



THE JOINT RESEARCH PROJECT

Singapore & Malaysia | June 2023





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Abstract

This research paper will analyze the extent to which economic and military competition between the United States and China impacts Malaysia and Singapore's national security and economy. This annual Joint Research Project (JRP) is conducted by a group of students from members of the Alliance in Linking Leaders in Education and the Services (ALLIES) clubs at Tufts University, the U.S. Naval Academy, and the U.S. Military Academy. In a first for the JRP trip, the research spanned across the borders of two countries. The group of eleven students conducted their research by interacting with global think tanks such as the International Institute of Strategic Studies (IISS), universities like Universiti Sains Islam Malaysia, and looking behind the scenes of both nations' United States embassies and Malaysia's Ministry of Defense. We interacted with local academics, military officials, government civilians, businesspeople, as well as United States personnel stationed in each respective country.

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Dear ALLIES Members,

It is with pleasure that I present to you the findings of the 2023 Joint Research Project to Malaysia and Singapore. We are just one group of many that have embarked on voyages around the world since 2007, learning more about the complex realities of today and the different lives that we lead. In departure from JRP tradition, though, we are the first trip to have the honor of travelling to two countries—an opportunity we are grateful for and enriched by.

Understanding the variation in impact across the wildly diverse region of Southeast Asia has honed our analyses and better informed our conclusions. As such, we chose to begin this paper with expository sections about the backgrounds of Malaysia and Singapore, our aim being to inform the reader of the countries' historical machinations.

On behalf of the JRP delegation and the ALLIES family, I would like to extend my deepest gratitude toward all those who kindly took the time to speak to us, answer our endless questions, and aid us in our pursuit of knowledge.

Sincerely,

Caroline Koon

EXPOSITORY

History of Malaysia

Malaysia is an upper-middle income country in Southeast Asia with territory on the Malay Peninsula and the island of Borneo. It is comprised of 13 states (negeri) and three federal territories, including its capital, Kuala Lumpur. The nation shares borders with Thailand, Brunei, and Indonesia, and lays claims to 12 nautical miles of territorial sea and 200 nautical miles of Exclusive Economic Zone (EEZ). The primary natural resources of Malaysia are tin, rubber, petroleum, timber, copper, iron ore, natural gas, and bauxite. 23.2% of all land in Malaysia is used for agricultural purposes and 62% is forested. Malaysia's national language is Bahasa Malaysia (Malay) but English, Cantonese, Mandarin, and Tamil are also widely spoken. Islam is the official religion of Malaysia, with over 60% of the population identified to be Muslim.¹

Home to over 34 million people, there are three primary ethnic groups in Malaysia: Bumiputera, Chinese, and Indian. The Bumiputera are the majority of the population (62.5%) and consist of ethnic Malays and other indigenous groups. Ethnic Chinese represent roughly 23% of the population, and in third, 6.2% of the population is ethnically Indian.² A history of affirmative action in favor of the Bumiputera has created a substantial brain drain issue, and combined with a declining fertility rate and thus aging society, is one of the country's biggest domestic challenges today.

The Malaysian government is a federal parliamentary constitutional monarchy. Some political positions like in parliament have democratic elections, whereas others, such as state rulers,

¹ "Malaysia." In *The World Factbook*. Central Intelligence Agency, August 8, 2023.

https://www.cia.gov/the-world-factbook/countries/malaysia/.

² CIA, "Malaysia."

are hereditary. The United Malay National Organization (UMNO), a Malay nationalist party, ruled Malaysia continuously from independence to 2018³; and despite recent efforts at democratization, the government still feels the effects of the one-party rule. Corruption is deeply entrenched in the government, highlighted by former UMNO Prime Minister Najib Razak sitting in jail for his involvement in what has been described as "the largest kleptocracy case to date" by the U.S. Department of Justice.⁴ While power amongst political parties has somewhat balanced since 2018, pro-Malay nationalist parties still wield significant influence in parliament.

Religion is also a polarizing topic within politics, being a significant reason to support or not support certain politicians. The judicial branch follows a dual hierarchy of civil and sharia courts. Legislation is a concoction of English Common Law, Sharia law, customary law, and judicial review. On the international stage, Malaysia is a Commonwealth country and is a founding nation of the Association of Southeast Asian Nations (ASEAN). It is a part of the Non-Aligned Movement and a signatory to most UN and UN-affiliated agencies. Its current disputes are between China, the Philippines, and Vietnam over the Spratly Islands. Malaysia has also always had somewhat of a rivalry with Singapore since their split into separate nations, and this has manifested in ongoing strife regarding the delivery of fresh water to Singapore, the construction of the Johor-Singapore Causeway, and maritime borders in the Johor and Singapore Straits. China's incursions into the South China Sea and Malaysian territorial waters have mostly put these disputes on the shelf for now.

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³ Brookings. "Democratization on Hold in Malaysia." Accessed August 16, 2023. https://www.brookings.edu/articles/democratization-on-hold-in-malaysia/.

⁴ Federal Bureau of Investigation. "U.S. Seeks to Recover \$1 Billion in Largest Kleptocracy Case to Date." Story. Accessed August 16, 2023. https://www.fbi.gov/news/stories/us-seeks-to-recover-1-billion-in-largest-kleptocracy-case-to-date.

History of Singapore

Singapore is a city-state with a population of 5.4 million people that is an ethnolinguistic amalgam of Chinese, Malay, and Indian. The nation has four official languages: English, Malay, Tamil, and Chinese (of which there are several mutually incomprehensible dialects). English is the lingua franca for commerce, industry, and education, but Mandarin and Malay are also heavily promoted and taught in school.

Singapore is smaller than the state of Rhode Island at 280 square miles. It has limited access to natural resources and thus is reliant on importation, foreign investment, trade agreements, and tourism to support its economy and population. The country's geographical limitations have not hindered its ability to thrive however, according to the Maritime Economy Index (MEI), Singapore is one of the wealthiest ASEAN countries and ranks high for economic output despite limited available resources for input. What it lacks in natural resources is compensated by highly developed technological sectors, robust financial services, and logistics to bridge east-west trade.

In order to understand the security challenges and competing spheres of influence in Singapore, it is important to know the basic history of Singaporean security and sovereignty. Singapore and Malaysia both used to be colonies of the British Empire until they gained self-governance in 1959. Singapore united with Malaysia in 1963 before leaving and declaring independence in 1965, heightening tensions between the two states. Following the increasing self-determination of both Singapore and Malaysia, Britain announced that it would be withdrawing all troops from the region by 1971. Singapore actively fought against the termination of British military

⁵ Evers, Hans-Dieter, and Azhari Karim. "The Maritime Potential of ASEAN Economies." *Journal of Current Southeast Asian Affairs* 30, no. 1 (March 2011): 117–24. https://doi.org/10.1177/186810341103000105.

assistance, but the inevitable end was marked by the Anglo-Malay Treaty in 1957.⁶ This new responsibility forced Singapore to create a national defense force and assume the defense of the island city-state nation.

Since the withdrawal of British troops, Singapore has become a shining example of economic prosperity, stability, and effective governance. However, the heartbeat of Singaporean success and effective sovereignty is its focus on national security. The founding Prime Minister Lee Kuan Yew made it his goal to ensure that Singapore would survive at any cost. He aimed to do this by establishing the principle of "Total Defense" as the central defense doctrine of Singapore. Total Defense holds that, in order to survive, Singapore must unite all aspects of society—government, business, and the people; and through this unification, put all efforts towards security of the nation.⁷ This notably began with the NS Act of 1967, which created the mandatory conscription of Singaporean men to the Singapore Armed Forces (SAF) for a minimum of two years of service.⁸ The creation of the SAF followed in 1972 to unite the Navy, Army, and Air Force under one government organization. Lee Kuan Yew continued to implement his plan, and it adapted to contain six pillars. These six pillars consist of military, civil, economic, social, and psychological defense.⁹ This approach attempts to secure Singapore in all aspects of society. The SAF represents the hard power side of Singapore's governmental strategy for defense, but also how the government utilizes soft power pressure. However, before addressing how Singapore manages the challenge of Great

⁶ "Singapore - British Colony, Trade Hub, Modern City | Britannica." Accessed August 16, 2023. https://www.britannica.com/place/Singapore/History.

⁷ Chong, Isaac Neo Yi. "The Management of Threats in Singapore: Civil-Military Integration," n.d.

⁸ Chong, "Management of Threats in Singapore."

⁹ SCDF. "Total Defence." Accessed August 16, 2023. https://www.scdf.gov.sg/home/community-volunteers/community-preparedness/total-defence.

Power competition, it is important to understand how Singapore deals with internal conflict and its role in the political landscape today.

Singapore and Its Role Today

Singapore plays an important role in providing a neutral third-party location for nations to meet and discuss high-level diplomatic and security issues. The country was the location of the historic Trump-Kim summit and annually hosts the Shangri-La Dialogue, an inter-governmental security conference brokered by the independent think tank: the International Institute for Strategic Studies (IISS). Based out of Singapore, the IISS Asia division aims to promote stability and transparency between attending nations in hopes to avoid Eurocentric Southeast Asia discussions without bias from Washington or Beijing. To maintain its neutrality, IISS is barred from publicly promoting policy recommendations to individual countries and receives funding from multiple international sources, allowing them to remain autonomous and push back against donors that desire them to act incongruent with the organization's principles and values.

The 2023 summit set conditions for China and the United States to interact, but despite a handshake between the American Secretary of Defense, Lloyd Austin, and Chinese Minister of Defense, Li Shangfu, and even an attempted arrangement for a second handshake on the second day of the conference – formal discussion between the two powers failed to manifest. The lack of transparency between the two raises concern that miscommunication is more likely to occur and that this may lead to escalatory actions from both sides of the great power competition.¹⁰ While

¹⁰ Brown, Marcia. "Defense Secretary Austin, Chinese Military Leader Shake Hands." POLITICO, June 2, 2023. https://www.politico.com/news/2023/06/02/austin-china-military-handshake-00099875.

disappointed, the response from IISS was to question the validity of large public forums such as the Shangri-La Dialogue being the optimal space for China and the United States to meet.

ASEAN

By Caroline Koon

Introduction

Since its conception in 1967, ASEAN has been instrumental in the development and prosperity of Southeast Asia. A primarily economic entity, it aimed to unite the fiscal priorities of member states, as well as coordinate policy. It revolutionized the region's economies, growing each state's GDPs by an average of 6.6%¹¹ each year over the first three decades. ASEAN is now, collectively, the world's fifth largest economy. But now that the post-Cold War economic rebounds have passed and ASEAN countries have their economic footing beneath them, a new problem has emerged: the growing tensions between China and the United States. The PRC and USA play vital roles in influencing not only the economies of ASEAN member states, but also the political and military landscapes. With diplomatic relations between China and the United States growing more and more dismal, many inquiries have been made as to which side ASEAN might take in a geopolitical conflict. The answer is complicated.

