

**An Analysis of the Underlying Factors That Affected Malaysia-Singapore  
Relations During the Mahathir Era: Discords and Continuity**

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## ABSTRACT

This thesis is an analysis of the underlying factors that influenced Malaysia-Singapore relations during the watershed period of Mahathir Mohamad as the Prime Minister of Malaysia (1981-2003). The study proposes that the bilateral tensions between Malaysia and Singapore were, to a large extent, affected by such things as the burden of historical baggage from their acrimonious parting in 1965, after a short period of unification; the differences between them in their perceptions and approaches in handling bilateral relations; and their political cultures and the leadership styles of their prime ministers, but for the purposes of the present study, specifically those of Mahathir and Lee Kuan Yew. The thesis examines a number of key areas of discord between states and leaders alike.

Despite the strong underlying differences, the thesis argues, the two states have existed in a condition of interdependency in the post-1965 period. They have had to find ways in which to suppress the culturally- and historically-conditioned tensions in order to ensure their respective states' economic growth and political and social development. As a result, we have the curious situation in which both Malaysia and Singapore have found ways of maintaining engagement. In doing so, they have avoided raising tensions to the point of conflict, and, indeed, been able to build bridges through consistent, and determined, application to their bilateral affairs. The thesis provides some explanations as why this should be the case.

## DECLARATION

I certify that this work contains no material which has been accepted for the award of any other degree or diploma in my name, in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. In addition, I certify that no part of this work will, in the future, be used in a submission in my name, for any other degree or diploma in any university or other tertiary institution without the prior approval of the University of Adelaide and where applicable, any partner institution responsible for the joint-award of this degree.

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Rusdi Omar

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## **ABBREVIATIONS/ACRONYMS**

ARF	ASEAN Regional Forum
APEC	Asia Pacific Economic Cooperation
ASEM	Asia-Europe Meeting
ASEAN	Association of Southeast Asian Nations
AMDA	Anglo Malayan (Malaysia) Defense Agreement
BN	Barisan Nasional
BMA	British Military Administration
CCP	Chinese Communist Party
CIQ	Customs, Immigration and Quarantine
CPF	Central Provident Fund
DAP	Democratic Action Party
DEB	Dasar Ekonomi Baru
EAEC	East Asian Economic Caucus
EAS	East Asian Summit
EEC	European Economic Cooperation
FPDA	Five Power Defence Agreements
ICJ	International Court of Justice
ICT	Information and Communication Technology
ISA	Internal Security Act/ Akta Keselamatan Dalam Negeri
IDFR	Institute of Diplomacy and Foreign Relations
ICP/PKI	Indonesian Communist Party/ Partai Komunis Indonesia
ITLOS	International Tribunal for the Law of the Sea

KLIA	Kuala Lumpur International Airport
KTM	Keretapi Tanah Melayu/Malayan Railway
LEP	Look East Policy
MCA	Malaysian Chinese Association
MIC	Malaysian Indian Congress
MCP	Malayan Communist Party
MPAJA	Malayan Peoples Anti-Japanese Army
MSC	Malaysian Solidarity Convention or Malaysian Solidarity Council
MFP	Malaysian Foreign Policy
MSC	Multimedia Super Corridor
NAM	Non-Aligned Movement
NATO	North Atlantic Treaty Organization
NUS	National University of Singapore
NIC	Newly Industrializing Country/ New Industrialized Country
NEP	New Economic Policy
NOC	National Operations Council
OFC	Offshore Financial Center
OIC	Organisation of Islamic Conference
PAP	People's Action Party
PAS	Parti Islam Se-Malaysia
PETIR	Singapore's PAP Magazine
PKM	Parti Komunis Malaya
PMIP	Pan Malayan Islamic Party

PPP	People's Progressive Party
POA	Point of Agreements
PRC	People's Republic of China
PTP	Port of Tanjung Pelepas
RSAF	Republic of Singapore Air Force
SPA	Singapore People's Alliance
SARO	Search and Rescue Operations
SUPP	Sarawak United Peoples' Party
TAC	Treaty of Amity and Cooperation
TUDM	Tentera Udara DiRaja Malaysia/ Royal Malaysia Air Force
UDP	United Democratic Party
UMNO	United Malays National Organization
US	United States of America
UK	United Kingdom of Great Britain
UM	Univesity of Malaya
UN	United Nations
USSR	Union of Soviet Socialist Republics
ZOPFAN	Zone of Peace, Freedom and Neutrality

## GLOSSARY

Abang-adik	Elder-younger or 'big brother' relationship
Alam Melayu	The Malay World
Alliance	UMNO-MCA-MIC coalition (also see Perikatan)
Bahasa Melayu	Malay Language
Barisan Nasional	National Front
Barisan Alternatif	Alternative Front
Bumiputera or bumiputra	Malays or other natives ('son of the soil')
Causeway or causeway	Land bridge linking Malaysia and Singapore
Clob	Central Limit Order Book
Datuk or Dato	Malay honorific title ('Sir')
Dewan Rakyat or Ra'ayat	House of Representatives, Parliament of Malaya/Malaysia
Istana	Palace
Johor or Johore	West Malaysia's most southern state and Singapore's closest neighbour
Kampong or kampung	Village/hamlet
Kesatuan Melayu Singapura	Singapore Malay Union
Ketuanan Melayu	Malay dominance
Kiasu or kiasu-ism	Negative stereotype of Singapore and its citizens (literally 'fear of losing'- may also be translated as 'fear of getting involved' or 'afraid of losing face')
Konfrontasi	Confrontation
Madrasah	Islamic school
Malaysia Barat	West Malaysia

Malaya (prior to 1946)	Malay Peninsula and Singapore
Malaya (after 1946)	Malay Peninsula, Peninsular Malaysia or West Malaysia
Melayu	Malay
Menteri or Mentri Besar	Chief Minister (of a Malaysian state)
Merdeka	Independence
Nusantara	Southeast Asia in Malay (literally ‘Malay Archipelago’ or ‘Malay World’)
Overseas Chinese	Southeast Asians of Chinese ethnicity
Parti Islam SeMalaysia	Islamic Party of Malaysia
Perdana Menteri or Mentri	Prime Minister
Perikatan	Alliance Party (UMNO-MCA-MIC)
Perpaduan Melayu	Malay solidarity
Pulau Batu Puteh	Batu Puteh Island
Tanah Melayu	Land of the Malays
Tanjong Pagar	Site of Malayan Railway’s Singapore terminal
Temasik or Tumasik	Sea Town (Malay name for pre-colonial Singapore)
Temenggong	Malay chief
Tun	Malay honorific title (‘Lord’)
Tunku or Tengku	Malay honorific title (‘Prince’)
Ummah	Islamic community of believers
Wisma Putra	Ministry of Foreign Affairs, Malaysia
Yang di-Pertuan Agong	Head of State and Elected King of Malaya

# CHAPTER 1 INTRODUCTION

## 1.1. Introductory Background

The relationship between Malaysia and Singapore presents a rather distinctive inter-state relationship, and yet is difficult to fathom if one has not fully understood the causal factors influencing this relationship. Separated only by a kilometre long Tebrau Straits, the uniqueness of this bilateral relationship is perhaps epitomized by a variety of expressions, such as ‘Siamese twins’, ‘sibling rivalry’ and ‘family quarrel’. These frequently used expressions imply a rather complex love-hate relationship in Malaysia-Singapore bilateral relations that grown out of geographical proximity, a shared common history and cultural background, coloured by political differences, economic competition and interdependency.<sup>1</sup>

Since their brief unification under the Federation of Malaysia (hereafter the Federation) from September 1963 to August 1965<sup>2</sup> and their subsequent separation, Malaysia-Singapore bilateral relations have never been free from functional tensions and antagonisms, albeit one may notice that both countries have the inclination to adopt ‘pragmatic’ and ‘business-like’ approach, that is

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<sup>1</sup> See, for example, the works by N. Ganesan. (1998). “Malaysia - Singapore Relations: Some Recent Developments.” *Asian Affairs: An American Review*. 25(1), particularly at p. 25, and by the same author in (1991). “Factors Affecting Singapore’s Foreign Policy Towards Malaysia,” *Australian Journal of International Affairs*. 45(2), p. 187; and Rusdi Omar, Mas Juliana Mukhtarudin & Mohamad Ainuddin Lee Abdullah. (2005). *Hubungan Malaysia-Singapura Era Mahathir*. Sintok: Penerbit Universiti Utara Malaysia, at p. 2.

<sup>2</sup> See Section 2.5. on the historical background of the Federation of Malaysia.

reflected in numerous mutually beneficial collaboration in security, economy and political spheres.<sup>3</sup>

Singapore's unceremonious ejection from the Federation marks, in the opinion of several observers, was the beginning of a new and more prolonged phase of disagreements and confrontations over many issues between the two countries.<sup>4</sup> Throughout the long history of their constant bilateral tension in the post-independence period, the scope and volume of animosity between the two countries arguably intensified during the tenure of the fourth Prime Minister of Malaysia, Dr. Mahathir Mohamed, from 1981-2003, who has been the longest serving Prime Minister to date.<sup>5</sup> A myriad of tense bilateral issues either resurfaced or fresh ones emerged during his years in office. Some of these issues remain unresolved until today, and, regrettably, worsened by exaggeration and extreme comments made by certain quarters imbued with the motivations of gaining political mileage. These included: disagreements over the low price of untreated water paid by Singapore to Malaysia (3 Malaysian cents [US\$0.008] per 1000 gallons); alleged adverse environmental impact on Malaysia's territorial waters emanating from Singapore's land reclamation work; and the access of Malaysian airspace by the Republic of Singapore Air Force fighter jets for over-flight and training.<sup>6</sup> Other contentious issues which have now been fully or partially resolved by both countries include the proposed replacement of

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<sup>3</sup> For detailed historical analysis, key determinant and political economy of Malaysia-Singapore bilateral relations, see K. S. Nathan, (August 2002). Malaysia-Singapore Relations: Retrospect and Prospect. *Contemporary Southeast Asia*. 24(2): 385-410.

<sup>4</sup> Chandran Jeshurun, Kamarulzaman Askandar, and Syed Yusof Syed Kechik. (January-March 2003). "Malaysia-Singapore Relations: A Case Study of Conflict-Prone Bilateral Ties." *The Southeast Asia Conflict Studies Network Bulletin*. p. 8.

<sup>5</sup> For details analysis of Dr. Mahathir's leadership styles in influencing Malaysia-Singapore relations, see Chapter 6.

<sup>6</sup> Rusdi Omar. (2009). "Malaysia-Singapore Relations: Issues and Strategies", in David Martin Jones and Lili Yulyadi Arnakim (eds). *Regionalism and Political Development in Southeast Asia*. Kuala Lumpur: UM. p. 93-103.

the Johor Causeway by a suspension bridge across the Tebrau Straits; the sovereignty status of Pedra Branca Island (or in Malay, Pulau Batu Putih); and the sovereignty of Keretapi Tanah Melayu (KTM) railway line crossing Singapore's heartland.<sup>7</sup> The underlying reason triggering the above-mentioned long-standing issues between Malaysia and Singapore perhaps resided on the countries' adoption of non-compromising stand when dealing with the issues concerned, inevitably worsening their already strained bilateral relations.<sup>8</sup>

## 1.2. Statement of the Problem

Since Singapore's separation from the Federation, tensions and mutual distrusts have occasionally surfaced in the relations between Singapore and its northern neighbour, Malaysia. In many of the disputes, both sides steadfastly refused to make concessions. This position, not only contributed to the failure of both sides to settle their many longstanding disputed issues, but also further intensified the gravity of their rivalry and animosity. Many commentators have observed that Malaysia's foreign policy vis-à-vis Singapore tends to take a distinct set of approaches when handling the disputed issues: the former generally opted to adopt what it perceived to be a diplomatic approach, while the latter is more inclined to pursue legalistic approach in dealing with the bilateral problems.<sup>9</sup> As can be seen in many cases, Malaysia views its bilateral relations with the island-republic from a subjective, and sometimes emotional, perspective. Nowhere was this argument more evident than in 1986, when Malaysia, a Muslim-

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<sup>7</sup> Detailed discussion of above-mentioned issues can be found in Chapter 3.

<sup>8</sup> K. S. Nathan. (2010). "Malaysia-Singapore Relations: A Bilateral Relationship Defying ASEAN-Style Multilateralist Approaches to Conflict Resolution," in N. Ganesan and Ramses Amer (eds). *International Relations in Southeast Asia: Between Bilateralism and Multilateralism*. Singapore: Institute of Southeast Asian Studies. pp. 263-281.

<sup>9</sup> K. S. Nathan. (2010). *Ibid.*, p. 276.

majority State, accused Singapore of lacking sensitivity to its neighbouring State when Chaim Herzog, the Israeli President, paid a formal State visit to the island-republic.<sup>10</sup> Singapore, from its part, firmly believed and has always maintained that it is a sovereign State, and therefore has the right to invite any world leader it chooses to visit the country.<sup>11</sup> From the standpoint of international law, the prerogative of sovereign nation to allow such visits is consistent with the customary State practice.<sup>12</sup>

An additional source of friction in Malaysia-Singapore bilateral ties stemmed from the pivotal role played by domestic politicians and the media on both sides of the causeway, particularly in terms of exerting a considerable degree of influences on these relations. There is a genuine basis for several bilateral problems to have been blown out of proportion by the media and politicians on both sides of the causeway. It is fair to say that the deep-seated cause of this situation has more to do with a domestic political agenda. Zubaidah (1999) observed that the motivation behind the varying comments stated in the articles in broadsheet and tabloid newspapers by aspiring Malay-based United Malays National Organization (UMNO) leaders - mostly empty and emotional rhetoric - were probably intended to score political mileage that could bolster their

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<sup>10</sup> See Michael Hass. (1999). "A Political History", in Michael Hass (eds). *The Singapore Puzzle*. United States of America: Greenwood Publishing Group Inc. p. 27; Michael Leifer. (2000). *Singapore's Foreign Policy. Coping with Vulnerability*. London: Routledge. p. 50; Kalminder Singh Dhillon. (2009). *Malaysian Foreign Policy in the Mahathir Era, 1981-2003: Dilemmas of Development*. Singapore: National University of Singapore Press. p. 244; and Kamarulnizam Abdullah. (2009). "Johor in Malaysia-Singapore Relations", in Takashi Shiraiishi (eds.). *Across the Causeway: A Multi-dimensional Study of Malaysia-Singapore Relations*. Singapore: Institute of Southeast Asian Studies. p.125.

<sup>11</sup> See Michael Leifer. (1988). "Israel's President in Singapore: Political Catalysis and Transnational Politics". *The Pacific Review*. 1(4): 341-352.

<sup>12</sup> Refer to Roozbeh (Rudy) B. Baker. (2010). "Customary International Law in the 21<sup>st</sup> Century: Old Challenges and New Debates". *European Journal of International Law*. 21(1): 173-204.

political career and image.<sup>13</sup> In retaliation, Singaporean politicians would also engage the media to counter the comments made by their Malaysian counterparts.<sup>14</sup>

Given the fact that both states have similar colonial history and was in one Federation, these issues should not take long time to resolve. Both countries share and inherit British administration, democracy and political system. They share similar views on stability of state and regions. However, the above background shows that there were many longstanding unresolved issues that create tensions in their relations. Hence, the purpose of this thesis was to study thoroughly why all the above-mentioned issues were difficult to resolve. Related to this, what the underlying factors were behind the continuation of conflicts and how both countries negotiated their disputes.

### **1.3. Research Aims and Objectives**

The aim of this thesis was to analyse the tumultuous state of affairs between Malaysia and Singapore during the period of Mahathir's administration from 1981 to 2003. To this end, the aim of this thesis was achieved through a threefold approach. First, it provides the background for high profile disputes over numerous issues that have shaped Malaysia-Singapore bilateral relations prior to and during Mahathir's administration era. Second, the thesis examines and analyses the underlying factors that contribute to the difficulties to resolve issues and how these

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<sup>13</sup> Lily Zubaidah Rahim. (1999). "Singapore-Malaysia Relations: Deep-Seated Tensions and Self-Fulfilling Prophecies." *Journal of Contemporary Asia*. 29(1): 38-39.

<sup>14</sup> *Ibid.*, p. 39.

factors affect the government of both countries in handling the relevant bilateral issues. The underlying factors identified focuses on three major factors: (i) the burden of historical baggage following Singapore's separation from Malaysia; (ii) different perceptions and approaches of both sides in handling bilateral relations; and (iii) political cultures and the leadership styles of Mahathir and Lee Kuan Yew. Finally, the thesis identifies the efforts that have been undertaken by both sides to resolve the dispute and to maintain their bilateral relations.

Based on the objectives mentioned earlier, this thesis is framed around the following three questions:

- (1) What were the contentious issues preventing the establishment of good relations between Malaysia and Singapore during Mahathir's administration?
- (2) What were the driving factors and underlying factors of these issues? To what extent did these factors act as stumbling blocks that adversely affected Malaysia-Singapore relations?
- (3) How were the negotiations conducted to improve the bilateral ties between the two countries?

#### **1.4. Scope and Limitation**

The scope of the study was restricted to major issues in Malaysia-Singapore bilateral relations that took place during the period of Mahathir's administration from 1981 to 2003 as he has been

Malaysia's longest serving Prime Minister to date. Although certain bilateral issues affecting the countries' relations predated prior to the Mahathir's administration, there were number reasons for selecting the period mentioned above. The period covered was seen as significant to academic and policy community, as this was the period when both countries underwent rapid transformation in the economic, social and political fronts. Additionally, Malaysia and Singapore during this period slowly evolved into two separate countries, with distinctively different cultures; a fact which may indirectly lead to the gradual diminishing of the political baggage that had burdened their bilateral relations.

There were some significant limitations to the study, namely that of access to Malaysian Government documents classified as official secrets were restricted and only non-classified material were available. Similarly, access to official secret Singapore Government documents were not available at all.

## **1.5. Literature Review**

Insofar as bilateral ties between Malaysia and Singapore are concerned, scholarly analysis on the topic is substantial in term of volume. The prominent studies were found in seminal works, including article journals, seminar and working papers, academic thesis and chapters in book.<sup>15</sup>

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<sup>15</sup> See Chin Kin Wah. (1992). "The Management of Interdependence and Change Within a Special Relationship", in Azizah Kassim and Lau Teik Soon (eds.), *Malaysia and Singapore: Problems and Prospects*. Singapore: Singapore Institute of International Affairs (SIIA). pp. 230-248; Lau Teik Soon. (1969). "Malaysia-Singapore Relations: Crisis of Adjustment, 1965-1968". *Journal of Southeast Asian History*. 10(1): 155-176; Teofilo C. Daquila. (2009). "Competing or Complementary?", in Takashi Shiraishi (eds.). *Across the Causeway: A Multi-dimensional Study of Malaysia-Singapore Relations*. Singapore: Institute of Southeast Asian Studies. pp. 200-230; Mahani Zainal Abidin. (2009). "Malaysia-Singapore Economic Relations: Once Partners, Now Rivals. What Next?", in Takashi Shiraishi (eds.). *Across the Causeway: A Multi-dimensional Study of Malaysia-Singapore Relations*. Singapore: Institute of

Existing works in the literature present general analysis, either as a whole or just one aspect in details, focusing on elements of conflicts, negotiations and collaborations.

Significant evidence clearly indicates the fact that Malaysia and Singapore share a long-standing dispute over many bilateral issues and problems; a feature typical of relations conducted by many neighbouring countries in the region. A series of contentious bilateral issues, which have been the major source of frictions between two countries predated as early as 1965, with some of them fully or partially resolved by both parties through negotiations or adjudication. These contentious issues are the subject of comprehensive description and analysis characterized the works of Nathan<sup>16</sup>, Lin<sup>17</sup> and Ganesan<sup>18</sup>.

Much attention has focused on explaining the underlying reasons behind foreign policy action and behaviour of the two countries towards their bilateral relations.<sup>19</sup> Driving factors explaining the animosity between Malaysia-Singapore relations constituted the central theme of analysis in

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Southeast Asian Studies. pp. 231-249; Linda Low and Lee Poh Onn. (2009). "Singapore's Perspective on Economic Relations with Malaysia", in Takashi Shiraishi (eds.). *Across the Causeway: A Multi-dimensional Study of Malaysia-Singapore Relations*. Singapore: Institute of Southeast Asian Studies. pp. 250-264; Ooi Keat Gin. (2009). "Politics Divided: Malaysia-Singapore Relations", in Takashi Shiraishi (eds.). *Across the Causeway: A Multi-dimensional Study of Malaysia-Singapore Relations*. Singapore: Institute of Southeast Asian Studies. pp. 27-51; Carlyle A. Thayer. (2009). "Political Relations", in Takashi Shiraishi (eds.). *Across the Causeway: A Multi-dimensional Study of Malaysia-Singapore Relations*. Singapore: Institute of Southeast Asian Studies. pp. 80-91; Albert Lau. (2009). "The Politics of Becoming "Malaysian" and "Singaporean", in in Takashi Shiraishi (eds.). *Across the Causeway: A Multi-dimensional Study of Malaysia-Singapore Relations*. Singapore: Institute of Southeast Asian Studies. pp. 92-124; Carlyle A. Thayer. (2009). "Security Relations", in Takashi Shiraishi (eds.). *Across the Causeway: A Multi-dimensional Study of Malaysia-Singapore Relations*. Singapore: Institute of Southeast Asian Studies. pp. 163-174.

<sup>16</sup> K.S. Nathan. (2002). Malaysia-Singapore Relations: Retrospect and Prospect. *Contemporary Southeast Asia*. 24(2): 385-410.

<sup>17</sup> Chang, L. L. (2003). Singapore's Troubles Relations with Malaysia: A Singapore Perspective. *Southeast Asian Affairs*. pp. 259-274.

<sup>18</sup> N. Ganesan. (1998). "Malaysia - Singapore Relations: Some Recent Developments." *Asian Affairs: An American Review*. 25(1): 21-36.

<sup>19</sup> The underlying reasons/ factors will be discussed further in Chapter 4, 5 and 6.

the works by Lin (2003)<sup>20</sup>, Nathan (2010)<sup>21</sup>, Long (2001),<sup>22</sup> Onn (2005),<sup>23</sup> and Ganesan (1998).<sup>24</sup> From the previous literature, four major determinant variables can be identified, these underpinning Malaysia-Singapore bilateral ties, encompassing ethnic-religious variance, political rivalry, economic competition, and geopolitical consideration.

Unique in some ways, these relations have been driven by multiple factors, ranging from geography, history, politics, ideology, economy, culture to ethnicity. Evidently, comprehensive description and analysis of these variables dominated the literature on the Singapore-Malaysia relations.<sup>25</sup>

Another aspect that has received considerable attention is the mechanisms adopted by both countries to resolve or diffuse arising tension because of their bilateral disputes. Considerable efforts have been made by both sides to overcome these problems through diverse social activities. Clearest examples of these include regular meetings that incorporate informal social

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<sup>20</sup> Chang, L. L. (2003). *Op.cit.*, pp. 259-274.

<sup>21</sup> K. S. Nathan. (2010). *Op.cit.*, pp. 385-410.

<sup>22</sup> Joey Long. (December 2001). "Desecuritizing the Water Issue in Singapore-Malaysia Relations". *Contemporary Southeast Asia*. 23(3): 504-532.

<sup>23</sup> Lee Poh Onn. (2005). Paper presented in *A cross-disciplinary workshop on the many aspects of Water in Mainland Southeast Asia* (29 November-2 December 2005) at Siem Reap, Cambodia, organized by the Centre for Khmer Studies (CKS), Siem Reap, Cambodia, and the International Institute for Asian Studies (IIAS), Leiden/Amsterdam, the Netherlands.

<sup>24</sup> N. Ganesan. (1998). *Op.cit.*, pp. 21-36.

<sup>25</sup> See for example, Azizah Kassim and Lau Teik Soon (eds) (1992). *Malaysia and Singapore: Problems and Prospects*. Singapore: Singapore Institute of International Affairs. Mahathir Mohamad. (1970). *The Malay Dilemma*. Singapore: Times Book International. pp. 179-188. Lee Kuan Yew. (2000). *From Third World to First: The Singapore Story 1965-2000*. Singapore: Singapore Press Holding. pp. 257-291. N. Ganesan. (1998). Malaysia-Singapore Relations: Some Recent Developments. *Asian Affairs: An American Review*. 25(1): 21-36. K.S. Nathan. (2002). Malaysia-Singapore Relations: Retrospect and Prospect. *Contemporary Southeast Asia*. 24(2): 385-410. Lee Poh Ping. (1992). "Malaysia-Singapore Relations: A Malaysia Perspective", in Azizah Kassim and Lau Teik Soon (eds), *Malaysia and Singapore: Problems and Prospects*, Singapore: Singapore Institute of International Affairs. pp. 219-229. See also, Chin Kin Wah. (1992). "The Management of Interdependence and Change within a Special Relationship", in Azizah Kassim and Lau Teik Soon (eds), *Malaysia and Singapore: Problems and Prospects*, Singapore: Singapore Institute of International Affairs. pp. 230-248. Chang, L. L. (2003). Singapore's Troubles Relations with Malaysia: A Singapore Perspective. *Southeast Asian Affairs*. pp. 259-274.

activities such as annual golf and sports meetings between cabinet members of both countries, and the holding of joint cultural and religious festivals that involve the leaders from both sides of the causeway (i.e. Hari Raya and Chinese New Year celebrations). All these efforts are designed to enhance people's relations, so they can withstand the possible turbulence created by political and other frictions that might surface from time to time.

In contrast to many states such as Japan and Russia that often solved their disputes, particularly territorial disputes through military provocations and intimidations, Singapore and Malaysia uses dialogues and peaceful matter including the above soft diplomacy to solve their problems. The soft diplomacy was made possible because of historical similarity, geographical proximity and similarity in political system.

As illuminated by several scholars, relations of both states were inseparable from the country's previous colonial experiences. Azizah Kassim and Lau Teik Soon (eds). (1991) asserted that Malaysia and Singapore share a common ground of being subjected to British colonization. Both countries also shared other similarities: they are economically interdependent with multi-racial population. The political system in both countries is predominantly modelled after the Westminster system of parliamentary democracy - a legacy from their British colonial rule. Co-existing with this common bond are the differences, which exist between Malaysia and Singapore in terms of ethnic composition of their population. Ethnic Malays and Chinese have dominated the populations in Malaysia and Singapore respectively.

In the political context, Malaysia has developed a strong coalition government comprising representatives from various multiethnic political-based parties under the Barisan National Front. Across the causeway, Singapore's political system has long been dominated by one single party: People Action Party (PAP). These factors of commonality and difference have created an exceptional relationship under which peaceful and harmonious relations sometimes erupted into periods of stress and tension between these countries. Because of the common history and shared colonial past, the people of both countries tend to be overly sensitive when it comes to dealing with issues pertinent to their relations. Even a trivial issue of say, the persistent violations of Malaysian traffic laws by Singapore cars in Malaysia, have attracted substantial comments in the letters to the editor in the Malaysian newspaper.<sup>26</sup> Ironically, similar violations committed by Thailand registered cars would most likely be ignored and go unnoticed in the local newspaper. Despite the fact that Malaysia and Singapore have gone separate ways for more than 40 years, their print media in both countries still carry special sections focusing on news items from 'across the causeway'.

As elaborated by Kassim, *et al.* (1991), close geographical proximity of the two countries, along with their common bonds (particularly in terms of interdependency in trade activities, multiracial societies typified by cultural and socio-economic differences, and nearly similar adopted political systems have naturally influenced, to a considerable degree, the psyche and mindset of people at leadership and public levels. Government, political and community leaders, in particular, have been constantly reminded of the symbiotic relationship between both

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<sup>26</sup> K.S. Nathan. (2010). *Op.cit.*, pp. 258-262.

countries: they are twins born in the same family, but are now separated.<sup>27</sup> Malaysia and Singapore have placed emphasis from time to time on their economic interdependence and defence indivisibility. Even though they have been characterized by competition in economic and social matters, because of a very high level of economic interdependence as major trading partners, the geographical proximity of the two causeway neighbours have made their economic, security, and prosperity indivisible.<sup>28</sup> With respect to security, for example, Malaysia and Singapore are both members of the FPDA (Five Power Defence Arrangement); a defence pact constituted of these and other Commonwealth countries such as Australia, Britain and New Zealand. Bilaterally, both of these ASEAN countries have regularly conducted combined military exercises and their military leaders have been known to have close personal relations.

In the diplomatic sphere, Malaysian foreign missions still maintain the Singapore interest sections on behalf of the latter government in countries where it does not maintain an embassy. Despite of this functional role, certain Malaysian political leaders had questioned the motive behind Singapore's socio-economic policy. Mahathir, in his 1970 book, "*The Malay Dilemma*", has focused on this issues arguing that the Malays were left behind in economy because they do not have opportunities involved in business and not because of hereditary and environmental factors. Mahathir's personal perception of Singapore's attitudes in the *Malay Dilemma* may have been the precursor to, and eventually shaped, his foreign policy orientation towards the republic when he later became Malaysian Prime Minister in 1981.<sup>29</sup> Whilst Mahathir's view on the goal

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<sup>27</sup> Azizah Kassim. (1992). *Op.cit., Malaysia and Singapore: Problems and Prospects*. Singapore: Singapore Institute of International Affairs. pp. vii-viii.

<sup>28</sup> K.S. Nathan. (2002). Malaysia-Singapore Relations: Retrospect and Prospect. *Contemporary Southeast Asia*. 24(2): 388.

<sup>29</sup> Sivamurugam, Pandian. (2005). *Legasi Mahathir*. Kuala Lumpur: Utusan Publications & Distributors Sdn Bhd. pp. 1-92.

of uplifting the participation of the indigenous Malays in the country's overall economy and private sector were generally practical and realistic, he still stressed that they, nonetheless, required some form of government assistance in order to make progress.<sup>30</sup> This apparently pragmatic view, nonetheless, was inconsistent with the perspective and strategy adopted by Lee Kuan Yew, who unwaveringly believed in racial equality and argued against the 'Malay Malaysia' concept espoused by Mahathir. These divergent views still constitute the political baggage that eventually burdened the relations between the two countries since their separation. This prompted Mahathir to rule out the possibility of Singapore's re-entry into Malaysia.<sup>31</sup> Despite this strong fundamental difference of principle, both Mahathir and Lee were known to be pragmatic, realistic and objective when dealing with issues affecting both countries, thereby making it easier for both countries in resolving the issues concerned effectively. The only drawback perhaps is that both Mahathir and Lee also came to be observed as strong and uncompromising characters; a factor that may have contributed to the failure of both countries to compromise on what they believed would adversely affect their interests.

Lee Kuan Yew focuses on the dichotomy of views between both countries' leaders in his book, *"From Third World to First: The Singapore Story 1965-2000"*. He describes how Singapore managed to survive its early years of economic stagnation after being separated from Malaysia Federation, and now becoming the wealthiest among the Third World countries.<sup>32</sup> He also touches upon his perceptions of all the four earliest Malaysian Prime Ministers. He accused them

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<sup>30</sup> Mahathir Mohamad. (1970). *Op.cit.*, pp. 32-153. See also Aziz Zariza Ahmad. (1997). *Mahathir's Paradigm Shift: The Man Behind the Vision*. Selangor: Kumpulan Rusa Sdn Bhd. pp. 2-3.

<sup>31</sup> Mahathir Mohamad. (1970). *Op.cit.*, pp. 179-180.

<sup>32</sup> Lee Kuan Yew. (2000). *Op.cit.*, p. 12.

of being prejudiced against Singaporean leaders.<sup>33</sup> In his observation, the relationship between Malaysia and Singapore had already been strained since Tunku Abdul Rahman was the Prime Minister of Malaysia, but he stopped short of asserting that the possibility for the relationship to have spiralled into a bloody armed conflict having been a genuine possibility. Nevertheless, Lee's book comprehensively shows his distrust and curious perception of Malaysian leaders and ethnic Malays. There are many issues pointed out by Lee in substantiating his argument. In reality, most of these issues had been shelved or resolved for practical reasons, albeit his experience with Malaysian political leaders, particularly when dealing with Mahathir, had been problematic. In his work, Lee discerns Mahathir as a fierce and dogged fighter, possessing personal traits difficult to deal with, and having perhaps a strong influence on some uncompromising stands taken by the Malaysian government during that period.<sup>34</sup>

The many bilateral tensional issues between Malaysia and Singapore and the relevant factors affecting these issues have been the focus of discussion in the work by N. Ganesan. In his article "*Malaysia-Singapore Relations: Some Recent Development*", Ganesan (1998) observes some of the critical dimensions in the evolution of the relationship between Malaysia and Singapore. He presents, for example, the underlying reasons behind the collapse of the Federation of Malaysia in 1965 by pointing to the tense bilateral relationship between Malaysia and Singapore. Based on the sources provided in Mahathir's book, "*The Malay Dilemma*", Ganesan believes that the Malays had been economically marginalized and desperately need of special treatment and assistance in order to compete economically with other ethnic groups until such time as they were able to compete on equal terms.

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<sup>33</sup> Lee Kuan Yew. (2000). *Op.cit.*, pp. 257-291.

<sup>34</sup> *Ibid.*, pp. 274-275.

Mahathir's views on Malays and how to organize state-society relationship are in sharp contrast to Lee Kuan Yew's view on how to manage Malaysia. Lee believes in racial equality and subscribes to what is termed the 'Malaysian Malaysia' concept, which would give equal opportunity to all Malaysia's citizens without privileging the Malays. The concept of the 'Malaysian Malaysia' has always underpinned the development planning of Singapore's PAP in its strategy of building a united Malaysian nation that comprises all ethnic groups on equality basis. This strategy, however, was not without opposition. The majority of the Malay political leaders in UMNO-led Alliance Party opposed such a strategy, given the huge socio-economic gap between the ethnic Malays and Chinese in Malaya at that time. For these leaders, affirmative action policies were highly preferred to assist the Malay community. The disagreement about this issue was one of the impetuses on why Lee then decided to leave Malaysia and form Singapore as an independent state in 1965.

In addition to the above reasons, Ganesan holds the view that there are several contributing factors behind Singapore's separation from the Malaysian Federation in 1965. The Malaysian government accused Singaporean leaders for the four important basic principles governing Malaysian politics: (i) a common citizenship; (ii) the special position of the Malays; (iii) the monarchical system; and (iv) the use of Malay as a national language. With such animosity and mistrust dominated at the leadership level, Singapore's relationship with Malaysia steadily worsened immediately after the separation of the latter from the Federation.

Nevertheless, the above conflicting strategies to manage state-society relationship have not hindered the two countries from establishing mutually benefited relations. As Ganesan has

elaborated, the interdependence of these two countries is too deep to separate them completely. As one country before the separation, Singapore and Malaysia had forged significant economic cooperation and social links. This cooperative arrangement continues, and even extends beyond social-economic sphere to politico-security areas. This is expected, as the origin of security cooperation between the countries can be traced back during the early periods after Singapore's separation from the Federation, at a time when communist expansionistic activities in the region were at its high. The security cooperation had its other utility from the context of military strategy, one of which constituted part of the Western military alliance in countering similar expansion of communist threats in Southeast Asian region. Instead of joining the radical and revolutionary state such as Indonesia, both countries choose to stick with their traditional Western block. In the post-Cold War development in Southeast Asia, such a geopolitical constellation did not change much and this has great impact on how these two countries see their politico-strategic position in Southeast Asia.

From the analysis made on these literatures it is believed that the contexts, perceptions and conditions that contribute to the conflicts, cooperation and negotiations that often take place between the two countries. A considerable body of published works highlighted the problems confronted by these countries with the possibility of these problems to continue dominating their relations. On the other hand, the literatures also elaborate how these two countries are interdependent on one and other, both in domestic and regional settings. These literatures, therefore, can be a source of starting point and reference to understand the deterioration of relationship between the two countries.

In developing a more thorough analysis, this thesis goes further by developing a new set of approaches. The above literatures are limited in explaining views of the two main leaders that have impacts on how both countries see one and another. They also do not see the current situation and development of relationship between two countries during Mahathir as proposed by this thesis. There has not been a detailed study carried out regarding the underlying factors affecting Malaysia-Singapore relations during Mahathir's administration, and certainly not one that has sought to dig deeper into the concrete reasons that contributed to both the pragmatic cordial connections between the two states, as well as the difficulties and tensions in the relationship. Therefore, this study intends to fill that gap, and perhaps indicate useful directions that may be pursued towards resolving the apparent deadlock imbued in many of Malaysia-Singapore bilateral issues, and thereby enabling both countries to move forward in their relationship, and do so with a more positive and cordial approach.

## **1.6. Theoretical/ Conceptual Framework**

Before elaborating theories that will be used in this thesis, it is important to see the nature of tensions between Malaysia and Singapore. Tensions that often took place between the two countries relate to economic resources and management of borders but do not involve military conflicts and tensions. Both states have tacit commitment and developed a mutual understanding to negotiate the disputes in peaceful ways. Despite this general understanding, however, the solution of the disputes seemed to be complicated since they were not only related to technical issues but also to history, style of leadership and culture in these two states.

Given the above nature of relationship, which on the one hand has elements of conflict but on the other hand contains continuity and mutual interests, liberal perspective in international relations is the most relevant perspective compared to other perspectives such as realist. Disputes between both states have been resolved by negotiations although they may take a long time. In liberal international theory, the negotiations attempt to achieve a win-win situation for both parties. This happened in the case of Malaysia-Singapore relationship.

The negotiations are made possible if there have been mutual understanding between states. In the context of Malaysia-Singapore relations, similarity of domestic political regime types has contributed to the mutual understanding between two countries. In liberal perspective, similarities in political system and regimes, such as being explained in the ‘democratic peace theory’, can bring peace or at least no war among countries that adopt the system. Similar political regimes also relate to a development of similar political cultures. We need to use also this ‘political culture theory’ to explain the development of mutual understanding between Malaysia and Singapore in solving their disputes. In addition to this, ‘interdependency theory’ can help explain why the conflicts between two countries did not escalate to war.

The first theory utilized in this study is the ‘democratic peace theory’. The aftermath of the Cold War era has given a new lease of life to scholars who have assiduously propagated the peaceful attributes of democracy. A considerable number of scholars have referred to certain States being in different categories, including ‘autocratic’, ‘ripe democracy’ and ‘half-baked democracy.’<sup>35</sup> The liberal paradigm is of particular prominence here, invoking the ‘democratic peace theory’. The theory empirically demonstrates a direct correlation between democracies and avoidance of

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<sup>35</sup> The proponents of democratic peace theory.

armed conflict: democratic States would normally refrain from resorting to war with other democratic States, as they are accountable to their citizens.

Several scholars have joined in support of this theory by identifying democracies in particular as a prerequisite element in generating peace. The proponents of 'democratic peace theory' are closely associated with the works by Michael W. Doyle and Bruce Russett.<sup>36</sup> They contend that interdependence democratic representation at transnational level - an ideological commitment to uphold human rights - provide the explanation for the 'peace prone' tendencies of democratic States. They argued that the absence of these attributes is the reasoning behind the inclination of non-democratic States to be 'war prone'.

The central notion of such perspectives is that the democracies are more likely to resolve conflicting interests among the involving parties, often stopping short of employing threat, or use, of military force. Obviously, conflicts of interest will, and do, arise between the democratic States, although shared norms and institutional constraints also mean that democracies rarely escalate those disputes to the point where the States concerned threaten to use military force against each other, or actually use the force at all. Most of democratic States, as Doyle and Russett elaborated, normally would settle their disagreement through mediation, negotiation, or other forms of peaceful means, thereby suppressing the varied interests of States from escalating into violent disputes.

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<sup>36</sup> See Michael, W. Doyle. (1996). "Kant, Liberal Legacies, and Foreign Affairs", in Michael, E. Brown, Sean M. Lynn-Jones and Steven E. Miller, *"Debating the Democratic Peace"*, Cambridge, Massachusetts: The Massachusetts Institute of Technology (MIT) Press. pp. 3-57. See also Bruce, Russett. (1996). "The Fact of Democratic Peace" & "Why Democratic Peace", Michael, E. Brown, Sean M. Lynn-Jones and Steven E. Miller, *"Debating the Democratic Peace"*, Cambridge, Massachusetts: The Massachusetts Institute of Technology (MIT) Press. pp. 58-154.

When implemented directly in the context of Malaysia-Singapore relations, the core assumption of ‘democratic peace theory’, in which there is a hypothesized link between democracies and non-violent means is likely to be or, has already been, is widely criticized. This criticism is directed at the incompatibility of the so-called ‘guided democracy’ adopted by Malaysia and Singapore and the ‘true democracies’; a system which normally intertwined with liberal democracies modelled along Western line. Adherents of this critique suggest that it cannot be simply assumed that both States can be labelled under Western-centric type of democracies. Central to their argument is that these two States do not implement a complete aspect of liberal democracy, such as full freedom of speech and freedom to form organizations. In reality, liberal Western-style democratic governments are generally sensitive to popular public sentiments, including opposition against the government’s decision to go to war because to its high financial cost and casualty rate. Ironically, Malaysia and Singapore have never engaged military force as an avenue to settle their bilateral problems. Instead, diplomatic negotiations, dialogues and other peaceful measures have been to seek solution to their bilateral issues. Therefore, despite the many bilateral issues that have surfaced in the course of Malaysia-Singapore relations, armed conflict between the two countries is very unlikely, as both have been practising democratic forms of governance since their independence from the British.

