

MALAYSIA-THE UNITED STATES RELATIONS IN THE 1990'S: RHETORIC AND REALITIES¹

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Introduction

Inconsistency has been a key feature in the relations between Malaysia and the United States. Studies by Sodhy found inconsistencies had been the norm in their relations in the 1980s. In the 1980s, political and economic differences existed.² Politically, the tensions revolved around the Vietnamese boat-people issue and differing perceptions on the USSR but they worked closely on narcotics and military-security matters. Economically, the issues concerned protectionism, soybean-oil palm controversy, and also discriminatory regulations. However, the economic issues out-numbered the political ones. Although differences existed in the 1990s, political and economic issues are of a different nature. Interestingly, Prof. James Clad pointed out that relations between the two should be seen as rhetoric and also reality.³ The question is why are there inconsistency in Malaysia-United States relations? This article will focus on two issues pertinent to Malaysia-US relations in the 1990s: politics and economics. It argues that unlike in the 1980s differences in perception on politics, namely human

rights and democracy issues dominated the relations in 1990s, leading to the ups and downs of the relations. Economically, though both countries have differences especially on EAEG/C and on the financial crisis, nevertheless, trade and investment relations are good.

Small State-Great power relations

Relations between states has been a key feature in international relations. Studies on the Greek cities namely, Athens and its allies or relations between the US and its allies during the Cold War showed the importance given by scholars. International system consisted of varieties of states; small state, middle power or the great power cum superpower. Indexes such as size (including population and geographical), economic wealth, location, military and type and characteristics of regimes determines the status of a state. Although the indexes themselves are not sufficient, they are useful categories for distinguishing among states. According to Catley, great power attributes are; one which can successfully fight a war with any two great powers, has sphere of influence which it controls to the effective exclusion of other powers and also one which asserts its authority over other states.⁴ Meanwhile small power according to Rothstein;⁵

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.

The question is, does the definition qualify Malaysia as a small state and the US as a great power? Malaysia can be considered a small state by looking at its size (32,855 sq. miles) and its population (21.4 million, 1998). Economically the state depended on commodities such as rubber and tin until early 1980s, just like any ordinary Third World States. It later transformed its economy to manufacturing sector in the mid-1980s due to its vulnerability to the price of world commodities. This resulted in the increase in its GDP to USD 4,370 in 1996 enabling it to be known among the Second Asian Tigers.

According to Nair, Dr Mahathir has sought out to project himself as a leading and original voice from the Third World and Malaysia, as an activist member of that community.⁶ As a small state and an emerging middle power, Malaysia has been vocal in attacking the West for its lack of understanding and its continuous and constant

manipulation taking advantage attitude towards the south. As a result, Mahathir was seen as a spokesperson of the south by many leaders of The Third World. Malaysia, through its Malaysia Technical Development Assistance (MTDC) and Langkawi Intellectual Dialogue, has championed the south especially with its smart-partnership program which clearly benefited the backwards African states. Many countries in the south have gained from this programs.

On the other hand, the US is a great power since the end of the World War II. With a population of 273 million (1998) covering an area of 915,912 sq. miles and its GDP of USD 28,020, it can be considered as the most powerful state on earth. Equipped with nuclear weapons, the US military has the capability to act globally if its interests are at stake. Due to its nature as a great power, the US tends to exert its values (free trade, democracy, and human rights) especially with regards to its relations with other countries in the world. These are the values that the US tries to impose in its relations with Malaysia.