ASEAN as an organization has no military or law enforcement apparatus, thus making it ineligible to operate defensively. That leaves the decision of geopolitical posturing open to member nations, leaving them to figure out how to find a balance between ASEAN's regional goals and the state's own economic and national security interests. As tensions rise between China and the United States in the South China Sea, though, countries are starting to feel the strain of the diplomatic and

¹¹ Setboonsarng, Suthad. "ASEAN Economic Co-Operation Adjusting to the Crisis." Accessed August 16, 2023. https://asean.org/asean-economic-co-operation-adjusting-to-the-crisis-by-suthad-setboonsarng/.

¹² ASEAN: Market Profile. Accessed August 16, 2023. https://research.hktdc.com/en/article/Mzk5MzcxNjEz#:~:text=With%20a%20combined%2 0population%20about,%2C%20China%2C%20Japan%20and%20Germany.

political pressures to pledge support unilaterally. The issue is not so much that they cannot choose as it is they cannot afford to choose. China and the United States are ASEAN's first and secondlargest trade partners, respectively, ¹³ with Malaysia being China's second and Singapore China's third-largest trading partner within ASEAN. Despite being so different in regime type, the intimate economic relationship is no accident. ASEAN, and to a great extent, Malaysia and Singapore's agenda is one based on "pragmatism and accommodation," 14 a deliberate decision in light of the region's vast ethnic and political diversity. This agenda is extended to influential partners such as China, too. ASEAN nations have carefully crafted a brilliantly efficient economy, and the growing antagonism between the PRC and USA is threatening to upend ASEAN's policy of practicality. Even given China's increasingly invasive activity in the South China Sea, most infractions are ignored for the sake of regional stability and economic friendliness. With ASEAN typically directing political precedent, "Asian heads of state put dozens of territorial disputes, many of which still endure, on the back burner in order to create a thicket of regional institutions to encourage trade and informal, consensus-based habits of diplomacy." So what, then, impacts the balance of economics and foreign policy within ASEAN states? Soft power and hard politics play defining roles in determining economic and national security outcomes in Malaysia and Singapore.

American and Chinese Soft Power in Malaysia and Singapore

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ASEAN Secretariat. ASEAN Statistical Yearbook 2022. Vol. Vol. 18, 2022. https://www.aseanstats.org/wp-content/uploads/2023/04/ASYB_2022_423.pdf.

¹⁴ Mahbubani, Kishore. "Asia's Third Way." Foreign Affairs, February 28, 2023. https://www.foreignaffairs.com/southeast-asia/asias-third-way-asean-amid-great-power-competition.

¹⁵ Jackson, Van. "The Problem With Primacy." Foreign Affairs, January 16, 2023. https://www.foreignaffairs.com/asia/problem-primacy.

Malaysia and Singapore share a long history together, united for the first time under the Majapahit Empire. In the centuries following, the Malay Peninsula would be colonized by the Portuguese and Dutch Empires, but would eventually wind up in the hands of the British. Malaysia and Singapore would be known as British Malaya for a hundred years, spanning the 19th to the 20th centuries. Traces of British colonial rule are left for notice everywhere, from the kaya toast eaten for breakfast to Singapore's black and white houses, and one of Malaysia's primary exports, rubber trees (brought over from Brazil by England). When independence was won in the mid-20th, the two countries would briefly unify to form one political entity, but broke it off shortly thereafter, becoming the two nations recognized today. But while Malaysia and Singapore have remained politically separate for over fifty years, they are still united by their past—their history with the U.K. has left an institutional predilection for Western political apparatus.

It is not just their colonial past that has influenced them so, though. Deepak Nair of the National University of Singapore notes that the leaders of Singapore and Malaysia, especially in their foundation of ASEAN, "aligned *decisively* with the Western axes of the Cold War geopolitical order, seeking Western capital alongside British and American security relationships." Southeast Asian visionaries like Sinnathamby Rajaratnam and Abdul Razak chose to "revive tradition to domesticate the social energies unleashed by the preceding decades of anti-colonial protest, national revolution, and experiments with parliamentary democracy," and pursue economically favorable relationships with former colonial powers. This alignment was essential in cementing relationships such as the Five Power Defence Arrangements. Singapore and Malaysia were able to guarantee military backing and regional stability in a region and period recovering from communist wars and "anti-

Nair, Deepak. "Saving Face in Diplomacy: A Political Sociology of Face-to-Face Interactions in the Association of Southeast Asian Nations." *European Journal of International Relations* 25, no. 3 (September 2019): 672–97. https://doi.org/10.1177/1354066118822117.

¹⁷ Nair, "Saving Face."

imperialist""¹⁸ conflicts. This laid the groundwork for peaceful and prosperous relations within ASEAN in the decades to come.

But Singapore and Malaysia are deeply diverse states with multiethnic populations. This complicates the push and pull of great power influence. With 75% of Singapore's population and 23% of Malaysia's identifying as ethnically Chinese, there is great pride in Chinese culture. The language is widely spoken in both countries, Chinese art and culture are ubiquitous, and Chinese gastronomic tradition is combined with local cuisine. Malaysia's practices of positive discrimination have resulted in a more stratified society, making enclaves of Chinese, non-Malay citizens more distinct. Dr. Ngeow Chow-Bing explains the impacts to Malaysia's demography:

For decades, this community has built, supported, and maintained the most comprehensive Chinese vernacular education system outside of the mainland and Taiwan, ranging from kindergarten to tertiary level. As a result, the vast majority of ethnic Chinese in Malaysia are able to speak, read, and write in Chinese language, even without Beijing's assistance or outreach. This is a society already marked by a vibrant and robust Chinese cultural presence.¹⁹

As such, a sense of livened connectivity with Chinese heritage exists in Malaysia. While the reverse cannot quite be said of Malaysian populations in China, there is certainly an appreciation for the potential to broaden soft power within Malaysia from the PRC. Seeking to capitalize on its influence, China has established various institutions to reinforce these relationships. Confucius Institutes, housed under the Ministry of Education of the People's Republic of China, are public education

¹⁸ Nair, "Saving Face."

¹⁹ Caro, Céline-Agathe and Konrad-Adenauer-Stiftung, eds. The Smiling Dragon - China's Soft Power in Southeast Asia: Implications for Germany and the EU. Bangkok: Konrad-Adenauer-Stiftung Thailand Office, 2022.

institutions that aim to promote Chinese culture and language. In Malaysia, these are primarily directed towards non-Chinese speakers, aiming to expand the reach of the PRC (Dragon 53). There is a Confucius Institute in almost every state in Malaysia.²⁰

In addition to the more glamorous, cosmopolitan approaches to promoting soft power, China has also taken a more bottom-up, grassroots approach. Experts at the Universiti Sains Islam Malaysia (USIM) explained that, especially in the Malaysian Borneo state of Sabah, the PRC is trying to attain a favorable image through the financing of transport, mining, and port projects, separate from the Belt and Road Initiative. China uses its qiaowu network, or overseas Chinese, to make the connections needed to embed itself in the landscape of Malaysia. Qiaowu populations have also been instrumental in the PRC's entanglement with several Malaysian political parties. The CCP has forged connections with political parties across the spectrum in Malaysia, most notably the United Malay National Organisation (UMNO), the political party that has produced seven out of the nine individual prime ministers of Malaysia. They also maintain ties with the Malaysian Chinese Association (MCA), a smaller party aligned with UMNO. In the months leading up to the general election of May, 2018, the CCP and the UMNO "ran party cadre exchange programmes where governance experiences were shared and discussed...Such efforts suggest a new determination to share the Chinese philosophy of 'governance." The involvement the CCP has in the Malaysian government helps push the needle of parliamentary action in the direction of Chinese foreign policy goals in incremental yet substantial ways, such as the implementation of BRI projects and news coverage (the MCA is the largest shareholder of *The Star*, Malaysia's widest-reaching newspaper).²²

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²⁰ Caro, "The Smiling Dragon."

²¹ Caro, "The Smiling Dragon."

Freedom House. "Malaysia: Beijing's Global Media Influence 2022 Country Report." Accessed August 8, 2023. https://freedomhouse.org/country/malaysia/beijings-global-media-influence/2022.

Singapore exists within the Sinosphere a little differently, having forged a unique sort of cultural affinity instead. Singapore, by nature of structures, is a difficult country to penetrate—between "hyper-vigilant international security apparatus" and more limited freedoms of press, Singapore is more interested in promoting Singaporean identity rather than any one ethnic identity. "In terms of cultural policy, the government has sought a balance between encouraging connection with that Chinese heritage, and promoting a distinctly Singaporean identity based on multiracialism, equality, and meritocracy," explains a case study written by KAS Regional Programme Political Dialogue Asia, Singapore. ²⁴ The PRC has developed cultural centers and programs of its own but the message does not land quite the same way it does in Malaysia. Instead, "the state's own Singapore Chinese Cultural Centre – an 11-storey building in the heart of the financial district – is widely seen as a reminder that local Chinese culture is different from China's." In these ways, PRC soft power tools are less effective in Singapore because they reflect less on China than they do Singapore's own unique heritage. Even the Singapore branch of the Confucius Institute seems to promote Singapore's own Chinese culture and history over the PRC's.

In terms of political influence, Singapore's Political Action Party (PAP) is virtually incorruptible. The PAP has produced every single prime minister in Singapore and accounts for 89% of seats in Parliament. For as long as Singapore has existed as an independent state, the Political Action Party has dictated the country's every move, regardless of regional precedent. That is not to say, though, that the CCP and PAP do not interact. In fact, for many decades, the PAP was a source of inspiration for the CCP: its resilience and "popular support, as well as its approach to governance buoyed by economic success have long been observed and studied by the CCP, not least

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²³ Caro, "The Smiling Dragon."

²⁴ Caro, "The Smiling Dragon."

