was officially announced on September 21, 2010.²⁹ It is interesting to note that Mahathir, who as prime minister had touted the virtues of FDI, had now come to recognize the need for Malaysia to increase its domestic capital stock. Perhaps this incongruity on the part of Mahathir was based on a realistic assessment of the present situation. After all, his openness to the inflow of long-term investment funds did not herald a similar unquestioning attitude toward the inflow of short-term speculative funds when the Asian Financial Crisis broke out.

After years of heavy government stimulus, an action plan such as the ETP is widely seen as critical to rekindling domestic investment. The ETP identifies specific areas for urgent private sector involvement via entry-point projects (EPPs). As such, it can be conceived as a real-time spin-off of the NEM, short- to mid-term. Nonetheless, the ETP is inconsistent with the avowed aims of the NEM to induce economic growth by intensifying non-government-linked, private sector participation as the catalyst.

While the NEM may present a semblance of a rapidly evolving Malaysia to the outside world, domestically the ETP has encouraged Najib to continue adhering to the "Mahathirist" view of the economy as infrastructure-driven³⁰—hence, the logic for pump priming packages to sustain economic growth. This indicates that despite financial and economic liberalization, Najib remains keen to hold onto the Keynesian multiplier effect of government spending to boost aggregate demand in the economy, reminiscent of the Mahathir era.

This serves only to renew the economic policy predisposition of the Mahathir era and to a lesser extent the Abdullah administration, hence underscoring continuity. The discontinuity is to be found in Najib's use of diplomatic engagements to transform and elevate the Malaysian economy.

29. Joseph Kaos, Jr., "Economic Transformation Programme: Private Sector to Lead," *Malay Mail*, September 21, 2010, <<http://www.mmail.com.my/content/49982-economic-transformation-programme-private-sector-lead>>, May 8, 2011.

30. "The Return of Mahathirism," *Nut Graph* (Puchong, Malaysia) March 31, 2009, <<http://www.thenutgraph.com/return-of-mahathirism>>. For a systematic analysis of Mahathirism, consult Khoo Boo Teik, *Paradoxes of Mahathirism: An Intellectual Biography of Mahathir Mohamad* (Kuala Lumpur, Malaysia: Oxford University Press, 1995). Also see John Hilley, *Malaysia: Mahathirism, Hegemony, and the New Opposition* (London: Zed Books, Ltd., 2001).

Thus, it can be said that Najib's foreign policy is perhaps more economically *oriented*³¹ than that of his immediate predecessors.

For economic transformation to take place, Malaysia's globalization must also accelerate. This interdependence with the rest of the world is given explicit recognition in Najib's policy speeches. For example, in his speech at the Investment Malaysia Conference organized by *Invest Malaysia*, Najib reiterated his commitment to sustaining the nation's reputation as a "diversified and broad-based" capital market in Asia and the world's largest *syariah*-(Islamic law) compliant bond market.³² The Capital Market Master Plan of the government entails greater internationalization. The Master Plan seeks to (re)position Malaysia's capital market to enable "wider participation by foreign investors."³³

PART FOUR: MALAYSIA'S EXTERNAL CONDUCT UNDER MAHATHIR AND NAJIB

This part of the essay examines the evolution and development of Malaysia's external relations with selected regions and countries during the Mahathir period and the current Najib administration.

Malaysia's Relations with Selected ASEAN Neighbors

Regionalism has always been a cornerstone of Malaysian foreign policy. Thus, ASEAN was one of the four top foreign policy priorities outlined by Mahathir when he took office in 1981.³⁴ As a middle power, Malaysia relies heavily on multilateral arrangements to press its international agenda, particularly on trade, and to give its voice greater weight. Mahathir particularly

31. Najib's foreign policy approach has a counterpart in British Prime Minister David Cameron's "hard-headed internationalism," which seeks to reprioritize the UK's foreign policy on the basis of economic interests. See, for example, "UK Must Repair Economy to Keep Influence—Cameron" Reuters, November 16, 2010, <<http://in.reuters.com/article/idINIndia-52932920101115>>, accessed December 18, 2010.

