

SPECIAL ISSUE

25<sup>th</sup> Anniversary  
**ISIS**  
MALAYSIA

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# ISIS FOCUS



INSTITUTE OF STRATEGIC AND INTERNATIONAL STUDIES (ISIS) MALAYSIA



**ISIS MALAYSIA**

## *ABOUT ISIS MALAYSIA*

ISIS Malaysia is a not-for-profit organisation established on 8 April 1983. To sustain its activities, ISIS is required to seek financial support from other sources to supplement the proceeds from investment of the one off government grant received when it was first set up.

ISIS Malaysia is engaged in a wide range of activities focusing on objective and independent policy research and fostering dialogue and debate between the public sector, the private sector and academia. In general, its programmes are directed towards five central areas of national interest:

- i. Defence, Security and Foreign Affairs;
- ii. National and International Economic Affairs;
- iii. Nation-Building;
- iv. Science, Technology, Industry, Energy and Natural Resources;
- v. International Understanding and Cooperation;

The objectives of ISIS are to:

- i. Undertake research in various and specific fields and conduct long-term analysis of public policies on national and international issues;
- ii. Contribute towards efforts in promoting general and professional discussions on important national and international issues through the organisation of seminars, conferences and other activities;
- iii. Provide an avenue and a forum for individuals, experts and intellectuals of various fields for the exchange of

views, opinions and research in a free and conducive atmosphere;

- iv. Disseminate information on research findings and other pertinent activities undertaken by or on behalf of the Institute;
- v. Provide library facilities on relevant subjects pertaining to national and international issues;
- vi. Collaborate and cooperate with other bodies within or outside Malaysia for the furtherance of its objectives;
- vii. Assist and guide students and researchers to conduct research on national and international issues.

ISIS Malaysia's other roles include:

- Publication of policy-relevant papers and books;
- Managing of the Malaysian International Visitors' Programme;
- Leading Malaysia's non-Government diplomacy through bilateral dialogues with countries important to Malaysia, for which it brings together business leaders, senior civil servants (in their private capacities), members of Think Tanks and the Mass Media ; and
- Administering the Perdana Scholarship Scheme;

For more information on ISIS Malaysia, please visit our home page at <http://www.isis.org.my>.

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*DATO' SERI ABDULLAH  
HAJI AHMAD BADAWI*

*PRIME MINISTER*

IT GIVES ME great pleasure to be able to contribute a short message on the occasion of the 25th anniversary of the Institute of Strategic and International Studies (ISIS) Malaysia.

As the pioneer think tank in Malaysia, it has a distinguished track record of conducting important studies and promoting public discourse on the important issues of the day. Since its establishment in 1983, it has provided important input into areas as diverse as national development, economic policy, education, the environment, security and nation building. It has also attracted some of the best and brightest minds in the country, some of whom have gone on to play leading roles in the growth of our nation and beyond.

On the international front, the Institute has always been an active participant in influential track two and non-government discussions and processes in South East Asia, East Asia and the Asia Pacific region. Through its involvement in these platforms, it has emerged as a significant force for fostering friendship, understanding and cooperation and by doing so, has played its part in strengthening peace and

prosperity in the region.

I have every confidence that if ISIS remains loyal to its founding principles of independent and impartial enquiry, belief in the power of ideas and commitment towards a better future for all, it will be able to build on its strengths in the years ahead. I look forward to seeing ISIS continue to be a key player and valuable partner in the continued development of Malaysia and the region.

I would also like to take this opportunity to pay tribute to all the individuals who have through the years contributed to the sterling reputation of ISIS. I am a firm believer that the value of an institution is derived from its people, and the best legacy that the leadership, staff and fellows of ISIS can leave is the ongoing success of this think tank.

Many congratulations and I offer my best wishes for the years ahead.

*Dato' Seri Abdullah Haji Ahmad  
Badawi*





*DATO' SERI MOHAMED JAWHAR  
HASSAN*

*CHAIRMAN & CEO, ISIS MALAYSIA*

FROM ITS HUMBLE beginning a quarter of a century ago, the Institute of Strategic and International Studies (ISIS) Malaysia has emerged as the nation's most prominent think tank. It has also earned a credible reputation throughout Southeast Asia, the wider Asia Pacific region, and beyond.

Its contributions to national development at home and to the cause of peace and prosperity abroad are widely recognised. ISIS was deeply engaged in national consultative councils convened to map development policies in the last two decades. It contributed to the crafting of Vision 2020. It was part of the core national team that steered Malaysia back from the brink of financial disaster in the late 1990s. It led in the drafting of the master plan to transform the country into a knowledge-based economy. ISIS has also given valuable contributions to the nation's education, nation-building and environment policies.

ISIS Malaysia is also at the heart of track two initiatives in the region. It is a founding member of the Asean Institutes of Strategic and International Studies (Asean-ISIS), the Pacific Economic Co-operation Council

(PECC) and the Council for Security Co-operation in the Asia Pacific (CSCAP). Its Southeast Asia Forum (SEAF), Southeast Asia Roundtable for Economic Development (SEARED), Asia Pacific Roundtable (APR) and East Asia Forum (EAF) initiatives have also helped foster regional co-operation to build trust, strengthen peace and promote development.

ISIS Malaysia owes much to many for its achievements. Former Prime Minister Tun Dr. Mahathir Mohamed initiated its establishment, encouraged its independence and welcomed its ideas. Prime Minister Dato' Seri Abdullah Haji Ahmad Badawi has further nourished this tradition. He helped ISIS flourish, and was receptive to its role and contributions in many national and international initiatives.

ISIS also records its deepest gratitude to its first Chairman, the late Tun Hussein Onn, and to Tan Sri Zainal Abidin Sulong, who succeeded him. Their wise counsel helped guide ISIS and establish it on a sound footing.

One person stands above all in the making of ISIS Malaysia: its Director General for 13 years and Chairman and CEO for another

eight, the late Tan Sri Noordin Sopiee. His ideas, intellect and creative energy drove the Institute for more than two decades. He served the Institute and the nation till the very end.

ISIS also records its appreciation to the members of the Board, past and present. They serve selflessly, without gratuity.

We also take this opportunity to express our heartfelt thanks to those who believed enough in ISIS' mission to support its activities generously. They include The Asia Foundation, the Sasakawa Peace Foundation, the Canadian International Development Agency (CIDA) and the Konrad Adenaur Foundation (KAF). Our special thanks go to our Strategic Partner, the CIMB Group of Malaysia.

Last but not least, we recognise each and everyone who has served in ISIS Malaysia, and those who presently serve in it. Their hard work and contributions, large and small, are what have made ISIS what it is today.

Malaysia, Southeast Asia and the wider region are much better places today than they were 25 years ago when ISIS was established. But enormous

challenges remain and our mission to serve nation, region and humanity continues unabated. Finding more effective and productive ways to bond the nation, eliminate inequities, prosper the people, strengthen regional co-operation and community-building, and forge durable peace in Malaysia's strategic neighbourhood remain ISIS's fundamental priorities.

In pursuing these priorities ISIS will be guided by values and principles it holds dear: independent enquiry; intellectual integrity; innovative thinking; dignity for all Malaysians; and a just and equitable international order that disadvantages none.

With God's blessing, we look forward to the future with confidence.



***Dato' Seri Mohamed Jawhar bin Hassan***



### SINGAPORE INSTITUTE OF INTERNATIONAL AFFAIRS

There are many reasons to offer our congratulations to ISIS-Malaysia on the occasion of their 25th anniversary. Allow me briefly touch on three.

First, ISIS has been our partner in the network of Asean-ISIS. We have worked shoulder to shoulder with ISIS on a range of issues for a common cause: the understanding of our region and our advocacy of how Asean and its Member States would best respond to various challenges facing the region. In so doing, we have had the benefit of hearing articulate and informed views and analyses from ISIS on a range of key issues such as security, economic integration and the paths forward for Asean and East Asia. We have learnt from them, even where these views have differed from ours or those of other think tanks. The work of ISIS Malaysia has helped shape our consciousness of regional views.

*'we have had the benefit of hearing articulate and informed views and analyses from ISIS on a range of key issues'*

Second, ISIS knows and reflects the perspectives and interests of their government and countrymen. ISIS has given us and many others in the region and beyond key insights into Malaysia – as a modern, Muslim country and a key partner in regional affairs in Asean and Asia. Thus, ISIS has played an important role in facilitating exchange and promoting bilateral relations between Malaysia and Singapore, among the think tanks and also policy makers. I especially thank the late Nordin Sopiee, and the current ISIS CEO Jawhar Hassan, for sharing their insights and perspectives with me and my colleagues in Singapore.

Third, ISIS has been a key institution and friend to the community of think tanks, experts and intellectuals in the region. They have not only given intellectual inputs but been an institution that has reliably rolled up their sleeves to undertake the hard but necessary work to get things done. Their role in the Asia Pacific Roundtable, the premier conference and gathering of minds on security and strategic issues, is an example of this. While others helped conceive the Roundtable, and the Asean-ISIS network is involved in many aspects, it is ISIS who coordinates, hosts and keeps the Roundtable going and growing. Their leadership in the East Asia Congress is another example of the initiatives that ISIS has taken.

Malaysia is a key country in Asean and East Asia. ISIS has been and is the leading institution in Malaysia to help us and many others understand Malaysian perspectives and, conversely, in playing an active and key role in helping shape the ideas and policies in the think tank community for the region.

On behalf of the Singapore Institute of International Affairs, I offer my heartfelt congratulations to ISIS on the occasion of their 25th anniversary.

**SIMON S. C. TAY**  
*Chairman*

**CENTRE FOR STRATEGIC AND INTERNATIONAL STUDIES (CSIS),  
JAKARTA**

ISIS Malaysia's silver jubilee is a cause for celebration. Congratulations to its founders and the dedicated individuals that have contributed to the growth of this institution. Twenty five years for a think tank is like a century in a nation's life. During this period, CSIS has cooperated intensively with ISIS Malaysia, mainly on issues related to the strengthening and future developments of Asean, but also on our bilateral relations that have experienced ups and downs in the last decade. On other major issues such as the importance of East Asia and regional community building we have always seen eye to eye with each other and have cooperated closely.

The presence and activities of ISIS Malaysia have benefited the state, government and society of Malaysia through the good ideas and high quality work that the institution has produced.

*'we in the region have  
recognized the leadership of  
Dato' Jawhar Hassan,  
a great individual and friend'*

CSIS and Indonesia have also benefited greatly from ISIS Malaysia and its role in strengthening the bilateral relations between the two neighbouring countries that share a common history as well as future challenges.

It is still fresh in my mind that when Pak Noordin Sopiee was preparing to set up ISIS Malaysia we talked for hours about the objectives and ideals of a think tank in Asean and the challenges we were going to face in the national as well as the regional context. Our close cooperation and loyalty to each other were still based on that discussion.

Asean-ISIS has become our common endeavour to promote a regional network of policy-oriented researchers and scholars that will contribute to the development of Asean regionalism that is progressive and forward-looking. In this context, we in the region have recognized the leadership of Dato' Jawhar Hassan, a great individual and friend that one can depend upon and who will always deliver thoughtful ideas and practical proposals.

May ISIS Malaysia thrive for many more years into the future.

**JUSUF WANANDI**  
*Co-founder, and  
Member, Board of Trustees*



**INSTITUTE OF FOREIGN AFFAIRS (IFA)  
LAOS**

On the auspicious occasion of the 25th Anniversary of the Institute of Strategic and International Studies (ISIS) Malaysia, on behalf of the Institute of Foreign Affairs of the Lao PDR, I would like to take this opportunity to express my warmest congratulations to ISIS Malaysia, Dato' Seri Mohamed Jawhar Hassan and all staff of ISIS Malaysia.

ISIS Malaysia was one of the founding institutes in the establishment of the Asean Institutes for Strategic and International Studies (Asean ISIS). Tan Sri Dr. Noordin Sopiee from ISIS Malaysia was one of the most powerful people with vision in the Asean and East Asian region. His constructive thoughts, ideas and recommendations led Asean-ISIS on the right track.

The people of ISIS past and present, have played a very important role in the Asean development processes. They have envisaged the future of the Asean and East Asian region and their contributions to the integration of Asean ranges from the integration of Asean institutes, the establishment of ARF, the proposing of a number of constructive recommendations in the Vientiane Action Programme, to the Asean Charter and guidelines for regional policy.

*'ISIS Malaysia has always  
showed dedication  
to the improvement  
of Asean-ISIS relations'*

ISIS Malaysia has always showed dedication to the improvement of Asean-ISIS relations. The annual Asia Pacific Roundtable in Kuala Lumpur is one event that witnesses the relationship between ISIS Malaysia and think tanks around the world.

As a younger think tank, the Institute of Foreign Affairs (IFA) of the Lao PDR highly appreciates ISIS Malaysia's valuable assistance and co-operation with IFA.

On this occasion, I would like to offer Dato' Seri Mohamed Jawhar Hassan my best wishes for many greater successes in his noble task.

**MALAYVIENG SAKONHNINHOM**  
*Acting Director General*



#### INSTITUTE OF POLICY AND STRATEGIC STUDIES (BDIPSS) BRUNEI DARUSSALAM

ISIS Malaysia has come a long way since its establishment 25 years ago. Today, it has become a highly respectable institute in the region and internationally.

Its work especially in promoting discussions on important national and international matters is greatly appreciated. Its views on strategic and security issues affecting the region are also very much sought after.

As a founding member, ISIS Malaysia has also played a leadership role in the Asean-ISIS, especially in organizing the annual Asia-Pacific Roundtable. The roundtable which brings together regional leaders and prominent intellectuals and academics provides an avenue for exchange of views and opinions on current important regional and global affairs.

*'ISIS Malaysia has come  
a long way...'*

On this occasion of the 25th Anniversary of ISIS Malaysia, the Brunei Darussalam Institute of Policy and Strategic Studies (BDIPSS) would like to congratulate ISIS Malaysia for its contributions in the promotion of peace, security and prosperity in the region.

Our special thanks to the Chairman and CEO himself, Dato' Seri Mohamed Jawhar Hassan, an admirable colleague, friend and important force behind Asean-ISIS and all our friends in ISIS Malaysia for the cooperation extended to BDIPSS.

We would also like to pay tribute to the late Tan Sri Dr Noordin Sopiee, the former Chairman and CEO, who had devoted 22 years of his life to ISIS Malaysia. His invaluable dedication to Asean-ISIS will always be remembered.

It has been a pleasure to work closely with ISIS Malaysia, and we look forward to working closely together in the years to come. We wish ISIS Malaysia continued success.

**PENGIRAN DATO' PADUKA OSMAN HAJI PATRA**  
*Head*



### DIPLOMATIC ACADEMY OF VIETNAM

On this meaningful occasion when the Institute of Strategic and International Studies (ISIS) Malaysia is celebrating its 25th Anniversary, it is my great honour and privilege to convey my heartfelt congratulations to its Chairman and CEO Dato' Seri Mohamed Jawhar, and to my dear colleagues at the Institute.

Thanks to the great efforts of ISIS Malaysia, the network of Asean-ISIS has been operating effectively to enhance international and regional studies that have played an essential role in improving co-operation and integration among the members of Asean. They have also promoted co-operation with non-members in the Asia Pacific region.

Thanks to the great contribution of ISIS Malaysia, Asean-ISIS as a network of Track II, has held a series of successful conferences, workshops, and seminars, at which we have exchanged ideas and initiatives to solve a range of environmental, economic, political and social problems. Recently, we saw the realisation of a long-held dream – the coming into being of the Asean Charter, which is a milestone on the way towards regional integration.

*'Thanks to the great efforts  
of ISIS Malaysia,  
the network of  
Asean-ISIS has been  
operating effectively'*

Our region is faced with, now and in the future, both the benefits and challenges caused by globalisation, in the areas of economics, politics and culture. With our existing mechanisms, determination and solidarity, I believe we can exploit the benefits and deal successfully with the challenges.

Finally, please allow me to express my admiration for the achievements of my colleagues at ISIS Malaysia and convey to them my heartfelt thanks, warmest regards and best wishes. I strongly believe in the success of our traditional co-operation and I am sure that a bright future is waiting and welcoming a dynamic ISIS Malaysia.

**DUONG VAN QUANG**  
*Director General*

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*Front row (from left to right):* Mohammad Reaz Abdullah, Dr. Larry Wong, Philip Mathews, Susan Teoh, Steven Wong, Dr. Mahani Zainal Abidin, YBhg. Dato' Seri Mohamed Jawhar Hassan, Dr. Stephen Leong, YBhg. Tan Sri Ahmad Al Farra, YBhg. Datuk Yaacob Wan Ibrahim, YBhg. Tan Sri Mazlan Nordin, Tuan Haji Mohamed Md. Ibrahim.

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## TOWARDS THE CREATION OF AN EAST ASIAN COMMUNITY

By Steven C. M. Wong

*ISIS has played a central role in promoting dialogue towards the creation of an East Asian Community, which has been a long and often complex process for the nations concerned. While no one denies the importance of forming such a bloc, the moves towards closer regional integration have very much been the creature of wider geopolitical cum economic trends. In this regard, ties and exchanges between Asean states and their Northeast Asian counterparts on a 'tier-two' or quasi-official basis are assuming increasing prominence.*

While the region known as 'East Asia' has been a cradle of civilizations, its acceptance as a geopolitical concept is only a recent phenomenon. Indeed, the nucleus of such an entity, which was proposed by the then Prime Minister of Malaysia, Tun Dr. Mahathir Mohammad, in 1990, when he called for the formation of an East Asia Economic Caucus (EAEC), received only muted support at best. Only the People's Republic of China was unequivocal in its approbation of the concept.



Tan Sri Dr Noordin Sopiee and Prime Minister Dato Seri Dr Mahathir Mohamad signing the Register

The EAEC later evolved into the East Asian Economic Grouping (EAEG) concept, which was adopted by Asean

Economic Ministers in 1991. Notwithstanding this, the EAEG did not have a major impact on East Asian affairs.

All of this changed during the Asian Financial Crisis of 1997.

Reeling from the economic downturn, the advantages and indeed the very necessity of cooperation hit home to the various Asean member states. This led to an informal meeting of Asean Heads of Government, which included, for the first time, the leaders of China, the Republic of Korea and Japan in December 1997. This meeting was regularised, and became known as, the Asean Plus Three (APT) Summit.

In 1999, another step was taken towards the realisation of an East Asian community when, at the Third APT Summit in Manila, a Joint Statement on East Asia Cooperation was issued, whereupon the thirteen countries agreed to a closer working relationship especially in the economic, social and political fields.

The formalisation of the APT Summits was a watershed when one considers the historical tensions that existed among China, Japan and Korea. The Summits, however, had the effect of bringing together these three



The Conference Hall at the Putra World Trade Centre

nations to deal with the South East Asian states on the basis of a common platform.

The next milestone was the Report of the East Asia Vision Group (EAVG) in 2001. The EAVG emerged from a 1998 proposal by South Korean President Kim Dae Jung that a group of eminent persons be formed in order to recommend to the APT governments proposals for greater cooperation and integration. This group was headed by Professor Han Sung Joo, a former Korean minister of foreign affairs and a noted scholar on international relations.

In order to translate the EAVG into reality, APT governments established a grouping of senior officials, officially known as the East Asia Study Group (EASG), to examine the report and identify the recommendations that could be implemented.

The EASG submitted its report to the 2002 APT meeting in Cambodia, having

identified 26 recommendations for implementation. Two of these recommendations were the establishment of a tripartite conference to be called the East Asia Forum and the setting-up of a network of East Asian think-tanks or NEAT.

### EAST ASIA ECONOMIC CONGRESS

But even by early 2003, however, there had yet to be a regional meeting where government officials, scholars and private executives could exchange views in a frank and open manner. ISIS Malaysia took the initiative by establishing the East Asia Economic Centre and organising the first East Asia Congress (EAC) in August 2003, which was attended by over 1,600 participants. The EAC has the goal of 'crystallizing the concept of an emerging East Asian community of peace, prosperity and progress by providing a platform for dialogue among high government officials, business leaders, scholars and the media.'

ISIS Malaysia regards the EAC as Malaysia's contribution to the East Asia community building process. It sees it as a 'Gemeinschaft' of sorts, namely an informal, value-driven organization dedicated to fostering a closer sense of integration between the member states.

The key phrase here is 'community-building', focusing on the level of individual citizens rather than top-down, bilateral relations. The

EAC places strong emphasis on the building of social capital within the member states, as can be seen by the themes of its sessions which have ranged from topics like 'By Asians, For Asians: Challenges for East Asia's Electronic and Broadcast Media' in 2004 to 'A Social Agenda of East Asian Cohesion' in the last Congress.



*Register of Participants at the First East Asia Congress*

### NEAT

As for the NEAT proposal, Malaysia appointed ISIS Malaysia as its Country Coordinator in 2003. Among its purposes are to serve as a 'Track Two' (i.e. academic/research institutes) process for APT or East Asian cooperation, to provide intellectual support for East Asian cooperation, to study issues and initiatives identified by the APT governments and study issues concerning East Asian cooperation.

Apart from participating in Country Coordinator Meetings, the Annual Conference and the various Working Groups organised by the other countries, NEAT Malaysia also sponsors and leads the Working Group on Labour Migration, along with NEAT Philippines.



*Dr Yusuf Wanandi with the Prime Minister*

The Country Coordinators organize various Working Groups that present a series of 'Policy Recommendations' to NEAT's Annual Conference, which then passes these on to the APT summits for Ministerial consideration.

When one considers the dearth of regional forums that existed only two decades ago, the growth of the various East Asian bodies is nothing short of remarkable. It is hoped that these organizations will eventually coalesce into the projected East Asian Community, which has always been at the forefront of Malaysia's foreign policy objectives. ISIS, as the nation's premier think-tank, has contributed to this objective, and will continue to play a role in bringing this about.

# THE ROLE OF ISIS MALAYSIA IN THE TRACK TWO PROCESS

By Dr. Stephen Leong

*Over the last 25 years, ISIS Malaysia has made a significant contribution to policy formulation on a wide range of issues at the regional and international meetings of Asean, Asia Pacific Roundtable (APR), Pacific Economic Cooperation Council (PECC) and Asia Pacific Economic Cooperation (APEC).*

## ASEAN

Since its establishment in 1967, Asean's achievements have included formulation and adherence to norms for inter-state relations; creation of networks of cooperation among leading policy makers; and fostering regional consciousness among growing numbers of Southeast Asians. Since the signing of the Treaty of Amity and Cooperation (TAC) more than four decades ago, it has prevented conflict among its members and has successfully engaged the major powers through the system of Dialogue Partnerships. Having cooperated with its neighbours in Northeast Asia through the Asean Plus Three (APT) process since 1997, together they have embarked on the long-term goal of building an East Asian community. With the establishment of the East Asia Summit (EAS) in December 2005, the



Terence O'Brien, Tan Sri Dr Noordin Sopiee, and Dr Andrew Sheng

APT has provided a forum for dialogue and consultation with Australia, New Zealand and India on matters of strategic and common concern. Asean's outstanding accomplishment in promoting regional peace and stability over the past four decades has won it international recognition as the most successful regional body after the European Union.

Most significantly, Asean's Vision 2020 (launched by the Asean Summit, marking the organisation's 30th Anniversary in 1997) calling for the creation of an Asean Community, received strong impetus from the Bali Concord II of 2003, clearly determining a Community to be grounded on the three pillars of security, economics, and socio-cultural cooperation and integration. Most recently, recognising the imperative for enhancing the regional body's competitiveness in an increasingly globalised world, the Asean Summit meeting in Cebu, Philippines, in January 2007 advanced the target date for realising the Asean Community from 2020 to 2015.

As a founding member of the Asean-ISIS network that is registered with the Asean Secretariat, ISIS Malaysia regularly contributes inputs for policy directions for the consideration of Asean's decision makers. Most recently, through Asean-ISIS, ISIS Malaysia has had a hand in helping to craft the landmark document of the Asean Charter and recommending specific



*One of the greatest successes of the APR lies in its tangible advantage of building networks and confidence in a frank and friendly environment*

courses for enhancing the relevancy and effectiveness of the Asean Regional Forum (ARF).