Political Issues

Democracy

Being a great power, the United States has been championing democracy. Obviously during the Cold War, America devoted all its strength to counter the spread of communism. Americans attributed their victory on the collapse of Soviet Union to the practice of democracy and to their opponent's lack of it; it also considers its form of democracy to be superior. As a result of this the United States believes that democracy should be spread to other countries, no matter what the circumstances.⁷ Although democracy is normally mentioned in the West in the same breadth as human rights, both carry different meanings. 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.'⁸

Since gaining independence in 1957, Malaysia has been a parliamentary democracy, like its former colonial master, Great Britain, with the government elected at least once every five years. Despite that, like other Third World states, limitations were imposed on political freedom. According to Western standards, people were denied access to free speech or free press. Due to the fact that the country is a pluralistic society, this has also been used or utilized to the fullest by the government to apply all kinds of restrictions in the

country. Not surprisingly, Malaysia has been labeled by Crouch as semi-autocratic or semi-democratic.⁹ Obviously this could be seen during the Mahathir administration. Though Dr Mahathir started as someone liberal during his early years, especially in the 1980s, this changed in the latter part of '80s with the arrest of more than 100 politician, NGO's and religious leaders during the Operasi Lalang (Tall Grass Operation).¹⁰

Dr Mahathir's grip on democracy in the country resulted in the United States being critical towards Kuala Lumpur and seeing Dr Mahathir as undemocratic. Dr Mahathir, on the other hand, saw this criticism as interference in the country's domestic affairs. Clearly, Dr Mahathir has been very defensive regarding democracy. This resulted in Dr Mahathir attacking the West (but, in fact, it means United States). On democracy, Mahathir has stressed,¹¹

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.

Interestingly, Dr Mahathir added that, even if adopted democracy must be adapted and adjusted to each country's own culture, it is not necessary to follow the Western type of democracy. In one of his speeches, Dr Mahathir stated that the country should not emulate the Philippines and India that have tried very hard to practice Western democracy but, in the end could not control political chaos. His reason is that since democracy is a Western value thus Asians tend to be overexcited and in the end they fail to utilize democracy in its true sense.¹²

He even boasted, *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.*¹³ On another note, he criticized the West for supporting the opposition parties so that the present government would change, thus meeting the so-called Western criterion for democracy. Mahathir does have a point here in leveling his critics towards the West, nevertheless what he could not sense is the fact that the West is critical of him because of his undemocratic behavior.

Interestingly, after the general election in late 1999, Rafidah Aziz, Minister of International Trade and Investment also followed Dr Mahathir's tone in attacking the United States. She commented that the United States has a hidden agenda in not recognizing the National Front (Barisan Nasional or BN) as the winner with the two-thirds majority in the general election in December 1999.¹⁴ The US State Department spokesman, James Rubin responded by stating that America did not have any hidden agenda in the matter and even congratulated Malaysia for the peaceful state and parliamentary election result.¹⁵ So, in this sense by looking at the issue from the Asian perspective Mahathir could save himself from Western scrutiny. Undeniably, he favoured democracy but not to the extent by allowing the opposition parties to become strong and come in power.

It is true that election, one of the pillar of democracy, has been successfully practiced in Malaysia since 1955, but is it democracy in its true sense? If things were fair, the opposition could win an election but in many instances they are denied a fair chance while the government manipulates every facility for its own success. Though the opposition parties themselves have their own newspapers, their circulation is limited to only member parties. Even PAS's Harakah which used to be popular reading among readers has been limited to a bi-monthly publication by the government.

In this sense, Crouch is correct in saying that as long as UMNO (Malay dominated) is in power, it will stick to the present system in order to preserve and protect the Malay rights from the encroachment of the non-Malays (the Chinese and Indians). Accepting democracy means that, bit by bit, the Malay rights will be demolished and this is detrimental to the survival of the Malays. Therefore, the authoritarian nature of the system needs to be preserved for the sake of the Malays and thus it is not surprising that Mahathir will subscribe to this need to preserve the authoritarian nature of his government.¹⁶ Thus any Western initiative to spread Western democracy is seen as unhealthy and should be opposed by Malaysians of all races. Hence, this explains the troubled nature of the relationship between the two countries in the '90s.

Human rights

Like democracy, human rights has been a point of contention between the two countries. From the administration of President Jimmy Carter, Americans have been noted for championing the issue since the '70s and, above all, also in pressuring countries to observe the rights as

practiced in the West. Clearly, the human rights issue shows the different views held by the West and the East. While the West's notion of human rights refers to political rights and fundamental individual liberties, the East's emphasizes economic and social rights. The Eastern view is espoused by Dr Mahathir and Lee Kuan Yew whom both stressed on socio-economic well-being rather than politics.