The literature review demonstrates a considerable number of works on issues and their driving factors affecting Malaysia-Singapore bilateral relations. At the same time, gaps are evident. The analytical niche filled by this thesis is the gap in our understanding about the relationship among foreign policy decision-making, government behaviour and domestic politics. Even here, the thesis departs from existing work. First, previous intra-state analyses tend to treat the above

elements in a peripheral manner rather than as the principal subject of investigation. We need to search for additional factors to explain the no war situation between Malaysia and Singapore. As with many newly independent countries, the role of leadership is one factor that can bring a country to be a war-prone or peace-prone state. The new regimes of leadership of both states will play important roles in fostering the relationship of both countries in relation to democratic peacekeeping. If Malaysia and Singapore do become engaged in a full-scale war, we would have to discount the popular argument that democracies are not likely to go into war against each other, given the fact that both Malaysia and Singapore are governed on democratic principles. Arguably, the apparent flaws in their brands of democratic system of government would be given as the reasons. However, both governments are led by rational and pragmatic leaders, who understand the extent of the negative consequences of war to both countries, and therefore this worst-case situation is not possible.

This political leadership style, which is linked to the second theory utilized in the study, relates to the argument espoused by the ‘political culture theory’. Under this theory, the key of explaining government’s foreign policy behaviour somewhat lies in its historical and political experiences, which, in turn, intrinsically shaped the political culture of local elites. From the historical context, both Malaysia and Singapore have a common root: both countries were once under the British rule and had been one single entity of State under the Federalist system. To gain insight into the perceptions and attitudes of the local elites towards each other, some scholars contributed to these historical experiences. The period under the British colonial administration and the early years of their independence had played an influential role in shaping the pragmatic and flexible behaviour amongst the majority leaders in both countries.

Political culture has been defined by Almond as the “particular pattern of orientation to political action” in which each political system is embedded.<sup>37</sup> *International Encyclopaedia of Social Sciences* goes on to provide an elaborate definition of political culture that is a set of attitudes, beliefs and sentiments which give order and meaning to a political process. It is the manifestation in aggregate form of the psychological and subjective dimensions of politics, and, hence, encompassing both the political ideals and the operating norm of a polity.

The difficulty in finding common ground between nation States may arise from their different political cultures. Adherents of this view include Cohen, who argues that in the international disputes, the rules cannot simply be taken as common knowledge; significant cultural differences between rivals in international disputes may exacerbate conflict, and complicate amicable resolution of the disputes. This assumption is also shared by numerous diplomats, who have written extensively on the obstacle of conducting successful negotiation between the disputing State parties with diverse political cultures and interests.<sup>38</sup> The cultural argument for the democratic peace proposition is that the disputes between democratic political regimes are less likely to escalate into war because each regime is aware of the inclination of other parties to settle their disputes through negotiation and compromise.<sup>39</sup>

Additional key variables to explain non-war situation and the use of peaceful means for resolving bilateral issues between Malaysia and Singapore is examined here by reference to the

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<sup>37</sup> Gabriel, A. Almond. (August 1956). “Comparative Political Systems.” *The Journal of Politics*. 18(3): 396.

<sup>38</sup> Cohen, Raymond. (1996). “Cultural Aspect of Mediation”, in Jacob Bercovitch. *Resolving International Conflict: The Theory and Practice of Mediation*. United Kingdom: Lynne Rienner. p. 108.

<sup>39</sup> See William, W. Doyle. (December 1986). “Liberalism and World Politics”. *The American Political Science Review*. 80(4): 1151—1169. See also William, J. Dixon. (March 1993). “Democracy and the Management of International Conflict”. *The Journal of Conflict Resolutions*. 37(1): 42-68. Bruce, Russett. (1993). *Grasping the Democratic Peace: Principles for a Post-Cold War World*. Princeton, New Jersey: Princeton University Press. pp. 30-38.

third theory adopted in this study: ‘interdependency theory’. As an analytical approach, the assumption of ‘interdependency theory’ is that actors or events in different parts of a system affect each other. Interdependence means mutual dependence, which is neither good nor bad in itself, and there can be more or less of it. In personal relations, interdependence is summed up by the marriage vow in which each partner is interdependent with another ‘for richer, for poorer, for better or for worse’. The arising outcome from interdependence among nations sometimes means richer, sometimes poorer, sometimes for better, sometimes for worse.<sup>40</sup> In world politics, interdependence refers to situations characterized by reciprocal effects among countries or among actors in different countries.<sup>41</sup>

Several commentators argued that economic issues occupy a central position in world politics in the aftermath of the Cold War. Networks of economic interdependence that span the globe have reached incremental level parallel to increasing role of the market resulting from new information and transportation technologies, as well as changing attitudes on the role of governments and states.<sup>42</sup> In the same vein, Henry Kissinger argues that:

“The traditional agenda of international affairs- the balance among major powers, the security of nations- no longer defines our perils or our possibilities... Now we are entering a new era. Old international patterns are crumbling; old slogans are uninformative; old solutions are unavailing. The world has become interdependent in economics, in communications, in human aspirations.”<sup>43</sup>

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<sup>40</sup> Joseph, S. Nye, Jr. (2005). *Understanding International Conflict: An Introduction to Theory and History*. New York: Longman. p. 198.

<sup>41</sup> Robert, O. Keohane & Joseph, S. Nye. (2001). *Power and Interdependence*. New York: Longman. p. 7.

<sup>42</sup> Joseph, S. Nye, Jr. *Op.cit.*, p. 191.

<sup>43</sup> “A New National Partnership,” Speech by Former Secretary of State Henry Kissinger at Los Angeles, January 24, 1975. New Release, Department of State, Bureau of Public Affairs, Office of Media Service, p. 1. In Robert, O. Keohane & Joseph, S. Nye. (2001). *Power and Interdependence*. New York: Longman. p. 3.

From the context of Malaysia-Singapore relations, economic interdependence underpins the relationship between both countries. Singapore's importance to the Southeast Asian countries lies in its position as a major regional shipping ports and financial centre, whereby Malaysia has gained significantly from its southern neighbour's prominent global position in trade and finance area. Similarly, Singapore, because of its own lack of natural resources and land, looks towards Malaysia for its economic needs. These needs include, *inter alia*, a stable destination for investment, and water supply and labour. Such economic interdependence has long been recognized by both countries as paramount in fuelling their rapid economic growth over the last two decades, and is arguably the reason why trade and investment between them has remained substantial.

Promoting sustainable economic prosperity in both countries is arguably more important than their outstanding problems. Since Malaya's independence (in 1957) and Singapore's (in 1965), both countries have not looked back in their quest to attain the status of developed country. Ensuring their survival in an increasingly globalized economic environment would require mutual reliance. Giddens contends that nation-States today are confronted with various economic risks and dangers rather than traditional-military threats.<sup>44</sup> This means that geo-economics will replace geopolitics in the new international politics; hence, economic instrument is becoming the key instrument of politics.<sup>45</sup> Consequently, military options would logically be very low on the list of States' priorities such is the case of Malaysia-Singapore relations.

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<sup>44</sup> Anthony, Giddens. (2002). *Runaway World: How Globalization is Reshaping Our Live*. New York: Routledge. p. 18.

<sup>45</sup> Joseph, S. Nye, Jr. *Op.cit.*, p. 192.

Therefore, in this study, the ‘democratic peace’ and ‘interdependency’ theories provide the analytical tools to investigate specific issues affecting Malaysia-Singapore relations by determining the limit of the deterioration of relations between the two countries in a worst case scenario. Whilst the ‘political culture theory’ offers the theoretical framework for determining the underlying factors that influence the manner and approach taken by the two countries when dealing with each other.

### **1.7. Research Methodology**

This study is based exclusively on qualitative research methods. In doing so, the deductive approach assumes the dominant analytical approach used by this research. The exposition of the research will proceed from a general position (based on presumed relationship variables) to specific evidentiary details. This research will be based on two major types of data: primary and secondary.

Firstly, the primary sources are largely taken from a wealth of documentary materials sourced from Malaysian Government agencies, notably those collected from the Ministry of Foreign Affairs at *Wisma Putra*, public documents such as minutes of meeting, speeches by the Prime Minister and Minister of Foreign Affairs, reports, official statements, and agreements between Malaysian Government and Singaporean Administration. The material used for primary sources also originated from series of interviews that were conducted from 2007 to 2009. Respondents were officials from Malaysia’s Foreign Ministry, Malaysian Diplomat to Singapore, Singaporean Diplomat to Malaysia, Institute of Diplomacy and Foreign Relations (IDFR). Interview was also

conducted with some of the most prominent figures in Malaysian politics, namely the country's former Prime Minister, Tun Dr. Mahathir Mohamed, and former Foreign Ministers, Tan Sri Ahmad Fuzi Abdul Razak.

Aside from depending on primary literature, the references used in the thesis are acquired from various secondary resources. These include books, unpublished manuscripts of dissertations and scholarly journals in both printed and electronic forms. Additional sources of secondary literature include selected magazines and newspaper articles, as well as unpublished and published proceedings of workshops and seminars. These materials will be subjected to critical analysis by using a *content analysis* approach.

### **1.8. Significance of Study**

The significance of this study lies in fact that there has not been any thorough study of the underlying factors that are believed to have prevented the establishment of good relations between Malaysia and Singapore in the past. Unless these factors are clearly established and measures to overcome them are identified and taken, the status of bilateral relations between Malaysia and Singapore would continue to be in the state they are now. This study thus makes a much-needed contribution to the study of Malaysian foreign policy, particularly on its relations with Singapore.

It is hoped that the findings of this study can serve as a blueprint that can contribute to the improvement of Malaysia's Government ability in handling and resolving the existing bilateral

issues affecting Malaysia-Singapore relations. As far as we know both countries are known for their economic achievements and regarded as South East Asian economic leaders. By working together, rather than competing against each other, these two countries would economically increase their economic potential and develop a synergy, especially in the light of rising economic competition from other South East Asian countries and China. Competition between the two countries is inevitable, but it should be conducted in a healthy manner.

## **1.9. Thesis Organization**

This introductory chapter has highlighted some of the key issues that have given rise to tension and mutual distrust pervasive in Malaysia-Singapore relations since the separation of the latter from the Federation. It also briefly discussed some of the causal factors leading to these issues. It also provides the basis for a more thorough study in this subject area. The chapter also presented the thesis aims, research questions, literature review, framework of analysis, and significance of the research.

The succeeding chapters aim to accomplish the objectives of this thesis. Specifically, Chapter Two presents an overview of the historical background of Malaysia-Singapore relations during different administrative phases, stretching back from the period of Malayan Union to the tenure of Malaysia's third Prime Minister, Hussein Onn. The utility of this approach is to gain a better understanding of the two countries' problematic relationship under varying administrative regime.

Chapter Three identifies and highlights a number of key issues, which have paramount role in shaping and intensifying the animosity and distrust between Malaysia and Singapore. This also serves as the background for empirical analysis in the remaining chapters of this thesis.

The major causal factors contributing to the issues in Malaysia-Singapore relations are analysed in Chapter Four, Five, and Six. Understanding these factors, especially during Mahathir's administrative era, is the key to seeing how the apparent deadlock of many long-standing bilateral issues between the two countries can be potentially resolved.

Chapter Four discusses the origins of the issues affecting Malaysia-Singapore relations, with particular attention being focused on issues that are deeply intertwined with the burden of historical baggage of both countries. The chapter explicitly includes domestic and international politics of that period as the subjects of empirical analysis. The analysis of these variables offers an explanation of how they have affected the decision-making behaviour of local leaders in dealing with particular bilateral issues between these countries.

Chapter Five continues the discussion by examining the different perceptions of government leaders in Malaysia and Singapore toward each other and the impact of these perceptions on their foreign policy decisions and behaviours in handling the countries' bilateral relations.<sup>46</sup> I argue that the traumatic history of separation between both countries still play an influential role in shaping their leaders in decision-making process for their own country.

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<sup>46</sup> Refer to *CNN.Com.* (14 August 2000). "Singapore's Lee Visits Malaysia"; *BBC News Online.* (24 January 2001). "Malaysia Protests..." and *Agence France Presse.* (6 September 2001). "Singapore Strikes..."

Political culture and an idiosyncratic style of leadership cannot be simply ignored when explaining the form and substance of Malaysia-Singapore relations. Both variables, which make up the analytical elements of Chapter Six, assume high importance in influencing leaderships' actions and behaviour on foreign policy matters that directly involve the two countries. The political cultures of both countries and the leadership or idiosyncratic styles of Mahathir and Lee Kuan Yew are examined in details. It is quite clear that the government's foreign policy behaviour or preference of Malaysia as well that of Singapore can best be understood in terms of decisions made by the ruling elites, and nowhere could their impact be seen more visibly than in the context of Malaysia-Singapore relations.

The continual normalcy in Malaysia- Singapore relations is the subject of discussion in Chapter Seven. Amid the previous chapters have highlighted the problematic state and its underlying factors of the countries' bilateral relations, this chapter provides an examination of key factors that have kept these relations in a good shape (normal situation). Specifically, these factors include the similarity of political system, the countries' economic interdependence, pragmatic approach of decision-making level and commitment to diplomatic resolution. The final chapter is the conclusion.

## **CHAPTER 2 HISTORICAL BACKGROUND OF MALAYSIA-SINGAPORE RELATIONS**

“When we joined Malaysia, we never agreed to Malay rule, we agreed to Malaysian rule, never Malay rule.”

Lee Kuan Yew<sup>47</sup>

### **2.1. Introduction**

Since Singapore’s separation from Malaya in August 1965, relations between both countries has been like a roller-coaster, alternating between normality and acrimony over a host of issues. Malaysia has made tremendous all-round progress, especially in the economic arena as well as having been active internationally.<sup>48</sup> Similarly, Singapore has made remarkable progress in various areas, with its economic growth being its most outstanding achievement. Both are economically interdependent, have multi-racial societies and politically both have adopted the multiparty system and the Westminster model of parliamentary democracy. Physically, they are linked by a causeway which was built in 1923 across the narrow Straits of Johor.

This chapter attempts to elaborate the historical background of Malaysia-Singapore relations. Based on the history, both countries cannot deny the fact that they have similar colonial roots and inherited British political system and administration, which later formed similar views of

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<sup>47</sup> Cited in Alex Josey. (1980). *Lee Kuan Yew: The Crucial Year*. Singapore: Times Books International. p. 266.

<sup>48</sup> Faridah Jaafar. (2007). *Perdana Menteri dan Dasar Luar Malaysia 1957-2005*. Kuala Lumpur: Penerbit University Malaya. pp. 136-137.

their government on domestic and regional politics. Under British colonial system, they worked closely in politics, economy, social and other areas. The similarities become foundation to continue relations. However, the separation of both countries after a short period as part of Malaya Federation left acrimony and disappointment, which later has certain uneasiness of relations. Malaysia and Singapore share a common colonial experience. The British influence to a large extent contributed towards the history of bilateral relations which began in 1819.<sup>49</sup> It began when Stamford Raffles first founded Singapore and established links with the Malay states.<sup>50</sup> Since then, the two nations underwent colonial rule, independence, merger and subsequent separation. The two nations have come a long way from being the primitive colonial outposts to emerge today as the industrialized and prosperous nations of Southeast Asia.

Despite being the prosperous nations of Southeast Asia, squabbles and disagreements have come to pass between these two neighbouring countries. Hence, this chapter is divided into several parts. The first part is introduction. The second part discusses briefly about the historical background of Malaysia and Singapore. Then, followed to discuss in details of the history of these two countries during the period of the British colonial rule, during Singapore's inclusion in Malaysia and then after Singapore separated from Malaysia until Tun Hussein Onn era. These histories surely have some impact on the lengthy conflict between these two countries. The last part is conclusion.

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<sup>49</sup> Barbara W. Andaya & Leonard Y. Andaya. (1982). *A History of Malaya*. London: Macmillan Press. p. 114.  
<sup>50</sup> Lim Kim Fong. (1998). *Malaysia-Singapore Relations: Challenges Towards A Closer Ties*, (Unpublished paper submitted for fulfilment to the Diploma Strategic and Defence Studies, UM-MTAT, Faculty of Arts & Social Sciences, University of Malaya), pp. 1-2.

## 2.2. The Historical Background of Malaysia

In the mid-1940s, there was the formation of the first few major political parties in Malaya. In May 1946, the first Malay based political party known as the UMNO was officially born. Subsequently, in February 1949 the MCA was created to safeguard the interest of the Chinese community. The UMNO and MCA were led by Tunku Abdul Rahman and Tan Cheng Lock respectively. The history of Chinese-Malay political cooperation opened with the ad-hoc alliance of UMNO and MCA in the Kuala Lumpur Municipal election in 1952. In 1953, the Alliance party was formally set up. With the inclusion of the MIC in 1955, the Alliance became the representatives of the three major ethnicities of the then Malaya. It was this party that convinced the colonial master of the viability of the government that was to rule Malaya after independence.<sup>51</sup>

The formation of the Alliance also led to the evolution of the political system known as the 'elite accommodation system'.<sup>52</sup> This model functions on the assumption that the elite of a particular ethnic community is able to command the majority support, and become its legal representatives. The elite from each ethnic group are expected to resolve inter-ethnic problems in a 'close door' manner, without exposing potential sensitive issues in the public domain. It is the politics of compromise and mutual trust that became the hallmark of the Alliance Party. This model, if operated in an ideal environment, appears to be the most suitable system for the pluralistic society of Malaysia.

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<sup>51</sup> R. Milne & Diane K. Mauzy. (1985). *Politics and Government in Malaysia*. Kuala Lumpur: Federal Publications. pp. 23-43

<sup>52</sup> Gordon P. Means. (1987). *Malaysia Politics: The Second Generation*. London: Oxford University Press. pp. 2-4.

However, the elite model is workable only for as long as the leaders of each ethnic-based party is accommodating towards each other, and shares a common sense of destiny with the others. In the 1950s and the 1960s the ethnic leaders were united under a common western education and approach to problem solving methods. With the pressure from the opposition parties, which gained support by fanning racial sentiment, the second-tier leaders from the ruling parties found themselves jumping on the bandwagon. The younger leaders would frequently portray themselves as the champions of religious rights, and take up the issue of vernacular education for their respective community. As Gordon P. Means describe it as, “Strong leaders can be accommodative, weak leaders are compelled to be ethnically parochial”.<sup>53</sup>

Malayan independence was proclaimed on the 31 August 1957. The constitution was drafted by the Reid’s Commission. Local organizations and individuals were then invited to submit their suggestion to the Commission. However, proposals put forward by the Alliance carried the most weight. A parliamentary democracy was installed in the independent Malaya. A key provision in the constitution, as stated in Article 153, allows the Malays to enjoy certain special rights.<sup>54</sup> This constitutional provision has since emerged as a controversial subject in inter-ethnic relations. Under the colonial rule, the economic position of the Malay had remained backward compared to that of the Chinese community.

In order for the Malays to catch up economically, preferential treatments for the Malays were enshrined in the constitution. They were given priorities in the areas of public service appointments, awards of scholarships and education opportunities and the grant of business

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<sup>53</sup> *Ibid.*, p. 6.

<sup>54</sup> *Ibid.*, p. 8.

licences. They also retained the right to own Malay reserved lands. As a trade-off, non-Malays were granted concession on citizenship. On the 16 September 1963, Malaysia was formed, with the inclusion of three new states, namely Sabah, Sarawak and Singapore. However, the inclusion of Singapore in Malaysia turned out to be very short-lived. The relations between Singapore and the Federal government, specifically with the dominant ruling party UMNO, was not marked by the smooth sailing of relations, and this was right from the start. Since Singapore had now become a part of Malaysia, the Malays in Singapore were also expecting to be granted the special rights as provided for by the constitution. When they were denied these rights, discontent arose. There were many other problems in this partnership which will be examined later on. Stormy years of relations between Malaysia and Singapore had begun.

### **2.3. The Historical Background of Singapore**

The recorded history of Singapore began with the founding of Singapore in 1819. Singapore grew in importance as a centre of trading port due to its strategic location at the centre of vital sea-lanes. In 1858, it became part of the Straits Settlements and came direct under British influence. Due to its economic dependence on the hinterland of Peninsula Malaya, the British did not foresee Singapore to be a viable independent state. Ironically, it would be equally difficult for it to be absorbed into the Malayan states due to her large Chinese population, which tended to upset the dominance of the Malay majority in the Peninsula politics. When the British established the Malayan Union in April 1946, Singapore was excluded. It was instead ruled as a British crown colony. As a crown colony, it acquired limited self-rule whilst the colonial master

continued to be responsible for her defence and foreign affairs. It remained under British rule until the formation of Malaysia in 1963.<sup>55</sup>

Singapore's Prime Minister, Lee Kuan Yew, had never considered Singapore to be viable independent state. He actively pursued the merger of the two states. His first reason for the merger was based on economic ground. Peninsula Malaya was the hinterland for her imports and export trade. It did not produce any raw materials necessary for the sustenance of her manufacturing industries. The second reason was security. Singapore had been weighed down by labour unrest and communist activities.<sup>56</sup> A strong central government would be in a better position to deal with these problems. The third reason dealt with the viability of Singapore as an independent state, as explained by Lee Kuan Yew:

“It would be utterly ludicrous for us- with our 1.6 million people- to try to chart our own way in this world. This is an age when men and his effort must co-ordinate. Any country that has not got sufficient ballast, sufficient depth of economic strength, would fall by the wayside”<sup>57</sup>

However, some UMNO leaders viewed Singapore's intentions with great suspicion. They feared that UMNO's dominance of the Malaysian politics would be upset by the Chinese majority Singapore. In spite of this unresolved problem on 16 September 1963, the Federation of Malaysia was formed. However, the marriage of Singapore and Malaysia turned out to be short-

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<sup>55</sup> Michael Leifer. (2000). *Singapore's Foreign Policy: Coping with Vulnerability*. London: Routledge. p. 12.

<sup>56</sup> Lee Kuan Yew. (2000). *From the Third World to the First. The Singapore Story: 1965-2000*. Singapore: Times Media Private Limited. p. 105.

<sup>57</sup> *New Straits Times*. (29 September 1962).

lived and within a period of less of two years, the country declared its political independence in August 1965.<sup>58</sup>

To Tunku Abdul Rahman, Malaysia was merely an extension of 'Old Malaya'. Malaysia was not, as many were led to believe, the creation of an entirely new sovereign state, within which many diverse people might find equal opportunities.<sup>59</sup> Rather, Singapore, Sarawak and Sabah had been wedded to Malaya, in which Malays as the '*sons of the soil*' enjoyed certain special position and privileges.<sup>60</sup> However, Chinese-based Singapore government, led by the People's Action Party (PAP), was able to extract constitutional concessions from a grudging Federal government led by Tunku Abdul Rahman before the merger, and these were in three distinct areas:

- i) minority representation (3 out of 7 seats) in the Internal Security Council
- ii) Singapore's admission to the intergovernmental committee which enabled joint British-Singaporean consultations on foreign policy and defence are federal prerogative which Kuala Lumpur viewed as an 'usurpation' by Singapore.
- iii) Singapore's finance ministry autonomy regarding technical assistance programmes and its participation at international economic meetings, which clearly had foreign policy implication.<sup>61</sup>

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<sup>58</sup> N. Ganesan. (2005). *Realism and Interdependence in Singapore's Foreign Policy*. New York: Routledge. p. 40.

<sup>59</sup> Abdullah Ahmad. (1985). *Tengku Abdul Rahman and Malaysia's Foreign Policy 1963-1970*. Kuala Lumpur: Berita Publishing Sdn. Bhd. pp. 86-87.

<sup>60</sup> Khoo Kay Kim. (1992). "Malaysia: Lessons of History for National Development", in Azizah Kassim & Lau Teik Soon (eds). *Malaysia and Singapore: Problems and Prospects*. Singapore: Singapore Institute of International Affairs. pp. 230-248.

<sup>61</sup> N. Ganesan. (1992). Singapore's Foreign Policy Terrain. *Asian Affairs: An American Review*. 19(2): 67-79.

To make matters worse, Lee Kuan Yew alone claimed the right to use the title ‘Premier of Singapore’, whilst his other colleagues in the various states of the Federation merely use the title ‘Chief Minister’.

The Singapore’s absorption into, and subsequent expulsion from, the Malaysian Federation was both complicated and ambiguous. As far as Singapore was concerned, its independence could guarantee the rights of the island to develop its own political culture, inspired by the majority of Singaporean leaders at that time. On the other hand, limited land area, small population base and the relative scarcity of natural resources (including potable water) meant that Singapore has always been concerned with its continual political survival and national viability. After more than four decades since Singapore’s separation from the Federation, the bilateral relationship between Singapore and Malaysia has been the subject of extensive discussions, with some commentators labelling such a relationship as rather special, symbiotic and interdependent. Yet, this seemingly mutually-beneficial relationship has been marred by occasional animosities and distrusts. In illuminating this relationship, Lee Hsien Loong, then Singapore Deputy Prime Minister, remarked: “Singapore’s relationship with Malaysia was one of its most important and complex foreign relations”.<sup>62</sup>

From an historical perspective, Malaysia’s and Singapore’s unique relationship is elaborated in the next section. This includes the British influence, which to a considerable degree contributed towards the shaping of these bilateral relations, with its origin traced as far back as early as 1819, when Stamford Raffles first landed in Singapore, and established links with the Malay states.

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<sup>62</sup> *New Strait Times*. (5 May 2003).

## 2.4. The Period of British Colonial Rule

The island of Singapore historically constituted an integral part of the Malay Archipelago, politically, socially and economically. Known as ‘Temasik’ among the early settlers during the period when Parameswara being first set off to become the founder of the Malacca Empire in the fifteenth century. The indigenous Malay populations in the Peninsular had historically perceived the island to be encapsulated under the Malay’s realm. Before 1819, Singapore belonged to the Johor-Lingga Sultanate and then, Singapore became one of three states of the Straits Settlements under the British colonial administration, the island shared close linkages with the security and socio-economic realms of Malaya, as it also “served as important centre for the British administration of the latter.”<sup>63</sup>

When one viewed the social-economic context of Malaysia-Singapore relations throughout the period from 1945 to 1965, the absence of travelling and labour restrictions between the two countries underscored the sustained and deepening ties of the two states. Malayan communities had played dominant roles in much of the daily life of Singaporeans. On the other hand, Singapore was a centre for tertiary education, with its established Chinese education institutions attracted and educated many from across the causeway.

Nowhere in this close and perhaps inseparable, relationship between Malaysia and Singapore, was this close relationship more evident than in their respective economies. A number of commentators highlight that Malaya and Singapore had historically shared similar currencies.

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<sup>63</sup> N. Ganesan, *Op.cit.*, p. 23.

Both were also economically interdependent, most notably in trade and investment sectors, blurring the boundaries between the two countries.<sup>64</sup>

Since the Second World War, Malaya and Singapore had been forged as a single defence community to protect the British hegemonic interest in the region. Despite the indivisibility that characterized Malaysia-Singapore relations then, the latter became a separate entity, following the formation of the Malayan Union in 1946. This political development acted as a catalyst for heightened nationalistic movement in Malay communities, culminating with the formation of UMNO in the same year.<sup>65</sup>

The conflict and animosity between the Federation of Malaya and Singapore have occurred long before the formation of Malaysia on 16 September 1963. As the administrative centre for '*British Malaya*', Singapore was the main competitor to Kuala Lumpur, where the traders of Federation of Malaya, who were the producers of raw materials, were not happy with the trading community concentrated in Singapore. Singapore was one of the major trading ports in the world, with its profits gained through extensive export and import activities. In addition, the British Governor of Singapore, who was also the British High Commissioner in the Federation of Malaya, was favouring Singapore more in trade policies. Whereas efforts to build infrastructure and international port in the Peninsular of Malaya were curtailed or discouraged, Furthermore, the profits from the Unitary States in Malaya were used to build infrastructures elsewhere, including Singapore.

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<sup>64</sup> Mohamed Noordin Sopiee. (1974). *From Malayan Union to Singapore Separation: Political Unification in the Malaysia Region 1945-65*. Kuala Lumpur: University of Malaya Press. p. 91.

<sup>65</sup> See A.J. Stockwell. (October 1977). "The Formation and First Years of the United Malays National Organization (U.M.N.O.) 1946–1948", in *Modern Asian Studies*. 11(4): 481-513.

When the Federation of Malaya came into existence on 1 February 1948,<sup>66</sup> the British government not only recognized the constitution of the Federation, but also affirmed the status of the Malay states and upheld the special rights of the Malay people. Such rights were part of the trade-off in return for their acceptance of other ethnic groups who recently immigrated into the country to obtain Malayan nationality. These special rights finally underpinned an important issue that eventually led to the continuous bickering between Kuala Lumpur-Singapore in the post-Singapore's separation from Malaysia. The development of the Malays' special rights is elucidated below in the context of the Malayan Union and the Federation of Malaysia.

#### **2.4.1. Malayan Union**

The Malayan Union was a confederation of nine Malay states and the two territories of Straits Settlements in the Malay Peninsula, Penang and Malacca. Despite its close geographical proximity and strong socio-economic link, Singapore was the only Straits territory excluded from the Malayan Union membership. The island State was instead placed under the Crown Colony of British Empire.

The exclusion of Singapore as a separate Crown Colony from the proposed Malayan Union was partly due to the British divide-and-rule colonial policy and partly because of the fear that the 'racial arithmetic' would be unbalanced in favour of the Chinese, thus creating a condition in which the Chinese economic power might expand into political power.<sup>67</sup> The Singaporean

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<sup>66</sup> The Federation of Malaya replacing Malayan Union in 1948.

<sup>67</sup> R. Milne & Diane K. Mauzy. (1985). *Politics and Government in Malaysia*. Kuala Lumpur: Federal Publications. p. 29.

Chinese, on the other hand, might have felt the fear of economic disservice to their industrial and entrepôt economy, if merged with the rural agricultural-based Malaya.<sup>68</sup> These mutual fears and suspicions, based as they were on racial and communal feelings, together with British strategic interests and motives, hindered the establishment of the Malayan Union.

Formed on 1 April 1946, the Malayan Union was the successor to British Malaya, primarily to simplify British colonial administration in the Malay Peninsula. Under the Union, all Malayan subjects, regardless of their ethnicity, would be granted equal rights to citizenship based on the principle of *jus soli*. In addition, the Sultan's position as the traditional supreme ruler of the Malay states was under threat as it would be passed over to the 'President'. The respective rulers would also have to transfer all their hereditary powers to the British Crown, except on matters pertaining custom and Islamic religion. The Union would be ultimately placed under the ruling of a British Governor.

The proposals attempted to establish a centralized and efficient government at Kuala Lumpur under the direct rule of the British, but it failed primarily because of the irresolvable communal conflicts within the states under the proposal. The Malays, fearful of the increasing political power of the Chinese and Indians, were unwilling to give up their privileges which they had so far enjoyed, and the non-Malays called for equal standing with the Malays in socio-political rights and citizenship.<sup>69</sup>

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<sup>68</sup> T.E. Silcock. (March 1960). "Singapore in Malaya". *Far Eastern Survey*. 29(3): 33-39.

<sup>69</sup> Victor Purcell. (March 1946). "A Malayan Union, the Proposed New Constitution". *Pacific Affairs*. 19(1): 20-40. See also Gerald Hawkins. (September 1946). "Reactions to the Malayan Union". *Pacific Affairs*. 19(3): 279-285.

The idea of the Malayan Union was initially expressed by the British Military Administration (BMA) on October 1945, immediately after the Second World War had ended. Within the same month, Sir Harold McMichael then the British government's Special Representative, was assigned the task of gathering support from amongst the Malay rulers for the formation of the Malayan Union. Through the means of intimidation and deceit, he successfully obtained the signatures of all the Rulers. On 1 April 1946, the Malayan Union officially came into existence. Sir Edward Gent became the Union's first governor, with Kuala Lumpur chosen as the capital city.

The majority of the Malay community vehemently opposed the creation of the Malayan Union. This was largely due to the unscrupulous methods used by Sir Harold McMichael to acquire the Sultans' signatures. In the domestic socio-political sphere, the stripping of Sultans' substantial powers and the granting of citizenship liberally to non-Malay immigrants and their descendants were cited as the intrinsic factors behind the strong opposition against the Union. These immigrants, and in particular the ethnic Chinese, were viewed as a major threat to the Malays, due the latter's economic dominance. Differences of racial and religion background was another apparent reason in explaining Malays' opposition against and hostility to the conferment of Malayan citizenship to foreign immigrants.

Due to domestic protests to the formation of Malayan Union, the British finally bowed to local opposition. The Malayan Union therefore ceased to exist on July 1946. It was replaced by *Persekutuan Tanah Melayu* (the Federation of Malaya), which recognised the special position of

the Malays as the indigenous people of Malaya, as well as outlining stricter conditions on the granting of citizenship.

The rejection of Malayan Union was a significant event in the history of Malaya. The subsequent establishment of the Federation of Malaya was based on the parameter that the Malays would continue to have special rights a factor which was believed would alleviate their suspicion over the possibility of other immigrant races displacing them politically. Given the situation at the time, where the non-Malays especially the Chinese had already been in substantial control of the economy, the loss of political control over the country would mean that the Malays as the indigenous people of the land would be under the rule and at the mercy of the immigrant race.

This factor was strongly felt in predominantly Malay Malaya, and Tunku Abdul Rahman was acutely aware of this. Similar sentiment however could not be felt by Lee Kuan Yew in Singapore where the majority of the population were Chinese. In suggesting the 'Malaysian Malaysia' concept, he was in this respect failed to take into consideration of the reality of situation in Malaya at that time. The idea of 'Malaysian Malaysia' would certainly be rejected by the Malay majority and could have even led to violent resistance by the Malays, reminiscent of the 1946 Malayan Union incident.

#### **2.4.2. Federation of Malaya**

The Federation of Malaya came into existence on 31 January 1948, only after the British clearly understood the cardinal objections of the Malays and their rulers, in particular, to the formation

of the Malayan Union. So far as the Malays as a racial group were concerned, their major objection to 'equal rights' to all citizens was resolved when the revised constitutional proposals guaranteed 'the special position of the Malays'<sup>70</sup>, and when the citizenship provisions were made in such a way as to limit the citizenship opportunity of the Chinese.<sup>71</sup>

For the Rulers of the Malays, the proposals for the Federation were satisfactory at least in two aspects: the proposals were made in consultation which was, the Rulers claimed, absent during the Malayan Union proposals and the present proposals recognized the sovereignty of the Rulers in accordance with the tradition of the Malay indigenous political system. The Rulers agreed, in the Federation of Malaya Agreement of 1948, that they would accept the advice of the British High Commissioner except in matters relating to the religion and customs of the Malays. Essentially, the Federation Agreement of 1948 established a strong centralized Federal Government on the Peninsula.

Once again, the Federation, did not include Singapore, although the two other Straits Settlements, Penang and Malacca, were in it. Many Chinese in mainland Malaya opposed the exclusion of Singapore, which would enable the Malays to be a majority of the population, since Federal citizenship was not granted to the people in Singapore, of which three-quarters of the population were Chinese.<sup>72</sup> The Chinese also demanded the reduction of Malay membership on

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<sup>70</sup> *Federation of Malaya Agreement*. Para 19(a).

<sup>71</sup> The citizenship provisions were very complex and more restrictive for the non-Malays. The citizenship was granted to the non-Malays only when they applied for it (not automatic citizenship) after all the requirements for qualifications were fulfilled. A person who was born in the Federation and had resided there for not less than eight out of twelve years preceding his application, or whose father was born and lived in the Federation for more than fifteen years as a permanent resident was qualified to apply for citizenship. And yet he had to prove himself to be of good character, declare his intention to reside in the Federation permanently, and demonstrate his possession of an adequate knowledge of Malay or English.

<sup>72</sup> Margaret Roff. (September 1965). "The M.C.A., 1948-1965". *Journal of Southeast Asian History*. p.45-46.

the Federal Legislative Council from thirty-one to twenty, because they feared the Malay majority in the Council might endanger their economic interests.

A noted scholar on Malayan politics states that the British decision to make Singapore separate from the Federation was a ‘peculiar decision’ from the standpoint that:

“It is accepted and desired by most inhabitants of the Federation...by no means only the Malays...and is often regarded by them as one of the important aspects of freedom from colonial rule. On the other hand, the great majority of the inhabitants of Singapore regard the separation as provisional and temporary, an accident of the end of colonial rule which, in the long run, cannot possibly prevail against the obvious facts of economics and geography”<sup>73</sup>

This peculiarity was never been resolved as the Federation gained its independence in 1957 and Singapore was given autonomy in 1958. The communal suspicions and fears on mainland Malaya or between Malaya and Singapore were deep-seated, as there was a Communist rebellion which caused the states of Malaya to come under a state of emergency, from 1948-1960.

### **2.4.3. Independence for Malaya**

The steps toward independence for Malaya were taken more quickly than they would have been by the very existence of the Emergency. If Malaya was given independence, the Malaysians argued, the Communists would find no cause to rebel against British imperialism, thus making the Emergency unnecessary. Tunku Abdul Rahman, then Chief Minister, justified his demands for independence, saying that:

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<sup>73</sup> T. E. Silcock. (March 1960). *Op.cit.*, p. 34.

“...the only alternative to Communism is nationalism...There can be no alternative: Her Majesty’s Government and Their Highnesses the Rulers must be prepared either to foster the growth of genuine nationalism or hand over this country to the Malayan Communist Party”<sup>74</sup>

In order to achieve national independence, the leaders of Malaya felt it necessary to establish a political party representative of some sort of inter-communal interests, so that the British would have some party to whom they could hand over their sovereignty. By 1953, the United Malays National Organization (UMNO), a Malay party founded by Dato Onn Ja’afar in 1946, allied with the Malayan Chinese Association (MCA) which was formed under the leadership of a Straits Chinese, Tan Cheng Lock. In the following year, the Malayan Indian Congress (MIC), a party composed of Malayan Indians, was added to form the Alliance Party, an inter-communal party.

The Alliance Party had demonstrated its power and ability to govern an independent Malaya, when it reaped 51 out of 52 seats in the first general election of members to the Legislative Council of the Federation in July 1955.<sup>75</sup> The major campaign issue of the Alliance Party was *Merdeka* (Independence) for Malaya.

It appears that the electorate gave national issues and the Alliance platform a definite priority over communal issues and individual candidates.<sup>76</sup> In contrast to the Party Negara’s ‘Malaya for the Malays’ or the Pan Malayan Islamic Party (PMIP)’s ‘whisper campaign’ for the establishment of a theocratic government, the Alliance’s inter-communal approach in assigning

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<sup>74</sup> Lennox A. Mills. (1958). *Malaya: A Political and Economic Appraisal*. Minneapolis: University of Minnesota Press. p. 97.

<sup>75</sup> T. E. Smith. (1955). *Report on the First Election of Members to the Legislative Council of the Federation of Malaya*. Kuala Lumpur: The Government Press. pp. 10-11.

<sup>76</sup> K. J. Ratnam. (1965). *Communalism and the Political Process in Malaya*. Kuala Lumpur: University of Malaya Press. p. 196.

candidates and its emphasis on self-government undoubtedly contributed to its decisive victory in the 1955 election.<sup>77</sup>

The predominance of the Alliance in the Legislative Council, and also in the Executive Council, gave the Chief Minister a strong voice in his demands for self-government in a Constitutional Conference held in London in 1956, which finally resolved that Malaya should be independent by August 1956, and that a Constitutional Commission (the Reid Commission) would draft a Federal Constitution for independent Malaya.

At the recommendation of the Reid Commission, the Constitution for the Federation was finally drawn up in 1957.<sup>78</sup> Under this Constitution, Islam would be the state religion. Malay would become the only national language, and the only official language after ten years, unless the Parliament enacted otherwise, and the 'special rights' of the Malays were to be protected.

Under the new Constitution, the independent Malaya would have a parliamentary and federal form of government and a constitutional monarchy. The new Constitution was intended to establish a very strong centralized government, giving more power to the central government rather than to the state governments. All these facets of the political system of the new independent Malay reflected many of the underlying principles of the indigenous political system of the old Malay Kingdoms.

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<sup>77</sup> T. H. Silcock. (1963). "Communal and the Party Structure", in T. H. Silcock and E. K. Fisk. *The Political Economy of Independent Malaya*. California: University of California Press. p. 15.

<sup>78</sup> See *Federation of Malaya Constitutional Proposal*. (1957). Kuala Lumpur: Government Press.

#### 2.4.4. Autonomy for Singapore

In contrast to the Federation of Malaya, self-government for Singapore was delayed, and mainly for two reasons: externally the British had shown their continuing interest in Singapore as a strategic base, and internally, Singapore did not have a strong and stable party system to take over from the colonial regime. In the background, of course, was the fear that if Singapore came under increasing pressure from Chinese ‘nationalism-cum-Communism’, the Communists would control the government, the British were convinced.<sup>79</sup>

The British conviction was not hard to understand, for the political parties in Singapore, in general, were inclined to lean more toward the left than their counterparts on mainland Malaya, and they were more ideologically-oriented than communally-based. Almost all the political parties had to call for the support of labour organizations or the Chinese, in order to survive within the environment where the Chinese composed more than three-quarters of the island’s population. Accordingly, the first government under the Chief Minister, David Marshall, was made largely by the Labour Front and strongly committed to socialism.<sup>80</sup>

The opponent party to the Labour Front, the People’s Action Party, was much more left-oriented at the beginning of its life than any other party, having received the support from young Chinese-speaking students, and later from the Trade Union Congress of Singapore when the Labour Front

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<sup>79</sup> T. E. Silcock. (March 1960). “Singapore in Malaya”. *Far Eastern Survey*. 29(3): 33-39. See also Charles Gamba. (June 1958). “Labor and Labor Parties in Malaya”. *Pacific Affairs*. 31(2): 117-130.

