

**UNIVERSITY  
OF MALAYA**

INSTITUTE OF CHINA STUDIES

马来亚大学中国研究所

# ICS Bulletin

No.1 2014

## ICS Public Lecture Series II

### Humane Authority and China's Sub-Regional Integration

Professor Yan Xuetong is known for his wide-ranging studies of Chinese foreign policy and international relations. He has been known to pioneer some of the main foreign policy ideas in China. Recently Professor Yan received a lot of attention for the innovative application of ancient Chinese political thought on modern international relations.

In this public lecture on 2 June 2014, Professor Yan discusses how ancient Chinese political thinking on international relations, which can be roughly classified into "humane authority," "hegemony" and "tyranny," can serve as analytical lens for us to understand and explain foreign policy behavior of the major powers in the world. For Professor Yan, China should adopt the "humane authority" approach, such authority relies much on the Confucianist concept of benevolence and expounds the principle of fairness, in contrast to the principle of equality that



underlies in the international relations. Although he acknowledges that Chinese foreign policy behavior has not yet reached the ideal of "humane authority," he nevertheless is confident that future Chinese foreign policy behavior will increasingly take such into account.

In addition, Professor Yan also illuminates on some of the difficult foreign policy choices that China has to make in recent years, among which is how China has to balance its own national interest and its obligation to the international community. ◆

Professor Yan Xuetong,  
Director of The Institute of International Studies,  
Tsinghua University, China

## 40TH ANNIVERSARY OF MALAYSIA-CHINA DIPLOMATIC RELATIONS



On 20 May 2014, the Institute of China Studies, together with the Institute of Diplomacy and Foreign Affairs, Wisma Putra and Malaysia-China Friendship Association, organized a public seminar on Malaysia-China Relations in conjunction with the 40th Anniversary of Diplomatic Relations between Malaysia and China. The Seminar was divided into two parts. In the first part, former Malaysian diplomats with extensive experience interacting with China spoke about their experience and shared their insights with others. Dato' Khor Eng Hee, who had served as Malaysia's ambassador to Brazil, was in early 1970s an undersecretary as Wisma Putra. He recalled how he was approached by the then

Prime Minister Tun Razak to prepare for the establishment of bilateral diplomatic relations with the People's Republic of China. Tan Sri Michael Chen, the renowned politician and a former leader of the Malaysian Chinese Association, shared with the audience his role in communicating the desire to establish ties with China through the ping-pong diplomacy in 1972. Dato' Abdul Majid Khan, former ambassador to China and the current president of the Malaysia-China Friendship Association, discussed Malaysia-China relations through the lens of a former diplomat who is now actively engaged in public and people-to-people diplomacy.

In the second part of the seminar, academics discuss the challenges and opportunities underlying the present Malaysia-China relations. Professors Cheong Kee Cheok and Lee Poh Ping of the University of Malaya discussed the historical background as well as the present economic ties that serve as the solid foundation of this bilateral relationship. Dr. Li Mingjiang of Nanyang Technological University illuminated the complex situation in the South China Sea and China's foreign policy behavior toward the region. Dr. Ngeow Chow Bing of the University of Malaya explored the defense aspect of the bilateral relations, reviewing the past interactions in this aspect and discussing the future possibilities. ◆

## A Review of Malaysia-China Relations since 1974: Revolutionary and Ethnic factors and the Rise of China - by Dr Lee Poh Ping



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A leading western scholar of Indonesian communism, Ruth McVey wrote in the late 1960s that China had been three things to Indonesia, a state; a revolution; and an ethnic minority<sup>1</sup>. It took some time before the Indonesians could separate the three even if the linkages might still persist in some quarters. The same can be said of the situation in Malaysia. Ever since independence in 1957, the linkage of China with the insurgency of the Communist Party of Malaya (CPM) and with the loyalty of some of the Malaysian Chinese population has existed in the eyes of the Malaysian authorities and the wider Malay population. Thus Malaysian policy towards China for some part of the forty years since Razak visited China in 1974, had been greatly influenced by the support of China for the insurgency and by worries on the part of the Malaysia government of the hold the Chinese state could exert on the Malaysian Chinese population. However, communist subversion became irrelevant as a factor in the bilateral relations with the laying down of arms by the CPM in 1989. The authorities also became more confident of the integration of the Malaysian Chinese into the Malaysian polity with passage of time. So much so that in the early 1990s, the Malaysian government, influenced by the prospect of a growing Chinese market, removed restrictions of Malaysians travelling to China. Thus what can be called normal state to state relations developed.