²⁵ Caro, "The Smiling Dragon."

to draw lessons for their own political system at home."26 The authoritarian example Singapore sets is a masterclass in consolidating political thought, but one not easily replicated. Diplomatic visits between the PRC and Singapore are frequent.²⁷ Singapore and China share information on ASEAN happenings and try generally to foster an atmosphere of observation and respect for each other. The Singapore Armed Forces and People's Liberation Army have even conducted peaceful joint exercises in the South China Sea. Yet, Singapore still maintains closer ties with the United States Armed Forces than any other military. The United States is the only country to have any military presence on the island of Singapore itself, and the USA and Singapore routinely participate in joint military exercises.²⁸ The USA is tied closely by non-military ties, too; there is great confidence in the regional, political, and strategic influence of America within Singapore and other ASEAN member states. The Yusof Ishak Institute of Southeast Asian Studies' 2022 State of Southeast Asia Survey found that 63% looked favorably upon American influence and "52% trusted the United States to do the right thing to contribute to global peace, security, prosperity, and governance."²⁹ Contrastingly, only 19% say the same about China, and the PRC was found to be the least trustworthy with 58% mistrusting China.30

Numbers from The Economist

²⁶ Caro, "The Smiling Dragon."

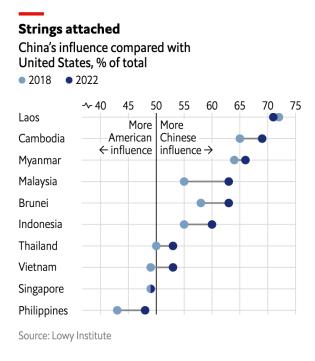
²⁷ Caro, "The Smiling Dragon."

²⁸ United States Department of State. "U.S. Security Cooperation With Singapore." Accessed August 8, 2023. https://www.state.gov/u-s-security-cooperation-with-singapore/.

²⁹ Kausikan, Bilahari. "Threading the Needle in Southeast Asia." Foreign Affairs, May 11, 2022. https://www.foreignaffairs.com/articles/southeast-asia/2022-05-11/threading-needlesoutheast-asia.

³⁰ Seah, Sharon, Joanne Lin, Sithanonxay Suyannaphakdy, Martinus Melinda, Pham Thi Phuong Thao, Farah Nadine Seth, and Hoang Thi Ha. "The State of Southeast Asia: 2022," February 16, 2022. https://www.iseas.edu.sg/wp-content/uploads/2022/02/The-State-of-SEA-2022_FA_Digital_FINAL.pdf.

Despite the sentiment expressed by ASEAN denizens, it seems that all member nations except for Laos saw an increase in the influence of the PRC. Malaysia saw China's influence increase by almost 10% from 2018 to 2022, whereas Singapore's numbers only increased nominally, perhaps a single percentage point.³¹ This survey was conducted by the Lowy Institute of Australia:



The institute compared both countries on 42 indicators across four categories: economic ties, defence networks, diplomatic influence and cultural influence. They awarded the two powers a share of 100 points on how well they did. In 2018 China had 52 points and America 48. By 2022 China had 54 points. (Economist)

³¹ The Economist. "China's Influence in South-East Asia Has Grown. America's Has Waned." Accessed August 7, 2023. https://www.economist.com/graphic-detail/2023/06/12/chinas-influence-in-south-east-asia-has-grown-americas-has-waned.

The tricky thing is that Singapore relies fully on both the United States and the People's Republic of China, just in very different ways. China fuels Singapore's economy, being its largest trading partner, and the economy of Singapore is the foundation of the state. Dire consequences would occur without trade flowing in and out of the Singapore Strait. But the United States Armed Forces have provided the regional stability and security to make Southeast Asia, and the South China Sea, a hub of commerce and connectivity. As Bilahari Kausikan puts it, "the United States has been remarkably consistent and successful as an offshore balancer in Southeast Asia, maintaining the stability of the region and preventing it from falling under the sway of any hegemonic power." As tension increases between the United States and PRC, and as China's own military capacities grow, this hard-wrought stability appears more and more fragile.

Singapore, with close ties to (and dependence upon) both the United States and China, has assumed the burden of playing mediator. The International Institution for Strategic Studies (IISS), a premier international relations think tank whose Asia office is located in Singapore, hosts the Shangri-La Dialogue annually. This summit draws leaders from all the powers in the Indo-Pacific to discuss matters of defense and security. All eyes are typically on China and the United States, the Shangri-La Dialogue being one of the few times when senior officials from the USA and PRC meet face-to-face. Supporting interceding initiatives is well in line with Singapore's policies of non-alignment. Even among the general populace, almost three-quarters believe ASEAN's best course of action is to remain unaligned and stick to its own guns (Study SEA). Despite efforts from both the US and PRC, Singapore remains staunchly unaffected.

³² Kausikan, "Threading the Needle."

The Politics of ASEAN

While ASEAN is a popular and influential organization now, it did not start out as a widely accepted body. China opposed and avoided dealings with ASEAN because it feared ASEAN would snare China and hamper its rise to power. However, once Deng Xiaoping came into power and assessed what was necessary to accomplish China's economic and political ambitions, it became apparent that China needed to consolidate regional authority. The first talks between China and ASEAN were held in 1991, and China became a full Dialogue Partner in 1996.³³ In 2002, the groundwork was laid for the ASEAN-China Free Trade Area, which quickly became one of the world's largest free trade areas. As China's foreign policy goals shifted and it became an increasingly revisionist state, Deng-era policies of more ambivalent engagement with ASEAN were replaced with Xi's "strongly proactive approach' to China's immediate neighbourhood."³⁴ As the years have gone by, China has focused on non-traditional security, such as natural disaster relief or maritime cooperation, ambiguously blurring lines between national and international jurisdiction.³⁵ ASEAN member states have started chafing with China over incursions into their South China Sea territories, and while border security has never been on ASEAN's docket, these tensions, as well as the swelling pressure put on the region by the US-PRC rivalry, might be beginning to show. Senior Chinese diplomat and now-Foreign Minister Wang Yi remarked that ASEAN needed to "speed up" the negotiations over the third iteration of the free trade agreement to "inject new impetus into regional

³³ Chatterji, Rakhahari. "China's Relationship with ASEAN: An Explainer." Observer Research Foundation, April 15, 2021. https://www.orfonline.org/research/china-relationship-asean-explainer/#_edn11.

³⁴ Chatterji, "China's Relationship with ASEAN."

³⁵ Chatterji, "China's Relationship with ASEAN."

development."³⁶ Whatever China's goals may be, it has realized that ASEAN is a force to be reckoned with, arguably the only other power in the region with a challenge to China's dominance.

The United States recognized this from the onset of ASEAN. Initially being an anticommunist league backed by Western powers, the United States supported its agenda in the region.

When the region's communist insurgencies had been put down and ASEAN shifted toward being a
regional political organization, the United States became a full Dialogue Partner in 1977.³⁷ In the
years since, the United States and ASEAN have collaborated on a manner of economic and political
frameworks and in 2009, President Barack Obama met with all ten ASEAN leaders at once, the first
American president to do so. The United States does not typically engage in military or security
matters directly, but did complete the first US-ASEAN maritime training in 2019.³⁸ The United
States takes a more passive role in relations with ASEAN than China does, instead making its
greatest impact in the background. America has been an arbiter of international affairs in IndoPacific Asia in the last 75 years, for better or for worse. With a few transnational conflicts aside, Asia
has enjoyed a relatively long period of peace. To be sure, this is not a causal relationship, but
alongside economic development and multilateral alliances like ASEAN, stabilization efforts by the
United States have been essential.³⁹

³⁶ Radio Free Asia. "China, ASEAN Agree to Accelerate Accord on Preventing Conflict in Disputed Waters." Accessed August 16, 2023. https://www.rfa.org/english/news/southchinasea/asean-south-china-sea-07132023141705.html.

³⁷ ASEAN, U. S. Mission to. "U.S. – ASEAN Timeline." U.S. Mission to ASEAN, March 31, 2022. https://asean.usmission.gov/u-s-asean-timeline/.

³⁸ Commander, U.S. 7th Fleet. "First ASEAN-US Maritime Exercise Successfully Concludes." Accessed August 10, 2023.

https://www.c7f.navy.mil/Media/News/Display/Article/1954403/first-asean-us-maritime-exercise-successfully-

concludes/http%3A%2F%2Fwww.c7f.navy.mil%2FMedia%2FNews%2FDisplay%2FArticle%2F1954403%2Ffirst-asean-us-maritime-exercise-successfully-concludes.

³⁹ Jackson, "The Problem with Primacy."

These dynamics between the United States, China, and ASEAN have remained more or less consistent. China is the leader economically in the region and, while the United States has made efforts to compete, 40 they just cannot hold a candle to the sort of economic investments China can direct. Instead, the United States has taken measures to reaffirm its status as the prevailing military power in the region. This has resulted in security projects such as AUKUS in recent years. While this trilateral security agreement only includes the United States, Australia, and the United Kingdom, it stretches to cover the entire Indo-Pacific region, necessitating the cooperation of states like Singapore and Malaysia. The foremost objective of AUKUS is to furnish Australia with nuclearpowered submarines, a highly controversial move for many reasons, but particularly because ASEAN is a nuclear weapon free zone. Though nuclear submarines are not weapons, there is great concern over a nuclear accident, especially in crowded waters. The Straits of Malacca and Singapore are two of the busiest trade routes in the world, with the Straits of Malacca seeing 40% of all global trade. With confidence shaken in American nuclear submarines after the USS Connecticut collided with an object in the South China Sea in 2021, 41 many are ambivalent at best and fearful at worst of heightened activity due to AUKUS. According to the State of Southeast Asia Survey, 12% of respondents think AUKUS will undermine nuclear weapons non-proliferation in the region.⁴²

These concerns aside, AUKUS is still more or less welcome in the region, if they contribute to balancing efforts successfully. The State of Southeast Asia Survey found that 36% of respondents believe AUKUS will help balance against China's rising military power, but 23% think it will make

40 Mahbubani, "Asia's Third Way."

⁴¹ Neuman, Scott. "A U.S. Navy Submarine Collides with an Underwater Object in the South China Sea." NPR, October 8, 2021, sec. National Security. https://www.npr.org/2021/10/08/1044371468/us-navy-submarine-collision-south-china-seauss-connecticut.

⁴² Seah, "The State of SEA."

the arms race worse. The fear that agreements such as AUKUS will accelerate the degradation of the security climate is a classic example of the security dilemma, but there might be a silver lining to the situation: more and more Southeast Asian countries are investing in their own maritime security. Charles Edel, a Senior Adviser at the Center for Strategic and International Studies, explains that "decisions across Southeast Asia have been more varied, but the Philippines, Singapore, Taiwan, and Vietnam have all demonstrated a willingness to strengthen their own defense capabilities and augment their defense partnerships." The United States might be making a wager on security developments in the Indo-Pacific, but the region could come out stronger for it on the other side.

