Containment, Engagement, or Counter-Dominance?
Malaysia's Response to the Rise of Chinese Power

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(Revised Version of Paper Prepared for the Project on "Engaging China", Fairbank Centre for East Asian Studies, Harvard University, 30-31 May 1997)
Introduction

Coping with a rising China is a key concern for Malaysia's security policy in the post-Cold War era. Malaysian leaders view China's ascendancy with mixed feelings: both as a major economic opportunity and a potential threat to national security and regional stability. Historic suspicions of China, derived from its past support for communist insurgency in Malaysia and the perceived potential of Malaysia's substantial Chinese population to act as a fifth column, are perhaps less important today in colouring Malaysia's perception of China. But China's growing military power and its claim on the Spratly Islands, contested by Malaysia, Taiwan, the Philippines, Vietnam and Brunei, have created new fears of Chinese hegemonism. Malaysian leaders want to avoid an openly adversarial relationship with China, generally preferring a policy of engagement to a posture of containment. But they are sufficiently worried about the potential of Chinese expansionism to prepare themselves for confronting Beijing militarily and politically.

A strategy of engagement, in the sense used by the editors of this volume, is a deliberate policy of socialisation of a rising power. Its aim is not to prevent or block the growth of the latter's influence or status, but to ensure that any change in the regional and global order caused by its ascendancy is peaceful. An engagement policy is pursued through essentially non-coercive methods. It may involve the creation of institutional constraints on the rising power's geopolitical behaviour, accommodation of its legitimate interests, and the devising of other means to transform its policies which are deemed destabilising. In contrast, containment is a strategy pursued through coercive means in order to constrain a rising power, including engendering its military defeat or internal collapse.

Malaysia is a relatively small state with internal and external vulnerabilities characteristic of most developing countries. Postcolonial Malaysia has been chiefly preoccupied with internal threats, notwithstanding Indonesian President Sukarno's war against Malaysia in the mid 1960s (called Confrontasi) and the Philippine claim to the Malaysian state of Sabah (which peaked in the late 1960s). Malaysian armed forces have until recently maintained a counter-insurgency orientation and were slow to develop self-reliance in meeting external threats. Its multi-ethnic population, especially the fragile balance between the Malays and Chinese, has been a key factor not just in domestic politics, but also in shaping its foreign policy and regional security posture. But, Malaysia is also a relatively prosperous state with abundant natural resources and one of the most dynamic industrializing economies in the Asia Pacific region. Prosperity has helped to reduce ethnic strife and allowed Malaysia to devote attention and resources to external threats.
Under Prime Minister Mahathir Mohammed, it has pursued an activist foreign policy both at regional and global levels. Mahathir has been an outspoken critic of Western political and cultural dominance, an ardent champion of Third World solidarity and an active participant in efforts to build regional multilateral institutions, such as the ASEAN Regional Forum and his very own brainchild, the East Asian Economic Caucus (EAEC).

Malaysia's Perception of China as a Threat:

At a declaratory level, Malaysian political elites downplay the potential of China as a threat to Malaysia's national security. In this respect, they share the approach of their counterparts in other ASEAN countries who are generally reluctant to speak publicly of a "China threat", notwithstanding their private misgivings about the rise of Chinese power. Malaysian Prime Minister, Mahathir Mohammed, argues that identifying China as a threat could become a self-fulfilling prophecy. As he put it:

Why should we fear China? If you identify a country as your future enemy, it becomes your present enemy - because then they will identify you as an enemy and there will be tension.¹

Mahathir has even argued that the rise of China should not become a justification for an American containment posture. He once derided US naval presence in the East Asia region as "a waste of money as there was nothing to fear from either Japan or China".² Some Malaysian commentators have disassociated themselves from the so-called "China threat", blaming it on Western governments and analysts.

But Malaysian defence and security planners and analysts are much more forthcoming than its political leaders in voicing concerns about the rising power of China. These concerns encompass three aspects. The first is the general uncertainty in the region's strategic climate. The chief of the Malaysian Navy points out that one of the most serious security concerns of Malaysia is the "uncertainties in the region's evolving security situation and military modernization programme by some Asian countries, and the issue of how the balance of power is going to evolve especially where there exist competition and rivalries between China, Japan, Russia and the US." The rise of China is a key and worrying factor in this climate of strategic uncertainty:³

...China, Japan and the US are important players that would determine regional security developments in the Pacific Asia. The state of their inter-relationships obviously affects the stability of the region. Thus, it is important that the existing triangular relationship is
maintained in a state of equilibrium...However, as the years progress, there exist...uncertainty in the form of China's behaviour once she attained her great power status. Will she conform to international or regional rules or will she be a new military power which acts in whatever ways she sees fit?

A closely-related source of Malaysian concerns regarding China is the latter's massive military build-up, which assumes a greater significance in view of the post-Cold War decline of American and Russian military presence in the region. Comparing the three regional powers, India, Japan and China, the former Chief of Malaysia's Defence Forces, General Hashim Mohammed Ali argued that while India is constrained by domestic problems and Japan by constitutional constraints, China continued to increase its defence spending and military modernisation and threatened the use of force to support its territorial claims in the South China Sea.\textsuperscript{iv} Malaysian defence planners have noted the shift in China's defence posture from a people's defence to an offensive power projection capability. Reviewing China's military build-up, two Malaysian officials concluded that the new Chinese military strategy "treats the ocean as strategic space and the navy an instrument for control of the ocean...This strategy envisages the encounter and defeat of enemies in the ocean rather than at its doorstep." They pointed specifically to the PLA's emphasis on rapid reaction forces, creation of naval and air assets to "meet regional contingencies", extension of the "operational range" and the "sustained operational capability" of the navy, provision of air cover for the fleet, training of highly mobile airborne troops and the acquisition of an "amphibious offensive capability" as indicated in the creation of a marine corps.\textsuperscript{v}