### The Revolutionary Factor

When Razak, in pursuit of a policy of neutrality for Malaysia, took advantage of the thaw in Sino-American relations brought about by Nixon's visit to China in 1972, to visit China in 1974, he established full diplomatic relations with China. But normal state-to-state relations did not develop. China insisted on the continuation of relations between the Chinese communist party and the banned CPM. China then was still under Mao and the revolutionary fervour had yet to die down. Moreover the Sino-Soviet ideological dispute was still on. Thus China could not simply abandon the CPM. China wanted the two relationships to be kept separate but Malaysia could not accept this. Malaysia argued that the party controlled the government in China and thus in essence both were fundamentally the same. It follows that it was not right that the

Chinese state should recognize, if only indirectly, a party that was banned in Malaysia. Thus mutual suspicion and a strained atmosphere marked the bilateral relations. But when Deng came into power, the revolutionary fervour in China had largely dissipated and China's integration into the world economy rendered the Sino-Soviet ideological dispute irrelevant. And in his wish to cultivate good relations with the ASEAN states, Deng put pressure on the CPM to abandon the struggle which the CPM did in 1989. Thus the CPM faded into oblivion and no longer bedeviled relations between the Chinese state and the Malaysian state.

### The Ethnic Factor

When the Chinese communist party took power in 1949 in China they continued the Kuomintang policy of recognizing as Chinese citizens in Southeast Asia anyone who had a grandfather who was Chinese. The communists discovered however that this did not sit well with the independent governments of Southeast Asia. They then decided on a policy that they would be willing to settle the issue of these overseas Chinese with Southeast Asian governments that would accord recognition to China. The first to do so was Indonesia in 1956 when a Sino-Indonesian Dual Nationality was signed. Chinese Indonesians who qualified could be considered for Indonesian citizenship and the others were urged to respect Indonesian laws and customs. When Razak visited China in 1974 most of the Chinese in Malaysia had become Malaysian citizens except for an estimated 200,000 stateless Chinese who could not or would not become Malaysian citizens. But so keen were both sides on establishing relations that they decided to put aside this problem. The stateless Chinese, like their Indonesian counterparts, were urged to respect Malaysian laws and customs. Since then the long domicile of the Chinese in Malaysia and their acceptance of Malaysia as their homeland have led many Malays to delink the Malaysian Chinese from China even if some suspicions of this linkage still remain. Though one cannot discount the possibility of future geopolitical developments bringing these suspicions to the fore, the trend is nevertheless towards delinkage.

It is possible now to consider Malaysian bilateral relations with China largely free of these two issues and focus on one of the

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<sup>1</sup> McVey, T. Ruth 1968 in "Indonesian Communism and China" in China in Crisis, China's Policies in Asia and America' Alternatives edited by Tang Tsou and Ping-Ti Ho, Volume 2

most important, if not the most important issue now affecting both states, and that is how Malaysia views the rise of China.

### Rise of China

When China opened its doors in the late 1970s to the international capitalist system, it was generally welcomed by the West and Japan. The multinationals saw this as an opportunity to take advantage of Chinese labour and market, and basically to control the direction of the Chinese economy. But because China has proved to be so adaptable to the international market system and has begun to register a spectacular and sustained rate of growth, an average of about 10 percent each year since 1980, that there is much speculation that it will overtake the US economy in the not too distant future. Talk of a Chinese threat both to the international economic and ultimately the general world order began to arise. While not all circles in the west subscribe to this China threat theory there is enough of this going on to put pressure on many countries to take some kind of a stand.

Malaysia on its part does not subscribe to this China threat theory. It has made it abundantly clear that it does not consider China as a threat and will not be party to any attempt to contain China. Malaysia's position arises from three sources. One is what can be called the 'be careful what you wish for' school, that is, if you wish for something you might get it though it may not necessarily be to your benefit. And that could apply to China. Malaysia is very concerned that if one believes China is a threat it could in reality turned out to be one. Hence it is better not to consider it so.