32. Najib's June 29, 2009, keynote address is extracted from the website of the Finance Ministry, Malaysia, at <<http://www.treasury.gov.my/pdf/ucapan/investmalaysia.pdf>>, accessed August 12, 2009. *Syariah*-compliant bonds are commonly designated as *sukuk* (plural), which are certified to be non-usurious (i.e., interest-free) and financing activities that are not prohibited under Islamic law. This means investments in bonds financing the manufacturing of alcohol and pork-based products, etc., are excluded.

33. Ibid.

34. In fact, ASEAN was the top priority. See Khadijah, *Malaysia-Japan Relations*, p. 11; and Mohd. Yusof Ahmad, *Continuity and Change in Malaysia's Foreign Policy, 1981–1986* (unpublished Ph.D. thesis, Tufts University, 1990).

envisaged the development of ASEAN as a strong regional trading bloc to be an extension of the original vision for a stable and peaceful South-east Asia.³⁵

Singapore. Nevertheless, Mahathir's desire for ASEAN to play a more pivotal role as a regional trading bloc did not avert controversies with Malaysia's close neighbors, particularly Singapore and Indonesia. Singapore's prime minister at the time, Lee Kuan Yew, was a contemporary of Mahathir's; both belonged to former days of the political strongman and rhetorical grandstanding, which were characteristic of the post-colonial era.

The two leaders came across as combative and tough, reflecting the tumultuous politics they confronted in their early days. It was no surprise that each viewed the other with suspicion that bordered on intense rivalry. Although Malaysia's relations with Singapore more or less stabilized after the latter's separation from the former in 1965 following ugly racial riots, diplomacy would become tense during Mahathir's tenure.

Intriguingly then for a "Mahathirist," Najib's foreign policy outlook toward Singapore could not be more amicable. Perhaps no case illustrates how far bilateral relations have progressed than the sticky issue of three parcels of land within Singapore belonging, as a matter of historical legacy and legal entitlement, to Keretapi Tanah Melayu (Malayan Railways, KTM). In a statement on June 23, 2010, both sides agree to jointly develop six parcels of land that would be swapped in exchange for the KTM-owned land.³⁶ The agreement represents a breakthrough in bilateral relations: It ensured that the Points of Agreement (POA)—signed in 1990 when Mahathir and Lee Kuan Yew were prime ministers of Malaysia and Singapore, respectively—finally came to be implemented fully.

35. Johan Saravanamuttu, *Malaysia's Foreign Policy—The First Fifty Years (Alignment, Neutralism, and Islamism)* (Singapore: Institute of Southeast Asian Studies [ISEAS]; Petaling Jaya: Strategic Information and Research Development Centre [SIRD], 2010), p. 190.

36. "KL Agrees to Vacate Historic Singapore Train Station," *Malaysian Insider* (Kuala Lumpur, Malaysia), May 24, 2010, <<http://www.themalaysianinsider.com/malaysia/article/kl-agrees-to-vacate-historic-singapore-train-station>>, accessed November 19, 2010. See also "Malaysia and Singapore to Finalise KTM Bhd Land Swap Proposal," *The Star*, June 23, 2010, <<http://thestar.com.my/news/story.asp?file=/2010/6/23/nation/6527988&sec=nation>>, accessed November 19, 2010. Three months later, which was when the agreement was supposed to have been finalized and confirmed, a revised deal was announced taking into consideration the views of both countries. See "Deal on KTM Land Swap," *Straits Times* (Singapore) September 20, 2010, <http://www.straitstimes.com/Breaking+News/Singapore/Story/STIStory_580781.html>, accessed November 19, 2010.

The POA had precisely set out the framework and terms for resolving the issue of KTM's land in Singapore. It has also been linked invariably to the concomitant issue of the co-relocation of the Malaysia and Singapore Customs, Immigration and Quarantine (CIQ) checkpoints to Woodlands Train Checkpoint (WTCP) in the north of the island republic. The interpretation over the time scale of implementing the POA was particularly contentious before the breaking of the deadlock.

Indonesia. Malaysia and Indonesia under Mahathir and another regional strongman, Suharto, were also covert contenders in some respects. The period between the mid-1980s to the mid-1990s³⁷ coincided with Malaysia's proactive advocacy of South-South cooperation, as well as Indonesia's reassertion of its international profile to focus on domestic issues.³⁸ Mahathir's focus on the Islamic dimension of Malaysia's foreign policy caused friction with Indonesia, the world's most populous Muslim nation. Suharto's pro-U.S. sentiment exacerbated the divergence on the EAEC (East Asia Economic Caucus), discussed below.

