
| RESEARCH ARTICLE

The Evolution and Development of Malaysia's Strategy Towards China (1957-2022)

Zhao Xinlei

PhD Candidate, School of International Studies/Academy of Overseas Chinese Studies, Jinan University, Guang Zhou, China

Corresponding Author: Zhao Xinlei, **E-mail:** zhaoxlbob@gmail.com

| ABSTRACT

This article uses the period from 1957, the year Malaysia gained independence, to 2022, as the research timeline to examine how Malaysia's strategy toward China developed and what variables significantly influenced its development. The study's findings demonstrate that Malaysia, a tiny nation, has developed its relationship with China through four distinct phases: confrontation (1957–1974), non-alignment (1974–1981), balance (1981–2018), and the "new" hedging approach (2018–2022). Five main factors, including leadership qualities, domestic interest groups, national interest considerations, great power rivalry, and ASEAN principles, all play a role in the evolution of Malaysia's strategy toward China over the course of four phases, according to Robert Putnam's Two-Level Game Theory. Of these, national interest considerations and great power rivalry are the most important influencing factors. Although Malaysia's various strategic decisions and use of China have, to some extent, helped to stabilize bilateral relations and practical cooperation between Malaysia and China, they also demonstrate that Malaysia, as a small and sensible country, is cautious and concerned when establishing relations with China. Due to these complex variables, Malaysia will modify its China policy to reflect the current environment in order to better respond to changes in both domestic and global circumstances and advance its own national interests.

| KEYWORDS

Malaysia, China, Chinese strategy, two-level game theory, small state.

| ARTICLE INFORMATION

ACCEPTED: 02 February 2024

PUBLISHED: 22 February 2024

DOI: 10.32996/ijaas.2024.3.1.5

1. Introduction

Anwar Ibrahim was chosen as Malaysia's next prime minister following the conclusion of the country's 15th general election. This marked Pakatan Harapan (PH) return to power and the start of a new era of administration for the nation. Furthermore, since Malaysia and China established diplomatic ties in 1974, about 50 years have passed. Malaysia's approach to China has changed and grown during this process in order to better respond to changes in Malaysia's domestic and international environment and to protect national security and interests. This also reflects the fact that the small countries in Southeast Asia, led by Malaysia, have not always adopted the same external strategies in developing their relations with the larger countries in the region but have constantly updated and adjusted them in light of the realities. Thus, the research questions in this study are what tactics Malaysia has used to build its relations with China and what major elements have greatly influenced Malaysia's China policy. In order to give China some useful insights into the development of relations between Malaysia and China based on the new Malaysian government, the author will combine Robert Putnam's Two-Level Games Theory to explore the factors that have influenced the development and changes of Malaysia's strategy towards China from both domestic and international dimensions and systematically review the process of Malaysia-China relations from the perspective of historical development. This paper will further enrich the literature on the development of foreign strategies of small states in Southeast Asia in a theoretical sense and integrate a general perspective to explain the development of foreign strategies of small states in Southeast Asia. In addition, in a practical sense, as Malaysia's economic and trade relations with China continue to deepen, the new Malaysian government will inevitably take new measures and actions in its relations with China. The analysis of Malaysia's strategy towards China can provide more

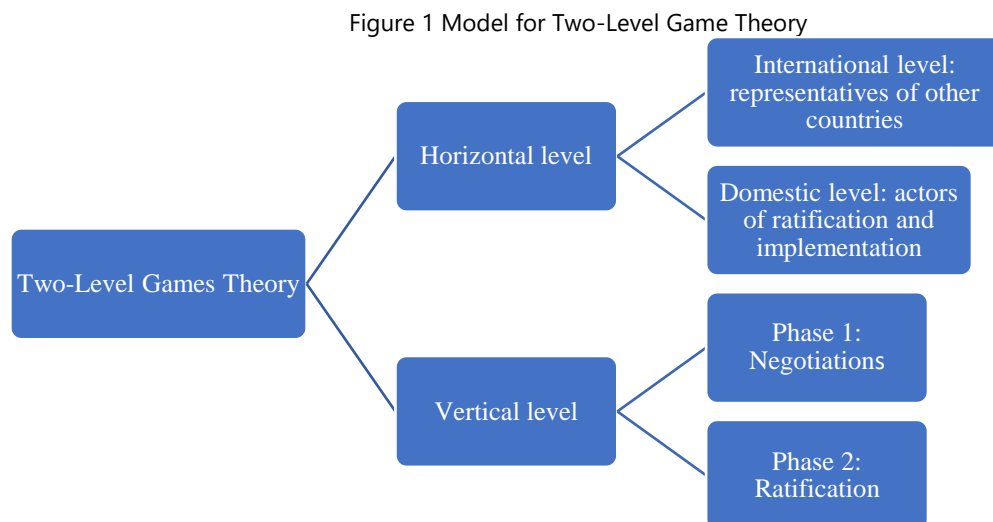
empirical explanations on how China can take effective measures to promote practical cooperation with Malaysia in trade and economic relations and achieve further interaction on the tenth anniversary of the "Belt Road Initiative (BRI)".

Malaysia is one of the nations in Southeast Asia with the closest ties to China and depends heavily on close cooperation with China for its economic and regional development, as well as because changes in Malaysia's strategy towards China can reflect the cognitive responses of small countries, Malaysia has always been a focus of attention for scholars and researchers in the field of international relations. It is also clear that changes in Malaysia's policy toward China may be a reflection of how tiny nations like Malaysia are viewed to behave when dealing with powerful nations like China. In general, scholars have concentrated on two sorts of studies when examining the body of prior research on Malaysia's approach toward China. The first is a broad assertion that Malaysia has chosen a hedging strategy as its primary means of addressing the growth of its bilateral ties with China and assesses the precise ways, implications, and conditions of doing so. The second sort of analysis is based on the development of Malaysia's diplomatic relations with China, explaining and comparing Malaysia's approaches to China at various historical junctures and then discussing the effects of the various approaches on Malaysia's bilateral relations with China. However, the majority of both types of research either evaluate the historical development of Malaysia's policy towards China or focus on the hedging strategy as a crucial tool for Malaysia to deal with China's ascent. Many of them concentrate on examining and debating Malaysia's stance toward China at a particular time. Few academics have studied the past and methodically examined how Malaysia's strategy toward China has changed over time and what variables have influenced this evolution. The creation of every country's foreign strategy is a dynamic process that is the outcome of a number of circumstances. It does not begin with a single strategy to handle the international situation.