<sup>80</sup> With the promulgation of the new Constitution in 1955, Singapore held a new election in that year, where six parties and a number of independents contested for 25 seats to the Singapore Legislative Council. In that election, the Labour Front polled 27% of the total votes cast and won 10 seats and formed a coalition government with the Malay Union Alliance (a coalition of the Singapore UMNO and the MCA) only to constitute a majority of 18 out of 32 members- Legislative Council.

failed in maintaining support from it. Lee Kuan Yew, as the Party's founder and leader, collaborated with the Communist Party (MCP) in its struggle for the self-government of Singapore. Having been accused of being a 'Communist' when he declared his preference for independence over colonialism, Lee immediately found an opportunity to defend his party, by saying that the Party's stand was for 'an independent, democratic, non-Communist Socialist Malaya'.<sup>81</sup> And yet, the PAP undertook a 'left strategy' of a series of strikes among the trade unions, and launched various student demonstrations in the Chinese middle schools against the government's policy on Chinese education and culture.<sup>82</sup>

It was the PAP under Lee whose pressure David Marshall went to the London Conference in which he demanded self-government for Singapore within the British Commonwealth by April 1957. Having failed in his demand, David Marshall resigned, and Lim Yew Hock took over the government and succeeded in negotiations with the United Kingdom that Singapore should become self-governing after 1 January 1958, and that an Internal Security Council, which was impossible to establish during David Marshall's term, was now to be formed by three Singaporeans, three British, and one Malayan. In case of a tie in the Council, the representative from Malaya would cast the decisive vote. As a consequence, the Federation of Malaya, already independent, would have a strong voice in the matters concerning the maintenance of public safety and order as well as defence in Singapore. Furthermore, in securing self-government, Singapore would have a head of State with the title of the Yang di-Pertuan Negara, representing the Queen of the United Kingdom, the first of whom was to be the last Colonial Governor, Sir William Goode, who was later succeeded by a Malaya-born Malay, Mr. Yusof Ishak. In August

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<sup>81</sup> Nam Tael Yul. (1969). *"Malaysia-Singapore: The Failure of a Political Experiment"*. (Unpublished Ph.D. Dissertation Submitted to the Graduate College, University of Iowa). p. 32.

<sup>82</sup> See Stanley Spector. (May 1956). "Students and Politics in Singapore". *Far Eastern Survey*. 25(5): 65-73.

1958, the United Kingdom finally passed the State of Singapore Act, granting self-government to the State of Singapore and enabling promulgation of the constitution by Order-in-Council, which came into operation in June 1959.<sup>83</sup>

Under the new Constitution, Singapore was to establish a parliamentary democracy, as was in the case of the Federation of Malaya, by instituting a Legislative Assembly of 51 seats and all popularly elected. The first general election of the members of the Assembly was held in 1959, where the PAP captured 43 seats with about 53% of the popular votes.<sup>84</sup>

This overwhelming victory for the PAP was partly due to its stand on anti-colonialism and self-government, as in the case of the Alliance Party in mainland Malaya, and also due to its willingness to integrate with the Federation of Malaya, if it won the election. This was self-evident in its Manifesto with the title, ‘The New Phase after Merdeka’<sup>85</sup>, and its publication, *Petir*, in which it was stated:

“If Malaya is to survive as a nation, and if our people are to achieve social, political, economic and cultural advancement in the modern world, the most essential prerequisite is to abolish the communal divisions, antagonism, rivalries, and distrusts which threaten the unity of our country. This can only be done by working devotedly for a united Malayan nation based on a united national consciousness and a common loyalty to Malaya”<sup>86</sup>

While making such overtures to the Federation of Malaya, Lee Kuan Yew, regarding himself as the first Prime Minister of a truly self-governing Singapore, attempted, however, to legislate

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<sup>83</sup> Nam, Tael Yul. (1969). *Op.cit.* p. 33.

<sup>84</sup> *The Straits Times*. (1 July 1959). See also Harry Miller. (1965). *The Story of Malaysia*. London: Faber and Faber. p. 215.

<sup>85</sup> Lee Kuan Yew. (1961). *The Battle for Merger*. Singapore: The Government Printing Office. pp. 147-148.

<sup>86</sup> People’s Action Party. (1958). *Petir: 4<sup>th</sup> Anniversary Celebration Souvenir*. Singapore: Petir. p. 24.

socialistic governmental programs and to control the moral and cultural development of the citizens into the Malayan consciousness. While he succeeded in his demand to release the PAP detainees and Communist sympathizers arrested under the Preservation of Public Security Ordinance during the Lim Yew Hock government, he lost the control of his members in the Legislative Assembly only to have a very precarious majority of 26 out of 51, as of 1961. It was this background that pushed the PAP to be the champion for merger with the Federation of Malaya.

## **2.5. Singapore's Inclusion in the Malaysian Federation (1963-1965)**

Tunku Abdul Rahman, the first Prime Minister of Malaya, had to a significant extent successfully fostered and maintained the unification of Malaysia-Singapore under the Federalist framework until the separation of the latter on 9 August 1965. Throughout their union, the two states had made considerable progress in forging close cooperation in many areas, mutually benefiting the development of this young Federalist nation, albeit their relationship intermitted with frequent tensions and disagreements. An implication of this unification is that many commentators cited it as a reference point for explaining the previous and current bilateral relations of the two states.

Even though it was popularly perceived by the public that the formation of Malaysia was first voiced by Tunku Abdul Rahman, others were sceptical on the accurate date of which he initially suggested the idea. Some historians hold the view that it was on 27 May 1955; while others argued the suggestion was made by Tunku on 26 December 1955. In the same vein,

Nordin Soviee concurred that Tunku was the Malayan leader who first suggested the unification of the two countries, but stopped short of pointing to the exact date. However, he asserted that: “Tunku Abdul Rahman was able to bring the fruition (formation of Malaysia-author) in 1963 and idea he first publicly suggested in 1955”.<sup>87</sup>

In 1954, the PAP, under Lee Kuan Yew’s leadership, had vigorously fought for Singapore’s independence through the unification with Malaya under the Federation framework. Documented evidence suggests that Lee Kuan Yew had long been a strong advocator for Singapore to merge with Malaya. Such an approach, in his opinion, was the best alternative of acquiring independence from the British colonial government, as well as promoting the long-term welfare and prosperity of Singapore.<sup>88</sup> In addition, he believed that the granting of independence to Malaya would eventually lead to ‘Singapore’s economic isolation’, and, hence, the island’s economic prospect would inevitably become bleak.<sup>89</sup>

From a slightly different point of view, both Malaya and Singapore would likely reap dividends from the formation of Malaysia. This argument can be based on two major aspects, namely security and expansion.<sup>90</sup> In the context of national and regional security, the impetus for the formation of Malaysia partly lay in Kuala Lumpur’s apprehension that Singapore was progressively becoming a pro-communist State. It feared that the island States would eventually become ‘a second Cuba’ in the region.

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<sup>87</sup> Mohamad Nordin Soviee. (1974). *Op.cit.*, p. 135.

<sup>88</sup> Charles Richard, Ostrom. (1973). *A Core Interest Analysis of the Formation of Malaysia and the Separation of Singapore*. Ann Arbor: University Microfilms. p. 77.

<sup>89</sup> *Ibid.*, p. 88.

<sup>90</sup> Mohamad Nordin Soviee. (1974). *Op.cit.*, p. 136.

Meanwhile, according to the expansion aspect, the unification of Malaysia-Singapore is in accordance with the expansion of the Federation by Tunku Abdul Rahman. The expansion was drawn upon from the political views of five ministers of the Federation cabinet of 1961, along with two senior civil servants, all of whom were interviewed by Nordin Sopiee.<sup>91</sup> As mentioned above, the unification was welcomed by the majority of Singapore's populations because of socio-economic reasons. For Singapore's ruling party, PAP, the admission of this city-State to Malaysia was clearly preferred for securing the safety of Singapore and its defence interests. Pursuing such an option was inevitable, with the threat of communist expansion in the island intensified during the early period in the aftermath of the Second World War. Based on the Party's document dated 1960:

“Militarily...Singapore and Malaya are one unit... Colonialism has made a technically international frontier of the Straits of Johore and created two states... He who conquers Malaya conquers Singapore... And conversely he who holds Singapore absorbs Malaya.”<sup>92</sup>

Undoubtedly, the inherent factor of Singapore's willingness to join Malaysia was firmly anchored on ensuring its own survival as a sovereign political entity. Lee Kuan Yew came to realize that it was highly unlikely that Singapore would be able to withstand political, security and economic threats arising from communist insurgency and the beginning of regional Cold War dynamic if it did not join the Federation. The small size of the island deeply intertwines with its lack of depth, mass and resources; elements that are imperative for its long-term survival and development. Across the causeway, significant numbers of post-independence Malay ruling elites expressed their disapproval of the island State's intention to join Malaysia. Many of them

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<sup>91</sup> *Ibid.*, p. 125-127.

<sup>92</sup> Charles Richard, Ostrom. (1973). *Op.cit.*, p. 108.

embraced a half-hearted decision and sceptical regarding this merger. Tunku Abdul Rahman, in particular, was among the leading Malay leaders who feared that the sheer number of Chinese population in Singapore after the merger would threaten the political supremacy of Malay majority. This is evident in May 1960, when he cautioned Malay students in London on the political thinking of Singaporeans, accusing the island's large majority Chinese population to have a different set of mentality than the ethnic Malays living in the Malaysian Federation. He claimed that "... the Chinese-educated and new immigrants...will always be loyal to China and they are less Malay-minded," and the inclusion of the 1.3 million Chinese would have led to confusion and upheaval among the Malaysians and with the possibility of ruining the calm atmosphere of the Federation.<sup>93</sup>

Tunku's ambivalent stand on Singapore entry into the Federation of Malaya, however, aptly changed to an accommodating posture as a result from British's diligent persuasion and, more significantly, the proposed inclusion of the Borneo states of Sabah, Sarawak and Brunei in the merger proposal.<sup>94</sup> On 27 May 1961, the proposal was eventually finalised, when Tunku Abdul Rahman spoke to the Foreign Correspondents' Association of South East Asia in Singapore. On 16 September 1963, the Federation of Malaya was renamed the Federation of Malaysia, under which Singapore, Sabah and Sarawak were included as members, amidst oppositions from Indonesia and the Philippines.

Despite the merger, Singapore continued to enjoy self-governance. When PAP won Singapore's 1959 election, the party began to launch a wide range of programme designed to develop a

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<sup>93</sup> Lee Kuan Yew. (1998). *The Singapore Story: Memoirs of Lee Kuan Yew*. Singapore: Times Publishing Limited. p. 362.

<sup>94</sup> Brunei, the latter decided not to join in the end.

distinctive society based on the ‘Singapore Incorporated’ approach.<sup>95</sup> Singapore central government was responsible for matters pertaining to defence, foreign affairs and internal security, while the local government was assignment with the responsibility for the area of education and labour. Lee Kuan Yew became the Prime Minister of Singapore immediately after the island state joined Malaysia. He continued to advocate the concept of ‘Malaysian Malaysia’, a concept of a multiracial nation based on meritocracy and without preferential treatment for a specific ethnic group. This concept was in complete opposite to the official stand adopted by UMNO, which advocated (until today) special privileges to be given to the *Bumiputras*<sup>96</sup>. Tensions between UMNO and PAP (or more specifically between Tunku Abdul Rahman and Lee Kuan Yew) increasingly grew, as the concept of ‘Malaysian Malaysia’ gained popular support amongst the non-Malays populations. For Tunku Abdul Rahman, he was worried that the growing support to Lee’s idea of Malaysian-Malaysia would eventually trigger political instability. The majority of Malay population was convinced that the PAP was mobilizing the non-Malays, particularly the ethnic Chinese, to take over the political control of Malaysia.<sup>97</sup>

Lee Kuan Yew continued to fight for the ‘Malaysian Malaysia’ concept. His ambition to turn the concept into reality received a major boost during Singapore’s election on 21 September 1963. He led a successful campaign, which saw PAP candidates sweep the election at the expense of Singapore Alliance Party (*Parti Perikatan Singapura*), which was seen as pro-Tunku’s policy. The latter’s candidates lost to PAP candidates.

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<sup>95</sup> W.G., Huff. (1994). *The Economic Growth of Singapore-Trade and Development in the Twentieth Century*. Cambridge: Cambridge University Press. p. 366.

<sup>96</sup> *Bumiputra* or bumiputera is a Malaysian term to describe Malay race and the indigenous peoples of Southeast Asia, and particularly in Malaysia. It is refers to son of the soil.

<sup>97</sup> Lee Poh Ping. (1992). “Malaysia-Singapore Relations: A Malaysia Perspective”, in Azizah Kassim & Lau Teik Soon (eds.), *Malaysia and Singapore: Problems and Prospects*. Singapore: Institute of International Affairs. p. 220.

In November 1963, Malaysia's Parliament convened for the first time. On that occasion, Lee Kuan Yew took the opportunity to declare that his party, PAP, was a loyal friend, critic and opposition for the communally-inspired Alliance Party (*Parti Perikatan*). Nonetheless, PAP deliberately took contradictory stand in the 1964 national general election. The Party nominated its nine candidates to challenge the Alliance Party candidates in the urban Chinese-dominated constituencies in the Peninsular Malaya. The reasoning behind PAP action to challenge the Alliance Party was that it claimed the latter own coalition Chinese party, Malaysia Chinese Association (MCA), had failed to represent the true interest of Chinese community. Even though the initial stand of PAP was never intended to criticize and undermine Tunku Abdul Rahman, the decision for the PAP to contest against the Alliance candidates was perceived by many Malay political elites as indirect challenge to Tunku's leadership, resulting his lost of confidence to PAP.<sup>98</sup> In that election, PAP only won one seat, and that was in Bangsar, a Parliamentary seat contested by the PAP's candidate, C.V. Devan Nair.

After the 1964 election, the KL-Singapore relations became much more difficult to manage and increasingly tense, exacerbated by the lingering problems arising from the devastating loss of Alliance Party candidates in Singapore's 1963 elections. Syed Jaafar Albar, the prominent leader of the 'extreme right wing-section' of UMNO from Johor was sent to Singapore to restructure UMNO Singapore. He successfully managed to gather approximately 12,000 Malays to join a major rally, demanding the rights of ethnic Malay in Singapore. They also urged Lee Kuan Yew to provide the Malays with the sufficient quotas in scholarship and employment, as well as

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<sup>98</sup> Tunku Abdul Rahman. (1977). *Looking Back-Monday Musing and Memories*. Kuala Lumpur: Pustaka Antara. p. 116.

granting the Malay community with special housing prices, and sizable reserved land for the community. This demand was in accordance with the public policy practice in Peninsular Malaysia adopted by the Alliance Coalition government.

At the same time when UMNO's mass rally, a Malay convention was organized by the PAP. In that convention, Lee Kuan Yew steadfastly refused to grant special privileges in the form of quotas favouring Singapore's Malays, but instead promised to improve their conditions by providing more job and education opportunity, as well as improving the housing situation for them. Lee's policy during the convention immediately instigated mass protests and demonstration among the island's Malay community. Violence erupted and reached its climax two days later during the '*Maulidur Rasul*' celebration, resulting 20 deaths, 200 injuries with more than 1130 were arrested for various offences.

At the end of September 1964, both Perikatan and PAP agreed to settle their differences for two years by avoiding sensitive issues. In the meantime, UMNO leaders continued to work hard to consolidate and strengthen the party's position in Singapore, while PAP continued to operate in Malaya.

The seemingly cordial bilateral relationship between the government of Malaysia and Singapore in the period immediately after 1964 communal disruption was short-lived. Competition between the two Parties across the causeway was heightened when UMNO leader, Khir Johari, announced that the party would strive to defeat PAP in the 1967 election. Other prominent UMNO leaders such as Syed Jaafar Albar, Khir Johari and Senu Abd. Rahman claimed that

Singapore failed to fulfil the demands of its Malay population. On the other hand, PAP leaders, led by Lee Kuan Yew, Toh Chin Chye and S. Rajaratnam, blamed UMNO for encouraging the *ultra*-Malay groups in Singapore for wanting to transform Malaysia into a 'Malay Malaysia'.<sup>99</sup>

The dispute between the two parties prompted Lee Kuan Yew to change his strategy from conceptual debates to openly instigate aggressive campaigns designed to strengthen his political powers by cooperating with political parties from all over Malaysia. On 9 May 1965, Lee launched the formation of a coalition consisting of five political parties, namely PAP, SUPP, UDP, and PPP and Machinda of Sarawak. The coalition, known as '*Malaysian Solidarity Convention*' (MSC), was aimed basically to materialize 'Malaysian Malaysia'.

At the Malaysian Solidarity Convention rally held in Singapore on 6 June 1965, two months before the Republic's separation from the Federation, then Singapore Deputy Minister, Toh Chin Chye, outlined the agenda for a Malaysian Malaysia in the presence of the leaders of five political parties in Malaya, Singapore and Sarawak. This convention embarked on a crusade to preach interracial unity, to propagate the basic rights of all races, which form multiracial society. The force that will unite all the races into a Malaysian Malaysia is more than language, more than external aggression. Experience has shown that in similar countries, a united nation can only arise if one race does not aspire to be the master race but instead all citizens are equal irrespective of his race.<sup>100</sup>

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<sup>99</sup> Gordon Paul, Means. (1970). *Malaysian Politics*. London: University of London. p. 344.

<sup>100</sup> Lee Kuan Yew. (1998). *Op.cit.*, p. 616.

In sharp contrast to the PAP approach to Malaysian unity, the UMNO-led Alliance Party tended to emphasize an approach based on Malay ownership of the country, ethnicity, socio-economic upliftment of the Malays, with a special preferences for the 'indigenous', meaning *Bumiputra* community, that is the Malays, all of which may be subsumed under the rubric of *Ketuanan Melayu* (Malay supremacy) in Malaysia.<sup>101</sup>

The forming of the Malaysian Solidarity Convention further deepened conflicts between Lee Kwan Yew and Tunku Abdul Rahman. PAP policy and efforts to challenge MCA as the major Chinese political party in Malaysia might be tolerated by Tunku. However, an open declaration by Lee Kuan Yew of his intention of becoming Malaysia's Prime Minister, together with the formation of Malaysian Solidarity Convention, were causing concern to Tunku. Lee's strategies were perceived by Tunku as threatening his effort to maintain Malay political supremacy and socio-economic privilege. Fearing that the plan envisioned by Lee Kuan Yew could eventually turn into reality, Tunku Abdul Rahman took a pre-emptive measure by expelling Singapore from the Federation. Although the British tried to dissuade him from doing so, Tunku Abdul Rahman unwaveringly stuck to his decision of severing ties with Singapore.

The differences in opinion and conflicting principle of national development between Tunku and Lee Kuan Yew had pushed Tunku to make a statement to expel Singapore on 25 July 1965 in London. The unilateral decision by Tunku Abdul Rahman to expel Singapore was not without controversy within UMNO itself, since he did not consult on his decision with other UMNO leaders. At last, on 9 August 1965, Singapore officially separated from Malaysia and gained

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<sup>101</sup> K.S. Nathan. (2002). Malaysia-Singapore Relations: Retrospect and Prospect. *Contemporary Southeast Asia*. 24(2): 391

independence; albeit unwillingly. The separation of Singapore came to be a surprise, as it was barely two years since the Federation of Malaysia was formed in 1963. Lee Kuan Yew felt extremely disheartened as he said to the press conference on the first day of independence:

“...every time we look back on this moment when we signed this agreement, which severed Singapore from Malaysia, it will be a moment of anguish because all my life I have believed in merger and the unity of these two territories.”<sup>102</sup>

Because of this separation, Malaysia lost one of the world’s biggest port and one of the most dynamic and highly industrialized units in Southeast Asia and Singapore became an independent and sovereign nation in its own right.

## **2.6. The Period after Singapore’s Separation from Malaysia**

Given the above background, Singapore’s departure from Malaysia was unavoidable after their turbulent relationship in the Federation of Malaysia. In fact, it was the most dramatic decision ever made by leaders of these two countries. It has enduring effects on the relations of the two countries. The problems stemming from ambiguities in terms of the merger as to Singapore’s role in the federation, and still more so from the profound incompatibilities between the styles and personalities of the leaders of Singapore and Malaysia.

From 1965-1967, it were a learning years for both countries. They started to make domestic consolidation. The Malaysian government was busy trying to find a suitable formula to unite the

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<sup>102</sup> Lee Kuan Yew. (1998). *Op.cit.*, p.16.

people and avoid any racial polarisation. Singapore was doing some soul-searching and experiencing a crisis of identity. It was a nation with predominantly Chinese population within a Malay archipelago, and such insecurity could be understood. Singapore simultaneously began to upgrade its military might. The military build-up was translated by Malaysia as threatening. It was seen by the latter as an act of arrogance and a form of promoting an arms race in the region. At this point, Singapore's foreign policy showed strong influences that pulled it in different directions and was concerned with reaping in the benefits of attracting as many friends and trading partners as possible.

Since separation from the federation in 1965, Singapore's relations with Malaysia have been characterised by considerable tension and mutual distrust. At least two major reasons may underlie these conditions. One invariably revolved around the ethnic mix in both countries and another was their fractious experience when Singapore was part of the Malaysian Federation.<sup>103</sup> They have since continued to respond aggressively to internal developments in each other's countries. Malaysia and Singapore are currently facing some unresolved bilateral issues, which have considerably affected the relationship between both countries.

Relations between Malaysia and Singapore have rarely been smooth or untroubled. Even though Malaysia and Singapore's relations are characterized by shared history, culture, economic interdependence and security links, squabbling elicited by security dilemmas which led to mutual suspicion and animosity often plagued the bilateral relations.<sup>104</sup> These refer to

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<sup>103</sup> Alan, Collins. (2000). *The Security Dilemmas of Southeast Asia*. Singapore: Institute of Southeast Asia Studies. p. 96.

<sup>104</sup> *Ibid.*, p. 96.

how both countries interpret their history, ethnic differences, and the different approaches in handling their foreign relations. Despite this tension, Singapore and Malaysia are economic partners as well as competitors. Rapid economic growth achieved by Malaysia had threatened Singapore's economic well-being since Singapore's lack of natural resources and Malaysia's ability with other countries in the region, duplicating Singapore functions as an entrepôt.

Singapore faces the problem of being in a Malay-dominant region since it is located in close proximity to Malaysia and Indonesia. To be able to survive in the Malay-dominated region, Singapore needs to be strong domestically and internationally in its political and military dimensions. Malaysia and Singapore have faced major issues in bilateral relations in recent times, namely, economy, military balance, water, Malayan Railway land in Singapore and relocation of the Customs, Immigration and Quarantine (CIQ), Central Provident Fund (CPF) withdrawals, overlapping claims on Pulau Batu Putih, land reclamation, use of Malaysian airspace by Singapore and the use scenic bridge to replace the existing old causeway. These issues will be discussed in details later on.

As a foundation for the study of relation between Malaysia and Singapore during Mahathir period from 1981 until 2003, we need to have a quick look at the relations between the two countries under the different Malaysian administrations, under Tunku Abdul Rahman, Tun Abdul Razak and Tun Hussein Onn. Due to the strong influence of the Prime Minister in all government policies, and foreign policy especially, the Malaysia-Singapore relations depended on the leader's personality. It is clear that both states leaders caused this distant relationship between two close neighbours.

### 2.6.1. Tunku Abdul Rahman's Era

This probably constitutes the most difficult period in the bilateral relationship, where Tunku leadership tried to come to grips with the fact that Singapore was a separate state. It was an attempt made more difficult by the acrimony between the two leadership groups, which preceded the separation. In the first place, a deep ambivalence characterised the attitudes toward each other. There was the Tunku, who, on the one hand made a genuine attempt to accept Singapore's independence by sponsoring its membership in the United Nations, while on the other opposed Singapore's intention of trading with Indonesia, suggesting Malaysian national security could be affected. The Singaporean leadership on its part sought to distance itself from Malaysia, yet at the same time could not help making disparaging remarks about the non-Malay leadership in Malaysia.<sup>105</sup>

Ever since it gained its independence, Malaya was governed under of its first prime minister, Tunku Abdul Rahman Putra Al Haj. He was a person who responsible for formulating of Malaysia's foreign policy decision making and creating relationships between Malaysia and other foreign countries with his pro-western principles. Tunku's policy was consistent with the need of Malaya (including Singapore at that time) which just gained its independence, which need support and aid from its colonial powers, i.e. the Great Britain and other western countries.<sup>106</sup> After Malaya gained its independence, it began to move towards the process of nation-state formation. Consistent with its independence, Malaya had no choice but to adapt itself with the international surroundings. At that time it had to face power competition among

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<sup>105</sup> Lee Poh Ping. (1992). *Op.cit.*, p. 221.

<sup>106</sup> Maclean, Donald. (1970). *British Foreign Policy: The Years since Suez, 1956-1968*. London: Hodder & Stoughton. p. 243.

two big super powers, namely the United States and the Soviet Union. Malaya was also facing communist threat that was consequently spreading towards South East Asia, including Malaya itself. K.S. Nathan<sup>107</sup> quoted:

“As a country whose strategic geography has historically made it a “half-way house” in the context of external power of interests and engagement, independent Malaysia since 1957 fashioned its foreign policy to ensure for itself an important, if not critical role in shaping the political destiny of Southeast Asia. As such, Malaysian foreign policy principles and practice have continued to underscore the twin dimensions of regionalism and globalism. These principles may be more explicitly enumerated as follow: (1) Anti-Communism and Pro- Western security, especially under the first premier, Tunku Abdul Rahman, (2) Neutralism and Non- Alignment – a policy platform that became more visible under the second premier, Tun Abdul Razak, (3) Support ASEAN empowerment and broader regionalism via the East Asian Summit (EAS), (4) Neutralism and Non-Alignment, (5) Support for United Nations and international law, (6) Opposition to Apartheid in South Africa, (7) Advocation of economic democracy in relations among nations, and (8) Active involvement especially during the Mahathir era (1981-2003), in international affairs.”

It was not surprising that Malaysia after gaining its independence had drafted its foreign policy that was more favourable towards the Western power and anti-communism in nature. To ensure its own survival, Tunku’s government agreed to receive aid from the Great Britain, New Zealand and Australia due to the country’s fragile and system of state-enhancement and defence.

The indirect relationship between Malaysia and Singapore after World War Two had developed as a result of previous British’s action, that gave the power and authority to Singapore to govern and run its own ‘state’ since the year 1959 under the leadership of Lee Kuan Yew. Malaya was under the leadership of Tunku Abdul Rahman since its independence in 1957. The British granting self-government to Singapore after the People’s Action Party or PAP, which was established in the year 1954 by the sections of its British-educated middle class that just returned

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<sup>107</sup> K. S. Nathan. (2008), p. 3.

from the Great Britain, won the majority seats in the Singapore's general election in 1955. The strong influence of Lee Kuan Yew, PAP and the Chinese community towards PAP had allowed Britain to give the freedom of governance to Singapore. In Malaya, Tunku Abdul Rahman became the main leader who was responsible for fighting for the fate and the future of the citizens of Malaya. He had gained full support from the Malay community and was appointed as the President of the United Malay National Organization (UMNO) on the 26 of August 1951.<sup>108</sup>

K.S Nathan<sup>109</sup> says of this:

“ASEAN regionalism is also reflected in increased bilateralism as a necessary by-product of the nation-building process in Southeast Asia. In Malaysia and Singapore this process is particularly instructive in terms of the role of ethnicity in mutual perceptions and the need to sensitize the foreign policy process to the realities of ethnicity: Chinese- dominant Singapore interacts with Malay-dominant Malaysia without questioning the basis of ethnic supremacy governing both societies. Ethnicity is clearly an unstated factor in national security perceptions characterizing interstate relations within the framework of ASEAN regionalism. Hence the nation-building process in advanced developing societies such as Malaysia and Singapore links national survival to regional stability and prosperity.”

The early stages of relationship between Tunku Abdul Rahman and Lee Kuan Yew were pleasant enough, as both of the leaders realized that Malaya was still weakly just achieved its independence. However, this pleasant relationship did not last long and eventually worsened, when both the leaders frequently differed in opinions in the discussion of their fates and struggles. Tunku Abdul Rahman tended to fight for the fate and struggle of the Malays community, while Lee Kuan Yew focused on fighting for the fate and struggle of the Chinese community. However, the early elements of good relationship between the two leaders did initially lead to the formation of Malaysia and merged Malaya. Later on, the concept of a

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<sup>108</sup> Faridah Jaafar. (2007). *Perdana Menteri dan Dasar Luar Malaysia 1957-2005*. Kuala Lumpur: Penerbit Universiti Malaya. p. 23.

<sup>109</sup> K.S. Nathan. (2008). *Op.cit.*, p. 6.

Malaysia was elaborated, resulting in its formal tabling on 27<sup>th</sup> of May 1962. The consolidation had brought benefits for both the countries. Malaysia and Singapore managed to maintain promote economic priorities and established the unity and balance in races.

The formation of Malaysia, however, did not last long, with Tunku Abdul Rahman proposing the separation of Malaysia and Singapore, and Singapore itself also deciding to leave from the Federation of Malaysia in 1965. The flow of event was influenced by the clashes of visions fought by both Tunku Abdul Rahman and Lee Kuan Yew. The main separation factor was the due to the frictions between the federal government that was led by the Malay elites in Malaya itself and the Singapore government that was led by Lee Kuan Yew and supported by the Chinese community. At the same time, hostility between the Coalition Party that led by UMNO and People's Action Party (PAP) had occurred.<sup>110</sup> The conflict emerged when Lee Kuan Yew had taken action to launch the campaign 'Malaysia for Malaysians' in order to gain support from the Chinese community in Malaya. This movement had influenced the leadership of UMNO to run its *Melayu Bersatu* (United Malay) campaign. The conflict became more complicated when Lee Kuan Yew and Tunku Abdul Rahman failed to find a solution to this matter and eventually Singapore had made its decision to pull out from the Federal of Malaysia in 1965 and formed a republic in its own right.<sup>111</sup>

The clash between Lee Kuan Yew and Tunku Abdul Rahman was also due to some personal factors pertaining to both leaders. Tunku was a prince from the royal family and Prime Minister who values the virtue of respect on both sides, but also was driven by the vision to fight for the

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<sup>110</sup> R. S. Milne. (1966). Singapore's Exit from Malaysia: The Consequences of Ambiguity. *Asian Survey*. 6(3): 175-184.

<sup>111</sup> Faridah Jaafar. (2007). *Op.cit.*, pp. 39-40.

future of the Malays. Lee Kuan Yew, on the other hand, was a leader who was born a commoner and used force, and took rough-sounding approaches to the relationship, which included quite coarse statements criticizing the economic, financial and business systems of the new Malaysia. This situation had provoked Tunku's dissatisfaction with Lee Kuan Yew. Besides, the action of Lee Kuan Yew being silent during the Indonesian Confrontation towards Malaysia between the years 1963-1965, had formed the internal crisis of Malaysia's politics.<sup>112</sup>

The reason for Singapore remaining silent was due to the fact that Indonesia was one of the countries that had high investment in Singapore, which acted as the most important port in Southeast Asia at that time. Singapore only took action to oppose Indonesia when Indonesia restricted its trading embargo on Singapore.<sup>113</sup> This condition had caused Tunku Abdul Rahman to make a further approach to discuss this issue in the parliament. On 9<sup>th</sup> August 1965, Tunku Abdul Rahman proposed the separation of Singapore and was supported by the Financial Minister at that time, Tun Tan Siew Sin. Since then, Singapore emerged as an independent country under the government of Lee Kuan Yew. The bilateral relations still carried on since the separation in 1965.<sup>114</sup>

The actions of the British, which showed a great deal of support towards Singapore, had reminded Tunku Abdul Rahman and his successors that efforts had to be made to stem pro-western policies when necessary. However, the bilateral relations between Singapore and Malaysia remain well as they could, and this could be seen during the preparations for the

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<sup>112</sup> Abdullah Ahmad. (1987). *Tunku Abdul Rahman dan Dasar Luar Malaysia 1963-1970*. Kuala Lumpur: Berita Publishing Sdn. Bhd. p. 103.

<sup>113</sup> *Ibid.*, p. 103.

<sup>114</sup> Faridah Jaafar. (2007). *Op.cit.*, p. 40.

formation of ASEAN in 1967, just two years after the separation. The preparations for both countries to be members of the same regional organization showed that the problems faced in the bilateral relations between both countries would not influence and threaten the relationships between them in the larger arena of regional relations.<sup>115</sup>

After the separation, the Kuala Lumpur-Singapore relations could be considered to be tense. This tension was caused primarily by the continuous action of Singapore's leaders criticizing Malaysia. From the beginning, Tunku did not have a close personal relationship with Lee Kuan Yew, due to the 'abrasiveness' and 'verbal excesses' attitudes of the Singaporean leader.<sup>116</sup> This was seen during the discussions that both parties participated in to discuss financial, trade and tax issues, when Singapore wanted to join Malaysia. However, the relationship after the separation became more tense as the Singaporean leaders continued to criticize Malaysia based on the following main theme:

“Singapore smarting from the indignity of separation, never missed an opportunity to run down Malaysia as a feudal state, spendthrift, inefficient and dominated by people unfit to govern”.<sup>117</sup>

### **2.6.2. Tun Abdul Razak's Era**

There were not many changes in the Malaysia-Singapore relations during Tun Abdul Razak's premiership. The bilateral relations during this period could be considered to remain 'cool'. This was mainly because Tun Razak continued many policies of Tunku and shared Tunku's view on

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<sup>115</sup> *Ibid.*, p. 45.

<sup>116</sup> Abdullah Ahmad. (1985). *Op.cit.*, p. 88.

<sup>117</sup> Mahathir Mohamad. (1970). *Op.cit.*, p. 183.

the separation of Singapore from Malaysia. As with the Tunku, he was first of all involved directly in the discussions accepting Singapore into Malaysia, but later contributing to the measures taken in eliminating it from the Malaysian Federation. Therefore, the relations during Tun Razak's era were still coloured by bad experiences due to the disputes relating to the status and role of the Malays and Chinese among the UMNO and PAP leaders. In referring to this, a political researcher considered Malaysia-Singapore relations as "Relations with Malaysia remain correct, but not close".<sup>118</sup>

However, K.S Nathan<sup>119</sup> argued that:

"Malaysian role in international security over the past 50 years since independence in 1957 has always been guided by the principles of the United Nations Charter, respect for national sovereignty and international law, and commitment to regionalism in Southeast Asia, as well as support for South-South cooperation and development including the Islamic world. These principles have been operationalized through its foreign policy."

After succeeding from Tunku Abdul Rahman, Tun Abdul Razak had made a drastic change towards Malaysia's foreign policy and the relationship between Malaysia and the foreign countries. Before that, Malaysia policy tends to be more pro-western, which was later changed by Tun Razak, who introduced the concept of neutrality. Tun Razak had been appointed as the Minister of Foreign Affairs under Tunku Abdul Rahman's government. It was here that he realized the weaknesses and disadvantages of the pro-western policy which could not ensure the safety and development of Malaysia. The action that Britain took to pull itself out of Anglo -

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<sup>118</sup> Rogers, Marvin L. (February 1972). Malaysia and Singapore: 1971 Development. *Asian Survey*. 12(2): 168-176.

<sup>119</sup> K.S. Nathan. (2008). *Op.cit.*, p. 2.

Malaya Defence Agreement (AMDA) at 1966 had become the main reminder for Tun Razak not to be dependent to any side of the world. K.S Nathan<sup>120</sup> also stated:

“Tun Razak’s strategic response was to initiate the process of zonal neutrality in the wake of collapse of American power – and, controversy, the victory of communist power in Southeast Asia. Kuala Lumpur’s initiative giving regional expression to the post- Vietnam balance of power came in the form of the Zone of Peace, Freedom, and Neutrality (ZOPFAN) Declaration of 1971. Known also as the Kuala Lumpur Declaration, ZOPFAN was endorsed in principle by the ASEAN foreign ministers at their annual meeting in Kuala Lumpur on 27 November 1971, since the late 1970s, Malaysia had to reckon with a new strategic scenario : 1. The birth of a communist or socialist Indochina, 2. The growing power and influence of the People’s Republic of China following the end of the U.S containment of China and the accompanying Sino-America détente, 3. The expanding economic role as Japan as major investor, trader, and creditor in Southeast Asia, 4. Reduced prospects for the involvement of American military power to stave off the collapse of pro-America or anticommunist regimes. 5. The growing political maturity, economic strength, and national and regional resilience of the ASEAN states, making them less dependent on external powers for managing regional security and stability, 6. The emergence by the late 1960s of a semblance of political and economic multi-polarity (U.S/the United States, USSR/Russia, Japan, China, and EEC/European Economic Community) coupled with rising polycentrism within the communist world as manifestly exemplified by the Sino-Soviet conflict- thus allowing regional actors to assert more control over their own regional environment.”

Tun Razak also was forced to face the threat of the communists and the power of the People’s Republic of China (PRC) viewing that actions of *Parti Komunis Malaya* (PKM) had a close relationship with the Chinese Communist Party (CCP). To differ from Tunku Abdul Rahman’s stand, Tun Razak organized an official trip to Beijing on 28<sup>th</sup> of May until 2<sup>nd</sup> of June 1974 in effort to repress the influence of the communist. The Prime Minister of the People’s Republic of China, Zhao Enlai had signed a treaty officially to establish diplomatic relationship with Malaysia as a result of the first trip of Malaysia’s leader since independence. The trip successfully built bilateral relationship based on consensus to abide the five principle of Peaceful

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<sup>120</sup> *Ibid.*, pp. 8-9.

Co-existence, which is to respect each other sovereignty, not to act aggressively, and not to interfere, equality, mutual benefit and live in peace. The PRC would also treat all Malaysians Chinese as official Malaysian citizens, who had abide by the rules and laws of Malaysia. Meanwhile, as for the relationship between PRC and PKM will be merely party towards party relations.<sup>121</sup>

The foreign policy adopted by Tun Razak as the Prime Minister of Malaysia in 1970 was a policy that had the characteristic of being moderate and pragmatic. According to Murugesu Pathmanathan<sup>122</sup>:

“The approach of Tun Abdul Razak in setting the pace of leadership has been radically different. Combining a wealth of experience and knowledge as an administrator par excellence, he is very much more pragmatist. The difference in the shaping of nation’s policy to the outside world has been summed up in the statement that ‘whereas the Tunku characterized Malaysia as anti-communist’. Unlike the Tunku, the foreign policy statements on the Tun Abdul Razak have been based on a rational analysis of short-term and long range problems, spelling out the option for the nation. Briefly stated, the style of the Tunku was that of an autocrat, while that of Tun Abdul Razak was that of technocrat.”

Tun Abdul Razak had drawn various principles in the foreign policy and international relationship of Malaysia that included: i) Creating a sense of regionalism, ii) To adopt the concept of neutrality, and iii) To share a pleasant relationship with every country. These principles had as their objective Malaysia’s avoiding being involved in any conflict of any

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<sup>121</sup> R.S. Milne. (February 1975). “Malaysia and Singapore in 1974”. *Asian Survey*. 15(2): 166-173.

<sup>122</sup> Murugesu Pathmanathan. (1979). *Readings in Malaysian Foreign Policy*. Kuala Lumpur: University of Malaya Co-operative Bookshop Limited. p. 90.

country, and to enhance the diplomatic relationship with foreign countries while concerning on global friendship and connections.<sup>123</sup>

Tun Abdul Razak's wish to introduce the neutrality policy was actually presented on the 23<sup>rd</sup> of January 1968, which was before he was appointed as the second Prime Minister of Malaysia, and also after the creation of ASEAN in 1967. The program was named the "*Rancangan Keamanan Ismail*" (the Ismail Peace Plan), which was intended to encourage Southeast Asia countries to adopt the neutrality concept as well.<sup>124</sup> Tun Abdul Razak explained that:

"The time is... ripe for the countries in the region to declare collectively the neutralization for Southeast Asia. To be effective, this must be guaranteed by the big powers, including Communist China. Second, it is time that the countries in Southeast Asia sign non-aggression treaties with one another. Now is also the time for the countries Southeast Asia to declare policy of co-existence in the sense that the countries... should not interfere in the internal affairs of each other and to accept whatever form of a government a country chooses to elect or adopt... The alternative to neutralization of Southeast Asia guaranteed by the big powers... is an open invitation by the region to the current big powers to make it a pawn in big power politics. The alternative to the signing of non-aggression treaties among the countries in the region is an arms race among themselves, which would be detrimental to their economy. The alternative to the declaration of the policy of co-existence is increased tension and subversion in the region."<sup>125</sup>

In his effort to strengthen the relationship between Malaysia and Singapore, Tun Razak ensured continuity for Singapore by explaining the neutrality concept in the Council of Commonwealth Heads of Government (*Sidang Ketua-Ketua Kerajaan Komanwel*) in Singapore in the year 1971:

"...the non-alignment principles to which Malaysia wholeheartedly subscribes... call for... restraint and consideration from big powers in their actions and decisions which affect smaller countries. In keeping with the letter, the nonaligned countries at Lusaka looked at the neutralization of Vietnam, Laos and

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<sup>123</sup> Chamil Wariya. (1989). *Dasar Luar Era Mahathir*. Kuala Lumpur: Fajar Bakti Sdn Bhd. p. 26-27.

<sup>124</sup> Faridah Jaafar. (2007). *Op.cit.*, p. 63.

<sup>125</sup> *Ibid.*, pp. 76-77.