In this regard, ISIS Malaysia is also the leading institution for the Malaysian Committee of the Council for Security Cooperation in the Asia-Pacific (CSCAP), which is the second-track process of the ARF. Besides serving as Secretariat to CSCAP since its inception in 1992, together with other members, CSCAP Malaysia has provided policy inputs to the ARF on wide-ranging security issues, including developing a working definition of 'preventive diplomacy' for the ARF and producing memoranda on regional maritime cooperation.

Additionally, ISIS Malaysia is committed to other Asean-ISIS initiatives such as the Asean People's Assembly and the Asean-ISIS Colloquium on Human Rights, both of which feed into Asean's goal to connect with civil society and the Asean 'citizen' as well as its end vision of an Asean Community.

### Asia-Pacific Roundtable (APR)

The Asia-Pacific Roundtable (APR) was convened at a time when the world was rife with tension, suspicion and distrust even though the Cold War was drawing to a close. With the big powers enmeshed in the Korean and Kampuchean conflicts and the Spratlys having been singled out as the next potential flashpoint, the stability of the Asia-Pacific region was far from certain.

In response to this, ISIS Malaysia, in consultation with the Asean-ISIS network, launched the inaugural APR themed 'Conflict Resolution and Confidence Building' in January 1987 to promote dialogue and confidence-building in the Asia-Pacific region at the Track Two level. The first APR, funded by ISIS Malaysia, drew 77 participants from the big powers and six Asean member-states. From 1988, with the signing of the

Asean-ISIS Charter, ISIS Malaysia began to organise the APR as a joint event. It has since gone from strength to strength, attracting financial support from, among others, the Sasakawa Peace Foundation, Japan; the Canadian International Development Agency (CIDA); the Friedrich Naumann Stiftung; the Asia Foundation, the Konrad Adenauer Stiftung and Boeing. Whereas the number of sessions in 1998 was only seven, this year there are 11 plenary and five concurrent sessions together with luncheon addresses. With ISIS Malaysia as the anchor, the APR has received consistent patronage from the leadership of the Malaysian government. Keynote addresses by successive Prime Ministers, Deputy Prime Ministers and Foreign Ministers have been delivered at the APR since its inception.

One of the greatest successes of the APR lies in its tangible advantage of building networks



Panelists at the 12th Asia Pacific Roundtable Conference

and confidence in a frank and friendly environment. Over its span of 21 years, the APR has forged firm friendships among individuals and linkages among research institutions/ think-tanks and government officials who do not always see eye-to-eye at the diplomatic and political levels. It has also enabled bureaucrats and policy-makers attending in their personal capacities to articulate their positions without the attendant restrictions experienced in official or Track I meetings. The APR has emerged as the largest and, certainly, one of the most important regional Track Two events in the security calendar. With the revised theme 'Strengthening Comprehensive and Cooperative Security in the Asia Pacific' since 2005, it looks set to enhance its contribution to promoting regional peace and security among key-players in its usual quiet way, well into its third decade.

### Pacific Economic Cooperation Council (PECC)

Founded in 1980, the PECC has served as a non-governmental forum for cooperation and policy coordination for promoting economic growth and development in the Asia-Pacific region. Comprising 21 economies (including Taiwan and Hong Kong), its participants are representatives from business and industry, public sector, academia and other intellectual circles. As one of the three official observers of the Asia Pacific Economic Cooperation (APEC), PECC also facilitates private sector participation in the official APEC process.

The Malaysian participation in PECC over the past two decades has been represented by the Malaysian National Committee for Pacific Cooperation (MANCPEC) with its secretariat located at ISIS Malaysia and with

*Founded in 1980, the PECC has served as a non-governmental forum for cooperation and policy coordination for promoting economic growth and development in the Asia-Pacific region.*

the latter's Chairman and CEO as Chair of MANCPEC. The objectives of MANCPEC are to:

- (i) promote effective Malaysian participation in the PECC;
- (ii) provide information about economic cooperation with the countries in the Asia-Pacific region; and
- (iii) promote awareness of the potential benefits to Malaysia.

In 1994, MANCPEC's leader, Datuk Noordin Sopiee, also served as Chair of PECC, hosting its biennial Conference on the theme 'Open Regionalism: The Way Forward.' Since then, MANCPEC has participated in various task forces' workshops, seminars, fora on regional trading agreements, foreign investment, international finance, food outlook, telecommunications and community building.

The latest MANCPEC involvement in PECC (in collaboration with the APEC Business Advisory Council) is the International Project on 'Demographic Change and International Labor Mobility in the Asia Pacific Region: Implications for Business and



Participants at one of the recent Asia Pacific Roundtable Conferences



*By the time of the annual Leaders Meeting in Vancouver in November 1997, the APEC process had moved from a vision and goal-setting phase to that of implementation.*

Cooperation.' MANCPEC has also been contributor to the PECC's annual *Pacific Economic Outlook* and later *the State of the Region Report*.

PECC deliberations and networking among the tripartite components (government, business and academia) inspired the formation of the Asia-Pacific Economic Cooperation (APEC) in 1989. Since then, it has functioned as a major source of intellectual inputs for ideas, concepts and policy recommendations to the official APEC process.

### Asia Pacific Economic Cooperation (APEC)

Early in the APEC process, an Eminent Persons Group (EPG) comprising representatives from each member economy was set up to chart the future course of the trans-Pacific body. To assist in the work of the EPG, Malaysia nominated ISIS Malaysia's first Director-General, Datuk Noordin Sopiee, as its delegate.

The Bogor Meeting in 2004 was a major milestone in the APEC process for it adopted the long-term goals of free and open trade and investment in the Asia Pacific by the year 2020 (target date 2010 for the industrialised economies and 2020 for the developing countries). While accepting these goals, Malaysia made clear its position that the target dates were to be indicative and non-binding as the speed of liberalisation depended on the level of economic development of the APEC members.

Adding momentum to the APEC process, the Osaka Summit in 1995 adopted the Osaka Action

Agenda comprising the three pillars of trade and investment facilitation, trade and investment liberalisation and economic and technical cooperation.

At the Manila Meeting a year later (1996), besides the Collective Action Plans (CAPs), whereby member economies agreed to collectively undertake to improve and facilitate the conduct of trade and investment by establishing databases on tariffs, non-trade measures (NTMs) and trade and competition policies, the members also submitted their Individual Action Plans (IAPs) towards achieving these goals. Malaysia's IAP reiterated its commitments to reduce tariffs and review NTMs.

At the Manila meeting also, APEC issued the Declaration on an APEC Framework for Strengthening Economic Cooperation and Development (ECOTECH), focusing on six priority development areas, specifically: human capital, capital markets, economic infrastructure, future technologies, small and medium scale industries, and quality of life through environmentally sound growth.

By the time of the annual Leaders Meeting in Vancouver in November 1997, the APEC process had moved from a vision and goal-setting phase to that of implementation. As host of the 1998 Meeting, Malaysia accorded priority to the ECOTECH theme of capacity building, especially on human resource development



Participants at the Ninth Asia Pacific Roundtable

(HRD), and harnessing technologies of the future.

Unfortunately for APEC, while the process moved progressively from 1993, the financial crisis of 1997-98 took a heavy toll on the Asian member-economies, drastically affecting the future direction of the trans-Pacific body. Despite hastily cobbled recovery plans, the palpable fact that the presence of the world's strongest economies (the US and Japan) were unable to provide effective leadership for the region's recovery and Asean members having to deal with internal exigencies, caused disillusionment and pessimism for the APEC process for concrete cooperation to set in.

In the wake of the September 11 terrorist attacks in the US, the economic agenda for the 2001 Meeting in Shanghai was overshadowed by the political-security imperative of countering terrorism. For the next four years, the region's interest in APEC continued to wane, increasing doubts about its relevancy and effectiveness among its members.

Meanwhile, a new cooperative and integrative process had been gaining ground among the 10 Asean members and their Northeast Asian neighbours, China, Japan and the Republic of Korea. The Asian financial crisis of 1997 provided strong impetus for the beginning of the Asean Plus Three (APT) process, leading the 13 heads of state and government to declare the unprecedented Joint Statement

on East Asia Cooperation in November 1999. The subsequent East Asian Vision Group Report recommended the creation of an East Asian community as a long-term goal for the region. At the 10th anniversary of the APT process last year, the Second Joint Statement on East Asia Cooperation was announced.

APEC's relevancy has been further eroded with the setting up of the East Asia Summit in December 2005, comprising the APT countries, along with Australia, New Zealand and India, for consultation on strategic matters of common concern. In view of these developments, unless APEC is able to re-invent itself to meet present and future challenges, the trans-Pacific body might well fade into the horizon.

# SCIENCE, TECHNOLOGY AND ENVIRONMENT INITIATIVES

By Philip Mathews

*Cognisant of the role it could play in providing inputs for newer approaches to meeting the national challenges of science and technology development, as well as sustainable environmental management, ISIS Malaysia set up within itself a Bureau, in 1990, to undertake policy research in the relevant fields.*

## Science and Technology

The launching of the Industrial Master Plan (IMP) in 1985 marked a discernible strengthening of policy focus towards science and technology (S&T) as an important component of industrial development strategies. The IMP highlighted the 'low level of technology and lack of indigenous capability of technology mastery' as well as 'the short supply of engineer /technician level manpower', among the structural weaknesses.

In 1986, the National Science and Technology Policy was launched. It represented a major milestone, giving due recognition to the importance of science as an instrument of development.

The strategies outlined in this policy statement stressed priority in S&T to enhance social well-being, employment, security and wealth of the nation; integration with national development plans; upgrading of S&T services; self-reliance; acquisition and dissemination of scientific information; support of

R&D; manpower development; the role of private sector; promotion and encouragement of technology transfer; computerization; and the creation of centres of excellence.

Following the launching of the National S&T Policy, a chapter on Science and Technology was, for the first time, included in the Malaysia's Fifth five-year development plan, covering the period from 1986 to 1990.

Recognising the importance of utilizing, assimilating, adapting and generating technology for sustained progress, ISIS Malaysia, together with experts from various fields, collaborated and came out with the Action Plan for Industrial Technology Development, which formed the most comprehensive policy statement on industrial technology. The 42 recommendations are grouped into five basic areas or strategic trusts and cover a broad range of actions and targets designed to elevate industrial technology levels.

In 1995, the Office of the Science Advisor together with

the Commonwealth Consultative Group on Technology Management (CCGTM) and ISIS Malaysia initiated the Langkawi International Dialogue (LID) on Smart Partnership, the first major dialogue of its kind, to harness the financial, human and technological resources of the private and public sectors. The objective of staging LID was to match people, industries and companies, nationally and internationally, in order to increase trade, investment and practical commercial research, to the benefit of all concerned.

## The National Information Technology Agenda

This was formulated in 1996. ISIS Malaysia was invited to provide inputs to the framework for a coordinated and integrated approach in developing the three strategic elements comprising human resource, infostructure and IT-based applications. Efforts to strengthen the foundation for building a knowledge-based society and economy later led to ISIS' involvement in another major study.

### Information Superhighway

ISIS formed the Experts Group on the Information Superhighway in 1995. As part of the effort to encourage the establishment of IT and IT industries, a group of experts was convened to study the attributes, benefits, and challenges of the information age, with particular reference to Malaysia in production; commerce; social change; international interfaces; etc. One of the highlights put forward was that there must be a commitment towards ensuring that everybody has a fundamental right to an equal ability and opportunity to access utilize information.

### Environmental Challenges

Malaysia, like many other developing countries, is concerned with the concept and scope of sustainable development. Sustainability clearly means much more than 'keeping things as they are'. Sustainability must encompass development and it not only deals with stocks and flows of natural resources but also embraces concepts such as distributional equity. Different perceptions and approaches lead to different mechanisms and methods for attaining sustainability.

### Country Report for UNCED

The preparation of the Country Report for the United Nations Conference on Environment and

Development (UNCED) began in July 1990 and the writing began in ISIS Malaysia when it was commissioned by the Ministry of Science, Technology and the Environment to coordinate the task in 1991 with financial assistance from UNDP. ISIS Malaysia assembled a core group of experts to approach the subject in an integrated manner, taking into account the suggestions on the framework and contents of the report from the UNCED Secretariat.

ISIS Malaysia also initiated several studies, of which one was a collaborative research project that the Harvard Institute for International Development (HIID) and ISIS Malaysia launched in 1992 to examine the inter-relationships among natural resources, environmental quality, and economic development.

The subject of environmental management and its integration with development has then become a major concern and challenge. The UNCED and other international initiatives have accentuated the fact that the core issue is how to bridge a gap between 'global thinking' and 'local action'. ISIS Malaysia prepared a report entitled 'Local Dimension of Environmental Management – Analyses of Malaysian Institutions and Cases' which the Ministry of Foreign Affairs of Japan, commissioned through the International Development Center of Japan.

### Managing Manufacturing Pollution – the Experiences of Malaysia, Thailand and Indonesia, 1991.

There were clear indications that Malaysia, Indonesia and Thailand were set to follow the path to industrialization in their pursuit of economic development. However, the manner it was achieved and the end level attained would have implications in socioeconomic dimensions, such as welfare of the people and the environment. The study discussed issues of pollution from the manufacturing sector in three ASEAN countries, its implications, responses from the relevant authorities and the public at large. It also attempted to focus attention on future challenges and directions of required responses with the hindsight of experience to date.

### The National Spatial Planning Study

Completed in 1994, this study addressed sustainable natural resource development. It was recognized that from a spatial viewpoint, development in Peninsular Malaysia during the colonial administration was originally centred around the tin mining industry, the trading centres and later around the centres of ready access to available infrastructure. Attempts to correct the regional imbalances were undertaken. Recognising the important role of natural resources development, including land, as a means to propel economic



growth of natural resource-rich states, the study attempted to address sustainability issues and development patterns.

### **Trade and Environment Linkages: A Malaysian Case Study**

A report of a study of trade and environment linkages for selected Malaysian industries was prepared for the United Nations Conference on Trade and Development (UNCTAD) Geneva by ISIS Malaysia in 1995.

### **Support to Environment and Natural Resource Research and Development Capacity**

This UNDP-funded project was implemented by ISIS Malaysia in 1997. It was designed to assist in the development and institutionalization of capabilities for environment research and policy analysis. It consisted of research grants for projects which would complement other on-going activities and provide useful and constructive inputs for policy, planning and management of the environment and natural resources in Malaysia.

### **Multilateral Environmental Agreements (MEAs)**

This project was undertaken by ISIS together with the United Nations University (UNU), ASEAN Secretariat, Institute for Global Environmental Strategies (IGES) and Ministry of Environment, Japan in early 2003. Asean Secretariat together with ISIS Malaysia conducted the Asean

case study on MEAs in early 2000. The February 2001 meeting reaffirmed the need to identify and prioritise the needs of developing countries, namely in building capacity to handle MEAs and in 2003 another meeting was organised and aimed at promoting MEAs at operational level, using cross-cutting and function-based commonalities such as institutional support, integrated assessment and trade.

### **Colorado-Malaysia-Vietnam Initiative on Urban Environmental management 2002**

This was undertaken to explore strategies for planning and infrastructure development that prevent or reduce future pollution, and environmental consequences of urban growth and industrial development. The Initiative was funded by the US-Asia Environmental Partnership Programme and to facilitate the initiative, A Malaysian Cleaner Production Group was formed consisting of SIRIM, DOE, FMM, ENSEARCH, Greenfields Consulting, Penang Skills Development Center and ISIS Malaysia.

### **Research Advisory Panel for Institute of Global Environmental Strategies (IGES)**

ISIS has been a member of IGES, based in Japan, since 1998 and has been involved in studies and activities on environment and resources initiated by IGES. An

on-going exercise is ISIS' contribution to the 'Top News on the Environment in Asia,' published annually by IGES.

### **Southeast Asian Fires and the Haze – 1998, 2006 and 2007.**

ISIS Malaysia was invited by Singapore Institute of International Affairs (SIIA) to the Dialogues on Trans-boundary Haze Pollution in Southeast Asia. The dialogues were efforts to bring together stakeholders from civil society organizations and think-tanks based in the region to review the impact and causes of transboundary haze pollution and the efforts taken to date; to consider and recommend new and additional ways to resolve the current statement of fire prevention and control; and to promote policy, cooperation among civil society actors and public advocacy to address the issue.

### **The National Policy on the Environment**

The Bureau was commissioned by the Department of Environment under the then Ministry of Science, Technology and the Environment (MOSTE) to draft and fine-tune the National Policy on the Environment, which led to the Policy's endorsement by the Cabinet in 2002.

### **Initial National Communication to UNFCCC**

In 2000, this report was produced for the Government for submission to the United Nations



Framework Convention on Climate Change (UNFCCC). For this, the Bureau worked closely with experts from the Government, academia and NGOs, outlining Malaysia's efforts in addressing the causes and impacts of climate change.

### **Steering Group on Biodiversity Conservation**

ISIS was part of this smart partnership grouping led by BP Malaysia, which worked towards biodiversity conservation. Their activities included capacity building, training of trainers and promotion of biodiversity-related careers among school leavers.

### **Energy Studies**

The Bureau has been engaged in studies pertaining to energy, including the EPU-commissioned study on 'Energy Policy Analysis and Planning towards 2020', completed in 1995, and more recently has been in the midst of conducting the Energy Blueprint (EB) Study – 2007-2008. The EB study was initiated by the Energy Commission of Malaysia for the purposes of developing options for the electricity supply industry within the context of the national energy economy; identifying strategic issues for a sustainable energy future; and proposing

steps to be taken to meet the national goals of 2020 and beyond. The Blueprint would aim to articulate, among others, fuel-mix strategies and enabling policies for energy, and establish guidelines for the development of the energy sector, with a view to meeting the challenges Malaysia will face as a prospective net importer of energy.

### **Task Force on Sustainable Development**

The Bureau was invited by the National Academy of Sciences to be a member of this Task Force which met regularly to brainstorm on current issues related to sustainable development, in particular towards providing input to the country's delegations to relevant international conferences.



*ISIS Malaysia – set on a hillock*

## THE COLONIAL HOUSE

By Thangam Ramnath

ISIS Malaysia is housed in a picture-perfect colonial building set on a hillock in the lush Lake Gardens of Kuala Lumpur. It overlooks Parliament Road on one side and a valley on the other. At one time the residence of British officers, its illustrious neighbours include the Parliament House, the National Monument (built as a Memorial for soldiers killed in defence of the country) as well as the Royal Lake Club, a watering hole for the well-heeled that was also built during colonial times.

There is a gracious lawn in front of the building (perhaps the scene in days bygone of elegant tea parties), and a road rings the lawn to the front porch. The car park on the side of the building overlooks a valley from which such denizens of the wild as families of monkeys, snakes and winged creatures of all kinds have made regular forays into ISIS grounds.



*The library*



*The printing room*



*The conference hall*

The administration office as well as the offices of the Chairman and CEO, and the Director General, are housed in the old building while the research staff occupy a modern three-storey annex. A library with an extensive collection of research material, as well as a printing room make up the other buildings on the grounds. A conference hall occupies the whole top floor of the annex with glass windows on three sides to capture the stunning views of the lush green surrounds.

The 3-storey annex was built in the mid-1980s when ISIS Malaysia moved into their current premises from the APDC building in Jalan Duta, where it all began in 1983.

## ISIS: WHERE EVEN STRONGLY DIVIDED VIEWS WERE DEBATED

By Tan Sri Mazlan Nordin

*ISIS Malaysia has contributed much to the nation and the region since its establishment in 1983. From in-house forums to international conferences, ISIS has proven its versatility and effectiveness.*

The Institute of Strategic and International Studies (ISIS) Malaysia celebrated its 25th anniversary on April 8, 2008.

Around the same time, ISIS had convened a forum on 'Malaysia-Indonesia Bilateral Relations: Assessment and the Way Forward'. Barely two weeks earlier it held a conference on Islam Hadhari. And just two days after the national elections on March 8, there was a forum on the political tsunami during the polls, attended by some 300 diplomats from the foreign embassies, amongst others.

The above events reflect ISIS's firm commitment to its multi-dimensional role as set out when it was established in 1983, namely:

- To generate policy ideas and engage in public policy research and analysis, and advocate solutions;
- To act as a catalyst for new ideas and visions to promote people-centred policies and plans;
- To facilitate public discussions on specific issues;
- To promote mutual under-

standing between nations and assist in resolving some problems between nations, if any;

- To draw the best ideas and practices on different sectors from its interactions with other think-tanks in the region and the world, and
- To work for the nation and the government of the day, not for politicians and political parties.

ISIS has gained international recognition following the participation of foreign dignitaries in its varied programmes. Among them have been: UK Prime Minister Margaret Thatcher, South African President Nelson Mandela, US Secretary of State Dr. Henry Kissinger, Indian Prime Minister Manmohan Singh (then Secretary-General of the South Commission), Cambodia's Prince Norodom Sihanouk, Tanzanian President Dr. Julius Nyerere, Australian Prime Minister Malcolm Fraser, and UN Secretary-General Dr. Boutros Boutros-Gali.

Strongly-divided views were often debated and tough

questions posed in the conferences, colloquium and fora that were attended by intellectuals, academicians, political and social activists and media practitioners.

But there were also timely reminders, as when ISIS' first chairman Tun Hussein Onn spoke on Japan's relationship with countries in the region: 'There will be but trouble and tribulation should Japan seek to play a military role in our area.'

There was also the straightforward explanation from former Prime Minister, Dr. Mahathir Mohamad on Malaysia's Look East Policy: 'It does not mean that we want Malaysians to be Japanese. We do not mean that Malaysians should eat *maki sushi* and *shabu shabu*, and wear kimonos. It does not mean we should per se buy Japanese or sell Japanese. It does not mean the awarding *per se* of contracts to the Japanese.'

Then there was the reminder from the other ISIS chairman, Tan Sri Dr. Noordin Sopiee when he spoke in a conference of Third World countries: 'We need neither despondent pessimism nor wild-eyed optimism, but cold-blooded realism. Co-operation can only be imposed on the basis of realism and full consideration of the national interest of each of the countries.'

Writing on the signing of the agreement which ended the Communist Party of Malaya's armed struggle in 1989, and the lesson learned from the

Emergency, Tan Sri Noordin said: 'The hearts and minds of the people are never won for good or once and for all. They have to be won every day, every week and every month.'

No less pertinent was the advice from former Deputy Prime Minister of Malaysia, Musa Hitam, on political realities: 'Any consideration of a national economic policy after 1990 when the New Economic Policy expires will be futile without accepting certain political realities in the country. Malaysia is still multi-racial, and different or even divergent perceptions and prejudices still persist.' Presenting a paper at a forum on the NEP at ISIS in 1989, he added: 'The differences are in fact specifically represented by the political party structure.'

ISIS has also been engaging in consultancies and undertaking policy-relevant analyses and problem-oriented studies in consultation with experts and institutions within or outside Malaysia. Some of these are:

- Study to review the process and procedures involved in employing maids from Indonesia as commissioned by the Economic Planning Unit among others;
- Indonesia, Malaysia, Thailand Growth Triangle: Malaysian perspective – a project study concerned with the development of the growth triangle in North Malaysia.
- Malacca Strategic Development – to project future development trends of Malacca towards the year

2020;

- Polytechnic Development Study – commissioned by the Ministry of Education to study and make recommendations on the future development of polytechnic education in Malaysia.

In addition ISIS has participated, assisted or helped initiate a number of programmes, both nationally and internationally. They include the following:

- South-south co-operation – ISIS played a part in initiating the idea for a commission for the South;
- Asia Pacific Roundtable Conference (APR), 1987–1992. From 1993 the APR has been sponsored by Asean-ISIS. Malaysia has been the host for this meeting for the last 21 years.

The present ISIS chairman is Dato' Seri Mohamed Jawhar Hassan, formerly Director-General of the National Unity Department. He had earlier served in the Trade and Industry Ministry and Home Ministry. Dato' Seri Mohamed Jawhar Hassan was among speakers in the East Asia Forum Dialogue in Sydney recently.

A relatively recent addition to ISIS as Director-General is Professor Dr. Mahani Zainal Abidin who recently presented a paper on 'Demographic Changes in Asia: Factors of Uncertainty or Source of Strength.'

To all of these should be added studies on Malaysia as done by a foreign think-tank. An example is

the book titled *Contesting Malayness: Malay Identity Across Boundaries* (Singapore University Press).

Another is the study on population figures in Malaysia. There was mention then that the Malay population would increase to 62 per cent in 2010.

