

MALAYSIA-UNITED STATES RELATIONS IN THE 1990'S: RHETORIC AND REALITIES

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ABSTRACT

Both the United States (US) and Malaysia had entered the decade of the 1990's at the peak of their performance. The US had emerged as the sole superpower in the international system following the disintegration of the Soviet Union, while Malaysia was recognized as one of the newly industrialized economies in Asia. Malaysia's impressive economic growth and positive contributions to regional stability had the US hopeful that Malaysia would be a model for other developing nations within and outside the Southeast Asian region. Yet relations between these two countries during this period were seen as deeply strained. This article addresses several of the issues that had dominated US-Malaysia relations in the 1990's such as trade and human rights practices. Despite criticisms by the US President on Malaysia's style of government and conversely Malaysia's criticism of the US' obsession with the idea of 'universal democracy', relations between the two countries were in fact deeply cemented through investment and security ties.

INTRODUCTION

In the international system today, the existence of a state depends not only on its ability to protect itself, but also on its relations with those around it. Because everyone's interest is at stake, relations between states are not without rifts. As with any normal friendship, differences do occur. Malaysia and the United States is no exception.

The United States is considered one of the most important ally of Malaysia. The United States' military might has yet to be challenged and its economy, although rocky at times, is considered to be among the strongest in the world. The United States acknowledges the effort and potential of Malaysia particularly in the sphere of economics and politics. In the short frame of time, Malaysia has managed to include itself in the category of the Asian Tigers, leading by example in a region of many possibilities but little quality leadership. Both have, collectively and individually voiced their support for the preservation of peace

and stability in the Asia-Pacific region, be it social, political or economic in nature. It is to both their advantage that Southeast Asia preserve its stability and continued growth.

Despite this, relations between the two have been marked by a series of inconsistencies. Studies by Sodhy (1988 & 1991) found inconsistencies had been the norm in their relations in the 1980's, where political and economic differences existed. Politically, tensions revolved around the issue of the Vietnamese boat-people and differing perceptions on the USSR. Economically, the issues of contention concerned protectionism, the soybean versus palm oil controversy, and also discriminatory regulations. Yet, the United States and Malaysia had worked closely on narcotics and military-security matters. In spite of the good military ties, it must be said that economic differences outweighed political ties.

Political and economic differences continue to exist into the 1990's. However, these issues are of a different nature. Prof. James Clad believes that relations between the two should be seen as rhetoric and reality (*Berita Harian*, 12/07/97). Both may have tossed harsh, if not bitter, words of dislike and dissatisfaction at each other's attempt at policymaking, yet at the same time appear to be best of friends when it comes to issues of mutual benefits. The first part of the paper deals with the differences these two countries share particularly in their perceptions of democracy and human rights. Tensions were made more acute following the economic crisis experienced in the Southeast Asian region in mid-1997. It was here that several actions taken by the Malaysian government received the most criticisms by politicians and individuals. Economically, although the two may share their differences about the establishment of an exclusive economic grouping and the controls imposed during the financial crisis, investment and trade opportunities seem to glue the two in a permanent partnership. Security matters and cultural exchanges further enhance the cooperation between the two countries.

INFLUENCE

Relations between and among states have been an essential feature in international relations. It explains, and to some extent helps predict, the actions taken by one state and/or the reaction received. The international system consists of a variety of states classified loosely as small state, middle power or the great power or superpower. Indexes such as size (including population and geographical), economic wealth, location, military, and type and characteristics of the regime determine the status of a particular state. Although the indexes

offer useful categories to help distinguish these states (Lenter, 1974), it is by no means an exact description of the ability of a particular state. While it is relatively easy to quantify the attributes of a great power, the categories of small and medium power are harder to determine.

According to Catley, great power attributes are; one which can successfully fight a war with any two great powers, has a sphere of influence which it controls to the effective exclusion of other powers and also one which asserts its authority over other states (Catley, 1997). Meanwhile small power according to Rothstein:

is a state which recognizes that it cannot obtain security primarily by use of its own capabilities, and that it must rely fundamentally on the aid of other states, institutions, processes or developments to do so; the small power's belief in its inability to rely on its own means must also be recognized by other states involved in international politics.

(Rothstein, 1968)

Do the two definitions qualify Malaysia as a small state and the United States as a great power?