Cambodia. Malaysia for its part has taken this a step further and called neutralization of Southeast Asia- a neutralization which necessarily requires the endorsement of the U.S, USSR and China. Vietnam, Laos and Cambodia cannot be considered in isolation. They are very much a part of Southeast Asia which has all the potentialities of becoming an arena of conflict of the superpowers intent on the extension of their spheres of influence. In our view, therefore, peace and stability in the region can only be a reality of the neutralization which should cover the entire area guaranteed by the US, USSR and China.”<sup>126</sup>

This principle was also applied in the bilateral relations between Malaysia and Singapore. With the neutralization principle introduced by Tun Abdul Razak, the bilateral relations between the two countries were enhanced. Furthermore, the bonds through the relationships actually were strengthened. The support and acceptance towards Tun Abdul Razak’s policy by Singapore was shown through the support for the establishment of the Zone of Peace Freedom and Neutrality (ZOPFAN), in order to fit into the principles enunciated by ASEAN in 1971, and led by Singapore’s representative S.Rajaratnam. Singapore’s then Prime Minister, Lee Kuan Yew, was comfortable with the Malaysia’s principle, as is evident in his memoir, *The Singapore Story: Memoirs of Lee Kuan Yew*, in which he explains that Singapore did not encounter any problems during Tun Abdul Razak’s era. The relationship between both countries at this point was to be far better than under either Tunku Abdul Rahman’s and Mahathir’s rule.<sup>127</sup>

The cooperation between both countries was strengthened when the field of cooperation included not only in the aspect of politics and economic but also to the aspect of defence. Before this, the organization of AMDA had become a failure when the British pulled themselves out in 1966. However, during the era of Tun Abdul Razak, Britain, Australia, New Zealand and Singapore

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<sup>126</sup> Faridah Jaafar. (2007). *Op.cit.*, pp. 75-76.

<sup>127</sup> Lee Kuan Yew. (2000). *Op.cit.*, p. 5.

had agreed to form the Five Power Defence Arrangement (FPDA) in 1971 that lead to the defence cooperation between the member states.<sup>128</sup>

In term of general foreign policy, Malaysia actually saw a major change when Tun Abdul Razak took a neutral stand in the relationship with superpowers. This was quite different from Singapore's stand of foreign policy, which emphasised alliance with British and other Western states. However, with regard to defence policies, Malaysia and Singapore joined a defence coalition, which was known as Five Power Defence Arrangement (FPDA). This coalition was effective from November 1, 1971, replacing the Anglo-Malaysia Defence Treaty.

The organization of FPDA, which was based in Butterworth, Penang, had formed a type of cooperation in the Malaysia- Singapore's bilateral relationship, and this moved the relationship to a better path. The defence cooperation had developed a kind of either formal or informal relations between state members to meet in Malaysia once in two years to negotiate about matters on defence system. The effort pioneered by Tun Abdul Razak had eventually strengthened the Malaysia-Singapore's relation as the cooperation in the FPDA does not only involve the leaders of the nation but also, it involved various hierarchy in the countries such as the ministries and the officers.<sup>129</sup>

One the most significant contributions of FPDA in Malaysia-Singapore military relation was, during the period almost immediately after the separation was it served as perhaps the sole channel of communication and interaction between the militaries of both countries. Immediately

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<sup>128</sup> Chin Kin Wah. (1991). "The Five Power Defence Arrangements: Twenty Years After". *The Pacific Review*. 4(3): 193-203.

<sup>129</sup> *Ibid.*, pp. 193-203.

after the separation Singapore had to quickly establish its own armed forces. The presence of Malaysia army in Singapore created a lot of uneasiness in Singapore until they were withdrawn back to the north of the causeway. Singapore had to turn to Israel to help develop its own armed forces. This did not go down well with Malaysia which does not recognise the state of Israel. The general sentiment at that time was Singapore is transforming itself to become Israel of South East Asia.

Through FPDA however, the terms of treaty facilitated that regular exercises be held among member states. A series of exercises code named *Bersatu Padu* (Solidly United) were held involving the armed forces of member nations. Through these exercises the pact had enabled interaction between the armed forces of Malaysia and Singapore and thus to a limited extent create a confidence building environment that slowly grow and erase the initial suspicions that were quite strong during the post separation period.

The relationship between Malaysia and Singapore had stabilized, and thereby strengthened the extended relations between these countries and others. Tun Abdul Razak who had introduced the New Economy Policy (*Dasar Ekonomi Baru*), had led Malaysia to an important point in its economic development. The failure of economic development to reinforce the economy inequalities between the races in Malaysia during the Tunku Abdul Rahman era had brought to the consequence of racial riots on 13<sup>th</sup> of May 1969. According to Hasbullah Abdul Rahman and Ratna Roshida Abdul Razak<sup>130</sup>:

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<sup>130</sup> Hasbullah Abdul Rahman & Ratna Roshida Abdul Razak. (2008). "Dasar-dasar Kerajaan 1970-2000: Kesannya Ke Atas Hubungan Etnik di Malaysia". Working paper presented at *the 6<sup>th</sup> International Malaysian Studies Conference: Engaging Malaysian Modernity 50 Years and Beyond* in Crowne Plaza Riverside Hotel, Kuching, Malaysia. p. 3.

“Malaysia, as a country that was formed by a multiracial society, should be more known as a plural society. The condition needs the country to pay attention on stable ethnic relations that should be occurred among the people, so that the issues on ethnicity, consensus, unity and integration, that are crucial to the development of political stability and to ensure of country development, could be carried out smoothly without any obstacles. This matter was emphasized by Tun Abdul Razak, which unity and integration were very important so that the nation’s power could be turned into the effort of developing and improving the country and not wasted on solutions towards ethnicity problems.”

This scenario had problems in the foreign policy execution, especially in Malaysia-Singapore’s relations, because of the riot between the Malays and Chinese peoples. Tun Razak had made the decision to build up the Malaysians’ economy to minimize the economical gap between races, and as a result of reinforce positive racial relations. This policy, when it was adapted, actually brought a number of forces of influence in Malaysia to focus on the aspect of country economic development and the cooperation with foreign countries, especially Singapore in the economic sphere. This condition had caused the relationship between Malaysia and Singapore to become more stable and strong.<sup>131</sup>

### **2.6.3. Tun Hussein Onn’s Era**

Beginning in 1976, when Tun Hussein Onn replaced Tun Razak as Prime Minister, there were new developments in the Malaysia-Singapore relations, improving, in fact, on previous periods. This was based on the fact that Tun Hussein Onn was preferred by the Singaporean leaders. Tun Hussein is a son of a founder of UMNO, Dato Onn Jaafar, who had a liberal political view of the

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<sup>131</sup> Stephen Chee. (February 1974). “Malaysia and Singapore: The Political Economy of Multiracial Development”. *Asian Survey*. 14(2): 183-191.

non-Malays by wanting to ‘United Malays National Organization’ to ‘United Malayan National Organization’. Following this difference in views with other UMNO leaders, Dato Onn and Tun Hussein Onn left UMNO on 23 August 1951 and formed the ‘Independent Malaya Party’. Tun Hussein Onn joined back UMNO in 1968, having been coerced by Tun Razak to do so.

On the 14<sup>th</sup> of January 1976, Tun Hussein Onn was appointed as the third Prime Minister of Malaysia, replacing Tun Abdul Razak. He was known as the Father of Unity, with most of his focus being on the process of stabilizing the political environment, and nation-building, promoting the New Economic Policy (NEP) policy introduced by Tun Razak. According to Hasbullah Abdul Rahman and Ratna Roshida Abdul Razak:<sup>132</sup>

“The New Economy Policy was one formula launched by the government in the 1970s through RMK(1971-1975) in order to correct the disproportion of social economy that had occurred in our country among races, regions and zones under the same region. The main objective was the country unity. One of the factors that ethnic conflicts happened was due to the dissatisfaction caused by the different economic gaps. This factor was believed to be the trigger of the May 13 incident. This incident was one riot among races.”

Tun Hussein had much preserved and continued the policy introduced by the two earlier Prime Ministers. What had been concluded by Malaysian foreign policy scholars was that Tun Hussein’s period had shown itself to be the era of stability. Tun Hussein concentrated on development, mostly in nation-building and to succeed of *Dasar Ekonomi Baru* (DEB) which introduced by Tun Razak. This is because during Tun Hussein’s era, he paid much of his

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<sup>132</sup> Hasbullah Abdul Rahman & Ratna Roshida Abdul Razak. (2008). *Op.cit.*, p. 3

attention towards communist threats that could danger the country and also this issue involved one of the super powers in the world, China.<sup>133</sup>

The subversive actions of Parti Komunis Malaya (PKM) were still the main threat to Malaysia between 1976 and 1981. The success of PKM in launching massive attacks, such as the assassination of the National Chief Police Officer and the Chief Police Officer of Perak, the bombardment of the state memorial (*Tugu Peringatan Negara*), attacks on police stations and the airbase of Royal Malaysia Air Force (*TUDM*) and various encounters with the salvation army had caused dangers and uneasiness in Malaysia. The communist threat had not only involved the Chinese, but also spread into the Malay society. This was because there were claims that the influences of communists had spread into political parties such as UMNO, organizations and schools unconsciously. For example, two deputy ministers who were said to be close with Tun Abdul Razak, as well as a famous newspaper editor, were charged under the Internal Security Act (*Akta Keselamatan Dalam Negeri*) because of their involvement in propagating the communist ideology.<sup>134</sup> Besides that:

“Malaysia wanted to be isolated in peace, free from any interference, subversives or incitements, if I had a tone of worry it was due to the stability and the safety of the country being threaten, I could not adopt ignorance when my country was in threat.”<sup>135</sup>

Actually, Tun Hussein was aware that the relationship between CCP and PKM was the root cause of communist rebellion in the country. However, this did not mean that Malaysia refused

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<sup>133</sup> Suffian Mohd Salleh. (1981). *Malaysia Kita*. Kuala Lumpur: Institut Tadbiran Awam Negara (INTAN). pp. 276-277.

<sup>134</sup> R.S. Milne & D.K. Mauzy. (1982). *Politik dan Kerajaan Malaysia*. Kuala Lumpur: Dewan Bahasa dan Pustaka. p. 277.

<sup>135</sup> *Ibid.*, pp. 249-250.

to have diplomatic relationships with China. This is due to the principle that Malaysia valued its diplomatic relationships with any country; indeed, Malaysia had taken the first step by accepting the visit by the General Secretary of the Chinese Communist Party, Deng Xiaoping, to Kuala Lumpur in November 1978. It must be said that his trip did not much help Malaysia in resolving its internal issues, but it did show the readiness of Malaysia to develop relationship with any country without caring about ideologies and or incompatible forms of nationhood and political organisation.<sup>136</sup>

The foreign policy adopted by Tun Hussein was firmly in line with those introduced by the previous Prime Ministers. The foreign policy that was adopted by Malaysia was the neutrality policy, to have diplomatic relations with any country. Tun Hussein's stand could be seen during his speech at the UMNO meetings in 1977 in Kuala Lumpur, he stated:

“In the execution of the neutrality and free foreign policy, we always showed a friendly hand towards all the countries that intended to befriend us, despite the government's system and their political ideology, unless they are prepared to recognize our country's independence and sovereignty and not to interfering our country's affairs.”<sup>137</sup>

In the Malaysia-Singapore relationship, Tun Hussein had emphasized on the policy of respecting neighbouring countries and encouraged the development of good relations through collective decision-making. This could be seen through the compromise between Malaysia and Singapore, and also with other members of ASEAN to preserve the Declaration of Kuala Lumpur 1971 (*Deklarasi Kuala Lumpur 1971*). At the same time, Tun Hussein and Singapore had jointly

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<sup>136</sup> Mohd Azahari Karim. (1990). “Malaysia Foreign Policy”, in Mohd Azahari Karim (eds), *Malaysia Foreign Policy: Issues and Perspectives*. Kuala Lumpur: Institut Tadbiran Awam Negara (INTAN). pp. 12-14.

<sup>137</sup> Faridah Jaafar. (2007). *Op.cit.*, p. 102.

focused, via ASEAN, on opposing communism in Southeast Asia.<sup>138</sup> According to Faridah Jaafar<sup>139</sup>:

“Tun Hussein Onn was also well-known for his personality of treasuring cooperative relations with foreign countries. It was due to that, the principle of foreign cooperation had always been the priority of the defense aspects. Malaysia worked hard to reinforce regional defense through ASEAN in solving all political issues and the safety of Southeast Asia. Malaysia also strengthen its relationships with Southeast Asia countries by organizing series of visiting trips to Indonesia, Thailand and Singapore besides having informal discussions with leaders in the respective countries. ASEAN under Tun Hussein’s era was functioning as a successful vessel to reinforce the relationships between Southeast Asia countries.”

On 23<sup>rd</sup> of February, Malaysia, Singapore, Thailand, Indonesia and Philippines had organized ASEAN Heads of Government Summit (*Sidang Kemuncak Ketua-Ketua Kerajaan ASEAN*) in Bali. In the course of the summit, all state members, including Malaysia and Singapore, had committed to abide by the declaration of ASEAN such as ZOPFAN, the Treaty of Amity and Cooperation (TAC), and vowed to work hard on improving peace, development, prosperity and welfare in ASEAN countries via the stabilization of regional political issues. In other words, all member states of ASEAN agreed to build a cooperative relationship from the aspects of politics, economic and social among state members and emphasize on regional harmony.<sup>140</sup>

Based on this history, Singapore leaders considered Tun Hussein as a leader who did not practice any communal bias. This was proven when S. Rajaratnam, one of the more prominent PAP leaders, said that Tun Hussein did not possess, “communal bias...it was during the time when

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<sup>138</sup> Gordon P. Means. (1991). *Malaysian Politics: The Second Generation*. Singapore, Oxford and London: Oxford University Press. pp. 76-78.

<sup>139</sup> Faridah Jaafar. (2007). *Op.cit.*, p. 109.

<sup>140</sup> *Ibid.*, p. 110.

Tun Hussein was in office that the relationship between Singapore and Malaysia began to turn for the better”<sup>141</sup>.

Despite this assumption, however, the bilateral relations had not reached a point where the two states’ relations had fully recovered. There were so many factors involved, but the main factor was that Tun Hussein did not take parts on the decisions made in relations between the two countries. He did not directly involve in any of the disputes between these two countries since 1965.<sup>142</sup>

## **2.7. Conclusion**

Based on the discussion above, it is evident that Malaysia-Singapore relations had gone through various levels during the period under examination. In an effort to achieve both countries’ objectives, personality and behaviour of Malay leaders towards Chinese were important in colouring the historical relationship in that period. Tunku with his royal background, and Tun Razak an aristocrat, faced problems in handling the aggressive nature shown by Lee Kuan Yew, in making ‘Malaysian Malaysia’ a success, which led to Singapore being separated in 1965.

Under the era of Tunku Abdul Rahman (1957-1970), the bilateral relations between Malaysia and Singapore was loose as Malaysia and Singapore were both influenced by state’s internal issues and personal issues between Tunku and Lee Kuan Yew. Even though the communist issue was the main issue for both countries, the factor of the loose relationship between Malaysia and

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<sup>141</sup> Ang Hwee Suan. (1991). *Dialogues With S. Rajaratnam*. Singapore: Shih Min Daily News Ltd. p. 188.

<sup>142</sup> Lee Poh Ping. (1992). *Op.cit.*, p. 222.

Singapore was mainly their own inner factors respectively. The inner affairs mainly about Chinese and Malays ethnical issues had caused both leaders to act opposite ways in making decisions involving the decision to break off from the Federation of Malaysia in 1965.

Tun Razak, a nationalist who was involved in the joining the two states, but then also the separation of Singapore from Malaysia, did not make many changes in handling Malaysia-Singapore relations. However, the era of Tun Abdul Razak, the bilateral relationship between Malaysia and Singapore was mostly seen as pleasant, as Tun Abdul Razak had undergone a massive change in conducting foreign policy. He emphasized the need for a neutrality policy and non-interference in the affairs of other countries. This approach had directly set Malaysia on the course to forging the relationships between both countries, even though they were be separated due to Singapore's departure from the new Malaysia. Henceforth, Tun Hussein Onn's era was the starting point for betterment of bilateral relations. Malaysia-Singapore relation would last stable while Malaysia had made an approach to focus on policy of respecting neighbouring countries.

## **CHAPTER 3**

### **CONTENTIOUS ISSUES IN MALAYSIA-SINGAPORE RELATIONS**

#### **3.1. Introduction to the Issues Affecting Relations between Malaysia and Singapore**

This chapter will specifically discuss in detail the contentious issues that had centred on Malaysia and Singapore relations for more than four decades. This study will be hoped to open the mind of the readers to see aspects of disagreement that would lead to the tempestuous relation between these two countries. Realizing that there were historical baggage contending the relations between Malaysia and Singapore, it thus explained the absurdity of Malaysia-Singapore relations despite being the closest neighbouring countries. Besides the historical discontentment, many other factors combined made Malaysia-Singapore relationship a special as well as a complicated, strained and delicate one. This kind of relationship had been going on for almost fifty years and hence many bilateral disparities are expected. A series of major issues emerged from 1965 until to date, and there are still difficulties resolving these issues, although have some contentious issue areas, which have now been fully or partially resolved by both parties. This chapter will highlight these contentious issues which created the problematic relationship between the two countries, such as the price of water issue, the overlapping claims of sovereignty of Pulau Batu Putih (Pedra Branca) issue, the development of Malayan railway (KTM) land in Singapore and Custom, Immigration and Quarantine (CIQ) issue, Central Provident Fund (CPF) withdrawal by Peninsular Malaysians, Singapore's land reclamation project, the use of Malaysian Airspace by RSAF Aircraft and the bridge to Replace Causeway.

Beside these key bilateral issues, there are also an extension of military balance aspects and the economic competitions between the two countries that need to be resolved as well.

### **3.2. The Price of Water**

This issue relates to the price of raw water that Malaysia supplies to Singapore. Singapore depends so much on Malaysia of her water supply. To ensure the water supply at certain levels for a lengthy period from its nearest hinterland (Johor in Malaysia) has invariably and it is become increasingly contentious issue in relations with Singapore. Singapore has largely depended on its neighbours for its natural resources. Singapore's resource scarcity is immediately revealed by its dependence on water supply from Malaysia. Malaysia provides Singapore with about half its water and wants to renegotiate two agreements which date back to the 1960s and expire in 2011 and 2061. Perceptual as well as substantive differences have already emerged regarding the type and quantity of water to be supplied to Singapore, whether to be raw or treated water.<sup>143</sup> As Malaysia's industrial capacity expands, the rationale to supply raw water to Singapore and purchase back treated water at a higher price would be more difficult to sustain. Competitive industrialization on both sides of the Causeway is one factor explaining the difference of approach by the two governments.<sup>144</sup> This is the major concern surrounding this first key bilateral issue.

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<sup>143</sup> K.S. Nathan. (2002). *Op.cit.*, p. 397.

<sup>144</sup> K.S. Nathan. (2010). *Op.cit.*, p. 263.

The first water agreement between Singapore and Johor was signed in 5 December 1927.<sup>145</sup> It is known as “The Agreement as to Certain Water Rights in Johor between the Sultan of Johor and the Municipal Commissioners of the Town of Singapore”. Both Johor and Singapore were then colonies of Britain and British protectorates.

At that time, Singapore had only three reservoirs, such as MacRitchie, Pierce and Seletar reservoirs. These reservoirs could not meet Singapore’s water demand due to rising population and the high influx of immigrants.<sup>146</sup> Robert Pierce, an officer working in the Singapore City Council, proposed obtaining water from Johor as Johor was the nearest state and one with large water catchments areas.<sup>147</sup> Despite initial reluctance from Johor, both sides managed to come to an agreement. Under the 1927 Agreement, Singapore was allowed to draw water from Gunung Pulai and in turn, was to sell treated water to Johor (see Appendix 1).

The 1927 Agreement was signed three years after the completion of the causeway between Singapore and Malaysia in 1924. It is known as “The Agreement as to Certain Water Rights in Johore between the Sultan of Johore and the Municipal Commissioners of the Town of Singapore” and was signed on 5 December 1927. In the 1927 Agreement, Singapore did not have to pay for raw water, although rent was paid for the land surrounding where Singapore was to exercise the full and exclusive rights to impound, treat, and store water. In addition, Singapore

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<sup>145</sup> Naga Thevi A/P Sanasy Naidu. (1993). *Hubungan Malaysia-Singapura: Isu KIK, Air & Pulau Batu Putih*. Kuala Lumpur: Macmillan Publishing. p. 53.

<sup>146</sup> *Ibid.*, p. 52.

<sup>147</sup> *Ibid.*, p. 52.

was responsible for building, paying, and maintaining the infrastructure that was used to impound, process and transport water.<sup>148</sup>

Water supply was disrupted during the Japanese occupation.<sup>149</sup> When the British returned, the damaged system was repaired. At the same time, amendments were made to the 1927 Agreement allowing Singapore to draw water from two new locations, such as Tebrau and Skudai. In 1961, the 1927 Agreement was officially split into two agreements which continue until today.

There are currently two agreements between Malaysia and Singapore for the supply of water. The first agreement was signed on 1 September 1961. It called as “The 1961 Tebrau and Scudai Water Agreement” (see Appendix 2) that allows Singapore to draw up to 86 million gallons of raw water per day (mgd) for a period of 50 years and was to expire in 2011. The second water agreement was signed in 29 September 1962. It called as “The 1962 Johor River Water Agreement” allows Singapore to draw up to 250 mgd of raw water for a period of 99 years and will run out in 2061.<sup>150</sup> Both agreements are honoured under the 1965 Separation Act (see Appendix 3) between Malaysia and Singapore, and lodged with the United Nations. Singapore pays Malaysia (the Johor Government) 3 cents (RM 0.03) for every 1000 gallons drawn from these rivers.<sup>151</sup> In turn, the Johor Government pays Singapore 50 cents (RM 0.50) for every 1000

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<sup>148</sup> Lee Poh Onn. (2005). “*Water Management Issues in Singapore*”. Paper presented at Water in Mainland Southeast Asia, 29 November-2 December 2005, Siem Reap, Cambodia. Organized by International Institute for Asia Studies(IIAS), Netherlands, and the Center for Khmer Studies (CKS), Cambodia.

<sup>149</sup> Naga Thevi A/P Sanasy Naidu. (1999). *Op.cit.*, p. 54.

<sup>150</sup> Chang Li Lin. (2003). Singapore’s Troubled Relations with Malaysia: A Singapore Perspective. *Southeast Asian Affairs*. pp. 259-274.

<sup>151</sup> Section 16(i) of the 1961 and Section 13(1) of the 1962 Agreement.

gallons of treated water.<sup>152</sup> Both also contain a provision that allows for a review of water prices after 25 years,<sup>153</sup> and arbitration in the event of a disagreement.<sup>154</sup> Prices can be reviewed in line with the purchasing power of money, labour costs and cost of power and material used to supply water.<sup>155</sup> Subsequently in 1990, an agreement was signed with Johor allowing Public Utility Board (PUB) to proceed with the construction of Linggiu Reservoir under the 1962 Johor River Water Agreement. It also provided for PUB to purchase treated water from the Government of Johor in excess of the 250 mgd of raw water provided for in the 1962 Agreement. The construction completed in 1994. It allows Singapore to draw approximately 336 mgd of raw water from the Johor River.

According to these agreements, Malaysia has argued that it has a right to review the price of raw water while the Singapore Government has argued that Malaysia missed its chance to review prices in the mid-1980s, when Malaysia chose not to undertake the review. At that time (in 1986 and 1987), Malaysia did not review the price of raw water because it was felt the increase in the price of raw water sold to Singapore would translate into a price increase in treated water sold to Johor.<sup>156</sup>

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<sup>152</sup> *Star*. (5 June 1999). See also, Section 16(ii) of the 1961 and Section 13(2) of the 1962 Agreement.

<sup>153</sup> Section 17 of the 1961, and Section 14 of the 1962 Agreement.

<sup>154</sup> Section 17 of the 1961, and Section 17(iii) of the 1962 Agreement.

<sup>155</sup> Section 17 of the 1961, and Section 14 of the 1962 Agreement.

<sup>156</sup> This view was expressed in 1987 and reiterated by Mahathir in October 2002. Mahathir said that Malaysia did not revise (increase) prices of water because it was believed that Singapore would respond by increasing the price of treated water sold to Malaysia. See *New Straits Times*. (12 October 2002). However, there could also be other possible explanations why prices were not revised in 1986 and 1987. Recall that there were domestic issues plaguing the country in the mid-1980s like the short but severe recession, and also *Operasi Lalang* in 1987 which diverted the attention of the Federal Government towards consolidating its rule rather than focussing on an issue like the revision of water prices. See Loh, F.K.W. (2002). "Developmentalism and the Limits of Democratic Discourse", in Loh, F.K.W. and Khoo, B.T. (eds.). *Democracy in Malaysia: Discourses and Practices*. Surrey: Curzon Press. pp. 38-45.

The Malaysian proposal to supply only treated water to Singapore after the 1961 and 1962 agreements expire in 2011 and 2061 respectively. It takes into account Malaysia's own expanded requirements of water usage based on a growing population, and the need to achieve a balance between commercial and private consumption. Thus, Johor has begun construction of its RM 649 million Semangar treatment plant and distribution system which allow Malaysia to cease buying treated water from Singapore.<sup>157</sup>

Since the mid-1980s, the water issue has surfaced, and it became politically tainted especially on Malaysian side as to whether Kuala Lumpur was getting a fair price for the sale of raw water to and purchase of purified water from Singapore. Then, Malaysian Prime Minister Mahathir Mohamad unequivocally stated that change is the order of the day with respect to the water issue. The present water agreement was drawn up during colonial times by the British specifically to favour towards Singapore. It does not reflect Malaysia's national interests as an independent nation. In 1961, the political situation in Singapore was volatile. In July 1961 by-election, the PAP campaigned on the platform of a merger with Malaysia. Unfortunately, the opposition Workers Party won the by-election. After the by-election, 13 PAP assemblymen defected and joined the opposition to form a new party called the *Barisan Sosialis* (Socialist Front). Mindful of the uphill battle the PAP faced in selling the merger proposal to Singapore voters, the Federation of Malaya decided to be generous on the issue of water and on other issues that means they are more favour to Singapore.<sup>158</sup>

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<sup>157</sup> Koh Lay Chin. (7 August 2002). "Singapore Will Not Renew 1961 Water Agreement". *Straits Times*.  
<sup>158</sup> *Water: The Singapore-Malaysia Dispute and The Facts*. Kuala Lumpur: National Economic Action Council. p. 3.

In Mahathir's view, "it simply does not make sense for Singapore to take our money and pay us back three (3) cent. It makes good sense for Malaysia to supply Singapore with treated water when the present agreement ends." However, at the moment, if Malaysia raises the price of raw water above the three cents level, Singapore could also legitimately raise the cost of treated water above the current rate of 50 cents per 1000 gallons. Currently Malaysia gets RM 10,500 per day for the raw water it supplies to Singapore, but has to pay Singapore RM 18,500 daily for the treated water it receives. Singapore's perspective is quite naturally known by its role as a global city-state whose access to vital natural resources must be guaranteed to enable it to function as an international port and service centre.

This is one of the major contentious issues facing Malaysia and Singapore. Although Singapore now claims to supply nearly 50 per cent of its own water needs, it still depends heavily on water piped from the Malaysian state of Johor. Based on soft agreements made in the early 1960s, Singapore pays a mere three Malaysia cents per 1,000 gallons of water, which the Malaysian government estimates is 0.57 cents Singaporean per year.<sup>159</sup> Without entering the 'water talks' between Malaysia and Singapore with its claims and counterclaims, Malaysia seems to want a fairer price.

Singapore insists that the existing deals cannot be reworked and accuses Malaysia of 'shifting the goalposts' by first demanding 45 cents and then 60 cents. Malaysia counterclaims that the price of 60 cents has been the fair price all along. While the negotiations were in progress, the Malaysian government, inexplicably, raised the asking price to RM3 per thousand gallons,

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<sup>159</sup> Anthony, L. Smith. (2004). *Malaysia-Singapore Relations: Never Mind the Rhetoric*. APCSS, Hawaii. p. 143 -144.

making it 100 times more than the existing price of raw water.<sup>160</sup> This amount was subsequently raised to RM6.25.<sup>161</sup> An arbitrary price increase, Professor S. Jayakumar said, it will not impoverish Singapore, but it violates the sanctity of the agreement. The Malaysian government, despite the price haggling, had promised that it would never stop the flow of water into Singapore. To do so would be an act of war toward Singapore given the country's dependence.

As one of Singapore's opposition Members of Parliament pointedly remarked in response to demands by some Malaysian politicians to stop the supply water to Singapore: "This issue is very serious. I mean, it is not a case of sacrificing an opportunity to bathe ourselves. It's our lifeblood. It's like declaring war on Singapore if they cut off water."<sup>162</sup> Singapore clearly dismisses the Malaysian Government's perception that it is profiteering from the sale of treated water to Johor, arguing that it costs the republic RM 2.40 cent to treat 1,000 gallons of water, which it sells to Johor at 50 cent per 1,000 gallons. The republic is already feeling the pressure of securing additional water supply well before the 2061 cut-off point. Under an agreement with Johor, Singapore draws about 1.527 billion litres of raw water daily, or less than forty per cent of the republic's daily requirements.

Awareness on both sides has grown substantially that the water problem if left unresolved would almost certainly complicate other bilateral issues so that any long-term resolution would require a settlement on the basis of a comprehensive package covering other contentious issues and irritants in the bilateral relationship. To this end, Minister Mentor Lee Kuan Yew made two

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<sup>160</sup> Lee Poh Onn. (2003). *The Water Issue Between Singapore and Malaysia: No Solution in Sight*. ISEAS Working Papers on Economics and Finance No. 1. Singapore: Institute of Southeast Asian Studies.

<sup>161</sup> Saw Swee-Hock & K.Kesavapany. (2006). *Singapore-Malaysia Relations under Abdullah Badawi*. Singapore: Institute of Southeast Asian Studies (ISEAS). p. 2.

<sup>162</sup> Sun. (8 June 1997).

visits to Kuala Lumpur in August 2000 and again in September 2001. The latter visit as evidently undertaken with greater urgency stemming from Lee's perception of future trends in Malaysian politics carrying the prospect even if remote at this stage, of an Islamic-oriented government taking control of federal power in a future election.<sup>163</sup> It was Lee's considered assessment that a more stable and fair deal could be struck with the UMNO-led government than with a future theocratic government whose national and international priorities could be radically different thus rendering the relationship with Singapore more 'problematic'.<sup>164</sup>

He also expressed the concern that a future government in Kuala Lumpur that is more favourably disposed towards growing Islamic militancy 'will not deliver'.<sup>165</sup> Lee also took the view that it was his personal responsibility as Singapore's first prime minister to reach some form of finality on the matter of the water issue with a Malaysia leader with whom he had become acquainted since 1965 prior to Singapore's separation from Malaysia. Settling the water issue as part of a comprehensive package would help prevent the burdens of the past revisiting successor governments on both sides of the causeway while enabling them to adopt a more constructive and perhaps less emotional approach to fostering good bilateral relations both in the spirit of ASEAN and in the context of neighbouring well-being.

On Malaysia's part, Mahathir has always maintained that the water issue must be resolved together with other outstanding bilateral issues as a comprehensive package, an approach reflecting convergence of national interests between the two neighbours.<sup>166</sup> The skeletal

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<sup>163</sup> *Far Eastern Economic Review (FEER)*. (20 September 2001).

<sup>164</sup> *Ibid.*

<sup>165</sup> "Singapore Progress on Rifts Straining Relations" in *Agence France Presse*. (6 September 2001).

<sup>166</sup> *Berita Harian*. (5 September 2001). See also K.S. Nathan. (2010). *Op.cit.*, p. 265.

agreement signed on 4 September 2001 in Kuala Lumpur guarantees Malaysia's supply of water beyond 2061 (upon expiry of the 1962 agreement) at 1.33 billion litres per day compared with Singapore's request for 2.85 billion litres a day.

However, the price of water would increase fifteen fold in the near future, costing Singapore an additional RM45 million each year. Malaysia, however has asked for 60 cent per 1,000 gallons. Beyond 2061, Malaysia has offered to supply 350 million gallons a day, although this is less than the 750 million gallons per day requested by Lee. Singapore agreed to the lower figure although the ratio of raw water to treated water has to be finalized.<sup>167</sup> Mahathir has offered 100 million gallons per day of raw water and 250 million gallons of treated water, which would be supplied by a joint venture between Johor and the PUB of Singapore.<sup>168</sup> The 1990 Agreement (see Appendix 4) between Johor and the PUB would serve as a basis for determining the price of filtered water. Raw water would be sold at 60 cent per 1,000 gallons and would be reviewed every five years.<sup>169</sup>

In addition, Singapore is obliged to give Malaysia twelve parcels of land as a 'bonus' for guaranteed water supply. There is little doubt that concerns over Malaysia's shifting political landscape, coupled with economic recession in the Republic, provided sufficient incentives for Minister Mentor Lee to deal a 'less than balanced' agreement in Malaysia's favour as he was convinced that the comprehensive pact was sufficiently good trade-off for long-term security.<sup>170</sup> Nevertheless, the devil is in the detail and it would take a good deal of give and take by officials

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<sup>167</sup> K.S. Nathan. (2010). *Op.cit.*, p. 265. See also *Water: The Singapore-Malaysia Dispute and the Facts*. Kuala Lumpur: National Economic Action Council.

<sup>168</sup> *Straits Times*. (15 September 2001).

<sup>169</sup> *Ibid.*, p. 24.

<sup>170</sup> *South China Morning Post*. (5 September 2001).

on both sides to iron out a durable compromise that reflects confidence for the promotion of mutual interests.

The most recent round of discussions over water in Kuala Lumpur in July 2002 has underscored basic differences of approach in resolving this issue, especially in relation to the price mechanism. Malaysia wishes to detach the pricing aspect from other issues in the comprehensive package, while Singapore prefers to resolve all outstanding bilateral issues as a package. Kuala Lumpur has in recent times hinted more than once that the price paid by Singapore for raw water from Johor is too low, pointing to the sale of water by China to Hong Kong at RM8.00 per 1,000 gallons.<sup>171</sup> During the recent negotiation, Malaysia had requested immediate increase to 60 cent for current water and then RM3 from 2007 and later, raised it up to RM6.25 for current water.<sup>172</sup> Singapore holds to the view that any formula to fix the price of water supplied by Malaysia to the Republic should apply only to future agreements and cannot be retrospectively applied to the 1961 and 1962 agreements.<sup>173</sup>

It should also be noted that Singapore in the meantime had developed a realistic approach to water security by exploring all other options to boost self-sufficiency, especially in times of crisis. To the extent that Singapore succeeds in significantly reducing its dependence on Malaysian supplies, the scope for politicking over water would most certainly be narrowed. Arguably, the pressure on Malaysia would be relaxed and the penchant for Malaysian politicians to manipulate the bilateral relationship to serve narrower political agendas would also cease to exist.

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<sup>171</sup> *Straits Times*. (3 July 2002). p. 1.

<sup>172</sup> *Asia Times*. (5 February 2003).

<sup>173</sup> *Straits Times*. (18 June 2002). p. 4.

Thus, the degree of success of Singapore's water management strategies might prove crucial in minimizing the leverage politicians in Malaysia claim to have on the Republic. Joey Long<sup>174</sup> on the subject has argued that the water issue has already been 'desecuritized' in the light of Singapore's long-term strategic approach, which includes:

- i) Optimizing domestic water yields from Singapore's three major reservoirs- MacRitchie, Pierce and Seletar.
- ii) Implementing conservation measures through the use of low capacity flushing cisterns (LCFCs), pricing mechanisms, and public education.
- iii) Developing access to alternative water supplies through recycling waste water, desalination, and sourcing for supplies from neighbouring, Indonesia.

Then, Singapore government has stated that it will not renew the 1961 agreement which had expired in 2011. Attempts to reach a new deal with Malaysia to secure water supply for Singapore beyond 2061 have not borne fruit despite years of tedious negotiations. To reduce Singapore's dependence on imported water, the government has taken steps to increase the size of the local water catchment area and to build up the supply from non-conventional sources. Singapore's water deficit spurred breakthroughs and investment in multiple water procurement techniques. Singapore has adopted a 'Four Taps Strategy',<sup>175</sup> where it sources water from its own reservoirs, from Johor in Malaysia, recycling NEWater (reclaimed water) and desalinated water.

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<sup>174</sup> Joey Long. (December 2001). "Desecuritizing the Water Issue in Singapore-Malaysia Relations". *Contemporary Southeast Asia*. 23(3): 504-532.

<sup>175</sup> Singapore's Self Sufficiency (2008). Net Resources International. (Accessed on 20 March 2012). <http://www.water-technology.net/features/feature2026/>

With the various water projects progressing well, government officials have assured Singaporeans that the country can be self-reliant in water by 2061 if it needs to be.<sup>176</sup>



*Malaysia is located in the South China Sea on the Malay Peninsula and on the island of Borneo.*

*Sources: Diane Segal (2004). Singapore's water trade with Malaysia and alternatives. p. 6.*

As the outcome, Singapore has adopted an ambitious plan to diversify its water sources, so as to minimize the influence of Malaysian water. Its 'Four Taps Strategy' program includes purchased water from Malaysia, treated wastewater (used mostly for industry), NEWater (advanced treatment of waste water for domestic use), and desalinization. Moreover, Singapore has

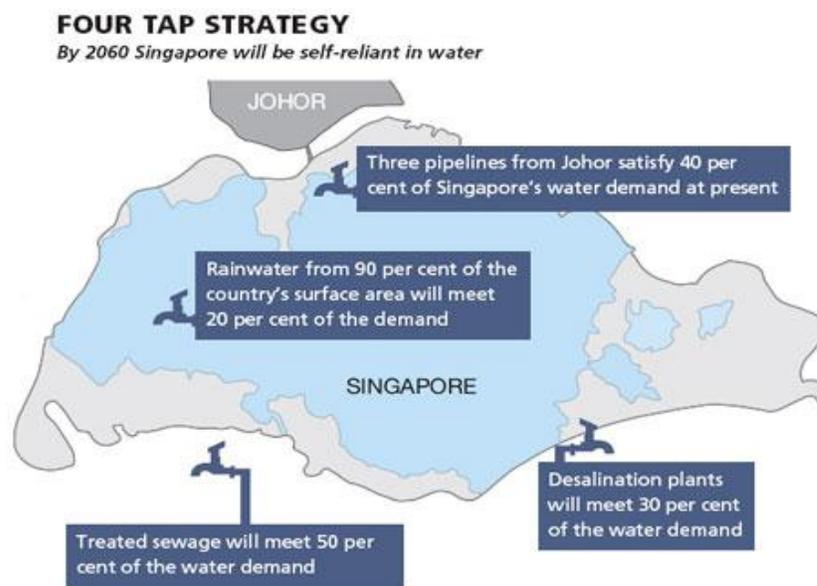
<sup>176</sup> Chew, Valerie (2009). *Singapore-Malaysia water agreements*. National Library Board Singapore. (Accessed on 19 March 2012). [http://infopedia.nl.sg/articles/SIP\\_1533\\_2009-06-23.html](http://infopedia.nl.sg/articles/SIP_1533_2009-06-23.html)

developed a new relationship with the province of Riau in Indonesia to import water via undersea pipeline.<sup>177</sup> (See table for detailed statistics).

	Quantity Supplied (million m <sup>3</sup> /year)		Unit Cost (US\$/m <sup>3</sup> )
	2004	2011	
(a) Supply from Johor (Malaysia)	557.5	195.2	0.15 in 2004 0.19 in 2011
(b) Supply from Riau (Indonesia)	--	1,642.5	--
(c) Industrial water reuse	513.3	513.3	0.26
(d) Traditional supply	135.5	237.7	0.31
(e) Desalination	--	49.8	0.45
<i>TOTAL</i>	<i>1,206.3</i>	<i>2,639.4</i>	

### Singapore Water Supply

Sources: Diane Segal (2004). *Singapore's water trade with Malaysia and alternatives*. p. 35.



*The Four Tap Strategy*

Source: <http://it-startshere.blogspot.com/2012/01/managing-water-effectively-lessons-from.html>

<sup>177</sup> Segal, Diane. (2004). *Singapore's Water Trade with Malaysia and Alternatives*. The United States of America: Harvard University Press. p. 35.

## The Four Taps Strategy

- a. **Local Catchment Water** - This consists of an integrated system of reservoirs and an extensive drainage system to channel storm water into the reservoirs. By 2011, the water catchment area has increased from half to two-thirds of Singapore's land surface with the completion of the Marina, Punggol and Serangoon reservoirs.<sup>178</sup>



*Singapore's Reservoirs*

Sources: Blue Map of Singapore.