Having performed its sometimes onerous tasks with relish since its establishment, there is much hope that ISIS would continue to do the same or even more – in the years ahead.



## ISIS MALAYSIA CONSULTANCIES AND PROJECTS

*Compiled by Susan Teoh*

*ISIS Malaysia has been engaged in consultancies and undertaking policy-relevant analysis and problem-oriented studies sometimes in collaboration with experts and institutions within or outside Malaysia. Some of these were:*

**1. Energy Blueprint**

A study commissioned by the Energy Commission of Malaysia. It is still in progress.

**2. Study to Review the Process and Procedures Involved in Employing Foreign Maids from Indonesia.**

A consultancy report commissioned by EPU/MTEN/NIND, Prime Minister's Department, Malaysia, January 2008.

**3. Evaluation of Japan's Official Development Assistance (ODA) to Malaysia.**

This study, conducted under the Center for Japan Studies, was commissioned by the Ministry of Foreign Affairs, Japan, December 2007.

**4. UNDP, ISIS and MIER**

ISIS Malaysia jointly authored a publication entitled '*Malaysia: International Trade, Growth, Poverty Reduction and Human Development*' along with the UNDP and the Malaysian Institute of Economic Research (MIER). This publication, and the UNDP Human Development Report, was subsequently launched by the Deputy Prime Minister, Dato' Seri Abdul Najib Tun Abdul Razak on 4 July 2006 at the Putrajaya Marriott Hotel and a panel discussion was held.

**5. The Islamic Development Bank (IDB) Vision 1440H.**

ISIS Malaysia was engaged by the Islamic Development Bank to be the Lead Consultant for the IDB 1440H Commission. ISIS Malaysia also helped draft the Commission's proposal for IDB Vision 1440H. The Vision Commission's Report was later accepted by the IDB Management. Former Malaysian Prime Minister Tun Dr. Mahathir Mohamad was the Chairman of the Commission. The IDB Vision 1440H was launched in March 2006.

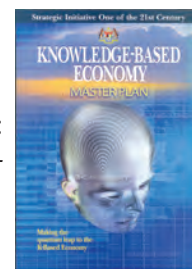
**6. Royal Commission to Enhance the Operation and Management of the Royal Malaysia Police.**

ISIS Malaysia assisted 'The Royal Commission To Enhance The Operation And Management of The Royal Malaysian Police', in the preparation of its Report to the King and the Government of Malaysia. The Report was submitted by The Royal Commission in May 2005. The Royal Commission submitted over 120 recommendations regarding enhancement of the performance of the Royal Malaysian Police for the consideration of government.



## 7 Malaysia's Knowledge-Economy Master Plan

A Master Plan was prepared by ISIS Malaysia under the guidance of the steering committee chaired by the Ministry of Finance. This resulted in the publication: *Malaysia's Knowledge-Economy Master Plan: Making the Quantum Leap to the K-Based Economy*, September 2002.

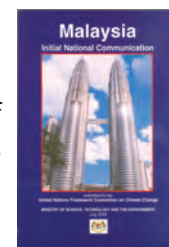


## 8. Strategic Plan for Education 2020

This study was conducted upon the request of the Ministry of Education. The objective is to recommend policies to help in the formulation of a Strategic Plan for education towards the year 2020. An international Brains Trust on Education Conference was held at ISIS in 2002 to assist in the preparation of the Strategic Plan.

## 9. Malaysia Initial National Communication

ISIS Malaysia was the project manager of this report, which was submitted to the United Nations Framework Convention on Climate Change, by the Ministry of Science, Technology and the Environment in July 2000. The study outlined Malaysia's efforts in addressing the causes and impacts of climate change and the strategies that have been pursued to achieve national development goals.



## 10. Polytechnic Development Study

This project was commissioned by the Ministry of Education (MOE) in June 1997, to study and make recommendations on the future development of polytechnic education in Malaysia.

## 11 Housing Industry in Malaysia

A study was commissioned by Cagamas Berhad to undertake a nationwide study on the housing industry. Findings from the study were published in a book: *Housing the Nation: A Definitive Study*, in 1997.



## 12. Trade and Environment Linkages – Malaysian Country Study

This project, commissioned by the Asean Secretariat in May 1995 and completed in August 1996, was jointly undertaken by the Bureau of International Economic Studies (BIES) and the Bureau of Environment, Science, and Technology (BEST) of ISIS Malaysia. Its aim was to examine whether there was a need to adopt common environmental policies at the Asean level in order to maximise the gains accruing from the Asean Free Trade Area by ensuring that national environmental policies and regulations did not distort the free movement of goods, services, and capital within the single Asean market.

## 13. Malacca Strategic Development

This study analysed and reviewed the development and trends of the economy and projected future development trends of Malacca towards the year 2020. It was submitted to the Malacca State Government in August 1995.

#### 14. National Policy on the Environment (NPE)

ISIS through the Bureau of Science, Technology, Energy, Natural Resources and Environment (BEST) assisted the Ministry of Science, Technology and Environment (MOSTE) and Department of Environment (DOE) in fine-tuning the NPE document. Following the collaborative work of the drafting committee (MOSTE, DOE and ISIS), a National workshop was held in ISIS in November 1994, leading to the Cabinet's acceptance in 2002.

#### 15. Indonesia, Malaysia, Thailand Growth Triangle: Malaysian Perspective

This study was concerned with the development of the growth triangle in North Malaysia. It was prepared by the Bureau of National Economic Policy Studies, ISIS Malaysia in August 1994.

#### 16. Commission for A New Asia

ISIS Malaysia played a contributing role in the development of the Commission for A New Asia. A book was published entitled: *Towards a New Asia: A Report of the Commission for A New Asia*, in 1994.



#### 17. ISIS-HIID Project

The ISIS-HIID Conference on the Malaysian Economy from June 1-3, 1992 launched a two-year collaborative study between ISIS Malaysia and the HIID (Harvard Institute for International Development). This was a study on the Malaysian economy, with the aim to look at the nation's recent development experience and examine the necessary conditions, given present and future constraints, for it to join the ranks of developed countries. Two books were published as a result of this project:



1. Snodgrass, Donald R. *Successful Economic Development in a Multi-Ethnic Society: the Malaysia Case*. Cambridge, Mass.: Harvard Institute for International Development, Harvard University, 1995.
2. Vincent, R. Jeffrey, Rozali Mohamed Ali and Associates. *Environment and Development in a Resource-Rich Economy: Malaysia under the New Economic Policy*. Cambridge, Mass.: Harvard Institute for International Development, Harvard University, 1997.

#### 18. An Initiative for the Greening of the World

ISIS Malaysia assisted the Ministry of Science, Technology and the Environment in the preparation of the report 'An Initiative for the Greening of the World' which was published in 1992.



#### 19. Country Report Malaysia

ISIS Malaysia was commissioned by the Ministry of Science, Technology and the Environment to prepare the Country Report for the United Nations Conference on Environment and Development (UNCED) in 1992. The report preparation involved the assembly of existing and available material and results of extensive research as well as studies that were carried out in the country.

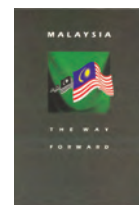


## 20. Penang Strategic Development Plan, 1991-2000

This project was to set the broad framework to guide Penang into the 21st century. The final report was submitted to the Penang State Government in October 1991.

## 21. Vision 2020

ISIS Malaysia contributed to the development of the Vision 2020. The publication on Vision 2020, entitled *Malaysia: The Way Forward* was presented by Dato' Seri Dr. Mahathir Mohamed at the inaugural meeting of the Malaysian Business Council on 28 February 1991.



## 22. Malaysian Business Council

ISIS Malaysia was the Secretariat for the Malaysian Business Council and its Centre for Economic Research & Services was established within the Institute in 1991. The Executive Director of the Centre was Dr. Noordin Sopiee and the Deputy Executive Director was Dr. Ismail Salleh.

## 23. Panel of Eminent Persons

A Panel of Eminent Persons was established to study and make the necessary recommendations on strengthening and revamping the structure and mechanism of Asean, in particular the Asean Secretariat. The panel members were: Tan Sri Mohd. Ghazali Shafie, (Chairman), Professor Mohammad Sadli, Dr. Noordin Sopiee, Dr. Jacques Pelkmans and Emeritus Professor Gladstone Everard Mills. A Report, 'Strengthening the Structure and Mechanism of Asean With Special Reference to the Asean Secretariat', was prepared for the Asean Standing Committee by the Panel in 1991.

## 24. Commonwealth Study

A Review of Malaysia's Position in the Commonwealth was submitted to the Government in 1990.

## 25. South-South Cooperation

ISIS Malaysia played a part in initiating the idea of a Commission for the South. The Commission for the South was established in 1987, and was initiated by Dato' Seri Dr. Mahathir Mohamad after a meeting organized in Kuala Lumpur by the Third World Foundation and ISIS Malaysia. The South Commission produced a book: *The Challenge to the South: The Report of the South Commission*. Oxford: Oxford University Press, 1990.

## 26. OECD Dynamic Asian Economies

ISIS was the Malaysian representative to the OECD Dynamic Asian Economies dialogues from 1989-1992.

## 27. Japan-Southeast Asia (JASA) Conferences

ISIS and the Sasakawa Peace Foundation of Japan jointly initiated a series of conferences with the aim of providing a forum for Southeast Asian countries and Japan to exchange philosophical ideas about policies which had or had not made



each country resilient, taking into account domestic capabilities, constraints and circumstances. Three main meetings were held – the First JASA in 1989, JASA II in 1991 and JASA III in 1992.

#### 86. **Malaysia's Public Sector**

A study and report on 'The Management of Malaysia's Public Sector Size' was submitted to the Ministry of Finance in 1987.

#### 29. **Group of Fourteen on Asean Economic Co-operation and Integration**

ISIS Malaysia was delegated as the Secretariat for the Group of Fourteen (G-14) on Asean Economic Cooperation and assisted in the preparation of the G-14 Report entitled: *Asean The Way Forward: The Report of the Group of Fourteen on Asean Economic Cooperation and Integration*, published in 1987.

#### 30. **Asia Pacific Roundtable Conference**

ISIS initiated the Asia Pacific Roundtable Conference in 1987. From 1993 to the present it has been held under the sponsorship of Asean-ISIS. ISIS Malaysia has been the host for this meeting for the last 21 years.

#### 31. **East Asia Congress**

ISIS initiated the East Asia Congress in 2003 and has been hosting the event annually since then for the last 5 years.

#### 32. **Malaysia National Committee for Pacific Economic Cooperation (MANCPEC)**

ISIS Malaysia has been holding the chairmanship of MANCPEC since its establishment.

#### 33. **Council for Security Cooperation in Asia and the Pacific (CSCAP) Malaysia**

ISIS Malaysia is the lead institution for CSCAP Malaysia and acts as the CSCAP Secretariat for Malaysia.

#### 34. **Public Seminar on Rising Prices**

ISIS Malaysia has been tasked with conducting a series of public seminars entitled: 'Public Seminar: Rising Prices and People's Welfare: Current Measures and Future Steps' across Malaysia. Meetings were held over the months of April and May 2008, in Kuala Lumpur, Pulau Pinang, Kuala Trengganu, Kota Kinabalu, Kuching and Johor Baru.

#### 35. **ISIS Forum**

An ISIS Forum entitled 'The 2008 General Election Results: Outcome and Implications for Malaysia', was held on 10 March 2008, with three lead speakers, namely Dr. Chandra Muzaffar, Prof. Dato' Dr. Shamsul Amri Baharudin and Ms. Rita Sim, and was chaired by Tun Musa Hitam and Dato' Seri Mohamed Jawhar Hassan.





### TUN HUSSEIN BIN DATO' ONN

Tun Hussein bin Dato' Onn, the third Prime Minister of Malaysia (1922-1990), was Chairman of ISIS Malaysia from 1984 until his death in 1990. He was the son of Dato Onn Jaafar one of the founders of the United Malays National Organisation (UMNO).

Tun Hussein received his early education in Singapore and at the English College in Johor Bahru. He joined the Johor Military Forces as a cadet in 1940 and was sent a year later to the Indian Military Academy in Dehradun. Upon completion of his training, he was absorbed into the Indian Army and served in the Middle East when the Second World War broke out.

Tun Hussein, who came from a family with deep nationalistic spirit and political roots, resigned from the civil service to go into politics. In 1949, he became the first youth chief of UMNO (United

Malays National Organisation). In 1950, he was elected UMNO Secretary General. Tun Hussein however left UMNO in 1951 to join his father in forming the Independence of Malaya Party (IMP). With IMP losing momentum, Tun Hussein went to London to study law at Lincoln's Inn, qualifying as a Barrister-at-Law. He came back as a certified lawyer and practiced in Kuala Lumpur.

Tun Hussein returned to politics in 1968 after being persuaded by the then Prime Minister Tun Abdul Razak to rejoin UMNO. He won in the general elections in 1969 and was appointed as the education minister. Tun Hussein's meteoric rise continued when on August 13, 1973 he succeeded the late Tun Dr. Ismail as the Deputy Prime Minister of Malaysia. On 15 January, 1976, after the death of Tun Razak, he was appointed as Prime Minister.

Tun Hussein was renowned for stressing the issue of unity through policies aimed at rectifying economic imbalances between the communities. He was looked upon as being very sincere in his struggle for racial unity and had a reputation for being firm against anyone who tried to create racial unrest in the country. It was due to this that he

was granted the soubriquet *Bapa Perpaduan* (Father of Unity). He was married to Toh Puan Suhaila Tan Sri Haji Mohd Noah and had two sons (one of whom, Hishamuddin Hussein Onn, is the Education Minister) and four daughters. He underwent a coronary bypass in early 1981. On 17 July of the same year, he retired from active politics and relinquished the post of prime minister. He died on the 29 May 1990, at the age of 68.



### TAN SRI DATO' DR. NOORDIN SOPIEE

The late Tan Sri Dato' Dr. Noordin Sopiee (1944-2005) was Chairman and CEO of the Institute of Strategic and International Studies (ISIS) Malaysia from 1997 to 2005. Prior to that he was ISIS Director-General. A graduate of the

London School of Economics and the author of several books and a few hundred articles on economics, politics and strategic planning, Tan Sri Noordin began his working career in 1972 as a leader writer with *New Straits Times*. Less than a decade later he was promoted to the post of Group Editor. In 1984 he was appointed the first Director-General of the then newly-established Institute of Strategic and International Studies.

Tan Sri Noordin also held many positions in public sector and private sector organisations. He was Chairman of the Malaysia National Committee for Pacific Economic Co-operation (MANCPEC), and Chairman of Monash University Malaysia.

He played an active role as an Executive Committee Member of the National Economic Action Council (NEAC), the Board of Directors of Malaysia's Central Bank and the ASEM (Asia Europe) Task Force on Trade, Investment and Finance.

Tan Sri Noordin was a Member of the Emerging Markets Eminent Person's Group on Reform of the International Financial Architecture and the National Information Technology Council. He was one of the 100 members of the Club of Rome.

He continued to be actively involved in media work. He was Adviser to the China Central Television International (CCTV) and columnist for a number of leading international and local newspapers.

He was the recipient of many awards including: Darjah Mulia Seri Melaka (DMSM), Darjah Kebesaran Indera Mahkota

Pahang (DIMP), Panglima Setia Mahkota (PSM), Darjah Gemilang Pangkuan Negeri Pulau Pinang (DGPN) and the National Order of Merit (*Ordre National du Merite*) of France.

Eulogies for Dr. Noordin were many. In the words of ISIS Chairman and CEO Dato' Seri Jawhar Hassan, Dr. Noordin 'built ISIS from scratch, and put it on the world map.' He went on to say, 'his views reflected the mind of a rationalist and a pragmatist, but he was also imbued with a sense of idealism, by what he thought would help make for a better world.' He described Tan Sri Noordin as 'a combination of intellectual prowess and writing – a formidable combination in the world of ideas.'

Mr. Philip Mathews, Assistant Director-General at ISIS, who had the privilege of working with Dr. Noordin as his colleague at the *New Straits Times* as well as at ISIS, called him the 'quintessential thinker' and 'a great visionary.' He said ISIS was Tan Sri Noordin's 'idea mine where he used his tried and tested methods on anybody and everybody he came into contact with. ...from leaders in every profession who sought him out to his research officers and his research staff.'

Soo Ewe Jin, Deputy Executive Editor at *The Star*, who was an analyst at ISIS Malaysia and also past Editor of the *ISIS Focus*, declared he felt a sense of deep personal loss with the death of Tan Sri Noordin. 'Doc', as Tan Sri Noordin was fondly referred to 'had a way with words, be it Latin or otherwise. Though schooled as an economist and political scientist, he cut his teeth as a journalist...' However, Mr. Soo continued, it was as DG of ISIS

(and subsequently as its CEO and Chairman) that he made the biggest contributions to the country. 'He would declare that his mission was to plant ideas into minds of the policy-makers and help nurture the right ones to fruition.'

Datuk Jawhar described Tan Sri Noordin's passing on with these words: 'a light has gone out....it grieves us, his friends to see him go, still young and with so much to do.'



**DATO' SERI MOHAMED JAWHAR HASSAN**

Dato' Seri Mohamed Jawhar Hassan served with the government before he joined ISIS Malaysia as Deputy Director-General in May 1990. He was appointed Director-General in March 1997 and was subsequently appointed Chairman and CEO of ISIS Malaysia on 9 January, 2006.

His positions in government included Director-General, Department of National Unity; Under-Secretary, Ministry of Home Affairs; Director (Analysis) Research Division, Prime Minister's Department; and

Principal Assistant Secretary, National Security Council. He also served as Counsellor in the Malaysian Embassies in Indonesia and Thailand.

Dato' Seri Jawhar was Project Coordinator of Malaysia's Master Plan on the Knowledge-Based Economy. He also helped draft the Report of the Royal Commission to Enhance the Operation and Management of the Royal Malaysian Police.

Dato' Seri Jawhar served as a member of the Penang Knowledge Economy Information Communications Technology Council (K-ICT Council) since its inception. He was heavily involved in the formulation of the K-ICT Blueprint in support of the government's goal of making Penang a fully developed state by 2010.

Dato' Seri Jawhar was also the lead drafter of the Islamic Development Bank's Vision 1440 Hijrah document.

His other positions include: Former Executive Council Member of the National Economic Action Council (NEAC); Member, National Unity Advisory Panel, Malaysia; Non-Executive Chairman, *New Straits Times*; Member of the Board of Directors, Media Prima Sdn. Bhd.; Co-Chair, Network of East Asia Think-tanks (NEAT) 2005-2006; and Chairman, Malaysian National Committee, Pacific Economic Cooperation Council (PECC). He is also presently Co-Chair, Council for Security Cooperation in the Asia Pacific (CSCAP) for a period of two years

and Expert and Eminent Person, for the purposes of the Asean Regional Forum (ARF) Register.



#### DR. MAHANI ZAINAL ABIDIN

Dr. Mahani Zainal Abidin was appointed Director-General, Institute of Strategic and International Studies, Malaysia in May 2007.

Dr. Mahani Zainal Abidin was previously Professor in the Department of Applied Economics at the Faculty of Economics and Administration, University of Malaya. She obtained a Ph.D. (Development Economics) from the University of London in 1992. Her research interests are in the areas of industrial policy, international trade and regional groupings, and economic structural transformation. In January 1998, Dr. Mahani was appointed a member of the Working Group for the National Economic Action Council (NEAC), a body established by the Malaysian Government to formulate measures to initiate recovery from the 1997 economic and financial crisis.

Dr. Mahani was the Honorary Secretary of the Malaysian Economic Association. She is Programme Associate of the American Committee on Asian Economic Studies and Associate Research Fellow of the Malaysian Institute of Economic Research. From 1998-2000 she was a Board Member of the Malaysia Employees Provident Fund. In April 2001, Dr. Mahani was appointed as the Head of the Special Consultancy Team on Globalisation of the National Economic Action Council.

Dr. Mahani was appointed as the Economic Adviser to Bank Industri & Teknologi Malaysia Berhad from 2003 – 2005. She also served as Deputy Chairman of the National Accreditation Board from May 2003 until October 2007.

In 2005, Dr. Mahani was appointed as the Deputy Director-General of the Department of Higher Education, Ministry of Higher Education Malaysia.

She was invited as a Distinguished Visiting Scholar to the John Curtin Institute of Public Policy, Curtin University of Technology, Perth, Australia in February 2008.





**TAN SRI ZAINAL ABIDIN  
SULONG**

**Tan Sri Zainal Abidin Sulong** was Chairman of ISIS from 1990 to 1997. Prior to that he was Chairman of the Malaysian Industrial Development Authority (MIDA) the principal Malaysian government agency responsible for the promotion and co-ordination of industrial development in the country. Tan Sri Zainal Abidin Sulong began his career as a Malaysian diplomat in 1957. He

was appointed Ambassador to Indonesia and the USSR. He was also Permanent Representative to the United Nations, New York, and Secretary-General of the Ministry of Foreign Affairs. In 1988, he retired from the Malaysian Foreign Service.

Tan Sri Zainal is a Member of the Malaysia National Committee, Pacific Basin Economic Council (PBEC), and of the Steering Committee of Asean-Japan Businessmen Meeting (AJBM). He is former Vice-Chairman of the Malaysian National Committee for Pacific Economic Co-operation (MANCPEC) and Fellow of the Institut Tadbiran Awam Negara (INTAN).



**DATO' AHMAD ZABRI BIN  
IBRAHIM**

**Dato' Ahmad Zabri Bin Ibrahim** was Deputy Director-General (Management) of ISIS Malaysia from 1983 to 1987. Prior to that he was Deputy Director (1975-83) and Chief Research Officer at INTAN. He has a Masters in Public Administration from University of Southern California, Los Angeles, USA and a Bachelor of Arts (Hons) in History from University of Malaya.

## *ISIS SENIOR STAFF*



**Dr. Stephen Leong**  
Assistant  
Director-General



**Philip Mathews**  
Assistant  
Director-General



**Haji Mohamed  
Thamby Bin Md.  
Ibrahim**  
Assistant  
Director-General



**Steven Wong**  
Assistant  
Director-General



## PERSONAL RECOLLECTIONS

*ISIS staff, past and present, have contributed to the establishment of the institute as the premier think-tank of Malaysia. In conjunction with our 25th Anniversary, several former staff members and individuals associated with the Institute share their recollections.*

### ZAINUDDIN BAHARI

#### *'Fresh perspectives'*

I was seconded to ISIS for two years during its formative period. We had our first office at Persiaran Duta and later moved to the Lake Gardens. Almost half the personnel were officers seconded from various government agencies and the other half directly recruited. There were hardly a dozen of us, not including the support staff.

The small nature of the organization allowed and indeed fostered a close rapport among the officers. Dr. Noordin himself would frequently drop into our cubicles for a chat. While each of us had our own field of expertise, major national, regional and international issues were usually discussed with all officers present. This practice encouraged officers to have interests in fields outside their areas of expertise.

A small number of officers were academicians and the rest practitioners. There seemed to be a natural tendency for academicians to be rather long on theory and short on practicality. This was observed

during the closed sessions among staff members. However the presence of practitioners allowed for a more balanced presentation. On many occasions the inclusion of officers not immediately related to the issue being discussed also allowed for the introduction of fresh perspectives.

*Dato' Zainuddin was an ISIS fellow in the late 80s*

### SOO EWE JIN

#### *'It was a journalist's dream posting'*

The remarkable thing about working at ISIS Malaysia was seeing the regular stream of important people coming and going. From the smaller in-house talks to major conferences, every important visitor to the country somehow found his or her way into ISIS. In a sense, it was a journalist's dream posting. Although my primary responsibility was to document all the events for ISIS Focus, I was able to alert and assist journalists who wanted to interview these personalities. But I have always felt that the more important role ISIS played was to get national

personalities from all spectrums of society to sit together and talk about the issues of the day. Many times, such meetings were held behind closed doors where the people could be as frank as possible and could disagree without being disagreeable. The role played by ISIS in shaping national policies cannot be underplayed. As the late Tan Sri Dr. Noordin Sopiee put it, ISIS Malaysia set the trend for the emergence of various think-tanks in the country but was able to remain truly *primus inter pares*, or first among equals.