AUKUS is part of a larger trend emerging out of the US-China competition: an increase in institutionalism. Pacts like AUKUS and ASEAN are growing increasingly important in mitigating the impacts of US-China fallout. While some believe that this institutional shoring up is another form of confrontation, institutional balancing can be a healthy solution for conflict: "strengthening international cooperation, forcing multilateral institutions to become more relevant and dynamic, and prompting more investment in public goods. Institutional balancing provides a way to compete responsibly without resorting to military conflict." There are, however, downsides to institutional balancing. Kai He writes that there are three conditions for successful institutional balancing: nuclear deterrence, strengthening economic ties, and competition along non-ideological terms. So far, the United States and China are failing all three. The mutually assured threat of destruction seems to have less and less influence on military competition. While there is no nuclear arms race underway between the USA and PRC, the threat of a nuclear incident is no longer zero. Talk about economic

⁴³ Seah, "The State of SEA."

⁴⁴ Edel, Charles. "The AUKUS Wager." Foreign Affairs, August 4, 2023. https://www.foreignaffairs.com/united-states/aukus-wager.

⁴⁵ He, Kai. "The Upside of U.S.-Chinese Competition." Foreign Affairs. Accessed August 10, 2023. https://www.foreignaffairs.com/print/node/1130515.

⁴⁶ He, "Upside."

decoupling has been growing louder and louder, especially since President Trump's trade war with China. The desire to extricate the United States from China's economy and supply chain has been heightened in the last several years, but this would only have an adverse effect on the global economy in addition to diplomatic relations. Finally, the contest between the United States and China is being delineated evermore along ideological lines. Whether it is East versus West, capitalism versus communism, or democracy versus autocracy, there is plenty of chest-beating with regard to sociopolitical dogma.

There is no simple solution to these issues, especially regarding the framing of US-China competition. To manufacture consent domestically, the United States must draw upon patriotism and the ideal of America as an international watchdog. To sell their foreign policy agenda internationally, they must convey to states that they are not interested in proselytizing a liberal democracy. ASEAN in particular shares these concerns, being host to a number of autocracies and authoritarian states itself. If the United States leans into the narrative of the ideological defender of Southeast Asia, they could alienate key allies in the region. He puts it best:

The reality is that a number of Asian countries—such as Singapore and Vietnam—neither have nor want systems modeled on that of the United States... Xi's rhetoric avoids suggesting that other countries must ally themselves ideologically with China in order to cooperate with it, leaving space for them to benefit from and keep the peace with both Beijing and Washington.⁴⁷

Relying on institutions to broker the relationship between China and the United States in Southeast Asia is probably the international community's best bet in order to avoid hot conflict. But the

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⁴⁷ He, "Upside."

United States and China must work harder to ameliorate the three conditions above, or the risks of competition will not outweigh the rewards.⁴⁸

Saving Face (面子) in ASEAN Dealings

The concept of face, or saving face as it is commonly referred to in the West, is a practice deeply rooted in Eastern Asian cultures, especially China. Face is the concept of personal dignity and respect, and one must save or gain face in order to prevent embarrassment or the loss of social standing. Face plays a hugely important role in Southeast Asian politics, particularly with regard to ASEAN proceedings. With countries of varied regimes, policies, and priorities, ASEAN is one of the most diverse political unions around, yet disagreement between members very rarely happens. This can be explained for a number of reasons, but certain aspects of ASEAN culture evince face as the culprit. "Face-saving practices," writes Deepak Nair of the National University of Singapore, "geared to avoid embarrassment are micro-level mechanisms that produce international institutions like diplomacy." They specifically enable the performance of equality within an organization of inherently unequal powers, and work to foster a sense of group identity and cohesion. 50

These norms are essential in diplomacy, not just in ASEAN but globally. A growing body of work on constructivism and narrative-based theory seeks to explain the diplomatic relationships between countries and non-state actors. Not all behavior, though, is mutually intelligible. The "norms" of international relations "are *representations* that tell us little about the quotidian *practices* by which they are actually produced and performed." What is acceptable in European Union diplomacy might not be accepted in ASEAN, because the means matter just as much as the ends. It

⁴⁸ He, "Upside."

⁴⁹ Nair, "Saving Face."

⁵⁰ Nair, "Saving Face."

⁵¹ Nair, "Saving Face."

is essential to examine the practices of these institutions because, as Alasdair MacIntyre states in After Virtue, "Political behaviour, detached from a study of intentions, beliefs and settings...would be utterly doomed to failure."52

ASEAN functions through a series of intricate and deliberate instances of face-saving, from tea and coffee breaks to golfing. Nair explains that "ASEAN's elites nurtured a formula for conflict avoidance that relied less on legal agreements than a loose structure of face-to-face interactions glued by personal rapport and informal 'gentlemen's agreements."⁵³ Repeated encounters between diplomats operating on similar social paradigms resulted in higher levels of trust and political predictability, even when the diplomat was not particularly liked. These encounters also provided a level of accountability within social frameworks. Instead of arguing over policy on panels or meetings, ASEAN officials typically ensured group consensus before they ever met publicly:

In interviews and memoirs, ASEAN's practitioners indicate how they worked assiduously to build consensus among each other on contentious issues well *before* meetings rather than at the meeting itself. Participants made skilful use of the backstage by calling for 'coffee breaks' and 'tea breaks' during formal meetings, and sequestered contention to 'informal meetings,' 'retreats,' and the golf course.⁵⁴

These face-saving strategies effectively depoliticized ASEAN, leaving the actual practice of governing to the elite, as in most ASEAN countries. If disagreements were to be expressed, they would be at caucus meetings held beforehand, *never* in front foreign or non-member representatives. Through these methods of saving face, conflicts get resolved without the embarrassment or denigration of a particular person.

⁵² MacIntyre, Alasdair C. *After Virtue: A Study in Moral Theory*. 3rd ed. Notre Dame, Ind: University of Notre Dame Press, 2007.

⁵³ Nair, "Saving Face."

⁵⁴ Nair, "Saving Face."

Instead, formal interaction is characterized by a clean and official-looking setting, with "tabletop flags, place-cards, and microphones." In these meetings, much is discussed, but very little is revealed or decided, and nothing can be. Participants must wait for an opportunity to go backstage and chat over a 'coffee break' or lunch with another participant to negotiate. The delicacy with which ASEAN conventions are treated confuses many politicians and pundits coming from Western diplomatic traditions where public disagreement and debate are essential. The former Assistant U.S. Secretary of State for East Asian and Pacific Affairs Daniel Russel sums up many opinions concisely: "As an American, I'm all about getting things done... I don't think you'll find mugs in the ASEAN headquarters gift shop that say 'get things done.' That's not really the ASEAN way." The opacity of ASEAN diplomacy does not make it a less valuable form of diplomacy, though. The dedication to saving face might even augment productivity behind closed doors. ASEAN's brand of face-saving should be understood as a particular expression of a more general conflict avoidance strategy, and that these choices are made in the pursuit of political cohesion, not just efficacy.

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⁵⁵ Nair, "Saving Face."

⁵⁶ Asia Society. "Why ASEAN Continues To 'Make Haste Slowly." Accessed August 10, 2023. https://asiasociety.org/blog/asia/why-asean-continues-make-haste-slowly.

Brain Drain

By Joslyn Schoen

Brain drain, a phenomenon wherein highly skilled and educated individuals emigrate from their home country to seek opportunities abroad, has been a growing concern for less developed nations across the globe. This mass exodus of talent can have significant implications for the country of origin, impacting its economic, social, and technological development. Unrest and political tension within Malaysia is exacerbated by brain drain. Caused by economic opportunities, ethnic and social discrimination, education and research opportunities, many skilled professionals and highly educated individuals are leaving Malaysia to seek work elsewhere. In recent years, the Malaysian government and society have grappled with the challenge of brain drain, attempting to understand its root causes and potential long-term consequences. This exploration of brain drain in Malaysia will focus on the underlying factors that drive the emigration of skilled professionals and academics, the effects it has on the country's workforce and economy, and the strategies employed to reverse or mitigate its impact. More specifically, this section will discuss how Malaysia's retention issue is impacting its relationship with both China and the United States.

Brain drain in Malaysia is primarily fueled by a combination of push and pull factors that entice highly skilled and educated individuals to seek opportunities abroad. The World Bank identified in their *Monitor Report* primarily a deficiency in salary compared to other countries. This difference is especially noticeable in the high-skill technology sector.⁵⁷ For example, the starting salary for a recent graduate with a bachelor's degree in computer science is \$50,000 in the United

⁵⁷ "Putting the Malaysian Diaspora into Perspective." Accessed August 16, 2023. https://www-cs-faculty.stanford.edu/people/eroberts/cs201/projects/2010-11/BrainDrain/Malaysia.html.

States. In Malaysia, the starting salary is barely \$10,000.⁵⁸ Even by compensating the wages to accommodate the cost of living, the starting salary in Malaysia cannot compare to more developed countries. The brain drain can also be attributed to the lack of career prospects and unavailability of opportunities in specific fields. A majority of Malaysia's economy is based on production and manufacturing instead of research and development, which makes it a magnet for semi-skilled labor but results in the lack of skilled job opportunities.⁵⁹

A sensitive, yet substantial cause of the Malaysian Brain Drain is social injustice. Malaysia consists of 63% Malays, who are referred to as *Bumiputera*, which directly translates to "sons of the earth." They are given special privileges as determined by the constitution, which includes extra assistance in starting businesses, mandatory discounts for real estate and a quota system based on racial distribution for education opportunities. This unfair treatment has resulted in a diaspora with a strongly ethnic dimension, with 81% of emigrants being Chinese. In addition to these discouraging social factors, the limited access to high-quality education also remains to be a significant cause of brain drain. Enrollment into affordable, public tertiary educational institutions is very limited and based on racial quotas, while private universities are costly and often do not meet international standard. Primary and secondary education, although free, is of substandard quality, and it is uncommonly supported by long hours of outside tutoring for those who can afford it. Regardless of economic, social, or educational opportunity, Malaysia's brain drain continues to be an ongoing issue for the country.

Beyond examining the reasons for brain drain, it is equally essential to assess the acknowledgement or lack thereof by the Malaysian government. As the nation loses a portion of its

⁵⁸ Stanford, "Malaysian Diaspora."

⁵⁹ Stanford, "Malaysian Diaspora."