The second is one of the interpretations of history. Many Malaysian leaders have stated that China had no history of the colonization of Southeast Asia even when it was very strong as during the Ming period. This is unlike the western countries which during their move into Southeast Asia in the last few

centuries have colonized almost all of Southeast Asia.

Lastly, Malaysia sees a tremendous potential in taking advantage of a Chinese economy that has grown into the second largest in the world. It has established a huge trading relationship with China so much so that it is China's largest trading partner in ASEAN while China has become Malaysia's largest trading country. Malaysia also sees huge Chinese investment and tourism potential. One cannot view as a threat a country one has developed extensive economic relations with.

There is however one issue that could change this benign Malaysian perception of China. This is concerning the disputed claims over the South China Seas. China claims all the area included in a so called 9-dash line that covers almost the whole of the South China Sea. China bases its claim in great part on its reading of history. Malaysia on the other hand claims a part of this, that of the Spratly Islands. This dispute has so far not created acrimony between both as Malaysia has decided to take a low key approach, the most important of which has been Malaysia not inviting or asking the US to intervene as the Philippines had done.

Consequently China has not been too assertive, except for the recent Chinese incursion into the James Shoal area, and hence has kept the volume down. The issue however is not resolved. China wants to resolve it bilaterally. Malaysia while not publicly against would probably prefer a united ASEAN approach and one based on international law. So far there is talk of both sides abiding by a code of conduct but that has not been agreed upon as yet. What has been agreed upon is the Declaration of a code of conduct, something which signifies intention rather than the implementation of actual rules. If actual conflict breaks out between both over the Spratlys dispute then China will be perceived as a threat. ♦

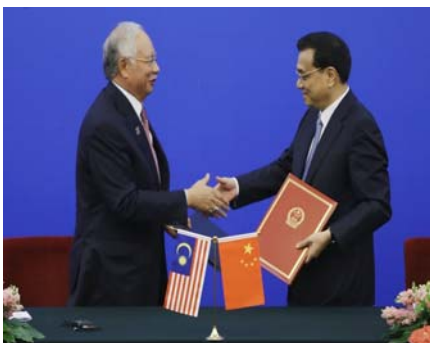


Malaysian Prime Minister Tun Hj Abdul Razak Hussein historic call on Chairman Mao Zedong.

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Prime Minister Najib Razak (left) shakes hands with China's Premier Li Keqiang after signing a joint document during a celebration to mark 40th Anniversary of the Establishment of Diplomatic Relationship between Malaysia and China at the Great Hall of the People, in Beijing, May 31, 2014— Reuters pic.



## Defense Relations between Malaysia and China - *By Dr Ngeow Chow Bing*



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In the last two decades, Malaysia-China relations have improved significantly. While economic relations have deepened, mutual visits by the top leaders of both countries have also continued, with the most recent ones being the October 2013 visit by the President of China Xi Jinping to Malaysia and the May 2014 visit by Prime Minister Najib to China. However, among the growing ties between Malaysia and China, the defense relations between the two countries have not been receiving much attention and in fact have not been progressing as fast as other fronts. This short piece offers a brief review and analysis of the defense relations.

Defense relations between Malaysia and China did not begin until 1992, despite the normalization of relations in 1974. In 1992, the then defense minister Dato Seri Najib Tun Razak visited China and began the process of establishing some kind of relations between the two militaries. Before that, there had been ground for suspicions, especially from the Malaysian side, as China was the major supporter of the communist insurgency that was waging violent struggle against the Malaysian authorities. However, the 1989 peace accord between the government of Malaysia and the Malayan Communist Party paved the way not only for better bilateral relations, but also specifically removed one important obstacle for both militaries to establish some kind of ties.