*Soo Ewe Jin, deputy executive editor at The Star, was at an analyst ISIS Malaysia from July 1988 to June 1991*

### DATUK ZAINAL AZNAM YUSOF

#### *'Contribution to policy making'*

I spent a few years at ISIS as its Deputy Director-General in-charge of economics and also as a Director of the Board of the Institute in the 1990s.

Three areas of work stood out during my tenure at ISIS: the new work of the economics of education, the preparation of the Knowledge-Based Economy

Master Plan and the work on the Asian financial crisis at the National Economic Action Council (NEAC) which led to the publication of the recovery plan. I hope the work in these areas did make some useful contributions to policy making and economic recovery.

On this occasion of ISIS' 25th anniversary, I would like to extend my best wishes to the Institute. I hope it will scale greater heights as a leading think-tank and make further contributions to nation-building in these challenging times.

*Datuk Zainal Aznam Yusof was ISIS Deputy-Director General from August 1995 till August 2002*

## TAN SIOK CHOO

***'ISIS pivotal role largely due to personal rather than institutional factors'***

1st September 1998 was a memorable day for me for two reasons. It was the day I joined ISIS, and the day Malaysia imposed selective capital controls. Since then, my life has been enriched by my association with ISIS.

Although IMF representatives criticised Malaysia's capital controls, it is a tribute to the late Tan Sri Dr. Noordin Sopiee's personality that discussions were free of personal invective. Furthermore, Tan Sri's persuasiveness was probably one of several factors that prompted the IMF to issue a report several years later

in which it conceded its views were wrong.

ISIS also helped to shape the debate with Singapore over the water issue. By supervising the issue of a booklet and a series of advertisements in the *Asian Wall Street Journal* on this issue, ISIS helped to simplify a complex issue into one undeniable fact – that Singapore pays only 3 sen for the 1,000 gallons of water it buys from Johor.

On the issue of using English to teach Maths and Science, ISIS brought together experts from the government and private sector. For many participants, including myself, the meetings were educational.

Despite disparate views, the recommendations by ISIS were pragmatic, educationally creditable and largely accepted by the government. One memorable aspect was that the meetings were scheduled to enable participants to watch key matches during the 2002 World Cup.

ISIS' pivotal role in government policy making has been largely due to personal rather than institutional factors. The late Tan Sri Dr. Noordin was an open-minded person whose good humour, wit and intellectual vigour enlivened many debates, while Datuk Seri Jawhar, the current chairman and CEO, has a razor sharp mind and an uncanny ability to puncture arguments that have more pretension than academic merit.

*Tan Siok Choo, who is now Vice-President of Noordin Sopiee and Associates, was a Visiting Fellow at ISIS Malaysia*

## DR. CHANDRA MUZAFFAR

***'I'm always hospitable to different perspectives and views'***

I learnt about the imminent launch of ISIS from the 'horse's mouth,' as it were. Months before the event, the late Tan Sri Dr. Noordin Sopiee, then the Editor-in-Chief of the *New Straits Times*, took me out for dinner one evening and spoke at great length about this new organisation that the government was going to establish under his stewardship. Noordin was really excited about creating a space in society that would undertake serious analysis of policy issues confronting the nation. Both of us had always lamented the lack of thinking and reflection on some of our most fundamental challenges.

Right from the outset I was involved in ISIS' seminars and conferences. Though my perspectives on certain national concerns did not coincide with the positions adopted by the powers-that-be, my views were received with respect. ISIS has always been hospitable to different perspectives and views. This is one of the strengths of ISIS that should be enhanced in the years ahead. At the same time, ISIS has, true to its mission, sought to provide policy-makers

with informed inputs on matters of national interest.

I continue to participate in ISIS activities. The present Chairman, Dato' Seri Jawhar Hassan, is also a dear friend. We share common perspectives on a variety of issues, both national and international. We keep in close touch with one another.

Jawhar and his team of able and dedicated researchers and analysts will have to address realities and aspirations of a different order within a changing landscape that is responding to new pulls and pressures. I have no doubt that ISIS will meet the challenges that lie ahead with honesty and courage. As a long-standing friend of ISIS, I wish you the very best. I shall always keep you in my prayers.

*Dr. Chandra Muzaffar is Noordin Sopiee Professor of Global Studies, Universiti Sains Malaysia, Penang, and President, International Movement for a Just World (JUST)*

#### BUNN NEGARA

##### ***'Leveraged channels for greater policy making'***

There are research centres, academic institutes and then there are think-tanks. The main differences lie in their origins, approaches and end results, which in turn depend on their starting points, chosen trajectories and intended purposes.

Research for research's sake may be intriguing, but tends to be of limited scope and application. Academic research may also yield additional data for satisfying intellectual curiosity, but again may not reach beyond a defined community of scholars or even move past contentious theorizing.

Think-tanks, however, are practice-oriented, reality-based research entities with a savvy combination of the latest field findings and clear policy objectives in the larger public interest. Their work therefore has the widest political, economic and cultural relevance for the deepest social consequence and significance.

After a quarter of a century, Malaysia's pioneering think-tank, the Institute of Strategic and International Studies (ISIS) Malaysia, remains the premier think-tank in the country. If its work is not always as familiar to the general public as its importance suggests, it would be because much of it applies unobtrusively and more effectively through select, leveraged channels for greater policy efficacy.

Dramatic headlines and column inches are seldom the best measure of meaningful impact. With a fair degree of national and international renown already well established, ISIS Malaysia continues to work with a quiet confidence in its own proven competence and perspicacity through a range of specialisations.

My heartiest congratulations to ISIS Malaysia are due on this, its Silver Anniversary. As Malaysia and East Asia in particular move into a more interesting, challenging and opportune period, no doubt so will the Institute and its work.

*Bunn Nagara, Associate Editor of Star Publications, was Senior Analyst at ISIS Malaysia from 1991 to 1995*

#### IMRAN LIM

##### ***'Memorable, interesting, enriching'***

On my first day in ISIS I was, to my surprise, to attend a 'Conference on National Integration.' What a pleasant way to start, I was thinking, doing nothing but listening to intellectuals, government officials, academics and various other experts expounding ideas on how we could achieve national unity among the various states of Malaysia and its diverse population. The Conference was supposed to be part of a series initiated by Dr. James Ongkili, a former minister under then Prime Minister Tun Dr. Mahathir's cabinet. His brother, Dr. Maximus Ongkili, the current Minister of Technology, Science and Innovation, then a staff of ISIS, was also actively involved in the Conference. Unfortunately, the Conference Series was discontinued after Dr. James Ongkili left the Cabinet.

Well, my carefree time in ISIS came to an abrupt end when I was assigned to write a paper on

the 'Five-Day Working Week.' Eager to impress, I immersed myself fully into research, running through statistical data, calculating cost-and-benefit ratios and analysing time-series on time gains or losses. However, when I presented my paper to Dr. Noordin, I was shocked to be told that that was not the style of writing he wanted. I was still locked in the mentality of the private sector where the style was 'cost-and-benefit analysis' in statistical form. What Dr. Noordin wanted was a simple pro-and-con argument in essay form in good expressive English. It was my first failure, so to speak, and I had to reorientate my writing style.

After my report was subjected to a merciless and critically-intense brain-storming session, it was finally ready for submission to Prime Minister of Malaysia, Tun Dr. Mahathir. But alas, before it could even be submitted to him, the Prime Minister made a pre-emptive remark which was to stop the report dead in its tracks: 'Over my dead body would I agree to a Five-Day Week!' He must have got wind of ISIS' intended submission on the topic.

This was to represent my second setback in such an early stage in my career in ISIS. But one crucial thing I learnt was that, when writing a paper for ISIS, one had to ensure that it had to be of the highest standard. There was to be no compromise to a well-researched, original and intellectually thought out piece of work, able to withstand even the most stringent critical analysis.

Such were the early lessons I learnt, that I survived in ISIS until I decided to retire in 1999. It was the most memorable, enriching and interesting part of my total career path in my working life. Working among so many intellectuals with Ph.D.s and Masters Degrees, one could not slacken by presenting mediocre work. Work excellence was the least to be expected of its professional staffers. During that time, there were about sixteen Ph.D.s and over thirty Masters Degree holders among its full time and part time professionals – a staff complement to rival even the most highly qualified public or private sector organisations.

Working in ISIS was thus a mixture of pleasantries, painful research, meeting deadlines, attending seminars and conferences and presentations of papers, both locally and internationally. It was an ideal job with a good balance of functions: to think, to generate policies, to advise, to collate and to disseminate ideas for change. The multi-disciplinary functions of ISIS were such that, to the resourceful, the avenues of thinking and idea generation were limitless. ISIS was the envy of many who aspired to work there, perceiving all those who worked there, rightly or wrongly, to be highly intelligent and very knowledgeable.

Looking back, it is very sad to note the untimely demise of Tan Sri Dr. Noordin and in such an unexpected manner, especially when he had left such an indelible mark in ISIS. His

name was without a doubt synonymous with the growth and reputation of ISIS. It was such an interesting and enriching experience to listen to him speak or present a paper. With his rich store of knowledge, intellect, sense of humour, wit and impeccable English expressions, he never failed to impress the listener. At times he may have presented ideas which at first glance would have appeared outlandish, but on further insight, would eventually convince us that he was right after all. Such was the man, that it would be difficult to forget him, though he is no longer with us now.

It is also notable that Tan Sri Dr. Noordin left a worthy and capable successor in Datuk Seri Mohamed Jawhar Hassan, to carry on the good name of ISIS. ISIS was and still is, the premier 'think-tank' of Malaysia, with an undiminished role of intellectual discourse, source of many new ideas, policy research and consultancy. Credit must be accorded to the new Chairman and CEO of ISIS, Datuk Seri Jawhar, who has managed to take over so ably and to carry ISIS to new heights.

*Imran Lim*  
Former Fellow at ISIS

## DOROTHY TEOH

*'The relationships forged ... have endured'*

I remember the first day I walked into ISIS to report for work, some time in 1990 or 1991. I had driven up the drive way and parked my



car out in front and entered via the main entrance. I wondered why there were so many cars and people, and felt somewhat self-conscious amidst a small crowd of mainly men in suits. Then I realised it was an ISIS seminar, one of many meetings I would experience over the next three-and-a-half to four years I was there.

That was one of the nice things about ISIS – you could find yourself face-to-face with not just academics, researchers and senior civil servants but on occasion, corporate chieftains, ministers and even the Prime Minister. I remember one day, coming down the stairs from the Publications Unit, when I ran smack into (then) Prime Minister Datuk Seri Dr. Mahathir Mohamad and his entourage, on their way up to attend a Malaysian Business Council meeting in the conference room.

Another time, (then) Deputy Prime Minister, Anwar Ibrahim, who was attending another meeting in the conference room, walked into the Publications Unit looking for a quiet spot to sit at so he could do some work. I offered him the late Rustam Sani's room but he declined, choosing instead to sit at my colleague's desk away from prying eyes. He was still wearing a neck brace after his horse riding accident.

I remember too ISIS's Distinguished Fellows, especially the late Tan Sri Zain Azraai, whom I interviewed when he was MAS chairman, for the 10th anniversary issue of ISIS Focus. I

was absolutely bowled over by his old school charm. When I arrived at his office, he came out of his room to meet me and shook my hand, not waiting for his secretary to take me into his office. And after the interview, he walked me to the elevator, pressed the button for the lift and waited with me before shaking my hand again just before I got in.

Not long after I joined *The Edge* in 1994, a colleague of mine was going to interview Tan Sri Zain for an article on MAS. I told her the story of how charming he was and she repeated the remark to him.

Imagine how crushed I was when she came back to the office and told me what his response was – and it's something I'll never forget. He said to her, 'Charm is a poor substitute for substance.'

Well, Zain Azraai had both.

And so did 'Doc' Noordin as Tan Sri Dato' Dr Noordin Sopiee was fondly known in the early days of ISIS. Doc was an exacting boss and not always the easiest person to work with, which was probably why a word of praise from him could really make your day. He could be intimidating but also disarmingly down to earth and without airs.

I recall after he had been conferred his first datukship, I had occasion to go and see him about something. Entering his room, I asked, 'So should we address you as Dato' now?' and his terse answer to that was 'Doc will do.'

As I look back, I believe his contribution lay not just in making ISIS what it was in the first decade of its existence. I think he helped foster something that could teach this country a lesson or two about nation-building and working together for the common good.

He kept in check ethnicity and the things that would divide us, as they do this nation, by the force of his personality!

On occasions when I meet up with ISIS alumni and those still there, I still experience that collegial feeling. And that perhaps, alongside the research, input into policy-making, etc should be counted as part of Doc's and ISIS' legacy: the relationships forged as we worked together that have endured till today.

*Dorothy Teoh was deputy editor of ISIS Focus from September 1991 to December 1992, and editor from January 1993 to July 1994. She is now Deputy Editor-in-Chief of The Edge*

## DR. PATRICK PILLAI

### 'My ISIS years'

After a dozen years in journalism, I got tired of seeing even my best-researched features ending up as fish-wrap in the wet market the next morning.

Time, I thought, for more serious research with a longer shelf-life. Time also to reap my costly

post-graduate investments at LSE. Dr Noordin Sopiee's magnetism, sense of urgency and intellectual confidence was, of course, also irresistible.

When I joined ISIS in August 1990, my first job was to help set-up and run the Malaysian Business Council, where Dr. Mahathir launched his now famous 'Vision 2020' and 'Bangsa Malaysia' ideals.

I hated the job! I was not cut-out for administrative work, nor was it intellectually stimulating. But I worked my guts out, mainly because Dr. Noordin had a way of inspiring people and making them feel they could make a difference. And a difference we did make. Among many other tasks, I commissioned and edited a series of feature articles from corporate leaders and public intellectuals who responded enthusiastically to Dr. Mahathir's ideas. All the newspapers, including the vernacular press, published them.

Four years later, I was relieved of this 'burden' and was finally freed for full-time research and consulting. I especially enjoyed working for Dr. Ismail Salleh, who displayed mature intellectual leadership by nurturing and trusting his researchers.

Of the 15 or 20 consulting projects I have worked on in my ISIS career, two come clearly to mind.

My first ever project began in 1991-2 when Dr. Ismail threw me into the deep-end of a research project on recent immigration

and emigration in Malaysia. Our client was the Nomura Research Institute. Though I was allowed access to the services of an Intern who served as a Research Assistant, I knew zero about the subject. Terror struck when an economist colleague 'reminded' me that I would be a 'mere sociologist' among a galaxy of top Asian economists who would present their country-findings at a conference in Tokyo. That was enough to transform my terror, first to anger, then to sheer determination. I did solid work on the subject, and ended up not only with kudos from Nomura but a published ISIS paper which is still sought-after today, sixteen years since it was first written.

An equally interesting experience was a mega regional development project study where I researched the chapters on immigration and human resource development. The data-mad foreign economists insisted that we stick rigidly to their turgid, theoretical TOR. After months of fieldwork and writing, when the Final Draft was finally submitted just the way they wanted it, the client faxed an urgent message which read: 'Please add a few paras on how this study can benefit the poor.' So much for 'top-down' mega projects!

*Dr. Patrick Pillai, who chose to re-career himself on reaching the age of 55 last December, after 17 years in ISIS, reflects on his time as a researcher at ISIS*

# ISIS GALLERY

1986



Dato' Seri Dr. Mahathir Mohamad, Prime Minister of Malaysia and H.E. Sir Shridath S. Ramphal, Secretary-General of the Commonwealth. South-South II: Charting the Way Forward, 5-8 May 1986.

1985



Tun Hussein Onn, Chairman, ISIS Malaysia welcomes Prime Minister Margaret Thatcher to a meeting organised by ISIS, INTAN and CCIM in 1985.

1987



Brig.-Gen. Lee Hsien Loong of Singapore and former US Secretary of State Dr. Henry A. Kissinger. First Kuala Lumpur Roundtable Discussions, 6 March 1987.



Ahmad Zabri Bin Ibrahim, Deputy Director-General, ISIS Malaysia; Dr. Hans Orville; Dr. Noordin Sopiee, Director-General, ISIS Malaysia; and H.E. General Olusegun Obasanjo, former President of Nigeria. Fifth Session of the Interaction Council, Kuala Lumpur, 19-21 April 1987.



Dato' Seri Dr. Mahathir Mohamad, Prime Minister of Malaysia and H.E. Helmut Schmidt, former Chancellor of Germany. First Session of the Interaction Council, Kuala Lumpur, 19-21 April 1987.



Tan Sri Ghazali Shafie, former Minister of Foreign Affairs and H.E. Shin Hyun Hwak, former Deputy Prime Minister of the Republic of Korea. Fifth Session of the Interaction Council, Kuala Lumpur, 19-21 April 1987.



Tan Sri Ghazali Shafie, former Minister of Foreign Affairs; H.E. Swaran Singh, former Foreign Minister of India; Mr. Bradford Morse, former Administrator, UNDP; Dr. Noordin Sopiee, Director-General, ISIS Malaysia; Sir Shridath Ramphal, former Foreign Minister of Guyana; and H.E. Olusegun Obasanjo, former Prime Minister of Nigeria. ISIS TV Forum, 'The South in Crisis', 24 April 1987.



1987



Mr. Cyrus Vance, former US Secretary of State; Mrs. Vance; and Haji Ramli Othman, Director, ISIS Malaysia. Sixteenth Williamsburg Conference, Kota Kinabalu, 5-8 November 1987.



Tan Sri Ghazali Shafie, former Minister of Foreign Affairs, Malaysia; Mr. M. Santhanababan, Principal Assistant Secretary, Wisma Putra; Tun Hussein Onn, Chairman, ISIS Malaysia; Dr. Haing Ngor, Winner of the Academy Award for his role in 'The Killing Fields'; and Dr. Noordin Sopiee, Director-General, ISIS Malaysia. First Southeast Asia Forum, 5-6 July 1988.

1988



Dr. Noordin Sopiee, Director-General, ISIS Malaysia; Prof. Mochtar Kusumaatmadja, former Minister of Foreign Affairs, Indonesia; and Mr. Gulam Hussein Gulam Haniff, Principle Assistant Secretary, Wisma Putra. First Southeast Asia Forum, 5-6 July 1988.



H.E. Ambassador Anaitullah Karim; H.E. Ambassador Mathias Mainza Chona of Zambia; and Mdm. Chona. Fifth Session of the Interaction Council, Kuala Lumpur, 19-21 April 1987.

1989



Tun Hussein Onn, Chairman, ISIS Malaysia; Mdm. Deng Junbing, wife of China's Ambassador to Malaysia; and Mr. H.E. Fang, Deputy Director-General of the China Institute for International Studies. Third Malaysia-China Scholars' Colloquium, 8-11 March 1989.



Participants of the First Indonesia-Malaysia Conference, Bali, 5-6 September 1988.

Tun Hussein Onn, Chairman, ISIS Malaysia and H.E. Marie Angelique Savane of Senegal, after her talk on problems faced by countries in Africa. ISIS, 27 March 1989.





1990



Prime Minister of Malaysia Dato' Seri Dr. Mahathir Mohamad, Tun Hussein Onn, Chairman, ISIS Malaysia and Dr. Noordin Sopiee, Director-General, ISIS Malaysia. Third Asia-Pacific Roundtable, Kuala Lumpur, 16-19 June 1989.



H.E. Dr. Soedradjad Djiwandono, Indonesia Junior Minister for Trade; Dr. Endymion Wilkinson, Head of The Asia Division, Directorate General for External Relations, Commission of the European Communities; Dato' Kok Wee Kiat, Deputy Minister of Trade and Industry; and Dr. Alexis Jacquemin, Professor of Industrial Economics, Catholic University of Louvain-La Neuve, Belgium. Colloquium on ASEAN and Europe 1992, Kuala Lumpur, 10-11 July 1989.



Tun Hussein Onn, Chairman, ISIS Malaysia and former US Secretary of State Dr. Henry Kissinger. ISIS Roundtable on Current Economic and Political Developments, 3 November 1989.



Dr. Noordin Sopiee, Director-General, ISIS Malaysia; former US Secretary of State Dr. Henry Kissinger; Ms. Rohana Mahmood, ISIS Malaysia; and Mr. Brady Lum, Visiting Henry Luce Scholar. ISIS Roundtable on Current Economic and Political Developments, 3 November 1989.



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Senior General Vo Nguyen Giap, Deputy Prime Minister and Vice-Chairman of the Supreme Council of Vietnam, during his visit to ISIS on 6 July 1990.

1990



Dr. Julius Nyerere, South Commission Chairman and Prime Minister of Malaysia Dato' Seri Dr. Mahathir Mohamad after the official launching of the Report of the South Commission, 1990.



Mr. Katsuhiko Kotari, Co-Chairman of the PECC Task Force on Tropical Cooperation celebrates his 72<sup>nd</sup> birthday on the opening day of the PECC Tropical Forest Cooperation Workshop on 26 September 1990. With him are Dato' Dr. Salleh Mohd Nor, Director-General of the Forest Research Institute of Malaysia and Dr. Noordin Sopiee, Director-General, ISIS Malaysia.



Rt. Hon. Ratu Sir Kamisese Mara, Prime Minister of Fiji; Royal Prof. Ungku Aziz, ISIS Distinguished Fellow and former Vice-Chancellor of Universiti Malaya; and Prof. Dato' Zainal Abidin Wahid, Universiti Kebangsaan Malaysia. ISIS, 27 November 1990.



Puan Zaharah Tun Dr. Awang, formerly of Hospital Universiti; Assoc. Prof. H.M. Dahlan, Universiti Kebangsaan Malaysia, Kota Kinabalu; Tan Sri Zainal Abidin Sulong, Chairman, ISIS Malaysia; Assoc. Prof. Chiam Heng Keng, Universiti Malaya; Ms. P.C. Sushama, formerly of Universiti Sains Malaysia; and Mr. Martin Khor, Consumers Association of Penang. First National Conference on the Caring Society, 5-6 December 1990.

1996



Tan Sri Kishu Tirathrai, Chairman of Globe Silk Store; and former US Secretary of State Dr. Henry Kissinger. Second Pacific Dialogue, 8-9 January 1996.



Dr. Noordin Sopiee, Director-General, ISIS Malaysia and Datuk Abdullah Ahmad Badawi, Foreign Minister of Malaysia. Tenth Asia-Pacific Roundtable, 6-8 June 1996.



1998



Tan Sri Dr. Noordin Sopiee, Chairman and CEO, ISIS Malaysia and Prime Minister of Malaysia Dato' Seri Dr. Mahathir Mohamad. Malaysian Business Council Meeting, 10 September 1998.



South Commissioner and Nobel Prize Laureate Abdul Salam. ISIS Colloquium on South-South Cooperation. 4 March 1998.

2000



Hon. Mr. Lee Kuan Yew, Senior Minister of the Republic of Singapore; and Tan Sri Dr. Noordin Sopiee, Chairman & CEO and Dato' Mohamed Jawhar Hassan, Director-General, ISIS Malaysia. Lecture on East Asia's Status in the 21<sup>st</sup> Century, 16 August 2000.



Hon. Mr. Lee Kuan Yew, Senior Minister of the Republic of Singapore and Tan Sri Dr. Noordin Sopiee, Chairman & CEO, ISIS Malaysia. Lecture on East Asia's Status in the 21<sup>st</sup> Century, 16 August 2000.

2001



Dato' Seri Abdullah Hj. Ahmad Badawi, Deputy Prime Minister of Malaysia and Dr. Jusuf Wanandi, Centre for Strategic and International Studies (CSIS) Indonesia. Fifteenth Asia Pacific Roundtable, 4-7 June 2001.

2003



Rt. Hon. Seyyed Mohamed Khatami, President of the Islamic Republic of Iran and Tan Sri Dr. Noordin Sopiee, Chairman & CEO, ISIS Malaysia. Dialogue Among Civilisations and Its Challenges, 23 July 2003.

2004



H.E. Mr. Yashwant Sinha, External Affairs Minister of India; H.E. Ms. Veena Sikri, High Commissioner of India; and Tan Sri Dr. Noordin Sopiee, Chairman & CEO, ISIS Malaysia. IIAF-ISIS International Affairs Forum, 26 September 2004.



Mr. Effendy Shahul Hamid, Assistant Director, CIMB; Dato' Nazir Razak, CEO, CIMB; Dato' Seri Mohamed Jawhar Hassan, Chairman & CEO and Dr. Mahani Zainal Abidin, Director-General, ISIS Malaysia. CIMB Group and ISIS Malaysia Strategic Partnership Signing Ceremony, 28 September 2007.