Thus, in its relations with Malaysia, again the United States has observed that human rights condition in Malaysia has deteriorated since late 1980s especially with the presence of the draconian Internal Security Act (ISA) on individual politicians. The detention of individuals without a trial is seen as depriving one of his individual rights. The Act was enacted in 1960 and was initially implemented for the security of the country during the communists insurgency.¹⁷ However with the end of the communist struggle in late 1980s, the government maintained the act in order to ensure racial harmony. The detention of more than 100 political, NGOs and religious activists during the *Operasi Lalang* in 1987 is a case in point.

The dismissal of Anwar Ibrahim from the government and later his arrest under the ISA in September 1998, as a result for his attack on Mahathir's government resulted in a heated exchanges in diplomatic relations between Kuala Lumpur and Washington. The United States has been critical of Mahathir's treatment of Anwar and tried to persuade the government to release Anwar and allowing him a fair trial.¹⁸ It has been noted that ever since becoming the Deputy Prime Minister (DPM), Anwar managed to establish good rapport with the White House. This explains the White House's concern for Anwar. However, the US backing of the former DPM has been used by Mahathir to link Anwar with getting foreign support to create disharmony in the country. By labeling foreign backing behind Anwar, Mahathir managed to portray the former DPM as a traitor to the country and, more importantly, Mahathir managed to rally support from the masses to back his own government.¹⁹

This was later followed by the famous Al Gore 'pro-reformasi' speech during a dinner at the APEC Summit in Kuala Lumpur in November 1998 - this was seen as a critical point in the history of Malaysia-US diplomatic relations. From the incident, Mahathir again managed to rally support from the masses. As a result, Al Gore's comments were widely criticized in Malaysia.²⁰ 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.²¹ 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), Datok Noordin Sopiee giving total support to Mahathir on the matter.²²

Due to the sensitivity of the human rights issue, the Malaysian government has been hard on the NGOs. Since the NGOs in their agendas are fighting for human rights to be observed by the government, they are seen as having foreign backing, and again labeled as traitors. In the controversy over the *Bakun Dam Project*, the Prime Minister lambasted the NGOs as 'totally irresponsible and do not love their country at all' after the latter won the lawsuit to stop work on Bakun.²³ By focusing attention on the NGOs, again he hoped to gather public support.

Another issue of contention is the linking of the human rights issue with the imposition of conditional economic sanctions, through the use, or threat, of limiting aid or trade by the West. This was seen by Mahathir as the West's unfair treatment on Third World countries. Realizing the importance of the human rights issue, he never missed the chance to attend conferences on human rights abroad such as the Vienna Conference on Human Rights. Commenting on this, Milne & Mauzy noted that 'the issue now can be seen in terms of difference 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'.²⁴

Security and Military Cooperation

Unlike Northeast Asia, Southeast Asia is not the main thrust of the American security concerns. Nevertheless, this does not mean that the US has neglected and abandoned Southeast Asia totally. Even with the end of the Cold War, the US still maintains all its defense arrangement with its allies in the region, especially with regards to Thailand and the Philippines. Although by 1994, the US closed its Philippines' Subic Naval Base and Clark Air Base, it still gives assurance of its security commitment to the region. Maintaining the SLOC (sea lane of communication) free from control by prospective enemies is the main priority of the US. Thus it is not surprising to see America becoming one of the dialogue partners in the ASEAN Regional Forum (ARF) established in 1994 - this shows the importance that Washington places on the region. According to Winters, "The US position on the ARF is that it is an important multilateral

supplement to existing arrangements for stability and security in the Pacific".²⁵