Such frictions have in all likelihood fizzled out with the end of the Mahathir and Suharto eras. Regional interests contribute toward encouraging better bilateral ties. Growing trade links with China are an important factor. Ironically, even though government-to-government relations have warmed up for Malaysia and Indonesia, it is the people-to-people dimension that has suffered. However, under the Najib and Susilo Bambang Yudhoyono administrations, this has not damaged bilateral relations, particularly when economic interests are at stake.

Despite fostering goodwill on both sides, post-Mahathir/Suharto, bilateral relations continue to be marred by sporadic outbreaks of antagonistic sentiments, mainly on the Indonesian side, at the unofficial level, i.e., popular protests. For example, the Indonesian NGO Bendera (Benteng Demokrasi Rakyat, Fortress of People's Democracy) had mounted high-pitched protests outside the Malaysian embassy in Jakarta, and even in front of the ambassador's residence.³⁹

37. See Ahmad Faiz Abdul Hamid, *Malaysia and South-South Cooperation during Mahathir's Era: Determining Factors and Implications* (Kuala Lumpur, Malaysia: Pelanduk Publications, 2005).

38. Joseph Chin Yong Liow, *The Politics of Indonesia-Malaysia Relations: One Kin, Two Nations* (London: Routledge, 2005), pp. 132–56.

39. "Another Bendera Protest Demo in Jakarta, Now on Abused Maid Case," *Malay Mail*, September 22, 2010, <<http://www.mmail.com.my/content/50132-another-bendera-protest-demo-jakarta-now-abused-maid-case>>, accessed May 8, 2011.

The Najib administration has responded well to the provocations by Indonesian extremists and refrained from taking any drastic action. Consistent with his broader hard-headed approach to foreign policy (and by extension, style of governance), Najib instead reminded Malaysians that the country has a vital economic stake in Indonesia. This was why Najib refused to heed calls for Malaysia to issue a travel advisory to Malaysians heading for Indonesia.⁴⁰ Malaysia is Indonesia's second biggest foreign investor,⁴¹ especially in the petroleum industry (up-, mid-, and downstream activities, including petrochemicals); plantations (oil palms and lately agriculture); and banking (for example, CIMB and Maybank).

Thailand. Najib's other successful diplomatic outreach in the regional context can be gauged from his amiable relationship with Thai Prime Minister Abhisit Vejjajiva, who visited Malaysia in June 2009. The relaxed demeanor of the two leaders indicated a certain mutual affinity and ease of communication; Abhisit has also studied in the UK and hails from an upper-class background. Mahathir too had good working relations with past Thai prime ministers such as Prem Tinsulanonda and Chuan Leekpai. Both countries sought to improve trade relations as well work toward regional economic integration. However, in the case of Najib, he deserves credit for adopting a more visibly proactive and conciliatory approach to the situation in Thailand's Deep South.⁴²

Apart from grassroots efforts to meet local residents personally to promote reconciliation,⁴³ Najib has sought to increase Malaysian participation in the

40. "PM: No Travel Advisory for Indonesia at This Stage," *ibid.*, September 1, 2010, <<http://www.mmail.com.my/content/48229-pm-no-travel-advisory-indonesia-stage>>, accessed November 20, 2010.

41. "DPM: Malaysia, Indonesia Share Unbreakable Bond," *Malaysian Insider*, September 27, 2010, <<http://www.themalaysianinsider.com/malaysia/article/dpm-malaysia-indonesia-share-unbreakable-bond>>, accessed November 20, 2010.

42. "Thailand and Malaysia Move to Mend Fences," *The Irrawaddy* (December 26, 2009), <http://www.irrawaddy.org/opinion_story.php?art_id=17471>, accessed November 20, 2010. The term, "Deep South," is taken here to mean the three southernmost provinces of Yala, Narathiwat, and Pattani together with the four Malay-majority districts of Songkhla Province. The conflict is rooted in the imposition of ethno-cultural assimilation on the Deep South Malays occurring over decades by the central administration in Bangkok. Successive Thai administrations have regarded the policy as a natural extension of geographical assimilation into the broader body-politic of kingdom even though the Deep South Malays have much more in common with their ethnic counterparts across the border, particularly the north-eastern state of Kelantan.