There is little dispute on the strength of the United States in the international system. Potential rivals to the United States have been identified, but they are still lacking the superior qualities that the US possesses. Having emerged as a great power following the end of World War II, enriched with a population of 273 million (1998) covering an area of 915,912 sq. miles and a GDP of USD28, 020, the US is considered the most powerful state on the globe. Equipped with superior nuclear weapons and unmatched levels of technologies, the US has the capability to act and make significant contributions globally, if and when it feels that its interests require. Given its power to exert influence, the US tends to impose its values (free trade, democracy, and human rights) onto others, Malaysia included, that at times seem to be uncalled for.

Geographically speaking, Malaysia is considered a small state with an area of 32,855 sq. miles, inhabited by a population of 21.4 million (based on the year 1998). Economically though, the state has succeeded in being acknowledged as one of the most successful economies in Southeast Asia. Having been dependent on natural commodities such as rubber and tin until the early 1980's, owing to the vulnerability to the price of world commodities, Malaysia later decided to expand its concentration to include the manufacturing sector. This shift proved to be beneficial seeing as Malaysia has been experiencing consistent growth rates of 7 percent each year from the period of 1981-1997 earning its title as one of the second generation Asian Tigers.

What Malaysia lacks in size, Malaysia makes up in commitment and leadership qualities. Malaysia's soft power qualities have been acknowledged by many of the countries within and outside of the region. Dr Mahathir Mohammed has been an activist in voicing out the plights and concerns of the developing world, thereby making him the most vocal spokesperson for Malaysia and the Third World (Nair, 1997). Malaysia has been active in championing the rights of the developing world against the perceived hegemonies of the West and globalisation. Through its Technical Development Assistance (MTDC) and Langkawi Intellectual Dialogue, Malaysia has championed the South especially with its smart-partnership program, which has brought benefits to many of the underdeveloped African states. For many of the Third World countries, Malaysia, under the guidance of Dr. Mahathir, has courageously taken the step to voice out their grievances and convictions.

It is because of his efforts that the Prime Minister has made Malaysia a country to be reckoned. It is respected not only for its contributions to the international community, but also for its dedication to the region. Because of its influences and increasing growth, it is not clear whether Malaysia still belongs in the category of a small state. Camroux believes under the guidance of Dr. Mahathir, Malaysia has attempted to carve out an international role for the country, particularly through its initiative of being the spokesman for other nations and by the creation and promotion of regional bodies such as the ASEAN Regional Forum (Camroux, 1994:2). Malaysia is not only highly respected in the Southeast Asian region but also in many parts of Africa and Latin America. Hence, judging by its commitments, influence and role it tries to play in the international arena it can be summarised that Malaysia is a small state possessing middle power influences.

Malaysia's record of development, prosperity and stability has been the envy of many states within and around the region. The US acknowledges the accomplishments that Malaysia has achieved given its limitations. There may be a certain element of hope on the side of the Americans that Malaysia may act as a role-model for other developing nations on the proper combination to achieving national prosperity and stability, particularly based on the platforms of Malaysia's economic success story and its status as a Muslim nation engaging constructively with, rather than rejecting, modernity (Martinez, 1997: 197).

DIFFERENCES

As mentioned, Malaysia-US relations have not been free of friction. The proposal of Dr. Mahathir to establish an East Asian Economic Group was not

enthusiastically received by the US. Nevertheless, relation between the two countries had been relatively cordial in the early 1990's. The economic crisis of 1997, however, made relations between them even more difficult. The sacking and eventual imprisonment of the Deputy Prime Minister Datuk Anuwar Ibrahim was heavily criticised by US officials. The Prime Minister's accusation of the currency crisis being caused by speculators, specifically George Soros, strained the already tense relations. Such actions taken by Malaysia only increased American scrutiny on Malaysia's practice of democracy and human rights.

POLITICAL ISSUES

Differences between the United States and Malaysia are most prominent when it comes to the principles of democracy and human rights. Being the first country to play an active role in the spread of democracy, the United States believes that democratic principles are universal regardless of the region a country may be in. For Malaysia, there are certain characteristics of democracy that are unsuitable for the Asian culture. The same is also applied to the interpretations of human rights. Hence, the "West versus East" syndrome.