⁶⁰ Stanford, "Malaysian Diaspora."

highly skilled labor force, industries may face shortages of specialized talent, potentially hindering innovation and growth. In response to this challenging situation, the Malaysian government has implemented various policies and initiatives to reverse the brain drain and encourage talented individuals to return to their homeland. The Returning Expert Programme (REP) was introduced on 1 January, 2001 with a list of incentives which include the right to exercise an optional 15% flat tax rate on chargeable employment income for a period of five consecutive years, foreign spouse and children will be eligible for PR status, and the option to be exempted from tax for all personal effects brought into Malaysia.⁶¹ In 2011, the REP was put under the purview of Talent Corporation Malaysia Berhad (TalentCorp) to ensure effective outreach efforts and to design policies aimed at facilitating the transition for overseas returnees. Since 2011, more than four-thousand eight-hundred Malaysian professionals abroad have been approved under the REP, out of which more than threethousand have returned and are now working in key sectors. The top five sectors that saw a return of Malaysians are oil and gas, financial services, business services, communications and electrical and electronics. 62 Despite this success, however, that number pales in comparison to the nearly fivehundred thousand professionals predicted lost by experts. 63 Although efforts have been made to create a more favorable work environment, enhance education and research facilities, and offer incentives to attract skilled professionals back to Malaysia, the inefficiency of these measures and gaps in the strategies provides valuable insights into the nation's ongoing battle against brain drain. In addition to incorporating policies which will increase competitiveness in the labor market in order

⁶¹ "Returning Expert Programme - Initiatives | TalentCorp Malaysia." Accessed August 16, 2023. https://www.talentcorp.com.my/initiatives/returning-expert-programme.

⁶² The ASEAN Post. "Is Malaysia Doing Enough to Stop Its Brain Drain?," December 29, 2016. https://theaseanpost.com/article/malaysia-doing-enough-stop-its-brain-drain.

⁶³ Supramani, Shivani, and Suraya Ali. "Malaysia Loses 500,000 Highly Skilled Individuals via Brain Drain." www.thesundaily.my. Accessed August 16, 2023. https://www.thesundaily.my/home/malaysia-loses-500000-highly-skilled-individuals-via-brain-drain-XE9341264.

to raise wages, the Malaysian government would benefit from reducing disparities in the availability of the quality basic education, and creating equal job opportunities for any ethnicity. While brain drain is a complex and multifaceted issue, understanding its internal dynamics and how their government is responding is crucial to develop effective policies and initiatives to address the outflow of talent and knowledge from the nation.

The brain drain phenomenon in Malaysia has far-reaching implications concerning its relationship with China and the United States, particularly during times of tension between these two global powers. The migration of highly skilled and educated professionals from Malaysia to China has the potential to impact diplomatic, economic, and technological ties in significant ways. Amid the ongoing geopolitical complexities and strained relations between China and the United States, the movement of talent from Malaysia can create a unique set of challenges and opportunities for all three nations. It is important to note that the impact of brain drain on Malaysia's relations with China and the United States is just one aspect of the broader and multifaceted diplomatic landscape. Many other factors, such as geopolitics, foreign policies, and international trade dynamics, play significant roles in shaping the relationships between nations.

As China continues to rise as an economic powerhouse, the outflow of skilled professionals from Malaysia to China could potentially strengthen economic ties between the two countries, especially with a majority of the emigrants being ethnically Chinese. Malaysian professionals may seek opportunities in China's burgeoning industries, contributing to the exchange of expertise and knowledge. This, in addition to their close proximity could foster closer economic collaboration and boost bilateral trade and investment. Brain drain might also deepen the cultural and social connections between Malaysia and China. Skilled professionals who immigrate to China may act as

⁶⁴ "World Migration Report 2022." International Organization for Migration. Accessed August 16, 2023. https://worldmigrationreport.iom.int/wmr-2022-interactive/.

bridges between the two cultures, enhancing mutual understanding and cooperation in various fields, such as education, research, and arts. The scarce presence of Malaysian talent in the U.S. compared to China inhibits research collaborations and business partnerships between the two countries. Brain drain can also lead to a loss of cultural diversity and knowledge exchange within Malaysia. The departure of skilled professionals may limit the cultural exchanges and people-to-people ties between Malaysia, China, and the United States. On the other hand, those who leave Malaysia and establish themselves in these countries could become valuable bridges for cultural understanding and foster connections between these nations.

This exploration of brain drain in Malaysia seeks to shed light on the complex dynamics of talent migration and its effects on the nation's socio-economic landscape. By examining the underlying factors, consequences, and policy responses, we aim to contribute to the ongoing dialogue and encourage further efforts in retaining and nurturing Malaysia's skilled workforce and intellectual capital. As we delve into the heart of this matter, we gain a deeper understanding of the challenges and opportunities that lie ahead for Malaysia and how it will impact their relationship with China and the United States.

Hedging and the Small State Reality By John McIntyre

Introduction

Malaysia and Singapore, despite their differences, share a common challenge: navigating the competing spheres of influence of the U.S. and China in their backyard. This section will primarily discuss the driving factors behind the commonly cited practice of "hedging," how each country navigates their approach to both great powers, and how it impacts their standing on the global stage.

Due to their relatively small size, both Malaysia and Singapore must manage potential threats by getting a seat at the negotiating table and carefully weaving a web of relative neutrality. This delicate balancing act is known as hedging. Hedging is a strategy somewhere in between balancing and bandwagoning that relies on aligning with great powers and balancing their support. The basic goal of hedging is to maximize the benefits available from all sides (in this case, the U.S. and China) for as long as possible. This strategy is looked down upon by larger powers, but it makes sense considering Malaysia and Singapore's geopolitical situations. They both must navigate the fine line between the military and stability objectives of the United States in the region, while simultaneously managing China's economic influence and regional pressures. This is particularly difficult as opinions among academics in the region are divided on the true intentions of the major powers. Some regard the United States' presence in the region as vital and stabilizing, whilst others argue that it upsets the balance and only gives China more of a reason to continue to push back in the South China Sea. However, as the major global players vie for influence in the region, both Singapore and Malaysia

⁶⁵ Kuik, Cheng-Chwee. "Getting Hedging Right: A Small-State Perspective." China International Strategy Review 3, no. 2 (December 2021): 300–315. https://doi.org/10.1007/s42533-021-00089-5.

employ hedging strategies at the surface level to balance their relationships, preserve sovereignty, and maximize their national interests.

Singapore's Strategy

Arguably the most important factor in Singapore's security strategy is one of the ways it advocates for itself—economics. By utilizing its location on one of the busiest straits in the world (the Strait of Malacca) and leveraging its growing economic importance, Singapore has gotten a seat at the table with the most powerful nations in the world. 66 The Strait of Malacca is of great importance to global trade, as about 70% of global maritime trade travels through the region. 67 This significance to global trade has made maintaining stability in the region extremely important to all parties. By utilizing these advantages, Singapore has ensured its voice is heard in the global community. From private meetings with the President of the United States to effectively setting Southeast Asia on a path of "resilience and innovation" when it took the chairmanship of the Association of Southeast Asian Nations (ASEAN) in 2018, 68 Singapore punches above its weight in diplomacy and influence. By exerting soft power internationally and regionally, and strategically aligning itself in the interests of both China and the United States, Singapore has positioned itself as a vital nation in the competing spheres of influence.

⁶⁶ Dhume, Sadanand. "Singapore's Security Complex." Foreign Policy, November 2001, 86–88. https://login.ezproxy.library.tufts.edu/login?url=https://www.proquest.com/magazines/singapores-security-complex/docview/224035493/se-2.

⁶⁷ Lee, Yinghui. "Singapore's Conceptualization of Maritime Security." Asia Maritime Transparency Initiative, December 1, 2021. https://amti.csis.org/singapores-conceptualization-of-maritime-security/.

⁶⁸Dhume, "Singapore's Security Complex."

Authors appear to agree that although Singapore has engaged in hedging, it has historically leaned more toward the side of the United States over China. Singapore acts as a touchpoint for U.S. boats, submarines, and aircraft, although no actual U.S. military base is located there. This is a classic example of hedging because while Singapore provides some benefit to the U.S. military, they refuse to take a step that would put them firmly in the United States' camp. In addition to housing U.S. military forces, Singapore has consistently supported U.S. military efforts in the region.

However, the relationship is mutually beneficial, as the U.S. has helped Singapore build up its "hard power." Singapore sought to create a military force akin to the IDF in Israel and, with the help of the United States, it was able to create a force that is widely recognized as the strongest in Southeast Asia. In addition, the commitment to aid the United States' position in the region is rooted in the nation's desire to maintain stability in the region. Aside from its support of the United States military, Singapore has historically supported Taiwan and continues to do so. This has created tension with China, despite Singapore's best efforts. The relationship between China and Singapore is complex and is in constant flux, yet by not taking any firm stances, they keep their relationship intact.

Singapore's Engagement with China

The relationship between China and Singapore has fluctuated greatly in recent years.

Historically, the countries have shared an amicable relationship wherein mutually beneficial policies were enacted with success. The origins of these relations trace back to Singapore's founding Prime

⁶⁹ Panda, Ankit. "Singapore: A Small Asian Heavyweight." Council on Foreign Relations. Accessed August 16, 2023. https://www.cfr.org/backgrounder/singapore-small-asian-heavyweight.

⁷⁰ Tan, Andrew T. H. "Singapore's Survival and Its China Challenge." *Security Challenges* 13, no. 2 (2017): 11–31. https://www.jstor.org/stable/26457716.

Minister Lee Kuan Yew's close ties to China's Deng Xiaoping.⁷¹ Although the frequency of their meetings was limited, the two leaders forged a strong and trustworthy relationship from the scarce interactions they had. This was followed by decades of economic support to China from Singapore via FDI. As China ascended as a global economic powerhouse, it emerged as Singapore's largest trading partner, a status that endures to this day.⁷² As a result, China is an incredibly valuable partner to Singapore and its booming sectors that rely on Chinese goods to produce products. However, as China began its rise to economic power, leaders such as President Xi Jinping grew to have greater ambitions for the future of China. The desire to transform China into a global superpower was coupled with expansionism, namely in the South China Sea and Taiwan. China's desire to expand coupled with U.S. desire for continued regional dominance has made hedging more difficult for Singapore.

China's expansion and increasingly firm stance on issues such as Taiwan's sovereignty have forced Singapore to take a hard stance on issues it never had to fully respond to in the past. Taiwan remains one of the biggest points of tension between China and Singapore, as Singapore continues to recognize Taiwan as independent, despite China's pressure to consider it a part of the mainland. As the third largest Chinese-speaking country in the region, Singapore plays a unique role in providing a neutral channel for cross-strait relations to occur between China and Taiwan. Lee Kuan Yew visited China 33 times and Taiwan 25 times during his tenure and helped form the Straits Exchange Foundation (SEF) and the Association for Relations Across the Taiwan Straits (ARATS). However, the CCP has asserted that cross-strait relations should be treated as a "family issue" and

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⁷¹ Centre for International Law. "Building on Deng Xiaoping and Lee Kuan Yew Legacy: Today Marks 40th Anniversary of Deng's Historic Visit to Singapore." Accessed August 16, 2023. https://cil.nus.edu.sg/publication/building-on-deng-xiaoping-and-lee-kuan-yew-legacy-today-marks-40th-anniversary-of-dengs-historic-visit-to-singapore/.