2. Analytical Framework: Two-Level Games Theory

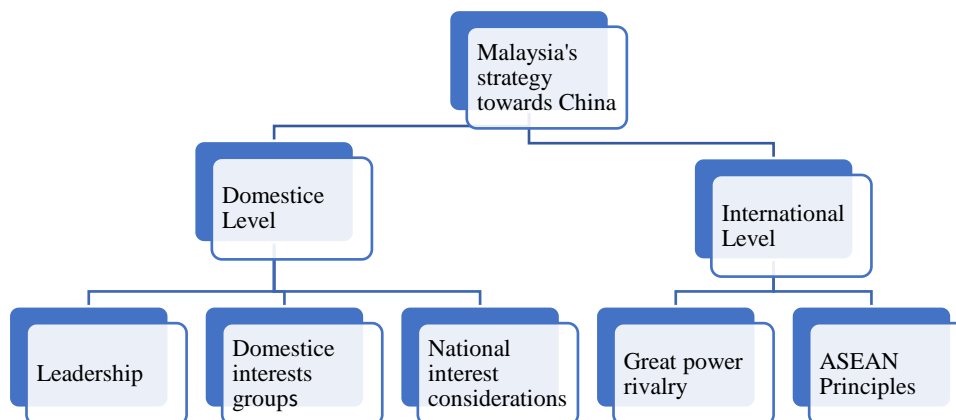
Since it is the main method of establishing contacts with other nations, any country's choice of external strategy is crucial to its development plan. Correct implementation can effectively encourage the growth of bilateral ties between the nation and other nations. A badly planned external policy, on the other hand, can result in strained ties with foreign nations or even enmity or violent war between the two sides. The state must, therefore, carefully evaluate which foreign policy to implement in order to further its objectives. Many academics have examined the decision of a state's foreign policy from many angles in the field of international relations. Instead of analyzing the implications for foreign strategy in terms of domestic politics alone, as scholars of international relations have done in the past, Robert Putnam is keen to observe that there is a link between domestic and international politics and that this link has implications for foreign strategy. Robert Putnam, on the other hand, has studied how foreign strategy is conducted from the perspective of how domestic and international politics interact. He proposed his classic Two-Level Games Theory, which "powerfully explains how a state's external strategy is influenced by both domestic and international politics.

In Figure 1, Putnam (2017) divides the "two-level games theory" into vertical and horizontal levels. Putnam assumes that negotiators on behalf of the state play a two-way game at both the domestic and international levels, with the horizontal level being the level at which negotiators negotiate with representatives of other states to negotiate specific issues at the international level, and with those actors who ratify and implement at the domestic level the first phase of the game and the second phase's full acceptance by the domestic electorate hold the key to a "winning set." Only if the game is well played and accepted by the majority of voters will the negotiations' outcome be noteworthy.



Since gaining independence, Malaysia has made numerous adjustments to its policy toward China in response to the actual state of both local and international politics, and both of these factors have inevitably influenced the growth of Malaysia's approach to China. For this paper, I believe that the following five factors—leadership, domestic interest groups, national interest considerations, the great power rivalry, and the ASEAN principles—are the most crucial. National interest considerations and the great power rivalry are the two most important factors, though many scholars have suggested a variety of other factors that have influenced the development of Malaysia's strategy towards China. There are specific connections among the influencing elements in the context of national foreign strategies, which in turn affect the formulation and execution of national foreign strategies through the comprehensive interaction of the factors. Figure 2 depicts the interaction model of Malaysia's strategic development with China based on Putnam's "two-level games theory."

Figure 2: Elements affecting Malaysia's China approach



3. The development of Malaysian Strategies towards China (1957-2022)

Malaysia joined the Association of Southeast Asian Nations (ASEAN) as a member state and was the first ASEAN nation to establish diplomatic ties with China and take part in its "Belt Road Initiative (BRI)". Malaysia has adopted a multifaceted strategy to strengthen the growth of bilateral relations with China and places a high value on engagement and development with China. Malaysia's strategy toward China, however, is not a constant process and has, at various points in time, been marked by conflict and collaboration due to a variety of causes. As a result, there are four distinct phases that Malaysia's strategy toward China may be classified into:

- (i) A confrontational approach grounded in ideology (1957-1974)
- (ii) The Adjustments of Non-Aligned Strategy's to China (1974-1981)
- (iii) A Balanced Strategy for the Development of Relations with China (1981-2018)
- (iv) The "new" hedging strategy in light of the political crisis (2018-2022)

A study of Malaysia's adaptation and development of its related strategies toward China in each step is provided below.

3.1 A confrontational approach grounded in ideology (1957-1974)

Tunku Abdul Rahman's leadership enabled Malaya (then known as Malaysia) to free itself from British domination in 1957, paving the way for the nation's revival. Malaya and China endured similar experiences and ought to have forged close connections given that both nations were subjected to Western colonization and Japanese attack, but the opposite happened. Tunku Abdul Rahman, the first ruler of Malaya, vehemently opposed all types of cooperation and diplomatic ties with the People's Republic of China at the time. He worked with the then-Western nations to promote an adversarial stance toward China because he believed it posed a serious threat to Malaya's national security and interests. The underlying ideological contrasts between the two countries were the primary driver of this direct confrontational strategy. When the People's Republic of China was founded, many Southeast Asian nations still had a sizable number of communist organizations that were in conflict with the local political parties supported by the colonial powers and posed a serious threat to the host nations' national security. Under Tunku Abdul Rahman's leadership, the United States of Malaya was engaged in a bitter conflict with the Communist Party of Malaysia (CPM), which he felt was supported by the People's Republic of China. Tunku Abdul Rahman was adamantly in favor of the communist system. As a result, Malaya had little faith in and ill will for the new China, and the two nations were forced to coexist in unfriendly circumstances.