The country to watch today would be the People's Republic of China. Lately China has engaged in a large defence build-up. Besides the purchase of 26 x SU-27 (sic) Flanker, a proposed acquisition of an aircraft carrier and a planned procurement of the Russian made strategic backfire bomber, if materialize, China's military capabilities, especially in its power projection will be significantly higher. Despite recent friendly utterances, suggesting that China wants to see peace in the world and particularly in East Asia, it seems likely that the long-term aim is dominance, though not necessarily aggression. That surely must be the meaning of the proposed large fleet and this factor immediately focuses attention on the most sensitive territory in Southeast Asia - the group of Spratly Islands.
Of particular concern to Malaysia is the growth of Chinese naval power. This is understandable since to a much larger extent than its ASEAN neighbours, Malaysia's security concerns have increasingly shifted from counterinsurgency to conventional warfare, with the sea assuming a major place in its strategic planning. As the chief of the Malaysian Navy put it, "...the main challenge...to the Pacific Asia region will be maritime in nature". In his view, regional countries are "becoming more aware and competitive over natural resources which lie on or under the sea-beds." Issues such as the law of the sea, maritime boundaries, conflicting claims to offshore territories, offshore resources, seaborne [trade], transit rights and piracy "are growing in importance and have now become sources of conflicts." Malaysia itself is involved in a number of maritime disputes; indeed, it is the only ASEAN member to have a maritime territorial dispute with all other members.

A third and more direct source of Malaysia's strategic perceptions regarding China relates to the Spratly Islands dispute. Four Southeast Asian countries are involved in the Spratlys dispute with China and Taiwan. While China, Taiwan and Vietnam claims the entire chain of islands on a historical basis, Malaysia, (as well as the Philippines and Brunei) claims portions of the Spratlys on the basis of maritime rights under the Law of the Sea Convention. Between September and November 1983, Malaysia troops occupied three South China Sea atolls: Layang-Layang (Swallow Reef), Manatana (Mariveles Reef) and Permatang Ubi (Ardasier Bank). Malaysia is developing the Layang-Layang island into a holiday resort and is building an airstrip on the island.

In the words of Malaysian Chief of Defence Force: "In the immediate term...the biggest problem to regional stability will be the settling of the claims to the Spratly and Paracel Islands and whether China will want to pursue its claims militarily." In the wake of the Sino-Vietnamese naval clashes in the South China Sea in March 1988, the Spratly issue was raised from "secondary to very much top priority" in Malaysian defence planning. The Director of Military Intelligence admitted that military planners pay "serious attention" to the protection of the Malaysian garrison on three atolls in the Spratly Islands, which had become Malaysia's "front line in the area". The China factor, and the more general concern with maritime security undoubtedly plays a role in Malaysia's ambitious military modernization drive which includes among other things, the acquisition of the British Hawk, the Russian MiG-29 Fulcrum, and the US F-18 combat fighter aircraft, large surface platforms such as 2200-ton guided missile frigates, and a long-term programme to acquire a submarine capability.

To be sure, China and Malaysia have explored the idea of joint development as a possible
way of resolving the Spratlys dispute. Malaysian officials are skeptical of Chinese assurances in this regard, pointing to a mismatch between Chinese declaratory policy and its actual behaviour. In the words of the Chief of the Malaysian Navy:

Everybody would like to believe in the wisdom, statesmanship and restraint of the PRC. In recent years, there have been no lack of instances of such admirable behaviour. But we are bound to ponder with alarm the Chinese pronouncements in 1992 on the subject of the Spratly Islands that it would not "budge an inch" over questions of sovereignty.

The growth of Chinese power, especially the true extent of its power projection capabilities, remains a matter of debate among analysts and policy-makers, including those in Malaysia. Malaysian planners are aware of the challenges and constraints facing China's military in its efforts at modernisation. Whether China will acquire a genuine blue water naval power projection capability in the near term remains doubtful. It is unlikely that China will achieve military superiority in the areas adjacent to Malaysia. Yet, Malaysian defence planners may see in the uncertainty about China's long-term intentions and capabilities as a useful rationale for acquiring modern weapons systems which may be difficult to justify in the context of a relatively tranquil immediate post-Cold War order.

From a Malaysian perspective, a policy of engaging China means a conscious effort by its neighbours and the international community at large to develop a normative framework and a range of bilateral and multilateral linkages which will constrain Chinese unilateralism and encourage its role as a peaceful and responsible member of the regional and international system. Engagement is both a process and a goal. The goal is to ensure that Malaysia benefits from the economic opportunities offered by China's economic growth while discouraging a Chinese security posture that would pose a threat to Malaysia's security interests. Malaysia's policy toward China is designed to create a mutual accommodation of legitimate interests. A related objective is to maximise positive economic and functional interdependence, which China will find costly to break. Beyond this, Malaysia sees multilateral institutions such as the ASEAN's external dialogue mechanism and the ASEAN Regional Forum as an important instrument in socializing and eventually integrating China into a system of regional norms and order.

Yet, Malaysian elites are not fully convinced that engagement, as defined above, will work. They recognize the difficulties in creating a workable regional mechanism for conflict-prevention
and resolution. As a result, Malaysian policy epitomises the kind of ambivalence that marks the attitude of many other Asia Pacific nations toward Chinese power. While publicly speaking the language of engagement, Malaysia is also quietly but firmly reorienting its security posture which will enhance its ability to respond to Chinese provocations.