[http://www.cpgcorp.com.sg/admin/files/portfolio/water%20and%20environment/ABC\\_Eastern\\_Catchment.jpg](http://www.cpgcorp.com.sg/admin/files/portfolio/water%20and%20environment/ABC_Eastern_Catchment.jpg)

- b. **Imported Water** - Singapore also imports water from Johor, Malaysia, under the Johor River Water Agreement and the 1990 Agreement. With the launch of

<sup>178</sup> Public Utilities Board of Singapore. The 1st National Tap. (Accessed on 11 May 2012).  
<http://www.pub.gov.sg/water/Pages/LocalCatchment.aspx>

NEWater in 2003 and desalinated water in 2005, these alternative water sources have been supplementing local water supplies. With these two sources of water and the expansion of the local catchment, Singapore will not renew the 1961 Water Agreement when it expires in 2011. By 2061 when the 1962 Agreement expires, Singapore can be totally self-sufficient, if there is no new water agreement with Malaysia.<sup>179</sup>

- c. **NEWater** – This is high grade water reclaimed from treated effluent. It is extensively used in industries that need high grade water, particularly the wafer-fabrication industries. This will free up more drinking water to meet present and future demand from households and industries. In addition, a small amount of NEWater is being pumped to the local reservoirs as a source of drinking water. This high-grade reclaimed water has consistently been awarded top marks for its high quality, safety and for exceeding international standards. Currently, NEWater meets 30% of the nation’s water needs. By 2060, Singapore plans to triple the current NEWater capacity so that NEWater can meet 50% of the local future water demand.<sup>180</sup>

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<sup>179</sup> Public Utilities Board of Singapore. The 2nd National Tap. (Accessed on 11 May 2012). <http://www.pub.gov.sg/water/Pages/ImportedWater.aspx>

<sup>180</sup> Public Utilities Board of Singapore. The 3rd National Tap. (Accessed on 11 May 2012). <http://www.pub.gov.sg/water/newater/Pages/default.aspx>

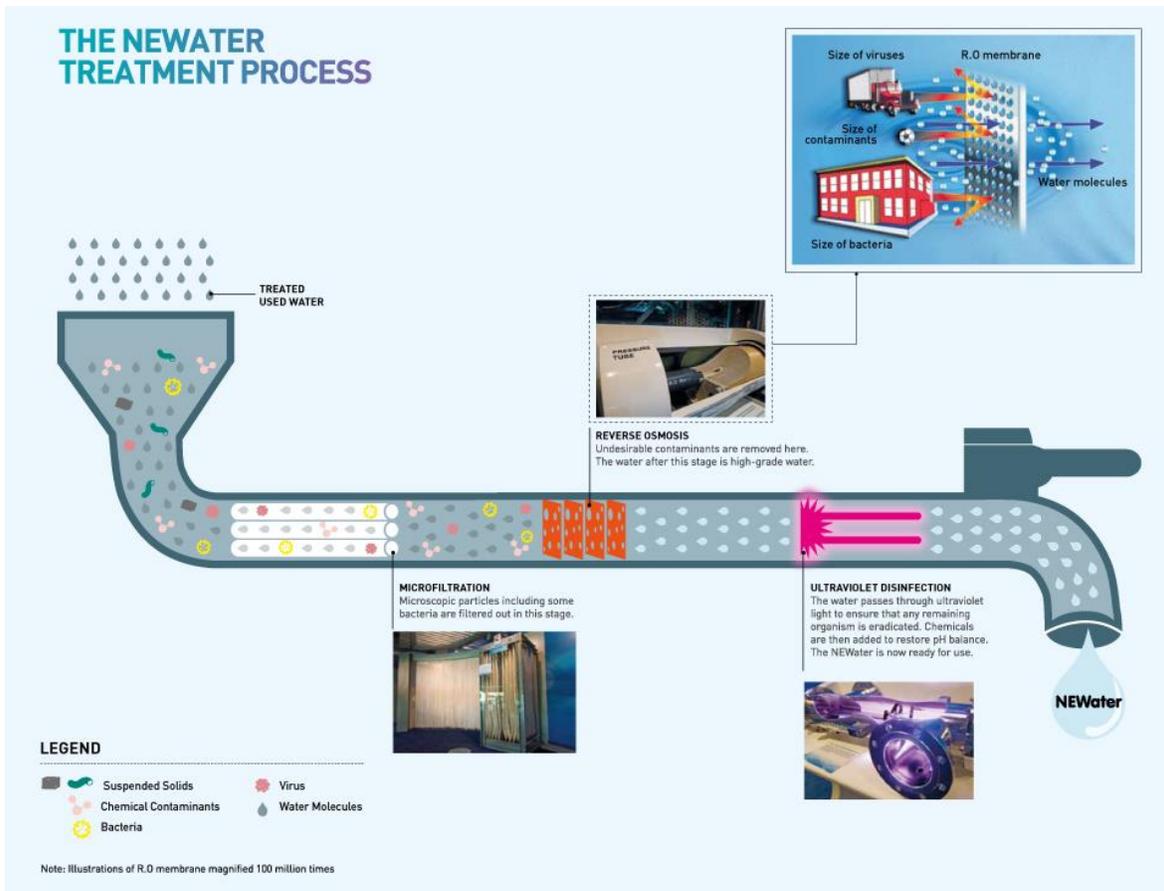
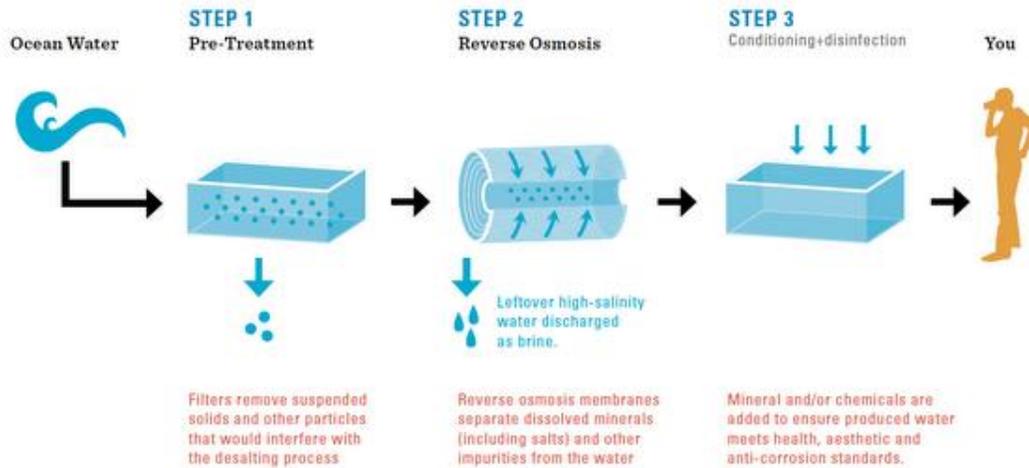


Illustration of the NEWater Treatment Process.

Sources: Illustration of the NEWater Treatment Process. <http://2.bp.blogspot.com/-fqko1ut6Sa0/Tb13nA2fVUI/AAAAAAAAAQ/P1vIhf2IEKU/s1600/newater+illustration.jpg>

- d. **Desalination** - As Singapore is an island, desalinating water is a natural step. After years of monitoring desalination technologies, especially the successful application of desalination technologies with lower energy usage, Singapore finally turned on its fourth National Tap in September 2005, with the opening of the SingSpring Desalination Plant in Tuas. This plant can produce 30 million gallons of water a day (136, 000 cubic meters) and is one of the region's largest seawater reverse-osmosis

plants. Desalinated water is blended with treated water before it is supplied to homes and industries in the western part of Singapore.<sup>181</sup>



*Illustration of the treatment of desalinated water*

Sources: *Visit to Singapore as Delegates*. [http://1.bp.blogspot.com/-AzMFTDvZxm8/T3q-SIYPA4I/AAAAAAAAAAc/-Dgi-GW6\\_1w/s640/Desalination\\_chart.png](http://1.bp.blogspot.com/-AzMFTDvZxm8/T3q-SIYPA4I/AAAAAAAAAAc/-Dgi-GW6_1w/s640/Desalination_chart.png)

On Malaysia's side, Singapore's efforts at self-sufficiency in water would not only be welcomed, but also viewed as a positive step towards strengthening partnership and cooperation on all aspects of bilateral relations in the decades ahead. Such efforts would also facilitate a more pragmatic and rational approaches towards mutually agreed pricing arrangements with respect to the supply of raw water from Malaysia and treated water by either partner.<sup>182</sup> More recent efforts by Singapore to achieve water self-sufficiency are apparently producing positive results which would further 'desecuritize' this issue from the overall relationship.

Then, in July 2002, Singapore unveiled its reclaimed water or NEWater initiative. NEWater will

<sup>181</sup> Public Utilities Board of Singapore. The 4th National Tap. (Accessed on 11 May 2012). <http://www.pub.gov.sg/water/Pages/DesalinatedWater.aspx>

<sup>182</sup> K.S. Nathan. (August 2002). *Op.cit.*, p. 400.

become an important part of the Singapore government's strategy to double the country's source of water while reducing the dependence on water imports from Malaysia. Indeed, by 2010 the government expects NEWater factories to meet 15-20 per cent of Singapore's needs.<sup>183</sup> In September 2005, the republic also opened its first desalination plant in Tuas, with Prime Minister Lee Hsien Loong proudly remarking, "Singapore has managed to turn its water challenge from vulnerability into strength", adding also that "desalination for Singapore, an island in the sea, is a natural solution".<sup>184</sup> On the Malaysian side, the government's efforts to centralize water management and to privatize its supply, in line with current global trends regarding management of this critical resource, are measures apparently undertaken "to address Singapore into paying fair-market rates for Malaysian water".<sup>185</sup>

### 3.3 Pulau Batu Putih (Pedra Branca)

The second contentious bilateral issue between Malaysia and Singapore is the overlapping claims of Pulau Batu Putih or Singaporeans refer it as *Pedra Branca*<sup>186</sup>. It was the overlapping territorial claims over a rocky outcrop off the Straits of Johor that houses the Horsburgh Lighthouse.<sup>187</sup> Pulau Batu Putih is a small rocky island located 8 miles off the eastern coast of Johor and 28 miles off the eastern coast of Singapore. It has an area of 2,000 m<sup>2</sup>, and during the

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<sup>183</sup> "Reclaimed Water: Singapore Introduces NEWater". *International Water and Sanitation Centre*. (13 August 2002). <http://www.irc.nl/page/2133> (Accessed on 2 March 2009).

<sup>184</sup> *Today*. (14 September 2005). p. 4.

<sup>185</sup> *Far Eastern Economic Review*. (4 September 2003). p. 18.

<sup>186</sup> See map the location of the *Pedra Branca*.

<sup>187</sup> N.Ganesan. (1999). *Bilateral Tension in Post-Cold War ASEAN*. Pacific Strategic Papers. Singapore: Institute of Southeast Asian Studies (ISEAS). p. 38.

low water spring tide it measures, at its longest, a mere 137 m.<sup>188</sup> It includes Middle Rocks, which are two clusters of rocks situated 0.6 nautical miles (1.1 km) south of the island, and South Ledge, a rock formation visible only at low-tide, 2.1 nautical miles (3.9 km) to the south.<sup>189</sup>



*The location of the Pedra Branca*

*Sources:* Passing of sovereignty: the Malaysia/Singapore territorial dispute before the ICJ. <http://www.haguejusticeportal.net/index.php?id=9665> (Accessed on 27 April 2012).

The fact is that the issue has been troubling both countries for more than two decades. Throughout the path for resolution, several bilateral talks have taken place. What is more the media too has had a major influence on the case, determining the nature of some of the solutions that have been attempted so far. Nonetheless, regardless the effort both countries have put into it,

<sup>188</sup> S. Jayakumar & Tommy Thong Bee Koh (2009). *Pedra Branca: The Road to the World Court*. Singapore: National University of Singapore (NUS) Press. p. 6.

<sup>189</sup> Wong, May. (6 November 2007). "Background on Pedra Branca". *Channel NewsAsia*.

the conflict does not seem to get anywhere near to an end until it recovered its relevance when the case was finally brought to the International Court of Justice (ICJ) in 2003.

Pulau Batu Putih dispute has surfaced at a time when the region is dealing with security threats and economic concerns and though this is not the first factor to deteriorate, the already strained relationships between the two leading states is perhaps one of the most significant. Furthermore, the tumult and significance of Pulau Batu Putih lies on its strategic position. It allows Singapore to have access to the South China Sea, which is very important for ships to sail. To a greater extent, the islet has been an important navigation landmark for centuries. In an era before accurate maps, charts and radar were used; Portuguese and Dutch records from the 17<sup>th</sup> century noted it as a marking point for ships seeking to sail in narrow waters with many nearby islands. Across time, the British then tried to improve navigation in waters by building a lighthouse on the rocks as they suppressed piracy in the area and developed the new free port of Singapore.<sup>190</sup> The lighthouse was maintained as an aid to free and safe passage of the seas by merchant shipping of all nations by the British port and naval authorities in the nearest harbour. When Singaporeans assumed responsibility for their own port and its navigation control duties, they included the lighthouse. No mention was made of this during the years of merger as part of Malaysia. Neither any mention was made of it in the traumatic separation of Singapore in 1965. Singapore continue administering the lighthouse supposedly as an internationally duty until Malaysia decided in 1979 the island was her sovereign power and insisted on taking control of it.

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<sup>190</sup> N. Ganesan. (1999). *Op.cit.*, p. 40.

Ownership of Pedra Branca/ Pulau Batu Putih is disputed by Singapore and Malaysia and is the only formal dispute over maritime Malaysia-Singapore border. The dispute dates to early 1980, when Singapore lodged a formal protest with Malaysia in response to a map published by Malaysia in 1979 claiming the island. As have been mentioned above, throughout the lengthy period of dispute several negotiations have taken place yet no solution has been reached and nothing seems improve. Finally in 2003, both countries agreed to send the dispute for adjudication in ICJ by notifying a Special Agreement which signed between them. In the agreement, the parties request the court to determine whether sovereignty over Pulau Batu Putih, Middle Rocks and South Ledge belongs to Malaysia or Singapore. They also agreed in advance “to accept the judgment of the court as final and binding upon them”.<sup>191</sup>

This shows that international politics tend to be complex, seeing state sovereignty and protection of self-interest as top agenda. Sovereign states are only subject to other institutions only when they consent to it. For instance, referring the Pulau Batu Putih to the ICJ was suggested in 1996 but the two countries only gave mutual consent seven years later. This verifies that states are anxious to protect self-interests however judicial means may not guarantee that. Judicial solutions may result in one party losing all stakes, means the result of this solution like a ‘win-lose situations’. Hence, though the dispute is resolved, it may leave long-standing strained ties between the two states. Therefore diplomacy is favoured, with states aiming for ‘win-win situations’. Diplomatic solutions are also a traditional way of ASEAN policy, an amicable conflict resolution without infringing on others’ sovereignty. Arbitration is thus the midway

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<sup>191</sup> Annex to the Ministerial Statement by Minister for Foreign Affairs, Prof. S Jayakumar in Parliament regarding Pedra Branca Dispute. <http://www.mfa.gov.sg/internet/press/water/annexpf.doc> (Accessed on 30 January 2006)

between diplomacy and law, entailing a third party arbitrating the dispute. This can be another state, an international organization like the UN, a regional body, or a non-governmental organization. Though less hostile than judicial means, states tend to be cautious of it as neutrality and impartiality are hard to guarantee. This may explain Malaysia's reluctance for the recourse to this method, though Singapore is willing to take up the former's earlier suggestion to refer it to the Permanent Court of Arbitration (PCA) to settle the water issue. Perhaps why the PCA is favoured over the ICJ on this subject is because the former possesses expertise in the drafting of conciliation rules for disputes pertaining to the environment and natural resources and such reconciliatory methods are important for the maintenance of amicable bilateral ties.

Most observers find that Malaysia finally agreed to bring the matter for adjudication probably following of the success of Malaysia at the ICJ, where Malaysia won the dispute with Indonesia over the Sipadan and Ligitan Islands. Thus, it is convinced that its claim for Pulau Batu Putih will be similarly successful.

Singapore claimed this island belonged to her as she has occupied and exercised full sovereignty over it for more than 150 years, since the 1840s, without any protest from Malaysia. Over these long years, Singapore has dutifully maintained the Horsburgh Lighthouse and other facilities on the island, helping ships to navigate safely in surrounding waters. The lighthouse serves as an important navigational point for regional shipping traffic, and has been maintained by Singapore since 1850.<sup>192</sup> Throughout all these years, Malaysia had never staked a claim on the island, not

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<sup>192</sup> N.Ganesan. (1999). *Bilateral Tension in Post-Cold War ASEAN*. Pacific Strategic Papers. Singapore: Institute of Southeast Asian Studies (ISEAS). p. 39.

even in 1965, when Singapore gained independence and became sovereign over its island territories. In 1953, the acting secretary of the Johor state government even issued a statement clearly saying that it did not claim Pedra Branca. And as recently as 1974, a Malaysian government map still marked Pulau Batu Putih (Malaysia's name for Pedra Branca) as Singapore's territory. However, in 1979, Malaysia for the first time published a new map which included the island of Pedra Branca in its territory. The Malaysian state of Johor asserts that when Johor Sultanate ceded Singapore to the British in 1824, the island was not part of the secession, and that the Sultan of Johor only allowed the British to construct a lighthouse on the island in 1844.<sup>193</sup> This follows a letter dated November 25 1844 from the Sultan and the Temenggung of Johor to the British which gave the British permission to build a lighthouse on the island.<sup>194</sup>

Previous Malaysian maps, even as late as 1974, had showed Pedra Branca as belonging to Singapore. According to Heller R. Trost, Malaysia unilaterally included Pulau Batu Putih within its boundary in 1979 and this was objected to by Singapore in 1980.<sup>195</sup> Malaysia's claim was based on its borders, which had been agreed upon between the Johor Sultanate and the British. According to this agreement, the designated border was, "the main island of Singapore and all sea, all straits and all islands within 10 mile limit", which did not include Pulau Batu Putih.

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<sup>193</sup> Paragraph 18 of Hong, Carolyn. "Spotlight on Batu Puteh", *New Straits Times* (reproduced on Singapore Window). (2 January 2003). (Accessed on 7 November 2007).

<sup>194</sup> "Surat balasan istana jadi tumpuan", *Utusan Malaysia*. (8 November 2007).

<sup>195</sup> Heller, R. Trost, (1993). *Historical Legal Claims: A Study of Disputed Sovereignty Over Pulau Batu Putih (Pedra Branca)*. Maritime Briefing. Vol.1, No.1. p. 28.

Singapore defended its claim basically by saying that they had administered the island especially the Horsburgh Lighthouse which was built on the island around 1850.<sup>196</sup>

In 1989, Singapore proposed to refer Malaysia's claim to the International Court of Justice. Malaysia agreed to this in 1994 and both countries settled on the text of a Special Agreement to refer Malaysia's claim to the ICJ in 1998. Meanwhile, on 17 Dec 2002, the International Court of Justice ruled in favour of Malaysia in a separate, unrelated dispute with Indonesia over the islands of Sipadan and Ligitan. Following this victory, Malaysia began to accuse Singapore of delay over the Pedra Branca issue. Malaysia also accused Singapore of building new structures on Pedra Branca. However, Singapore denied this allegation, and this was not true because Singapore had built no new structures on the island for the last 10 years.

Singapore's consistent position is that the issue should be resolved before the International Court of Justice. Until then, the status quo should remain, and Singapore will continue to exercise sovereignty over Pedra Branca, as it had since the 1840s. Malaysia took this same position against Indonesia vis-à-vis the Sipadan and Ligitan islands over which Malaysia had possession.

On 6 February 2003, Singapore's Minister for Foreign Affairs, Prof S Jayakumar and his Malaysian counterpart, Mr Syed Hamid Albar, signed in Putrajaya, Malaysia, the Special Agreement for Submission to the International Court of Justice of the dispute between Malaysia and Singapore concerning Sovereignty over Pedra Branca, Middle Rocks and South Ledge. A

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<sup>196</sup> *Sunday Star*. (23 October 1994).

Joint Press Conference was held following the signing ceremony. Written pleadings were submitted by both parties to the ICJ from March 2004 to November 2005.

During the ICJ submissions in November 2007, Singapore accused Malaysia of making baseless claims arising from incomplete records, whereas Malaysia has expressed concern over the negative impact on the stability of Malaysia-Indonesia relations, as well as on environmental and navigational security in the event the island republic gains legal sovereignty.<sup>197</sup> On 23 May 2008, the International Court of Justice made a decision on these issues after having made their respective submissions in November 2007. The International Court of Justice has made a decision that Singapore has sovereignty over Pulau Batu Putih while sovereignty over Middle Rocks was awarded to Malaysia.<sup>198</sup> However, with respect to South Ledge, the ICJ concluded that sovereignty over that maritime feature belongs to the state in the territorial waters of which it is located. Significantly the Court observed that for all practical purposes, by 1980 when the dispute crystallized, sovereignty over Pulau Batu Putih has passed to Singapore.<sup>199</sup>

The ICJ decision brought to a close the twenty-eight-year-old territorial dispute between both countries, and was immediately described as a ‘win-win’ outcome by former Foreign Minister Dato’ Seri Dr. Rais Yatim, who led the Malaysian side at The Hague where the court is located. Despite the matter being fully resolved at the hands of the ICJ, Malay nationalist feelings remain

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<sup>197</sup> *New Straits Times*. (20 November 2007). “Malaysia’s Claim Baseless, Singapore DPM Tells Court”. p. 10.  
<sup>198</sup> The Sovereignty status of Pulau Batu Putih (Pedra Branca Island) has been determined by the International Court of Justice (ICJ) in 23 May 2008. The details verdict of the court’s decision can be refer at <http://www.icj-cij.org/docket/files/130/14492.pdf> (Accessed on 27 April 2012).

<sup>199</sup> ICJ’s Judgement on Pedra Brance, 23 May 2008.  
<http://www.asiaone.com/News/Asiaonet+News/Singapore/Story/A/Story2008053-66727.html> (Accessed 25 May 2008).

unsettled, with the Sultan of Johor stating that he would reclaim sovereignty over Pulau Batu Putih even if it took another hundred years.<sup>200</sup> But, from the ICJ's decision on this matter, both countries have been praised for solving the 28-year-old Pulau Batu Puteh issue peacefully and amicably through the arbitrary. Then, the decision should help both Malaysia and Singapore to move ahead in solving other outstanding issues between them.

### **3.4. Malayan Railway (KTM) Land in Singapore and CIQ**

The third contentious bilateral issue between Malaysia and Singapore is concerning the ownership of the Malayan Railway Land (KTM) in Singapore and the relocation of Malaysian's Customs, Immigration and Quarantine (CIQ). The railway station in Tanjong Pagar issue underscores the peculiar relationship between the two countries, tracking back to the days when they were politically one entity before separation in 1965. It is in the context of territorial and national sovereignty of Singapore.

In the present world of international relations characterized by international anarchy, each sovereign state survives, defends, and propagates itself on the basis of self-help. It uses the legal notion of political, territorial and constitutional sovereignty to strengthen its psychological survival as an independent state. Threats to national sovereignty have to be immediately rebuffed if not challenged as the core values of sovereign existence need to be defended through all the means at its disposal. International law becomes a useful weapon to pursue territorial and

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<sup>200</sup> Farik Zolkepli. (19 June 2008). "Johor Sultan Finds Ways and Means to Reclaim Batu Puteh". *Star*.

sovereignty claims as it provides an empirical basis of defence. In this context, the CIQ issue, tied as it is to Malaysian ownership of railway land in Singapore, touches on the core issue of national sovereignty, especially for the island republic.

The entire issue should be located in a broader historical context. Malayan Railway land covering over 217 hectares and stretching 20-30 kilometres into Singapore territory was acquired under a 1918 colonial ordinance specifically for use by Malayan Railway (Keretapi Tanah Melayu or KTM) for a period of 999 years. The same ordinance limits the use of this land which is now prime property in Singapore. However under a separate bilateral arrangement on 27 November 1990 known as the Point of Agreement (POA), Malaysia and Singapore decided to depart from the 1918 Railway Ordinance to facilitate joint redevelopment of the Tanjong Pagar Railway Station and the lands adjacent to the track owned by KTM. Malaysia's reluctance to go ahead with the 1990 agreement is based on the fear that it might eventually be forced to give up proprietary control over some or all of KTM's land in Singapore.<sup>201</sup>

Malaysia-Singapore Points of Agreement of 1990 (POA) is an agreement between the two countries regarding the future of railway land owned by the Malaysian government through Malayan Railways (Keretapi Tanah Melayu or KTM) in Singapore. By this agreement, KTM would vacate its station at Tanjong Pagar and move to Bukit Timah while all KTM's land between Bukit Timah and Tanjong Pagar would revert to Singapore. Railway land at Tanjong Pagar would be handed over to a private limited company for joint development and which equity would be split 60% to Malaysia and 40% to Singapore. The Points of Agreement (POA) is

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<sup>201</sup> *Asiaweek*. (14 August 1998), p. 28-30.

a Government-to-Government agreement concerning railway land in Singapore, which was signed on 27 November 1990 between then Prime Minister Lee Kuan Yew on behalf of Singapore and then Minister of Finance Tun Daim Zainuddin on behalf of Malaysia. Since then, Singapore has tried to work with Malaysia to implement the POA, but to date, Malaysia has yet to implement the agreed terms stipulated under the POA, and has sought to vary these terms. Mahathir expressed his displeasure with the POA as it failed to include a piece of railway land in Bukit Timah for joint development.

This agreement has been one of the few issues that are making relationship between the two countries less than warm. The key contention is the interpretation of the agreement. Singapore insists that the agreement was in effect immediately after it was signed by both parties. Moreover, Singapore states that once Woodlands is connected to its mass rail transit system, KTM has to move out from Tanjong Pagar to Bukit Timah within five years. Malaysia, on the other hand, takes the position that the agreement would only be effective when Malaysia decides to move its station from Tanjong Pagar.

This issue has invariably become linked to the CIQ issue for reasons that remain unclear. Singapore has argued that the two issues are separate: ownership of KTM as opposed to exercising sovereign rights by another state on Singapore's sovereign territory. Singapore has maintained, using international conventions and legal practice that any exercise of sovereign rights by Malaysia on Singapore's territory, such as stamping of passports in Tanjong Pagar, can only be done on sufferance of the Government of Singapore. Since both parties had agreed to move the CIQ facilities to Woodlands commencing 1 August 1998, it was viewed by the

Republic as highly improper for Malaysia to retract from the agreement, as it did in June 1997, by insisting that it would continue to operate at Tanjong Pagar after 1 August 1998. Singapore's Foreign Minister S. Jayakumar informed the Singapore Parliament on 31 July 1998 that in a 17 July meeting between officials of both sides, the Malaysian delegation fully understood that the CIQ and POA were separate issues, hence there was no question of Singapore taking back KTM land merely by relocating its CIQ in Woodlands.<sup>202</sup>

The September 2001 comprehensive agreement was aimed at resolving this thorny issue which always provided sufficient latitude to be exploited for political purposes in times of economic or political difficulties. Both governments have reached an understanding on the Malaysian immigration checkpoint on the Kuala Lumpur-Singapore railway line, which is to be moved from Tanjong Pagar to Kranji on the northern border. The issue over Malayan Railway land is a very sensitive issue for Kuala Lumpur and it is appeared to have been resolved by Singapore's agreement to offer Malaysia another twelve plots of land in Bukit Timah. However, the agreement was suspended when bilateral relations nose-dived in 2002 and 2003.<sup>203</sup>

Singapore also agreed in principle to Malaysia's request to build a new bridge to replace the Johor-Singapore Causeway (which was demolished in the year 2007), and to build an underground tunnel at Malaysia's cost to link a newly electrified service to the Kranji station in Singapore.<sup>204</sup> But relations soured in 2002-2003 when Malaysia decided to de-link the water issue from the overall package to the point that old wounds tended to reopen, with entrenched

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<sup>202</sup> Answer by Foreign Minister Prof. S. Jayakumar in Parliament to the additional questions on 31 July 1998. (31 July 1998). Ministry of Foreign Affairs (Singapore) Press Release. p.1.

<sup>203</sup> K.S. Nathan. (2010). *Op.cit.* p. 268.

<sup>204</sup> *Far Eastern Economic Review*. (20 September 2001).

bureaucrats on both sides regaining ascendancy by asserting traditionally-held fixed views on all the outstanding issues. In the event, Singapore too withdrew concessions made in the context of a package under the Lee-Mahathir agreement in 2001.

The impasse appeared to have been broken following a change of Malaysian leadership from Mahathir Mohamad to Abdullah Badawi on 31 October 2003. Since then ties have warmed based on the good personal rapport between Abdullah and then Prime Minister and later Senior Minister Goh Chok Tong. Then, under current Malaysian Prime Minister, Najib Razak, successor of Abdullah, the deadlocks of these issues have been fruitfully settled. On 24 May 2010, both leaders agreed to resolve the relocation issue. In a joint statement<sup>205</sup> after the meeting in Singapore, they announced that Malaysia's national railway company Keretapi Tanah Melayu Berhad (KTM) would move out of Tanjong Pagar railway station and establish a station at the Woodlands Train Checkpoint (WTCP), making it the southern terminus of Malaysian rail network, by 1 July 2011. Malaysia would also relocate its CIQ facilities from Tanjong Pagar to the WTCP, enabling an integrated border crossing facility between Malaysia and Singapore. Singapore agreed to ensure a connecting bus service between WTCP and nearby MRT station, and for the National Heritage Board to preserve the station building in any development of the area. Bukit Timah Railway Station building at Blackmore Drive can also be conserved.

Both sides agreed to ensure to create a consortium called Malaysia-Singapore Private Limited (M-S Pte Ltd), of which 60% equity is owned by Malaysia's Khazanah Nasional Berhad and

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<sup>205</sup> "Joint Statement by Prime Minister Lee Hsien Loong and Prime Minister Dato' Sri Mohd Najib Tun Abdul Razak". [http://www.news.gov.sg/public/sgpc/en/media\\_releases/agencies/micacsd/press\\_release/P20100524-1.html](http://www.news.gov.sg/public/sgpc/en/media_releases/agencies/micacsd/press_release/P20100524-1.html) (Press Release). Singapore Government. (24 May 2010). (Accessed on 25 May 2010).

40% by Singapore's Temasek Holding Ltd. The company will be vested with three parcels of land in Tanjong Pagar, Kranji and Woodlands and three additional pieces of land in Bukit Timah in exchange for the return of KTM railway land to Singapore. All the parcels of land can be swapped, on the basis of equivalent value, for pieces of land in Marina South and the Ophir-Rochor areas in Singapore.

The resolving these issues would strengthen bilateral ties between the two countries, and help to affirm Singapore's commitment to make the joint development project to success. The improving ties between the two nations could spur more cross-border deals. The IDR (Iskandar Development region) would gain tangible benefits as Singapore companies could broaden their involvement in the region, from hitherto mainly small and medium enterprises in industrial development, into service pillars of development such as healthcare, etcetera.

### **3.5. Land Reclamation**

Since separation from Malaysia in 1965, Singapore has added about 40 square miles of land, an area about the same size as Paris.<sup>206</sup> Including its outlying islands, Singapore now occupies 263 square miles compared to 1965, when it only occupied about 223 square miles. According to Soo Siew Keong at the Ministry of National Development, Singapore's Concept Plan 2001 as posted on its website,<sup>207</sup> show its future reclamation can increase its existing land size by another 15 percent. The plan maps out Singapore's vision for the next 40 to 50 years and is based on a

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<sup>206</sup> "Singapore borders worry neighbours" in *Associated Press*. (28 April 2002). See also <http://www.singapore-window.org/sw02/020428ap.htm> (Accessed on 23 April 2012).

<sup>207</sup> <http://www.ur.gov.sg/conceptplan2001/> (Accessed on 23 April 2012).

population scenario of 5.5 million. The purpose of the reclamation is to provide housing, commercial, recreation, infrastructure needs, water catchments and military use. With only 223 square miles, the island's main challenge was the scarcity of land. Its concept plan map showed that the reclaimed land on Pulau Tekong and Pulau Ubin would be connected by three bridges to the Republic.<sup>208</sup>

Singapore insists that the latest reclamation which will provide 4900 hectares of land around Tuas and on Tekong Island is within its waters and in accordance with international law.<sup>209</sup> The sea approaches to the growing port of Tanjung Pelepas and to Pasir Gudang port will not be affected. Singapore also claims that the lane to Tanjung Pelepas is too far away while the approach to Pasir Gudang lies in the deep-water channel between Singapore itself and Tekong. Moreover, ships going to Singapore's Sembawang Wharves also use this route. However, there is a limit to how much it could reclaim as Singapore's shoreline is not far from the boundaries of its neighbours.

Hence, as an island with limited space, Singapore has had to carry out land reclamation activities within its own territorial waters, and has done so progressively through the past decades. While doing so, Singapore has consistently followed a systematic, responsible process to ensure that the environment is adequately protected. Before each reclamation project, Singapore's experts evaluate the potential impact on navigation safety, pollution, water quality, parks, nature and

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<sup>208</sup> *Star*. (14 March 2002).

<sup>209</sup> Trish Saywell & S. Jayasankaran. (18 April 2002). "Competition Fuels Conspiracy Theories About Singapore's Land Reclamation in the Johor Straits: Dire Straits". *Far Eastern Economic Review*.

marine areas, and also conduct many studies on changes in current flow and its impact on navigation and flooding, surveys on erosion, sedimentation patterns, water quality and ecology.

A reclamation project was only approved by the Singapore Parliament after it was convinced from the extensive research that there will be no significant negative impact on the environment. Even so, throughout the whole duration of reclamation works, additional measures were put in place to protect the environment. Two recent reclamation projects by Singapore are at Tuas and Pulau Tekong. Vast quantities of monitored data collected by Singapore have confirmed that neither project has had any major impact on the environment. Plans for the Tekong reclamation project were made publicly available from 1991, and for the Tuas project, from 2001. These reclamation activities have also taken place in full view of neighbouring countries. Until January 2002, no country raised any objections to these reclamation works.

### SINGAPORE LAND RECLAMATION DISPUTE

- **Feb 24, 2002**  
 Johor complains about Singapore's land reclamation works at the Pulau Tekong area. More than 1,000 fishermen are said to have suffered losses due to the works.
- **March 5, 2002**  
 Johor submits report to Government on details of the effect of the Republic's land reclamation.
- **Sept 7, 2003**  
 Malaysia seeks international arbitration in the land reclamation dispute after a series of talks with Singapore ends in failure.
- **Oct 8, 2003**  
 The International Tribunal for the Law of the Sea (ITLOS) in Hamburg directs Singapore not to conduct land reclamation works that may cause irreparable damage to Malaysia's interests or serious harm to the marine environment.
- **Nov 22, 2003**  
 Senior officials from Malaysia and Singapore agree to the appointment of a group of independent experts to study the impact of the reclamation works.

- **Nov 8, 2004**  
 Independent experts submit final report to both the Singapore and Malaysia Governments.
- **Jan 13, 2005**  
 Malaysia and Singapore agree that they have a common interest to ensure the safety of navigation in the Straits of Johor and in protecting the environment.
- **April 24, 2005**  
 Malaysia's Foreign Ministry announces that both countries will sign a Settlement Agreement to end the reclamation works dispute.

### *Singapore Land Reclamation Dispute*<sup>210</sup>

However, in January 2002, Malaysia objected to Singapore's reclamation activities on the grounds that they had hurt its interests. In response, Singapore asked Malaysia several times to provide information on its concerns, but Malaysia did not provide any details for more than a year, despite having made promises to do so. Subsequently, Malaysia embarked on two legal tracks to stop Singapore's land reclamation works.

Malaysia claimed that the land reclamation project by Singapore will sabotage its plan to expand its ports and will also cause pollution, ecological damage and flooding.<sup>211</sup> On the other side of

<sup>210</sup> Jane Ritikos, & M. Krishnamoorthy (2005). *Malaysia and Singapore to Sign Agreement on Reclamation Work*. <http://thestar.com.my/news/story.asp?file=/2005/4/25/nation/20050425071556&sec=nation> (Accessed on 23 March 2012).

<sup>211</sup> "Row Brews Over Singapore Land Reclamation Near Malaysia Border" in *Agence France Presse*. (5 March 2002).

causeway, Singapore said that checks by various agencies show those fears are unfounded.<sup>212</sup> Malaysia has expressed fear that the land reclamation project in neighbouring Singapore will obstruct its plan to become a regional shipping hub. The area is too close to the country's border and would certainly be a loss to Malaysia, adding that the narrowed sea lane would obstruct ships headed for ports in the southernmost Johor state. If this happen, ships going to the Port of Tanjung Pelepas (PTP) may be forced to use Singapore waters. In addition, Malaysian officials say the project will make it more expensive to use Malaysia's Pasir Gudang Port because it will narrow the approach route for ships requiring port personnel to act as pilots.

Apart from the obstruction of Singapore towards Malaysia regional shipping hub, environmentally, Malaysia also charges that the work will degrade water quality in the strait, change the width, depth of navigation channels, affect water flow, cause flooding and harm fishing. And while Malaysia has not presented evidence to back its argument, some experts believe it may have a point.<sup>213</sup> "Once you put earth down into the sea there is no hard steel wall that restricts its movement", says former shipping executive Devinder Grewal, who heads Australian Maritime College's department of maritime business.<sup>214</sup> Some of the landfill could end up in Malaysian waters and will affect water flow in the channel. Reclamation operations can also affect the manoeuvring requirements of ships in channel nearby. In the long term, it will certainly have an impact on the operations of the Malaysian ports across the strait.<sup>215</sup>

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<sup>212</sup> Mangai Balasegaram. (23 April 2002). "Singapore Land Plan Irks Malaysia". British Broadcasting Corporation. <http://news.bbc.co.uk/2/hi/asia-pacific/1944210.stm> (Accessed on 23 April 2012).

<sup>213</sup> *Far Eastern Economic Review*. (18 April 2002).

<sup>214</sup> *Ibid.*, p. 15.

<sup>215</sup> *Agence France Presse*. (9 January 2003).

Apparently, shipping industry players such as Evergreen had shifted to Johor which followed a similar move by Danish global container line Maersk Sealand. This has placed Malaysia as a worthy challenger to Singapore's position as one of the region's main container ports. Although there is no encroachment upon Malaysian territorial water the fact remains that the maritime boundary between the two nations is altered.<sup>216</sup> The charges are firmly denied by land-starved Singapore. In that project, Singapore is expanding Tekong Island, which is used for military training. Adding land to the military island has also irked some Malaysian defence officials who worry that Singapore is getting too close to Malaysian naval base. Colonel Bernard Toh of Singapore's Ministry of Defence dismissed those concerns and noted that Singapore is mainly reclaiming land south of Tekong which is away from Malaysia.<sup>217</sup>

One should bear in mind that Singapore runs one of the world's busiest ports and the city-state has a lot to lose if clients continue to be enticed by Malaysia's cheaper prices. The causeway is another point of contention. Malaysia wants to demolish it and replace it with a bridge. However, Singapore prefers the causeway because it keeps ships from passing through.

Maritime experts, however are not convinced that Singapore's expanding land will affect the shipping potential of southern Malaysia, which sits across a narrow channel from Singapore and has recently been winning the world's biggest shipping companies away from Singapore. Captain Richard Creet, who works at a ship broking company in Singapore mentioned that "I think it might just be a lot of hype".<sup>218</sup>

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<sup>216</sup> *Agence France Presse*. (5 March 2002).

<sup>217</sup> <http://www.singapore-window.org/sw02/020428ap.htm> (Accessed on 23 April 2012).

<sup>218</sup> <http://www.singapore-window.org/sw02/020428ap.htm> (Accessed on 23 April 2012).

If Singapore increasing size does threaten shipping, Malaysia will have a good friend in Maersk. According to Maersk Sealand executive, Brian Kristensen, the company has consulted maritime experts and that the company is not really concerned because the land projects are happening near Pasir Gudang Port and not the bigger Tanjung Pelepas port where Maersk operates.

Singapore's Minister for National Development, Mah Bow Tan said that the reclamation works that they do are a result of their own need for land. He said that Singapore, a small island-republic has been reclaiming land within its territorial waters for more than 30 years to house its peoples and industries. They do not encroach on Malaysian territory and have carried out these works within our territorial waters. Mah also said that these concerns were unfounded as Singapore's reclamation works are about seven kilometres away from the shipping lane to Malaysia's PTP.<sup>219</sup>

The charges are firmly denied by Singapore which notes that Malaysia was invited in March 2002 to send its written concerns about the latest reclamation work for official consideration but failed to do so. In May 2002, fishermen in eleven boats had surrounded several sand dredgers, which they believed had been providing sand for Singapore's reclamation works.<sup>220</sup> The fishermen had claimed that the sand dredging had adversely affected them as their nets were destroyed by the dredgers. It is understood that the sand dredgers, some of which are foreign-owned, have been working round-the-clock to supply Singapore with sand. Filling an entire dredger with sand is said to take between 30 and 45 minutes. Permits were indeed issued to two companies to dredge for sand in Johor waters for use by Singapore in its reclamation work at

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<sup>219</sup> <http://www.ura.gov.sg/conceptplan2001/> (Accessed on 23 April 2012).

<sup>220</sup> *New Straits Times*. (18 May 2002.)

Pulau Tekong. It was issued by the Federal Land and Mines Department director-general's office for sand dredging along three nautical miles off Johor's coastline. Beside Malaysia, Singapore sources her sand from neighbouring Indonesia. The land reclamation however, is unlikely to stop Indonesia which occasionally instils temporary bans on the unpopular sales of sea sand to Singapore, but the bans are typically short lived.<sup>221</sup>

In resolving this issue, both countries referred the dispute to international arbitration. On 4 July 2003, Malaysia served notice to Singapore that it wanted arbitration to decide whether Singapore has the right to reclaim the land off Tuas and Pulau Tekong. This arbitration tribunal, comprising five members agreed on by both sides, was formed on 9 October 2003. On 5 September 2003, Malaysia applied separately to the International Tribunal for the Law of the Sea (ITLOS) for an order on provisional measures, seeking to put an immediate stop to Singapore's reclamation works pending the setting up of the arbitration panel. The hearing took place between 25 and 27 September 2003 in Hamburg, Germany. On 8 October 2003, ITLOS unanimously decided that Singapore could continue its land reclamation activities.<sup>222</sup> In April 2005, Singapore and Malaysia formally ended the reclamation dispute by signing a settlement agreement, on the basis of findings by a group of independent experts, that Singapore's reclamation caused no major impact on the environment. Malaysia agreed to drop its legal suit against Singapore, while Singapore agreed to take some steps to minimize the environmental impact. Representatives from both sides signed a Settlement Agreement at Singapore's Ministry of Foreign Affairs. The agreement was signed by Ambassador-at-Large Professor Tommy Koh

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<sup>221</sup> <http://www.singapore-window.org/sw02/020428ap.htm> (Accessed on 23 April 2012).