Further widening the gulf and animosity between the two nations was the Federated Malay States, led by Tunku Abdul Rahman, which, under the influence of the US-Soviet split, sided with the US-led capitalist camp, making it an opponent of the new China, which was at the time in the Soviet camp. The lack of official diplomatic ties and the practical and constructive engagement between the two nations led to the confrontation becoming the main strategy of Malaya's response to China during the Tunku Abdul Rahman era. Although the new China sent the then-Malaya explicit symbols of friendliness, Tunku Abdul Rahman misunderstood and opposed these gestures, viewing them instead as a ploy by the communist state to increase its influence in Southeast Asia (Wang,2011). As a result, Malaya and China were engaged in a complicated confrontation, and the issue of "Malaysian Communism," which was founded on ideological opposition, emerged as the main point of contention between the two nations.

This ideological conflict was a choice that was forced upon Tunku Abdul Rahman by two things. On the one hand, it was because British political ideology persisted in Malaya even after independence. The newly established Malaya still adhered to the British colonial tradition in many areas of the state system and foreign policy and did not make any significant changes, especially in how it handled the "Communist Party Of Malaya (CPM)" issue and insisted on the policy of suppressing the CPM in order to eradicate the CPM, despite the fact that Tunku Abdul Rahman was the country's first leader following its independence from Britain. In addition, Tunku Abdul Rahman was exposed to British democratic and liberal thought during his early studies at Cambridge University. He thought that a capitalist system characterized by freedom and democracy was more suited to the growth of Malaya. Tunku Abdul Rahman, who promoted national independence and freedom, led Malaya to become a brand-new, independent country from Britain. By including Malaya in the Association of Southeast Asian Nations (ASA) in 1961 with Thailand and the Philippines to foster the cooperation of Southeast Asian nations, Tunku Abdul Rahman demonstrated his desire to transform Malaya into a new democratic, independent, and free nation. However, due to the deeply ingrained political ideologies of British capitalism, it was impossible for it to put its trust in the communist nations, and its primary strategy in dealing with China was to engage in direct warfare.

During Tunku Abdul Rahman's tenure, the international relations system was in a period of a cold war between the two superpowers of the US and the Soviet Union. On the other hand, the US-Soviet bipolar system was a "chosen station. Other small and medium-sized nations were forced to make a decision due to the bipolar system. Small and medium-sized countries found it extremely difficult to embrace the "neutrality" strategy at the time because it implied that their security couldn't be totally assured. Due to his mistrust of the communist system and his anxiety over the CPM, Tunku Abdul Rahman decided to support the US-led capitalist camp over the Soviet-led socialist camp when Malaya, a typical tiny country, was forced to take sides between the two. Therefore, the logical course of action in dealing with the new China was confrontation (Baginda,2013). As a result of fundamental ideological disagreements, Malaya and China experienced heated and complicated relations under Tunku Abdul Rahman's leadership.

3.2 The Adjustments of Non-Aligned Strategy's to China (1974-1981)

Singapore was made to become independent in 1965 as a result of the Malaysian Parliament's overwhelming vote to kick Singapore out of Malaysia. In 1969, there was intense animosity and hostility among the local Malays toward the Malaysian Chinese for controlling the country's economy since the Malaysian Chinese had long dominated the economics of the nation while many Malay workers were in lower middle-class employment or were even jobless. The "13 May Incident," often known as the result of this, was a violent race confrontation in Malaysia and also is one of Malaysia's worst race clashes in history. Then-Prime Minister Tunku Abdul Rahman came under fire for not taking the necessary action to address and end the May 13 Incident. Tunku Abdul Rahman announced his resignation in 1970, and Abdul Razak took over as Malaysia's second prime minister.

The first problem Razak had to deal with as the new prime minister was how to reduce racial tensions in Malaysia and advance the nation's economic recovery and progress. To this end, he unveiled the New Economic Policy (NEP). "The New Economic Policy (NEP) effectively increased the economic status and importance of the Malay community in the country, but at the expense of the other races, and the implementation of the NEP also resulted in a rise in the number of Malays in positions of leadership in the country and the establishment of a Malay economic society. However, Razak believed that because Malaysia is primarily a Malay nation, the New Economic Policy could be implemented and satisfy the demands of the majority of the Malay population (Leong,1987). The sacrifice of other races was also unavoidable. "In addition to his economic policies, Razak has established state and central coalition governments in several regions of Malaysia under his activities to promote better UMNO leadership, such as the *Parti Bangsa Malaysia (PBM)* in Sarawak and the Democratic Action Party(DAP) in Penang. On the basis of these efforts, Razak formed the National Front, which has also been the ruling coalition within Malaysia until 2018.

Far from the former Prime Minister Tunku Abdul Rahman, Razak was a much more open and tolerant leader, unlike Abdul Rahman's outright hostility to communist countries, and made decisions based on a thorough understanding of the situation. This openness and tolerance also gave Malaysia a wider scope for development under Razak's leadership. On the one hand, foreign forces

contributed to the violence and instability in Southeast Asia. Even though Malaysia, under Adullaman's rule, adopted a strategy of choosing regional partners, the region's large number of small states means that their capacity to manage the region is constrained and their vulnerability to risk is high, so any action by a power outside the control and capacity of the regional state in Southeast Asia will exacerbate instability and conflict among the regional states (Hara,1996; Koon,1997).

The Communist Party of Malaysia (CPM) issue, however, has not yet been fundamentally resolved despite the establishment of diplomatic relations between Malaysia and China and the scope of interaction between the two sides. The CPM has occasionally staged small-scale riots against Malaysia, posing a threat to the country's national security and stability, so Malaysia still considers. This also had an impact on the development of Malaysia-China relations to some extent and made Malaysia suspicious and wary of China. With the death of Razak in 1976, Tun Hussein replaced Razak as the third Prime Minister and leader of Malaysia. Despite the establishment of diplomatic relations, the frequency and scale of bilateral interaction between Malaysia and China remained limited, and Malaysia could not trust China fully. The development of diplomatic relations between the two countries did not see a revolutionary breakthrough until 1981 when Mahathir came to power.