Malaysia-China Bilateral Relations

The improvement in Sino-Malaysia relations preceded the end of the Cold War. China's decision to cease material support for communist insurgencies in ASEAN, including the Communist Party of Malay (CPM), was a major catalyst for improved ties. Although Malaysia continued to view China, rather than Vietnam, as a long-term threat to regional stability during the decade-long Third Indochina War (the Vietnamese occupation of Cambodia from 1978 to 1989), China's backing for ASEAN's position against Vietnam contributed to a better political climate for Sino-Malaysia bilateral relations. The surrender of the CPM to Malaysian authorities in 1989 and the cessation of its clandestine radio broadcasts from China contributed to another positive turn in Malaysia-China relations, paving the way for the establishment of diplomatic ties.

The 1990s has seen a surge of high-level political contacts between the two states. A major highlight was Premier Li Peng's visit to Malaysia in December 1990 as the head of a delegation including Foreign Minister Qian Qichen, Minister-in-Charge of the Commission for Restructuring the Economic System Chen Jinhua, Foreign Economic Relations and Trade Vice-Minister Li Lanqing and Public Security Vive-Minister Tao Siju, on a visit to Malaysia to discuss economic, trade, scientific, technological and cultural ties. Other significant Chinese visitors to Malaysia include PLA chief General Chi Haotian (in May 1993) and Chairman Qiao Shi of the Standing Committee of China's National People's Congress in July 1993. Mahathir has been a frequent visitor to Beijing including trips in June 1993 (when he led a 290-strong Malaysian business delegation) and May 1994.

But economics is the key element in the recent evolution of Sino-Malaysian relations and is integral to its overall strategy of engaging China. To be sure, one cannot go too far in characterising the growing economic ties between Malaysia with China as part of an engagement strategy, since such ties are based primarily on calculation of economic opportunity, rather than being the result of a considered strategic approach. Moreover, economic interdependence with China is a politically sensitive issue in Malaysia where the Malay elite continues to resent the economic dominance of the Chinese and views investments by Malaysian Chinese in China with
some amount of suspicion. Nonetheless, investment and trade linkages are regarded by Malaysian leaders as an important determinant of how China behaves toward its neighbours, and therefore important to the success of any engagement strategy.

The importance of economic ties with China is related to structural changes in the Malaysian economy which is increasingly reliant on the export-oriented manufacturing sector. Manufacturing now accounts for about 80% of the export earnings compared to 13% for the agricultural sector. Thus, the large Chinese market is an obvious attraction for Malaysian exporters. Malaysia's trade (the total volume of exports and imports) with China has jumped from US$550.2 million in 1985 to US$2347.4 million in 1993 (figures in constant 1994 million US dollars). A number of high level Malaysian trade delegations visiting Beijing attest to Malaysia's aggressive move to exploit export and investment opportunities in China. For example, in June 1993, in the course of a trip to China, a business delegation led by Mahathir signed trade and investment deals worth approximately $600 million.

As noted, Malaysia's economic relations with China contain a potentially explosive element, i.e., the investments by its ethnic Chinese entrepreneurs in China. But this has to be examined in the context of Malaysia's domestic demographic and economic balance. On the one hand, Malaysia has a larger ethnic Chinese minority, measured in terms of percent of total population, than any other Southeast Asian country. Malaysia's ethnic Chinese constitute about 29% of its total population, compared to 15% in Brunei, 5% in Cambodia, 3.5% in Indonesia, 20% in Burma, 2.0% in Philippines, and 10% in Thailand. But the economic dominance of Malaysian Chinese may be less pronounced, partly due to the New Economic Policy, than in some of the neighbouring states. This is evident in one of the important areas of economic dominance identified by David Goodman. Goodman calculates that the control of the ethnic Chinese of the local share capital by market capitalization is 61% in the case of Malaysia, compared to 95% in Thailand, 73% in Indonesia (73%), and 60% in Philippines.

For the moment, the economic activities of Malaysia's ethnic Chinese in China have not stirred major controversy. This has to do with the fact that non-Chinese Malaysians themselves are as active in seeking economic opportunities in China as the Chinese Malaysians. Moreover, regional leaders have presented economic linkages with China as a matter of national priority serving the national interest, not the narrow economic interests of a particular ethnic group. Mahathir, along with Suharto and Ramos, have underscored this by including in their trade delegations to China a substantial number of ethnic Chinese businessmen. But China offers
Malaysian Chinese entrepreneurs an opportunity to escape the ethnic quota system at home, and this has been one of the special factors behind their interest in developing China connections. Thus the China investment issue could become more controversial in the event of a serious economic downturn in Malaysia, or if security relations between the two countries were to deteriorate sharply over the Spratlys dispute. Moreover, a sharp decline in foreign investment in Malaysia could rekindle fears of the Malay elite, as Lee Kuan Yew put it as a warning to all Southeast Asian states with a prosperous Chinese minority, "about the loyalty of their ethnic Chinese, investing their capital in their home village and counties in China when their own countries from which they derived their wealth needed this capital in a world hungry for investments."

A related aspect of Malaysia economic engagement of China concerns regional economic cooperation. Malaysia has sought China support for its proposal for an East Asian Economic Caucus (EAEC). The EAEC reflects Malaysia's misgivings about the Asia Pacific Economic Cooperation (APEC). Malaysia does not take kindly to the fact that APEC grew out of an Australian initiative, a country with which it has had a difficult and ambivalent relationship. Mahathir views the EAEC as East Asia's answer to the rise of protectionist trading blocs in North America and Europe, as represented in NAFTA and the EU. He has actively but unsuccessfully sought Japan's support for the idea (Tokyo's refusal is partly due to the strong US opposition to the idea). China's support is therefore crucial to Mahathir's efforts to realize the EAEC concept. In 1991, then Chinese President Yang Shangkun described the EAEG (East Asia Economic Grouping, as the initiative was originally called) as an idea "of positive significance to the increasing of economic cooperation in East Asia". This was seen by the Malaysian media as indication of China's backing, although there are no firm indications that China is actually enthusiastic about the EAEC concept. Although Mahathir has attached greater priority to securing Japan's backing for the idea, the latter's persistent refusal to do so and China's growing economic clout may prompt him to turn to China if he wants to pursue the EAEC idea more vigorously.