DEMOCRACY

Since emerging as a great power, America has been relentless in its campaign for democracy. America's initial effort to spread the ideas of democracy was as an attempt to counter Communism. The abrupt end of the Cold War and the disintegration of the Soviet Union was not so much the victory of the United States, as much as it was the victory of the democratic ideals. The durability and popularity of the democratic principles instilled the strong conviction in the United States that democratic values ought to be the values of the world (Milne & Mauzy, 1999). Because the United States was the first to encourage the practice of democracy on a global scale, the definitions and interpretations of scholars have often been from that of the American point of view.

For the United States, democracy and human rights are two of the same thing. You cannot have one without the other, and compromise is not a choice. According to Milne & Mauzy, "one has to do with the protection of the individual against the state, while the other determines the extent to which the individual can choose and control the rulers" (Milne & Mauzy, 1999 : 137). Asians and many other Third World countries, on the other hand, believe that there are times where democratic elements threaten the stability of the country.

The most common measure of democracy is universal suffrage or the right of all citizens to vote, and the existence of a representative government. Hence, since gaining independence in 1957, Malaysia has been a parliamentary democracy, whereby its government is elected at least once every five years. However, many Western critics do not believe that a country is necessarily democratic because of the right to vote and the existence of elections. There are other elements of restriction that has been imposed on the freedom of the people, among them the freedom of speech and press. Restrictions are even more pronounced in Malaysia because of the make up of the society. Unlike the ruling party, opposition parties are not given the same privileges when trying to win the people. The often one-sided campaigning that occurs in the country has raised eyebrows regarding the actual political freedom practised there.

For scholars like Crouch, Malaysia is deemed as a semi-autocratic or semi-democratic state, particularly when referring to the Mahathir administration. Starting out in his early years as a liberal, the late 1980's saw a change in Dr. Mahathir's approach to politics as evidenced by the arrests made on more than 100 politicians, NGO's and religious leaders during Operasi Lalang (Crouch, 1996; Khoo Boo Teik, 1997).

Dr. Mahathir's attempt to restrain political challenge against his administration has caused the United States to be critical of the Malaysian government, believing that the Prime Minister is restricting fair elections, thereby restricting democracy. Statements released by officials from the United States department regarding the incident angered Dr. Mahathir for he feels that the United States is interfering in the domestic affairs of a sovereign country. On democracy, Mahathir has stressed:

The winds of democracy, of democracy with an Asian rather than a Dutch or French or Belgian or American flavor, have been blowing in every country. Some countries including Malaysia, inherited a colonial political system and rather than reinventing the wheel, I believe we have made good use of the systems. Since 1955, when we held the first elections in Malaysia, we have had ten indisputably free elections in which the opposition not only won seats but on some occasions were able to take over state governments. This is quite a record, I believe, for a new, developing democracy.

(Mahathir Mohamad, 1992)

Dr. Mahathir strongly believes that democracy espoused by the United States should not necessarily be the type of democracy that must be practised

by Malaysia. Modifications have to be made. In one of his speeches, countries like the Philippines and India have tried to carry out Western type of diplomacy, yet political stability has not been achieved. For Dr. Mahathir, in a culturally diverse country such as Malaysia where racial tensions may erupt if not curbed, it is necessary, and at times expected, for the government to ensure that domestic stability is maintained. He stressed:

“Despite the Western media insisting on Asian governments being autocratic and sometimes even anti-democratic, the fact is that there is more democracy in Asia today than ever before in history”.

(Mahathir Mohamad, 1992)

According to Dori:

To Dr. Mahathir's mind, it is the height of arrogance for the rich, developed West to preach the superiority of its system and institutions- such as political democracy-when these self-same systems and institutions are frequently accompanied by such undesirable conditions as high crime, illegitimacy rates, racial intolerance, poor work ethic and moral decay.

www.freeanwar.com/news/Heritage2)

Asian values on the other hand stress duty toward and all the concomitant benefits that entail.

HUMAN RIGHTS

The issue of human rights observation and protection has been high on the list of the United States. As with democracy, the United States has been vigorous in its attempts to ensure that countries around the world accept and adhere to the principles of human rights. It is interesting to note that the Universal Declaration of Human Rights (UDHR) adopted by the United Nations in 1948 is modelled after the United States' Bill of Rights. Human rights is seen as claims and protections to which everyone is entitled to as human beings. But are human rights international in its definition? Particularly in this globalised era, the very language and meaning of human rights are becoming lost in the shifts of economic, social and political structures of the world.