3.3 A Balanced Strategy for the Development of Relations with China (1981-2018)

After Tun Hussein, Mahathir Mohamad has been hailed as one of the most influential leaders in Malaysia's history, not only for his pragmatic economic reforms that helped Malaysia overcome the difficult obstacles posed by the 1997 Asian financial crisis and accelerate the development of the nation into one of the "Four Asian Dragons," but also for his ardent support of infrastructure improvements in the international arena and enhancing the nation's infrastructure, such as the building of Kuala Lumpur's Petronas Twin Towers, the Kuala Lumpur International Airport, and the new, longer North-South Expressway. Additionally, he has actively pushed the value of "Asian values" on a global scale, enhancing Malaysia's standing throughout Southeast Asia and even outside of it and bringing global attention to the strength of Malaysia as an emerging force under Mahathir's leadership. In addition, under Mahathir's leadership, the bilateral relationship between Malaysia and China has entered a new period of fresh and quick development. Mahathir places significant priority on strengthening foreign ties, particularly economic cooperation and exchanges with China. As an illustration, the two nations' bilateral trade increased from US\$368 million in 1985 to US\$4.415 billion in 1997, and China is now one of Malaysia's top 10 tourist destinations. Since Malaysia is home to many Chinese businesses with strong cultural and historical ties to China, the declaration of China's reform and opening up in 1980 gave Mahathir the chance to expand Malaysia's trade with China. The two-way economic links between Malaysia and China have been enhanced by the active investment and action of Malay-Chinese businesspeople, deepening the economic and trade cooperation and greatly assisting in the rapid economic development of Malaysia and China. Under Mahathir's leadership, China's strategy was divided into two primary axes (Leong,1987).

First, pragmatism serves as the guide for practical cooperation. Unlike the previous three Malaysian prime ministers, Mahathir was a leader who appreciated China's influence more. As Mahathir stated in a public interview in 1994: "I have closely followed the series of historical events that have taken place in China over the last sixty years. I have also put a great deal of effort into reading the history of China over the past 2,000 years (Davidchenlib,1994)," he believed that China, as an ancient civilization with more than a billion people, had power and potential that no other country could match. This demonstrates the significance and concern Mahathir places on China's continued development and how well China's progress has met those expectations. China's economic growth and all-around strength are swiftly escalating with its reform and opening up (Zheng,2009). Mahathir must cooperate pragmatically with China because of its growing importance on the global stage. The pragmatic philosophy that has underpinned Mahathir's government so strongly is the foundation of this pragmatic cooperation with China. The bipolar system vanished in 1991 with the dissolution of the Soviet Union, leaving only the United States as a superpower with complete authority over the world political system. For small Southeast Asian nations like Malaysia, it is crucial to adopt effective external strategies to adapt to the shifting international situation, given the precarious state of affairs in the world. The European Union, post-Soviet Russia, and potentially China are all emerging countries exerting their influence on the global system of international relations, creating a world political landscape of "one superpower, many powers." However, given their vulnerability to risk and the constraints of their national capabilities, tiny nations like Malaysia must always take the issue of "national survival" into account when considering the costs of foreign political investment and experimentation. They are unable to tolerate the same many unsuccessful strategic decisions. Therefore, in the interests of national security, small governments must make strategic decisions with care and caution. This is when pragmatism shows its distinct and valuable value. For small nations, pragmatism entails putting the emphasis on pragmatic economic and political objectives while largely ignoring the tensions and disagreements between states and giving priority to their practical collaboration. In order to advance their interests and preserve national security, small states adapt their posture and direction in tandem with changing conditions and developments. According to this reasoning, Mahathir believes that Malaysia's past "one-sided" strategy, particularly during the Tunku Abdul Rahman era, is risky, expensive, and inappropriate for the current international environment where there is a "superpower." This will provide a strong impetus for Malaysia's external development toward diversification, stereotyping, and broadening. According to Mahathir, the best course of action to further Malaysia's interests based on pragmatic considerations is to forge bilateral ties with China (Zhou & Hu,2010).

Second, the core of the policy is a balanced approach to China. The transition from a Cold War system dominated by the US and the Soviet Union to a "one superpower, many powers" system dominated by the US was the most major change in the worldwide political scene under Mahathir's administration, as was previously highlighted. They reject the involvement of the major countries in the affairs of Southeast Asia and would want to administer and maintain the region's affairs and order on their own. Because of their constraints, the smaller states are better able to deal with internal rivals than external ones, and ASEAN has shown to be vital and crucial in this regard. Malaysia, the Philippines, and Thailand created ASEAN in the wake of the defunct Association of Southeast Asian Nations (ASEAN). It had Brunei, Vietnam, Laos, Myanmar, and Cambodia as members from 1984 to 1999. By expanding the number of member states, it was possible to fortify the ties and cooperation between the nations of Southeast Asia in order to better coordinate their external strategies. This allowed them to respond to the issues and contradictions facing the region's governance in a cogent manner, and, most importantly, it increased the member states' capacity to withstand risks that were previously only relevant to a single nation and applied to the entire As. In its external relations, ASEAN promotes the values of neutrality and balance; it refrains from actively interfering in geopolitical conflicts between nations, particularly those involving the major powers, and works to lessen the effects on ASEAN of disagreements and conflicts over territory and sovereignty, seeking a relative balance. Malaysia has promoted and abided by a balanced approach in establishing its external ties as an ASEAN founding member. Mahathir thinks that many prospective emerging nations, such as China, Russia, and the European Union, will have a significant influence on the world's political system in the post-Cold War era, in addition to the United States. In this situation, Malaysia must establish diplomatic relations with these new powers in an equal-distance way, focusing on pragmatic cooperation to advance win-win cooperation. The key strategy for maximizing the advantages for Malaysia and ASEAN is as described above. For this reason, Mahathir has pushed Malaysian businesses to invest in China, set aside their disputes, and embrace economic progress with China as a crucial trading partner and ally of Malaysia.

Thus, under Mahathir's leadership, Malaysia has combined pragmatic cooperation based on pragmatism with a balanced strategy to develop relations with China. This has subtly enhanced Malaysia's foreign strategy's flexibility and propelled the development of Malaysia-China bilateral relations to a new stage, providing Malaysia with valuable reference experience and inspiration in developing its relations with China.