Najib's visit in 1992 was reciprocated by the then China's defense minister Chi Haotian in 1993. In the course of 1990s, there were several high-level visits as well, including the visit by PLA Chiefs of General Staff Zhang Wannian in 1994 and Fu Quanyou in 1999. In 1995, the agreement to appoint defense attaché in the respective embassies of each other was fulfilled. There were also talks of possible collaboration in joint development of defense industry and exchange of students, but few of these discussions materialized in concrete actions. Nevertheless, such visits were important confidence-building measures that laid the foundation for possibilities of more cooperation in the coming years.

Entering the new millennium, the high-level mutual visits continued. In the first decade

of the new millennium, key defense officials from China, including Chief of General Staff Liang Guanglie, Vice-Chairman of Central Military Commission Guo Boxiong, Defense Minister Cao Gangchuan, paid visit to Malaysia, while Malaysia also reciprocated. Among these visits was the important 2005 visit by Dato Seri Najib Tun Razak, in his capacity as Deputy Prime Minister and Defense Minister (second stint). The 2005 visit resulted in the signing of a Memorandum of Understanding on defense cooperation between the militaries of both countries. This MoU has been seen as an important milestone for formalizing defense cooperation and providing the basic framework for both countries to work on. The MoU spells out several areas of possible cooperation, such as the continued high-level mutual visits, exchange of military students, establishment of a defense and security dialogue mechanism, joint military exercise, among others.

In the subsequent years, efforts were put to fulfill the cooperative agenda of the MoU, but with varying degree of progress. Students from Malaysia studying in China's National Defense University and other defense-related institutions of higher learning increased, while China's students also started attending courses in the Staff College and Defense College in Malaysia, especially since 2009. High-level mutual visits also continued, with Malaysia's Defense Ministers Dato Seri Ahmad Zahid Hamidi and Datuk Seri Hishammuddin Hussein visiting China in 2011 and 2013, and the Chief of Armed Forces of Malaysia Tan Sri Zulkifeli Mohd Zin visiting China also in 2013. Mutual port calls by navy ships have also been increasing since 2009.

However, other areas are progressing at a slower pace. The much anticipated defense and security consultation was not realized until 2012, seven years after the signing of the MoU, while the first joint military exercise is reportedly taking place in the second half of 2014. In addition, despite the talks of possible joint development of defense industry and procurement of China's weapons by Malaysia stretching as far back as to the 1990s, not much has come forward. In 2009, the Ministry of Defense of Malaysia confirmed that Malaysia had procured from China several sets of short range FN-6 shoulder-launched surface-to-air missile, in a deal worth about RM23 million.

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**The defense relations between the two countries have not been receiving much attention and in fact have not been progressing as fast as other fronts.**

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This procurement remains the only confirmed case of procuring Chinese weaponry by Malaysia. In 2014, during Prime Minister Najib's visit to China, an MoU, between Aneka Bekal Sdn Bhd and Aerospace Long-March International Trade Co Ltd, was signed in which the latter is to offer the LY-80 Medium-Range-Air-Defence Missile Weapon System bundled with transfer of technology. If materialized, this would be another milestone.

Reviewing the past developments of Malaysia-China defense relations, one can sense that the progress indeed has not been spectacular as is the case in other fronts, such as trade. There seems to be a lot of cautiousness in moving the defense relations ahead. Undoubtedly, the presence of the South China Sea dispute has been one significant obstacle. Compared to other territorial disputants with China, Malaysia

has so far managed well to contain the dispute from negatively impacting the overall bilateral relations. However, the dispute does create some kind of trust deficit between the militaries of both countries, although such deficit is only slowing down, but not fully preventing, development of the defense ties between the two countries. In a sense, it also creates the imperative to build stronger trust and confidence, as witnessed by the frequency of mutual visits of high-level defense officials. Last year visit by a Chinese navy training ship, Zhenghe, to Sabah, the state that oversees the disputed area of South China Sea, provided the signal that Malaysia remains committed to engage China, even over sensitive issues, in the slow building up of defense ties. China's Minister of Defense Chang Wanquan is reportedly to visit Malaysia in 2014, and whether his trip will include a visit to Sabah will be another important indicator. ◆