As with democracy, developing countries believe that human rights should not be restricted to Western or US interpretations. As stated by the former Foreign Minister of Indonesia Ali Al-atas:

“Basic human rights and fundamental freedoms are unquestionably of universal validity... However, it is also commonly agreed that their implementation in the national context should remain the competence and responsibility of each government, while taking into account the complex variety of problems, of diverse value systems and of different economic, social and cultural realities prevailing in each country. This national competence not only derives from the principle of sovereignty, but it is also a logical consequence of the inherent right of nations to their national and cultural identity and to determine their own social and economic system”.

(www.kentlaw.edu)

Chandra Muzaffar strongly believes that the definitions of human rights within the UN Charter is strictly narrowed to mean only the protection of individual civil and political rights, which he believes help keep the developing countries in the spotlight (Muzaffar, 1993: 165).

It was beginning the late 1980's that the United States believed that human rights principles were being abused or overlooked in Malaysia, especially with the imposition of the draconian Internal Security Act (ISA) on targeted individual politicians. The detention of individuals without a fair hearing is seen as depriving one of his individual rights. The initial purpose of the Act was to preserve the security of the state against the Communist threat (Mohd Fuad Sakdan, 1997). However, despite the end of the communist struggle in late 1980s, the government maintained the Act as a mean for ensuring racial harmony.

The dismissal of Anwar Ibrahim from Dr. Mahathir's administration and later his arrest under the ISA in September 1998, as a result of his attack on Mahathir's government have deepened the strain between Kuala Lumpur and Washington. Critical of Mahathir's treatment of Anwar, the United States had made efforts to persuade the Malaysian government to release Anwar and allow him a fair hearing (New Straits Times, 11/9/1998). Because of his liberal approach on economy and his acceptance of particular western principles, since becoming Deputy Prime Minister (DPM), Anwar has managed to establish good rapport with the White House officials. This explains the White House's concern for Anwar.

Matters were made worse with the infamous Al Gore 'pro-reformasi' speech during a dinner at the APEC Summit in Kuala Lumpur in November 1998. This speech rallied the most support for the Mahathir administration (New Straits Times, 11/18/1998). Abdullah Ahmad Badawi, the Minister of Foreign Affairs, in his harsh statement against Washington saw this as a serious intervention in Malaysia's domestic politics and as an abuse in the basic relations between

countries. He also implied in his speech that America has been applying undemocratic ways to topple a people's elected government (Berita Harian, 18/11/1998). Local newspapers (New Straits Times and Berita Harian) carried out a full page of names, headed and initiated by the Head of Institute of Strategic and International Studies (ISIS), Datuk Noordin Sopiee giving full support to Mahathir on the matter (Berita Harian, 11/20/1998).

Another issue of contention is the linking of human rights with the imposition of conditional economic sanctions on receiving countries by Western countries, through the use, or threat, of limiting aid or trade. Mahathir sees this as the West's unfair treatment on Third World countries for the relief offered by trade and aid greatly improves the quality of life of the citizens in Third World countries. What is the good of rights if the people are unable to feed themselves? Realizing the importance of human rights and its often one-sided interpretations by the West, he never misses the chance to attend conferences on human rights abroad such as the Vienna Conference on Human Rights if not to ensure that the views of the Third World are heard (1993). Commenting on this, Milne & Mauzy (1999) noted that, 'the issue now can be seen in terms of differences in value, the Asian and Western. While the Western stressed on political and individual, the Asian values emphasized on economic and social rights plus community'.

ECONOMICS

East Asian Economic Caucus

Dr. Mahathir initiated the East Asian Economic Group (EAEG) in the early 1990 for several reasons. First, it was a response to the nature of US and European economic penetration in the world economy, particularly with the emergence of NAFTA (North American Free Trade Area), APEC (Asia-Pacific Economic Council), and also the EU (European Union). Secondly, it involved ASEAN's inability to move decisively in the economic sphere (Saravanamuttu, 1997). Thirdly, it was to enhance economic cooperation among East Asian countries without the involvement of dominant Western countries, in this case the United States.

According to Dr Mahathir:

The EAEG is not intended to be a closed trading group but merely a forum for East Asian countries to defend the free trading system. It has the objective of enhancing economic cooperation among East Asian countries. The Asian experience has shown that neighbouring countries

can learn a lot from each other and can help each other to develop. When neighbors develop together their intra-regional economic activities are enhanced for the benefit of all. Poor neighbors create problems particularly in terms of migration. Their market too cannot contribute towards regional trade. Poor neighbors will consequently stunt regional growth. The EAEG by keeping free trade alive and helping each other's growth is expected to have the same catalytic effect on East Asian countries as ASEAN had. The countries of the EAEG will be free to trade with the rest of the world. As collectively it will be a massive market, it will benefit countries outside the region as well. World trade will therefore benefit from the formation of the EAEG.