Abdullah Badawi succeeded Mahathir as Malaysia's fifth prime minister in 2003 when Mahathir announced his resignation as leader of the country. Malaysians were excited to see if Badawi could match the brilliance of Mahathir's administration and take Malaysia into the next period of glory when he took office. However, Badawi needs to possess the tenacity and harshness of Mahathir's revolutionary reforms (Zhou & Hu,2010). As a result of his cool-headed demeanor, he did not create a new, wonderful Malaysia during his term in government but rather consolidated and bolstered the economic triumphs of the Mahathir era with a stable economic development strategy, placing Malaysia on a steady course for growth. Malaysia is now on a steady development course as a result of stable economic development strategies that have further solidified and reinforced the nation's economic achievements. Badawi continued to strengthen pragmatic economic cooperation and ties with China, expanding the areas of cooperation between the two countries from solely economic cooperation to multi-dimensional exchanges and interactions in education, culture, and the military, and achieving further all-around cooperation and exchanges between Malaysia and China. Badawi inherited Mahathir's pragmatic and balanced approach towards China (Sun & Jin,2017). The bilateral relations between Malaysia and China were further deepened and strengthened under Mahathir's administration, laying a solid foundation for the peak of Malaysia-China relations under Najib's administration, even though Badawi did not achieve the reform achievements under Mahathir's administration. This was due to his stable and pragmatic political style.

Mohammad Najib, the sixth prime minister of Malaysia after Badawi, is considered the third leader after Mahathir to contribute significantly to the development of Malaysia-China relations. If Mahathir realized a new chapter in the development of Malaysia-China relations, and Badawi consolidated and paved the critical foundation for Malaysia-China relations to reach their pinnacle, Najib achieved the pinnacle in the history of the development of bilateral relations between Malaysia and China (Bing,2015). In terms of strategy towards China, Najib has followed the pragmatic strategy of the Mahathir era and has taken various measures to continue to deepen and consolidate economic cooperation with China, such as taking the initiative to join the BRI proposed by China and becoming the first in the whole of Southeast Asia to join China's BRI. It has become the first country in Southeast Asia to join China's BRI. Under the BRI, Malaysia and China have made significant strides in the economy, trade, investment, tourism, defense, and security areas. Under this strategy, Malaysia's bilateral relations and interactions with China have peaked, and China sees Malaysia as a vital partner in its foreign strategy. Various positive measures have been taken to develop bilateral relations with Malaysia (Yu,2013). Najib has shown a level of enthusiasm and initiative in developing bilateral relations with China that has never been seen before by a Malaysian leader. Even under Mahathir's administration, he has never been as close and friendly to China as Najib has been in developing relations with China. As a result, Najib is considered a "pro-China" leader. For Najib, being close to China, although it may be criticized and questioned by the opposition parties and the public at home for being biased in his foreign strategy as Prime Minister and for being too close to China (Leong,2007), would expose Malaysia to pressure from the United States, is worth the price, as Malaysia's economic development lacked momentum during the Najib years and the country's

infrastructure development was stagnant, and there were many problems (Liow,2000). The lack of momentum in Malaysia's economic development under Najib and the stagnation and problems in the country's infrastructure have, over time, become important problems that have hindered Malaysia's domestic economic development, while the development of friendly and cooperative relations with China can bring Malaysia real benefits and economic investments, especially after the signing of the Belt and Road Strategy, Malaysia has gained more. This, coupled with the active and friendly promotion by both governments, has resulted in a large number of Chinese tourists visiting Malaysia, bringing in a lot of foreign exchange earnings for the Malaysian government and promoting rapid economic development. As a result, Najib realized that Malaysia needed to pay attention to the importance of China in its economic development blueprint and that Malaysia needed China, and China needed Malaysia (He,2022). The high degree of interdependence made it imperative for Najib to be close to China to maximize Malaysia's national interests. However, this did not last long, as Najib's involvement in the One Malaysia Development Berhad (1DMB) scandal and allegations of embezzlement in the country's finances caused strong discontent among opposition parties and the Malaysian public. He also had to step down after his unsuccessful bid to lead the BN in the 14th Malaysian National Election in 2018, when he was defeated by Mahathir's Pakatan Harapan (PH), who then began his second term as Prime Minister of Malaysia.

3.4 "New" hedging approach in light of the political crisis (2018-2022)

The year 2018 also became the most crucial year in the history of Malaysia's development because in the nation's 14th general election, the coalition of political parties that had ruled Malaysia for many years, the National Front, saw its first defeat and the Pakatan Harapan (PH) under the leadership of Mahathir became the new government. Former Prime Minister Najib resigned due to corruption, and Mahathir has since taken his place. "As a result, Malaysia is now unable to escape the debt trap that China has set for it. Mahathir decided to halt the East Rail project between the two nations in light of these significant difficulties and set out to determine if collaboration between the two nations was consistent with Malaysia's national interests and needs (Malhi,2018; Su,2022). This policy shift demonstrates that Malaysia has adopted a more circumspect stance toward China under Mahathir's leadership, no longer pursuing active cooperation with China but instead prioritizing Malaysia's national interests and security (Chin,2021). As a result, the approach to China under Mahathir's leadership might also be referred to as the "new" hedging policy. Small and medium-sized nations frequently employ the hedging approach in international affairs to counter competition from superpowers. Instead, what matters most is the security and interests of small and medium-sized nations. The two big powers, China and the United States are Malaysia's primary objectives in this scenario, and there are two main stages in the development of the hedging strategy. From Mahathir's first term through Najib, the hedging strategy's initial phase, hedging tended to be more toward proximity to China and away from the US, with pragmatic development with China being significantly more essential than development with the US. The second phase lasted from the second term of Mahathir to the reign of Anwar. The Malaysian hedging approach also referred to as the "new" hedging method, underwent a fresh iteration during this time. The "new" hedging policy alternated between pragmatist and critical viewpoints, focusing on Malaysia's national security and interests rather than its proximity to China. This is evident in its approach to cooperation with China (Lockman,2015), which calls for cooperation agreements to be open, fair, and transparent, consistent with Malaysia's national interests and not at the expense of those interests, and that it reinforces the growth of relations with the United States as a means of reducing unilateral dependence on the Chinese economy in order to diversify economic development (Fook,2018). This policy has allowed Malaysia to modify its previous approach to China, putting more of an emphasis on domestic pragmatic development and more successfully securing Malaysia's national security and interests. In contrast to the previous hedging approach, this "new" one has widened the gap between Malaysia and China, particularly as China has started to doubt Malaysia's sincerity in its collaboration, which has created a great deal of uncertainty in the future of their relations (Balding,2018; Chin,2023).