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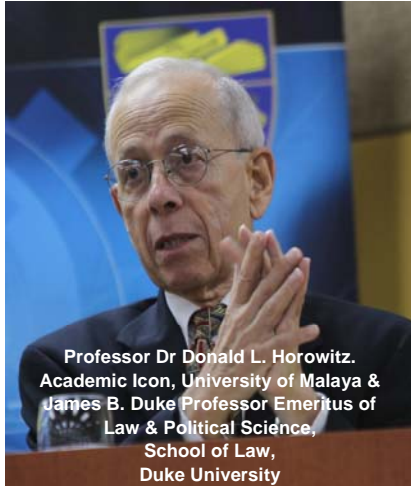
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Malaysian Defense Minister Dato Seri Hishamuddin Hussein and Chinese Defense Minister Gen. Chang Wanquan, in Beijing, October 2013.

## ICS Public Lecture Series I

### Ethnic Power Sharing: New Perspectives



Professor Donald Horowitz, a professor of political science and law at Duke University, who was also affiliated with the University of Malaya as an Academic Icon of the Institute of China Studies and Institute of Public Policy and

Management during the time of the public lecture, is an acknowledged authority on ethnic politics and constitutional engineering. He has done extensive empirical and theoretical studies on the kind of institutional frameworks that make ethnic accommodation possible.

In this public lecture on 26 February 2014, Professor Horowitz illuminates on the two main approaches to ethnic power sharing. One of these, the consociational, relies on an elaborate set of agreed guarantees for all ethnic groups. The other, the centripetal approach, rests on the creation of incentives for political leaders of ethnic groups to behave moderately toward the interests of groups other than their own. Both approaches aim at interethnic compromise and accommodation but through different methods. On both, there is now enough accumulated evidence on which to base judgments of their relative efficacy. For both, there are also questions about their adoptability and durability. Professor Horowitz's main contention is that the centripetal approach seems to work better in creating the incentive for political leaders to come to accommodation. Professor Horowitz's public lecture is especially relevant in the context of multiethnic politics in both Malaysia and China. ♦

## MALAYSIA-CHINA INVESTMENT TIES



Khor Yu Leng, an independent political economist and consultant, presented a seminar at the Institute of China Studies on 7 March 2014. Ms. Khor's seminar examined the investment ties between Malaysia and China. China is Malaysia's top trading partner but China's FDI in Malaysia lags in relative terms. Both countries have now jointly established the Malaysia-China Kuantan Industrial Park (MCKIP) and Qin Zhou Industrial Park (QIP) to further boost bilateral trade and investment. Investment promoters see Malaysia as a country for China to reach markets within country-of-origin rules; and the state of Pahang where the MCKIP is located, is likely to benefit from the expected investment and job creation. Available data indicate a substantial imbalance in FDI flows with the

broad conclusion that Malaysia OFDI flows to China exceeds the reverse by a factor of five to eight times or even more. To begin to correct this imbalance, Malaysia will quickly need to draw in China OFDI equivalent at least to what it has received from Germany. Such a rapid transformation in Malaysia-China investment outcomes is unlikely without significant investment drivers (such as MCKIP) in place. However, the relative small size of MCKIP relative to QIP is suggestive of a continued imbalance in Malaysia-China foreign investments. ♦

Khor reports  
Strategy & Intelligence



### Malaysia-China Investment Ties

Will Malaysia's #1 trade partner up its FDI here?  
Malaysia tycoons in China. G2G industrial parks  
project prospects.

Presentation by Khor Yu Leng, Khor Reports



## **From Nation-state to State-nation: A Comparative Study on ideas of Nation-building in Modern China and Malaysia from the Perspective of Their Founding Fathers, Sun Yat Sen and Tunku Abdul Rahman Respectively**

This seminar was presented by Dr. Chin Chong Foh of the Institute of Chinese Studies at the Universiti Tunku Abdul Rahman on 2 May 2014. Dr. Chin compared the nation-building ideas of the founding father of modern China, Dr. Sun Yat Sen, and the founding father of Malaysia, Tunku Abdul Rahman. The research suggests that in the early stages, both Dr Sun and Tunku tended to promote a form of nationalism exclusively for one ethnic group to provoke a sense of rebellion against other imagined “foreign ethnics” inhabiting in the country. However, after forming a new nation, their idea had changed dramatically by accepting the nationality of ethnic minorities and recognizing their rights. In this case, both leaders had shifted to a form of state-nation, by abolishing the idea of national integration within a single ethnic, and embarking on a process of multicultural integration. During the national integration process, Dr Sun prefers assimilating all the ethnics into a single nation while Tunku prefers to conduct a relatively moderate way of integration through power sharing and cooperation among ethnic groups. Thus far, differences between the two statesmen’s ideas have contributed to two different paths of national integration for their nation respectively. ♦