⁷² Tan, "Singapore's Survival."

⁷³ Tan, "Singapore's Survival."

has restricted Singapore to merely facilitate interactions if requested to do so. Singapore knows that this issue is extremely delicate and speaks on it very selectively. Ankit Panda of *The Council on Foreign Relations*, discussed the reaction of China to Singapore's continued support of Taiwan, "Tensions spiked in 2016 when China seized several Singaporean military vehicles that were returning from maneuvers with Taiwan." China continued its response to Singapore's "disobedience" by excluding them from the then-largest Belt and Road Initiative meeting in 2017. Singapore has always supported China's Belt and Road Initiative, but when they pushed back on China regarding international territory issues, China fought back. Additionally, China began to prioritize its relationship with Malaysia over Singapore with regard to development and potential BRI investments, further punishing Singapore. It appears that Singapore learned a lesson from these small skirmishes and has since adjusted its stance on publicly supporting causes that China opposes, as in 2019 the two countries signed a series of agreements to collaborate on BRI-related projects. The turn to a more neutral stance once again shows the desire to hedge between the two great powers.

Malaysia's Hedging Strategy

Malaysia is a significantly larger nation than Singapore, but it does not hold quite the same economic standing in the region. This difference reveals itself in Malaysia's hedging strategy: it is shaped by its domestic political considerations, economic interests, and regional security concerns. Malaysia's approach to managing the great power struggle is also more dependent on public opinion. Singapore has a reputation for its no nonsense approach to governance, law, and order, so it is less

⁷⁴ Panda, "Singapore."

⁷⁵ Tan, "Singapore's Survival."

⁷⁶ Tan, "Singapore's Survival."

dependent on public opinion than a nation like Malaysia is when steering foreign policy. It is also important to note that many of the scholars we interviewed in Malaysia did not refer to their country's approach as hedging, thinking that the term oversimplified the issue. The country's leaders may not view their actions as hedging per se, but rather as adopting a practical approach that allows them to maximize opportunities and minimize risks in the face of evolving geopolitical dynamics. One Malaysian scholar referred to the importance of rhetoric and that they must never shout their opinions, but instead maintain a consistent, calm response. The scholar pointed out that although this approach may appear weak to the United States and China, it is essential to their survival. This highlights a major concern with hedging: being friends with everyone might lead to being friends with no one if the relationships are not handled with caution.

Malaysia has a unique outlook on U.S.-China Competition, in part, because they (unlike Singapore) have a territorial claim to part of the South China Sea. Chinese Coast Guard vessels entered Malaysian waters 89 times from 2016 to 2019 and the Malaysian government has struggled to manage the situation.⁷⁷ These incursions have come as Beijing increasingly expands its claims to the South China Sea. The Chinese Coast Guard has protected the illegal fishing of Chinese fishermen in Malaysian waters and posed severe problems for Malaysia's offshore oil and gas projects.⁷⁸ These incidents provoked a reaction from the Malaysian government, as they mobilized their navy and sent diplomatic notes encouraging the Chinese vessels' withdrawal. These small maneuvers, however, are all Malaysia can do without the risk of drawing China's ire.

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Reuters. "Chinese Ships Intruded into Malaysian Waters 89 Times in Four Years, Report Says." July 14, 2020, sec. Emerging Markets. https://www.reuters.com/article/us-malaysia-chinasouthchinasea-idUSKCN24F17U.

⁷⁸ Cronin, Robert A. Manning, Patrick M. "Under Cover of Pandemic, China Steps Up Brinkmanship in South China Sea." Foreign Policy (blog), May 14, 2020. https://foreignpolicy.com/2020/05/14/south-china-sea-dispute-accelerated-by-coronavirus/.

Perspectives were split amongst the academics we spoke to on China's encroachment in the South China Sea. Some claimed that the territorial disputes with China were a major concern for Malaysian sovereignty and security, whilst others argued that the strength of their economic ties with China far outweighed any encroachment from Chinese ships. These two perspectives highlight the push and pull that comes with hedging as a foreign policy strategy. China is the most significant trading partner of Malaysia next to Singapore, and it serves as a crucial source of foreign direct investment for Malaysia.⁷⁹ China has particularly invested in Malaysian infrastructure development projects under their Belt and Road Initiative. While these economic ties offer opportunities, Malaysia remains cautious about potential debt traps and ensures projects align with its long-term interests. Some academics also noted their support and belief in US patrols in the region, and others, conveyed that US patrols only encouraged more activity from China, potentially upsetting the already delicate balance of power. 80 However, Malaysia's concerns are not only with the actions of China, but also the United States. AUKUS, as mentioned in previous sections, highlights everything that Malaysia sees wrong with the United States' influence in Southeast Asia. The introduction of nuclear energy (regardless of what form it takes) into the region was referred to by numerous academics as an example of blatant disregard to their values. Malaysia seeks to walk the line politically, yet assert their unchanging beliefs consistently to send a message to both great powers.

Hedging and Face

Academics in both Malaysia and Singapore repeatedly referred to face as a driving force behind the hedging policy. ASEAN nations, in particular, look at foreign policy and their interactions with other

⁷⁹ Workman, Daniel. "Malaysia's Top Trading Partners 2022." Accessed August 16, 2023. https://www.worldstopexports.com/malaysias-top-import-partners/.

⁸⁰ Jackson, "The Problem with Primacy."

difficult to explain, with the Chinese novelist and philosopher Lin Yutang famously saying that face was "impossible to define" and "abstract and intangible." Although challenging to pin down, it often refers to how a nation reacts to and responds to events in the context of foreign policy. This brings back the aforementioned principle of "don't shout" mentioned by a Malaysian academic. Malaysia is always conscious of how their response may appear to other nations and tends to make sure that they are as calm as possible when speaking about events that have taken place, positive or negative. However, what they might not respond with in words, they say loud and clear through action, whether it is in favor of the US or China at any given moment. In order to truly understand the actions of Singapore and Malaysia, one must read between the lines. It is yet to be seen what the line will be for Malaysia and Singapore to pick a side with either great power, but it is certain that a decision will only come after all other options are exhausted.

⁸¹ Ho, David Yau-fai. "On the Concept of Face." *American Journal of Sociology* 81, no. 4 (1976): 867–84. https://www.jstor.org/stable/2777600.

ECONOMIC FRAMING

By Nicholas Marusic & Ryan Raimondi

The most significant challenge to understanding the economic impact of great power competition on Singapore and Malaysia comes not from the numbers themselves, but rather their interpretations. When discussing this interpretation, there are two primary frameworks that describe the economic relationships of China and the United States with Malaysia, Singapore, and the rest of Southeast Asia. The interactions in these economic relationships are categorized as economic flows or stock. Economic flows are generally referenced over a period of time while economic stock is measured at a specific point in time. Trade, ongoing investment projects, imports, and exports all fall under economic flows. Wealth, population, and companies fall under economic stock. Although the distinction between flows and stock could be chalked up to nothing more than obscure economic jargon, an analysis of the two frameworks reveal a fundamental difference between Chinese and the American approaches to the vast Southeast Asian market.

The Chinese approach to the region employs economic practices typically categorized as flows. The most common method of economic flow is trade. Trade flows help China develop strong economic relationships throughout Southeast Asia and establish financial interdependence in the region. China is both Malaysia and Singapore's top trading partner, they outpaced the United States in Southeast Asian trade flow \$2.978 trillion to \$1.466 trillion (tn) in 2020.⁸² This significant trade gap between the two competing powers reflects their economic strategies over the last several years. While China has increased its openness and capability to trade with the region, the United States has retreated (Appendix 1). This retreat manifested itself in 2017 when the US withdrew from the Comprehensive and Progress Agreement for Trans-Pacific Partnership (CPTPP). The partnership

⁸² Institute, Lowy. "Map - Lowy Institute Asia Power Index." Lowy Institute Asia Power Index 2023. Accessed August 16, 2023. https://power.lowyinstitute.org/.

would have been one of the world's largest free trade agreements in history accounting for over 30% of global GDP. American withdrawal from the agreement opened the door for the newly formed Regional Comprehensive Economic Partnership (RCEP) which China joined in 2022, further connecting the superpower with the ASEAN bloc. RCEP organizes 15 countries that account for approximately 31% of global GDP⁸³. The overwhelming power of this agreement falls in line with Chinese economic activity over the last several years aimed at improving their geopolitical standing.

Yet, the focus on gaining a geopolitical edge does not exist solely within the bounds of trade agreements. China is not afraid of employing other economic flows to improve its influence in the ASEAN region and beyond. The Belt and Road Initiative (BRI), for example, is China's cornerstone infrastructure megaproject in the last decade. This initiative has dedicated trillions of development infrastructure around the world, particularly in Southeast Asia. Among the top five receipts of BRI in Southeast Asia are Malaysia (\$98.46 billion (bn)) and Singapore (\$70.09bn). In fact, the largest BRI project under construction is a nearly \$12bn rail system in Malaysia. Projects like these have increased both Malaysia and Singapore's reliance on Chinese infrastructure investments and supply chains. While China is concerned with improving its economic wellbeing, their financial gain is not nearly as important as the geopolitical leverage they secured through projects, especially across their ASEAN backyard, including Singapore and Malaysia.

Beijing's physical infrastructural influence is more notable in Malaysia than its nation-state neighbor, whose economy is more service-based. Throughout Kuala Lumpur, construction cranes

⁸³ Park , Cyn-Young . "Three Areas Where RCEP May Help the Region's Post-Pandemic Recovery | Asian Development Blog." Accessed August 16, 2023. https://blogs.adb.org/blog/three-areas-where-rcep-may-help-region-s-post-pandemic-recovery.

⁸⁴ Jinny, Yan. "The BRI in Southeast Asia." CIMB Southeast Asia Research and London School of Economics and Political Science, October 2018.

⁸⁵ The Institute for Democracy and Economic Affairs (IDEAS), Malaysia. "BRI Monitor: East Coast Rail Link (ECRL)," n.d. https://www.brimonitor.org/wpcontent/uploads/2021/07/CS_ECRL.pdf.

and machinery showcase Chinese characters, highlighting the chief investor in the city's continued development. Overseas, China has long had significant influence in Malaysia; their primary ethnic group is second to only Malays in percentage of population. This diaspora has created a bamboo network that exerts political influence through lobbying, pushing Chinese culture and language education in school curriculums, and generally distracting from the PRC's incursions on Malaysian sovereignty—all creating a domestic climate favorable to Chinese investment. While BRI projects generally face scrutiny, the problems are often scapegoated on local corruption and mismanagement, which masks the predatory lending conditions that come with the package.