<sup>222</sup> The details verdict of the International Tribunal for the Law of the Sea (ITLOS)'s decision can be refer at [http://www.itlos.org/fileadmin/itlos/documents/press\\_releases\\_english/PR\\_No.84.pdf](http://www.itlos.org/fileadmin/itlos/documents/press_releases_english/PR_No.84.pdf) (Accessed on 10 May 2012).

from Singapore and Tan Sri Ahmad Fuzi Abdul Razak, then former Secretary General of the Malaysian Foreign Ministry.

Diplomats and politicians from both sides hailed the resolution of a land reclamation dispute as an historic agreement; a win-win solution for Singapore and Malaysia. It is a model of how future disputes between the neighbours can be settled through arbitration and dialogue, such as the dispute over Pedra Branca. Singapore has also agreed to pay Malaysian fishermen a total of 374,400 ringgit (about \$98,500) in compensation for their loss of income due to the reclamation work.<sup>223</sup> It seen that both countries overcame this issue on the basis of mutual benefit and mutual respect.

### **3.6. Use of Malaysian Airspace by RSAF Aircraft**

Another crucial deterioration in Malaysia-Singapore relations was the intrusion of RSAF into Malaysian airspace. This intrusion sparked concern among Malaysians over Malaysia's sovereignty and security. On the defence front, there was the issue of Malaysian airspace ban on training aircraft from the Singapore Flying College and the Singapore Flying School and the allegation of Malaysia Government on spying by Singapore nationals on the former's development programs. It seems that the airspace ban was attributed to spying by Singapore nationals. These spying accusations came shortly after the detention of seven persons in Malaysia under the Internal Security Act (ISA) for trading in military secrets. Five out of the

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<sup>223</sup> *Kyodo News*. (26 April 2005). "Singapore and Malaysia resolve land reclamation dispute". <http://www.channelnewsasia.com/stories/singaporelocalnews/view/144527/1/.html>

seven arrested were Malaysian military officers while the other two were described as “foreigners”, a common euphemism for reference to Singapore nationals. Collectively, these issues had brought Malaysia-Singapore relations to a new low point, albeit a high-level visit by Singapore officials to Malaysia led by Prime Minister Goh Chok Tong had defused the tension. However, mutual suspicions continued to linger and occasionally resurface. Malaysian anxieties regarding the encroachment of Singapore fighter and helicopters into the former’s airspace are a case in point.<sup>224</sup>

On 18 September 1998, Malaysia formally revoked permission for the Republic of Singapore Air Force (RSAF) to use its airspace in southern Johor because of the trespassing by the RSAF into Malaysian airspace. This coincided with rising concerns over alleged increased airspace intrusions by a neighbour whose military power has expanded significantly over the past decade. This action took place just a day after Lee Kuan Yew’s autobiography official release. Needless to say, this decision was taken because of worsening relations between the two countries during 1998.

Ordinarily, RSAF ‘intrusions’ into Malaysian airspace would have been ignored given the general cordiality, interdependence, mutual benefit, and pragmatic approaches that govern interstate relations across the Causeway. In the wake of the Asian economic crisis, accompanied as it was by a major internal political episode involving the sacking (2 September 1998), and arrest and detention (20 September 1998) of Deputy Prime Minister Anwar Ibrahim, unresolved

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<sup>224</sup> N. Ganesan. (November 1991). “Factors Affecting Singapore’s Foreign Policy Towards Malaysia”. *Australian Journal of International Affairs*. 45(2): 191.

bilateral issues, or those that have a potential for conflict, become favourable disposed to the vagaries of domestic politics, especially those involving UMNO. It cannot be denied that in times of internal political crisis, the resort to politics of diversion is a fortuitous strategy employed by politicians anywhere in the globe.<sup>225</sup>

Malaysia decided that it was time to expose the airspace intrusions to justify cancellation of previous arrangements that enabled Singaporean military aircrafts to overfly Malaysian airspace with little or no formality. However, Malaysia action has caused protests in Singapore. The republic protested that Malaysia had taken its decision without prior consultation or advance notification to Singapore even though one of the agreements provides for six month notification.<sup>226</sup> The decision ended a three-decade-old 'special approval' that allowed Singapore's air force (RSAF) to enter Malaysia's southern airspace temporarily for training purposes. In addition to the overflying ban, Kuala Lumpur had also scrapped joint search and rescue operations (SARO) with Singapore, effective from 18 September 1998.<sup>227</sup>

As of 18 September 1998, the withdrawal of the use of Malaysian airspace by the RSAF covered five major aspects of hitherto ongoing bilateral military cooperation: (1) to withdraw the waiver of the requirement to apply for diplomatic clearance for the RSAF fixed-wing aircraft based at the Payar Lebar Airbase when transiting South Johor to and from the Singaporean training area in the South China Sea; (2) to withdraw the clearance granted to all types of RSAF aircraft to conduct training within the Royal Malaysian Air Force (RMAF) Low Flying Area; (3) to

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<sup>225</sup> K. S. Nathan. (2010). *Op.cit.*, p. 271.

<sup>226</sup> *RSAF Use of Malaysian Airspace*. (17 September 1998). Singapore: Ministry of Defence Press Release.

<sup>227</sup> *South China Morning Post*. (18 September 1998). "Airspace Ban on Singapore Jet Fighters".

terminate the arrangement for the RSAF to conduct navigational training over the airspace of the Peninsula, Sabah and Sarawak; (4) to terminate the combined search and rescue operations and exercises, i.e. arrangements which were formalized through RMAF and RSAF Combined Search and Rescue Operating Procedures; and (5) all RSAF aircraft to cease entry into Malaysian airspace after taking off from Tengah airbase.<sup>228</sup> Henceforth the RSAF would need to give fourteen days written notice seeking approval from Wisma Putra (Malaysia's Foreign Ministry) to use Malaysian airspace.

Mutual reactions to the Malaysian decision have been highlighted by the local media in both countries in a manner that has not led to improving relations, let alone limiting whatever additional damage has been caused by other linked issues. The problem acquired greater salience when a British Navy helicopter crashed in the South China Sea during a planned naval exercise between British and Singapore forces. Singapore blamed the delay in the search and rescue operations on Malaysia. Defence Minister Syed Hamid Albar retaliated by saying that the RSAF was capable of using an alternative route which was only twelve minutes longer to launch its search and rescue operation.<sup>229</sup>

The withdrawal by Malaysia of clearance rights to the RSAF coincided with rising concern over alleged increased airspace intrusion by a neighbour whose military power has expanded significantly in the past decade. The RSAF is known to operate a fleet of thirty-five F-5E/F Tiger IIs, fifty-two A-4s Super Skyhawks and eighteen F-16 Fighting Falcons for its fighter operations

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<sup>228</sup> *Star*. (18 September 1998).

<sup>229</sup> *New Straits Times*. (30 September 1998).

training in Malaysian airspace. It also operates a fleet of 109 helicopters, fourteen transport/air tankers, five maritime aircraft and four E-2C Hawkeye airborne early warning aircraft.<sup>230</sup>

Strategic analysts view the Malaysian decision as a major setback for the republic, which is now obliged to train its pilots in faraway places like the United States and Australia.<sup>231</sup> In this regard, Malaysia has gone a step further to request the International Civil Aviation Organisation to revert to Malaysia control of airspace in the southern peninsula (stretching from Negeri Sembilan to Johor), now handled by Singapore since it gained independence in 1965. The fact that Kuala Lumpur was piling the pressure on Singapore only days after the closure of the Malaysian CIQ checkpoint in Tanjong Pagar was indicative of how a chain reaction could be set in motion in a relationship involving two very close neighbours. Sovereignty in exercising immigration control for one side is as vital as sovereignty in resuming full control of air, sea and land space for the other. Yet, political will and pragmatism on both sides do enable deals to be made that circumvent so-called sovereignty-sensitive issues, provided they are not seen to be impinging on the core interests that could impact upon national survival and security.

Mutual concessions in the September 2001 agreement included the restoration of Singapore's facility to use Malaysia's military airspace, in example a return to the access regime for RSAF aircraft prior to the withdrawal decision announced by Malaysia on 18 September 1998. However, as a comprehensive final settlement has yet to be reached, the issue of Singapore military aircraft using Malaysian airspace has remained suspended to date.

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<sup>230</sup> *New Straits Times*. (19 September 1998).

<sup>231</sup> For instance, Bruce Gale of the *Political and Economic Consultancy* regional newsletter remarked that the matter would be viewed more seriously in Singapore than in Malaysia. See *Star*. (18 September 1998).

Since 2005, attempts to re-negotiate the issue has run into “nationalist roadblocks” set up by Johor politicians who insist that the federal governments should not trade sovereignty for Singapore’s consent to build the new bridge to replace the old Causeway. A senior and outspoken Johor politician, Johor Baru Member of Parliament, Shahrir Samad, who is also the leader of the Barisan Nasional Backbenchers in Parliament, expressed strong resentment over Singapore Foreign Minister Yeo’s claim that Malaysia has no right to unilaterally demolish its side of the Causeway as it is an international facility.<sup>232</sup> Nevertheless, both governments have decided not to discuss the matter in public while negotiations are in progress to resolve the matter. The republic’s position, however, is that the building of the new bridge to replace the Causeway must reflect ‘a balance of benefits to both sides’.<sup>233</sup> This apparent linkage between ‘bridge’ and ‘airspace’ would obviously require a good deal of political wisdom on both sides to avert a stalemate in an otherwise improving relationship under the two new prime ministers.

### **3.7. Central Provident Fund Withdrawals**

The withholding of pension funds of Malaysian employees from Peninsular Malaysia who work in Singapore by the Singaporean authorities is another contentious issue between the two countries. This issue has not helped in reducing bilateral friction among both countries. Malaysia was baffled by the discrepancy in the management of the withdrawal of the CPF savings for employees for Sabah and Sarawak who was allowed to withdraw their CPF savings upon

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<sup>232</sup> *Strait Times*. (26 October 2005).

<sup>233</sup> *Ibid.*, p.16.

completing their employment contracts vis-à-vis those employees from Peninsular Malaysia.

From Singapore's point of view, Malaysia fails to understand why employees from Sabah and Sarawak are able to withdraw their CPF (a mandatory pension plan) saving upon completing their contracts whereas those from Peninsular Malaysia are unable to do so under similar circumstances. Singapore pointed out that Malaysian workers were aware of this ruling upon accepting employment in Singapore prior to 1<sup>st</sup> August 1995. The withdrawal condition could not be seen as a form of discrimination, as Singaporean workers could only withdraw their CPF at the age 55, whereas, Malaysian Peninsular workers can do so at the age 50, which is more liberal.<sup>234</sup>

Singapore prefers to deal with this problem as part of an overall package that would bring about greater stability to bilateral relations. The republic uses the historical factor of long-standing close links between Peninsular Malaysia and Singapore to justify differential treatment. The current practice allows a Peninsular Malaysian to withdraw his CPF savings in full if he is at least fifty years old, and has left permanently to reside in Peninsular Malaysia. The same employee is also to withdraw his pension from age fifty onwards provided he has not worked in Singapore for two years. Malaysian workers from Sabah and Sarawak, as well as other foreigners, can withdraw their CPF savings any time after they leave Singapore.

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<sup>234</sup> *Sun.* (22 January 2000).

It is estimated that more than 200,000 Malaysians are employed in Singapore.<sup>235</sup> Malaysian workers affected by the Singapore ruling feel that they have been short-changed by the vagaries of Causeway politics as Singapore has linked the CPF withdrawal issue to the resolution of two issues such as the supply of water and the transfer of the CIQ checkpoint from Tanjong Pagar to Woodlands.<sup>236</sup> To date, nearly S\$2 billion of Peninsular Malaysia employees' funds are being withheld by Singapore on the argument that Singaporeans themselves can only withdraw their CPF upon reaching the age of fifty-five and also because many Peninsular Malaysian workers tend to return to Singapore to find work after having left earlier.<sup>237</sup> Geographic proximity enables many workers to shuttle frequently across the Causeway. The republic says that this is not the case with East Malaysians from Sabah and Sarawak, who are therefore entitled to their pension funds prior to departure from Singapore.

In any event, the fact that issues such as the CPF withdrawals get intertwined with other more important issues testify to the high level of sensitivity that exists in the bilateral relationship especially when it turns sour. This realization informed the comprehensive package approach to bilateral dispute resolution during Lee Kuan Yew's visit to Kuala Lumpur in September 2001. Singapore has adopted a more conciliatory approach to this issue in that they would allow Malaysian Peninsular workers to withdraw their CPF funds after they have stopped working in the republic rather than waiting until they turn fifty-five. Upon achieving final agreement, Singapore will permit withdrawal of CPF funds over a period of two years. Pending final agreement, it appears that the republic still views resolution of pension funds issue in quid pro

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<sup>235</sup> *Business Times*. (3 June 1998).

<sup>236</sup> *Berita Harian*. (14 September 1998).

<sup>237</sup> K.S. Nathan. (2010). *Op.cit.*, p. 270.

quo terms. Senior Minister Goh representing the Singapore Government at bilateral talks in Putrajaya (Malaysia's administrative capital) in late 2004 stated that on reciprocal basis, Singapore would release the CPF funds of Malaysians and consider the joint development of additional pieces of Malayan Railway land in the republic if Kuala Lumpur would allow RSAF aircraft to use Malaysian airspace for training.<sup>238</sup>

### **3.8. Replacement of the Johor Causeway**

The 'bridge saga' began in 1996 when Mahathir announced that Malaysia will go ahead with building a half bridge/crooked bridge/scenic bridge and wait for Singapore to complete its portion of the bridge, to replace the existing Causeway, which would be demolished. However, Singapore has argued that there has to be a 'balance of benefits' for it to go along with Malaysia's proposal. Singapore wanted Malaysia to supply sand for twenty years to support its land reclamation projects in exchange for consent to build the new bridge. This proposal was stridently opposed by Johorean politicians as a violation of national sovereignty.<sup>239</sup>

In many ways, the two economies are complementary, although Malaysia and Singapore are also commercial rivals. Both sit astride the world's most strategic sea-lanes. Malaysia's Port of Tanjung Pelepas, which opened in 2000, is not only the world's fastest growing port, but, now ranks in the world's top twenty ports. Lying just to the east of Singapore, the Malaysian port is in

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<sup>238</sup> Clarence Fernandez. (13 December 2004). "Malaysia, Singapore, Jumpstart Stalled Relations". *Reuter*. <http://www.signonsandiego.com/news/world/20041213-0059-malaysia-singapore.htm1> (Accessed on 2 March 2009).

<sup>239</sup> K. S. Nathan. (2010). *Op.cit.*, p. 273.

direct competition to Singapore and has poached some of its leading patrons. Yet, Malaysia has long suspected Singapore of engaging in unfair competition. Malaysia and Singapore agreed in the year 2000 to replace the old causeway, which blocks some of Malaysia's potential customers with a high bridge that would allow navigation of the Johor Strait. Since then, Singapore has consistently refused to continue negotiation on the project arguing that a host of bilateral problems needs to be addressed first. The Malaysian government has decided to go ahead with the construction of the bridge.

In September 2003, Malaysia first announced its intention to replace its half of the Causeway with a new bridge. On 25 October 2003, Singapore sent a diplomatic note to remind Malaysia that its decision to demolish its side of the Causeway should be consistent with international law and with the principles set out in a recent ruling by an international court on issues relating to the environment in the Johor Straits. On 5 January 2004, Singapore's Foreign Minister Prof Jayakumar commented that it did not make sense for Singapore to replace its half of the bridge with a new bridge, as it would cost, along with revisions to customs, immigration and quarantine facilities, more than \$500 million Singapore Dollars. On 2 February 2004, Malaysia said it would present Singapore with a new design for the proposed bridge to replace the Causeway, as Malaysia was still 'very interested' in building the new bridge.

Meanwhile, the foundation work for the 'scenic bridge' had already begun in Johor Baru, but face obstacles following the handover of power from Mahathir to Abdullah Badawi in November 2003. In September 2004, Malaysian Prime Minister Abdullah Badawi announced that Malaysia would defer the half-bridge project as part of its effort to pare down its huge fiscal deficit by

deferring big-ticket projects. However, Prime Minister Abdullah, who has been downsizing and cancelling Mahathir's projects since he took office, finally decided to abandon the bridge project, citing that it was uneconomical and also would lead to many legal complications with Singapore. The bridge project was formally abandoned on 12 April 2006 with compensation paid to Malaysian companies involved in the aborted projects.

This 'bridge saga' provided further evidence that bilateralism in Malaysia-Singapore relations continues to have an unsettled trajectory, despite joint cooperation being enhanced in respect of Singapore's award of the US\$3.4 billion Singapore Integrated Resort project at Sentosa to Malaysian company Genting International, and assurance by Malaysian Prime Minister Abdullah that Singaporean participation in the Iskandar Development Region in southern Johor will have no adverse effects on Malay rights and privileges under the *Bumiputera* policy.<sup>240</sup> Additionally, the Iskandar Development Region, now renamed 'Iskandar Malaysia' could well provide a future source of friction in bilateral relations arising from political economy considerations on the Malaysian side: (1) Malaysia's lack of capacity to handle mega projects,<sup>241</sup> and (2) manipulation of Malay nationalist feelings by demagogues who stake their political fortunes on whipping up anti-Singapore rhetoric rather than address serious issues of governance, corruption, and mismanagement of the nation's wealth under the well-intentioned but poorly implemented New Economic Policy.

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<sup>240</sup> "Genting Wins Bid for Second Casino", *Bloomberg News*. (11 December 2006).

<http://www.iht.com/articles/2006/12/11/bloomberg/sxgenting.php> (Accessed on 2 March 2009)

<sup>241</sup> Johan, Saravanamuttu. (1 June 2007). "Malaysia-Singapore Relations: Economic Diplomacy and the IDR". *OpinionAsia*. <http://www.opinionasia.org/EconomicDiplomacyandtheIDR> (Accessed on 2 March 2009).

### 3.9. Other Issues

#### 3.9.1. Military Aspects

Historical experiences deriving from the Federation continued to overhang the bilateral relationship after Singapore's political independence in 1965. Among other contentious issues were the dissolution of joint-stock companies like Malaysia-Singapore Airlines and the introduction of a new currency for Singapore.<sup>242</sup> The tensions were exaggerated by the presence of remaining elements of the Royal Malay Regiment stationed in Singapore and the existence of a Malaysian Naval Base (KD Malaya) in Woodlands, Singapore. The Malay Regiment was withdrawn from Singapore but KD Malaya continued to operate with approval from the Singapore Government. Singapore's decision in 1967 to set up its own Armed Forces (SAF) contributed to the deteriorating relationship. The SAF, which received Israeli assistance during its formative years, utilized Israeli doctrine, training methods and equipment. One particular advantage of Israeli-supplied equipment has been Israel's willingness which has sometimes contrasted with the United States' reluctance to supply Singapore with source code, thus enabling the modification and improvement of system software for local requirements.<sup>243</sup> That explains the closeness between Singapore and Israel when the then Israeli Prime Minister Chaim Herzog paid his visit to Singapore and hence had rapture Malaysia's concern over the visit.

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<sup>242</sup> N. Ganesan. (1999). *Bilateral Tensions in Post-Cold War ASEAN*. Singapore: Institute of Southeast Asian Studies (ISEAS).

<sup>243</sup> Tim Huxley. (2000). *Defending The Lion City- The Armed Forces of Singapore*. New South Wales, Australia: Allen & Unwin. p. 197.

There were a few reasons for Singapore to seek Israeli help.<sup>244</sup> Firstly, an independent Singapore finds itself in an uncomfortable geopolitical position, similar to that of Israel. Besides that, Singapore failed to receive helpful responses from Switzerland (which suggested that Singapore should dispense with armed forces altogether), India and Egypt.<sup>245</sup> Secondly, Singapore rejected British military advisers out of fear that this might lead to long-term dependence. Malaysia regarded with particular suspicion that the Israeli doctrine of forward defence to create the strategic depth necessary to deal with military conflict.<sup>246</sup>

As a result from the few rejections, Singapore introduced compulsory military service in 1967 for male citizens on reaching the age of 18 and a huge amount of 7 percent of the GDP is spent annually on defence.<sup>247</sup> Given the high cost of maintaining a large army, the PAP government decided on the establishment of a citizen army with a small corps of regular professional soldiers.<sup>248</sup> The Israeli model was chosen because Israel had an impressive citizen army and its compressed system of training enables Singapore to produce its citizen army in a few years.

To date, the military balance between Malaysia and Singapore is far from equilibrium. Since early 1980s onwards, the SAF has been ahead of the Malaysian Armed Forces (MAF) in almost every aspect of military capability. Over the years, the gap between the two armed forces has continued to widen. Indeed, the SAF's constant accent on mobility, firepower and technological sophistication in all its three arms: air force, army and navy are such that they have propelled to

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<sup>244</sup> *Ibid.*, pp. 2-11.

<sup>245</sup> Lee Kuan Yew. (2000). *From Third World to First: The Singapore Story: 1965-2000*. Singapore: Times Media Private Ltd. pp. 30-31.

<sup>246</sup> N. Ganesan. (1999). *Op.cit.*, p. 36.

<sup>247</sup> Tim Huxley. (2000). *Op.cit.*, p. 11.

<sup>248</sup> Jon S.T. Quah. (2001). "Singapore Meritocratic City-State" in *Government and Politics in Southeast Asia*. Singapore: Singapore Institute of Southeast Asian Studies. pp. 306-307.

be the leading military force in Southeast Asia in comparative order-of-battle terms.<sup>249</sup> A slew of assessments by Western analysts in recent years have confirmed that view.<sup>250</sup>

A few of the high profile acquisitions or planned acquisitions in recent years that have given the SAF its exalted status include:

- i) The acquisition of the first of four Swedish Sjoormen class diesel electric submarines in 1996;<sup>251</sup>
- ii) The acquisition of the first 12 of an indeterminate number of multi-role F-16C Fighting Falcons intended to replace A-4SU Super Skyhawks which have been the mainstay of the RSAF ground-attack force in late 1999;<sup>252</sup>
- iii) A plan was announced in March 2000 to acquire 6 French-design stealth frigates (based on the La Fayette class of frigate) for a reported US\$ 1 billion;<sup>253</sup>
- iv) In 2003, Singapore signed a document of intent to join the US-led Joint Strike Fighter (JSF) development program, with an option to purchase the new-generation F35 stealth fighters.<sup>254</sup> The world's most advanced multi-role fighter is to replace the Republic's A4 Super Skyhawk and F5 Tiger fighters in the next decade. These are just a few of the kinds of acquisitions that have raised eyebrows, both within Southeast Asia and beyond. They also appear to have intimidated Singapore's closest neighbour, Malaysia.

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<sup>249</sup> Derek Da Cunha. (2001). "Renewed Military Build ups Post-Asian Crisis: The Effect on Two Key Southeast Asian Bilateral Military Balance", in *International Politics & Security*. 3(36): 10-16.

<sup>250</sup> Ibid.

<sup>251</sup> "Navy Commissions First Submarine", in *The Sunday*. 23 July 2000. p. 32.

<sup>252</sup> Dominic Nathan. (18 December 1999). "RSAF Takes Delivery of First 12 New F-16s", in *Straits Times*.

<sup>253</sup> Dominic Nathan. (20 March 2000). "Navy's Frigate Deal Over \$1.7b", in *Straits Times*. p. 3.

<sup>254</sup> "Malaysia, Aiming for F35 Stealth Fighter", in *Sunday Star*. (23 February 2003). p.49.

Tim Huxley, a British military expert's analyst in his book showed that in 2000, Singapore had a total armed forces of 350,000 compared to Malaysia's 145,000, 60 main battle tanks against none and three submarines to none.<sup>255</sup> However, Malaysia is in the process of upgrading its military hardware and has announced plans to purchase tanks, submarines and new jet fighters.<sup>256</sup>

On mid-May 2002, Boeing announced the sale F/A-18s Super Hornet fighter/attack jets to Malaysia's air force in concurrence with Mahathir's visit to the United States. The Malaysian government was planning to spend between US\$3 billion and US\$4 billion on high-tech arms procurement between 2002 and 2005 in line with the upgrading of Malaysia's military capability.<sup>257</sup> Then Defence Minister, Najib Tun Razak is also reviving orders that were put on ice when the Asian financial crisis hit in 1997. The new orders which are being placed fast and furious around the developed and the developing world, will give Malaysia an offensive capability for the first time. While officials insist the build-up is not meant to threaten anyone, some analysts reckon the Malaysian military wants to bridge the technology and firepower gap it has with Singapore.<sup>258</sup>

Najib Tun Razak also was transforming the military from an army-driven, counter-insurgency force to a more conventional structure with equal emphasis on all three services ran aground. However, the transformation was backed down by the economic turmoil in 1997. "Our defence

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<sup>255</sup> Tim Huxley. (2000). *Op.cit.*, pp. 56-58.

<sup>256</sup> *Agence France Presse*. (6 January 2003).

<sup>257</sup> *Far Eastern Economic Review*. (16 May 2002).

<sup>258</sup> Derek Da Cunha. (2001). *Op.cit.*, p. 10-16.

needs have always been driven by economics and not by threat perceptions,” says defence specialist, Mak Joon Nam.<sup>259</sup>

After recovering from the economic crisis in 1997-1998, in 2002 the Malaysian Armed Forces restored the upgrading programme. The new purchases include main battle tanks from Poland. In deal with Polish, officials said could be worth more than US\$250 million.<sup>260</sup> Beside that, Russian and British surface-to-air missiles and mobile military bridges, Austrian Steyr assault rifles and Pakistani anti-tank missiles were also in the list.<sup>261</sup> Kuala Lumpur is also negotiating to buy the F/A-18s Super Hornet, three submarines from France and an unspecified number of Russian Sukhoi Su-30 fighter aircraft. Russia announced last October 2002, it would export anti-tank missiles systems to Malaysia under the terms of a partnership deal dating back to 1994, when Russia sold MiG-29 fighter jets to Malaysia. Subsequently, on Mac 2003, during Mahathir’s visit to Russia, he stated that Malaysia was considering a deal to buy Russian military aircraft, the Sukhoi SU-30 fighter aircraft. The submarines are likely to be based at a naval base now under construction in East Malaysia’s Sabah state.<sup>262</sup> The government is also reviving deals struck in the early 1990s, including the purchase from Britain of six Super Lynx helicopters and of six patrol vessels from Germany.<sup>263</sup>

The decision to spread its orders around reflects Malaysia’s use of arms purchases to further its foreign policy, even though the range of equipment from so many different sources creates

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<sup>259</sup> *Far Eastern Economic Review (FEER)*. (16 May 2002).

<sup>260</sup> “Malaysia Upgrade Defense, Plays Down Fear”, in *Agence France Presse*. (6 April 2002).

<sup>261</sup> *FEER*. (16 May 2002). *Op.cit.*

<sup>262</sup> *Ibid.*

<sup>263</sup> *FEER*. (16 May 2002). *Op.cit.*

maintenance and logistics problems.<sup>264</sup> The expected order for an unspecified number of F/A-18s, for example, is a sign of the remarkable turnaround in relations between Malaysia and the United States since the September 11 terrorist attacks in the United States. It appears the political considerations behind defence procurements are great in Malaysia's case and it is being used to forge better relations.<sup>265</sup>

However, the southern neighbour, Singapore may not be happy about the procurements, especially the battle tanks, missiles, multiple-rocket-launcher systems and submarines, which will give Malaysia an attack platform for the first time.<sup>266</sup> The upgrading programme is certainly aimed in part at narrowing the military gap with small but rich Singapore which has a much bigger annual defence budget. Nevertheless, despite the rocky ties between the neighbours, Malaysia does not see Singapore as a potential battlefield foe. Strategic Forecasting, a US-based global intelligence provider said in its report that the arms build-up was aimed at more long-term threats, including piracy in the Malacca Strait and Muslim insurgencies in the southern Philippines and southern Thailand.<sup>267</sup> Malaysians also were worried above all at the prospect of Indonesia's collapse, which could unleash ethnic and religious unrest and trigger an avalanche of refugees. Malaysia must be able to act pre-emptively if Jakarta loses control. Malaysia shares a land border with Indonesia on Borneo side and has consistently had problems with Indonesian illegal immigrants.<sup>268</sup>

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<sup>264</sup> *Ibid.*

<sup>265</sup> *FEER*. (16 May 2002). *Op.cit.*

<sup>266</sup> *Ibid.*

<sup>267</sup> *FEER*. (16 May 2002). *Op.cit.*

<sup>268</sup> *Ibid.*

Ultimately, to alleviate the fear of neighbouring countries, Malaysia needed to upgrade its defence systems and equipment in tandem with the progress attained by the country. The decision to upgrade its defence systems was to protect the country from internal and external threats.<sup>269</sup> “We are upgrading our military apparatus not because we want to aim at Singapore or any other country”, said Najib Tun Razak, then the Defence Minister of Malaysia.

### **3.9.2. Economic Aspects**

In the economic sphere, trade statistics underscore the importance of Malaysia and Singapore as each other trading partner. Two-way trade in 1999 exceeded US\$28 billion, representing over 17 per cent of total trade.<sup>270</sup> Malaysia accounts for over 20 per cent of Singapore’s exports, while Singapore takes over 40 per cent of Malaysia exports, mostly for re-export.<sup>271</sup> The direction of trade of these two countries points to a strong dependence on export markets in the United States, Japan, Hong Kong, Korea, Germany and the United Kingdom. These countries, together with Taiwan are major foreign investors in Malaysia, Singapore and some other ASEAN countries as well. The trade structure of both Malaysia and Singapore serve as political impetus for the formulation of economic policies favourable to foreign investment. Thus, the national economic plans provide a clue to the political economy of the bilateral relationship tending towards both competition and complementation.

Historically, Singapore had acted as an entrepôt for Malaysia and Southeast Asia. In colonial times it served as a centre for the exchange of manufactured goods from the European

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<sup>269</sup> *Agence France Presse*. (6 April 2002).

<sup>270</sup> Country Profile 1999-2002, Singapore, *The Economist Intelligence Unit* Limited 2002.

<sup>271</sup> Country Profile 1999-2002, Malaysia, *The Economist Intelligence Unit* Limited 2002.

metropolitan countries with raw materials from Malaya and other parts of Southeast Asia. By the time of the independence of Malaya in 1957, Singapore was still a colony of Britain. Singapore was anxious for independence from Britain. But apparently there was a profound belief held by Singaporean leaders back then that Singapore could not survive as an independent state if Britain were to accede to the request for decolonization.<sup>272</sup> Singapore needed a hinterland, particularly a large market if Singapore were to industrialize.

Malaysia has her own space, time and territory to develop its resources, where the island-state must feel the constant pressure of performing to stay ahead in order to safeguard national survival. Whilst Malaysia is abundant in natural resources, Singapore has to survive largely on the ingenuity of its human capital and external economic environment for foreign investment. Today, Singapore has proved her performance and capacity to maintain its status as a first-world economy. Cumulatively, Singapore imposed a high premium on internal political and social stability for the Republic with consequences for a type of regime and style of governance most suited to achieving those goals. As noted by Lim (1990), “Dependence on foreign investment also increases the need of the government to control and modify many aspects of social and economic life and behaviour in order to ensure a continued favourable climate for investors”<sup>273</sup>.

Since the effect of economy recession and globalization, relations between Malaysia and Singapore have not been harmonious. The prosperous city-state views its bigger neighbour as a somewhat backward hinterland. Singapore owes its old existence to the strategic position it occupies on the Straits of Malacca, one of the world’s busiest sea-lanes where it serves as an

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<sup>272</sup> Lee Poh Ping. (1992). *Op.cit.*, pp. 225-226.

<sup>273</sup> Linda Y.C. Lim. (1990). “The Foreign Policy of Singapore”, in David Wurfel & Bruce Burton (eds), *The Political Economy of Foreign Policy in Southeast Asia*. New York: St. Martin’s Press. p. 134.

important trans-shipment point for goods travelling between Asia and Europe. That is why it came as a shock to Singapore when its port once had lost a second big shipping customer as Taiwan's Evergreen Marine switched to the Malaysian port of Tanjung Pelepas following the defection of Denmark's Maersk Sealand, the world's biggest shipping line in 2000.<sup>274</sup> Malaysia seems to appear on usurping Singapore's role as a regional transport hub. The port of Tanjung Pelepas which opened in 1999 is the centrepiece of a planned cargo processing infrastructure to be built in the state of Johor that lies next door to Singapore. It is not the only threat to Singapore. The competition not only comes from the Malaysia's port due to their proximity but also the expertise provided by the foreign investors. BMW, the German carmaker, has indicated it will relocate some regional operations to Malaysia.<sup>275</sup> These developments are worrying Singapore which relies much on foreign investment to power its economy, particularly as it struggles to recover from recession. In an effort to win business, Singapore has cut top corporate and personal tax rates over the several years.<sup>276</sup>

Indeed the port rivalry had threatened to intensify ill spirit between Malaysia and Singapore. Malaysia is accusing Singapore of resorting to underhanded methods to sabotage the growth of competitors. It alleges that the reclamation work by Singapore will narrow shipping lanes to Malaysian ports in Johor state. Although Singapore denied the allegations, the dispute shows that increased competition could turn ugly. However, looking on the positive side this issue could force a relationship change between the rival ports from competition to cooperation. It is already being suggested by Singapore government's investment arm, GIC Special Investment in September 2001 that Singapore owned shipping company and Tanjung Pelepas could be merged

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<sup>274</sup> John Burton. (18 April 2000). "Singapore Fears Losing Status to Rival Malaysia", in *Financial Times*.

<sup>275</sup> *Ibid.*, p. 18.

<sup>276</sup> K.S. Nathan. (2002). *Op.cit.*, pp-385-410.

‘quite easily’ after the former was privatized. In addition, Singapore Telecommunication Ltd (SingTel) is eyeing an investment in Malaysia’s Time DotCom, a Malaysian telecom company that is undergoing significant restructuring. However, the deal was backed off due to government intervention.<sup>277</sup>

Above the competition and rival, Singapore’s economic productivity does had an impact upon Malaysian economic growth, especially vis-à-vis the southern state of Johor which had separated from the island Republic by a couple of kilometres long causeway. Rising levels of economic interdependence as well as political spin offs in terms of enhanced governmental capacity to realize social expectations can only be ignored at one’s own peril. Strong economic relationships and partnerships across the causeway are difficult to unhinge given scheduled commitments to meet productivity deadlines. The sound economic basis of interdependence enables the political rhetoric to operate at a certain level to accommodate the political contingencies of incumbent leaderships.<sup>278</sup>

On Malaysia’s side, her major goal in the next thirty years is to reduce the heavy dependence on Singapore as a re-export centre for Malaysian goods. This necessarily entails upgrading the country’s technological and industrial base, the sea-ports and airports, educational infrastructure and transportation networks. Malaysia also is trying to transform the commodity composition of bilateral ties and international trade from low to high value added especially in the field of manufactured goods, electrical and electronic products. Another major area of transformation covers the structure of Malaysian overseas investments including Singapore, from the real estate

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<sup>277</sup> Adam Creed. (10 April 2000). “SingTel Looks To Invest In A Piece Of Time”, in *Company Business and Marketing*.

<sup>278</sup> *Ibid.*, p. 23.

sector to the financial and business sectors and capital-intensive manufacturing industries. Singapore has traditionally been a major financial and service hub for the Asia-Pacific region. The creation of Labuan as an Offshore Financial Centre (OFC) in 1993 was designed to increase Malaysia's capacity to provide financial services to a region that is growing in economic dynamism, a measure that could weaken Singapore's regional predominance in this sphere.<sup>279</sup>

Concisely, in comparing the national development of both countries one can notice a basic similar thrust in the economic field. The element of competition stemming from the quest for the same pool of foreign investments and from the ability by both countries to provide similar services to the portion of the international economy that is engaged in Southeast Asia. Henceforth competition and complementation thus provide the backdrop to bilateral problems that emerge from time to time which perpetuate strains because of their non-resolution.

### **3.10. Conclusion**

Based on the discussion above, it is clear that there are several bilateral issues in Malaysia-Singapore relations during Mahathir's administrative era. Nonetheless, above all strenuous issues, Malaysia and Singapore until today still hold to the ASEAN way of working. Mahathir had said in The Malay Mail's report that he had rejected on Tim Huxley's book, "Defending the Lion City: The Armed Forces of Singapore".<sup>280</sup> The book stated that as relations between Malaysia and its tiny but well-armed neighbour reached a low point amid several disputes that

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<sup>279</sup> Linda Y.C. Lim. (1990). *Op.cit.*, p. 134.

<sup>280</sup> "Malaysia Rejects Theory of Swift Singapore Triumph in War". *The Malay Mail*. (6 January 2003).

Singapore's armed forces would swiftly triumph if a war erupted between the two countries.<sup>281</sup> However, Malaysia will not go to war with Singapore over territorial gains as Mahathir had voiced out on 30 January 2003 after a series of disputes rattled tensions between the two countries.<sup>282</sup> This was a follow up to Singaporean decision to publicize letters he wrote to the Republic's former premier Lee Kuan Yew over the price of water supplied to the Republic. He convinced that, "In any case, Malaysia is not a country that goes to war for territorial gains".<sup>283</sup>

Mahathir had posted the comments following Singapore's reprimand over the 'loose talk of war' by politicians and the media of Malaysia over a series of bilateral disputes.<sup>284</sup> For instance, Singapore's Foreign Minister S Jayakumar cited a statement by his counterpart Syed Hamid Albar who said that Singapore has only two choices, "compromise or go to war". This was also elevated by Mahathir, in his New Year's Day message had warned Kuala Lumpur would give a "bloody nose" to any country that violated its sovereignty. On 3 February 2003, a Malaysian ex-army Lieutenant General (Rtd) Zaini Mohamad Said warned that if the issue of water supply between Singapore and Malaysia is not resolved properly, it might ignite a military conflict. It is crucial that the issue of water is addressed with caution by the leaders and the governments of the two countries.<sup>285</sup>

Talk of war breaking out between the neighbours' political leaders has often been dismissed by security analysts. "The outbreak of war is far away from the minds of the political leadership of

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<sup>281</sup> Tim Huxley. (2000). *Op.cit.*, pp. 56-58.

<sup>282</sup> "Malaysia Will Not Go To War With Singapore". *Agence France Presse*. (30 January 2003).

<sup>283</sup> *Ibid.*

<sup>284</sup> *Daily Times*. (26 January 2003).

<sup>285</sup> "Water Issue Could Spark Malaysia-Singapore Military Conflict". *Agence France Presse*. (3 February 2002).

the two countries”, said the executive director of the Malaysian Strategic Research Centre (MSRC), Abdul Razak Baginda.<sup>286</sup>

Above all circumstances, Malaysia and Singapore are undeniably relatively independent countries, which are connected by historical, familial, cultural, political, economic and strategic ties. Their relationship is truly characterized mostly by interdependence, with perhaps Singapore relying more heavily on Malaysia for resource vital to the republic’s survival. Any successful negotiation of one contending issue will lead to mutual benefits that bound<sup>287</sup> to affect mutual perceptions on every outstanding issue that are also targeted for resolution.

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<sup>286</sup> *Agence France Presse*. (6 January 2003).  
<sup>287</sup> K.S. Nathan. (2010). *Op.cit.*, pp. 275-276.

## **CHAPTER 4**

# **THE BURDEN OF HISTORICAL BAGGAGE FOLLOWING THE SEPARATION**

“...the debris of history is on all of us. We can't say it doesn't matter...So, we are not free agents or free radicals. We are part of a continuum. We cannot dissociate ourselves from all that has happened”. – Lee Kuan Yew. in Straits Times Interactive, 11 March 2001.

### **4.1. Introduction**

This chapter discusses the key underlying factors affecting Malaysia-Singapore relations, many of which are closely intertwined to the burden of historical baggage of both countries. I argue that, to a certain degree, these factors have played a pivotal role in dictating their relationship until to date. The traumatic history of separation between both countries remains influential in shaping the leaders' decisions and choices of foreign policy. There had been also political and economic rivalry between the two countries because of separation. This chapter is divided into five parts. The first part is introduction. The second part discusses the reasons why Singapore wanted to join Malaysia. It also includes an examination of the reasoning behind Singapore's expulsion from Malaysia. The third part looks at the influence of race relations in Malaysia and Singapore. This is to be followed by the fourth part, which examines the political and economic rivalry between Malaysia and Singapore. The final part is conclusion.

#### **4.2. Some Reasons Why Singapore Joined Malaysia and Why Singapore Was Expulsed from Malaysia**

The Federation of Malaysia achieved its independence during the period of emergency while Singapore was granted internal autonomy (the Randle Constitution) in 1955. In 1959 Singapore had achieved full internal self-government under the PAP government. Whilst Malaysia and Singapore generally accepted the concept of a new Federation of Malaysia, Sabah and Sarawak had mixed reactions. To determine the acceptability of the concept by the people of Sabah and Sarawak, a commission headed by Lord Cobbold visited the two states in 1962. The findings suggested that the majority in both states favoured the formation of Malaysia. Subsequently on 16 September 1963, the formation of Malaysia was formally promulgated. The motivations, objectives, and expectations tied up in the merger were as diverse as the land and people of the four states involved.