Several security issues could be highlighted. The South China Sea disputes which involve China, Taiwan and ASEAN members such as Vietnam, Philippines, Malaysia and Brunei tend to tempt the US to intervene.²⁶ But since the 1980s, the US has maintained that it will not intervene. Despite having defense arrangement with the Philippines, it has maintained its stance. China has assured the US that Beijing's South China Sea policy will not interfere with the freedom of the SLOC's. Nevertheless after the Mischief Reef incident involving China and the Philippines in 1995 and later on with Malaysia in 1999, the US offered to help solve the dispute. Even during the tension between the Philippines and Malaysia over the Spratlys in 1998, when the former referred to the US for help, Kuala Lumpur has lamented that it will not accept US interference in the matter but will resort to bi-lateral discussion with Manila. Washington was also not happy with Malaysia's perception of China during the 1990s.²⁷ Unlike 1980s when China was seen as a threat, this later on changed in the 1990s. This could be due to the demise of the Communist Party of Malaya in 1989 and the increase in trade and investments between the two. As a result Beijing was not seen as a threat by Kuala Lumpur during the 90s despite the fact that both countries are involved in the dispute of Spratly Islands.

In 1993 Malaysia began to diversify its military hardware from the conventional Western arms to buying Russian fighters MIG-29. Was the purchase an action due to the differences? According to Zakaria Ahmad, 'There was to some extent a consideration that we wanted to show the Americans that we don't always have to buy from them'.²⁸ However, it could also be argued that the decision to go for Russian military hardware is due to the fact that it is much cheaper and just as highly sophisticated. The question of anti-American here does not arise since the Malaysian government later decided also to buy the F/A-18D.

On the military side, relations between the two are better. Although Malaysia was upset with the Western dominance in security arrangements in Bosnia, Malaysia together with other Muslim countries got approval from Washington to supply (illegal) arms to the ill-equipped Bosnian army due to the UN sanction on weapons to the warring faction. It was also noted that many retired US army personnel had been military advisors to the Bosnian coalition of Muslim and Croat.²⁹ There has also been Malaysia-US cooperation in Somalia. In 1993, for instance, Malaysian UN peacekeepers and

Pakistani UN peacekeepers, aided the US Rangers trapped in a cross-fire in war-torn Somalia. Although later on the incident was manipulated by the US press, criticizing and accusing the Malaysian and Pakistani peacekeepers of their un-professional behavior which caused some US Rangers death, the action was highly praised by the American military.³⁰ In addition, Malaysia and the US Bilateral Training and Cooperation (BITAC) which started in 1984 continues to benefit both parties. This includes the establishment of working groups involving exercises, intelligence sharing, logistical support, and general security issues.³¹

Economic Relations

East Asian Economic Caucus

The East Asian Economic Group (EAEG) was initiated by Dr Mahathir in the early 1990. Several reasons could be outlined for this idea by the prime minister. Firstly, it was in response to the nature of US and European economic penetration in the world, especially 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.³² Thirdly, it was to enhance economic cooperation among East Asian countries.

According to Dr Mahathir,³³

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 neighboring 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.

Dr Mahathir went all out to sell his ideas among East Asian leaders notably Japan, China, South Korea and also ASEAN members except for the United States. Being left out has infuriated America, which in 1989 became a member of a much broader group known as APEC. APEC includes not only the United States, Japan, Australia, New Zealand, Canada but all the East Asian and Pacific economies except Indochina. Since the EAEC was intended to sideline the US, Secretary of State, James Baker, responded by attacking the group as another initiative to establish a trading bloc. Baker claimed that because APEC has already been established in 1989, the EAEC would duplicate APEC's function. More important, Washington put pressure on Japan and South Korea not to support the EAEC.

What is interesting is that as a result of the harsh criticism by Baker, Dr Mahathir skipped the APEC Summit hosted by the Americans at Seattle in 1993. Malaysia was represented instead by Rafidah Aziz, Minister of International Trade and Investment. Mahathir's absence from the summit created a roar with Australian Prime Minister, Paul Keating with the famous 'recalcitrant' issue.