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## **Predicting Peaks of Collective Actions: Based on Simulations**



Dr. Lu Peng

Dr. Lu Peng, who obtained his PhD in Sociology from Tsinghua University in China, presented a seminar on 10 June 2014. Mass incidents or collective actions have been rising in China in recent years. This study uses statistical modelling to study the sociology of collective action in China. The peak value of participants is the key indicator to measure or capture the potential power or influence of collective actions, and this peak can be predicted by constructing mathematical models. Outcomes of simulations indicate that exclusive and interest-based collective actions do have peaks while rule-based and moral-based ones have no peaks or limitation of participants. The lower the values of Jointness of Supply, the earlier peaks show up, and the smaller the peak values are. Ideal peaks can be solved by assuming that the group is completely homogeneous, and in the real world groups are heterogenous, which is why solving real peaks are needed. Real peaks have some forms of statistical relationships with jointness of supply, group heterogeneity, and their ideal peaks, which paves the way for predicting real peaks in collective actions. Solutions for real peaks are jointly provided by simulations and statistical models . ♦

## Forthcoming International Conference: “Malaysia, China, and the Asia-Pacific in the 21st Century”



In 2014, Malaysia and China celebrate the 40th anniversary of the formal establishment of diplomatic ties, which occurred in 1974, when the then Prime Minister Tun Abdul Razak visited Beijing. Since then, relationship between the two countries has progressed tremendously along different fields, including trade, investment, cultural and educational exchange, and diplomatic cooperation. Malaysia and China have also been successfully using bilateral, regional, and multilateral forms of cooperation to address common challenges and issues.

On the other hand, Malaysia-China relations take place within the overall context of the regionalism of ASEAN as well as the dynamic Asia-Pacific political economy. Entering the 21st century, Asia-Pacific remains one of the most economically vibrant regions in the world. Nevertheless, contentious regional issues remain in place to potentially derail the economic development of the region. The presence of a number of great powers,

including the United States, China, and Japan, as well as the pursuance of both similar and different agendas by these great powers in the region, complicate the political economy of Asia-Pacific significantly. Both Malaysia and China have to pay close attention to the regional dynamics of ASEAN and the wider Asia-Pacific and to adopt and adjust policy accordingly. In this sense, Malaysia-China relations also have to be understood from the wider context of Asia-Pacific dynamics.

Therefore, it is pertinent to revisit, review, and assess Malaysia-China relations in this context of Asia-Pacific political economy in the year of the 40th anniversary of formal diplomatic ties. It is for this purpose that the Institute of China Studies organizes this conference. ◆

**Conference Date: 29-30 October 2014**  
**Venue: Auditorium, Institute of Graduate Studies, University of Malaya.**



### About ICS

The Institute of China Studies (ICS) at the University of Malaya was established in 2004. It is the first academic institute devoted to the research on China in Malaysia, and it also acts as a think tank to serve the government, such as providing the government with policy suggestions on developing bilateral relations.

The main mission of the Institute is to push for the academic and policy research on contemporary China. There are two focus areas: (1) the political, economic, and social changes of China since the Reform Era; and (2) the impact of China's rise on Southeast Asia and the world. In addition, the institute will also pay attention to the studies of Hong Kong, Taiwan, Macao, and other relevant areas.

In addition, the Institute aims to foster the strategic research capacity on China in Malaysia, build a professional academic resource centre, and promote the understanding of China through various academic activities. Through these efforts, the Institute intends to become the frontier research institute in the region.

To promote academic exchange, the Institute of China Studies frequently organizes seminars and conferences, including international conferences. Also, the institute actively collaborates with domestic and foreign institution on various research projects. ◆

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