(Mahathir Mohamad 1992 : 723)

Dr. Mahathir went all out to sell his ideas among East Asian leaders notably Japan, China, South Korea and also ASEAN members. With its exceptional growth and advances in technology, Japan was hoped to be the natural leader for EAEG.

Already a member of the broader economic grouping of APEC established in 1989, the United States was not receptive of the idea thrown by the Prime Minister of Malaysia. American officials strongly believed that the EAEG was intended to sideline the US, in which Secretary of State, James Baker, responded by attacking the group as another initiative to establish a trading bloc where there is no need for one. Through persuasion, the United States managed to convince Japan and South Korea against the idea of EAEG.

Interestingly enough, EAEG was not only not accepted by Japan, it also faced resistance from the members of ASEAN. Being the largest investor in the region, countries within ASEAN are not willing to jeopardise their trade relations with the United States. Also, not many Asian countries are ready to forgive and forget actions done by Japan. Despite having injected thousands of dollars into the region, Asian countries are still wary of the Japanese intentions.

Clearly infuriated by the rebuke of his fellow partners, Dr. Mahathir decided not to attend the APEC meeting in Seattle in 1993. Instead, the Minister of International Trade and Investment represented him. To placate the situation, in late 1991, during the ASEAN Economic Ministers' Meeting, Jakarta suggested that EAEG change its name to a consultative caucus. Despite the difficulties in 1993, as a result of strong Malaysian pressure, ASEAN accepted the EAEC as an informal caucus within APEC (Milne & Mauzy, 1999).

Economic Crisis

When the Thai government devalued the baht in 2 July 1997, no one would have thought that it would spread to finally leave its mark on practically all countries in the Southeast Asian region. In a matter of one month, the currency crisis had reached Indonesia, South Korea, the Philippines and Malaysia, causing panic among international speculators. As a response, speculators were seen clamouring to pull out of the region, resulting in the collapse of financial institution in the region. As written by Jomo, 'contagion—partly due to herd behaviour by investors—is believed to have exacerbated the situation, involving stock market' (Jomo, 1998:185).

Malaysia-US relations were affected when both countries tried to pinpoint the cause of the crisis. For the US, the crisis was caused by severe cases of cronyism, improper management by financial institutions and nepotism within the countries affected. The Malaysian government, in the speeches relayed by the Prime Minister, nominated particular foreign businessmen and speculators, specifically George Soros, as the main cause for the crisis. Dr. Mahathir had even suggested that the world financial institution should be reformed to prevent such an episode from recurring. At a seminar held before the World Bank-IMF meeting, Dr. Mahathir strongly argued that 'currency trading is unnecessary, unproductive and immoral...it should be stopped and made illegal' (Jomo, 1998: 185).

In the space of less than a month after the crisis spread to Malaysia, the ringgit lost more than 40 percent of its initial value against the US dollar and the British sterling, in which the per capita income of individuals fell from US\$5,000 to US\$4,000. Having refused the bailout package of the IMF, Malaysia introduced its own package which included severe government expenditure cuts, a freeze on new bank lending, restriction on foreign travel and the bailout of large firms experiencing difficulties (McFarlane, 1999:61). Hence, the initial response of the Finance Minister, who was also Deputy Prime Minister Datuk Anwar was a textbook IMF policy of severe increases in interest rates to attract investment, while letting failing companies take the natural course. However, the final solution of the government was to initiate a capital control regime and fixed the exchange rate of the ringgit to the dollar. What ensued was an internal match between the Prime Minister and his Deputy, which eventually led to the latter's dismissal in September 1998.

The crisis indirectly strengthened Anwar's hand as Mahathir's successor, as the market and the nation generally saw him as more rational and believable compared to the premier. Several times Anwar had to contain the damage caused

by Mahathir's detrimental remarks, such as threats of restrictions on currency trading in Malaysia and that speculators ought to be shot (members.tripodasia.com).