There has been some initial efforts to develop cooperation in the defence sphere. In August 1992 Malaysian Defence Minister Najib Tun Razak met with his Chinese counterpart, General Chi Haotian in Beijing, a visit reciprocated by the latter in May 1993 when the two sides discussed the situation in the South China Sea and bilateral military cooperation. In November 1995, China and Malaysia agreed to expand bilateral military cooperation, including defence industrial cooperation and an officer exchange programme.
Malaysia-China Relations: the Multilateral Dimension

Apart from the bilateral context, Malaysia sees multilateralism as a key element of its China policy. In this context, the two most important regional institutions are ASEAN and the ARF. It is important to note that the perceptions of the ASEAN members toward China are shaped by conditions, both domestic and international, which differ from member to member. For example, unlike Indonesia but along with the Philippines, Vietnam and Brunei, Malaysia is a party to the Spratly Islands dispute, which creates a clearer sense of military threat from China. Unlike Indonesia and other Southeast Asian countries (such as the Philippines), the benefits of economic growth in Malaysia appears to have been more evenly distributed among the population, benefitting both the Chinese and the Malays. As such, the problem of political strife (which could serve as the basis for anti-China sentiments) resulting from uneven economic growth is less acute in Malaysia today than in Indonesia and the Philippines, where the ethnic Chinese have become easy scapegoats in the popular resentment against authoritarianism and economic disparity.

Furthermore, the China factor has considerable potential to polarize intra-ASEAN relations. Not a small number of Malaysians see Singapore's move to establish close economic and political relations with China as evidence of what the Malaysian envoy to the UN has described as "the increasing Chineseness of the island republic". This is an aggravating factor in the already fragile relationship between Malaysia and Singapore. Though not inevitable, ASEAN could experience a subtle but significant (in terms of ASEAN's collective engagement policy toward China) split between pro- and anti-China camps, reminiscent of the polarisation within the grouping in the 1980s over Vietnam's invasion of Cambodia (when Singapore and Thailand adopted a more hardline attitude than Malaysia and Indonesia - the latter influenced by their perception of China as a more serious long-term threat to regional stability than Hanoi).

Viewed from a Realist perspective, the engagement of one's potential adversary by a relatively weaker actor or group of actors is nothing but a pragmatic recognition by the latter of the limits of its counterveiling power. ASEAN does not have the option of pursuing a containment strategy on its own. Notwithstanding the substantial sums spent by ASEAN members in recent years on sophisticated weapons, the combined military power of ASEAN will be no match of China's strength, especially once Beijing acquires a genuine power projection capability. Moreover, a collective ASEAN military response, even an ad hoc one (which does not require ASEAN to form itself into a military alliance in advance), to China is an extremely remote
possibility, because of well-known intra-ASEAN suspicions and conflicts. The best ASEAN
countries can hope for is to develop a capability of denial, one that inflicts severe costs on any
Chinese attempt to dislodge ASEAN forces from the Spratly area. Even this may be beyond the
reach of most ASEAN actors, including Malaysia (as well as Vietnam and the Philippines), given
the limitations manpower, logistics support, and the difficulties of maintaining and operating
highly sophisticated weapon systems in an actual combat environment.

The ASEAN states cannot meaningfully pursue a containment or counterveiling strategy
vis-a-vis China except in alliance with the US (as well as other Western powers including
Australia). In this context, moves by several ASEAN states to establish closer defence relationship
with the US, based on granting of access to military facilities and joint exercises, assumes
significance. Malaysia and Singapore have also strengthened their defence relationship with
Australia and Britain under the Five Power Defence Arrangements (New Zealand being the other
member of this group). Malaysia's defence ties with the US are less elaborate and less formal than
those between the US and Singapore or the US and Thailand. Nonetheless, they are an important
element of Malaysia's regional security posture. American access to Malaysian facilities include:
(1) port calls in Malaysian ports since the early 1980s; (2) offer of ship repair facilities on a
commercial basis; (3) occasional use by US forces of jungle warfare facilities in Malaysia; and (4)
low-visibility exercises since the mid-1980s between the US navy and Malaysia naval and air
forces, including naval passing exercises in the Straits of Malacca and South China Sea. xxvi It is
important to note that these ties predated the end of the Cold War and may not be seen as a
response to the rise of Chinese power, notwithstanding Malaysia's historic suspicion of China.

But Malaysia and other ASEAN members are also wary of relying on a military strategy
that increases their dependence on the US security umbrella. The US credibility as a security
 guarantor remains low, partly but not entirely due to continuing doubts regarding the future of the
US military presence in the region which have not been assuaged by frequent US assurances.
Washington's action in deploying two aircraft carrier battle groups in response to the crisis in the
Taiwan Straits in 1996 might have brought some private relief to ASEAN strategists, but it has not
brought about an appreciable increase in ASEAN's faith in the American deterrent. Mahathir
himself has been a leading member of the doubter's camp. In his co-authored book entitled The
Asia That Can Say No Mahathir stated: “I don’t think the U.S. military presence guarantees
security in Asia” and “If we are invaded it is not certain that the U.S. would extend a helping hand.
I think the U.S. would only help us when its own position is threatened.” xxvii
But while Malaysia does not seek and cannot rely on a containment strategy sphereheaded by the US, it certainly sees the US military presence as a necessary factor in ensuring a regional balance of power. In 1990, Malaysia's Director of Armed Forces Intelligence stated: “America’s presence is certainly needed, at least to balance other powers with contrasting ideology in this region. America’s presence is also needed to ensure that shipping lanes are always safe and not disturbed by suspicious powers. The power balance is needed in this region to ensure that other powers that have far-reaching ambitions in Southeast Asia will not find it easy to act against countries in the region.”