43. "Najib, Abhisit to Visit Southern Thai Schools to Help Ease Tensions," *The Star*, June 8, 2009, <<http://thestar.com.my/news/story.asp?sec=nation&file=/2009/6/8/nation/20090608184324>>, accessed November 20, 2010.

socioeconomic development of the region through the 3Es concept: education, entrepreneurship, and employment.⁴⁴ There is no doubt that economic interests dominate Najib's thinking regarding the Deep South, where free and stable movement of workers, trade, and money is crucial for prosperity in the border areas.

Malaysia's Relations with Major Asian Powers: Japan and China

It is Malaysia's relations with two major Asian powers, Japan and the People's Republic of China, that clearly display both the continuity and discontinuities in diplomacy over the past three decades. Soon after his appointment as Malaysia's fourth prime minister, Mahathir launched the "Look East Policy," encouraging Malaysians to learn from the developmental experiences of Japan.

Japan. Mahathir also suggested that Japan assume a leadership role in Asia commensurate with its growing preeminence in the global economy. Mahathir proposed the formation of the East Asia Economic Grouping (EAEG, later renamed the EAEC). However, Japan was placed in an awkward position, not wanting to upset the U.S., which was offended by the proposal. The U.S. (correctly) judged that the EAEG represented an alternative of economic regionalism to the APEC, which would undermine its position in the region.⁴⁵ Thus, Japan loomed large in Mahathir's foreign policy thinking, conjured by him as a necessary counterweight to the global economic prowess of the U.S.

This fits well with Mahathir's desire for Asia to rival the West and enhance the region's economic stature, as redress for the colonial past. Hence, Mahathir's personal admiration for Japan was not only expressed in the "Look East Policy" but also extended to his staunch advocacy and push to make Japan the leader of Asia in the EAEC. Perhaps his failure to convince Japan to follow his vision helped shift his hopes to China.

44. "Najib: Independence for S. Thailand Not Viable; Autonomy an Option," *ibid.*, October 26, 2009, <<http://thestar.my/news/story.asp?file=/2009/10/26/nation/20091026100634&sec=nation>>, accessed November 20, 2010.

45. Richard Higgott and Richard Stubbs, "Competing Conceptions of Economic Regionalism: APEC Versus EAEC in the Asia Pacific," *Review of International Political Economy* 2:3 (Summer 1995), pp. 516–35, <<http://www.jstor.org/stable/pdfplus/4177157.pdf?acceptTC=true>>, accessed May 8, 2011.

China. Unlike Japan, China has always been seen as a rival of the U.S. and the modern country most capable of asserting its sovereignty.⁴⁶ Hence, it could be reasonably surmised that in China, Mahathir had finally found a genuine and reliable ally to counter the weight of the U.S. During the Asian Financial Crisis, Mahathir had opined that a freely convertible yuan would have encouraged currency speculation (such as precipitated the crisis in the first place). That China did not act in this way earned Mahathir's gratitude, and he called China a true friend for keeping its promise not to opt for devaluation.⁴⁷

However, the China Najib encounters is a far cry from the one Mahathir knew, coinciding with the early phases of the Deng Xiaoping reforms and Beijing's "Open Door" policy. Mao's China was interested in revolution as a continual process; post-Mao China is more outward looking and tacitly expansionist.

It is no surprise that Mahathir did not attach much importance to deepening relations with China, other than recognizing its strategic weight in regional security. This included Beijing's official stance on the communist insurgency⁴⁸ in Malaysia during his early years in power. China would no longer provide ideological and propaganda support such as radio broadcasting to the CPM. Malaysia-China relations during the Mahathir period remained cordial even though suspicions lingered, especially as long as the communist insurgents refused to end their armed struggle against the state. Indeed, China has always factored as a security problem for Southeast Asia. However, by the 1990s, in the context of a post-Cold War scenario and a burgeoning China, Mahathir expressed ardent interest in forging stronger business links.⁴⁹

The one communist country Mahathir established fraternal relations with was Cuba under Fidel Castro; they shared mutual respect and an ideological antipathy to U.S. and Western imperialism. However, with the rise of China

46. Lee Poh Ping, "Does Japan Matter?" in *Japan and the Asia-Pacific*, eds. Md. Nasruddin Md. Akhir and Rohayati Paidi (Kuala Lumpur, Malaysia: Department of East Asian Studies, University of Malaya, 2009), pp. 103–13.