It cannot be denied that the actions undertaken by Dr. Mahathir greatly saved the Malaysian economy from further disaster. Since its implementation, the stock market has not only stabilised but also recorded an increase in trading, whilst the ringgit's stability has caused an increase in economic activity in the country. A year after the crisis, the government actually predicted a growth of 1 percent in its GDP. However, the methods in which the Prime Minister took to control the crisis were heavily criticised by the West. It was not only his methods to ease the impact of the crisis that received attention, it was the way in which he dealt with the opposing views of his Deputy that received the most coverage.

The crisis demonstrated how a continent that was hailed to become the dominant player of the 21st century, was left in shambles, not through the conventional use of arms, but through the manipulation of money. The crisis also revealed the fragility of the political system of many states in the region, whether democratic, authoritarian or a combination of both. The test for their resilience lies in their capacity for reform either political, social, economic, financial or institutional. As the situation in Indonesia demonstrates, the economic downturn gave way to the political crisis in the country, was later seen as a potential threat to regional and international stability. For Dr. Mahathir, total defense remains the concept of the nation's national interest: military, economic, social and psychological security. Should the Prime Minister let the Malaysian economy reach the levels it did in Indonesia, the situation in Malaysia today would be much different.

THE TIE THAT BINDS

Despite the disagreements between officials of the two countries, the United States and Malaysia enjoy a good partnership particularly in the realms of security-cooperation, economic investments and cultural exchanges. Contrary to popular sentiments, both share common values and systems in the form of adherence to pluralistic societies characterised by tolerance towards different races, religions and languages. Both have shown strong commitments particularly where common interests dictate.

Security and Military Cooperation

When compared to Northeast Asia, there is not that many conflict points in Southeast Asia. Nevertheless, issues like the Spratly Islands dispute and the

recent kidnapping cases in the Philippines continue to be of interest to the United States. Malaysia and the US continue to give their utmost attention to enhancing bilateral co-operation. Aside from bilateral cooperations, Malaysia and the US have also shown commitment to regional and international cooperation. The two countries are members of the United Nations, the Asia Pacific Economic Co-operation, World Trade Organization and the ASEAN Regional Forum.

Even after the demise of the Cold War, the US still maintain all of its defense arrangement with its allies in the region, particularly its bilateral arrangements with Thailand and the Philippines. Although the US closed its Philippines' Subic Naval Base and Clark Air Base by 1994, it continues to give assurances of its interest in the region particularly through the 1998 Visiting Arms Forces Agreement. Maintaining the SLOC (sea lane of communication) free from control by prospective enemies is the main priority of not only the US but also Malaysia. The United States membership in the ARF further illustrates the importance that it places in the region. According to Berry, "The US position on the ARF is that it is an important multilateral supplement to existing arrangements for stability and security in the Pacific" (Berry Jr, 1997).

Geographically close to sea lanes that are vital to global trade, Malaysia's commitment to ensure stability has been an assurance for the United States. Not only has Malaysia played a prominent role in regional stability, it has also contributed to the preservation of global stability through its involvement in Bosnia and Somalia (W. Shawaluddin W. Hassan, 1999). As mentioned in his speech, Deputy Assistant Secretary of State Ralph Boyce has praised Malaysia for its contribution of peacekeepers and financial assistance to Bosnia. In 1993, for instance, Malaysian and Pakistani UN peacekeepers aided US Rangers trapped in a cross-fire in war-torn Somalia. Despite the US press manipulation of the situation calling Malaysian and Pakistani Peacekeepers as unprofessional, the action has been highly praised by the American military (Berita Harian, 10/8/1993). The US values Malaysia's role as a moderate Muslim state. As reported in a local leading newspaper, John Mallot believes Malaysia is " a country with a tolerant and humane form of Islam...at the purest. Malaysia has shown that it is absolutely possible for Islam and democracy to strive side by side" (New Strait Times, 1998).

Malaysia and the US Bilateral Training and Cooperation (BITAC) which started in 1984 is still on with the Malaysian counterpart gaining many benefits from the arrangement. This includes the establishment of working groups involving exercises, intelligence sharing, logistical support, and general security issues (Berry Jr., 1997). US Navy ships were also given access to repair facilities in Lumut Harbor since 1992, to complement the access of airfields and overflight

rights over Malaysian Territory. Cooperations have also extended to include means of fighting terrorism and narcotics.