In this respect, Malaysia's preferred approach to regional order seems to militate against a containment strategy. This is generally consistent with the views of most other ASEAN members, who see a containment as being counterproductive and unworkable. In general, while the ASEAN countries doubt that the US would be capable of mobilizing enough resources to pursue a credible containment strategy, they see continued US military presence as one of the critical elements of a regional balance of power.

Moreover, military power balancing, from a Malaysian point of view, alone cannot ensure regional stability. The latter also hinges on the framework of multilateral security dialogues and confidence-building that is being undertaken by ASEAN and the ARF. Malaysia has been strongly supportive of the development of multilateral security dialogues and security cooperation in the region. As early as 1989, Mahathir urged the two superpowers to adopt a set of confidence-building measures, including prior notification of joint naval exercises, joint measures to avoid incidents at sea and in the air and transparency through information exchanges, including a “hot line” between the military establishments of the superpowers and regular dialogues between their military personnel. Later, in 1992, the then Defence Minister, Najib Razak, suggested that ASEAN and its dialogue partners encourage greater transparency in arms acquisitions and create a regional arms register, so that “suspicions among each other could be minimised, and managed”. Although the ARF was not a Malaysian initiative, these proposals formed an important part of the security debate in the Asia Pacific region which culminated in the establishment of the ARF in Bangkok.

Since its inception, the ARF has outlined a three-step approach to regional security cooperation, consisting of confidence-building, preventive diplomacy, and conflict resolution (later changed to "elaboration of approaches to conflicts" as a concession to China which had warned against rapid institutionalisation of the ARF). The initial measures of
confidence-building selected by the ARF include exchange of annual defence postures on a voluntary basis, increased dialogues on security issues on a bilateral, sub-regional and regional basis, forging of senior-level contacts and exchanges among military institutions and participation of the ARF members in the UN Conventional Arms Register. These measures are rather modest in scope, and reflect the preference of the ASEAN states to develop the ARF in a manner and at a pace which is comfortable to China and the ASEAN states themselves. Malaysia and other ASEAN members see the ARF as a "soft" institution which could promote dialogue and consultations on security issues, rather than develop elaborate mechanisms for conflict resolution in the manner of the Organization for Security and Cooperation in Europe (OSCE). In this respect, Malaysia's position is similar to that of China and differs from the position of the Western members of the ARF, such as the US and Australia, who favour a more "fast-track" approach to security cooperation. China's position on the ARF was stated by an editorial in the People's Daily in the following terms: "...new forms of security cooperation [in the Asia Pacific region] can only evolve in a gradual process...it must not affect the basic defence systems of any country, it must enhance mutual understanding and trust of various countries... Security through cooperation does not mean the collective intervention in disputes among countries or seeking the thorough settlement of all concrete security problems."xxx

But the views of Malaysia and China regarding the ARF's purpose and role differ in other respects. While the former views the ARF as a mechanism for responding to and managing the rise of China and its effects on the regional balance of power, the latter harbours suspicions that the ARF may be used by its neighbours such as the ASEAN states to "gang-up" against China and oppose its strategic interests. Malaysia hopes that the socialisation of China can be brought about by the process of consultations organised under the ARF framework as well as its more specific measures of transparency and confidence-building once they are developed beyond their present rudimentary stage. Acting through the ARF, Malaysia can convey to Beijing the high diplomatic costs of any use of force in the South China Sea, including the risk of regional political isolation which Beijing seems so keen to avoid. While the ARF may never develop into a full-fledged instrument of conflict resolution, the norms developed within the framework of the ARF and other regional security fora, such as the ASEAN-China dialogues on regional security, may impose greater and more meaningful constraints on Chinese military options in the South China Sea. In this respect, the development of normative and institutional restraints on Chinese behaviour will constitute an alternative form of containment ("containment by other means", as some have called
Malaysian leaders see such a process of socialisation already at work, although it is too early to call it a success.

To create a favourable climate for the ARF, the ASEAN countries want the US to steer a middle course between withdrawal and unilateralism. American, for that matter ASEAN's own, policy should not be needlessly provocative to China, nor should it allow Beijing miscalculate the diplomatic and, if necessary, military costs of its action which threatens regional stability. The US should also avoid unilateralism in the sense of not pursuing a strategy that ignores ASEAN's views and interests. This means eschewing a containment policy vis-a-vis China. Indeed, to discourage a containment-oriented American posture is one of the key goals being pursued by ASEAN through the ARF. At the same time, the normative evolution of ARF, ASEAN hopes, will constrain China's military options, even if it falls short of its avowed goal of bringing about a complete socialization of China.

Thus, ASEAN seeks to play a moderating role in the US-China rivalry. Malaysia, more than any other ASEAN state, want neither Beijing nor Washington to dominate the region. Chinese dominance will threaten Malaysia's security, while Malaysia is apprehensive of American dominance because of Washington's tendency to be meddlesome over issue of political freedom and labour rights. Mahathir has warned that Washington's crusade on human rights, (including its promotion of labour rights) constitutes a form of protectionism, aimed at undermining Asian competitiveness. It is interesting to note that while dismissing the China threat, Mahathir "foresees a lot of pressures" from a dominant US, suggesting that the rise of China is less of a security concern to Asia than the American tendency to "impose things on others", including an attempt to seek extra-territorial rights and heavy-handed promotion of values such as human rights and liberal democracy. In this respect, Malaysia's attitude toward Japan deserves notice. Malaysia has been more tolerant of an expanded Japanese security role in the Asia Pacific region than China or some other ASEAN states. While this is explained by Malaysia's continuing hope that Japan may be persuaded to lead an East Asian Economic Caucus, it may also have to do with political and security concerns stemming from the potential role of Japan as a counterweight to the growing Chinese military and economic power and to US political and strategic dominance in the region.