Dr Mahathir was also furious by the fact that American 'advice' resulted in Tokyo's and Seoul's, unwillingness to join the group. Consequently, the EAEC could not materialize. Mahathir criticized Tokyo for its lack of support in leading the group and reminded the Japanese that it is high time that they started thinking for themselves and return to their Asian roots instead of following the wishes of the US. The idea to allow Japan to lead the group itself was not favored by many East Asian neighbors. For example, the issue irritated Beijing and Seoul due to Tokyo's war crimes during the Second World War.

Meanwhile, Dr Mahathir was also having difficulties in convincing other ASEAN members to accept his EAEC idea especially Indonesia. The two reasons were as follows: firstly, the idea opposed the United States was excluded, supporting the EAEC would mean cutting themselves off from an important regional trade partners and secondly, other ASEAN members were not consulted. In late 1991, during the ASEAN Economic Ministers' Meeting, Jakarta suggested that EAEC 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 inside APEC (Milne & Mauzy, 1999).⁴ Even though EAEC could not be executed, Dr Mahathir until this day still prescribed the importance of EAEC to the region and subscribed to this principle.

Trade and Investment Issues

Trade and investment between Malaysia and the United States have increased since the late 1980s. 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 climb to becoming the 12th trading partner of the US and its 17th largest export partner.³⁵ This trend shows that political differences do not affect trade. It also shows that the increase in American investments in Malaysia had a big impact on the increase in trade.

Regarding investments, the US has become 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).³⁶

Interestingly, Rafidah Aziz, Minister of International Trade and Industry during a seminar in Los Angeles stressed, 'If you are considering setting-up a manufacturing operation in the East, you will find that Malaysia is an attractive place. 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.'³⁷

The assurance given by the Minister evidently shows the seriousness of the government to attract investors, notably from America. Besides, Dr Mahathir on many of his visits to the United States, has led entourage with ministers and Malaysian business community to several cities, including New York, Chicago and Los Angeles. The importance of this relationship has been stressed by the US Ambassador to Malaysia, John R. Mallot, 'Economics and business have formed the new relationship between Malaysia and the US'.³⁸ Even the General Special Privileged (GSP) withdrawal issue by the US on Malaysian goods in the beginning created fear in Malaysia, it evaporated in the 1990s due to Malaysia's much stronger economy. Despite the withdrawal, Malaysian goods managed to enjoy lower tariffs of between 3-4% in the US - thus resulting in the increase of Malaysian exports to the US.

Multi-Media Super Corridor (MSC)

The MSC is a mega project initiated by Dr Mahathir in the 1990s to turn Malaysia into an IT hub. According to Mahathir;³⁹

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.

The idea involves collaboration with Silicon Valley to convert an area covering 70 sq. km from KLCC to Putrajaya. The importance of this project was obvious even during the economic crisis it did not receive any cut in the budget. The ambitious project was launched without good infra-structure, namely man-power. In order for the project to materialize, Mahathir has to rely on the US, Europe and Japan. In his capacity as the PM he managed to convince Bill Gates and many other American experts to participate in the project. In order to attract foreign participation especially the US, Mahathir surprisingly pledged not to censor Internet and to pass laws protecting Intellectual property rights making electronic commerce possible. This has resulted in several US companies participating in the project such as IBM, Microsoft, Hewlett Packard, Sun Micro-system, etc.

Financial Crisis and Its Impact

As a result of the devaluation of Thai baht on 2nd July 1997, left the region to suffer its worst financial and economic crises. Besides, Indonesia and South Korea, Malaysia was also not spared from the contagion effect. By December 1997, the ringgit had lost 35% of its value and the country's stock market plummeted to more than 70% in dollar terms from the beginning of the year.⁴⁰ On 7th January, 1998, the ringgit had fallen to its lowest level vis-à-vis the US dollar, ie. USD 1= RM 4.8800. What made the matter worst was the action taken by speculators who withdrew their short-term investments from the country. More damaging was the outflow of more than RM 25 billion by Malaysians to Singapore, due to the high interest rates offered by Singapore banks. Mahathir, however, put the blame for the crisis on George Soros, the Hungarian born speculator. He labeled Soros as a 'moron' and went all out to attack the speculator. Never

did he admit that the whole problem could have been stopped had he only taken the advice of the possibility of an economy meltdown.

