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Malaysia, Singapore and the United States: Harmony or Hegemony?

by Richard Lim

Introduction

The death of Singapore's former prime minister, Lee Kuan Yew, on 23 March 2015 marked the end of an era in Southeast Asia and elicited worldwide reflection on his enormous legacy. Lee's achievement—building up Singapore from a backwater British colony to an economic powerhouse—ranks among the most impressive in modern statecraft. Just as important, perhaps, was the relationship he helped forge between Malaysia and Singapore. This relationship, cultivated by generations of leaders from both nations, has overcome major historical disagreements and ethnic and religious distrust to foster cooperation and economic growth. As a result, this pragmatic relationship serves as a model of collaboration between nations who share common interests but do not always share common values. It remains a pillar of stability in the region and is of great strategic importance to the world, especially to the United States.

The United States' interests in Malaysia and Singapore consist of three major factors. First, the waterways around Malaysia and Singapore are among the most important shipping lanes in the world and the United States has about \$91 billion in total two-way trade with both countries.¹ Second, Malaysia and Singapore both have significant Muslim populations, and recruiting by Islamic terrorist groups has been a growing concern. However, Malaysia is a world leader in promoting a moderate version of Islam and provides the United States opportunities to collaborate with Muslim communities against religious extremism. Finally, Singapore plays a key role in balancing the interests between the United States and China in the Pacific region.

The administration's rebalance to the Indo-Asia-Pacific region underscores the importance of U.S. relationships with Malaysia and Singapore; however, the distrust between the two nations and the difference in their capabilities require the United States to forge separate, bilateral relationships. The U.S. Army continues to strengthen its relationships with Malaysia and Singapore through exercises and joint operations. As noted in the Army Operating Concept (AOC), the Army's presence in the region helps develop partner capability, assure allies of the U.S. commitment to their security and deter adversaries.² The Army will continue to enhance U.S. relationships with Malaysia and Singapore and contribute to regional security and stability in pursuit of mutual interests.

Background

Due to geographical proximity, Malaysia and Singapore have a shared history and culture.³ For most of its history, the territory that now covers Malaysia and Singapore was a series of small separate kingdoms ruled by sultans.⁴ In the 12th century, Indian traders introduced Islam to the region;⁵ today, 61.3 percent of Malaysians are Muslim.⁶ The late 18th and early 19th centuries saw the rise of European colonialism; much of present-day Malaysia and

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Singapore, then known as the Federated Malay States, fell under the British sphere of influence.⁷ During World War II, the Japanese briefly conquered much of Southeast Asia, but the British returned to power after 1945. By then, however, a broader independence movement was in full swing and the Malay Peninsula achieved independence in 1957, joining the British Commonwealth shortly thereafter. In 1963, Singapore and the North Borneo colonies of Sabah and Sarawak joined the Peninsula to create the Federation of Malaysia.⁸

Lee Kuan Yew, who had been prime minister of Singapore since 1959, quickly realized that his vision for social and economic pragmatism was incompatible with the policies of the Malaysian government that favored the majority Malay ethnicity.⁹ Indeed, Malaysia would inaugurate the New Economic Policy (NEP) in 1969 to address socioeconomic disparities by privileging *bumiputras* (ethnic Malays and other indigenous groups).¹⁰ Thus, the city-state of Singapore separated from Malaysia on 9 August 1965 and, despite its lack of space or resources, began its stunning rise to become one of the wealthiest nations in the world.¹¹

Similarities and Differences

Both Malaysia and Singapore have undertaken economic policies that aim at integration and self-sufficiency. Malaysia, with its NEP, has experienced rapid industrialization and economic growth since the 1970s and is aiming to be a developed country by 2020 in an effort called “Vision 2020.”¹² Singapore’s economic strength was built by its strategically important geographical position, a strong central government, a highly educated populace and pro-trade policies.¹³