For Malaysia and many of its ASEAN counterparts, the presence of uniformed Americans in the region has helped curb if not deter the aspirations of potential troublemakers. Such actions contribute to maintaining the stability of the region, thereby increasing economic confidence among present and future investors. Therefore, there is expectations that the cooperation between Malaysia and the United States will continue through the continuation of US Foreign military sales credit program, the International Military Education Training program (IMET), the US 7th Fleet plying Malaysian Waters, bilateral military exercises, continued excess to repair and maintenance of US vessels, drug enforcement efforts and peacekeeping work in the United Nations.

Trade and Investment

Trade and investment between Malaysia and the US have been increasing since the late 1980's. In 1990, Malaysian exports to the US amounted to RM 13.48 billion while imports amounted to RM 13.23 billion. In 1995, exports increased two-fold to RM 37.873 billion and import amounted to RM 30.126 billion.

Meanwhile, in 1999, Malaysian exports climbed to RM 70.391 billion and imports to RM 43.317 billion. Evidently, the rapid increase in trade between the two countries has seen Malaysia's climb to becoming the 12th trading partner of the US and its 17th largest export partner ([http:// www.usatrade.gov/website/c](http://www.usatrade.gov/website/c)).

In investments, the US became the largest investor in Malaysia with RM 18.95 billion (USD 4.99 billion) followed by Japan (RM 12.15 billion); Singapore (RM 9.24 billion); and Taiwan (RM 5.30 billion). Investments by US companies are mainly in electrical and electronic products, petroleum products, chemical and chemical products, and transportation equipment (MIDA, 2000). Despite the economic slowdown in mid 1997, the first five months of 1999 saw a continued interest of American interest in Malaysia. The US formed the single largest group of investors, accounting for 44 per cent or RM2.8 billion of the RM6.3 billion worth of projects approved by the Malaysian Industrial Development Industry (Chew: 1999).

In 1992 during a seminar in Los Angeles, Malaysia's Minister of International Trade and Industry was said to have stressed the benefits of investing in Malaysia.

Table 1: Malaysia's trade with United States of America

Year	Export RM million	% of growth	% of Malaysia exports	Imports RM million	% of growth	% of Malaysia Import	Total Trade RM million	% of growth	Balance of trade RM million	% of Malaysia trade
1990	13,486.96	-	16.93	13,232.50	-	16.72	26,719.46	-	254.46	16.83
1991	15,984.06	18.5	16.91	15,457.91	16.8	15.33	31,441.97	17.7	526.15	16.10
1992	19,279.30	20.6	18.60	16,023.54	3.7	15.80	35,302.84	12.3	3,255.76	17.21
1993	24,641.24	27.8	20.32	19,856.58	23.9	16.91	44,497.82	26.0	4,784.67	18.65
1994	32,523.51	32.0	21.13	26,020.91	31.0	16.69	58,544.42	31.6	6,502.59	18.89
1995	37,873.57	16.4	20.47	30,126.53	15.8	15.50	68,000.10	16.2	7,747.04	17.93
1996	35,181.28	-7.1	17.89	29,438.45	-2.3	14.92	64,619.73	-5.0	5,742.84	16.40
1997	41,125.88	16.9	18.57	37,053.31	25.9	16.77	78,179.19	20.98	4,072.57	17.67
1998	62,114.10	50.10	21.70	44,765.40	20.81	19.60	106,879.50	36.71	17,348.70	20.80
1999	70,391.10	13.32	22.00	43,317.80	-3.23	17.00	113,708.90	6.39	27,073.30	19.90

“Strong factors in our favour are our political stability, thriving economy, availability of abundant resources, liberal foreign exchange controls, attractive tax incentives, availability of a productive and trainable manpower, harmonious industrial relations, good living conditions, liberal policies on investment, a developed infrastructure system and access to the markets of ASEAN and the Asia-Pacific”.

(Foreign Affairs Malaysia, 1992)

The assurance given by the minister evidently shows the seriousness of the government to attract investors, notably from America. During many of his trips to the United States, Dr. Mahathir himself has led entourage consisting of ministers and prominent figures in Malaysian business counterpart to several cities, including New York, Chicago and Los Angeles. Abdullah Ahmad Badawi has also stressed the importance of the US to Malaysia during the 3rd Annual US-Malaysian Roundtable in 1998. According to Abdullah, ‘in business and economic terms our relationship is growing from strength to strength. New partnerships, joint ventures and strategic alliances are being established by US and Malaysian companies and businessmen’ (Foreign Affairs Malaysia, 1999).