A three-year severe political crisis in Malaysia, also known as the "Sheraton Coup," began with the outbreak of the new crown epidemic in 2020, which resulted in a change of government between the Perikatan Nasional (PN) and the National Front (BN) after Mahathir. During the "Sheraton Move," Malaysia's Prime Ministers Muhyidin and Ismail Sabri also insisted on a "new" hedging strategy in developing relations with China. The difference is that both leaders are more realistic and less critical of China. Due to the severity of the new epidemic, Malaysia must rely on China's economic cooperation to recover and expand economically. However, unlike when Najib was in power, the pragmatic partnership with China was not as overtly appealing to China (Kuik,2008; Chow,2019). Nevertheless, it continues to be more based on Malaysia, which insists on upholding its security and interests. The security and interests of Malaysia are still more important. After Malaysia's 15th national election, which was held in November 2022, Anwar Ibrahim was elected as the country's new prime minister, ending the three-year political instability. Following the outbreak of the plague, Malaysia began a new phase of development. Insisting on pragmatic cooperation between the two nations, Anwar's approach to China has, as far as we can tell, mostly followed the hedging strategy of the Mahathir era. It remains to be seen, however, whether future adjustments and alterations will be made.

Table 1 Major phases in the development of bilateral relations between Malaysia and China

Phase	Timeline	Process
Phase I Pre-establishment of diplomatic relations	1957—1974	The two countries do not have diplomatic relations with each other, and there are only some civilian interactions and exchanges.
Phase II Formal establishment of diplomatic relations and deepening	1974—2018	Malaysia and China formally established diplomatic relations and signed the Joint Communiqué of the Government of the People's Republic of China and the Government of Malaysia and have continued to expand and solidify the relationship on this basis, for example, in 1999, the two countries signed a joint statement on the framework for future bilateral cooperation.
Phase III Transformation and Adjustment	2018-2023	With the regime change in Malaysia, there have been some fluctuations and frictions in the Malaysia-China relationship, but overall, it still shows a positive and upward trend, and in 2023, the two countries announced to build a China-Malaysia Community of Destiny.

Source: Ministry of Foreign Affairs of the People's Republic of China, September 10, 2023, accessed at https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_676716/sbgx_676720/

Table 2 Significant bilateral documents signed between Malaysia and China

Time	Name
May 1974	Joint Communiqué of the Government of the People's Republic of China and the Government of Malaysia
May 1999	Joint Declaration of the Government of the People's Republic of China and the Government of Malaysia on the Framework for Future Bilateral Cooperation
December 2005	Joint Communiqué between the People's Republic of China and Malaysia
June 2009	<i>Joint Action Plan on Malaysia-China Strategic Cooperation between the Government of Malaysia and the Government of the People's Republic of China</i>
October 2013	Joint press release of the People's Republic of China and Malaysia
May 2014	Joint Communiqué on the 40th Anniversary of the Establishment of Diplomatic Relations between the People's Republic of China and Malaysia
November 2015	Joint Declaration of the People's Republic of China and Malaysia
November 2016	Joint press statement of the People's Republic of China and Malaysia
May 2017	Memorandum of Understanding on Promoting the Economic Development of the Two Sides through China's Initiatives on the Silk Road Economic Belt and the 21st Century Maritime Silk Road
August 2018	Joint Statement Between the Government of the People's Republic of China and the Government of Malaysia
October 2020	<i>A. Joint Press Statement by Foreign Minister Dato' Seri Hishammuddin Tun Hussein and State Councilor and Foreign Minister of the People's Republic of China Wang Yi</i>

Source: Ministry of Foreign Affairs of the People's Republic of China, September 10, 2023, accessed at https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_676716/sbgx_676720/

The Confrontation Strategy (1957–1974), the Non-Aligned Strategy (1974–1981), the Balanced Strategy (1981–2018), and the "New" Hedging Strategy were the four stages that Malaysia's development of its China policy went through (2018–2022). National interest factors at the domestic level and the game of great powers at the international level have been the most significant factors and influences throughout the growth process. The first is taking domestic and national interests into account. The pursuit of national interests means meeting the needs of the nation and advancing its general well-being. National interests are not constant for any nation; rather, they evolve over time and in reaction to shifting internal and global conditions. National interests are important because they are the main driver of a nation's external and internal development. A nation acquires different interests by implementing various internal and external strategies, all of which serve the nation's overall national interest and are ultimately aimed at ensuring its prosperity and flourishing (Lee, 2021). Since the state is a rational participant in the international political system and has distinct national interests depending on where it is in its development, it will use a variety of tactics to advance those objectives. In Malaysia's situation, the benefits and timing of bilateral relations with China change over time. Malaysia's national interests are primarily reflected in the following four areas: (1) defending Southeast Asian nations' neutral positions; (2) minimizing the negative effects of big power competition on small nations like Malaysia; (3) maintaining the influence of small nations like Malaysia; and (4) preserving the capitalist political system with democracy and freedom at its core from interference. Due to these divergent national interests, Malaysia will take the best ways to encourage the amicable growth of bilateral ties with

China as it develops its relations with that country. Other national interests, however, are optional. National interests, however, might overlap at the same time since they are complicated. However, at that point, only one national interest becomes the central concern for shaping international relations. For instance, from 1957 to 1974, during the initial stage of China's strategic development. Malaysia's national interest at the time included both defending its national security from foreign threats and preserving its capitalist political system, which was based on democracy and freedom. However, Malaysia, which was strongly allied with the US-led capitalist camp, was concerned and dubious of the Soviet-led socialism camp and its ideology during this time of the Cold War, when the ideological fight dominated the international political system. Using a direct-confrontation strategy with China during this time could protect Malaysia's security. The main objective was to protect Malaysia's capitalist system, which is built on democratic freedoms, against socialist encroachment. Thus, the state will employ foreign tactics under the effect of national interests in order to maximize national interests in light of the current circumstances.