Implications for the Theory of Containment and Engagement

The implications of containment and engagement as ways of responding to the rise of Great Powers have not been fully explored in the international relations theory. Although
containment is an old concept, the idea of engagement is relatively new. Moreover, we know little about the practice of containment in a multipolar international system, since the concept was developed in the context of the Cold War. Identifying the conditions under which states are likely to opt for either containment or engagement in the post-bipolar era constitutes a rich and interesting area of theoretical reflection and innovation.

Theorising about containment and engagement becomes even more complicated when the actors making the choice are not the Great Powers themselves, but are relatively weaker states with a limited degree of security self-reliance. Realist international theory does provide some clue to understanding how weaker states may adjust to shifts in the balance of power caused by the ascendancy of a particular Great Power. Simply put, the theory holds in such a situation, the weaker states are likely to choose between two alternatives, balancing and bandwagoning. But balancing is a possible option only if the weaker actors can obtain and count on some sort of security guarantees of another and comparably strong Great Power. If no such guarantee is available or is sufficiently credible, weaker actors are more likely to bandwagon with a rising power than pursue a futile and dangerous balancing strategy. On the other hand, choosing the balancing option means increasing their dependence on external security guarantees with its attendant problems of credibility and dominance.

For Malaysia, choosing containment or a pure balancing strategy toward China would mean increasing its dependence on American power. Since the ASEAN countries cannot collectively match the rising power of China, balancing means securing stronger alliances with the US and other Western countries, such as Australia. But such a strategy is politically unappealing, especially to Malaysia which values its independent and non-aligned international posture. Although Malaysia once proposed (in the early 1970s) the neutralisation of Southeast Asia (which was to be secured through Great Power guarantees regarding non-intervention), it has since emphasised the need for regional autonomy and security self-reliance. If balancing China entails bandwagoning with the US beyond loose and informal security ties, Malaysia will not find it politically attractive.

On the other hand, Malaysia cannot bandwagon with China, no matter how softly one defines the term bandwagoning. Malaysia's domestic ethnic mix, and the fear of its leaders of China's long terms intentions, rule out the possibility of even a rudimentary China-Malaysia alliance. Thus, neither balancing China nor bandwagoning with China is a desirable option for Malaysia. A more desirable alternative for Malaysia is the idea of engagement (as defined at the
editors of this volume and summarised at the outset of this chapter), lying somewhere between balancing and bandwagoning. But engagement is a loose notion, at least in policy terms, and Malaysian security planners are unsure whether it will work. Moreover, while containment and balancing require increased dependence on Great Power allies, which Malaysia seeks to avoid, even a strategy of engagement requires a certain degree of equality in status and capabilities between the parties in order to be meaningful. When two sides are manifestly unequal in terms of power and ability to damage each other's interests, then the weaker side's policy of engagement may be seen by the stronger side as a form of appeasement. In this context, it is worth noting that some observers of ASEAN find the grouping to be simply too soft on China, reluctant to publicly confront it over its controversial actions in the South China Sea, (although there are indications that this may be changing). The danger is that engaging a vastly superior power may amount to a de facto appeasement posture, which will encourage the latter to miscalculate the political and military costs of territorial aggrandizement.

The argument here is that weak actors may perceive the logic of containment and engagement differently than the Great Powers. In the case of Malaysia, neither containment nor engagement is desirable in itself if it entails vastly increased dependence on external security guarantees. Even if the US develops a clearly defined strategy of containment, Malaysia is unlikely to accept the political costs of identifying completely with the US posture. As a developing country with considerable distrust of Western security guarantees and as a potential middle power itself, Malaysia will do its utmost to avoid being seen as an American client. Neither will Malaysia (or most other Southeast Asian countries) opt for bandwagoning with China because the latter's identity as a Great Power is not particularly appealing. Even though Malaysian leaders have found much in common with China over issues of human rights and democracy, the Malaysia's national identity and international role conflicts with China's on ethnic, political, and other grounds.

For Malaysia, therefore, the preferred way of dealing with the rise of China is to steer a middle course between being an ally on the one hand and being adversary on the other. This policy lies in between the extremes of containment and engagement. It implies a generally cooperative posture on the part of the weaker state (Malaysia) towards a rising power (China). But it is also backed-up by a range of political, diplomatic (especially multilateral), and military instruments aimed at discouraging threatening policies and actions by the rising power. Moreover, such a posture requires that to the extent possible, the weaker state does not take sides in the bilateral
conflicts between the competing Great Powers, (in this case the US and China) unless they seriously threaten the stability of the region as a whole (such as some scenarios of a Sino-US conflict involving Taiwan). It also means not providing unconditional support to either side which may encourage their unilateral and extremist behaviour. Finally, this strategy accords primacy to multilateralism. While liberal-institutionalist theory points to a range of ways in which international institutions may promote cooperation and peace, including information-sharing, development of norms, enhancing predictability, Malaysia interest in multilateralism assumes that it is only through their collective efforts that the ASEAN countries can have their voices heard and count in the club of Great Powers, no matter whether the latter are friendly or adversarial. Multilateralism is often used by weak powers to enhance their bargaining clout which they cannot achieve through unilateral action. The ARF gives Malaysia a chance to affect the preferences of both China and the US without accepting the dominance of either side.

Taken together, these various elements of Malaysian posture are best described as one of "counter-dominance". Such a strategy incorporates a strong element of multilateral "engagement", in the sense the term is defined by the editors of the volume. But it goes beyond the policy of engagement as defined from an American vantage-point. The Malaysian policy is conditioned by an aversion to a region dominated by any Great Power, including the US. In other words, while Malaysia may favour an "engagement strategy", it does not wish to be identified with an American engagement strategy. Engagement must be pursued through a multilateral framework in which the weaker actors play a major norm- and agenda-setting role. This strategy may be elaborated in terms of four principal aspects.