The Multimedia Super Corridor (MSC) mega project initiated by Dr. Mahathir in the 1990’s also saw the importance of the United States to Malaysia. In his effort to turn Malaysia into an IT hub Mahathir believed:

“The MSC is the first place in the world to bring together all the elements needed to create the kind of environment to engender this mutual enrichment. I see the MSC as a multicultural ‘web’ of mutually dependent international and Malaysian companies collaborating to deliver new products and services to customer across an economically vibrant Asia and the world. I fully expect that this ‘web’ will extend beyond Malaysia’s border and our Malaysia’s multicultural links to our neighbors”.

(Foreign Affairs Malaysia, 1997)

The idea involves collaboration with Silicon Valley to convert an area covering 70 sq. km from KLCC to Putrajaya. In order for the project to materialise, Mahathir had to rely on the US, Europe and Japan. In his capacity as PM he managed to convince Bill Gates and many other American experts to participate in the project. This has resulted in several US companies participating in the project such as IBM, Microsoft, Hewlett Packard, Sun Microsystems, etc.

Being the 12th largest trading partner of the United States, incomplete of necessary technologies and investment, Malaysia also made significant

contributions to the US economy. It is estimated that US exports to Malaysia have provided jobs for more than 150,000 Americans. The interest shown by US companies like IBM and Microsoft has also contributed to the well being of the American economy. With the economic slowdown that the US is experiencing, economic ties with Malaysia are deemed as even more important.

Cultural and Academic Exchanges

Besides trade and investment, there is considerable exchange between the two countries in the area of tourism and education, both of which bring forward an increased exposure of culture. In 1996 it was estimated that more than 50,000 Malaysians visited the US whilst the over 101,000 Americans made trips to Malaysia (www.asiasociety.org). These numbers continue to rise following the signing of an agreement between Malaysia and the US on the open skies policy in June 1997 and the subsequent operation of the Malaysian Airline (MAS) flight from Kuala Lumpur to New York. The increase in the rates of tourists suggests an appreciation of Malaysian traditions and vice versa.

Academic exchanges between the United States and Malaysia have also contributed to the development of a better understanding of the two countries. More than 110,000 Malaysia students are graduates from American universities and more than 14,000 are currently undergoing their education there (based on 1999). There are also an increasing number of Fellowships and Fulbright Scholars currently attached at local universities in Malaysia. Noted scholars from Malaysia are also given the opportunity to participate in the Fellowships of established universities in the US. As stressed by Dato' Seri Abdullah Ahmad Badawi, then the Foreign Minister of Malaysia, during a meeting at the Asia Society California Centre (1998):

“The presence of students into each other's country constitutes an important link between peoples, particularly the youths who are potential leaders of tomorrow. Such development should be further enhanced in the future as Malaysia pursues its policy to turn the country into the educational centre of excellence in Southeast Asia”.

(www.asiasociety.org)

Such exchanges not only facilitate better understanding, but also facilitate the exchanges of ideas and cultures. If anything, exchanges between the students and educator level increases the level of awareness and forbearance. Such exchanges at the lower level may seem menial, but their impact over the

long run may prove to enhance the relations in the future, appropriate with Malaysia's strive to turn the country into the educational centre of excellence in Southeast Asia (www.asiasociety.org).

CONCLUSION

The Asian economic crisis has been the ultimate test on ties between Malaysia and the United States. Weaknesses in the Malaysian government and American actions that had been overlooked in the past were ultimately brought out in the open in attempt to defend the actions taken at the present. Malaysia's increasing prominence in the region has caused the United States to play close attention to its actions, not so much as fear that Malaysia may become a challenge in the future, but rather to ensure that Malaysia could serve as the role model that America is comfortable with. Seeing that Islamic fundamentalism is on the rise, the United States has hopes that Malaysia would serve as a role model to other Islamic countries on the benefits of democracy, and on open economic system, within an Islamic society.

It is this increasing importance that has also encouraged Malaysia to take a firmer stand on issues that have a direct impact on developing countries. Malaysia's initiative to extend its help to African countries demonstrates Malaysia's commitment to bringing prosperity to its neighbours. The growing importance of bilateral trade, investment and strategic ties will continue to cause the two countries to work together. However, expect to see a more pragmatic and realistic engagement between the countries with each holding on to their own views and ideals.

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