In addition, both countries enjoy political stability and regular elections, albeit undergirded by single dominant parties that limit civil liberties and freedom of the press and make it difficult for opposition parties to achieve success. In Malaysia, the United Malays National Organization (UMNO) has ruled without interruption since 1957 and continues to rule under the Barisan National (BN) coalition. Each of Malaysia’s seven prime ministers—including the long-serving Mahathir Mohamad, who governed for 22 years, and current leader Najib Razak—has been a member of UMNO.¹⁴ In Singapore, the People’s Action Party (PAP) has won every general election since the end of the colonial era in 1959.¹⁵ Singapore’s current prime minister, Lee Hsien Loong, has served since 2004; he is the son of Lee Kuan Yew, who served for 31 years.¹⁶

Despite these similarities, Malaysia and Singapore are two very different nations. Malaysia has majorities of both ethnic Malays and Muslims, while Singapore is predominantly Chinese and has a religious plurality of Buddhists. While Malaysia has maintained its Muslim heritage, Singapore has embraced Western values and policies. Malaysia’s larger size provides it with a more diversified economy; it has both a growing middle class and an underdeveloped rural sector.¹⁷ Singapore, on the other hand, is less than 1 percent of the size of Malaysia—about three times the size of Washington, DC—and is heavily dependent on international trade.¹⁸

Pain and Pragmatism

Compounding these differences is a history of ethnic tensions. Malaysia’s pro-Malay policies, which drove Singapore to declare independence, continue to be a source of intense resentment by the Chinese population in the region. To this day, these policies provide legal justification for giving preference to Malays in education, employment, housing and other fields.¹⁹ Other historical circumstances increased the distrust between the Malay and Chinese populations in the region. The Communist Party of Malaysia (CPM), which carried out an insurgency from 1930 until 1989, was predominantly Chinese, which alienated the majority Malay population.²⁰ When Chinese opposition parties made a strong showing in the general elections of 1969, violence broke out in which shops, houses and cars were torched and hundreds of people (mostly Chinese) were killed.²¹ The 13 May Incident, as it is known today, continues to provoke resentment and distrust, complicating relations with countries like Singapore that have a majority Chinese population.

In recent years, Malaysia and Singapore have clashed over several administrative issues. This includes disagreements over the price of water (Malaysia supplies Singapore with 40 percent of its water);²² land reclamation issues; the withdrawal of contributions of Malaysian workers from the Central Provident Fund (CPF); ownership of the Malayan Railway (KTM) land and Customs, Immigration and Quarantine (CIQ) issues; causeway bridge replacement; and ownership of the island of Pedra Branca.²³

Despite these tensions and differences, Malaysia and Singapore have maintained a pragmatic relationship forged by generations of leaders on both sides who understood the need to promote mutual interests. While several of these issues remain unresolved, Malaysia and Singapore have often sought international mediation and the losing party has always peacefully accepted the results. This includes the International Tribunal for the Law of the Sea (ITLOS) decision in 2005 in support of Singapore's land reclamation activities;²⁴ the International Court of Justice (ICJ) ruling in 2008 stating that Pedra Branca belongs to Singapore; the bilateral agreement in 2010 to resolve the CIQ issue; and the property deal in 2011 that swapped Malaysian railway land for Singapore real estate.²⁵ The 2005 ITLOS ruling, in particular, was hailed as a victory for both nations and a model for how international disputes can be resolved through arbitration.

In addition to pragmatic diplomatic relations, the two nations have sought to increase economic integration with each other. This integration includes growing links between both government-owned and private companies. Singapore's Temasek Holdings' acquisition in 2004 of stakes in Malaysia's largest listed company, Telekom Malaysia, was a watershed in bilateral investment, paving the way for future deals.²⁶ Private-sector investment between the two countries includes major companies such as AMMB Holdings Berhad, Berjaya Group, CIMB Group, OSK Holdings Berhad and United Overseas Bank Limited. Malaysia remains Singapore's largest trading partner, while Singapore is Malaysia's second largest trading partner after China.²⁷ While disagreements have surfaced during the past 50 years, leaders from both nations have maintained policies that promote mutual interest and economic integration in spite of ethnic, cultural and historical differences.