1) No single power should dominate in the region. This may be described as a key element of regional security framework of ASEAN as a whole, but Malaysia, one of the more neutrality-minded members of ASEAN (especially when compared to Singapore and Thailand) has been a key promoter of this idea. As Mahathir puts it, the security of the ASEAN region requires that "nobody should dominate anybody else". In other words, Malaysia will seek to ensure that counteracting Chinese military dominance does not require acceptance of American political dominance.

2) There should be no Great Power concert. A logical corollary to the first principle, this also constitute a key goal of Malaysia's and ASEAN's regional security posture. A concert implies a cooperative relationship among the Great Powers in which the latter assume the primary responsibility for order-maintenance in a given regional/international system. A concert system
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acknowledges the hierarchical distribution of power and the special status, privileges and responsibilities of the Great Powers in the management of international order. Such a system may marginalize the interests and role of weaker actors in shaping international order. The vision of an Asia Pacific concert of powers comprising the US, China, and Japan (and to a lesser extent Russia and India) has been firmly rejected by the ASEAN states. ASEAN's preferred vehicle for regional order is the ARF, a multilateral institution in which ASEAN itself hopes to remain in the "driver's seat".

(3) The primacy of national and regional autonomy. Malaysia places great value in the principle of national and regional autonomy. A country should be free to decide its political and security alignments. No country should be reduced to a helpless client in an unequal alliance relationship. Malaysia was an outspoken critic of Cold War clientalism, even though it received significant military support from the West (Britain, Australia, and New Zealand) in combatting communist insurgency, and it has opposed the idea of a New World Order as a mask for renewed American and Western unilateralism and dominance in the post-Cold War era. But the concept of autonomy need not mean the total exclusion of outside powers. Rather its goal is to ensure that the role of outside powers is not coercive and serves the interests of the regional actors. Thus, while Malaysia has moved away from ZOPFAN by acknowledging the legitimate interest and role of outside powers in regional stability, this involvement is acceptable only to the extent that it conforms to prevailing regional norms and promotes the security interests of the regional actors.

(4) National and collective military power is a necessary but not a sufficient basis for counter-domination; they need to supplemented by multilateral norms and institutions. Malaysia, like most other East Asian nations, is undertaking a major programme for defence modernization aimed at acquiring a modern warfighting force. Malaysian armed forces may realistically aim for a limited capacity for denial, i.e., preventing China from occupying territory and exploiting resources in areas claimed by Malaysia. But they are unlikely to match China's growing power projection capabilities. A strategy of countering Chinese regional primacy must involve other elements, especially multilateralism. Multilateralism is not an idealistic quest for regional governance, but a practical response to regional order in view of Malaysia's limited military power. By pursuing multilateralism, Malaysia hopes to raise the diplomatic and political costs of Chinese militarism.

Conclusion
Malaysia is willing to live with rising Chinese power as long as it does not become preponderant. In view of its distrust of both the US and China, Malaysia is unlikely to bandwagon with either power except in the extreme case of outright Chinese aggression. Given the fluidity of the regional strategic environment and the uncertainties about China’s future security posture, Malaysia and other Asian countries will keep their options for dealing with China relatively open.

A counter-dominance strategy may be seen as the preferred approach of weak actors without the will or the way to pursue balancing. For Malaysia, the appeal of pursuing a full-fledged engagement policy is tempered by uncertainty as to whether it will work, as well as the close association of the term with American policy toward China (which Malaysia will seek to distance itself from, at least for political reasons). A balancing strategy, on the other hand, involves accepting a dominant role for external powers. Faced with these difficult choices, weaker actors are likely to adopt as much a middle ground (including relative political neutrality) between rival Great Powers as possible while working multilaterally to regulate the behaviour of the latter. International norms and institutions and multilateralism play a key role in a counter-dominance strategy pursued by weak powers, for whom a key goal of collective action is to avoid being a pawn in the hands of Great Powers as they compete for power and influence.
NOTES

i. "I Am Still Here", Interview with Mahathir Mohammad, Asiaweek, 9 May 1997, p.34


iv. "ASEAN should be `wary of China's military expansion'", The Sunday Times (Singapore), 29 March 1992


viii. ibid., p.2

ix. Interview with Jane's Defence Weekly, 26 September 1992, p.32


xii. On 23 July 1996, at the third ARF meeting held in Jakarta, Chinese Foreign Minister. Qian Qichen stated that “China stands for shelving the [Spratly] disputes while going in for joint development pending a solution, and has conducted consultations with ... Malaysia with constructive results.” “Chinese Call for Joint Development of Disputed Territories.” The Straits Times July 24, 1996, p.12
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xv. FBIS-EAS-93-141, pp.36-37


xviii. “Trick or Treat?” The Economist, 10 July 1993, p.21


xxiii. Ismail Kassim. “China’s Arms Buildup ‘No Threat to Region’.” The Straits Times, May 26, 1993, p.17


xxv. Speech by Ambassador Dato' Abdullah Ahmad, Special Envoy of Malaysia to the United Nations at the Sixth Tun Abdul Razak Conference of Ohio University, Athens, Ohio, April 18, 1997, p.7


xxviii. FBIS-EAS-90-036, February 2, 1990, p.41


xxxi. Ah Ying, "Cooperation in Security and Security Through Cooperation", People's Daily, 16 July 1997, p. 6 (According to Western diplomatic sources, Ah Ying could be the pen name of a senior official in the Chinese Foreign Ministry)

xxxii. "I am Still Here", Interview with Prime Minister Mahathir Mohammed, Asiaweek, 9 May 1997, p.34


xxxv. "I am Still Here", op.cit., p.34

xxxvi. The idea of concert is derived from the 19th-century European Concert system, which was based on four rules: (1) "the proper way of dealign with international crises was through conference diplomacy; (2) territorial change was subject to great power approval; (3) essential members of the states system must be protected and defended; (4) great powers must not be humiliated. See Richard B. Elrod, "The Concert of Europe: A Fresh Look at an International System", World Politics, vol.28, no.2 (January 1976), pp.163-166
Appendix 1
Major Malaysian Arms Purchases
(Major confirmed Chinese Purchases in square brackets)

1989-90: Malaysia ordered 2 x Martello 743D air defence radars from the UK.