47. "Full Text of Story from *Mainichi Shimbun* on Prime Minister Datuk Seri Dr Mahathir Mohamad's World Analysis—A Case Study for a Country under Economic Stress," article extracted from *The Star* (August 2, 1999) by the *Malaysian Internet Resources* on its website, at <http://www.mir.com.my/lb/econ_plan/contents/press_release/capital.htm>, accessed November 20, 2010.

48. At the Haadyai Accords (1989), the Communist Party of Malaya (CPM) officially renounced armed struggle and all militant activities.

49. Joseph Ching-yong Liow, "Malaysia-China Relations in the 1990s: The Maturing of a Partnership," *Asian Survey* 40:4 (July/August 2000), pp. 672–91, <<http://www.jstor.org/stable/pdfplus/3021188.pdf?acceptTC=true>>, accessed November 20, 2010.

as an economic power, the potential for Malaysia was not lost on Mahathir, particularly in the middle part of his administration, the 1990s. By then it was clear that the double-digit growth of China was not going to abate in the near future. The argument that the major trading countries were helping China to integrate into the world economy could well be reversed given the current dynamics. It is China that is now the fulcrum and the center of gravity with which the rest of the world must be “integrated” if they wish to be part of the world economy.⁵⁰

This was vividly demonstrated during Najib’s visit to China in June 2009 after becoming prime minister. Apart from continuing his father’s legacy, the trip was heavily motivated by domestic considerations. Perhaps no other Malaysian prime minister has sought so eagerly to forge business deals, with an eye toward the continuing sustainable growth of the Malaysian economy.⁵¹ It is not too farfetched, therefore, to conclude that under the Najib administration, China is seen as Malaysia’s new important economic partner, a role that Japan fulfilled during Mahathir’s time. This is because Najib does not view Japan with the admiration that Mahathir did. This probably explains why he may be less than eager to revive the “Look East Policy” introduced by his mentor.

South Korea. Despite the visit by Deputy Prime Minister Muhyiddin Yassin to Japan in December 2009,⁵² and Najib’s reiterating Malaysia’s desire to reignite economic ties with Japan, it seems that South Korea has emerged as Kuala Lumpur’s favored country in the current “Look East Policy.”⁵³

Najib has expressed interest in looking to South Korea for FDI and transfer of technology. Bilateral trade experienced a 34% jump in 2010 and is expected

50. For a most recent account of China’s potential as a leading world power, see Martin Jacques, *When China Rules the World: The Rise of the Middle Kingdom and the End of the Western World* (London: Allen Lane/Penguin Press, 2009).

51. Lim Tin Seng, “Renewing 35 Years of Malaysia-China Relations: Najib’s Visit to China,” *East Asia Institute* (EAI), NUS (June 28, 2009), see pp. 4–7, <<http://www.eai.nus.edu.sg/BB460.pdf>>, accessed November 11, 2010.

52. “Muhyiddin’s Investment Mission to Japan Timely,” Prime Minister’s Office, Malaysia (December 6, 2009), cited from Bernama, <<http://www.pmo.gov.my/tpm/?frontpage/news/detail/2740>>, accessed November 15, 2010.

53. In fact, Mahathir also acknowledged the importance for Malaysia to emulate the success of South Korea in managing the Asian Financial Crisis, particularly the role of the country’s resilient small- and medium-sized industries. See his speech at the “National Conference on Learning from Korea—Sustaining Growth in a Dynamic Environment,” Prime Minister’s Office (October 10, 2002), <<http://www.pmo.gov.my/ucapan/?m=p&p=mahathir&id=1284>>, accessed November 15, 2010.

to double in five years' time.⁵⁴ The official visit to Malaysia by President Lee Myung-bak on December 11, 2010, was widely hailed as a milestone in bilateral relations and signified continuing, improving ties.⁵⁵

The Najib administration is also looking to South Korea to help develop a smart nuclear technology to provide alternative, renewable energy for Malaysia.⁵⁶ Talks and feasibility studies are currently underway to pave the way for a bilateral free trade agreement (FTA) to complement the existing ASEAN-Korea FTA.⁵⁷ Najib has conceptualized the proposed FTA agreement as not the "end" but the "means" for Malaysia and South Korea to leverage each other's niche and market strengths and gateways.