Consider the East Coast Rail Line (ECRL) project, which was a signature BRI plan to link the Malaysian peninsula's east and west coasts. From the start, there was a lack of due diligence on the Chinese side, and was part of the massive corruption scandal of now imprisoned former PM Najib Razak. Nevertheless, the primary lender, China's Export Import Bank, set unrealistic goals for both the timeframe and budget which resulted in countless delays. While the project is now almost halfway done and promises a more reliable transpeninsular connection, Malaysia now owes billions of dollars to the Chinese government, and taxpayers have yet to encounter that financial burden. Beyond this rail project, there are also two large-scale Chinese pipeline projects that have been caught up in local corruption to the further draws into question how China vets its contractors and runs overseas projects. Many experts point to the assignment of these projects to provincial governments within China, who might be more eager to prove themselves to Beijing than actually capable of managing such large infrastructure endeavors outside of their own borders. In short,

⁸⁶ Feng, Emily. "Malaysia's a Big Draw for China's Belt and Road Plans. Finishing Them Is Another Story." NPR, July 26, 2023, sec. World.

https://www.npr.org/2023/07/26/1183152803/malaysia-china-belt-and-road-rail-infrastructure.

⁸⁷ Feng, "Malaysia's a Big Draw."

aspiration for political power in the most tangible form, infrastructure, has hurt not the investors but rather Malaysians who now pay the price of mismanagement.

Alternatively, the United States has taken a different approach to influence Southeast Asia that involves economic stock. This approach relies on the free-market capabilities of the American economy which promotes enterprises around the world. As of 2020, there are 595 American-based corporate giants with global presence.⁸⁸ Conversely, China has approximately 351 companies with global presence.⁸⁹ This stark difference of American corporate presence compared to China is immediately evident in the cavernous streets of Singapore's financial district. One cannot walk more than a dozen feet without looking up at an internationally recognized American logo. Moreover, these logos are not empty propaganda attempts to promote American business. Rather, the logos reflect Singapore's desire to attract American corporations and work for them. As recently as 2022, 11 out of 25 of Singapore's best employers were American companies with Google taking the top spot on the list. 90 The high volume of American business in the ASEAN community reflects the United States' size and wealth, even in spite of its distance from the region. According to the Lowy Institute Asia Power Index, the United States has the highest level of economic capability (a measure of overall economic weight and strength) rating at 88.0 in Southeast Asia. 91 China has the next highest rating of economic capability of 87.0.92 Evidently, the margins between China and the United States are thin. Yet, these margins do not translate equally as influence. While Singapore and Malaysia desire American business, American enterprise does not carry nearly the same amount of geopolitical weight that China has amassed with its more tangible economic strategy.

⁸⁸ Lowy Institute, "Asia Power Index."

⁸⁹ Lowy Institute, "Asia Power Index."

⁹⁰ "Singapore's Best Employers 2022," April 18, 2022. https://www.straitstimes.com/best-employers-singapore-2022.

⁹¹ Lowy Institute, "Asia Power Index."

⁹² Lowy Institute, "Asia Power Index."

The economic stock of the United States fails to attain the high visibility of Chinese economic flows. This distinction fundamentally separates the United States and China when it comes to financial influence. While China mobilizes trade and infrastructure investment for political gain, the United States has taken a much softer approach to economics. There is widespread sentiment, based on general discussions in Malaysia and Singapore, that United States economic involvement is weak compared to China. This sentiment has been cultivated over the last several years beginning during the Trump Administration. The pullback of trade agreements, as previously stated, coupled with the start of a trade war destabilized Southeast Asia and ostracized the United States. While tensions have subsided recently, there is still a lack of commitment that officials in both Malaysia and Singapore have expressed. The attempts of the Biden Administration to restore relations with the introduction of the Indo-Pacific Economic Framework for Prosperity (IPEF) has fallen short of expectations to replace CPTPP. One particular official noted that IPEF is a "stick without the carrot." Moreover, the State of Southeast Asia 2023 Survey Report reported that nearly 60% of the region regards China as the most influential economic power. 93 Regardless of whether American economic involvement may be equal or greater than the Chinese, perception is paramount. In this case, the perception is clear that China has a greater economic influence largely due to their focus on economic flows. The economic stock of the United States cannot be converted into political capital. As flashy as the Bank of America logo may look on a Singapore skyscraper, the inroads of the bamboo network are far deeper than just the business world. Thus, Malaysia and Singapore hold their perspective that the United States is a less important economic ally.

⁹³ The International Institute for Strategic Studies (IISS). Asia-Pacific Regional Security Assessment 2023: Key Developments and Trends. 1st ed. London: Routledge, 2023. https://doi.org/10.4324/9781003454724.

ECONOMICS & NATIONAL SECURITY

By Nicholas Marusic & Ryan Raimondi

The imbalance of economic influence between the United States and China has contributed to a growing instability in the region, especially in regard to both trade and prices. This instability comes at a time of rapid growth in Southeast Asia. Prior to 2020 and after the turn of the century, both Malaysia and Singapore have nearly quadrupled their GDP. His rapid growth of Southeast Asian economies has created a turbulent economic environment. This constantly changing landscape coupled with the perceived imbalance of economic influence has contributed to a heightened sense of concern over China, whose BRI goals often come at a cost of financial independence. Nearly 64.5% of Southeast Asia is worried about China's increasing economic influence (IISS). Thus, many Southeast Asian nations including Malaysia and Singapore look to find stability in an unstable place. More often than not, this stability is found among defense agreements and national security interests.

While trade agreements and the dynamics of the economy are vulnerable to volatile supply and demand, defense pacts and security relationships are far more resilient. The resilience of these security relationships is a cornerstone of protecting the aspects of Southeast Asian economies that are crucial for growth, but nevertheless, these relationships themselves must be paid for. The ASEAN community finances this growth through trade, foreign direct investment (FDI), and debt financing. These economic tools are highly sensitive and fluctuate based on the geopolitical environment. Fortunately, as Singapore's founder and longtime prime minister Lee Kuan Yew pointed out, the geopolitical environment of Southeast Asia has largely been peaceful and stable due

⁹⁴ World Bank Open Data. "World Bank Open Data." Accessed August 16, 2023. https://data.worldbank.org.

⁹⁵ IISS, "Asia-Pacific Regional Security Assessment."

to American military presence.³⁶ This presence has allowed for the unprecedented economic growth in the region over the last several decades. While proximity limits the U.S. from a trade perspective, the nation's military provides greater geographical reach, and has worked to maintain a strong presence through its Indo-Pacific Command since the end of World War II⁹⁷. Consequently, both Singapore and Malaysia along with other ASEAN nations have maintained close military ties with the United States. In fact, American defense agreements and exercises with Malaysia and Singapore far outpace Chinese military agreements (Appendix 2). Despite this disparity, Chinese encroachments and oversteps have increased in the last several years. The development of China's nine-dash line which claims historic rights to almost all of the South China Sea is just one of many examples. As recently as 2019, Malaysia submitted a formal dispute with the United Nations over nine-dash line claims that threatened Malaysian sovereignty.⁹⁸ Moreover, Singapore recently experienced heightened tensions with China after several of their troop carriers were seized in Hong Kong while on their way back from a training exercise in Taiwan near the end of 2016.⁹⁹ Although the troop carriers were eventually returned, the event threatened Singapore's sovereignty and reminded them of China's aggressive posture over the last decade.

The longstanding stability of the region appears to be waning. The trend of this looming instability threatens the fragile yet interdependent economic environment that Malaysia and Singapore rely on. This is more than just a domestic issue - if investors and other nations sense that their investments in Southeast Asia could be affected by potential conflict or government overreach

⁹⁶ Kuik, "Getting Hedging Right."

^{97 &}quot;PACOM." Accessed August 16, 2023. https://www.pacom.mil/.

⁹⁸Regencia, Ted. "Malaysia FM: China's 'Nine-Dash Line' Claim 'Ridiculous." Accessed August 16, 2023. https://www.aljazeera.com/news/2019/12/21/malaysia-fm-chinas-nine-dash-line-claim-ridiculous.

⁹⁹ Reuters. "Hong Kong to Return Singapore's Seized Troop Carriers, Easing Tensions." January 24, 2017, sec. Aerospace and Defense. https://www.reuters.com/article/us-hongkong-singapore-taiwan-idUSKBN1581A7.

then they will reposition their business. A scenario like this cannot materialize without crushing the economies of Malaysia and Singapore. Thus, it is natural that the national security interests of these nations go hand-in-hand with their economic health. Investors and decision-makers in the U.S. and China pay attention to political indicators (rhetoric in speeches, territorial incursion, bans of certain apps) just as much as traditional market indicators like interest rate or inflation. Malaysia and Singapore must prioritize regional security if they intend to continue the economic growth they have enjoyed in the last 20 years.

PERSONAL REFLECTIONS

The Joint Research Project to Malaysia and Singapore was, in our opinions, a great success. From the range of professionals we interviewed to the experiences we had along the way, we were not left wanting for lack of cultural and academic stimulation. Looking back on the project, here are some of our highlights, the things we thought we could have done better, and a couple of reflections from two members of the JRP delegation.

One thing the JRP participants enjoyed was the wide array of people we interviewed. Instead of students reaching out to experts in the area, this year all outreach was conducted through the project coordinators at USNA, Tufts, and USMA: CAPT Ostwind, Heather Barry, and Dr. Jee (respectively). While this meant the students did not have as direct control over who we met with, we felt the expertise and weight of our mentors' names opened doors that would not have been opened otherwise, reaching out as student researchers. We also really enjoyed the experiences we had in meeting the experts selected: visiting the beautiful Universiti Sains Islam Malaysia or seeing the million-dollar view from the IISS Singapore headquarters. Another thing we felt was done well was the scheduling. Aside from one day jam-packed with four interviews, we struck a good balance with one or two meetings a day and our afternoons left to us. This way we were able to explore the cities we found ourselves in and learn about the rich cultures of Malaysia and Singapore. Visiting the Batu Caves in Kuala Lumpur and the Botanical Gardens in Singapore stand out. Of course, another highlight was the food—in a region so ethnically and culturally diverse, we were spoiled with excellent food from almost every corner of the world.

A strong point of the entire endeavor is increased civilian-military exchange. For the first week or so, before the JRP delegates really got to know each other, we covered almost all of the day-to-day differences between civilian university students and military university students. Having such a great length of uninterrupted time with our teammates facilitated exchange along all lines, even civ-

mil griping about dining hall food. Tufts University students walked away with greater military literacy and service academy students received greater insight into the civilian perspectives on issues that the United States currently faces.