Dato' Seri Abdullah Hj. Ahmad Badawi, Prime Minister of Malaysia; Dato' Seri Mohamed Jawhar Hassan, Chairman & CEO, ISIS Malaysia; and H.E. Dr. Surin Pitsuwan, ASEAN Secretary-General Designate. Fifth East Asia Congress, 2-4 December 2007.

2008



Prof Dato' Dr. Shamsul Amri Baharudin, Director, Institute of Ethnic Studies (KITA), Universiti Kebangsaan Malaysia; Dr. Chandra Muzaffar, President, International Movement for a Just World (JUST); and Tun Musa Hitam, Chairman, Synergy Drive Berhad, ISIS Forum on the 2008 General Election Results: Outcome and Implications for Malaysia, 10 March 2008.

2007



Dato' Seri Mohamed Jawhar Hassan, Chairman & CEO, ISIS Malaysia; Dato' Mohd Annuar Zaini, Chairman of Bernama and DYT Raja Muda Perak, Raja Dr. Nazrin Shah Ibni Sultan Azlan Muhibbuddin Shah. Dinner hosted by HRH Raja Dr. Nazrin Shah, 8 June 2007.



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Tan Sri Abdul Rashid Hussain, Executive Chairman, Arah Advisory Services Sdn Bhd.; Ms. Rohana Mahmood, Chairman, Ethos Capital; Tan Sri Dato' Thong Yaw-Hong, Co-Chairman, Public Bank Bhd.; and Tan Sri Datuk Mohamed Khatib Abdul Hamid, Chairman, Pantai Holdings Bhd. Fifth East Asia Congress, 2-4 December 2007.



Tan Sri Noordin Sopiee Memorial Lecture

## RELIGION IN OUR TIME

by Dr. Chandra Muzaffar

*'Religion' has always been an important feature in the socio-political life and history of Asia. It is, after all the birthplace of some of the world's major religions, such as Hinduism, Buddhism and Islam. However, the War on Terror and rising sectarian tensions in various corners of the continent have cast a negative light on the role of religion within Asia's multicultural context. Many have questioned whether religion can be a force of harmony in our diverse societies. Dr. Chandra Muzaffar, Noordin Sopiee Professor of Global Studies, Universiti Sains Malaysia, Penang, and President, International Movement for a Just World (JUST), delivered the following presentation at ISIS Malaysia.*

I shall reflect on the topic, 'Religion in our Time' in the context of Asia – the womb that gave birth to all the religions of the world. My observations will be confined to contemporary Asia. They will revolve around two questions.

- 1) How do most Asians understand their respective religions?
- 2) Has any religious community in Asia succeeded in establishing a harmonious relationship between religion and society?

It is important to emphasize at the outset that for the majority of Asians religion is important. Even in a country like China where state policy had at one time – especially during the period of the Cultural Revolution – targeted religion, there is a religious revivalism of sorts. While religious revivalism is taking place in certain countries and within certain strata of

society, it is equally true that in many parts of the continent the masses have always remained attached to religion even if their elites are secular.

What does this attachment to religion mean for most Asians? There are perhaps four dimensions to it which we may want to note.

### FOUR DIMENSIONS

One, religion means identity to a lot of people. It is a way of defining oneself, of naming oneself. Of course, religion is not the only identity marker for any religious community in Asia. Even in Iran, the only nation in the world that had undergone a popular revolution in the name of religion in the modern era, one's religious identity competes with one's national identity and perhaps even with one's Persian identity which goes beyond Iran as a nation state. At a certain point in time, one's religious

identity may be one's primary identity; at another moment it may evolve into one's secondary identity. While there may be certain givens in one's religious identity, such as a belief or a ritual, the larger environment also often shapes one's understanding of one's identity. For instance, if a religious community feels that it is under siege or that its values are being challenged by another culture, it may become more conscious of the need to defend its identity and its integrity.

Two, related to identity – though not synonymous with it – are the rituals, practices, forms and symbols of a religion to which most believers are attached, in one way or another. Practices such as fasting or symbols such as the cross are vital to a religion. When one adheres to prescribed religious practices one perceives oneself, and is perceived by others, as a faithful member of the religious community in question. It is because of the centrality of religious practices and symbols that communities seek to defend and protect them whatever the costs and consequences.

Three, for many Asians religion is also the source of morality. It is the ultimate measure of right and wrong. Religious standards and precepts determine good and evil. One judges a person's private behaviour as well as his public conduct on the basis of values and principles embodied in religion. Thus, a Muslim who consumes alcohol is, in the eyes of fellow Muslims, someone who has done something wrong just

as a serial rapist is an evil person from the perspective of all religions.

Four – and perhaps most fundamental – at a personal, intimate level, religion means faith in God, in a Divine Being, in a Transcendent Reality. It is faith in God, whatever the name one assigns to God, which is the bedrock of religion. In those most difficult moments of life, it is this faith that provides solace and sustenance. It is through faith in God and in God's Love and Mercy that the believing person overcomes the sorrow of the loss of a loved one or comes to terms with the ordeal and anguish of a terminal illness.

While these four dimensions are important for most religious practitioners in Asia, for a lot of Muslims there is perhaps a fifth dimension that is also critical. What is that dimension? Islam for Muslims should also be the basis of law and public policy, of government and state. Why do many Muslims feel this way about their religion? I shall suggest five reasons though there may be many other explanations as well.

## FIVE REASONS

The foundational principle in Islam – there is no god but God – is not just a statement of belief, the acknowledgement of which requires the Muslim to submit or to surrender totally to God. It is a principle that embodies an entire worldview, a worldview anchored in the oneness of God or Tawhid. No sphere of human

existence is separable from Tawhid. What this means is that state and society, government and politics, the economy and culture, law and policy have to be based upon, and guided by, Tawhidic values or values such as justice and compassion, dignity and love, equality and unity, which are all enshrined in the Noble Qur'an. Indeed, Tawhid, the Oneness of God, is the basic premise for the unity of the universes, the unity between the human being and his natural environment, the unity of

*Through laws and precepts, the shariah gave concrete expression to some of the values and principles contained in the Qur'an and in the example of the Prophet (the Sunnah).*

humankind, the unity of the sexes, and the unity of the family. At another level, it is Tawhid that unites the material and the spiritual, life and death, this world and the next. Within such a worldview, divorcing life from God, or society from the Divine, would be anathema.

There is another reason why Muslims are so concerned about making their faith in God the basis of state and society. The Prophet Muhammad (may peace be upon him) himself had established a community in Medina which possessed some of the rudimentary

characteristics of a state. A charter was formulated which sought to regulate relations between different communities, laws were enacted, public roles were assigned to individuals to manage the affairs of the community and even emissaries were dispatched to neighbouring kingdoms and states. Because Muhammad was more than a Prophet or Messenger of God – he was a political leader, a military commander and a law giver – Muslims have invariably associated state power and governance with the essential message of Islam.

This view of what Islam stands for was reinforced by the evolution of the shariah as a code of conduct a few decades after the death of the Prophet. Through laws and precepts, the shariah gave concrete expression to some of the values and principles contained in the Qur'an and in the example of the Prophet (the Sunnah). In the course of time, it emerged as a body of jurisprudence commanding its own autonomous authority on a whole gamut of issues affecting the life of a Muslim. In fact, the shariah today has become almost sacrosanct as Muslims in a number of countries clamour for its introduction – especially its penal code – in their quest for the establishment of so-called genuine Islamic states.

If there is any psychological force that propels this quest, it is the collective Muslim memory of what their civilization had accomplished in past centuries. Many Muslims know that there

was a time when Islamic civilization was at the forefront of almost every sphere of human activity. Their past convinces them that their religion will once again reach the pinnacle. It is partly because of their civilizational memory that Muslims are persuaded that Islam is capable of addressing contemporary challenges.

At the same time however they are aware that their civilization has been vanquished. Ironically, defeat at the hands of the West was in a sense one of the factors that prompted Muslim scholars to visualize an 'Islamic State' as the antidote to Western colonial empires. It is significant that it was in the wake of the collapse of the Ottoman Empire in 1924, as a result of both colonial military power and colonial intrigue, that the Muslim intellectual Mustafa Raziq introduced the term 'Islamic State' – a term that has no precedent in Muslim history. It is worth noting in this regard that the community-cum-state that the Prophet established in Medina was not described as an 'Islamic polity'. The contemporary yearning for an 'Islamic state' is therefore – to a certain extent at least – a response to Western hegemony.

I have attempted to explain why many Muslims understand the role of religion in society in terms that are somewhat different from the majority of non-Muslims. The reasons, it is apparent, are complex. But both Muslims and non-Muslims, it should be reiterated, are attached to religion, and have been witness to its expanding role in

present-day Asia.

With that as the backdrop let me now turn to my second question. I shall begin with non-Muslim majority states. Three states have been chosen at random. Each state will be discussed briefly, and in alphabetical order.

## CHINA

China's rapid economic development has begun to generate serious problems. The environment has deteriorated. The gap between the rich and poor and between regions is widening. Corruption is rampant at certain levels of society. Greed is pervasive especially at the upper echelons.

*It is unlikely that a socially engaged Confucianism or Buddhism will emerge in China in the foreseeable future.*

The state itself and the Chinese Communist Party (CCP) have pledged to address these challenges. Even if they are ameliorated to an extent, one cannot expect the powers-that-be to create a new moral ethos which will help to curb materialistic greed or stark selfishness. Neither the ideological thrust of the state which is obsessed with

high growth development nor its bureaucratic structure would allow it to play such a role.

Religious groups are in a better position to undertake a moral mission of this kind. While there is a little bit of discussion in small intellectual circles about how Buddhism or Confucianism view greed or corruption, the vast majority of those who have turned to religion in recent years tend to focus upon religious rituals and practices. It is unlikely that a socially engaged Confucianism or Buddhism will emerge in China in the foreseeable future. Will we see the birth of a socially engaged Christianity or Islam? It is equally doubtful.

This is why it is still unclear how religion will impact upon development and society in China in the coming years.

## INDIA

Compared to China, religion has been more prominent in Indian public life since Independence in 1947.

However, the Indian Constitution was – and remains – avowedly secular. For the first 15 to 20 years of independence, Indian politics was also largely secular. Indian secularism, it should be emphasized, did not imply antagonism towards, or disrespect for, religion. On the contrary, India's secular leaders strove to protect the interests of both the majority Hindu and minority Muslim communities. While leadership was secular, the Hindu and Muslim

masses and followers of other religions remained devoted to faith and practice.

It was mainly because the people were religious that Indian politicians began to manipulate religious sentiments for electoral support from the seventies onwards. The ruling Indian National Congress was perhaps the first to play the religious card. It exploited Sikh, Muslim and Hindu grievances as and when it suited its interests. The Congress's inability to resolve fundamental socio-economic challenges – the most significant of which was abject grassroots poverty – was perhaps one of the main reasons why it began to resort to the exploitation of religion in electoral politics.

Soon other political parties got into the act. The Bharatiya Janata Party (BJP), a Hindu nationalist party, was bold and brazen in its belligerent attacks upon the Muslim minority, on the one hand, and its stark appeal to Hindu chauvinism, on the other. Within a decade and a half, in 1998, the BJP with its ideology of Hindutva was able to muster enough electoral support to come to power in New Delhi at the helm of an inter-party coalition. It promised to restore lost Hindu glory by revising school texts with the aim of giving Hindu kingdoms and empires pride of place. Rebuilding Hindu temples which were allegedly demolished to make way for Muslim mosques during the time when much of India was under Muslim rule, was yet another of the BJP's pledges.

In general, the BJP's Hindutva meant projecting the Hindu face of India through history, culture and education.

The rise of Hindutva was not simply because of the inherent appeal of Hinduism to the majority community. The failure of the Congress to govern effectively was perhaps a more crucial factor. Apart from the persistence of abject poverty, elite corruption and abuse of power at district level had become widespread under Congress rule. The vote for the BJP was in that sense a protest vote. At the same time, certain communal stances adopted by elements within the Muslim community worked to the BJP's advantage. New regional coalitions and inter-caste alliances had also emerged, benefiting the BJP and its allies.

But the BJP was defeated in the 2004 General Election and the Congress is now back in power with the support of the communists. A number of reasons explain the BJP's defeat. The party had pursued an even more aggressive neo-liberal capitalist agenda than the Congress which made the poor even more destitute and widened further the chasm between the rich and poor. The disenfranchised revolted through the ballot box. The BJP's chauvinistic policies which had contributed indirectly to inter-religious riots – such as the Gujarat riot in 2002 – alienated a huge chunk of the population, including a significant segment of the Hindu electorate. Besides,

the Congress had presented the voters with a broad based platform and had succeeded in forging alliances with regional and national parties that boosted its standing.

The BJP's defeat shows that religious chauvinism and extremism can be checked through the electoral process. There are strengths within the democratic system which can be mobilised to counter negative religious trends. Nonetheless, the fact remains that religion is now a potent force in Indian politics. How India's secular state structure deals with this force is one of the critical questions that will shape the future of the Indian polity.

As an aside, the BJP brings to mind another earlier attempt by no less a personality than Mahatma Gandhi to emphasize the universal, inclusive dimension of Hinduism and thereby forge ties with Muslims, Christians and other religious groups through an all-embracing inter-faith movement dedicated to the liberation of India from British rule. Why is it that such an approach to inter-religious cooperation has not struck root in independent India and instead it is Hindutva that now claims to speak on behalf of the religion?

## SRI LANKA

Like India, Sri Lanka also began its post-colonial journey in 1948 as a secular state. Its early leaders, both Sinhala and Tamil, were secular in outlook.



However, by the mid-fifties ethnic sentiments which were already quite pronounced in the body politic long before Independence, re-emerged with a vengeance.

In this regard, it is worth observing that though the assassin of Prime Minister Solomon Bandaranaike in 1959 was a Buddhist monk, Buddhism as such was not yet a force in Sri Lankan politics. Be that as it may, the assassination was an early indication of the symbiotic relationship between Sinhala nationalism and the Buddhist monkhood.

As the Sri Lankan economy declined in the seventies and political instability increased, ethnic tensions between the majority Sinhala community and the Tamil minority escalated. The Tamils, especially the Tamils of the Jaffna Peninsula in the north of the island, felt that they had been marginalized and discriminated in politics, public administration and in matters pertaining to language and culture by the Sinhala government. Sinhala identity, they contended, was becoming synonymous with Sri Lankan national identity. The Sinhala community, on the other hand, viewed the Tamils as an economically stronger and better educated community that wielded considerable influence upon national affairs. From the Sinhala standpoint, the Tamil minority was well entrenched and secure and their grievances were often exaggerated.

The Sinhala-Tamil conflict reached

its crescendo in July 1983. A full-scale civil war erupted between a largely Sinhala government and a Jaffna Tamil rebel group, the Liberation Tigers of Tamil Eelam (LTTE). The LTTE demanded – and continues to demand – the establishment of a separate Tamil homeland. The civil war has continued on and off for the last 24 years.

Caught in the cauldron of the civil war, Sinhala Buddhist monks decided to set up their own political party in 2004. Called the Jathika Hela Urumaya or Pure Sinhala National Heritage, the party believes in the supremacy

*As the Sri Lankan economy declined in the seventies and political instability increased, ethnic tensions between the majority Sinhala community and the Tamil minority escalated.*

of the Buddhist religion and the Sinhala majority, and is against any peace negotiations with the LTTE. Though it vows to protect the religious minorities, in reality it adopts an aggressive posture against Hindus, Christians and Muslims. It is particularly antagonistic towards the Tamils and has urged the military to finish off the LTTE.

In the April 2004 Parliamentary Election, the party won 9 seats. War weariness, disillusionment with existing political parties and the parlous state of the economy have been cited as some of the

reasons for the credible performance of the Heritage party. Most of the support for the 'monks' party appears to have come from the Sri Lankan middle class.

Sri Lanka illustrates the nexus that obtains between religion and nationalism or rather it reveals how at times nationalism drives religion. There is a hint of this in Indian politics too. The Sri Lankan situation also shows that ethnic conflicts whose root causes may have nothing to do with religion may sometimes find expression through religion.

Having looked at three non-Muslim majority societies, let me now examine three Muslim majority states with the same query in mind: what sort of role does religion play in Afghanistan, Indonesia and Iran? The three countries have also been selected randomly and are discussed in alphabetical order.

## AFGHANISTAN

If there was a single event in contemporary Afghanistan that was decisive in shaping the relationship between religion and society, it was the invasion of Afghanistan by the Soviet Union in 1979. The invasion ignited the formation of a mass resistance movement that centred around Islam. The resisters, or freedom fighters (Mujahideen), saw themselves as defenders of the faith fighting an infidel army that was occupying their land. The label 'infidel' had an import of its own since the occupying army belonged to an

atheistic state that espoused an atheistic ideology, namely, communism.

Though the majority of the freedom fighters were Afghans, there were also Muslims from dozens of other countries who regarded the liberation of Afghanistan as a 'jihad' (a struggle in the path of God). Their participation in the resistance was facilitated, it was alleged, by the CIA which provided both financial and logistical support. In fact, for the CIA and the US Administration the freedom fighters had to vanquish the Soviet army since Afghanistan was a critical battleground in the cold war between the US and the Soviet Union. After a 10 year struggle, the Afghan resistance won. The Soviet army was defeated and shortly afterwards the cold war came to an end, climaxing in the collapse of the Soviet Union in 1991.

It is not just in its implications for global politics and international relations that the Afghan resistance is historically significant. It also gave birth to a transnational Muslim movement with certain ideological characteristics. A commitment to liberation from occupation aside, sections of the movement were strongly influenced by Wahabism, a conservative, puritanical strain within Islam that originated in Arabia in the 18th century. Wahabism, in its present form, advocates a dogmatic adherence to the literal meaning of the Qur'anic text; relegates women to second class status; excludes non-Muslims

from the protection of the state; and targets Shiites and Sufis as heretics. Wahabi dogmatism, needless to say, is antithetical to Islamic teachings.

Wahabism was disseminated through the Afghan resistance since as we have noted numerous Muslim nationalities were involved in the struggle. Before Afghanistan, Wahabism was confined largely to Saudi Arabia. Once it was transformed into a transnational ideology, it developed an international constituency. But because its approach to Islam is exclusive and bigoted, Wahabism has tarnished the religion.

Though the present Afghan leadership is not Wahabist, Wahabi thinking is still pervasive within Afghan society. The

*It is true that the traditional religious elites were resolute in their defence of the integrity and sovereignty of the Islamic revolution and nation*

Taliban for instance which was part of the resistance to Soviet occupation and ruled Afghanistan from 1996 to 2001 when it was ousted by US and NATO forces, subscribes to Wahabism. Today, it constitutes the core of the resistance to US-NATO occupation of Afghanistan. By casting itself as a resister, the Taliban has acquired a degree of credibility. Similarly, Osama bin

Laden, the head of Al-Qaeda, and the alleged mastermind behind the 9-11 episode, is also, from all accounts, a Wahabist. He was closely associated with the Taliban leadership when it was in power. Since he is viewed as an ardent opponent of US global hegemony he too commands a constituency and is perceived as a credible leader in certain circles. It is obvious that it is resistance to hegemony and occupation that provides a veneer of legitimacy to Wahabism.

Afghanistan's significance to the contemporary Muslim world and global politics is tied to these two phenomena. One it has emerged as the arena of resistance to first Soviet occupation with its communist ideology and now to US-NATO occupation with its unstated goal of safeguarding global capitalism. Two, it is from the Afghan resistance that a distorted and perverted notion of Islam in the form of Wahabism has spread to other parts of the Muslim world.

## INDONESIA

Indonesia shares with Afghanistan a long and intimate historical relationship with Islam. Islamic movements played a pivotal role in the struggle against Dutch colonial rule. After independence in 1945, one of the most hotly debated issues was the role that Islam would play in building a nation ninety percent of whose population was Muslim. Though a section of the elite wanted the shariah as the basis of the new Indonesian

state, the founding fathers eventually settled for a vision of the nation that was not linked to any particular religion. The Panca Sila – Five Principles – was accepted as the nation's ideology, with belief in the one God as the first principle. Islam, together with Buddhism, Hinduism, Catholicism and Protestantism were adopted as official religions. (Confucianism has now been added to the list).

Whatever the constitutional structure, at the level of the masses, political parties with an Islamic orientation proved to be immensely popular. In the 1955 parliamentary election for instance, the Masjumi and the Nahdatul Ulama (NU), together with a smaller Islamic party commanded more votes than the nationalist or communist parties. The Masjumi in particular presented a contemporary interpretation of Islam which emphasised social justice and freedom and appealed to a broad cross-section of the populace.

However the Indonesian President, Sukarno, and the vested interests that backed him were afraid that the Masjumi would undermine their position and sought to curb its influence. The party was banned in 1960. Then in 1965, right-wing generals in the powerful Indonesian armed forces staged a bloody coup which marginalised not only progressive Islamic elements but also the Indonesian communists and nationalists. Sukarno himself was overthrown. The coup had the strong support – perhaps even

the active collaboration – of the CIA and the US government.

The post coup President, General Suharto, was determined to ensure that Islamic parties had no role in 'the new order'. Islamic organizations were only allowed to undertake social and

*the overwhelming majority of Indonesian Muslims reject the politics of violence and terror*

cultural activities – under state surveillance. Consequently, Islamic grassroots programs flourished giving rise to powerful mass social movements like the restructured NU and the Muhammadiyah. Since they were prohibited from seeking political power, both these movements – NU with 40 million members and the Muhammadiyah with 35 million – focused upon strengthening universal Islamic values and principles at the grassroots, and in the process, helped to transform popular understanding of, and approaches towards, the religion.

After the fall of Suharto in 1998, and the restoration of democratic processes, a plethora of political parties have re-emerged. The vast majority of the 48 parties that participated in the 1999 legislative election and the 24 parties that took part in the 2004 election did not

commit themselves to shariah rule or the imposition of the Islamic penal code, or hudud, as most political parties elsewhere that claim to be ideologically orientated towards Islam tend to do. The few that espoused an explicit Islamic program fared badly in the two polls. In fact, the top five performers in 1999 and 2004 sought to present Islam – with varying degrees of emphasis – as a universal, inclusive and accommodative faith that is in line with economic development and social change.

If there is any support for shariah and hudud it is in certain districts and provinces, such as Aceh. The Islamic laws that have been implemented in these places seem to revolve around personal and sexual morality. There is also of course a fringe within the Indonesian Muslim community that has resorted to violence in pursuit of its Islamic agenda. Needless to say, the overwhelming majority of Indonesian Muslims reject the politics of violence and terror, as demonstrated in a number of elections and opinion polls since 1998.

This does not mean that the situation will not change in the future. If economic disparities are not resolved, or if corruption becomes more serious, or if there is political chaos, it is not inconceivable that a less flexible, more rigid approach to Islam will gain more adherents. After all, it was because of economic turmoil and political instability in the late nineties that some Muslim groups turned to political terror.

The global environment is also bound to impact upon the attitudes of Indonesian Muslims. It is significant that almost all the terrorists convicted in the Bali bombing of October 2002 cited the injustices perpetrated by the US and Israel against Muslims in the Middle East – especially the plight of the Palestinians – as one of the principal reasons why they had sought radical solutions. Often, it is through the interplay of domestic and global factors – one reinforcing the other – that despair, frustration and anger reach a crescendo and lead to violence.

## IRAN

There are similarities and dissimilarities between Indonesia and Iran in their relationship to Islam. Iran owes a monumental debt to Islamic civilization which more than any other civilization has shaped Iranian society in the last thousand years or so. In defending Iranian sovereignty and independence against Western encroachments (Iran never became a formal colony of any Western power) in the early part of the twentieth century, Islam and Muslim religious elites played a significant role. At the same time however the suppression of Islamic movements by the Iranian monarch, Shah Pahlavi, in the sixties and seventies was much more severe and brutal than what transpired in Indonesia.

It was partly because the suppression was so severe that the Islamic Revolution of 1979

*Attacked from all sides, the Iranian people – as it happens very often in other similar situations – became even more supportive of the traditional religious elites at the core of the national leadership*

was so popular. While Islamic groups were at the core, the Revolution brought together a whole spectrum of dissident movements including communists, socialists, liberals and secular nationalists. Even among the Islamic groups there was considerable diversity. The most important were the traditional religious elites led by Ayatollah Khomeini – the leader of the Revolution itself. There was also an Islamic group with a liberal-democratic orientation associated with Mehdi Bazargan, the first Prime Minister after the Revolution. A third group with a Left outlook was inspired by the speeches and writings of Ali Shariati.