Malaysia-U.S. Relations

Malaysia and the U.S. enjoyed cordial relations under the first three prime ministers, Tunku Abdul Rahman, Abdul Razak Hussein, and Hussein Onn. The nature of bilateral ties became murky due to the contradictory stance of the Mahathir administration. However, much clarity was restored not only by Abdullah but also Najib, who continues to build stronger ties with the Obama administration.

During the Mahathir period, apart from Cuba, Malaysia was known to have developed cordial relations with so-called rogue states such as Sudan, Iran, and Myanmar. Many of these regimes remained political outcasts in the eyes of their Western antagonists. Thus, these overtures provoked irksome responses from the West, particularly the U.S. Washington had ardently opposed Myanmar's regional integration via admission into ASEAN, citing human rights abuses of the military junta and continued repression of the democratic process.

Furthermore, Mahathir backtracked on Malaysia's earlier support of the U.S. to enforce U.N. Security Council (UNSC) resolutions, particularly

54. "Malaysia-Korea Trade to Double in Five Years," Bernama, December 10, 2010, <<http://www.bernama.com/bernama/v5/newsbusiness.php?id=549033>>, accessed January 15, 2011.

55. "State Welcome for President Lee," *The Star*, December 11, 2010, <<http://thestar.com.my/news/story.asp?file=/2010/12/11/nation/7604926&sec=nation>>, accessed January 15, 2011.

56. "KL and Seoul to Work Together on Nuclear Energy," *ibid.*, December 11, 2010, <<http://thestar.com.my/news/story.asp?file=/2010/12/11/nation/7604925&sec=nation>>, accessed January 15, 2011.

57. "Malaysia, South Korea to Conduct Separate Studies on Feasibility of Bilateral FTA," Bernama, May 6, 2011, <<http://www.bernama.com.my/bernama/v5/newsindex.php?id=584402>>, accessed May 8, 2011.

1441⁵⁸ when it became apparent that the invasion of Iraq had degenerated into an illegal occupation. Thus, Mahathir did not worry about upsetting the U.S. for fear of jeopardizing relations.

On the contrary, both Abdullah and Najib have been perceived as more eager to please the U.S. and comply with Washington's requests, whether directly through bilateral diplomacy or indirectly, mediated by multilateral institutions such as the U.N.⁵⁹ The rationale behind the move to strengthen ties is not difficult to comprehend. The U.S. has historically been the largest source of FDI to Malaysia, especially in the manufacturing sector, and also its most important trade partner.

Talk of decoupling the Malaysian economy from the U.S. is rather premature at this stage. And despite the fierce competition for American FDI from regional neighbors, Malaysia continues to look to the U.S. To compensate for the decline in American private investment, Malaysia is now relying more on strategic alliances through "non-economic" investments in the defense and aerospace industries.⁶⁰

Kuala Lumpur has always been friendly to Washington in respect to regional security, notwithstanding Mahathir's somewhat contradictory geopolitical rhetoric. Regional security, which affects the free movement of people, resources, and services, and therefore, economic stability, can play a vital role in Najib's foreign policy calculations. Indeed, there is widely deemed to be no break in continuity over adopting a "realist" position: the U.S. represents a stabilizing regional presence, especially in ensuring the security of the Straits of Malacca as a vital strategic sea line of communication.

58. UNSC Resolution 1441 (2002) declared that Iraq at the time under Saddam Hussein failed to disclose stockpiles of "weapons of mass destruction" (WMD), and upheld previous Resolutions 678, 687, etc., which authorized the use of all necessary means to ensure compliance. See <<http://www.guardian.co.uk/world/2002/dec/20/iraq.foreignpolicy2>>, accessed May 8, 2011.

59. The Strategic Trade Act (STA) represents Malaysia's effort to heed the desire of the U.S. and the U.N. to establish regulatory mechanisms to control exports of materials deemed as WMD. It was passed in 2010 and came into effect on January 1, 2011. See "Strategic Trade Act to Come into Effect on January 1, 2011," Bernama, December 30, 2010, <<http://bernama.com/bernama/v5/news-business.php?id=553478>>, accessed January 15, 2011. The legislation has attracted criticism from the opposition as a move by the Najib administration to gain the favor of the Obama administration.