In his speech Mahathir condemned Soros for making Malaysia lose USD 30 billion during the crisis. Initially, Mahathir had listened to Anwar's advice for healing the economy. As Finance Minister, Anwar had adhered to the IMF prescription for economic recovery namely of which is by raising the interest rate. But following the IMF advice would mean opening the country's economy to foreign control - that is the New Economic Policy (NEP) would have to be given up in a way. If these measures were followed, it would mean all of the initiatives taken for the past 30 years by the Malay dominated Barisan Nasional would be stopped. Thus, the rift and differences between Mahathir and Anwar began to grow and resulted in the sacking of the latter from the cabinet. Mahathir got rid of Anwar was to make sure that the bail out plan for his cronies, involving especially Mirzan Mahathir, Halim Saad, Tajuddin Ramli, Vincent Tan, Ting Phek Kin, Anandakrishna would be denied. Obviously all this bail out was done by salvaging public fund, notably Petronas, Employee Providence Fund (EPF) etc.

Mahathir's response to the crisis included the implementation of selective capital controls; the pegging of the ringgit and the consolidation of local bank.⁴¹ This approach was heavily criticized by the IMF, the World Bank and even the United States. But nevertheless, it worked according to KL's plan.

It was during the crisis that Mahathir unintentionally at a rally in Terengganu linked Soros with the Jewish conspiracy to topple Islamic countries, a statement he later denied. Mahathir defensively stated that his speech was blown out of context by the media. As a consequence, this prompted three US Congressmen, led by Robert Wexler to submit a resolution to a House Committee demanding that Mahathir either apologize for his allegedly anti-Jewish remarks or else resign.⁴² This resulted in Mahathir again rallying for public support. Interestingly, during the crisis, Mahathir criticized the US in his speeches locally and abroad for not doing enough for the Asian economies. He even suggested the need for the international community to stop currency trading but he failed to convince the West about this.

Conclusion

In conclusion, inconsistencies appeared in Malaysia-US relations during the 1990s. The inconsistency between the two countries has nothing to do with Malaysia's emergence as a Newly Industrialized

Countries (NIC) or as a spokesperson for the Third World. Certainly it all revolves around the issues of democracy and human rights. Spreading democracy and human rights have been the core interests of the US throughout the world and this is highlighted through its relations with other countries. This is also the case with Malaysia. Accepting democratic values and human rights means giving some powers to the other parties - the opposition, one decision unlikely to happen in Malaysia. Mahathir wants to preserve Malay power in the hands of UMNO - this explains the semi-autocratic nature of the government.

Although in the economic field, EAEC and the financial crisis have appeared to highlight problems, nevertheless, trade and investment indicated the other side of the story. Trade with the US is increasing and has resulted in Malaysia exporting more goods. Meanwhile, Malaysia needs for American investors, technologies, capitals and expertise especially in materializing its MSC project. Clearly, Prof. James Clad's comments explains the nature of Malaysia - US relations during the 1990s.