Within five or six years, the traditional elites had succeeded in establishing total control over power and politics. How did this happen? Part of the explanation is linked to Khomeini's role as the dominant, charismatic leader of the Revolution who was revered by the entire nation. But there were other reasons too. The traditional religious elites evoked a lot of sympathy from the people when some of their leading lights were assassinated

allegedly by secular Left elements. As a group they were better organized, more focused on their ultimate goals, and most of all, commanded tremendous grassroots respect, compared to other actors in the Revolution. There was also an important external factor that helped the traditional religious elites to consolidate their power. Because Iraq under Saddam Hussein went to war against Iran without any provocation whatsoever in 1980, the Iranian people began to feel that they were under siege and that the values and identity of a unique Islamic revolution were in jeopardy. What aggravated this feeling was the wholehearted support that a number of Arab kingdoms and republics extended to Iraq. The US and other Western powers were also determined to ensure that Saddam defeated and destroyed the nascent Islamic republic. Financial and military assistance were made available to the Iraqi side by the US and some of its allies. Even the Soviet Union was more inclined towards the Iraqi leadership partly because of the latter's secular, Baathist socialist orientation. Attacked from all sides, the Iranian people – as it happens very often in other similar situations – became even more supportive of the traditional religious elites at the core of the national leadership. They were perceived as the only ones who could be relied upon to defend Iranian identity and integrity.

It is true that the traditional religious elites were resolute in their defence of the integrity and sovereignty of the Islamic



revolution and nation. Given the magnitude of the external threats against Iran and the immensity of the domestic challenges to the leadership in the eighties, it is remarkable that the elites – and the people at large – succeeded in protecting the Revolution. The religious elites also introduced significant changes to the economy from nationalising oil to redistributing incomes to strengthening rural cooperatives and welfare foundations which were all aimed at achieving a more just and equitable social order. At the same time however, power became more centralized in the hands of the religious elites especially since the Constitution itself allowed for a Supreme Leader to supervise all executive, legislative and even judicial functions aided by a council of eminent jurists, the Wilayat-al-Faqih. What this centralization of power meant was that in the ultimate analysis the elected President and the elected Legislature (the Majlis) were subservient to a religious suprema and to an elite religious stratum.

The adverse consequences of this centralization of power, in effect religious authoritarianism, were felt in almost every sphere of society. Dissent was circumscribed and survived only on the sufferance of the religious elite. Accountability was observed more in its breach than its adherence. Corruption became more entrenched. Women were subjected to a variety of restrictions and regulations pertaining to their attire and to their public and political roles. Controls were also

imposed upon inter-gender interaction and socialization. There were also curbs upon those cultural and artistic expressions that were deemed antithetical to Islam and the Revolution.

It was because of increasing religious authoritarianism that a reform movement of sorts was born which sought to

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demonstrate that Islam is opposed to dictatorship and cherishes freedom and individual liberties. The end of the Iraq-Iran war in 1988 and the death of Khomeini the following year provided some scope for Islamic reformist thinking. Iranian youth who constitute a huge slice of the population and women propelled this movement forward culminating in the election of a reform minded cleric, Mohamad Khatami, as president of the republic in 1997. He was re-elected in 2001. Khatami relaxed some of the controls upon the print media, provided more latitude for film-makers and television producers and encouraged the growth of independent civil society groups. But he could not make much headway. The authoritarian

religious elites who felt threatened by his reforms stymied his moves. A high level of unemployment – almost 14 percent of the workforce had no jobs – and a woefully inadequate delivery system also dented Khatami's credibility.

From 2002, the US Administration abetted by the Israeli government also increased pressure upon the Khatami leadership. In his State of the Union message in January of that year, President George Bush described Iran as part of 'an axis of evil' for allegedly colluding with terrorists and for its nuclear ambitions. Indeed, the US-led targeting of Iran's nuclear program which the Washington and Tel Aviv are convinced is designed to manufacture nuclear weapons – a charge which Tehran has strenuously denied – has strengthened the hand of religious authoritarians who had always been contemptuous of Khatami's openness and his willingness to dialogue with the West.

This was reflected in the 2005 presidential election which brought to the fore the hardliner, Mahmoud Ahmednejad. He was perceived by the Iranian masses as someone who had the guts to stand up to the US and Israel in a situation where dialogue and engagement with the US and the West – they felt – would jeopardize Iranian sovereignty. It is a matter of some significance that as the US and Israeli governments become more bellicose towards Iran, the support for religious elites and others who are seen as capable

of protecting the Iranian nation has increased right across the board while the popularity of reformers like Khatami has diminished considerably.

Iran underscores two important characteristics of the Muslim world today. One, in Iran as in so many other contemporary Muslim societies, a struggle is going on between authoritarian often conservative religious groups with an exclusive outlook on the one hand and democratically inclined, reform oriented Islamic groups with an inclusive, universal approach on the other. Two, when the US, Israel or some of their other allies pursue their self-serving agendas vis-a-vis certain Muslim countries, it is often the authoritarian groups that benefit from their interference and manipulation to the detriment of the reform oriented elements.

## CONCLUSIONS

Based upon our reflections on six Asian countries – three with non-Muslim majorities and three with Muslim majorities – we are now in a position to draw some tentative conclusions.

1) In a number of countries, at the time of Independence, the ruling elites were secular and religion was not central to politics. Because of socio-economic challenges, electoral politics and flawed governance, segments of society have over time turned more and more to religion which serves as an identity marker, a source of morality

and an embodiment of the ideal.

- 2) The reconciliation between, or harmonisation of, religion and state is a major issue in a number of Muslim and non-Muslim societies. In some instances, it is a question of how religion will transform existing secular structures while in other cases it is a question of how the understanding of religion itself will be transformed by the secular environment.
- 3) In a few situations, the nexus between ethnic or cultural identity, on the one hand, and religion, on the other, has been manipulated or exploited to fuel communal conflicts. In these and other cases, religion often is not the primary cause of conflict but is absorbed into conflicts and sometimes exacerbates them.
- 4) The perpetuation of global domination by the US and its allies and the injustices it generates within the Muslim world (ummah) has induced a fringe within the ummah to resort to acts of terror which in turn has distorted perceptions of Islam among both Muslims and non-Muslims. Equally important, the US-Israeli agenda has been detrimental to reform movements within the ummah seeking to develop a more inclusive, universal vision of Islam.
- 5) In those instances when religious groups have

*The reconciliation between, or harmonisation of, religion and state is a major issue in a number of Muslim and non-Muslim societies*

succeeded to acquire power, the emphasis appears to be on protecting identity expressed through regulations pertaining to women or gender interaction or manifested in changes to prevailing conceptions of history and culture. Often, religion on the throne of power has led to authoritarianism arising from a desire to impose a certain doctrinal interpretation upon the rest of society. At the same time however, there are in all religions democratic approaches to the understanding and practice of faith which are sometimes part of the internal struggle within the tradition.

Our presentation has revealed that the role of religion in Asia at this juncture of history is far more complex than what the mainstream media suggests. This complexity is related to a large extent to the re-emergence of religion as an important player in the public arena.

## EAST ASIA'S FINANCIAL STABILITY – IS ANOTHER CRISIS LOOMING?

by Norhayati Mustapha

*On the 10th anniversary of East Asia's financial crisis, **Dr. Pakorn Vichyanond**, Research Director (Financial Sector) of the Thailand Development Research Institute, Thailand and **Dr. Woo Wing Thye**, Senior Fellow of the Brookings Institution, USA, took a retrospective look to assess the possibility of a recurrence of the crisis. **Ms. Daw Yin Yin Oo**, Deputy Director, International Organisations and Economic Department, Ministry of Foreign Affairs, Myanmar, presided over this fifth session of the Fifth EAC.*

### THE NON-BANK (NB) FACTOR

**Dr. Vichyanond** spoke on the business of NBs, for which the post-1997 rectifying measures imposed on commercial banks and finance companies (CBFCs) proved to be most opportune. As the CBFCs were thenceforth compelled to be highly cautious and stringent in extending cred-

it, the NBs filled the void and were able to penetrate the credit market, tripling their share in household debts between 2002 and 2005.

The NB's edge lay in its easy lending in the form of personal loans and credit card facilities. Despite being prohibited from tapping deposits it offered lower-income

clients easier access to credit without requiring collateral. A subsequent empirical study commissioned by the National Research Council of Thailand posed these questions: (i) how do the NBs finance their risky businesses? and (ii) are they capable of handling these risks successfully?

It was found that NBs depend on capital accounts and borrowing, about half of which come from domestic financial institutions, and that all their short-term borrowing increased considerably between 2004 and 2006, from 38 per cent to 55 per cent of total borrowing. With a widespread network of branches offering quick credit for a variety of purposes, the NBs' marketing strategy generates several positive outcomes: (i) increased consumption among customers; (ii) faster pace of recycling aggregates in the economy; and (iii) greater competition, i.e. in pressuring commercial banks to be more caring of personal clients.

### THE OTHER SIDE OF THE NB COIN

However, NBs also create negative impacts. Easy credit tempts clients to overspend; and when they are unable to repay, would be vulnerable to harsh extortion methods and mental distress. Within NBs themselves, inefficient credit management can lead to delinquency and



*(From left) Dr Pakorn Vichyanond, Research Director (Financial Sector), Thailand Development Research Institute, Thailand; Ms. Daw Yin Yin Oo, Deputy Director, International Organisations and Economic Department, Ministry of Foreign Affairs, Myanmar; Dr Woo Wing-Thye, Senior Fellow, Brookings Institution, USA.*

liquidity problems, such as with incurred bad debts, which adversely affect NBs and their creditors, i.e. domestic financial institutions, and by extension, stability of the financial systems. An investigation of the actual performance of NBs in Thailand between 2002 and 2006, showed that their bad debt ratios rose, paring down net profit by more than half, from 13 per cent in 2004 to 5 per cent in 2006.

In both credit card and personal loans, non-performing loans (NPL) of the NBs constantly exceeded that of commercial banks, thus raising the overall NPL of the financial system, potentially resulting in tension, similar to that felt in the sub-prime crisis of the US. Though the volume of NB credit is far smaller than that of commercial banks, its effect of encouraging customers to overspend worsens both inflation and external current accounts.

Although NBs have alleviated some difficulties, they were found to generate more risk to the financial system by overspending, excessive refinancing and mismanagement of credit extension – problems which could easily shake a country's financial stability. The experiences of Hong Kong (2002), South Korea (2003) and Taiwan (2006), which clearly demonstrated the threat of risks in credit card and personal loan markets, should serve as a useful reminder.

## STEMMING THE NB TIDE

Having recognized the undesirable impacts of NBs, the Thai government instituted several controlling measures, including (i) stipulating minimum income of credit card clients to be 15,000 Baht per month, (ii) not allowing maximum lending to exceed five times the customer's monthly salary, (iii) limiting interest rate and fees for personal loans to 28 per cent per annum, (iv)

*One cannot stop the Chinese export engine without affecting everyone in the supply chain; and effects would certainly ricochet in the region.*

requiring minimum debt repayment, and credit card cancellation if debt delinquency persists longer than the stated period, and (v) enlarging the membership of the National Credit Bureau to include NBs so as to assist them in the management of credit quality.

Furthermore, Dr. Pakorn urged the government to pursue preventive and corrective actions, including (i) establishing a common credit rating centre among NBs to correctly evaluate clients' debt servicing capacity, (ii) conducting on-site examinations of NBs' actual behaviour, instead of just using a balance

sheet, (iii) supervising NBs as well as other financial institutions (given the close interactions between NBs and Banks) in a consolidated manner, and (iv) regulating NBs in a fashion consistent with the prevailing monetary and economic policies, to avoid loopholes in transactions. Overall, NBs should be better monitored and controlled to avoid another financial crisis.

## OF SUB-PRIMES AND POPPING BUBBLES

Illustrative of the financial sector's weaknesses are two phenomena likely to affect the region, i.e. (i) the on-going sub-prime crisis in the US, which will most probably coincide with the pending slowdown of the US economy, and (ii) the popping of the stock market bubble in China. Describing the sub-prime crisis as the result of incompetence and crony capitalism in the US, Dr. Woo dubbed it 'a tale to regale (audiences) with', which would be very funny if not for the fact that it could also hurt East Asia (EA).

*\*(sub-prime lending, i.e. providing loans and mortgages for people with poor credit histories or who cannot prove their incomes, was cast in doubt when some lenders were threatened with bankruptcy)*

The consequence of the sub-prime crisis would be an inevitable decline in the wealth position of the US, largely because the wealth was illusory to begin with, being ranked higher than it ought to have been, and the financial markets' over-reaction by causing



a greater disruption in wealth, coming at a time of economic slowdown. However, repercussions are not anticipated to result in an awkward collapse, of the nature seen in Asean, as instruments of macro-economic management will prevent such a collapse; unless the International Monetary Fund (IMF) is called in and closes the banks precipitously, or imposes monetary tightening, as it did in Indonesia, Korea and Thailand.

### CRISIS NOT LIKELY UNLESS ...

Dr. Woo therefore felt that a crisis would occur if the IMF is called in, and it makes the mistake of applying the same package. As people are likely to learn from their mistakes, he felt it unlikely that policy errors would be made to accentuate the output collapse in the US.

As for the stock market bubble in China, he believed it was created by the large amount of liquidity that was in the economy, and was not caused by what has been often referred to as 'the loss of monetary control by the Chinese government' due to the large amount of reserves. The consequences are unlikely to affect corruption in China, and also unlikely to impact consumption, and certainly, will not affect the balance sheets of the firm(s) that made the investments. The impact, if there is one, would be on the political situation, mainly because the losers are concentrated in the urban areas.



*Dr Pakorn Vichyanond, Research Director (Financial Sector), Thailand Development Research Institute, Thailand*

### CRISES OF THE NON-FINANCIAL KIND

Dr. Woo did not expect a dramatic collapse in output in the countries of origin because of these two financial developments. A financial collapse in South East Asia, if any, would mean that nothing was learned from the lessons of the 97/98 episode. Some of the region's investment houses might be hurt, having invested in the same 'garbage', (as did the American investment houses in the sub-prime crisis). Some adventurous people might have gone into the Chinese stock market via Hong Kong, but he doubted that this would have much impact on the Asean economies.

While he believed that no crisis would originate from the financial sector, Dr. Woo foresaw a looming crisis from other sources, which would cause the Asian markets to weaken. This is seen as coming from the strong probability of protectionism in the developed economies, put in

the broader context of the renminbi problem, and given that the US Senate has introduced a Bill that would find China guilty of exchange rate manipulation and be subject to 27 per cent tariffs.

### SEEDS OF PROTECTIONISM

Dr. Woo maintained that this 'unhappiness over China' is part of a larger unhappiness, not over China's large trade imbalances, but more correctly, over large trade balances that EA runs against the rest of the world. One cannot stop the Chinese export engine without affecting everyone in the supply chain; and effects would certainly ricochet in the region.

This protectionism would appear to come not from trade imbalances but the structural weaknesses within the developed countries. The answer, he proposed, lay in the larger phenomenon of globalization, and the unraveling of the Soviet Bloc which began in the late eighties, when the entire Eastern Central Europe, Central Asia and Russia, rejoined the international division of labour. With the collapse of the Soviet Union, China embraced convergence to a private market economy starting in February 1992 and with it a flood of foreign direct investment (FDI).

### WORKER ANXIETY

Consequently there was this huge integration of people (who had initially chosen to isolate themselves), especially into the international division of labour.

The number of workers participating in global trade doubled with the entry of China, India and the Soviet bloc. Going by all economic models, one would then predict that wages in the rich countries would have to fall, the process facilitating this being unemployment.

The rising worker anxiety in EU and USA is well documented, but claims that this is the result of globalization are apparently not supported by facts. Wages of the blue collar worker in the US have been increasing, accelerating from 2000 onwards when US trade imbalances were soaring. The unemployment rate of the last ten years in the US and Western Europe is at least 1 per cent point lower than it was 10-20 years before.

## ROOT OF THE MATTER

Dr. Woo contended that the only reason for this anxiety would be the large rise in productivity in the rich countries because of the accelerated rate of technical innovation, which inadvertently results in occupational obsolescence. This has greatly increased both productivity and worker anxiety, resulting in less 'staying power' in a particular job (8 instead of 12 years, from a study on the US labour force). The changes brought about greater uncertainty among US workers who then erroneously blamed it on globalization amidst a heightened sense of protectionism, which appeared to be the single biggest threat to high growth of the Asean economy, and to the world in general.

This was hardly surprising given the end of the Cold War. The US and its allies kept its markets open to imports from Taiwan, Korea, Japan and the rest of EA, simply because these were allies in the Cold War. But now the Cold War is over, the US and Western Europe are recalculating the costs and benefits of keeping their markets open. This splintering is conspicuous even within the group that is most pro-free trade in the US, i.e. the economics profession.

*Wages of the blue collar worker in the US have been increasing, accelerating from 2000 onwards when US trade imbalances were soaring*

Somewhat forebodingly, another sphere within which protectionism will be used as an instrument to implement is global climate change. Dr. Woo predicted that the talk of carbon taxes and so forth would be the next guise under which protectionism will emerge.

## BRACING FOR FUTURE SHOCKS

In the ensuing discussion, the following are some noteworthy observations made by the two speakers, which appropriately match current sentiments:

## EXCHANGE RATES

Dr. Pakorn noted that discourse in financial circles invariably gravitate towards the issue of exchange rates. As countries in EA have vastly different economic fundamentals and undergo different stages of economic development, he strongly advocated giving more attention to the subject.

## DILEMMA OF THE NBS

To accelerate growth, higher consumption is needed, and to sell more product(s) the producer / exporter / seller needs personal loans, credit card(s) and NB lending. On the other hand, to avoid a bubble economy, the quantity of NB personal loans and credit card lending has to be minimized. The question of how to exit from this trap remains a challenge.

Dr. Pakorn thereby re-emphasized the need for various government channels to carefully monitor and supervise the NBs, whose very close interaction or linkages with domestic CBFCs made the prosperity of NBs all the more imperative.

## A REGIONAL MONETARY FUND

Dr. Woo attributed past failures not to 'irrationalities', but rather to the dominance of narrow, over broader, interests. Alluding to the Bretton Woods (World Bank, IMF) grouping, he proposed a regional monetary fund, to create a situation of 'two heads are better than one', thereby reducing the

monopoly over global monetary issues.

This rallying cry for reform in global institutions, he stressed, should be based on meritocracy rather than dominance by post-WW2 distribution of economic power. In keeping with the changes the world is undergoing, new institutions will have to be created and redundant ones marginalized.

### THE RISING RENMIMBI

As for the US concern over the renmimbi's anticipated appreciation (as happened to the Japanese yen at one time), Dr. Woo pointed out that unless there is a generalized floating of all Asian currencies, the US overall trade imbalance cannot be reduced. At this juncture he posed the question of which is more important – growth or balance of payments?

To devalue, he opined, would certainly be against China's own interests, given its emergence from a period of deep inefficiency (because of central planning); and its 'leap-frogging' in productivity thanks to technological upgrading. On that particular consideration, China's currency should be appreciating.

### DEBTS OF THE US

This, according to Dr. Woo, may not necessarily be a bad thing; rather it depends on what caused the US to accumulate debts. He believes that deficits in the public sector are accumulating not because the government is undertaking

needed infrastructure investments but because it is fighting an unpopular (Iraq) war. The trade imbalances that we see, he reminded us, are acquiesced to by the rest of the world, in 'allowing' the US to conduct the war.

### TRADE NEGOTIATIONS

To increase global integration, the world has to make sure that the Doha round succeeds. Right now, the World Trade Organisation (WTO) is facing a vacuum in leadership which does not bode well for world trade and the world economy. Dr. Woo urged EA to step out in terms of taking the leadership of the WTO system. China, which currently takes a back seat in the WTO organization, is expected to take on a more active role.

## COMPREHENSIVE ECONOMIC PARTNERSHIPS?

By Susan Teoh

*The question of economic integration and free trade are highly contentious issues in international relations today. While East Asia is poised to rise to the status of a powerhouse, questions remain over whether the nations of South East Asia can or should enter into a comprehensive economic partnership with the region and whether an East Asian Community is possible, and if so, how would it be brought about? Can other bodies like the EU or NAFTA provide a sustainable model?*

The session was chaired by **Dr Lee Kyung Tae**, President, Korea Institute for International economic Policy, Republic of Korea. The presenters were: Dr Woo Wing Thye, Senior Fellow, Brookings Institute, USA; Dr Mahani Zainal Abidin, Director-General, Institute of Strategic International Studies (ISIS), Malaysia and Dr Hank Lim,

Director for Research, Singapore Institute of International Affairs, Singapore.

The first speaker, **Dr. Woo Wing Thye** noted that one of the steps towards building an East Asian Community would be to establish a comprehensive economic partnership in East Asia. The focus of his presenta-

tion was on the financial aspect of economic partnership.

The first issue of this partnership is the nature of a Free Trade Area (FTA); namely, how big and how deep (i.e. how integrated) the Area should be.

In the world economy, there are varying stages of development and different models of economic growth, resulting in countries possessing unique degrees of economic integration. Most would agree that there should be one FTA for the world, but the difficulty is that some countries deregulate faster than others while some countries prefer to move at a slower pace. The end result is what the WTO is practicing – the adoption of the speed of the country that wants to integrate the slowest.

The practice of the WTO is to allow the formation of the FTA so that those countries that wish to integrate faster can do so. The WTO+ clause allows countries to develop faster economic integration and deregulate the markets more than required by existing WTO regulations. Because of different objectives, circumstances, and different costs, this results in different speeds of integration.

The question for East Asia is how far-reaching should the proposed FTA be. The problem for most FTAs is that they begin and end with the signing of the agreement, with very little progress made after. The only two FTAs that have made substantial progress are the EU and NAFTA.



(From left) Dr Woo Wing-Thye, Senior Fellow, Brookings Institution, USA; Dr Lee Kyung Tae, President, Korea Institute for International Economic Policy, Republic of Korea; Dr Mahani Zainal Abidin, Director-General, Institute of Strategic and International Studies (ISIS) Malaysia; Dr Hank Lim, Director for Research, Singapore Institute of International Affairs, Singapore.



The discussion of East Asian integration is usually presented in forums which focus on free trade, free investment areas, a little on labour movement and hints of a common currency but not political union. Dr. Woo questioned the rationale of having any exchange rate or monetary cooperation if there was no intention of forming a political union or even to have a common currency.

In the case of NAFTA, the US economy dwarfs both the economies of Canada and Mexico and any changes in the latter economies will not have much impact on the US, whose economy would conversely have a large impact on Canada and Mexico. It is natural for the largest country to take only its own economic situation into account when it sets its own monetary policy. The small countries will find it in their interest to use the exchange rate as an instrument to shelter themselves from aftershocks emanating from the large economy. As a result, the currencies of Mexico and Canada survived as an instrument to shelter against the fluctuations of the US greenback.

In the case of East Asia, the economic giant at present is Japan with China fast-rising to this status. If there is to be currency integration now, it will be a yen bloc today but a yuan bloc in the future. The question that follows therefore is what sort of mechanism would allow switching from one bloc to another?

Dr. Woo believes that a NAFTA-

type outcome is more likely for East Asia than an EU outcome. If this is true, then all the efforts towards an Asian currency unit are a waste of time and the question that should be asked instead is what kind of exchange rate cooperation can take place?

The present bilateral and multilateral swap arrangements in East Asia cannot possibly grow to any significant size unless they are assured that this pool of reserves are used only to defend exchange rates that are being

*The existing linkages need government-to-government initiatives to overcome the barriers of trade, lowering trade costs and increasing trade and investment*

attacked for reasons not based on fundamentals. In other words, if a country has pursued irresponsible policies that caused exchange rates to be grossly overvalued, none of its fellow members would want to lend it money to defend the overvalued exchange rate. A regional surveillance mechanism is necessary therefore in order to monitor the situation.