60. "RM 3.5 Bil Airline Component Deal Inked," *The Star*, October 10, 2009, <<http://thestar.com.my/news/story.asp?file=/2009/10/10/nation/4882816&sec=nation>>, accessed October 16, 2009. Composites Technology Research Malaysia Sdn. Bhd. (CTRM) and U.S.-based Goodrich Corporation have entered into a strategic partnership enabling the former to manufacture airplane nacelle components in the next two decades. Najib, who witnessed the signing ceremony, said the contracts were valued at US\$135 million for the next five years. The period of the contracts is the lifespan of the aircraft, and CTRM project contracts are valued at \$1.5 billion over 20 years.

Malaysia's Relations with West Asia/the Middle East

It is the argument here that Malaysia's present efforts to establish closer economic ties with Arab partners have been made possible mainly through the early foundation established by the Mahathir administration, and the goodwill that followed. Malaysia under Mahathir succeeded in paving the way for the current leadership to forge closer economic collaboration. Malaysia's foreign relations over the past three decades have extended to many Islamic countries.

While the current administration still retains good ties with the more traditional Arab/Muslim states such as Saudi Arabia and Yemen, relations have also grown significantly with the Gulf states such as the United Arab Emirates (UAE) and Bahrain. Najib's awareness of the strategic importance of the Middle East for Malaysia's economic future can be gauged via new trade and investment initiatives undertaken through the Ministry of International Trade and Industry (MITI). For example, from December 12–16, 2010, Minister Mustapa Mohamed visited Qatar and Saudi Arabia to follow up on the 2009 mission.⁶¹ His trip was also designed to explore FTA with the Gulf Cooperation Council (GCC) in order to further strengthen trade linkages, which although growing, still trail behind those with other countries.

Najib is acutely aware of the need to bolster Malaysia's position in the Middle East. Already Malaysia's reputation as a *halal* (dietary and hygienic practices permissible according to Islamic law) hub, a leading global Islamic financial center, and a major *sukuk* market and investment destination is growing among Middle Eastern countries. Their investors are providing considerable funds for development projects, not least in Iskandar Malaysia, the development corridor in Johor.

CONCLUSION

In comparing the foreign policy of the Najib administration with Mahathir's, it has been pertinent to highlight not only the continuities, although these laid the foundations upon which the current prime minister can build. But in developing Mahathir's foreign policy and diplomatic initiatives, Najib has seized timely opportunities under evolving conditions. This paper has

61. "Miti Mission to Qatar, Saudi Arabia," *Business Times* (Kuala Lumpur, Malaysia), December 13, 2010.

sought to show that while the underlying rationale—economic interests as the basis of Malaysian foreign policy—remains intact, the approach has shifted under Najib.

At a more fundamental level, the personality of both men has impacted their respective foreign policy outlooks. Unlike Mahathir, who was deeply ideological and thus had a dualistic vision of the global order, Najib is not interested in the Cold War rivalry that plagued much of the world until the collapse of the Soviet Union. Najib is therefore a classic *post*-post Cold War leader, acutely aware of the realignment taking place with the seeming decline of a unipolar world—in which the U.S. keeps hegemony—toward a more multipolar system.

In terms of domestic agendas, this paper sought to emphasize that Najib, more than Mahathir, is under strong pressure to deliver by the 2013 general elections. These may prove decisive for his political future. It is probably too early to speculate on turning points in the country's political development. But certainly the economic development of Malaysia has reached a critical point that warrants the attention given by the Najib administration, externally in foreign policy and the NEM, internally as embodied in the ETP.⁶²

In conclusion, Mahathir's foreign policy was more extensive and inclusive. Najib, for his part, believes that to become a developed nation by 2020, Malaysia needs to make a concerted effort at linking up with successful, emerging economies in East Asia and the Middle East. This should allow Malaysia to tap into much-needed investment, technology, and markets, to ensure the long-term sustainability of the economy at a time when global competition has made future prospects precarious.

62. See also the Government Transformation Program (GTP), which aims to boost performance in national key results areas (NKRAs) designated as policy priorities, at <<http://www.pemandu.gov.my>>, accessed November 27, 2010.