Malaysia, Singapore and the United States

U.S. Vital Interests. In today's interconnected world, the United States must work with nations around the globe in pursuit of mutual interests. This requires establishment of partnerships leveraging all available instruments of power at U.S. disposal, including its military, diplomatic and economic assets.²⁸ Malaysia and Singapore both remain vital to the security interests of the United States for several reasons:

- **International trade:** The United States is heavily invested in the Malaysian and Singaporean economies and the free flow of commerce in the Southeast Asia region. Both nations are next to the Strait of Malacca, which links Asia with the Middle East and Europe and carries about 40 percent of the world's trade.²⁹ The United States had nearly \$44 billion in total two-way trade with Malaysia in 2014.³⁰ While Malaysia is the United States' 25th largest market for exports and 18th largest supplier of imports, the United States was Malaysia's fourth largest supplier of imports.³¹ As Malaysia continues to grow under "Vision 2020," it is likely that its role in Southeast Asia and its relationship with the United States will continue to increase in importance. The United States signed a free-trade agreement with Singapore in January 2004; two-way trade totaled about \$47 billion in 2014.³² Singapore is now the United States' 17th largest trading partner and its largest partner in the Association of Southeast Asian Nations (ASEAN).³³ In 2012, the United States had \$116 billion in foreign investments in Singapore³⁴ and \$12.39 billion in Malaysia.³⁵ Both nations are parties with the United States in the Trans-Pacific Partnership (TPP) negotiations.
- **Islam:** Malaysia promotes itself as a leading voice for moderate Muslim countries; its leaders have maintained good relationships with the United States while speaking out for Muslim causes such as the plight of the Palestinians. As a result, Malaysia launched the Global Movement of Moderates (GMM) as a counter to extremist Islamic viewpoints. Malaysia has also served as a mediator in conflicts between the Thailand and Philippine governments and their respective Muslim separatists groups.³⁶ However, Malaysia's Muslim character also complicates its relationship with the United States, as Malaysia has criticized the United States for its war on terrorism and its support for Israel. Regardless of these differences, the United States has an interest in seeing Malaysia's brand of moderate Islam prevail over extremism. In light of the global threat of Islamic extremism, including the Southeast Asia region, Malaysia serves as an alternative model of governance for the Muslim world. Due to this unique role, Malaysia provides the United States with opportunities to collaborate with Muslim communities in the region in pursuit of mutual interests and to cultivate mutual understanding.

Despite Malaysia's promotion of moderate Islam, extremist elements exist in both nations. Southeast Asian terrorist groups, such as the Indonesian-based Jemaah Islamiyah and the Philippines-based Abu Sayyef, have

found sympathizers and established ties in Malaysia and Singapore.³⁷ In the past year, a handful of Muslims from both countries have been recruited by terrorist groups, including the Islamic State of Iraq and the Levant (ISIL), to fight in Syria.³⁸ In fact, Malaysia has reported that two of its citizens produced an ISIL beheading video and 70 of its military personnel joined ISIL.³⁹ Due to the increasing links between the Malaysian and Singaporean populations and Islamic terrorist groups, the United States has an interest in increasing both nations' capacity for security while simultaneously engaging moderate Muslim communities.

- **China:** Both Malaysia and Singapore have enjoyed success in balancing strong relations with the United States and China. Geographic proximity and significant Chinese populations in both countries have allowed them to forge economic and diplomatic ties with China while also cultivating relationships with the United States. Malaysia's pro-Malay policies, however, have left many in the Chinese minority feeling disenfranchised, which complicates its relations with China. In addition, Malaysia has drawn closer to the United States and its Southeast Asian neighbors as a result of its disputes with China in the South China Sea.⁴⁰ However, China remains a major trading partner with Malaysia and maintains ethnic ties with much of its population.