The impact of the big power game comes in second. The great power game has continuously evolved during Malaysia's interactions with China, just like how those interactions have. Malaysia needs to find a proper way to sustain its security in this intricate game of great powers, from the Soviet Union and the United States during the Cold War to the emergence of China and the United States after the Cold War. Threat perception based on relative power imbalance is the primary reason why the superb power game plays such a significant part in Malaysia's strategic development towards China. Threat perception describes how, in international relations, a state, as a sensible and rational actor, has various direct perceptions of other nations due to the disparity in power between states, which may result in various perceptions, such as fear or worry (Su,2020). In the case of Malaysia, its overall strength is that it is a small state in the current world political order. The international political system is constantly dominated by the game and competition between the major nations. Small nations like Malaysia and large nations differ greatly in a wide range of areas, including the population, the military, and the economy. Small nations are unable to directly clash with powerful ones. Due to their potential to endanger their security or join the dominating power, lesser nations are suspicious of the major powers in international affairs. There is a power disparity in developing relations with China between China and Malaysia. Particularly under Mahathir, when China's overall power progressively increased in strength, the perception of threat from this gap ranged from being small to being strong (Yeoh et al., 2018). China stresses that its ascent is peaceful and does not pose a threat to other nations, nonetheless. However, China is seen as having a significant amount of power by other nations, such as Malaysia. The overall dominance of the Chinese government poses a possible threat to other nations, including Malaysia.

In addition to the ideological and political divergences between the two nations, China has always caused Malaysia great concern. It has not yet fully trusted or collaborated with China. As a result, Malaysia has used various approaches to protect national security as it has built relationships with China over time. For instance, Malaysia developed a strategy of reliance before the two nations established diplomatic ties. It made the decision to support the capitalist camp led by the US against China. Malaysia chose a hedging approach after establishing diplomatic ties in order to protect itself from the games and disputes between great powers like the US and China. Small countries are vulnerable in the international political system and cannot afford to pay a high price for the worsening of relations with major powers (Abuza,2020). They can only choose to survive by depending on significant powers or by maintaining neutrality to avoid inciting hostility from major powers against small countries, maintaining a balance point in the international political system.

Other elements were crucial in shaping the evolution of Malaysia's strategy toward China, in addition to the great power rivalry and national interest considerations. Malaysia needed to take into account the general interests of domestic interest groups, such as the indigenous Malay and Chinese communities, due to the dual influences of different leadership styles and domestic interest groups. As a result, Malaysia's close proximity to and increased cooperation with China under Najib. In contrast, by the end of Mahathir's second term in office, the local Malay community felt threatened by Chinese capital from outside the country investing in local firms. Mahathir came under pressure to improve the fairness and openness of Malaysia's partnership with China. An important pillar of Malaysia's foreign strategic growth is the ASEAN principle of neutrality and non-interference (Noor & Qistina,2017). As an ASEAN member, Malaysia likewise supports maintaining a neutral stance in the game of great powers and refraining from participating actively in their rivalry and conflict, preferring to lessen foreign powers' meddling in regional matters and dealing with them through ASEAN member states. This has influenced Malaysia's decision about its China policy (Nie,2015).

In conclusion, Multiple factors have impact on how Malaysia's strategy toward China has evolved, and it is only when these influences combine that Malaysia has adopted various strategies for dealing with China that will effectively advance the sustainable and stable growth of Malaysia-China relations and protect national security and interests.

4. Conclusion

This article summarizes the evolution of Malaysia's strategy towards China, which has gone through four stages: the confrontation strategy (1957–1974), the non-alignment strategy (1974–1981), the balanced strategy (1981–2018), and the "new" hedging strategy by examining the development of Malaysia's bilateral relations with China and using Robert Putnam's two-level games

theory for analyzing factors that have influenced the evolution of Malaysia's strategy towards China. These factors include domestic leadership, domestic interest groups, national interest considerations, great power rivalry, and ASEAN principles at the international level. The study's findings demonstrate that, notwithstanding the influence of other variables, national interest considerations and the s great power rivalry have the most impact on Malaysia's strategy towards China. Under the influence of these elements, Malaysia has developed various strategies based on how its relations with China have actually developed. These strategies have been successful in maximizing Malaysia's national interests and developing its bilateral relations with China, laying the groundwork for Malaysia's friendship and cooperation with China.

Since the main timeline of this paper only focuses on 2022, there are still some areas where it might be enhanced. Anwar Ibrahim, -would be the first Prime Minister of Malaysia since the end of his term at the conclusion of the 15th Malaysian national election at the end of 2022. Anwar is a politician who has been through a lot, so it is uncertain what strategy he will use to advance bilateral ties with China during his term in office, whether it will be a continuation of the hedging strategy used by previous administrations or an adjustment of the foreign strategy's content to the current circumstance. Therefore, in the future, studies might examine and assess the tactics used by the Anwar government to strengthen Malaysia's ties with China.

Funding: This research received no external funding.

Conflicts of Interest: The authors declare no conflict of interest.

Publisher's Note: All claims expressed in this article are solely those of the authors and do not necessarily represent those of their affiliated organizations, or those of the publisher, the editors and the reviewers.