A regional surveillance mechanism can take the form of an Asian Monetary Fund (AMF) as

suggested by the Japanese in September 1997. The AMF will operate in the same style as the World Bank and regional development banks. There is no necessity at all to develop into a regional central bank. As mentioned by the Prime Minister of Malaysia, the AMF could use some of its reserves to finance infrastructure projects in the poorest countries. The best solution is for East Asia to proceed full speed in an FTA endowed with the largest membership possible in Asia and supplement it with a regional monetary fund.

The second presenter, **Dr. Mahani Zainal Abidin**, focused on the broader aspects of the processes of economic partnership in Asean. There are currently two tracks towards regional integration in East Asia – the Asean Plus Three (APT) and the Asean Plus Six (APS) with Asean as the core.

There are two processes for regional integration and community building in East Asia. First is the market-led process where the market drives industry and businesses through the networking of businesses and production with factories in the region or investments.

The second is state-led integration, which is driven by government through agreements. The best example is the Asian community model where integration progresses from a custom union to an economic community, finally resulting in a single market with a free flow of goods, people and

capital. The two existing processes of the state-led integration are the APT and the APS. Whether Asean is the right model for regional integration is still questionable. If Asean integration is used as a starting point, then Asean Plus needs to build on what Asean has achieved and concur with what Asean aspires to achieve. The Asean process, moving in stages from goods to services and to investment is a slower process, giving time for adjustment and taking a longer time to achieve economic integration. However, the model now aims to do everything together, meaning that goods, services and investment are now moving at the same time, giving less time for adjustment.

The market-driven process is easier to achieve as trade and investment linkages are already established. Factors such as the FDI, Japan's role, the growing role of China and other source countries, and growth in intra-firm and intra-regional trade have assisted in bringing trade and investment linkages together to further East Asian integration. Market driven processes move at a faster pace than state-led processes.

The APT, a state-driven process, was started in 1997 and institutionalised in 1999 with a few measures being implemented. The APT process is not only focused on economic integration but has other mechanisms that support the network, such as NEAT, East Asia Forum, etc. This was followed by the establishment of



*Dr. Mahani Zainal Abidin, Director-General, Institute of Strategic and International Studies (ISIS) Malaysia delivering her paper*

the East Asia Summit (EAS) leading to the third EAS meeting in September 2007.

It has to be pointed out that while these two processes of APT and APS exist, almost all of the East Asian countries have bilateral arrangements of their own. Asean as a group has bilateral arrangements with China, South Korea, Japan and India. Japan, too, has its own bilateral arrangements with other Asean countries like Singapore, Malaysia, etc. Each of the Asean countries have their own FTAs. In addition, China, Japan, Korea and some Asean countries have concluded a number of FTAs with countries outside the East Asian region. There are therefore two levels of operation: one is the regional level which aims for greater cooperation, and the other level where each country is pursuing its own interests.

APEC is involved in integrating a

wider region of the Asia Pacific. The progress of economic integration in APEC is very slow because it is a voluntary process. Through the years, APEC liberalization has not expanded significantly because it is not clearly defined. Presently, the focus of APEC has moved beyond economic integration to other issues, including climate change.

Dr. Mahani concluded that the current strongest economic linkage is with APT. The existing linkages need government-to-government initiatives to overcome the barriers of trade, lowering trade costs and increasing trade and investment within APT. Established areas of co-operation to support economic partnership are already available and the goal of community building in APT cannot be dismissed lightly.

The third speaker, **Dr. Hank Lim**, focused on the latest trends in regional, sub-regional and bilateral FTAs and the challenges and implications. He highlighted a number of FTAs that may project a potential trend or sub-regional architecture.

First is the Korea-US FTA. The conclusion of this FTA between the US and South Korea may set off a chain reaction to revive the stalled FTA initiative between Japan and South Korea and between China and South Korea. Its effect may herald the emergence of the Northeast Asia FTA which is a vital to link to the Asean Economic Community (AEC).

Second is the Free Trade Area for

Asia Pacific (FTAAP) which was discussed at the recent APEC Summit in Sydney in August 2007. It was agreed to further explore the initiative without further commitment from the APEC major players such as China, Japan, Korea and Asean, who are not supportive of the US initiative.

Asean, itself, has also made a number of FTAs. This includes the Asean-Japan Comprehensive Economic Partnership Agreement which was completed in August 2007 in Manila and signed in November 2007 in Singapore. It could be an important mechanism and impetus to the emerging East Asia Free Trade Area (EAFTA).

Another is the Asean-South Korea FTA which would have further implications to the ultimate convergence of Northeast Asia and Asean within the framework of EAFTA. On the other hand, the Asean-India FTA has been postponed due to a conflict of issues. This is the problem that affects the APS in terms of modality.

Similarly, the Asean-CER (Australia and New Zealand) FTA negotiation is still in progress as the CER wanted to include issues of intellectual property and competition policy, which are sensitive issues for Asean. In addition, Australia and New Zealand prefer to have a single undertaking and comprehensive approach in negotiating an FTA with Asean.

There are 3 possible regional FTA

frameworks:

1. Asean+3 leading to EAFTA
2. Asean+6 resulting in CEPA which was initiated by Japan but seems to have lost some impetus on the part of the Japanese.
3. FTAAP – there is no support from Asean, China, South Korea and Japan.

Dr. Hank Lim raised the issue of the sequence of FTA development. It is difficult at this point in time because of the complexity of issues, external factors and the limited quality of the bilateral and sub-regional FTAs. As a result, it is much more difficult to envisage the definitive framework of the regional FTA.

The APT modality is thought to be the most feasible if the Asean Economic Community can link up with a possible North East Asian FTA consisting of China, Japan and South Korea. This development has been activated due to the recent conclusion of the Korea-US FTA. However, this is on the assumption that AEC is the hub, and Asean would have to be more competitive and be able to attract more FDI. If the AEC does not proceed as expected or envisaged, then this FTA would have a problem.

Meanwhile, the East Asia Summit framework is currently conceptualised as the supporting mechanism to provide the strategic platform and mechanism to APT on broad strategic issues vital to the East Asia region.

Another question raised was how the different proposals towards an integrated FTA for the East Asian region should be dealt with. The Joint Expert Group recommended in its Report that East Asia should strive for a high quality FTA that is comprehensive in scope, removing trade and investment barriers, strengthening capacity and fostering open regionalism. This will lead to further deepening of economic integration, enhancing the competitiveness of production networks and will progressively reduce development gaps among East Asian countries. The policy recommendations are aimed to avoid distortions and to cause the region to converge rather than diverge.

Lastly, in order to achieve a high quality regional FTA, it is necessary that EAFTA be negotiated and implemented as a single package through a gradual and progressive approach.

## SHIFT IN ECONOMIC GRAVITY TO EAST ASIA: IMPLICATIONS

By Zarina Zainuddin

*As the East Asian region assumes a position of political and economic pre-eminence, South East Asia and its regional grouping, Asean is confronted with the question of how to position itself in relation to the new situation. Could, for instance, a North or East Asian regional body emerge as a competitor or even rival to Asean? Would Asean, as it stands be able to meet such a challenge, or are serious structural and ideological reforms necessary? These issues were discussed in the First Session of the 5th East Asia Congress on the 3rd of December 2007.*

The session was chaired by Tan Sri Razali Ismail, Chairman, IRIS Corporation Berhad, Malaysia; the speaker was His Excellency Dr. Surin Pitsuwan, Asean Secretary-General Designate, while the commentators were: Mr. Tadashi Yamamoto, President, Japan Centre for International Exchange, Japan; Dr Lee Kyung

Tae, President, Korea Institute for International Economic Policy, Republic of Korea and Dr. Djisman Simandjuntak, Executive Director and Senior Faculty Member, Prasetya Mulya Business School and Chairman of the Board of Directors, Centre for Strategic and International Studies Foundation, Indonesia.



(From left) Dr Lee Kyung Tae, President, Korea Institute for International Economic Policy, Republic of Korea; HE Dr Surin Pitsuwan, ASEAN Secretary-General Designate; Tan Sri Razali Ismail, Chairman, IRIS Corporation Berhad, Malaysia; Mr Tadashi Yamamoto, President, Japan Centre for International Exchange, Japan; Dr Djisman Simandjuntak, Executive Director and Senior Faculty Member, Prasetya Mulya Business School and International Studies Foundation, Indonesia.

The session opened with a speech cum presentation by the Honorable Dr. Surin Pitsuwan. Asean has a lot of support, particularly from China, Japan and South Korea said Dr. Pitsuwan. As a collection of flexible and non-belligerent small to medium-sized countries, Asean provides an ideal neutral venue for regional powers to meet in order to discuss issues of mutual concerns. This ability allows Asean to assume the status of a premier regional grouping.

Asean has been expanding its sphere of influence, perhaps at too fast a pace to engage other powers not only from the surrounding region, but also beyond, such as the United States, Europe, Latin America and even the Middle East. This has led to the perception that Asean ought to concentrate first on consolidating its own affairs. This realisation materialised in the increased emphasis and focus on regional groupings such as the East Asian Summit (EAS), Asean + 3 and more recently Asean 10.

The aspirations of Asean 10 culminated in the signing of the Asean Charter, and efforts to increase intra-Asean trade, such as efforts towards the One Investment Region. Dr. Pitsuwan advised that Asean has to stay competitive and attractive to remain on the radar of outside powers, and one way of doing so is to achieve sustainable economic growth.

Dr. Pitsuwan lamented the exclusion of an Asean representative at the Six Party





*HE Dr Surin Pitsuwan, Asean Secretary-General*

Talks and is wary about the possibility of a North East Asian grouping that excludes an Asean presence. He wondered if Asean had already lost its power, attractiveness and its position as the region's center point. He also mentioned President Bush's alliance of democracies' initiative whose proposed members include only some Asean members.

He proposed that Asean seek a new identity and a new role. He feels that Asean should not remain the aloof and elitist organization that it has been thus far, and there is a real need to expand Asean ideas to people of the region and to energize integration amongst member states. According to Dr. Pitsuwan, it is necessary to engage with and promote dialogue among civil society and the people in order to promote the values and aspirations of Asean. Additionally, he also highlighted the need to tackle issues of good governance and transparency within Asean.

In conclusion, Dr. Pitsuwan noted that Asean needs to remain relevant and maintain its

centrality in the region. In order to do so, it needs to consolidate its position and affairs, promote transparency and accountability, and restructure and energize itself.

The first discussant for this session was Mr. Tadashi Yamamoto, who said that, based on Japan's experience, one can expect that established powers will engage in earnest, the rising economic powers of East Asia in the global arena. This is partly out of the desire of the former nations to contain the rising power of East Asia, and partly as an attempt to exert their influence on it. Such efforts have already begun in cases of China, Asean and India.

The second discussant was Korea's Mr. Lee Kyun Tae, who presented a case for an Asean-type organisation for North East Asian countries to deal with outstanding issues as well as to foster closer ties among the nations. In response to claims that a North East Asian association would marginalise Asean, Mr. Lee asserted that in terms of security and economics a North

East Asian Association would, far from being a marginalising factor, in fact serve as an impetus for Asean to spur economic integration as well as strengthen its own mechanisms.

Together, said Mr. Lee, the two associations would spur the processes of East Asian community building. A strong East Asian community would be most beneficial particularly given their strong economic performance to act as an engine of growth to the global economy especially given the problems facing the US economy at present time (e.g. the subprime mortgage problem).

The final discussant Mr. Djisman Simandjuntak, commented that Asean needs to tackle the problems and obstacles it faces in order to strengthen the body and ensure its relevance. Among the issues that need to be addressed include: the structural imbalances in economic growth within Asean; the rise of China; the slow response of government initiatives in terms of reforms for example; and the increasing development costs such as deforestation, depletion of fishery stocks, and extraction of fossil fuels.

Asean also needs to reach out to the common people, strengthen the Asean institutions including the Asean Secretariat, improve policy implementation mechanisms and look for new/alternative sources of growth – i.e. technology based growth or resource based growth.

## IMPROVING MALAYSIA-INDONESIA BILATERAL RELATIONS

By Shahrman Lockman

*Indonesia is and has always been a strategic partner of vital importance to Malaysia. The two countries have deep political, economic and cultural ties, but these have been beset by challenges as of late. What can be done to strengthen bilateral ties between Indonesia and Malaysia? Prominent Indonesian businessman **Sandiaga S. Uno**, Chairman, Indonesian Young Entrepreneurs Association (HIPMI) addressed this pertinent question recently in an ISIS Forum.*

Sandiaga S. Uno has some persuading to do. The 38-year-old Indonesian entrepreneur would like to see stronger relations between his country and Malaysia, especially among youths and business people. But some of his fellow Indonesians do not seem to share his enthusiasm. 'At a recent seminar of young Indonesian entrepreneurs, I was asked why I advocate closer relations,' said Mr. Sandiaga. That the question was even asked suggests that some Indonesians do not perceive Malaysia very favourably, much less support the strengthening of ties between the two countries.

Sandiaga was speaking at an International Affairs Forum on 'Malaysia-Indonesia Relations: Assessment and the Way Forward' on 9 April 2008 at the Institute of Strategic and International Studies (ISIS) Malaysia. As Managing Director of Saratoga Capital, one of the largest Indonesia-focused private equity funds, Sandiaga – or 'Sandi' as he is better known – sees great potential in the economic spillover of stronger bilateral relations. Malaysia, he



*Sandiaga S. Uno, Chairman, Indonesian Young Entrepreneurs Association (HIPMI)*

said, had excess capital, while Indonesia offered excellent opportunities for investments. Better relations can only further boost investment links between the two countries.

As Chairman of the influential Indonesian Young Entrepreneurs Association – commonly referred to by its Indonesian acronym, HIPMI – Mr. Sandiaga is well placed to cultivate relationships between future leaders in the corporate and public sectors of both countries. HIPMI has some 25,000 members in 30 of Indonesia's provinces. Several of its former members have assumed senior positions in the Indonesian government.

Mr. Sandiaga's immediate predecessor as HIPMI's Chairman, Muhammad Lufti, now heads the Indonesian Investment Coordinating Board. Agung Laksono, the Speaker of Indonesia's House of Representatives, was a member. So was Aburizal Bakrie, a highly successful businessman ranked by Forbes magazine in 2007 as Indonesia's richest person. Mr. Bakrie currently serves as the country's Coordinating Minister for People's Welfare.

The importance of Malaysia's relations with Indonesia is difficult to exaggerate. 'Indonesia is, by far, the most important country to Malaysia,' said Dato' Seri Mohamed Jawhar Hassan, Chairman and CEO of ISIS Malaysia, in his opening remarks as Chair of the Forum. His point was underlined by the presence of several prominent individuals who had played significant roles in shaping Malaysia's foreign policy. 'Some of my former bosses are here,' said Dato' Seri Jawhar, who was Counsellor at the Malaysian Embassy in Jakarta in the mid-1970s.

One of them was Tan Sri Zainal Abidin Sulong, who served as Secretary-General of the Ministry of Foreign Affairs in the mid-1980s and as Chairman of ISIS Malaysia throughout much of the 1990s. He was part of the Malaysian delegation to Jakarta on 11 August 1966 for the

signing of the Peace Agreement that formally ended Konfrontasi, a limited and undeclared war between Indonesia and Malaysia that had begun some three years earlier. His term as Malaysian Ambassador to Indonesia in 1972-1977 is remembered as the golden age of bilateral relations.

Few people, if any, would consider Malaysia-Indonesia relations today to be as friendly as it was in the 1970s. 'Relations have gone down in the last two to three years,' said Sandiaga. Indeed, for many Malaysians, bilateral ties seem to have become much less cordial since the International Court of Justice (ICJ) judgement in December 2002 on the overlapping claims by the two countries over the islands of Sipadan and Ligitan. The ICJ's decision in Malaysia's favour appeared to have stoked considerable anger among the Indonesian public.

But the two islands are not the primary source of Indonesian resentment towards Malaysia. 'The central issue for Indonesians is the treatment of TKI in Malaysia,' said Sandiaga, using the Indonesian acronym for Indonesian migrant workers. 'It is difficult to improve relations between Indonesia and Malaysia if this is not solved.'

Malaysia relies heavily on foreign labour. About 2.1 million workers – almost 20 per cent of Malaysia's total workforce – are foreigners. At last count in November 2007, there were almost 1.2 million documented workers from Indonesia in the country.

Estimates for the number of undocumented Indonesian workers are hard to come by, but a conservative rule of thumb is that for every four Indonesian workers, one is undocumented. Fearing deportation, undocumented workers avoid any contact with the Malaysian authorities. This presents the opportunity for abuse at the hands of employers, who often force undocumented workers to work strenuously long hours, often with little or no pay.

Given the sheer numbers involved, Malaysian authorities are finding it difficult to ensure that foreign workers – even documented ones – are properly treated by their employers. Indeed, there have been several high-profile cases of abuse involving Indonesian domestic helpers. According to Sandiaga, the Indonesian public was deeply angered and offended by the alleged abuse of Nirmala Bonat, a domestic helper from West Timor. Ms. Nirmala's former employer has been accused of having scorched her with a hot iron and scalded her with hot water. Mr. Sandiaga added that many Indonesians were frustrated by the perceived delay in concluding the court case against the former employer. The abuse allegedly took place in 2004.

Apart from improving the treatment of Indonesian migrant workers, Sandiaga said that the two countries could do a lot more to cultivate stronger bilateral relations. 'We need to look at our respective strengths and weaknesses,' he said,

*One of the greatest successes of the APR lies in its tangible advantage of building networks and confidence in a frank and friendly environment*

before outlining his recommendations. Trading and investment relations would be a good start, said Sandiaga. 'There is a lot of potential in Indonesia's agricultural, mining and construction sectors.' Co-operation in education and tourism were among the areas that Sandiaga identified as having the potential to help improve relations between the two countries.

One of Sandiaga's recommendations proved to be contentious, at least for some of the Malaysian participants of the forum. The two countries, he said, should avoid putting too much emphasis on the concept of *serumpun*, which is roughly translated as 'of the same stock'. *Serumpun* refers to the perceived ethnic, cultural and historical links between the Malay-speaking peoples of the two countries.

A Malaysian participant asked whether it was wise to discard what was seen as an 'advantage' in Malaysia-Indonesia relations. Sandiaga responded by saying that *serumpun* did not necessarily lead to stronger

bilateral relations. Many issues involving the two countries, he said, had become overblown – precisely because of *serumpun*. 'The abuse of Indonesian workers also happens in other countries,' he said. 'But because of *serumpun*, it hurts more when it happens in Malaysia.' He added that the concept was inappropriate given the sheer diversity of Indonesia. 'If you go to Papua province, you would not think that Indonesia and Malaysia are *serumpun*.'

In his remarks at the end of the forum, Dato' Seri Jawhar said that many people in both Malaysia and Indonesia would find it difficult to completely discard the concept of *serumpun*. The concept, he said, had been seen as a crucial ingredient in cultivating bilateral relations following Konfrontasi and had been invoked regularly by the political leaders and diplomats of both countries ever since. Nevertheless, he too was of the view that it was wise to move beyond *serumpun* and situate the relations between the two neighbours in a more dispassionate and strategic context. Dato' Seri Jawhar concluded the forum noting that the most important task for both countries was to co-operate in ensuring that Indonesian migrant workers were treated with respect throughout their stay in Malaysia.

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## THE 2008 GENERAL ELECTION RESULTS : OUTCOMES AND IMPLICATIONS

By Mohamed Reaz Abdullah

*The 12th General Election, which was held on the 8th of March 2008 was a watershed in Malaysia's history. The unprecedented results hold significant political, economic and social implications for the nation. What factors influenced the vote, and what will this mean for Malaysia?*

The 2008 General Election bore some unanticipated results. Firstly, the Barisan Nasional lost its two-third majority in Parliament for the first time since 1969, winning 140 parliamentary seats, while the Opposition managed to win 82 seats. Secondly, Barisan Nasional lost four states in the West Coast to the Opposition, namely Selangor, Penang, Perak and Kedah. The Opposition also retained Kelantan with a bigger majority. Thirdly, both Malays and non-Malays voted for the Opposition

in an apparent protest against the Government's perceived failure to meet the needs of the people.

The outcomes, implications and reasons for this uncharacteristically wide swing of the political pendulum at the 12th General Election need to be well understood to gain better insight into the changes in the democratic process in Malaysia. In this regard, ISIS Malaysia had convened a forum on 10 March 2008 to deliberate on this matter,

focusing on the outcomes and implications of the General Election.

The Forum was held over two sessions:

The first session catering primarily to a local audience, was chaired by Dato' Seri Mohamed Jawhar Hassan, Chairman & CEO of ISIS Malaysia, while the lead speakers were :

- Dr. Chandra Muzaffar, President, International Movement for a Just World (JUST),
- Prof. Dato' Dr. Shamsul Amri Baharudin, Founding Director, Institute of Ethnic Studies (KITA), UKM, and
- Ms. Rita Sim, Deputy Chairman, Institute of Strategic Analysis & Policy Research (INSAP).

The second session was chaired by former Deputy Prime Minister, Tun Musa Hitam. The speakers were the same as in Session One. This session catered to the diplomatic corps and foreign media representatives.



*Prof. Shamsul, Dr. Chandra and Tun Musa at the Forum on the 2008 General Election.*

### MAIN POINTS OF THE PRESENTATIONS AT THE FORUM

#### On BN and UMNO leaderships

The results of the 2008 General Election were totally unexpected and have serious implications on the Barisan Nasional and UMNO leadership. The results were similar to those in the 1969 General Election. It was generally felt that there was a need for

UMNO and Barisan Nasional to reinvent themselves to regain the support of the people. This depended, to a large extent, on the ability of the top leadership to address issues like the perception of rampant corruption, rising prices, the poor image of the judiciary, racial and religious conflicts and the perceived marginalisation of minority communities. In addition, as the states of Sabah and Sarawak had saved the Barisan Nasional from near total defeat, they should be amply compensated in terms of positions in the cabinet and civil service, university admissions, etc.

#### **How will PAS and DAP work together at the State and Parliamentary levels?**

There was scepticism as to the extent of cooperation possible between PAS and DAP, with their distinctively different political ideologies, goals and views on religion, politics, culture, among others. While PAS tried to portray a more flexible and moderate image, it was felt that it would reassert its dogmatic views and policies if it comes to power at the Federal level. Thus, there was little commonality of purpose among them. On PKR, a multi-ethnic party with a substantial number of Malay members had successfully managed to play up the supposed multi-ethnic card. Chinese and Indian grassroots members of PKR voted with their feet on issues important to their individual communities.

#### **Federal-State relations**

The federal-state relations are likely to be significantly more fractious now, particularly with five states in Peninsular Malaysia under Opposition control. To prevent administrative legal and political deadlocks, it is advisable for both sides to make the Federal Constitution the reference point in their decisions and actions.

#### **Ethnic relations**

While much more work needs to be done to enhance ethnic relations, there is a possibility that the alliance among DAP, PAS and PKR might blunt the sharper edges of ethnicity inherent in each of the parties. What is certain, however, is that the Opposition will meet with difficulties similar to those faced by the Barisan Nasional in addressing issues of a religious and ethnic nature.

#### **Is there really an opposition?**

A view was expressed that there was no real 'Opposition' in the Malaysian political context but 'Oppositionism' – a combination of disparate elements, such as the Opposition political parties, NGOs coming together with, among others, the help of the Internet and blogs. Malaysian politics is thus dominated by a one-party system, with a degree of 'Oppositionism' in the political structure. Historically, the Opposition had always been weak. The 1999 General Election was, however, a political watershed of sorts, where the

Opposition had tried to forge cooperative linkages to defeat the Barisan Nasional and to bring about a change in the political leadership. It is important to acknowledge the significant role played by Anwar Ibrahim in both the 1999 and 2008 General Elections. However, time will tell if such linkages hold.

#### **Other observations**

- Of the 15.1 million people eligible to register as voters, only 10.9 million actually registered as voters. Of this number, only 7.7 million voted (71 percent). Of the 3.2 million registered voters who did not vote, about 60 -70 per cent were Malay.
- In Penang the people were exceptionally quiet before the Election and did not give any indication how they would cast their votes.
- The Opposition parties were found to be much better organised than the Barisan Nasional.
- The Opposition does not have any experience in the administration of State, government except for PAS, which has ruled Kelantan and Terengganu.
- Some Chinese voters voted for PAS, while some Malay voters voted for DAP.
- In the states of Sabah and Sarawak, Barisan Nasional had won 54 out of 56 seats, far more than MCA and MIC combined.
- The Election was one of the freest in Malaysian

history.