Much like Australia, Singapore sees itself as a mediator and balancer between the United States and China. Singapore's leaders have praised the U.S. "pivot to Asia" while warning that America's anti-Chinese rhetoric is counterproductive.⁴¹ The government in Singapore has remained neutral in the South China Sea dispute but has called for China to clarify its claims. In addition, Singapore cooperates with China on maritime issues and on various cultural, diplomatic and educational exchanges.⁴² Singapore and Malaysia will continue to play increasing roles in balancing the interests of the United States and China, especially in light of increasing tensions resulting from China's aggressive actions and reclamation activities in the South China Sea.⁴³

Security Initiatives. The United States has forged strategic partnerships with both Malaysia and Singapore in pursuit of mutual security interests, such as maintaining free markets in the region and countering extremism and piracy. These strategic partnerships include joint educational opportunities in security studies. The Department of Defense (DoD), through U.S. Pacific Command (USPACOM), provides a comprehensive program of executive education to military and security professionals from the United States and Asia-Pacific nations through the Daniel K. Inouye Asia-Pacific Center for Security Studies (DKI-APCSS) in Honolulu, Hawaii. At DKI-APCSS, hundreds of officials from Malaysia, Singapore and the United States have built relationships and collaborated in workshops that examine the most pressing security issues in Southeast Asia.⁴⁴

Due to the difference and capabilities and the mutual distrust between Malaysia and Singapore, however, the United States has forged tailored, bilateral security partnerships with both nations. The United States and Malaysia signed a bilateral Memorandum of Understanding in 2002 to counter terrorism through law enforcement and intelligence. In addition, the United States and Malaysia have increased military cooperation through the International Military Education Training (IMET) program, which allows Malaysian officers to study at American military education institutions and to participate in 75 cooperative activities. These include jungle warfare training and multilateral exercises such as Cobra Gold and Rim of the Pacific (RIMPAC), which involve other Southeast Asian nations.⁴⁵ They also include bilateral exercises such as the U.S. Army Pacific (USARPAC)-sponsored Keris Strike, which was part of the Army's 2014 Pacific Pathways deployments⁴⁶ and is scheduled to be included in the 2015 deployments.⁴⁷

The United States has also expanded its security relationship with Singapore. In 2005, the United States and Singapore signed a Strategic Framework Agreement to formalize the bilateral security relationship, giving the U.S. military access to Singapore's bases. The two nations cooperate on naval and air exercises, urban training and cargo security. Singapore also participates in the regional Cobra Gold and RIMPAC exercises with the United States and with the U.S. Army in the bilateral USARPAC-sponsored Tiger Balm exercise.⁴⁸

Singapore's armed forces have been hailed as the best-equipped military in Southeast Asia, the result of a defense budget of around \$12 billion; this dwarfs Indonesia's budget of about \$8 billion (despite Indonesia's population of 250 million people to Singapore's 5.4 million).⁴⁹ This highly professional and modernized military, another aspect of Lee Kuan Yew's enormous legacy, was built up over decades to secure the territorial sovereignty of the tiny island against its larger neighbors. The United States has contributed numerous platforms to Singapore's military, including F-15 and F-16 fighters, air-to-air tankers and precision-guided weapons.

Due to the differences in Singapore's and Malaysia's military capabilities, the U.S. focus of the exercises differs for each country. Through exercises such as Keris Strike, the United States is seeking to increase Malaysia's warfighting capacity. On the other hand, through exercises like Tiger Balm, the United States is seeking to increase interoperability with Singapore's more advanced forces.

Conclusion

The complex partnership between Malaysia and Singapore remains a testimony to the triumph of pragmatism and cooperation in spite of ethnic divisions, long-running resentments and the presence of religious extremism. This relationship, established by policies of leaders in both nations, serves as a model for productive collaboration among neighbors around the world. In addition, it is fundamental to the stability of Southeast Asia, international commerce and the interests of the United States.

In this rapidly changing environment, it is critical that the United States maintain separate, bilateral and tailored relationships with Malaysia and Singapore and leverage them to maintain strong trade relationships, collaborate with Muslim communities, combat Islamic extremism and forge a more productive relationship with China. This approach will build upon and expand the efforts made by the U.S. diplomatic teams in Malaysia and Singapore and by USPACOM and USARPAC to forge closer and more comprehensive relationships with both nations. Military cooperation should include continued exercises and joint operations—like those included in Pacific Pathways—to enhance capacity and interoperability between the U.S. Army and its counterparts in both nations. Only through collaboration can the United States pursue mutual interests with both Malaysia and Singapore and enhance regional security in a complex world.

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Endnotes

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