However, when Malaysia came into being, both Tunku Abdul Rahman and Lee Kuan Yew, who were the Prime Ministers of Malaya, and Singapore respectively, appeared to be deeply committed to the concept of Malaysia, which they had created.<sup>288</sup> Malaysia and Singapore share a unique and diverse entity, combining different races and types of political and economic organisation. They had extensive political, economic, and social ties. The major reasons for Singapore to merge into Malaysia were, firstly, to solve Singapore's severe economic problems. They saw that Malaya was then, the main producer of rubber and tin but needed to export through Singapore's port. This would keep their entrepôt trade on going to improve their

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<sup>288</sup> Nancy, McHenry. Fletcher. (1969). *The Separation of Singapore from Malaysia*. Ithaca: Southeast Asia Program, Cornell University. p.1.

economy. Secondly, it was the security problems due to riots, strikes, and civil disorder, which they faced for several years. Therefore, by joining Malaysia it would become a larger federation and with better political stability. This was seen as a way to attract more foreign entrepreneurs to invest and do business in Singapore. Lastly, was Singapore's concern with its viability as an independent state.

Unfortunately, the merger did not last long, Singapore was expelled from Malaysia by Tunku Abdul Rahman Putra Al Haj, on 9 August 1965. The most obvious reason for Singapore's expulsion from the Malaysian Federation was its challenge on the four important areas in the ground rules governing Malaysian politics 1963. Malaysian leaders, led by Tunku had identified the four areas identified as common citizenship, as being hailed by Lee Kuan Yew – Malaysian Malaysia, namely: the special position of the Malays, the monarchical system, the use of Malay language as the national language. Singapore also accused the 'Ultra-nationalist' or the extreme right-wing section of UMNO for the failure of the merger with Malaysia.<sup>289</sup>

Coupled to that, Singapore perceived that there was a racial inequality in the Malaysian government with Malay dominance. Their retrospective view has focused on what the troubled two years in Malaysia did for them.<sup>290</sup> According to Singapore, the anger and humiliation of the experience drove them to the expulsion. The above testimony is believed to be the reasons that had exacerbated the relations between Malaysian and Singapore especially concerning the two leaders. The bitter experience that had led to the separation was seen as an unforgivable and

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<sup>289</sup> N. Ganesan. (Nov 1991). Factors Affecting Singapore's Foreign Policy Towards Malaysia. *Australian Journal of International Affairs*. 45(2): 182-196.

<sup>290</sup> Edwin Lee. (1991). "Singapore: Lessons from History in National Development", in Azizah Kassim & Lau, T.S.(eds.). *Malaysia and Singapore: Problems and Prospects*, by. Singapore: Singapore Institute of International Affairs. p. 38.

unforgettable act by both leaders. This is more significantly so to Malaysian leaders, who felt undone, but were left unable to act for four decades. The majority of them witnessed the actual incident in hatred, misunderstanding and disgust.

However, Malaysia and Singapore generally maintained a relationship, even though they were separated. One could say however, that the relationship was not cordial. No matter what it was, despite facing numerous bilateral issues or ‘war of words’, both countries still managed to maintain enough relationship to conduct business and social activities. Reasons underpinning the relationships between these two sovereign states were affected by a variety of factors, such as geographical location, history, ideology, ethnic origin and language.<sup>291</sup> It could also be seen that this uncordial but vast and unique relationship was not only attributed to the earlier reasons but also to the claims made by Singapore’s first Foreign Minister, Mr S.Rajaratnam in his speech in 1965, indicating the need for collective security which is as follows:

“All these latter factors (history, geography, economics and demography) underline not the separateness or foreigners of the two territories, but the oneness of the people in the two countries. People on both sides of the causeway have not since 9th August even begun to treat one another as foreigners. In addition, I do not think that they ever will. This is a fact...On foreign policy is based on an awareness of not so much the constitutional fact of what is real... the reality of the thing. The survival and well-being of Malaysia is essential to Singapore’s survival. Conversely, the survival of Singapore is essential to Malaysia’s survival”<sup>292</sup>

Thus, Singapore enjoyed rapid economic development and achieved developed status much earlier than anticipated, while Malaysia was still in the developing process. After 48 years of separation, the situation is much different now as compared to the early days. There are vast

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<sup>291</sup> Mahathir Mohamad. (1970). *The Malay Dilemma*. Kuala Lumpur: Times Books International. p. 180.

<sup>292</sup> N. Ganesan. (1991). *Op.cit.*, p. 183.

differences in economic development and defence capabilities between these two countries. Malaysia in the meantime concentrated on nation building through national development and went on a rapid industrialization process with the aim of becoming an industrialized and developed nation by the year 2020 while Singapore is already hailed as the NIC (Newly Industrialized Nation/Country).<sup>293</sup>

Despite the existence of interdependent nature in the bilateral relationship between both countries, in searching for their visions, there is still distrust and security suspicion impinging on the relationship. Singapore being the smaller country, maintained an acute sense of vulnerability in its mindset.<sup>294</sup> Hence, it saw Malaysia as its economic rival adversary, especially with the emergence of Seaport at Tanjung Pelepas, International Airport (KLIA) and Multimedia Super Corridor (MSC), i.e. Putrajaya and Cyberjaya. Meanwhile, Malaysia saw Singapore as individualistic and far from a curt and suspicious neighbour. There were a few incidents, which involved Singapore that created concern to Malaysia's national security. It is clear that the political baggage of both countries is the important factors in the bilateral relationship. If the current security and economic issues are not properly addressed, it may lead to a possible armed conflict, which might be a great loss for both sides. In terms of bilateral trade, Malaysia and Singapore is each other's largest trading partner. Half of the tourists who visited Malaysia are Singaporeans. Malaysia is also Singapore's top overseas investment destination. These stakes are just too high to be ignored in terms of evaluating the relationship of these countries.

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<sup>293</sup> N. Ganesan. (1998). *Op.cit.*, p. 27.

<sup>294</sup> Alan, Collins. (2000). *The Security Dilemmas of Southeast Asia*. Singapore: Institute of Southeast Asian Studies. p. 95.

### 4.3. The Influence of Race Relation

Since separation from the Federation in 1965, Singapore's relationship with Malaysia has been characterised by considerable tension and mutual distrust. The reasons are numerous, focusing on the ethnic mix in both countries and their irritable experience when Singapore was part of Malaysian Federation between 1963 and 1965.<sup>295</sup> They have since continued to respond aggressively to internal developments in each other's countries.

The political environment during the period Singapore was in the Federation of Malaysia, when PAP wanted to have Malaysian Malaysia policy, UMNO wanted the Malays special privileges to be preserved and protected, thus creating a political conflict that was coloured by racial undertones. Mahathir believed the Malays, due to their colonial experience, were economically under-privileged and in need of special treatment and assistance in order to compete economically with other races until such time as they are able to compete on equal terms. Lee Kuan Yew on the other hand believed in racial equality and subscribed to what is termed the 'Malaysian Malaysia' concept, which would obviously give the Chinese considerable advantage over the Malays. The concept of 'Malaysian Malaysia' has always underpinned the developmental approach of Singapore's PAP in its strategy of building a united Malaysian nation comprising all ethnic groups on the basis of equality. But many of the Malay leaders of the UMNO-led Alliance Party do not agree with this concept because of the visibly huge gap in the socio-economic differences between the ethnic Malays and Chinese in Malaya at that time. The ideological-philosophical-ethnic overtones encompassed by the slogans 'Malaysian Malaysia'

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<sup>295</sup> Alan Collins. (2000). *Op.cit.*, p. 96.

and ‘Bumiputeraism’ appears to have dominated the debate over the ideal paradigm of governance in the two societies.

### **‘Malaysian Malaysia’ Slogan**

The phrase ‘Malaysian Malaysia’ was originally used in the early 1960s as the rallying motto of the Malaysian Solidarity Council, a confederation of political parties formed to oppose Article 153 of the Constitution of Malaysia. This article specifically provides special quotas for the Malay and other indigenous peoples of Malaysia in admission to the public service, awarding of public scholarships, admission to public education institutions and the awarding of trade licences. It also authorises the government to create Malay monopolies in particular trades. This form of affirmative action for the Malays has been alleged to be racial discrimination on the basis of *ketuanan Melayu* (Malay supremacy), making the phrase ‘Malaysian Malaysia’ a mere tautology because of the distinction between nationality and race.

The complaint was that Malaysia was not being ‘Malaysian’ by discriminating against non-Malay Malaysians, and was rather being a ‘Malay Malaysia’. The concept of a Malaysian Malaysia has always underpinned the developmental approach of Singapore’s PAP in its strategy of building a united Malaysian nation comprising all ethnic groups on the basis of equality. The phrase ‘Malaysian Malaysia’ is widely associated with Lee Kuan Yew, then leader of the People’s Action Party (PAP), the prime constituent in the Malaysian Solidarity Convention; who was foremost a critic against the racial policy.

In a speech, Lee scoffed at what he viewed as a discriminatory social contract:

"According to history, Malays began to migrate to Malaysia in noticeable numbers only about 700 years ago. Of the 39 percent Malays in Malaysia today, about one-third are comparatively new immigrants like the secretary-general of UMNO, Dato' Syed Ja'afar Albar, who came to Malaya from Indonesia just before the war at the age of more than thirty. Therefore it is wrong and illogical for a particular racial group to think that they are more justified to be called Malaysians and that the others can become Malaysian only through their favour."<sup>296</sup>

The campaign for a 'Malaysian Malaysia' was not viewed highly by the government of Malaysia and the parties in the ruling coalition of the Alliance (later the Barisan Nasional). Those against the concept of a Malaysian Malaysia justify their views by citing the fact that Malaya was progressively colonised by the British from the mid 19<sup>th</sup> century to its height in 1926. During this period, a large number of immigrants not of the Malay stock including the Chinese and the Indian came to Malaysia and Singapore. This is elaborated with idea that the Malays were forced to accommodate other peoples during the colonial era and for them to remain after independence would be a privilege, not a right, with the reason given that the influx of immigrants had negatively affected the rights and resources of the Malays. The argument is given in spite of the existence of Malay-Chinese 'Peranakans' and regular Chinese in Malaya before the British arrival.

Some politicians in the United Malays National Organisation (UMNO) thought of the concept as a threat to the Malays' special position in Malaysia, and considered Lee to be a dangerous and seditious trouble-maker; one went as far as to call Lee a traitor to the country. The more moderate Prime Minister of Malaysia, Tunku Abdul Rahman, was perturbed by the campaign for

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<sup>296</sup> Ye, Lin-Sheng (2003). *The Chinese Dilemma*. Australia: East West Publishing Pty Ltd. p. 43.

a 'Malaysian Malaysia' and thought it would lead to trouble, in his opinion the Malays were not ready to be cut loose from their special privileges. Eventually, he decided the best option would be to oust Singapore from Malaysia; Lee agreed, and Singapore seceded from the Federation of Malaysia in 1965.

### ***Bumiputeraism Slogan***

In contrast to the PAP approach to Malaysian unity, the UMNO-led Alliance Party tended to emphasize an approach based on Malay ownership of the country, ethnicity, socio-economic upliftment of the Malays, special preferences for the 'indigenous', meaning *bumiputra*, community, that is, the Malays- all of which may be subsumed under the rubric of *ketuanan Melayu*, or Malay supremacy in Malaysia. UMNO's anxieties vis-à-vis the ethnic Chinese in Malaya and Singapore were heightened by the visibly huge gap in socio-economic status of the Malays which could only be redressed by a policy of positive discrimination, or what may be termed 'affirmative action'. In short, Malay dominance in the political sphere must now be harnessed to redress the economic imbalance vis-à-vis the non-Malays, particularly the Chinese who are generally perceived by the Malays to be aggressive, acquisitive, and insensitive to the local cultural milieu in which they are a part. The rabid anti-Chinese tone of ultra-Malays such as Syed Jaafar Albar in the 1960s, largely directed at the PAP and Lee Kuan Yew, was indicative of the general Malay political sentiment and insecurity, exacerbated as it was by the expansion of the Chinese population in Malaysia through the merger with Singapore. Malay insecurity and inferiority, compared with Chinese prosperity and superiority- at least in the realm of mutual

perceptions of each other, rightly or wrongly- undergirded much of the debate regarding the merits and demerits of a Malaysian Malaysia.

The Malay, for historical, political, and cultural reasons, did not wish to become a second-class citizen in his own country. Hence, UMNO strongly believed (and continues to believe) in shaping a political economy based on discrimination as the basis of stability. Since the implementation of the New Economic Policy (NEP) in 1970, the Malay-dominant government has consciously encouraged the growth of a Malay middle class, even at the expense of non-Malays interests. With an economic policy designed to challenge, if not reduce Chinese dominance in certain sectors of the economy, such as trade, finance, and construction, the impact on the non-Malays has generally been negative and disintegrative. Gordon Means aptly notes that the NEP, which was designed to reduce the salience of ethnicity and create a harmonious and integrated society in the future appears to have as its major consequence the perpetuation of ethnic divisions in law, in institutions, and in public policy.<sup>297</sup>

The impact of such policies on ethnic perceptions in neighbouring Singapore could hardly be missed. Singapore's perception of the discrimination by the Malays of the ethnic Chinese minority in Malaysia would only reinforce its determination to pursue offensive as well as defensive policies to mitigate such discrimination. Thus, the avoidance of communal violence in Malaysia becomes an important element of its national interests vis-à-vis Malaysia. The PAP has always maintained that the principles of equality and non-discrimination on the basis of ethnicity

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<sup>297</sup> Means, Gordon P. (1991). *Malaysian Politics: The Second Generation*. Singapore: Oxford University Press. p. 313.

should serve as the governing principles for building a united, prosperous, and peaceful multiracial Malaysia.<sup>298</sup>

## **Race Conflicts**

Malaysia and Singapore came together as one in 1963 but the troubled union lasted just two years before Singapore's Lee walked out of the Malaysian Federation after squabbling between his Chinese-dominated party and the main Malay party. The island of Singapore is home to mostly ethnic Chinese, while the population of its big neighbour to the north is mainly ethnic Malay. The two races have a long history of tension and sometimes violence. There were serious riots in 1964, with loss of life. These resulted from racial conflict between Malays and Chinese, caused by a rift between the PAP and racially extremist Malays in the Federation, and were not part of a revolutionary process in the sense of trying to seize political power by illegal means. They no doubt contributed to the deteriorating relations between the predominantly Chinese government of Singapore and the predominantly Malay central government in Kuala Lumpur. The break between them, however, resulted more directly from a bid by Lee Kuan Yew to get a wider political foothold for the PAP by putting up PAP candidates in nine of the constituencies on the mainland of Malaya in the 1964 elections. Although the attempt was a failure in that only one PAP candidate was returned, many Malay politicians interpreted it as a bid by Lee Kuan Yew for eventual premiership in Kuala Lumpur. After months of vituperation, Singapore was expelled from the Federation in August 1965, and became a wholly independent state.<sup>299</sup> In

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<sup>298</sup> K.S. Nathan. (2002). *Op.cit.*, p. 392.

<sup>299</sup> Richard, Clutterbuck. (1985). *Conflict and Violence in Singapore and Malaysia 1945-1983*. Singapore: Singapore National Printers (Pte) Ltd. p. 161-162.

1969, economic disparities between Malays and Chinese were blamed for race riots that killed hundreds in Malaysia.

Malays still refer to Chinese at times as outsiders and to themselves as 'sons of the soil'. In Malaysia, they remain wary of the Chinese making political advances and have kept a stranglehold on power since independence from Britain in 1957. Malaysia has pursued pro-Malay affirmative action for three decades, but they still lag the Chinese in terms of wealth. Malaysia's political analyst and former lecturer, Chandra Muzaffar said that, in certain areas, the Malay situation needs more attention. For example, in the corporate sector, the Malay and Indian participation are quite small. "Malaysia on the whole had done quite well in managing race relations, though tensions were inevitable. In a multi-racial society, you can't run away from it. It's very, very complex issue if you look at the ethnic mix," he said.

*i) 1964's Race Riots*

The 1964 Race Riots were a series of riots that took place in Singapore during two separate periods in July and September between Chinese and Malay groups. The first incident occurred on 21<sup>st</sup> July 1964 during a Malay procession that marked Prophet Muhammad's birthday. In total, the violence killed 36 people and injured another 556 people. About 3,000 people were arrested. The riots are also known as the Prophet Muhammad Birthday Riots, 1964 Racial Riots, and 1964 Sino-Malay Riots. At that time, Singapore was a state in the Federation of Malaysia.

On 21<sup>st</sup> July 1964, about 25,000 Malays gathered at Padang, Singapore to celebrate the Prophet Muhammad's birthday. After the speeches, the procession went on to Geylang. Along the way, a group that was dispersed was asked to rejoin the procession by a policeman. Instead of obeying the orders the group attacked the policeman. This incident led to a race riot after the group of Malays attacked Chinese passers-by and spectators. The riots were reported to have started at about 5:00 p.m. between Kallang and Geylang Serai. A curfew was declared at 9.30 p.m. to restore order, but in the first day of riot, four people were killed and 178 injured.<sup>300</sup>

After the curfew was lifted at 6 a.m. the next morning, the conflict grew even more tense, and another curfew was imposed - only lifted for short periods for people to buy food. The curfew was completely lifted on 2 August, 11 days after the start of the riots. After the riots goodwill committees were set up made up of community leaders from the various racial groups. The main job of these leaders was to help restore peace and harmony between the Malays and the Chinese by addressing the concerns of the residents. About 23 people were dead and 454 people injured during the July riots. There was significant damage to property and vehicles. About 3,568 people were arrested, including 600 secret society members and 256 people arrested for possession of dangerous weapons. The rest were arrested for violating the curfew.<sup>301</sup>

A second race riot occurred just a month after the first on 3 September. This time, a Malay trishaw-rider was found murdered at Geylang Serai and his attackers were believed to be a group of Chinese. The race riot ensued in the neighbourhoods of Geylang, Joo Chiat and Siglap, and

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<sup>300</sup> Lai Ah Eng. (2004). *Beyond Rituals and Riots : Ethnic Pluralism and Social Cohesion in Singapore*. Singapore: Eastern Universities Press.

<sup>301</sup> Lau, Albert. (2000). *A Moment of Anguish: Singapore in Malaysia and the Politics of Disengagement*. Singapore: Times Academic Press, p. 175.

another curfew was imposed. In this incident, 13 people lost their lives and 106 people were injured. Some 1439 people were arrested, of whom 268 were placed under preventive detention orders, and 154 charged in court.<sup>302</sup> Under the presence of troops and the imposing of curfews, these tensions eventually eased after a few days.

Both Malaysia and Singapore have attributed the September riots to Indonesian provocateurs. It was the Konfrontasi period and 30 Indonesian paratroopers had landed in Labis, Johor on 2 September. Different reasons have been cited for causing the riots. Malaysia Deputy Prime Minister Tun Abdul Razak blamed Indonesian and Communist provocateurs. On the other hand, Singapore Prime Minister Lee Kuan Yew and several other foreign observers attributed the riots to the agitation by Syed Jaafar Albar and other elements of the ultra-nationalist faction in UMNO. According to the Australian Deputy High Commissioner, W.B. Pritchett:

"...there can be no doubt that UMNO was solely responsible for the riots. Its members ran the communal campaign or allowed it to happen."<sup>303</sup>

The riots occurred during the period when the PAP-UMNO relations were severely strained after the People's Action Party challenged the UMNO in Malaysia's federal election in March 1964, with the campaign slogan of 'Malaysian Malaysia'. In addition, the involvement of Chinese secret societies in the riots also increased the level of violence.

Leaders in Malaysia and Singapore were surprised by the rapid escalation of racial violence and both sides made frequent appeals for calm. The riots exposed serious racial tension and the fear

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<sup>302</sup> *Ibid.*, p. 197.

<sup>303</sup> Lau, Albert. (2000). *Op.cit.*, p. 194.

of further violence contributed to Singapore's secession from the Federation of Malaysia in 1965, when both sides were unable to resolve their disputes.

During the riots a large number of arrests were made under the Internal Security Act (ISA) of those involved in subversion and rioters who were members of secret societies. This helped to contain the violence, especially during the September riots. ISA remains in force in both countries and is used to counter potential threats of communalism or racial and religious violence.

ii) *1969's Race Riots*

The May 13 Incident is a term for the Sino-Malay race riots in Kuala Lumpur (then part of the state of Selangor), Malaysia, which began on 13 May 1969. These riots continued for a substantial period of time, leading the government to declare a state of national emergency and suspend Parliament until 1971. Officially, 196 people were killed between 13 May and 31 July 1969 as a result of the riots, although journalists and other observers have stated much higher figures.<sup>304</sup> The government cited the riots as the main cause of its more aggressive affirmative action policies, such as the New Economic Policy (NEP), after 1969.

Amidst tensions among the Malay and Chinese population, the general election was held on 10 May 1969. Election day itself passed without any incident and the result shows the Alliance had gained a majority in Parliament at the national level, albeit a reduced one, and in Selangor it had

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<sup>304</sup> Comber, Leon. (1983). *13 May 1969: A Historical Survey of Sino-Malay Relations*. Singapore: Graham Brash (Pte) Ltd. p. 71.

gained the majority by co-operating with the sole independent candidate. The Opposition had tied with the Alliance for control of the Selangor state legislature, a large setback in the polls for the Alliance.

On 12 May, thousands of Chinese marched through Kuala Lumpur and paraded through predominantly Malay areas which hurled insults that led to the incident.<sup>305</sup> The largely Chinese opposition, Democratic Action Party (DAP) and Gerakan gained in the elections, and secured a police permit for a victory parade through a fixed route in Kuala Lumpur. However, the rowdy procession deviated from its route and headed through the Malay district of Kampung Baru, jeering at the inhabitants. Some demonstrators carried brooms, later alleged to symbolise the sweeping out of the Malays from Kuala Lumpur, while others chanted slogans about the 'sinking' of the Alliance boat, the coalition's logo. The Gerakan party issued an apology on 13 May for their rally goers' behaviour.

Malay leaders, who were angry about the election results, used the press to attack their opponents, contributing to raising public anger and tension among the Malay and Chinese communities. On 13 May, members of UMNO Youth gathered in Kuala Lumpur, at the residence of Selangor *Menteri Besar* Dato' Harun Haji Idris in Jalan Raja Muda, and demanded that they too should hold a victory celebration. While, UMNO announced a counter-procession, which would start from the Harun bin Idris' residence. Tunku Abdul Rahman would later call the

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<sup>305</sup> Professor Dato' Dr. Zakaria Haji Ahmad. *The Encyclopedia of Malaysia*, "Government and Politics".

retaliatory parade "inevitable, as otherwise the party members would be demoralised after the show of strength by the Opposition and the insults that had been thrown at them."<sup>306</sup>

Shortly before the UMNO procession began, the gathering crowd was reportedly informed that Malays on their way to the procession had been attacked by Chinese in Setapak, several miles to the north. The angry protestors swiftly wreaked revenge by killing two passing Chinese motorcyclists, and the riot began. The riot ignited the capital Kuala Lumpur and the surrounding area of Selangor, according to *Time*, spreading throughout the city in 45 minutes.<sup>307</sup> Many people in Kuala Lumpur were caught in the racial violence. Dozens were injured and some killed, houses and cars were burnt and wrecked, but except for minor disturbances in Malacca, Perak, Penang and Singapore, where the populations of Chinese people were larger, the rest of the country remained calm. Although violence did not occur in the rural areas, *Time* found that ethnic conflict had manifested itself in subtler forms, with Chinese businessmen refusing to make loans available for Malay farmers, or to transport agricultural produce from Malay farmers and fishermen.<sup>308</sup>

Incidents of violence continued to occur in the weeks after 13 May, with the targets now not only being Malay or Chinese, but also Indian. It is argued that this showed that "the struggle has become more clearly than ever the Malay extremists' fight for total hegemony."<sup>309</sup> According to police figures, 196 people died and 149 were wounded. 753 cases of arson were logged and 211 vehicles were destroyed or severely damaged. An estimated 6,000 Kuala Lumpur residents, 90%

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<sup>306</sup> Hwang, In-Won. (2003). *Personalized Politics: The Malaysian State under Mahathir*. Singapore: Institute of Southeast Asian Studies. p. 78.

<sup>307</sup> "Race War in Malaysia", *Time*. (23 May 1969).

<sup>308</sup> "Preparing for a Pogrom". *Time*. (18 July 1969). p. 3.

<sup>309</sup> *Ibid.*, p. 1.

of them Chinese, were made homeless.<sup>310</sup> Various other casualty figures have been given, with one thesis from a UC Berkeley academic, as well as *Time*, putting the total dead at ten times the government figure.<sup>311</sup>

The government ordered an immediate curfew throughout the state of Selangor. Security forces comprising some 2000 Royal Malay Regiment soldiers and 3600 police officers were deployed and took control of the situation. Over 300 Chinese families were moved to refugee centres at the Merdeka Stadium and Tiong Nam Settlement.

On 14 May and 16 May, a state of emergency and accompanying curfew was declared throughout the country, but the curfew was relaxed in most parts of the country for two hours on 18 May and not enforced even in Kuala Lumpur within a week. On 16 May, the National Operations Council (NOC) was established by proclamation of the Yang Di-Pertuan Agong (King of Malaysia) Sultan Ismail Nasiruddin Shah, headed by Tun Abdul Razak. With Parliament suspended, the NOC became the supreme decision-making body for the next 18 months. State and District Operations Councils took over state and local government.

The NOC implemented security measures to restore law and order in the country, including the establishment of an unarmed Vigilante Corps, a territorial army, and police force battalions. The restoration of order in the country was gradually achieved. Curfews continued in most parts of the country, but were gradually scaled back. Peace was restored in the affected areas within two

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<sup>310</sup> Hwang, In-Won. (2003). *Op.cit.*, p. 72.

<sup>311</sup> *Time*. (18 July 1969), p. 1.

months. In February 1971 parliamentary rule was re-established. In a report from the NOC, the riots were attributed in part to both the Malayan Communist Party and secret societies.

The eruption of violence on May 13 was the result of an interplay of forces. These include a generation gap and differences in interpretation of the constitutional structure by the different races in the country;

“the incitement, intemperate statements and provocative behaviours of certain racialist party members and supporters during the recent General Election; the part played by the Malayan Communist Party (MCP) and secret societies in inciting racial feelings and suspicion; and the anxious, and later desperate, mood of the Malays with a background of Sino-Malay distrust, and recently, just after the General Elections, as a result of racial insults and threat to their future survival in their own country”

— Extract from the May 13 Tragedy, a report by the National Operations Council, October 1969.<sup>312</sup>

Immediately following the riot, conspiracy theories about the origin of the riots began circulating. Many Chinese blamed the government, claiming it had intentionally planned the attacks beforehand. To bolster their claims, they cited the fact that the potentially dangerous UMNO rally was allowed to go on, even though the city was on edge after two days of opposition rallies. Although UMNO leaders said none of the armed men in the rally belonged to UMNO, the Chinese countered this by arguing that the violence had not spread from Harun Idris's home, but had risen simultaneously in several different areas. The armed Malays were

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<sup>312</sup> See National Operations Council. (1969). *The May 13 Tragedy: A Report of the National Operations Council*. Kuala Lumpur: Government Press.

later taken away in army lorries, but according to witnesses, appeared to be "happily jumping into the lorries as the names of various villages were called out by army personnel".<sup>313</sup>

Despite the imposition of a curfew, the Malay soldiers who were allowed to remain on the streets reportedly burned several more Chinese homes. The government denied it was associated with these soldiers and said their actions were not condoned. However, Western observers such as *Time* suggested that "Whether or not the Malay-controlled police force and emergency government have actually stirred up some of the house-burning, spear-carrying mobs, they seem unwilling to clamp down on them."<sup>314</sup>

In 2007, a book, *May 13: Declassified Documents on the Malaysian Riots of 1969* by academic, former Democratic Action Party member and former Member of Parliament Kua Kia Soong, was published by Suaram. Based on newly declassified documents at the Public Records Office in London, the book alleged that contrary to the official account which had blamed the violence on opposition parties, the riot had been intentionally started by the "ascendent state capitalist class" in UMNO as a coup d'état to topple the Tunku from power.<sup>315</sup>

Immediately after the riot, the government assumed emergency powers and suspended Parliament, which would only reconvene again in 1971. It also suspended the press and established a National Operations Council. The NOC's report on the riots stated, "The Malays

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<sup>313</sup> Emery, Fred. (6 June 1969). "The nightmare that lingers on in Malaysia". *Times*. p. 11.

<sup>314</sup> *Time*. (18 July 1969). p. 1.

<sup>315</sup> See Kua Kia Soong. (2007). *May 13: Declassified Documents on the Malaysian Riots of 1969*. Petaling Jaya: SUARAM.

who already felt excluded in the country's economic life, now began to feel a threat to their place in the public services," and implied this was a cause of the violence.<sup>316</sup>

Western observers such as *Time* attributed the racial enmities to a political and economic system which primarily benefited the upper classes. The Chinese and Indians resented Malay-backed plans favoring the majority, including one to make Malay the official school and government language. The poorer, more rural Malays became jealous of Chinese and Indian prosperity. Perhaps the Alliance's greatest failing was that it served to benefit primarily those at the top. For a Chinese or Indian who was not well-off, or for a Malay who was not well-connected, there was little largesse in the system. Even for those who were favored, hard feelings persisted. One towkay recently told a Malay official: "If it weren't for the Chinese, you Malays would be sitting on the floor without tables and chairs." Replied the official: "If I knew I could get every damned Chinaman out of the country, I would willingly go back to sitting on the floor."<sup>317</sup>

The riot led to the expulsion of Malay nationalist Mahathir Mohammad from UMNO and propelled him to write his seminal work *The Malay Dilemma*, in which he posited a solution to Malaysia's racial tensions based on aiding the Malays economically through an affirmative action programme. Tunku Abdul Rahman resigned as Prime Minister in the ensuing UMNO power struggle, the new perceived 'Malay-ultra' dominated government swiftly moved to placate Malays with the Malaysian New Economic Policy (NEP), enshrining affirmative action policies for the *bumiputra* (Malays and other indigenous Malaysians). Many of Malaysia's draconian press laws, originally targeting racial incitement, also date from this period. The Constitution

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<sup>316</sup> Hwang, In-Won. (2003). *Personalized Politics: The Malaysian State under Mahathir*. Singapore: Institute of Southeast Asian Studies. p. 78.

<sup>317</sup> "Preparing for a Pogrom". *Time*. (18 July 1969). p. 2.

(Amendment) Act 1971 named Articles 152, 153, and 181, and also Part III of the Constitution as specially protected, permitting Parliament to pass legislation that would limit dissent with regard to these provisions pertaining to the social contract. (The social contract is essentially a *quid pro quo* agreement between the Malay and non-Malay citizens of Malaysia; in return for granting the non-Malays citizenship at independence, symbols of Malay authority such as the Malay monarchy became national symbols, and the Malays were granted special economic privileges.) With this new power, Parliament then amended the Sedition Act accordingly. The new restrictions also applied to Members of Parliament, overruling Parliamentary immunity; at the same time, Article 159, which governs Constitutional amendments, was amended to entrench the 'sensitive' Constitutional provisions; in addition to the consent of Parliament, any changes to the 'sensitive' portions of the Constitution would now have to pass the Conference of Rulers, a body comprising the monarchs of the Malay states. At the same time, the Internal Security Act, which permits detention without trial, was also amended to stress 'intercommunal harmony'.<sup>318</sup>

Despite the opposition of the DAP and PPP, the Alliance government passed the amendments, having maintained the necessary two-thirds Parliamentary majority. In Britain, the laws were condemned, with *The Times* of London stating they would "preserve as immutable the feudal system dominating Malay society" by "giving this archaic body of petty constitutional monarchs incredible blocking power"; the move was cast as hypocritical, given that Deputy Prime Minister Tun Abdul Razak had spoken of "the full realisation that important matters must no longer be swept under the carpet."<sup>319</sup> The *Rukunegara*, the de facto Malaysian pledge of allegiance, was

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<sup>318</sup> Khoo, Boo Teik. (1995). *Paradoxes of Mahathirism*. Singapore: Oxford University Press. pp. 104–106.

<sup>319</sup> Emery, Fred. (8 November 1969). "Malaysia Unity Call Against a Background of Fear". *Times*. p. 7.

another reaction to the riot. The pledge was introduced on August 31, 1970 as a way to foster unity among Malaysians.

#### **4.4. Political Rivalry**

The sometimes turbulent relationship between the PAP and UMNO, which were, and still are, the ruling parties respectively of Singapore and Malaysia, has impacted the recent history of both states. Both parties have common roots, being formed during the period of anti-colonialism and widespread resentment which grew after the Japanese occupation. Initially allowing insurgent faction members advocating communism into both their parties as an ally against colonialism, both later developed hostile relations with the Malayan Communist Party (MCP) and Indonesian Communist Party (PKI), expelling the leftists from their ranks. Thus, the PAP and UMNO had co-operated closely for some time to work towards eliminating the MCP insurgency and achieving independence from colonialism. Such co-operation culminated in 1963 with the entry of Singapore into Malaysia. Official ceremonies celebrated the formation of Malaysia on September 16, 1963.

There are many factors that led the UMNO and the PAP to agree to a merger. Negotiations for merger began in 1960, and initially, Tunku Abdul Rahman, the Prime Minister of Malaya, refused. However, fears of the MCP-backed insurgency taking over Singapore and using it as a base against Malaya gave reasons for the Malayan government to admit Singapore as a member state. For Singapore, the promise of independence from British colonial rule and economic growth with a guaranteed common market between the two nations gave the city-state reason

enough to join the Federation. Singapore became part of Malaysia after a national referendum was held, under the conditions that all Singaporean citizens would automatically become citizens of Malaysia. Singapore would also retain a degree of autonomy and state rights, such as over labour and education. Singapore would also retain the right to keep all four of its official languages, English, Mandarin, Malay and Tamil. The Federation of Malaysia was established on September 16, 1963 under those conditions.

Initially all appeared well. However, both nations developed different ideological lines on racial issues, especially concerning the Chinese race and the Malay race, mainly marked by UMNO's belief in the bumiputra policy of positive racial discrimination. UMNO saw this as much needed affirmative action for Malays, who had supposedly been put at a disadvantage due to the heavy presence of immigrants that had entered the Malay Archipelago during colonial rule. The PAP staunchly opposed this as unjustified and racist. The PAP, along with several other Malaysian minority parties, epitomised this view with the cry of a 'Malaysian Malaysia', a policy to serve the entire Malaysian *nationality*, in which Singapore was included, as opposed to just the Malay *race*. This was driven by the fact that Singaporean Chinese were facing increasing political, legal, and economic discrimination. One of the initial solutions proposed was to have the PAP join UMNO and later on participate in the federal government, but the Malayan Chinese Association (MCA) feared that the PAP would replace them, and opposed the PAP, seeing it as a radical socialist movement. The MCA urged UMNO to prevent the PAP from being too influential in the federal government. From this point on the relationship between the UMNO and the PAP became increasingly cold, falling little short of hostile.

During this period, racial tensions grew between the Chinese and the Malays, allegedly partially incited earlier by the MCP, such as during the Hock Lee bus riots, with growing blame put on UMNO by the PAP. This was not an unfounded allegation, as many Malay newspapers, such as the partisan newspaper *Utusan Melayu* continued to allege that the PAP had been mistreating the Malay race, citing the relocation of Malays from the kampungs for redevelopment. An increasingly heated debate on both sides sprung up, inciting racial tensions to such an extent that race riots occurred, culminating with two riots on and after Prophet Muhammad's birthday in 1964. Both parties continued to escalate the tension with scathing verbal attacks on each other, accusing each other of being the cause of the riots. Earlier, in what was seen by the PAP as a violation of previous agreements, UMNO backed and formed the Singapore Alliance Party, which ran for the 1963 state elections in Singapore on 21 September 1963, but failed to win any seats, even in Malay constituencies. Despite this failure, it was seen as an attack on the PAP's power base.

Eventually, the PAP decided to challenge the policies of the Central Government directly, both as a retaliatory measure and to further its ideological grounds. It ran in the April 1964 Malaysian federal elections in coalition with other parties under the Malaysian Solidarity Convention. The PAP was now a legitimate opposition party in the federal elections, and campaigned on a platform of eliminating racialism and a Malaysian Malaysia. Their rallies attracted large crowds. They decided to contest a minority of the seats to avoid any perception that they were trying to undermine the ruling party or being seen as agents of instability. The PAP only won one seat and 7% of the vote.<sup>320</sup> UMNO saw this as spite and felt threatened by the fact that the PAP had even contested any seats at all was alarmed by the seat the PAP managed to win. Dr. Tan Siew Sin,

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<sup>320</sup> *The Strait Times*. (2 June 1965).

the Finance Minister at this time, demeaningly commented, "*How can these kachang puteh parties pose a threat?*".<sup>321</sup> The sharp highlight of the degenerating situation was a vow by UMNO to oust the PAP from the Singapore government when the next set of state elections occurred, perhaps before the PAP could do likewise at the next federal election.<sup>322</sup>

In addition to racial unrest, thorny issues concerning Singapore's rights as an autonomous state further put a dent in relations, such as the failure of a common market to be set up between the Federation and Singapore, and the heavy tax burden placed on Singapore, which was seen as unfair. Such issues catalysed the impending secession. On August 7, 1965, Tunku Abdul Rahman announced to the Malaysian Parliament in Kuala Lumpur that the Parliament should vote yes on the resolution to have Singapore to leave the Federation, choosing to "*sever all ties with a State Government that showed no measure of loyalty to its Central Government*" as opposed to the undesirable method of suppressing the PAP for its actions. Singapore's secession and independence became official on August 9, 1965. *De jure*, Singapore withdrew of its own accord. *De facto*, however, the PAP had no true authority to influence whether Singapore should leave or not, despite having pressured Tunku Abdul Rahman not to take such a course of action. The separation agreement was signed to maintain friendly relations, trade agreements, and mutual defence ties. These were left intact, although federal ties to Singapore as a state were cut off.

The complex relationship continued with the issue of trade and other agreements between the now separate entities of Malaysia and Singapore. At times both parties heavily criticised each

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<sup>321</sup> *Ibid.*

<sup>322</sup> Abdullah Ahmad. (1985). *Op.cit.*, pp. 90-92.

other for their policies, to the extent of issuing threats. At present, both have had their countries issue bans on some of the other's media, for example, the New Straits Times, a Malaysian newspaper publication, is banned in Singapore, and the Straits Times, the corresponding newspaper publication for Singapore, is banned in Malaysia (though as recent as June 2005 there have been talks to lift the bans on both sides of the causeway). This heavy exchange of words is epitomised by the past leaders of both countries, Lee Kuan Yew of the PAP, and Dr. Mahathir of the UMNO. Both are no longer the prime ministers of their countries.

PAP-UMNO relations were volatile at several points in history, and there are still long-running disputes. However, Malaysia and Singapore remain relatively close allies. The two countries' relations with each other are stronger than their (generally warm) relations with countries in the region, for example, the members of Southeast Asian regional-bloc ASEAN. For example, there is strong law enforcement cooperation on both sides of the causeway.

#### **4.5. Economic Rivalry**

Malaysia's major goal in the next thirty years is to reduce the heavy dependence on Singapore as a re-export centre for Malaysia goods. This necessarily entails upgrading the country's technological and industrial base, its sea-ports and airports, educational infrastructure, transportation networks, and transforming the commodity composition of bilateral ties and international trade from low to high value-added, especially manufactured goods, electrical and electronic products. After years of being in its neighbor's shadow, Malaysia has signaled that it is determined to cut its dependence on Singapore as a regional shipping, financial and aviation

center, and compete for business in these and other areas, such as communications and the media, with the island-state. Malaysia now has a modern national highway network and telecommunications. Its seaports, railways and power supplies are being upgraded. A new international airport near Kuala Lumpur, which was opened in 1998 was designed to match or surpass Singapore's airport.

In the 1980s, Malaysia's economy was gaining momentum with the huge inflow of foreign investments. This provided some form of rivalry to Singapore. When Dr. Mahathir took over the reigns of power, there was a shift in the directions of Malaysia's foreign policy. It was responding more towards international political economy and was friendlier towards developing nations. This strategy which involved championing third world causes and opening up new markets became the core agenda of Dr. Mahathir's business plans. The economy was given priority in shaping foreign policy. Internally, more modern and sophisticated infrastructure such as the Kuala Lumpur International Airport (KLIA), the seaport at Tanjung Pelepas and Port Kelang were built and reconstructed to prepare for this economic resurgence. The introduction of Malaysia's Incorporated Policy and the emergence of the Multimedia Super Corridor (MSC) provided impact on investment in Singapore. Some investors were moving their offices to Kuala Lumpur. This allowed a healthy competition between the two countries and will chart a smart partnership in many areas on the future. Too some the competition is viewed as nations in conflict, one trying to outdo the other. But the truth of the matter is; it is done more for economic survival. This was the most trying and challenging period for both nations.

Former Prime Minister, Mahathir bin Mohamad of Malaysia blames British colonial rule for concentrating development in Singapore and giving it a head start as a commercial center. Singapore was once part of the Malaysian federation, but was forced to leave in 1965 to become a sovereign state because Kuala Lumpur feared the island-state would become politically dominant. Noting that about one third of Malaysia's trade still passes through Singapore, Dr. Mahathir said that Malaysians must make full use of Port Klang, the country's chief port near Kuala Lumpur. He said that the government would do 'some mild arm twisting' to make sure that exporters and importers sent and received their goods through Port Klang, which has a large and modern container terminal.

Ling Liong Sik, the then Malaysian transport minister, said the government was seriously considering doubling the handling charges at Port Klang for containers destined for ports in neighboring countries that would be later transhipped to other foreign countries. The government had earlier introduced a levy of 100 ringgit on cargo vehicles entering Malaysia from Singapore, and doubled the levy to 200 ringgit on those leaving Malaysia. Such levies "may force many manufacturers in Malaysia who currently export to the world through Singapore to reroute to Malaysian ports," said Graham Hayward, executive director of the Singapore International Chamber of Commerce.