- There is no need for Barisan Nasional to panic just because it does not have a 2/3 majority in Parliament. In other democratic countries, Barisan Nasional's win would be seen as a good result.
- While the Government succeeded in creating a sizeable middle class, it was the educated and independent middle class that 'punished' the Government in the General Election.
- The Malays were previously conservative, traditional and feudal, and generally followed the leader. They have now changed.
- The Chinese were previously apolitical and preferred to focus their attention on their business activities. They are now apparently more political.
- The Indians, in particular the Tamils, feel that they are marginalized. Indians are not a homogenous group.
- The new and young voters and the Internet have had a significant impact on the 2008 General Election. The power and potential of digital democracy were largely ignored by the politicians. The actors and participants in digital democracy were generally educated, independent and aware of their democratic rights. They demanded more freedom and less corruption, for

example. They were angry at the Government for its inability to eradicate corruption and provide greater freedoms. The mainstream media had lost much credibility in the eyes of the younger voters.

- The 2008 General Election results show that Malaysia is becoming more democratic. The results should not be interpreted by foreigners that Malaysia is weakening.

#### QUESTIONS FROM THE FLOOR:

##### **How can Barisan Nasional regain voter support in the future?**

###### *Response:*

For the Government to regain the peoples' support three factors need to be addressed:

**Personalities:** The new cabinet should inspire confidence and should not include those with tainted reputations. Those appointed should be imaginative and bold. The same applies for state-level appointments.

**Issues:** Economic issues like rising prices, the provision of subsidies, etc. need to be urgently addressed. Religious and racial issues are equally important and should be addressed. If such issues are not satisfactorily addressed, the Opposition would exploit them for political advantage.

**Structure:** There is a need for Barisan Nasional to promote the multi-ethnic approach at all

levels, including the grassroots level. In this regard, there is a need to project a unified Barisan Nasional identity, and not the identities of the component parties.

##### **As there are 52 Barisan Nasional seats in Sabah and Sarawak, what if they join the Opposition to press for various demands?**

###### *Response:*

If the Sabah and Sarawak Barisan Nasional Members of Parliament want something, they will ask Barisan Nasional first. The Federal Government must recognise the significance of Sabah and Sarawak and ensure that they have more high Government positions in the cabinet, the bureaucracy, etc. This is one way to retain them.

##### **How will the election results affect the future of UMNO?**

###### *Response:*

While there are 12-13 million Malays from the 27 million population in the country, there are only 2,500 UMNO delegates to elect the UMNO leaders. The 2008 General Election results will definitely affect the UMNO elections in 2008. UMNO members are already thinking about the coming UMNO elections, and intra party polarisation is evident. There is doubt if UMNO can resolve the Malay underclass problems, whoever the President is. The Malay middle class unhappiness with the issue of intra-Malay wealth distribution is the main reason why they are not reacting resolutely to the call to

abolish the NEP.

**Can Barisan Nasional and UMNO act with boldness and imagination to rise above their partisan interests and rectify their shortcomings to address the issues of concern facing the nation? Can the Opposition also follow suit?**

*Response:*

This General Election was a vivid expression of the cumulative anger of the people against what they perceived to be injustices. To better understand the feelings of the people, this election should be compared with that in 1969.

For UMNO to be bold and imaginative it has to dismantle its existing network of interests, which would result in turmoil within UMNO.

In the case of the Opposition, DAP, PAS and PKR had failed to consult each other in the preparation of their party's individual manifestos.

The urban electorate has demonstrated a measure of boldness and imagination. These qualities should also be demonstrated by the grassroots, and not solely by the leadership.

For the record, the Prime Minister had tried in 2004 to address some of these concerns raised by various quarters. For example, when he took up the issue of corruption and transparency, for instance, there was a backlash that resulted in the erosion of support for his leadership. It is very tough to be clean. Even

during the Mahathir-Musa era, the 'Bersih, Cekap, Amanah' campaign was first initiated but later quietly aborted, as some UMNO members were adversely affected by the campaign. Such is the political reality.

In such departments and agencies as the Police Force, Immigration, Customs Department, the Road Transport Department and local governments, corruption must be addressed by appointing people with integrity to high positions within. The nexus between industry and political power must be removed. Leaders must demonstrate leadership and boldness by taking unpopular steps, if necessary.

**Various opinion polls had revealed that Chinese and Indians were unhappy, resulting in the weakening of Barisan Nasional component parties like MCA, MIC, Gerakan, etc. Would they contemplate leaving the coalition? On the other hand, Malay unhappiness remained undetected. Why?**

*Response:*

MCA was rejected because it was perceived as being unable to stand up against UMNO. MCA did a little bit better in 2008 than in 1969. They are now considering whether to remain in Barisan Nasional. MCA knows very little about UMNO. MCA could possibly leave the Barisan Nasional, reinvent itself outside Barisan Nasional, and later return to the fold. PPP, MIC, and Gerakan have been almost wiped out.

PKR may not join the Barisan Nasional coalition, as its allies are ready to form their own grouping. If a severe crisis in UMNO is anticipated in the coming months, and if Anwar Ibrahim sees the opportunity, he might try to rejoin UMNO or bring PKR into the Barisan Nasional fold.

As for the Malays, some of their grievances were perceptions that:

- The PM was bending backwards to accommodate non-Malay demands, including those of Hindraf, and
- Islam's position was being challenged.

The Chinese rejected BN due to, among others:

- The repetition of the keris episode, and
- Anwar's promise that he would eliminate the NEP.

As for the Indians, the rejection of BN was due to, among others:

- The demolition of temples and cases related to religious conversions.

It would however, be a big mistake for the Chinese and Indians to reject or ignore UMNO dominance. In reality, Malaysia had emerged from the Malay polity. This is a basic fact that many non-Malays have not come to terms with. DAP brashly ignores this history, while PAS and UMNO will not budge on their stand. PKR will lose Malay support if it concedes on this point.



### Is it possible for Anwar to be the next Prime Minister?

#### *Response:*

Anwar will ensure that he is always relevant by continually reinventing himself. Anwar had agreed that Keadilan should be a Malay-based (i.e. Malay majority) multi-ethnic party (distinguishing itself from Gerakan, PPP, etc) because he believes this strategy can win votes. If UMNO is in crisis, Anwar will go for the Prime Minister's post.

### Do voters now think that they might have overdone it in voting for the Opposition?

#### *Response:*

Inter-racial knowledge and understanding is very superficial. MCA hardly knows anything about UMNO. The Opposition raised a lot of money via the Internet and during ceramahs. Their rule over five state Governments will give them more resources in future elections. As such, the 2012 General Election may even be more defining than the one in 2008.

UMNO only won 2/3 of what they contested for parliament. This is very significant.

### Will UMNO disintegrate?

#### *Response:*

UMNO will not disintegrate. A lot of members leave UMNO but then come back again. Time and again UMNO has survived. There are a lot of disagreements among members but they always find a way to come back.

### Will UMNO lose power? How will it handle the present crisis?

#### *Response:*

Look at UMNO's past crises, where it succeeded, e.g. the 1998 sacking of Anwar; the Team A Team B crisis in 1988; and the 1969 crisis in UMNO, which is closest to the current crisis. This crisis was resolved partly by Emergency Rule under NOC and the internal coup against Tunku Abdul Rahman to save UMNO.

UMNO needs to reinvent itself to remain in power. How UMNO handles the current crisis is very important. It is unbelievable that there is no emergency, no civil disorder, no NOC after this general election. This is partly due to the Prime Minister's responses. Whether things will remain that way in the next few months remains to be seen. The Police Chief has been very good.

### A population projection says that by 2020 there will be 80% Malays/Bumiputras. What would be the impact of this on Malaysian politics?

#### *Response:*

There would then be more Malay-majority seats.

### In the Barisan Nasional only UMNO represents the Malays. With the projected population profile in 2020, would UMNO become stronger? In the Opposition, PKR and PAS both represent the Malays. Could the Malay-based parties, PKR and PAS, join Barisan Nasional in the future? What would be

### the reaction of the voters to such an alliance?

#### *Response:*

By 2020, hopefully there will be no race consciousness. The future divide is likely to be more between the Muslims and non-Muslims, rather than between the Malays and non-Malays. Non-Muslims must be realistic about the future situation and should support the more universal and inclusive Muslims. The narrowness and chauvinism of some Muslims, even in the middle class, and in UMNO, PAS or PKR, is a very big challenge. It is difficult to say if Muslims would later become more inclusive. The Prime Minister is aware of this problem, so he has introduced Islam Hadhari. If Muslims are not inclusive, it would be very difficult for Malaysia.

### The executive, legislative and judiciary should be independent and more or less equal. Will this become so in Malaysia after this?

#### *Response:*

Since 2004, Malaysia has been moving in that direction to reduce the dominance of the Executive. A series of Parliamentary committees have been established to perform oversight functions. The Chairman of the Public Accounts Committees, one of the most important parliamentary committees, is an UMNO leader, who is known as a gadfly. This is a significant change in Malaysia. The new Chief Justice is a very independent person and is respected in judicial circles for his



*Rita Sim at the Forum on the 2008 General Election*

independence, for example, in the release of Anwar. The Judiciary is now more conscious of its independence. Further improvements are of course possible.

#### **What are the Opposition leadership's issues?**

##### *Response:*

There is a need to evaluate both Government and Opposition leaders on the same principles. This is not done by some critics and NGOs. Politicians are politicians wherever they are, Government or Opposition, doing all sorts of things to pursue power. People will now evaluate the Opposition on their huge promises. Can the Opposition parties rise above their own ethnicities? The leaders in Government have so far risen above their races on critical issues, and this has resulted in peace so far. Malaysia has been highly successful in this area. Malaysia is one of the most successful multiethnic countries in the world, given the complexities of Malaysia. It is

doubtful if the Opposition achieve this too.

#### **The five states under the Opposition are close to each other geographically. Is there any particular significance in this?**

##### *Response:*

Many areas in the West Coast i.e. Penang, Selangor, Federal Territory and Perak, are urban. This is an urban factor and is dominated by the Chinese.

In 1969, the Opposition also did well in Penang, Kedah, Kelantan, Perak and Selangor. Johor has always been a solid UMNO supporter. This is due to the area-specific political history.

#### **What is the impact of the election on the economy?**

##### *Response:*

There is evidence that there is some panic because Barisan Nasional did not get a 2/3 majority. Business people are not used to this. KLSE was suspended at 4 p.m. today due to panic selling. The investors will be back after they see that Malaysians can manage their politics. Business people only want stability, whoever is in power. Every state government welcomes investors and business people, even Kelantan. Opposition states will compete with Barisan Nasional states for investment. Maybe this is a chance for businesses to decouple themselves from politics. Companies may then compete more on merit than on connections.

# Charm Offensive: How China's Soft Power Is Transforming the World

by Joshua Kurlantzick



In the Preface of this book, Joshua Kurlantzick acknowledges that the book represents an attempt to close the knowledge gap about China and its increasingly sophisticated diplomacy, which has and will transform international relations.

Kurlantzick's analysis on China's rise to power and international influence focuses on an often unmentioned area of 'soft power'. There are several definitions of soft power, and in the context of China, it basically refers to power outside of the military sphere, including diplomacy, aid, investment, and economic tools. China has used this to mend bridges, close the gaps and capture the hearts and minds of the international community.

As an example, whatever Mao Zedong did to support the Khmer Rouge in the past seemed to have been forgotten, and when Jiang Zemin made his first

visit to Cambodia, he received a hero's reverence and welcome where thousands of Cambodian children lined the streets, waving tiny Chinese flags or small photographs of Jiang's face. Before Jiang's visit, China had quietly laid the groundwork in multiple fronts. For years, Beijing had become Cambodia's major provider of foreign aid. Chinese language schools and programmes sprung up in Phnom Penh.

In this respect, Cambodia is hardly unique. China has been capitalizing the attractiveness of its culture, diplomacy, businesses and arts to grow its soft power.

Since the late 1990s, perceptions of China across the developing world have been transformed, and countries have come to view China as a partner, and even a friend. Obviously, the use of soft power has given China the opportunity to project itself as a model of social and economic success, and through this it has forged ties with foreign nations. Such alliances serve China well.

In this book, Kurlantzick focuses on China's pursuit of developing nations in Southeast Asia, Africa, Latin America, and Central Asia – areas of the globe that may have been alienated in one

way or another by the West. It is here where China succeeds in promoting itself as having an effective model for social and economic success and side steps domestic issues faced by these countries. It is here, that the US pales by comparison, as a model for third world countries.

Kurlantzick also highlights the trouble that lies ahead with the rise of China, especially when Beijing's interest and that of Washington clearly overlap.

The author describes how China develops its soft powers in an environment where the US is clearly failing in similar areas. He shows how China has matured in its realisation that employing force has not benefitted her in the past. Also, to a greater extent, China is compelled to adopt a foreign policy that is different from the US, especially since America has significantly stepped up its use of hard power.

This is the one the few books, or perhaps the only one that closely examines how China's renewed reliance of soft power has carved a friendlier image of the country. In fact, its new diplomacy has influenced the Asian region and changed its landscape. In the conclusion the author bravely opines that China may be the first nation after the Soviet Union to challenge the global influence of America.

*Reviewed by Zarina Nalla*



## ISIS 25TH ANNIVERSARY DINNER CELEBRATION

By Susan Teoh

ISIS Malaysia celebrated its 25th Anniversary by holding a banquet dinner on June 3, 2008 at the Kuala Lumpur Convention Centre. The dinner was also held in conjunction with the 22nd Asia Pacific Roundtable which ISIS has hosted since its commencement.

The dinner was attended by a wide group of people who had over the years played a role in ISIS activities. These included representatives from the public and private sectors; members of the diplomatic corps; the Asean-ISIS network; the Asia Pacific Roundtable participants as well as former and current ISIS staff; and the friends of ISIS.

Tun Abdullah Haji Ahmad Badawi, then Prime Minister of Malaysia and his wife Tun Jeanne Abdullah were guests of honour on the occasion. Also present were then Deputy Prime Minister, Dato' Sri Mohd Najib bin Tun Abdul Razak, accompanied by Datin Paduka Seri Rosmah Mansor, and Asean Secretary-General H.E. Dr. Surin Pitsuwan, who gave the Anniversary Address.

The following are pictures taken at the event.



*(From left) HE Dr Surin Pitsuwan; Datin Paduka Seri Rosmah Mansor; Dato' Sri Mohd Najib bin Tun Abdul Razak; Tun Abdullah Haji Ahmad Badawi; Tun Jeanne Abdullah; Puan Sri Hajar Ahmad.*





*Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain; Tan Sri Mohamed Jawhar Hassan.*



*Tun Abdullah Haji Ahmad Badawi; Dato' Sri Mohd Najib bin Tun Abdul Razak.*



*Dr Mahani Zainal Abidin; Tan Sri Dato' Ir Muhammad Radzi Haji Mansor.*



*(From left) HE Dr Surin Pitsuwan; Tan Sri Dr Mohd Munir bin Abdul Majid; Mr Philip Mathews.*



*(From left) Dr Larry C Y Wong; Dr Patrick Pillai; Dr Yeah Kim Leng; Mr Keith Leong; Mr R K Ravindran; Mr Steven C M Wong.*





*Tan Sri Mohamed Jawhar Hassan giving his Welcoming Remarks.*



*HE Dr Surin Pitsuwan delivering the 25th Anniversary Address.*



*ISIS staff with the guests of honour.*



*(From left) Ms Malayvieng Sakonhninhom; Dr Rozali Mohamed Ali; Mr Johan Arifin Sopiee; Professor Emeritus Tan Sri Dr Khoo Kay Kim.*



*(From left) Tan Sri Mohd Hassan Marican; Tan Sri Ahmad Fuzi bin Hj Abdul Razak; Datuk Zaid Ibrahim.*





*Tun Abdullah Haji Ahmad Badawi cutting the anniversary cake, accompanied by Tan Sri Mohamed Jawhar Hassan and Dr Mahani Zainal Abidin.*



*(From left) Tan Sri Hasmy Agam; Datin Pengiran Masrainah Ahmad; Dato' Leela Mohd Ali.*



*(From left) Tan Sri Dato' Seri Dr Haji Zainul Ariff bin Haji Hussain; Datuk Shahrir Abdul Samad.*



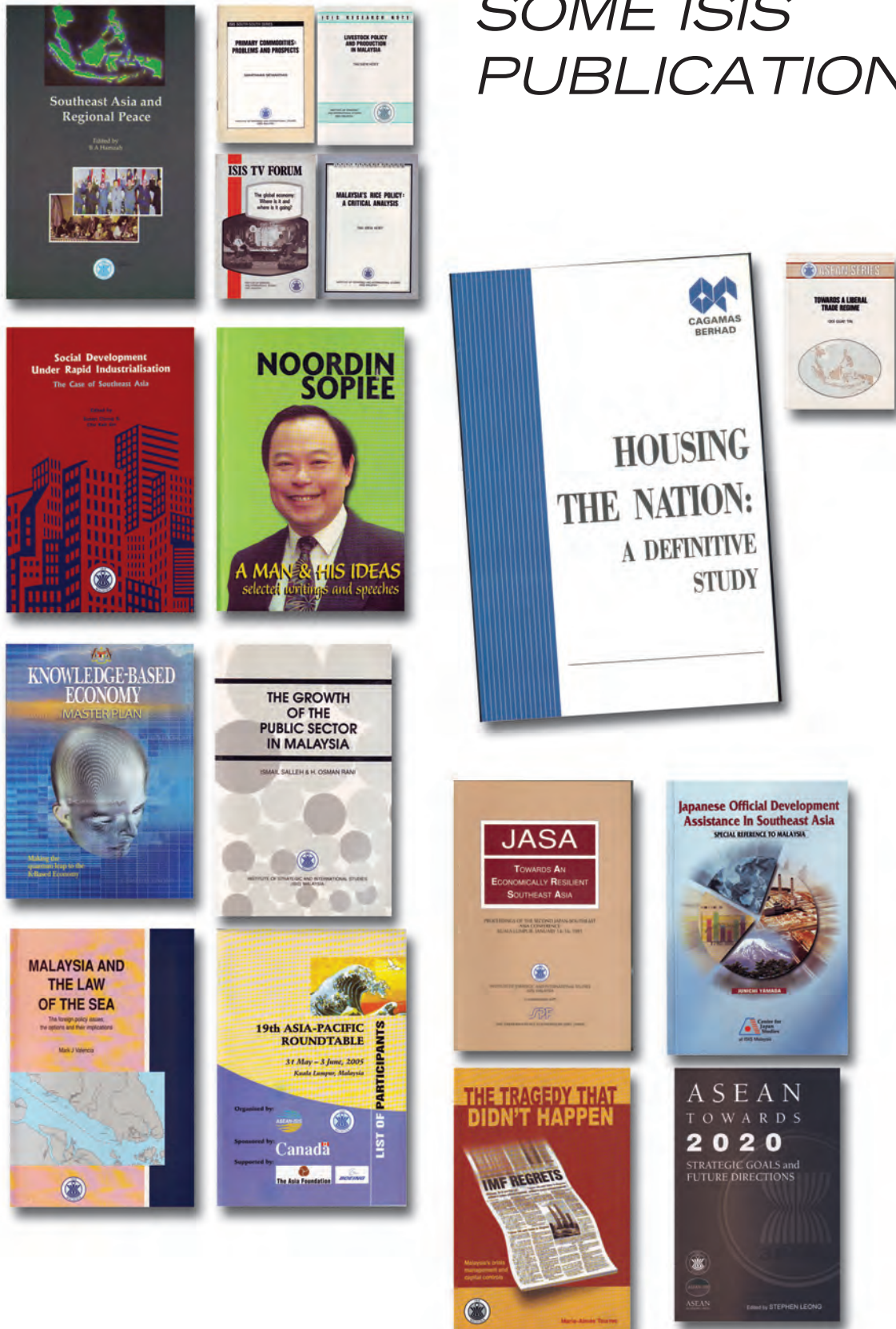
*ISIS staff greeting guest of honour Tun Abdullah Haji Ahmad Badawi.*



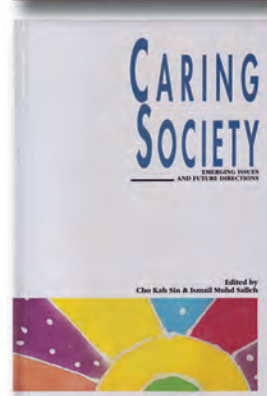
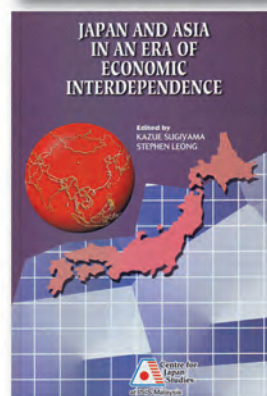
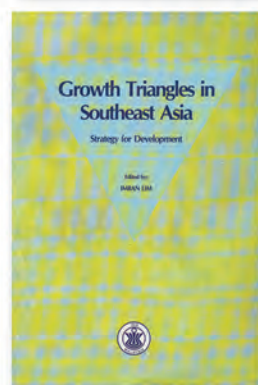
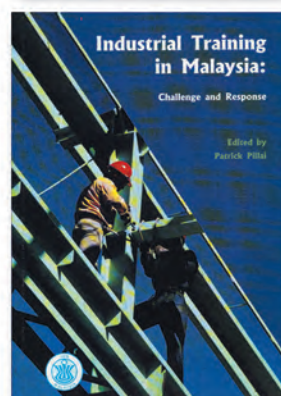
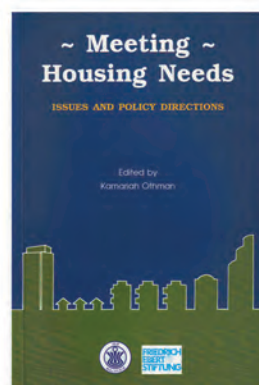
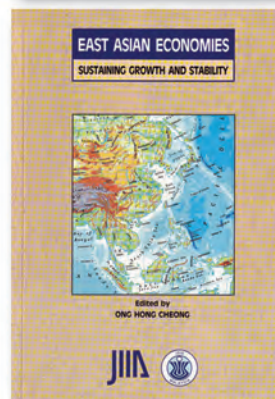
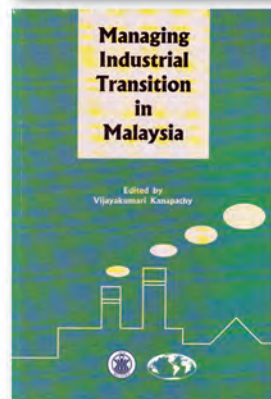
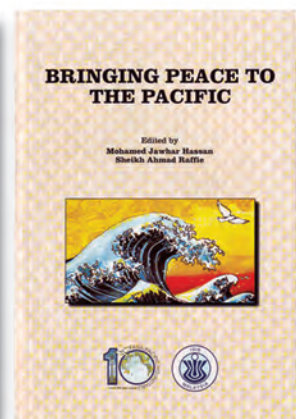
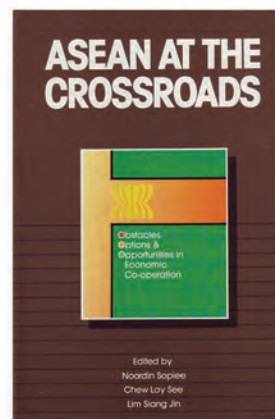
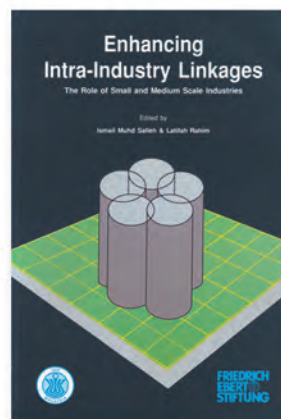
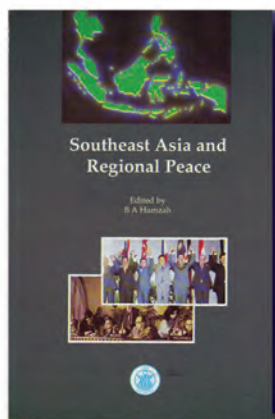
*A photo session with some ISIS staff at the dinner function.*



# SOME ISIS PUBLICATIONS







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