Notes

- 1 This paper was originally presented at the 15th International Studies Association Convention (ISA), Chicago, Ill., 20th - 24th February 2001.
- 2 Pamela Sodhy, 'Malaysia and The United States in the 1980s', *Asian Survey*, Vol. XXVII, No. 10., October, 1987, pp.1074-1094. Also Pamela Sodhy, *The US Malaysia Nexus: Themes in Superpowers-Small States Relations*, ISIS, Kuala Lumpur, 1991.
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- 4 Catley, 1997.
- 5 Robert I. Rothstein, *Alliances and Small Powers*, Columbia University Press, New York, 1968, p. 29.
- 6 Shanti Nair, *Islam in Malaysia Foreign Policy*, Routledge, London, 1997, p. 118.
- 7 R. Milne & D.K. Mauzy, *Malaysian Politics Under Mahathir*, Routledge, London, 1999, p. 137.
- 8 *Ibid.*
- 9 see Harold Crouch, *Government and Society in Malaysia*, Cornell University Press, Ithaca, 1996, p. 30. Also see Khoo Boo Teik, *Paradoxes of Mahathirism: An Intellectual Biography of Mahathir Mohamad*, Oxford University Press, Kuala Lumpur, 1995.
- 10 *Ibid.*, p.109.
- 11 *Koleksi Ucapan Mahathir*, Jabatan Perkhidmatan Penerangan Malaysia, Kuala Lumpur, 1992, pp. 611.
- 12 *Ibid.*
- 13 *Ibid.*, p. 612
- 14 *Berita Harian*. (6th December 1999)
- 15 *Berita Harian* (7th December 1999)
- 16 Crouch, *Government and Society*, pp. 211-218. also see Harold Crouch, 'Malaysia: Neither Authoritarian nor Democratic' in K. Hewison., et. al., *Southeast Asia in the 1990s: Authoritarianism, Democracy and Capitalism*, Allen & Unwin, Sydney, 1993.
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- 19 Christine Chin, 'The State of the State', in *Globalization : Social Order & Economic Restructuring in Malaysia* in *Third World Quarterly*, Vol. 21, No.6, 2000, pp. 1035-1057; also see Bridget Welsh. 'Malaysia and Globalization: Contradictory Currents', *Asian Perspective*, Vol. 23, No. 4., 1999. pp. 261-286.
- 20 *New Straits Times* (18th November 1998)
- 21 *Berita Harian* (18th November 1998)
- 22 *Berita Harian* (20th November 1998)
- 23 *The Sun* (28th June 1996)
- 24 Milne & Mauzy, *Malaysian Politics*, p. 105.
- 25 Jeffrey Winters, 'The Risks and Limits of a Corporate Foreign Policy', in Selig S. Harrison., et.al. *Asia After the Miracle: Redefining US Economic*

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- ²⁶ Wan Shawaluddin Wan Hassan, 'The Spratlys Dispute and the Major Powers', in *Jurnal JATI*, vol. 7. December, 2002, pp. 137-147.
- ²⁷ Denny Roy, 'Hegemon on Horizon?: China's Threat to East Asian Security', in M.I Brown, et.al. *East Asian Security*, The MIT Press, Cambridge, Mass, 1996, p. 119.
- ²⁸ *Far Eastern Economic Review*, 1997.
- ²⁹ W. Shawaluddin W. Hassan, 'The Muslim Countries Responses To the Bosnian Crisis', Paper presented at the International Studies Association (ISA) Convention, Washington DC., 16th-20th February, 1999.
- ³⁰ *Berita Harian* (10th August 1993)
- ³¹ *ISIS Focus*, July, 1996, pp. 11-12.
- ³² Johan Saravanamuttu, 'Malaysia's Foreign Policy in the Mahathir Period, 1981-1995: An Iconoclast Come to Rule', in *Asian Journal of Political Science*, Vol. 4, No. 1, June 1996, pp. 5-6.
- ³³ Koleksi Ucapan Mahathir, p. 723.
- ³⁴ Milne & Mauzy. *Malaysian Politics*. pp. 128-130.
- ³⁵ <http://www.usatrade.gov/website/c>
- ³⁶ MIDA. 2000. pp.
- ³⁷ *Foreign Affairs Malaysia*. Vol. 25. No.2, June, 1992. p. 117.
- ³⁸ *ISIS Focus*, July, 1996, p. 9.
- ³⁹ *ISIS Focus*, April, 1997, p. 13
- ⁴⁰ <http://www.imf.org>.
- ⁴¹ *New Straits Times* (12th July 1999)
- ⁴² John Hilley, *Malaysia: Mahathirism, Hegemony and the New Opposition*. Zed Books, London, 2001, p. 101.