For all that we enjoyed, though, we do have some things we would do better. For starters, we would organize more student meetings in advance of the trip, maybe even going as far as setting up weekly meetings to check in. We encountered some miscommunication regarding our research question and contribution expectations in the semester leading up to the in-country portion of JPR, and we feel this could have been ameliorated with more Zoom meetings. We also *highly* recommend creating a WhatsApp group chat with every member of the student delegation *as early as possible* (trust us, it will save you a lot of grief).

As for the in-country portion, there is little that we felt could have been improved. Staying in the same hotel in Singapore and planning over breakfast really helped set us up well for the day, so we recommend staying in the same accommodations if possible. While we had much fun on our own as a group, we would have enjoyed another outing or two with our wonderful professors—their humor and insight were wonderful components of this trip. JRP really is, at risk of sounding cliché, a once in a lifetime opportunity. Each of us learned so much and had an equal measure of fun in our free time. It was a great experience to access resources not normally available to students, as well as the cultural experiences needed to truly gain an understanding of the subject. We are, each one of us, so grateful for the chance to have explored not one, but two fantastic countries on the ALLIES 2023 Joint Research Project. Now for our individual reflections:

oing from the airport to our accommodation in Kuala Lumpur, the most surprising thing (besides driving on the left side of the road) was the sheer number of skyscrapers. As we approached the city center, my eyes were glued to the sky rather than the road ahead. But in the coming days, I began to realize many of these buildings were more of

a front than a true accomplishment. While Kuala Lumpur does rank seventh in the world for number of skyscrapers, many of them were financed in shady ways and many remain partially unoccupied. The Exchange 106, for example, which is the second tallest in the country and 19th tallest in the world, was financed by a national development fund from which \$4.5 billion disappeared; \$731 million of that money went to Najib Razak, the former prime minister who now sits in jail for one of the biggest money laundering scandals in history. Meanwhile, Malaysia has a 66% external debt to GDP ratio, the second highest in Southeast Asia, making its finances more vulnerable to international markets. The country's financial mismanagement and losses to corruption have certainly impacted domestic spending in crucial areas like education and transit. Moreover, these issues make it difficult for foreign investors and companies to invest in the country. A common trope amongst Malaysian academics and professionals we interviewed was that not enough Western companies want to conduct business with Malaysia. They admit that the widespread corruption, as symbolized in many of Kuala Lumpur's skyscrapers, is a primary reason for this. In turn, despite all the ingredients to become a fully developed country, Malaysia's growth is stagnated, and its people suffer the consequences. With recent anti-corruption reforms and increased trade, there is hope on the horizon. But for now, much of the capital city's skyline will remain a high-rise reminder of the high cost of corruption.



The ALLIES trip to Singapore and Malaysia was my first international trip in over 15 years. Fortunately, the trip did not disappoint. I gained invaluable experience and perspective on a part of the world that I knew little about. A world which was opened to me after insightful discussions at the embassies, ministries of defense, and universities.

Nevertheless, I must admit that the most impactful conversation I had was with a taxi driver. On my last day in Malaysia on the way to the airport, I decided to ask my driver what he thought of the United States and China power competition. While he did not speak a lot of English, he spoke enough. Repeatedly, he responded that there was "no problem." Despite my efforts to ask him to expand on his thoughts, he simply provided the same phrase over and over again. The interaction was a fundamental lesson on how Southeast Asian culture deals with issues ranging from economics to diplomacy. There is a sense of friendliness, a

necessity for stability at the heart of their way of life which prevents them from making enemies. This tendency toward peace is a model useful for the world to emulate.

Conclusion

By Jaden Young

The rising tensions between the leading world powers of China and the United States has an immediate and ripple effect on smaller countries like Singapore and Malaysia. The already small escalatory behavior between these two global juggernauts has put these smaller countries in a tough predicament. With Malaysia and Singapore having strong economic ties with both the United States and China leaves them no choice but to cater to both world powers' agendas, even if they are conflicting. This sort of societal limbo forces these smaller countries to walk the tightrope of neutrality through mediums like hedging and ASEAN.

Through soft and indirect power projections of the Belt and Road Initiative and hosting military installations in their countries, the influence and involvement both the United States and China has on these two countries are undeniable and vividly tangible. BRI is one of the many economic hooks China has latched onto Malaysia, seeping itself into the very foundations in which the countries stand on. As systemic and binding the economic relationships China shares with both of these countries, the United States is just as relevant through providing stability and security in the Eastern South China Sea; through its power projection with its military to agreements made like AUKUS. If the tension between the PRC and USA were to reach something more than just labeling each other as adversaries, the global standing of both countries' reputations would take a hit.

Malaysia, as a still-developing country, would not be able to sustain a potential USA-PRC conflict. Suffering from things like brain drain, and not being an established enough country yet with international credibility would send the country crashing. Saving face is a tactic that only works with two non-warring parties, if the two global powers advance past being adversarial, this tactic will crumble steadfastly. Malaysia, needing all investments and economic contributions from both sides

would feel the repercussions immediately; and would exacerbate problems like the aforementioned brain drain. The country having to pick between a presence of security and the economic ties with the United States and the economic ties and infrastructure surrounding BRI would prove to be more than troublesome and result in a swift decline with either decision.

Singapore, as the solidified economic and trading hub that it is, would also be negatively affected by an escalation of tension between these two world powers. Singapore is completely dependent on the trade flows through the Strait of Malacca, and what is imported and exported out of the country. This foundation laid by its booming economic success has allowed its culture and society to flourish abundantly. This advancement in society is prevalent in areas such as its military, academia, and its politics. However, Singapore being a smaller nation introduces the need for further security than it can provide on its own. The United States provides this security and by its presence alone decreases encroachment and violations of sovereignty by countries like China indefinitely. However, with China and the United States being always within Singapore's top three trading partners, any escalation that means picking one side over the other would hit Singapore hard. Regardless of which way the nation decides to go, it would prove to be a worthy obstacle to scale trying to regain stability within the country.

The tension between China and the United States is a situation that has no clear-cut resolution for either of these smaller nations. With overlapping relationships and interests, being neutral will only take these countries so far, but an unpredictable and potentially unstable future for both Singapore and Malaysia lies beyond neutrality.

APPENDIX 1. TRACKING FREE TRADE AGREEMENTS

	U.S.	China**
Singapore	US-Singapore Free Trade Agreement (USSFTA)	China - Singapore Free Trade Agreement (CSFTA)
	Trans-Pacific Partnership (TPP)*	ASEAN-China Free Trade Area
		Regional Comprehensive Economic Partnership (RCEP)
Malaysia	Trans-Pacific Partnership (TPP)*	ASEAN-China Free Trade Area (ACTFA)
		Regional Comprehensive Economic Partnership (RCEP)

^{*}denotes FTA that has since been abandoned

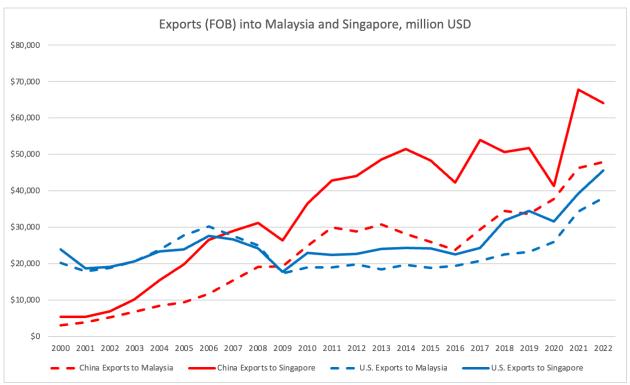
^{**}note that Singapore often engages in more regionalized trade agreements with specific Chinese provinces, such as Guangdong

APPENDIX 2. TRACKING JOINT MILITARY EXERCISES

	U.S.	China
Singapore	Tiger Balm Valiant Mark Cobra Gold Commando Sling Red Flag CARAT SEACAT	Unnamed Naval cooperation exercises (most recently 2021, 2023) ADSEC (need to explain)
Malaysia	Keris Strike Cope Taufan CARAT Keris Warrior SEACAT	Amana Youyi

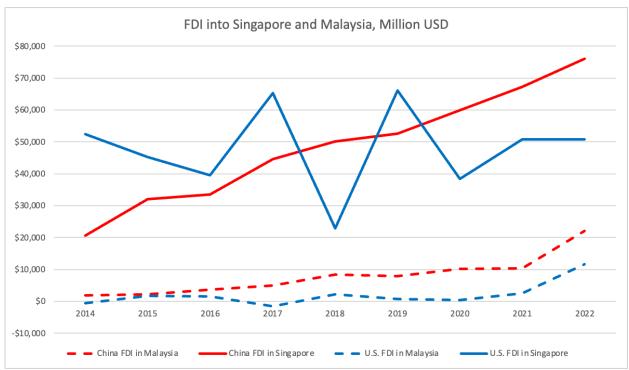
https://www.mindef.gov.sg

APPENDIX 3.1 SIDE BY SIDE - INVESTMENT FLOWS



China (red lines) clearly eclipses the U.S. (blue lines) in exports to Singapore and Malaysia around the mid to late 2000s Graph is original, data from IMF Database

APPENDIX 3.2 SIDE BY SIDE - INVESTMENT STOCK



China still leads in FDI into Singapore and Malaysia, although gaps are not as stark and there is room for U.S. growth Graph is original, The World Bank, MOFCOM China*

^{*}China's 2022 FDI numbers are estimated because actual values were not yet available from MOFCOM, data was also only available back to 2014, hence the more isolated timeframe

GLOSSARY

IUU: Illegal, unregulated, unreported fishing

EEZ: Exclusive economic zone **SLOC**: Seal line of communication

UNCLOS: United Nations Convention on Law of the Sea

FPDA - Five-Power Defence Arrangements

AUKUS - Australia–United Kingdom–United States

FPG - FPDA Policy Group

CSCAP - Council for Security Cooperation in the Asia-Pacific

TPP - Trans-Pacific Partnership Agreement

CPTPP - Comprehensive and Progressive Agreement for Trans-Pacific Partnership (revised version of the TPP without the USA)

PSI - Proliferation Security Initiative

AMF – Asian Monetary Fund

RCEP - Regional Corridor Economic Partnership

IPEF - Indo-Pacific Economic Framework for Prosperity

BRI - Belt and Road Initiative

FDI - Foreign direct investment

MiDAS - Malaysian Institute of Defence and Security

DWP - Defense white paper

MoU - Memorandum of Understanding

IISS - International Institute for Strategic Studies

PRC – People's Republic of China

US: United States [of America]

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