October 1990: Malaysia ordered a tri-service command, control, communications and intelligence (C3I) system from the UK.

December 1990: Malaysia ordered 10 x Hawk 100 training aircraft and 18 x Hawk 200 light strike aircraft from the UK.

1990: Malaysia ordered an upgrade of its air defence ground environment from the UK.

[1992: China ordered 26 x Su-27s]

March 1992: Malaysia ordered 2 x light multi-role Lekiu-class frigates from the UK.

1992: Malaysia ordered 4 x Beechcraft B200T maritime patrol aircraft from the US.

July 1993: Malaysia ordered 8 x F/A-18D Hornet fighters from the US.

1993: Malaysia ordered 504 x Starburst surface-to-air missiles from the UK.

1993: Malaysia ordered 42 x K-200 infantry fighting vehicles from S. Korea.

1993: Malaysia ordered 3 x FH-70 howitzers from the UK.

1993: Malaysia ordered 25 x Harpoon anti-ship missiles from the US.

Early 1994: Malaysia ordered 22 x K-200 infantry fighting vehicles from S. Korea.

June 1994: Malaysia ordered 18 (20 ?) x MiG-29S fighters from Russia (MiG-29 selected for purchase July 1993).

July 1994: Malaysia ordered 60 x K-200 infantry fighting vehicles from S. Korea.

[November 1994: China formalized an agreement with Russia for the purchase at least 4 (and possibly as many as 22) x Kilo-class diesel-electric patrol submarines]
December 1994: Malaysia purchased a *Newport*-class landing ship, tank (LST) from the US.

1994: Malaysia ordered 35 x CN-235M transport aircraft and 2 x NAS-332 Super Puma helicopters from Indonesia.

[May 1995: China ordered 24 x Su-27s]

September 1995: Malaysia ordered 5 x C-130H-30 transport aircraft from the US.

October 1995: Malaysia ordered 2 x *Assad*-class missile corvettes from Italy.

[January 1997: China agreed to buy 2 x major warships and up to 50 x Sukhoi jets from Russia]

**Sources:** *Armed Forces Journal International, Far Eastern Economic Review, Jane’s Defence Weekly, SIPRI Yearbook.*
Appendix 2
Malaysian-Chinese Trade: Malaysian Exports and Imports

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>215.0</td>
<td>335.2</td>
</tr>
<tr>
<td></td>
<td>(1.0%)</td>
<td>(2.0%)</td>
</tr>
<tr>
<td>1986</td>
<td>212.0</td>
<td>366.7</td>
</tr>
<tr>
<td></td>
<td>(1.2%)</td>
<td>(2.6%)</td>
</tr>
<tr>
<td>1987</td>
<td>351.7</td>
<td>471.4</td>
</tr>
<tr>
<td></td>
<td>(1.6%)</td>
<td>(2.9%)</td>
</tr>
<tr>
<td>1988</td>
<td>503.6</td>
<td>585.0</td>
</tr>
<tr>
<td></td>
<td>(2.0%)</td>
<td>(2.9%)</td>
</tr>
<tr>
<td>1989</td>
<td>558.6</td>
<td>707.2</td>
</tr>
<tr>
<td></td>
<td>(1.9%)</td>
<td>(2.7%)</td>
</tr>
<tr>
<td>1990</td>
<td>688.9</td>
<td>624.4</td>
</tr>
<tr>
<td></td>
<td>(2.1%)</td>
<td>(1.9%)</td>
</tr>
<tr>
<td>1991</td>
<td>685.0</td>
<td>859.7</td>
</tr>
<tr>
<td></td>
<td>(1.9%)</td>
<td>(2.2%)</td>
</tr>
<tr>
<td>1992</td>
<td>805.1</td>
<td>1,016.8</td>
</tr>
<tr>
<td></td>
<td>(1.9%)</td>
<td>(2.4%)</td>
</tr>
<tr>
<td>1993</td>
<td>1,228.8</td>
<td>1,118.6</td>
</tr>
<tr>
<td></td>
<td>(2.6%)</td>
<td>(2.4%)</td>
</tr>
</tbody>
</table>

Notes:
a. Exports and imports are rendered in 1994 constant million US dollars.
b. Figures in brackets are percentages of total exports/imports.

Sources: Figures derived from International Monetary Fund. *Direction of Trade Statistics Yearbook* (Washington, DC: International Monetary Fund, various years).
Choices of a Weak Actor vis-a-vis a Rising Power

(A) participate in the containment strategy of a competing Great Power with firm alliance ties to the latter
(B) balance the rising power through increased national strength and loose military ties with other Great Powers but stop short of outright and aggressive containment
(C) develop a counter-dominance posture that avoids firm alliances with, and maintains relative neutrality between, the rival Great Powers, while promoting bilateral and multilateral norms and linkages to constrain the strategic options of the rising power
(D) side with the rising power on certain key economic, political and security issues, but stop short of outright bandwagoning (including alliance-building) with the rising power
(E) bandwagon (join the camp) with the rising power

Note: These options of an autonomy-seeking weaker state such as Malaysia in dealing with a rising power (China) are presented as part of a continuum beginning with A (outright containment) and ending with E (joining the camp). Malaysia’s preferred approach at present appears to be C. It is important to note that B, C, and D are not mutually exclusive. Depending on changing circumstances, C may draw upon some elements of B (balance without containment) and even, at times, D (siding with the rising power on certain issues without appeasment or bandwagoning).