References

- [1] Abuza, Z. (2020). Malaysia: Navigating between the United States and China. *Asia Policy*, 27, 115 - 134.
- [2] Bing, N. C. (2015). Comprehensive strategic partners but prosaic military ties: the development of Malaysia-China defence relations 1991–2015. *Contemporary Southeast Asia*, 269-304.
- [3] Balding, C. (2018). Why democracies are turning against Belt and Road. *Foreign Affairs*, 24.
- [4] Chow-Bing, N. (2019). Malaysia-China cooperation on the Belt and Road Initiative under the Pakatan Harapan government: Changes, continuities, and prospects. In NIDS ASEAN Workshop.
- [5] Chin, K. F. (2021). Malaysia's perception and strategy toward China's BRI expansion: Continuity or change? *The Chinese Economy*, 54(1), 9-19.
- [6] Chin, K. F. (2023). Malaysia in Changing Geopolitical Economy: Navigating Great Power Competition between China and the United States. *The Chinese Economy*, 56(4), 321-329.
- [7] Fook, L. L. (2018). Mahathir's China visit and Malaysia-China relations: The view from China. *ISEAS Perspective*.
- [8] Goh, E. (2005). Meeting the China Challenge: The U.S. in Southeast Asian Regional Security Strategies (M. Alagappa, Ed.). East-West Center. <http://www.jstor.org/stable/resrep06541>
- [9] Hara, F. (1996). 5 Malaysia's new economic policy and the Chinese business community. *Chinese Business Enterprise*, 4(4), 112.
- [10] Husin, W. N. W., & Liaw, J. O. H. (2012). The role of culture in strengthening Chinese business survival during Malaysian new economic policy.
- [11] Ha, H. T. (2019). Understanding China's proposal for an ASEAN-China community of common destiny and ASEAN's ambivalent response. *Contemporary Southeast Asia*, 41(2), 223-254.
- [12] Koon, H. P. (1997). The new economic policy and the Chinese community in Peninsular Malaysia. *The Developing Economies*, 35(3), 262-292.
- [13] Kirshner, J. (2008). The Consequences of China's Economic Rise for Sino-U.S. Relations: Rivalry, Political Conflict, and (Not) War. In R. S. Ross & Z. Feng (Eds.), *China's Ascent: Power, Security, and the Future of International Politics* (238–259). Cornell University Press. <http://www.jstor.org/stable/10.7591/j.ctvrf8br5.15>
- [14] Kuik, C. C. (2008). The essence of hedging: Malaysia and Singapore's response to a rising China. *Contemporary Southeast Asia: A Journal of International and Strategic Affairs*, 30(2), 159-185.
- [15] Kuik, C. C. (2022). The Politics of Thailand–China Railway Cooperation: Domestic Determinants of Smaller State BRI Engagement. *China's Belt and Road Initiative in ASEAN: Growing Presence, Recent Progress and Future Challenges*, 221-248.
- [16] Leong, S. (1987). Malaysia and the People's Republic of China in the 1980s: political vigilance and economic pragmatism. *Asian Survey*, 27(10), 1109-1126.
- [17] Liow, J. C. Y. (2000). Malaysia-China Relations in the 1990s: The Maturing of a Partnership. *Asian Survey*, 672-691.
- [18] Leong, S. (2007). Malaysia-China Relations: Looking Beyond Fears and Inadequacies. In *Harmony and Development: ASEAN-China Relations* (145-148).
- [19] Luo, Y. K.. (2012). The Evolutionary Process of Malaysia's Perception of China. *China security studies* (05),18-21.
- [20] Lockman, S. (2015). The 21st Century Maritime Silk Road and China-Malaysia Relations. *Dialogue on China-Malaysia Relations: Strengthening Partnership, Deepening Regional Cooperation*, Chinese People's Institute of Foreign Affairs (CPIFA), Beijing, 14.
- [21] Lean, H. H., & Smyth, R. (2016). The Malaysia–China economic relationship at 40: Broadening ties and meeting the challenges for future success. *Chinese global production networks in ASEAN*, 39-52.
- [22] Lee, C. L. (2021, June). Malaysian Politics after Sheraton Move 2020: Inter-Coalition and Intra-Coalition Political Dynamics. In *Asia-Pacific Research Forum* (No. 69).
- [23] Malhi, A. (2018). Race, debt and sovereignty–The 'China Factor'in Malaysia's GE14. *The Round Table*, 107(6), 717-728.
- [24] Mark, E. (2019). Malaysia-China economic relations post-GE14: Rhetoric vs reality.

- [25] Murphy, A. M., Tan, S. S., Kuik, C. C., Ahmad, A. R., Thu, H. L., Laksmana, E. A., & Thuzar, M. (2021). Can America Come back? Prospects for US–Southeast Asia relations under the Biden administration. *Asia Policy*, 16(4), 65–76.
- [26] Nie Wenjuan. (2015). An Analysis of ASEAN Views of and Strategies toward China. *Journal of Contemporary Asia-Pacific Studies* (01),21-37+156-157.
- [27] Noor, E., & Qistina, T. N. (2017). Great power rivalries, domestic politics and Malaysian foreign policy. *Asian Security*, 13(3), 200-219.
- [28] Noor, E. (2019). Foreign and security policy in the new Malaysia.
- [29] Putnam, R. D. (2017). Diplomacy and domestic politics: the logic of two-level games. In *International organization* (pp. 437-470). Routledge.
- [30] Sin Chew. (May 12, 1994). 阅读两千年系列历史 首相谦称不是中国通. Retrieved from <https://davidchenlib.org/viewer/5531/?back=/records/listing?search=Mahathir+1994&sort=score&perpage=10&page=1&fulltext=1&bookmarks=1&&css-name=include#page=162&viewer=picture&o=&n=0&q=>
- [31] Sun X & Jin C. (2017). Mechanisms of Small States' Balanced Diplomacy towards Great Powers and Malaysia's Practice towards China and the U.S. *Journal of Contemporary Asia-Pacific Studies* (02),4-35+156.
- [32] Su Y. (2020). Malaysia's Response to the U.S. Indo-Pacific Strategy: In Defense of the ASEAN Centrality. *Southeast Asian Affairs* (02),58-70.
- [33] Su Y (2022). Malaysia's Prudent Perception of and Proactive Response to China-US Strategic Competition. *Southeast Asian Affairs* (03),96-111.
- [34] Wang H. (2011). Analysis on the Backgrounds of Malaysia's Policy towards China: A Case Study on the Process of Reaching Diplomatic Relation between the Two Nation. *Southeast Asian Studies* (04),68-73.
- [35] Wang S & Wang H (2016). The Effects of Small States' Balancing Foreign Policy after the Cold War: A Contrastive Analysis of Eurasia and Southeast Asia. *Journal of Strategy and Decision-Making* (03),3-21+105.
- [36] Yu C (2013). ASEAN Views of and Policy Responses to China's Rise. *Journal of Contemporary Asia-Pacific Studies* (03),111-128+158.
- [37] Yeoh, E. K. K., Chang, L., & Zhang, Y. (2018). China–Malaysia trade, investment, and cooperation in the contexts of China–ASEAN integration and the 21st century Maritime Silk Road construction. *The Chinese Economy*, 51(4), 298-317.
- [38] Yang M (2020). A Study of Hedging Strategy in the Post-Cold War Era: The Cases of the Philippines, Malaysia, and Laos. *The Journal of International Studies* (06),105-126+7-8.
- [39] Zheng D (2009). Reasons of Malaysian Chinese's Investment in China. *Crossroads: Southeast Asian Studies* (12),87-91.
- [40] Zhou Y & Hu C (2010). The Analysis of perception conversion of Malaysia to China Since the Sino-Malaysian Establishment of Diplomatic relations. *Jinan Journal (Philosophy & Social Sciences)* (04),124-128+140+164.