A Malaysian-led consortium announced plans to build an oil pipeline and upgrade road and rail links between the Penang Port, on the Malaysian coast at the northern entrance of the Strait of Malacca, and Songkhla in Southern Thailand. The group said that the 'land bridge' project, which has Malaysian government backing, would enable international shippers to bypass

Singapore, which has one of the world's largest ports and a huge oil-refining capacity, and cut the sea voyage between Indian and Pacific oceans by more than 1,000 kilometers (620 miles). Malaysia has embarked on an extensive effort to rapidly develop its southern gateway in Johor, including improving connectivity to its ports by rail and air. The competition in the logistic services heated up considerably when the privatized Port of Tanjung Pelepas (PTP) successfully convinced two key Singapore port users to relocate.

Malaysia's confidence was boosted when it convinced two Singapore port users, namely Maersk Sealand (Danish Shipping giant) and Taiwan's Evergreen carrier to shift its transshipment/ hub operation from Singapore to PTP.<sup>323</sup> The Maersk's shift was believed to be the biggest single move in the port industry in Southeast Asia and it will guarantee PTP an annual volume of 2 million twenty-foot equivalent unit (TEUs) in 2001. It was served as a catalyst to attract other major carriers.<sup>324</sup>

Malaysia is also actively promoting an International Offshore Financial Center (IOFC)<sup>325</sup> in Labuan island off Borneo to reduce reliance on Singapore-based banks, fund managers and insurance companies. The creation of Labuan as an IOFC in 1990 was designed to increase Malaysia's capacity to provide financial services to a region that is growing in economic dynamism, a measure that could undercut Singapore's regional predominance in this sphere. Analysts said that Malaysia wanted to bring down its current-account deficit, projected to increase to more than 18 billion ringgit in 1995 from 10.9 billion ringgit in 1994, by cutting its

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<sup>323</sup> Chang, L. L. (2003). *Op.cit.*, p. 265.

<sup>324</sup> *Ibid.*, p. 265.

<sup>325</sup> <http://www.bnm.gov.my/index.php?rp=19>. (Accessed on 10 December 2013)

dependence on foreign shipping, banking, insurance and other professional services, many of which are based in Singapore.<sup>326</sup>

#### **4.6. Conclusion**

History operates to provide perspective, continuity, and appreciation of past trends that condition current thinking, performance, and future behaviour. Indeed, it is this historical factor that binds these two nations together, and yet injects differential approaches to problem-solving within a national as well as regional context. But, the rows between Malaysia and Singapore have never been allowed to escalate into violence by both sides. Wide-ranging economic, political and social ties continue to develop between the two countries. Nonetheless, the bilateral relationship continues to be encumbered by the inability of Malaysia and Singapore to set aside mutual mistrust and misgiving, which is largely due to the burden of historical baggage of their separation. This is an important crosscutting factor that acts to frame and intensify ethnic, geopolitical, economic and other sources of conflict between Malaysia and Singapore.

Mutual mistrust derived from the ordeal of separation continues to linger in the consciousness of many Malaysians and Singaporeans. This mistrust continues to linger despite leadership and generational change, and the development of significant bilateral economic and social linkages, because both sides have tended to use the traumatic history of separation for nation-building or regime consolidation. Moreover, the lingering mistrust between Malaysia and Singapore from the merger and separation period was politicised in contemporary times especially during the

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<sup>326</sup> Richardson, Michael. (27 January 1996). Economic Scene: Singapore's Competitive Neighbour. *International Herald Tribune*.

Mahathir era by politicians, media and community leaders from the both countries. They use these events for tackling present-day problems.

Malaysia-Singapore relations are as equal as Malay-Chinese relations. Thus, the burden of historical baggage after the separation of Singapore from Malaysia is one of the main factors in influencing the state of Malaysia-Singapore relations. The ordeal of disengagement continues to influence the present-day Malaysia-Singapore relationship. As Chan Heng Chee noted, bilateral relations are still very much encumbered “by the bitterness of historical past borne out of merger and separation”.<sup>327</sup> Lee Kuan Yew continues to remember how he was treated while Singapore was in Malaysia, whilst Mahathir always views Singapore as a troublemaker. On several occasions in the 1990s and 2000s, Lee Kuan Yew would remark that separation was one of the “saddest moments” in his life. Clearly, Lee Kuan Yew cannot forget it and he still feel aggrieved. Hence, the older generations of both countries still remember these events because the former leaders, Mahathir and Lee Kuan Yew have put their differences into the public domain. It influenced them in making decisions when they were dealing with the issues between the two countries.

The historical baggage that was seen as the barrier in the relations between the two countries will still linger for as long as the leaders that were in power during and after the period of separation are still alive and politically active. These leaders will still continue to evoke the memories and the bitter after taste of separation to influence the governments of both sides in their dealing with the other party. This phenomenon is however slowly eroding. Mahathir is now retired though

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<sup>327</sup> Chan Heng Chee. (1992). Singapore 1991: Dealing With a Post-Cold War World. *Singapore: The Year in Review 1991*. Singapore: Institute of Policy Studies. p. 9.

still active politically but his obsession is more focused towards domestic politics. Lee Kwan Yew is also retired and in the past has rarely made any controversial political statements that would undermine the relations between the two countries. On the other hand, the younger generations on both sides the causeway has already accepted that Malaysia and Singapore are two separate nations with different political agendas. Due to their geographical proximity and economic interdependency need each other. Some of the earlier political and economic rivalries were rather trivial but could not be resolved due to the pressure of this unnecessary baggage. The way forward for the two nations in order to move ahead is foster stronger bilateral relations that would benefit both countries based on pragmatic consideration taking into account that both countries can mutually benefit from each other's strength.

## **CHAPTER 5**

### **DIFFERENT PERCEPTIONS AND APPROACHES IN HANDLING BILATERAL RELATIONS**

#### **5.1. Introduction**

This chapter discusses different perceptions toward each other in these two countries and its impact on handling bilateral relations. I argue that to a certain degree different perceptions influence the way these countries handle their bilateral relations. Ties between the two countries have been described with adverse terms like ‘prickly’, ‘frosty’, ‘wintry’, ‘sticky’ and ‘tempestuous’ ever since Singapore separated from the Federation of Malaysia on 9 August 1965.<sup>328</sup> The traumatic history of separation between both countries still influences their leaders in decision making process for their own country. This chapter is divided into four parts. The first part is introduction. The second part discusses the perceptions that have been developed by these two states toward one and another. The third part looks at Malaysia and Singapore’s approaches in handling bilateral relations. The final part is the conclusion.

#### **5.2. Perceptions of Malaysians and Singaporeans of Each Other**

Even after nearly four decades since Singapore’s separation from the Federation, many Malaysians still begrudge the former’s ‘exploitative, unfriendly, arrogant and un-neighbourly’ conduct. Singaporeans, on the other hand, shared similar sentiment, resenting Malaysia’s desire

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<sup>328</sup> Refer to *CNN.Com.* (14 August 2000). “Singapore’s Lee Visits Malaysia”; *BBC News Online.* (24 January 2001). “Malaysia Protests...”; and *Agence France Presse.* (6 September 2001). “Singapore Strikes...”.

to ‘control the destiny of their country’. These sentiments manifested in the mass media of both countries. For instance, Singapore’s *Strait Times* complained that Kuala Lumpur traditionally perceived the island-republic as ‘a thorn in the Malaysian flesh’.<sup>329</sup> In the same manner across the causeway, Malaysia’s *Utusan Malaysia* bemoaned that many problems with Singapore have yet to be resolved and these are a ‘thorn in the flesh’ in neighbourly relations.<sup>330</sup>

Negative perceptions still linger in the mindset of many citizens of both countries.<sup>331</sup> Such perceptions existed when politicians, media and community leaders alike frequently politicised the bitterness arising from the separation between Malaysia and Singapore. Malaysians generally tend to perceive Singaporeans as arrogant and *kiasu*.<sup>332</sup> Whilst they tend to be well disciplined in their own country, Singaporeans are seen as irresponsible and arrogant when they drive across to Malaysia, breaking the speed limits and other traffic rules, and throwing their garbage indiscriminately when in Johor. Singapore is perceived to have regarded Malaysians as backward, both in their thinking and in their way of life. Malaysia is also accused of being fond of playing the role of a big brother, with its constant reminders to Singapore to be more ‘aware of its sensitivities’ and placing premium importance of this factor as the key to good bilateral

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<sup>329</sup> *Strait Times*. (18 July 1998). “What Ails KL-S’pore Relations Now?”;

<sup>330</sup> *Utusan Malaysia*. (12 August 2000).

<sup>331</sup> *Ibid.*

<sup>332</sup> *Kiasu* reflects an obsessive concern with getting the most out of every transaction and a desire to get ahead of other. Kiasuism has both positive and negative outcomes. The kiasu person is selfish. He takes more than he need...He is inconsiderate. He is greedy. And he is definitely obnoxious. However, kiasu also has positive benefits. The kiasu person often excels because they want win. They scan the environment for opportunities and take quick advantage of them. Every action is designed to ensure that the person or their beneficiary gains an advantage. This concept is a prominent part of the national culture of Singapore. See Hwang, Ang & Francesco. (2002). The Silent Chinese: The Influence of Face and Kiasuism on Student Feedback-Seeking Behaviours. *Journal of Management Education*. 26(1): 70-98. Also refer to Leo. (1995). *Kiasu, Kiasi: You Think What?* Singapore: Times Books International.

relations between the two countries. David Plott, a managing editor at the Far Eastern Economic Review depicted both countries' perception towards each other:

“...Citizens of both countries have accumulated strong prejudices about each other: Singaporeans are greedy, arrogant, godless and boring; Malaysians are lazy, corrupt, insecure and backward. These prejudices have fuelled the acrimony that has marked relations over a range of bilateral issues.”<sup>333</sup>

Malay Malaysians still project 'Chinese' Singapore as being “insensitive to the history of the [Malay-Muslim] region”.<sup>334</sup> Too many Singaporean politicians and bureaucrats are a supercilious lot who show little respect for Malaysians, and, at best, condescend to their Malaysian counterparts. Singaporeans, for their part, projected their northern neighbour as a 'lazy native' that is “just jealous” of their country's runaway economic success, low levels of corruption and 'First World' status. Malaysians respond that Singaporeans, stuck in their tiny apartments, are envious of Malaysia's open spaces, less demanding working environment, and lower lifestyle costs.<sup>335</sup> While Malaysians depict Singapore as hawkish, pro-American regional anomaly, a visual 'Israel' of Southeast Asia, which produced nothing but exploits its neighbours' economic weakness, Singaporeans often depict Malaysia's Malay-dominated armed forces as a potential threat to the prosperous but vulnerable island, the only place in Southeast Asia where Overseas Chinese can enjoy unqualified equality and security. In addition, the pro-Malay/pro-bumiputera (sons of the soil) affirmative action policies of Malaysia's Barisan Nasional (National Front) regime, implemented to raise the socio-economic position of indigenous peoples in relation to the relatively well-off 'immigrant' Chinese minority, have been routinely portrayed in Singapore

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<sup>333</sup> David Plott. (14 December 2000). Provocative Political Fantasy. *Far Eastern Economic Review*.

<sup>334</sup> Bilveer Singh. (1999). *The Vulnerability of Small States Revisited*. Yogyakarta: Gadjah Mada University Press (GMUP), p. 193.

<sup>335</sup> *The Economist*. (10 February 2000). “A Prickly Pair”.

as discriminatory or anti-meritocratic.<sup>336</sup> For their part, Malaysians have promoted the perception that Singapore's Malay-Muslim minority were often the victims of political and economic discrimination by the Chinese majority, usually known by the term marginalization.<sup>337</sup> Such stereotypical or unflattering cross-border views, which tend to amplify whenever bilateral differences surface, are inherently symptomatic of the legacy of history in Malaysia-Singapore relationship.

In short, I can say that Malaysians and Singaporeans still have negative perceptions toward each other until the present. They are still prejudice with their actions in handling bilateral relations between the both countries. Mistrust and suspicion still remain rooted in their peoples' mindset. Thus, I argue that if their way of thinking will not change in the near future, it is impossible to resolve the outstanding issues between Malaysia and Singapore. For the sake of their peoples, the leaders from both countries must do away their negative perceptions toward each other. Then, mutual respect and mutual trust must be inculcated in both leaders mindset when dealing with the outstanding issues between both countries. Finally, I believe that the outstanding issues, which have caused some 'political hiccups' between both countries, can be settled.

### **5.3. Malaysia and Singapore's Approaches in Handling Bilateral Relations**

As an extension of domestic policy, foreign policy is designed with the intent to defend and promote national security, economic and other vital interests. Despite the diversity of views

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<sup>336</sup> See *Agence France Presse*. (25 January 2001). "Mahathir Dismisses Singapore Slight..."; and *South China Morning Post*. (26 January 2001). "Singapore Fires Another Shot in Meritocracy Row".

<sup>337</sup> See Shamsul Akmar. (19 December 2000). "Meritocracy Comes Under Attack". *New Straits Times*; and *Agence France Presse*. (8 April 2001). "Malays Urged Not to Suffer Same Fate as in Singapore".

regarding the perception and explanation of foreign policy behaviour, no foreign policy can be formulated in a vacuum as it must serve to function in a dynamic environment.

Malaysia's foreign policy is no exception. Various geographical, historical, social and political determinants contribute to shaping the nature of Malaysia's foreign policy and the conduct of the country's international relations. Added to this is the external environment, or what may be termed as the systemic determinant, which becomes increasingly important with the advent of globalisation and in the wake of the advancement of information and communication technology (ICT). But the basic objective remains the same, i.e. the pursuit of Malaysia's national interest at the international level.

A critical examination of Malaysia's foreign policy since 1957 would show its steady evolution characterised by notable changes in emphasis with changes in Malaysia's political leadership. A markedly anti-Communist and pro-western posture with close links to the Commonwealth under Tunku Abdul Rahman, the first Prime Minister, gave way to one based on non-alignment, neutralization and peaceful co-existence. Under Tun Abdul Razak, as a member of the Organisation of Islamic Conference (OIC), Malaysia began to identify itself as a 'Muslim nation'. The search for new friends substantially increased the importance of NAM to Malaysia. Investment from other than British sources began to be also welcomed. A period of consolidation ensued under Tun Hussein Onn, with ASEAN becoming the cornerstone of Malaysia's foreign policy, following the collapse of Saigon (now Ho Chi Minh City) in 1975, the withdrawal of the US military presence from Southeast Asia and the invasion of Kampuchea (now Cambodia) by Vietnam.

But a more dramatic shift occurred when Tun Dr. Mahathir bin Mohammad took over as the fourth Prime Minister in 1981. Malaysia's foreign policy stance began to take a much greater economic orientation than ever before, coupled with a strong and nationalistic defence of the rights, interests and aspirations of developing countries and the advocacy of south-south co-operation. Tun Dr. Mahathir's premiership saw the pursuit of numerous new initiatives such as: Antarctica as the common heritage of mankind; the look east policy (LEP); reverse investment; East Asia Economic Caucus (EAEC); Group of 15 (G15) - ASEAN Mekong Basin Development Co-operation; Islamic Unity; and the championing of the cause of developing countries on major issues like environment, human rights, and democracy.<sup>338</sup>

The evolution of the country's foreign policy under successive prime ministers reflects a pragmatic response to the geopolitical and economic changes of their times. To be continually relevant to the country's needs, foreign policy cannot remain static. But whilst change has become a general feature of Malaysian foreign policy, continuity has also been evident. Both the change and continuity mark a higher level of confidence and maturing of the country in the conduct of its international affairs. Indeed, in many ways Malaysia's leadership role has been recognised on several issues of deep interest to the developing world.

Malaysia's initiatives at various regional and international forums have put the country on the world map. Increased economic prosperity and political stability have in fact enabled Malaysia to carve its own niche in the international scene. Making its presence felt has allowed it to exercise some influence in setting the international agenda. Being less dependent on foreign aid and

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<sup>338</sup> <http://www.kln.gov.my/web/guest/evolution>. (Accessed on 10 December 2013)

assistance, Malaysia has been able to speak up on issues that other developing countries feel constrained to voice for fear of retribution by the major, particularly western powers.

Malaysia's activism at the international front has of course attracted attention and reaction from various quarters. Malaysia in turn becomes the target for being 'too vocal'. But this is something that it needs to take in its own stride if Malaysia is to be proactive at the global level. As a small developing-country player in the international arena, Malaysia needs to firmly uphold the principles of the UN charter as a defence of last resort. Certain fundamental principles governing interstate relations would continue to guide Malaysia's relations with other countries. These refer to sovereign equality and mutual respect for territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, peaceful settlement of disputes as well as mutual benefit in relations and peaceful co-existence. These principles have stood the test of time. Indeed, Malaysia's steadfast adherence to these principles, supported by a consistent foreign policy, has established for Malaysia certain credibility in the eyes of the international community.

Malaysia has repeatedly stressed the importance of adhering to the especially important principle of non-interference in internal affairs, particularly in the context of regional relations. The so-called 'constructive intervention' policy advocated by some, involving loud criticism, adversarial posturing and grand standing would only bring more harm than good to the promotion of neighbourly relations. Malaysia does make exceptions to the policy of non-interference in certain extreme situations. The bloody cruelty, genocide and atrocities perpetrated by the Serbs against the people of Kosovo struck its conscience, and made Malaysia support NATO's military action.

The peculiar situation in Kosovo calls for pragmatism on Malaysia's part in the interest of humanity whilst recognising the central role of the UN in resolving the problem.

Similarly, the adoption of the 'One China Policy', whilst pursuing close economic relations with Taiwan, bears no paradox but reflects Malaysia's pragmatism in the face of certain realities. And so are its relations with the west. There is no contradiction between Malaysia's justifiable criticisms of the west on certain issues and its continued acceptance of western countries as a market for its products and as a source for investment in Malaysia. Malaysia's clear foreign policy goals in respect of defence and security, development and trade, international co-operation and diplomacy determine the pattern of relations that have been established with its neighbours. As well as with other countries within the framework of ASEAN, ARF, APEC, ASEM, South-South Co-operation, the OIC, the Commonwealth, NAM the UN and other regional and international organisations.

Developing close bilateral relations with her neighbours remains a high priority in Malaysia's foreign policy.<sup>339</sup> A constructive approach had been taken to resolve outstanding problems including those related to overlapping claims and the determination of land and maritime boundaries. Every diplomatic effort is made to ensure that bilateral relations do not become adversely affected on account of such problems with all its neighbours. Agreeing to refer to the ICJ, the overlapping territorial claims that Malaysia has had with Indonesia and Singapore, indicates the extent to which it is prepared to go in achieving solutions to bilateral problems. The establishment of separate joint commissions between Malaysia, Brunei, Indonesia, the

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<sup>339</sup> <http://www.kln.gov.my/web/guest/bilateral>. (Accessed on 10 December 2013)

Philippines, Thailand, Laos and Vietnam has also provided a useful framework to develop wide-ranging bilateral co-operation in all fields of mutual interest.

Special attention is given to Malaysia-Singapore relations. In this case, the potentials for mutually beneficial collaboration are immense. Emotions, anchored in the pages of history, however, have bedevilled relations between the two countries. There is a definite need for restraint from both sides. The conduct of bilateral relations should be rooted on a 'win-win formula' that would receive the support of the peoples of both countries. Indeed, Malaysia-Singapore relations should move out of its old mould and mature into what it ought to be; interdependent, proximate and mutually beneficial. This is absolutely vital as strained relations between Malaysia and Singapore would inevitably hinder the creation of a regional community, whilst avoiding a drain of resources could be put to effective use in their foreign policy agendas.

In resolving bilateral disputes between the two countries, I would argue that Malaysia is more inclined towards a diplomatic approach. This approach allows for peaceful negotiations and discussion among countries. Without giving diplomacy a chance, there will be a tendency for both countries to resort to old arguments over a range of outstanding issues. Through diplomacy, I believe, these countries could discuss matters amicably and to better appreciate one another's points of view.

Despite Dr Mahathir's strong attitude as well as his negative perceptions towards Singapore, his administration was concerned with problems in the bilateral relations between Malaysia and Singapore but he believed in resolving them through negotiations. Therefore, Dr Mahathir's style

was not much different with the diplomatic approaches taken by his predecessors, Tun Abdul Razak and Tun Hussein Onn. This action was evidenced in the issue of sea reclamation by Singapore in southeast of Tekong Island (Singapore), which unfortunately had created some negative impacts on Malaysia water. Singapore's action has resulted in the passage of vessels using the waters of Malaysia to the port of Tanjung Pelepas, which has become narrow and shallow to the extent that large ships had to switch to using the port of Singapore. Moreover, this sea reclamation also had an affected environmental impact on the Malaysia maritime border areas, and the destruction of marine life has affected the income of fishermen from Malaysia.

Dr Mahathir's approach to using series of talks to discuss this bilateral issues has become central for Malaysia in resolving disputes and problems that exist with neighbouring countries. On the other hand, in an unlikely event of a failure at resolving the disputes at bilateral level, Malaysia has the option of taking up the matter to international tribunal, such as the International Tribunal for the Law of the Sea (ITLOS) in Hamburg, Germany.<sup>340</sup> In addition, Malaysia has also set up a monitoring body or group of independent experts mandated to carry out studies on the effects of the reclamation project towards Malaysia.<sup>341</sup>

Like the Prime Ministers before him, Dr Mahathir also emphasized the need for compromise and understanding with Singapore based on the concept of 'prosper thy neighbour'<sup>342</sup>. The priority of his administration was to resolve problems through negotiation instead of using violent methods, or other mean that could further heighten tensions and cause unnecessary misunderstandings between the two countries. This attitude was very different from when he was a member of

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<sup>340</sup> Rusdi Omar, Mas Juliana Mukhtarudin & Mohamad Ainuddin Lee Abdullah. (2005). *Op.cit.*, p. 41.

<sup>341</sup> *Ibid.*, pp. 41-42.

<sup>342</sup> Rusdi Omar. (2000). *Op.cit.*, p. 155.

UMNO under the administration of Tunku Abdul Rahman, in which he was so critical with Tunku's style in managing Singapore. Dr Mahathir was considered as a Malay ultra nationalist whose views were seen as trying to protect the interests of the Malays more than those of other races, especially the Malaysian Chinese.

Dr Mahathir also said that Malaysia is not a country inclined towards using the traditional approach for resolving crisis and war between neighbours, but emphasizing a proper use of international law and negotiation mechanism instead, such as through the International Court of Justice (ICJ).

Dr Mahathir realizes that violence method do not resolve problem, but instead creates more problems, and which, in turn, brings losses to both sides. Thus, in resolving some issues Dr Mahathir decided to make decision based on 'win-win' situation. As an example, there are still issues such as Pulau Batu Putih, an island off the coast of the State of Johor claimed by both Malaysia and Singapore, in which Dr Mahathir could not help resolve during his premiership. But this did not mean that the relationship between Malaysia and Singapore had deteriorated over this claim, rather it afforded both countries to refer this matter to the ICJ for its opinion. Pending the ICJ decision, Dr Mahathir also encouraged investors from Singapore to continue to invest in Malaysia, together cooperate in security matters whilst at the same time to respect the sovereignty of both countries.

This approach helps explain Mahathir's position that he did not want Malaysia and Singapore to remain hostile to each other. In an attempt to maintain good relations with Singapore, Dr Mahathir had proposed a review of the Water Agreement, in which he said:

“According to the water agreements, Malaysia has the right to review the price of water after 25 years. It not stated that Malaysia has lost the right to review if it failed to do in 1986 and 1987 respectively, exactly after 25 years. Twenty-five years after 1961 and 1962 respectively means any time after 1986 and 1987. This mean, that although the revisions need to be done after 25 years, this does not mean the review must take place immediately on these periods because it is not stated in the agreement... They (Singaporean) are good tourists and have contributed to the economy. Please tell your friends in Singapore that we do not have any problems with them.”<sup>343</sup>

Besides the water agreement, there were other issues to be resolved and these included the land at Tanjung Pagar on which the Malaysia Railway and the Custom, Immigration and Quarantine Centre (CIQ) were located; the Central Provident Fund (CPF) for the Malaysian workers; and use of Malaysia airspace by Singapore Air Force (SAF). Malaysian foreign minister, Datuk Seri Syed Hamid Albar on 5<sup>th</sup> May 2003 in explaining Malaysia's commitment to finding a solution that brings benefits to both sides said:

“This problem should not be prolonged. We should resolve it for establishing a long-time relationship. We cannot be plagued with the outstanding problems. Malaysia is ready to resolve the problems concerned, but require compromise from the Singapore. Malaysia strives to reduce the differences with Singapore so that the principle of win-win situation between the two parties can be established”<sup>344</sup>

However, the understanding that had been fostered by the two leaders for taking into accounts the common perception of these two countries being interdependent. However, the result of

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<sup>343</sup> *Utusan Malaysia*. (21 July 2003).

<sup>344</sup> *Utusan Malaysia*. (6 May 2003).

relationships formed it cannot escape the problems that will affect the bilateral relationship in some extent. Hence, efficiency in the leadership process is necessary to resolve issues and problems that arise between the relationships so that situation can be controlled.

In the CIQ problem, discussion after discussions had been held between Malaysia and Singapore.<sup>345</sup> The relocation of the CIQ centre from Malaysia to Singapore was actually delayed until a dispute between the two countries was resolved on a number of provisions that contained in the agreed matters document (POA) Malaysia- Singapore.<sup>346</sup> In the previous discussion, POA is an agreement regarding the terms of the development of railway land by Keretapi Tanah Melayu (KTM) in the republic. When the controversy about the POA peaked in June 1997, the then Deputy General Secretary of Malaysian Foreign Ministry, Datuk Ghazali Sheikh Abdul Khalid wrote a letter to his Singapore counterpart, saying that “Malaysia has decided to maintain the CIQ in Tanjung Pagar railway station and not to move it to the Woodlands.”<sup>347</sup>

Both countries engaged in negotiation in an attempt to resolve the problem. These were held in Manila on 28 July 1998, however this issue failed to be resolved.<sup>348</sup> The strong stand taken by Malaysia, led by the Prime Minister, Datuk Seri Mahathir Mohamad, involved the Custom Centre, Immigration and Quarantine (CIQ) of Malaysia has fixed to maintain its CIQ in Tanjung Pagar, and indicated that it would never allow its move to Woodlands, in Singapore.<sup>349</sup> Even though Singapore shifted its CIQ to Woodlands from 1<sup>st</sup> August 1998, on 16<sup>th</sup> October 2003

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<sup>345</sup> N. Ganesan. (1998). *Op.cit.*, pp. 21-36.

<sup>346</sup> K.S. Nathan. (2010). *Op.cit.*, pp. 267-269.

<sup>347</sup> Asiaweek. (14 August 1998). pp. 28-30.

<sup>348</sup> *Utusan Malaysia*. (14 September 1998).

<sup>349</sup> *Ibid.*

Singapore suggested that Malaysia bring this issue to international level adjudication for a solution. Foreign Minister of Singapore stated that:

“Singapore government took the view that this issue can be resolved in effectively ways through the International Court of Justice (ICJ) or Permanent Court of Arbitration.”<sup>350</sup>

However, the flaw in Malaysia's preference in adopting the diplomatic approach in this was that, in the basis of negotiations - as opposed to the legal approach, is too broad and not clearly defined. This in itself makes discussions difficult. For example, Malaysia could have viewed the decision by Singapore to invite the Israeli president to Singapore in 1986, as being ‘insensitive’ towards its neighbours.<sup>351</sup> To the Singaporean, however, this was a non-issue, as the whole event took place in Singapore, and did not impinge on the sovereignty of its neighbours. So what constitute acts that are deemed to be ‘insensitive’ to the neighbours? The two countries appear to have no common understanding on the issue. This example clearly illustrates the differences in political and cultural values and perceptions that make discussions or negotiations based on ‘diplomatic approach’ alone between the two countries difficult.

But recently, Malaysia also adopted the legalistic approach in resolving some other outstanding issues with Singapore. For example, Malaysia and Singapore allowed ICJ to resolve their claim over Pulau Batu Putih (Pedra Branca). This would thereby avoid conflict, leading to peace and prosperity for both countries.

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<sup>350</sup> *Utusan Malaysia*. (17 October 2003).

<sup>351</sup> Michael Leifer. (1998). *The Pacific Review*. pp. 341-352.

Although many issues were discussed and solved by negotiation, there are certain issues that were delayed for so long and could not resolve during Dr Mahathir administration period. Besides that, there are several issues that are not settled through direct negotiations result both parties finally agreed to use arbitrator in resolving the problem. Among the outstanding issues was that of the Malaysian workers' provident fund (CPF) in Singapore. In this, Singapore imposed different conditions of workers from the peninsula, preventing the latter from withdrawing their contributions until they became fifty-five years old. Obviously, they have been discriminated against, while the people of Sabah and Sarawak Malaysia were allowed to continue to withdraw their money from the funds. Contributions Malaysians in this scheme were estimated to bring S\$ 1billion economic benefit to Singapore.<sup>352</sup> This was because Singapore government are worried if the amount been discharged to Malaysia, then Singapore will be lack of working capital which they depends on the outcome of the employee's contribution.<sup>353</sup> The Malaysian government wanted its Singapore government to be fair and equitable, and to adopt similar regulation made by Employees Provident Fund (EPF) in Malaysia.

The regulation enforced by Singapore is forced to be restudying so that it ensures the concept of 'prosper thy neighbour' could be applied to ensure the prosperity of both neighbouring country. In any case, recommendations made by the Malaysia government still were not recognized by Singapore that still stand firm on their standpoint by not losing that condition. If seen in this case there is interest on the part of their importance of Singapore denying that although many appeal made by the government of Malaysia for the peoples of Malaysia.<sup>354</sup> The regulation made by Malaysia were to no avail, as the people from Singapore working in Malaysia did not have

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<sup>352</sup> Lee Boon Hiok. (June 1982). "Constraints on Singapore's Foreign Policy". *Asian Survey*. 22(6): 524-535.

<sup>353</sup> *Ibid.*

<sup>354</sup> *Utusan Malaysia*. (6 May 2003).

savings in Malaysia, nor did they contribute to the Malaysia EPF. However, this issue being delayed in the relationship of Malaysia-Singapore during Dr Mahathir administration period since it involves the financial affairs issue of both countries. Hence both countries are trying to resolve this problem.<sup>355</sup>

The second issue of note was the use of Malaysia air space for the training of RSAF pilots and crews. After various events occurred that threaten the safety of many people of Malaysia, this country has taken action to close the military airspace to the RSAF which Malaysia has issued a notice to Singapore that began 18 September 1998 all RSAF aircraft must obtain prior permission before entering the air space, besides that Malaysia had a rights to withdraw facilities given flight, and after that Singapore is no longer allowed to use Malaysian airspace.<sup>356</sup>

Singapore intrusion action was considered as a violation of the agreement and were not respect to the national boundaries and Malaysia sovereignty. However, as all know that Malaysia was known as a country that had always yielded to the neighbouring countries. Malaysia had offered a transit route for the RSAF to via and use of Johor airspace to the South China Sea Area. This issue was still in efforts of settlement between the two countries.<sup>357</sup>

Problems that arise are hovering in terms of needs and demands for the internal respective of both countries. Singapore has asked Malaysia to allow the utilization of these facilities but the Malaysian government would only offer two from the five facilities, such as the Search and

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<sup>355</sup> *Utusan Malaysia*. (15 August 2005).

<sup>356</sup> *Utusan Malaysia*. (4 July 2007).

<sup>357</sup> *Utusan Malaysia*. (15 August 2005).

Rescue and Northern Transit Corridors. However these two offers should be agreed by Malaysia and Singapore government.

Malaysian Search and Rescue facilities offered to Singapore were based on a reciprocity principle, which consistent to international practice. Both countries decided to resolve their problems through diplomatic channels.<sup>358</sup> Both countries had declared their commitment to resolve bilateral discussions in a number of issues plaguing the two countries establish diplomatic relations. On 15<sup>th</sup> August, 2005 the Senior Minister Singapore, Goh Chok Tong stated that:

“Our relationship with our neighbours is good. Prime Minister (Hsien Loong) is very close with Prime Minister Abdullah Badawi. Both neighbouring country are now have cooperation in several aspects...Prime Minister (Datuk Seri Abdullah Ahmad Badawi) and I are quietly trying to resolve the two-way outstanding issues between both countries.”<sup>359</sup>

Besides that, the facility of Northern Transit Corridors is just a transit to South Sea Area. However, Singapore air force aircraft are not allowed to roam at all in the Malaysia air space. Problems of these demands have caused this issue cannot be resolved quickly. This is because of this issue raises in Malaysia, caused the public enforce pressure to cancel the proposed construction is seen as Singapore claims not to reflect a win-win situation.<sup>360</sup> As a result, this issue still not resolved yet.

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<sup>358</sup> *Ibid.*

<sup>359</sup> *Utusan Malaysia.* (15 August 2005).

<sup>360</sup> *Utusan Malaysia.* (28 January 2006).

Another issue to emerge was that regarding a Crooked Bridge (*Jambatan Indah atau Bengkok*). Singapore took a stand to keep the Tambak Johor, even though Malaysia decided to build *Jambatan Indah* in Malaysia area. However, this project was stopped during Tun Abdullah Ahmad Badawi's administration, which drew Dr Mahathir Mohamad's anger. Nevertheless, recently, Datuk Seri Najib Tun Razak, as the Prime Minister of Malaysia, suggested that a third bridge be built that would connect the Eastern part of Johor and Changi area in Singapore to resolve crowd problem in Tambak Johor.<sup>361</sup>

Despite the ability of both parties to resolve outstanding issues directly, there were some issues involving sovereignty and territorial administration that failed to be resolved during Dr Mahathir's period in office. The two difficult issues that could not be resolved by both parties were the issue of Singapore's Reclamation Land that threatened Johor fishermen's income and overlapping claims to Pedra Branca Island.

The reclamation issue was another issue which had a great negative impact on the relationship between Malaysia and Singapore. This was issue began when Singapore initiated reclamation work at the south-east of *Pulau Tekong*, Singapore. This activity apparently will bring a few negative impacts towards Malaysia. Due to these activities, the maritime routes became shallower and narrower, which caused merchant ships which use Malaysian water to *Tanjung Pelepas* Port might shift to the republic. Besides that, it also had a negative impact on fishermen in Johor, ruining their otherwise good catches. Strong waves generated by the development caused the sea banks to become narrow, and movement of sand in the sea occurred.

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<sup>361</sup> *Utusan Malaysia*. (9 Jun 2009).

Obviously, the sea reclamation issue had a number of negative impacts on Malaysia, beside affecting the income of fishermen who lived in, and worked from, Johor. Illegal dumping practiced by Singaporeans polluted the surrounding of the Johor water. Even more serious, however, was the discharge of toxic waste by Singaporean factories near the areas reclamation. This pollution threatened to cause the extinction of fish species off that island, and left long-term effects on the socio-economy sphere for the people working as fishermen.

The results of the reclamation work conducted were shown through the research carried out by Marine Police Malaysia between *Pulau Tekong and Pulau Ubin*. This showed that a negative impact was to be seen not only on the Malaysian government, but it was also bad to the lives of local people, who had relied on *Sungai Johor* and *Sungai Lebam* as sources of income. Besides fishing activities, the river was also used for water transportation. This also gives a great impact towards the economy of Malaysia where the fishing activities were stopped and merchant ships were no longer using the sea route.

Whatever decision made by Singapore is their right and sovereign to develop their sea area, they were accused of not thinking about the implication that going to cause by the implementation of their project towards neighbouring countries. Hence, Singapore government was forced to set up a space where they need to told Malaysia what was their finding according to their environment assessment if they did not have anything to hide behind.

Even though Malaysian government sent objection letter officially to Singapore to stop all activities that brought the negative impact, Singapore emphasized that the activity was their

country right and it did not affect the border of the two countries, moreover this activities was meant to widen their country, so that they will be able to compete with Malaysia. Malaysia did try in various ways to stop Singapore from their activities by sending few official letters instantly.<sup>362</sup>

Malaysia also conducted a series of discussions with Singapore regarding the reclamation problem. However, these discussions did not succeed, and this caused both parties to recognise that the best solutions was to bring this matter to the higher level, referring to a third party , the international arbitrator in the form of the United Nations' Convention on the Law of the Sea (UNCLOS). Following this action, taken in 1982, Malaysia brought this issue to International Tribunal for the Law of The Sea (ITCLOS) in Hamburg, Germany. Besides that, Malaysia also set up a body of surveyors to conduct research into the effects from the reclamation project.

The most interesting part is where ITLOS decided that both countries continue to discuss the matter of the impact on the environment that resulted from the reclamation work undertaken by Singapore. Through their discussions, two parties finally agreed to conduct research more deeply regarding the impact to the environment, whilst Singapore agreed to pay a compensation to fishermen from Johor which affected by the reclamation project.

The impasse in the broader discussions had brought the two countries to the International Court of Justice (ICJ) to resolve the problem of requisition of *Pulau Batu Putih*. Singapore and Malaysia decided to take their case to international law to resolve.<sup>363</sup> The court was located in

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<sup>362</sup> *Utusan Malaysia*. (2 February 2007).

<sup>363</sup> *Utusan Malaysia*. (24 May 2008).

The Hague, Netherland. If the court verdict was that it belonged to the Singapore, the republic could continue to develop the island. Alternatively, if the ruling went against Singapore, the latter would have had to retreat from the island. Malaysia and Singapore signed an agreement that brought this issue to ICJ on 6<sup>th</sup> and 9<sup>th</sup> February 2003 in Putrajaya (Malaysia) and adhere to decision of the ICJ. With that agreement, decision regarding sovereignty of *Pulau Batu Putih* and two more islands nearby, Middle Rock and South Ledge will be decided by ICJ too.

*Pulau Batu Putih* issue finally resolved through verdict by ICJ which hand over the island to Singapore on 23th May 2008. Judiciary method of ICJ was the best way to resolve conflicts between Singapore and Malaysia, to avoid violence conflicts between Malaysia and Singapore.<sup>364</sup> Even though the final decision favoured on Singapore side, but Malaysia got a so call consolation, whereby ICJ pronounced that Malaysia had the sovereignty over South Ledge next to *Pulau Batu Putih*.

Undeniably that the nature, style and manner of Dr Mahathir's leadership has impressed the way Malaysia deal with Singapore in resolving the outstanding issues since the two countries separated in 1965. But in order to be competing politically and economically with Singapore, Malaysia's foreign policy approach under Dr Mahathir is not much different compared with the past. His administration emphasises on negotiation process and meeting in order to create a harmonious atmosphere between Malaysia and Singapore. However, under Dr Mahathir's administration, a new approach by using arbitration has been used in resolving difficult issues which consists of national sovereignty and territory. Based on this trend, both countries might use the same type of approach if the two way communication or meeting fails in the future.

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<sup>364</sup> *Ibid.*

On Singapore's side, it would prefer to adopt the legalistic approach when dealing with Malaysia. It wanted to discuss and settle the outstanding issues with Malaysia through methods based on international law, where the governing principles are more clearly defined and the issues can be dealt with devoid of emotional influence. Singapore's legalistic approach, however, is more practical, as the rules of international law are generally well defined and interpreted. The conclusion of the Pedra Branca case, in which the judgement handed down by the ICJ, ended up in Singapore's favour. This is a good example of how this approach benefited Singapore.

In an attempt to resolve this territorial dispute, Singapore stressed that the legalistic approach based on international law is the best approach to conclude the lingering issue. On the other hand, Malaysia also committed to resolve this issue through this approach, after the non-legalistic approach failed to resolve the issue. Apart from not wanting to spark off of a possible confrontation, Mahathir's stern warning was also an explicit manifestation of Malaysia's commitment to bind itself to adhering to international law in resolving the sovereignty dispute.<sup>365</sup>

After several years of intermittent negotiations, a major breakthrough was achieved in early 2003 when Singapore and Malaysia successfully worked out the legal details that enabled this dispute to be referred to the ICJ. Both states signed the Special Agreement in Putrajaya to formalize the referral of the issue to the ICJ on 6 February 2003. More significantly, as part of the agreement, both states committed in advance to accept judgment of the court as final and binding upon them. The special agreement was necessary because neither Malaysia nor Singapore accepts the jurisdiction of the ICJ as compulsory.<sup>366</sup> During the ICJ submissions in November 2007,

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<sup>365</sup> Gosh, N. (18 July 1992). "Mahathir-Leave Emotion out of Malay-Singapore Issue". *Straits Times*.

<sup>366</sup> Hong, C. (6 February 2003). "Pulau Batu Puteh Dispute for ICJ Reference Soon". *New Straits Times*.

Singapore accused Malaysia of making baseless claims arising from incomplete records, whereas Malaysia has expressed concern over the negative impact on the stability of Malaysia-Indonesia relations, as well as on environmental and navigational security in the event the island republic gains legal sovereignty.<sup>367</sup>

After receiving final submissions by both sides, the ICJ delivered its judgement without appeal on 23 May 2008. Singapore was pleased with the judgment of the International Court of Justice (ICJ), which awarded Singapore sovereignty over Pedra Branca, which was the key territory in the dispute. The judgment was not totally in Singapore's favour, as the Court awarded Middle Rocks to Malaysia. The Court also decided that South Ledge belongs to the country in whose territorial waters it was located.

This judgment brought to a closure a long-standing territorial dispute between Malaysia and Singapore. Both countries had undertaken to respect and abide by the findings regardless of which way the ICJ decided. By resolving this dispute through third party adjudication, both countries have demonstrated their respect for international law and their commitment to settling disputes in an amicable manner. This case exemplifies the usefulness of a third party dispute settlement mechanism, and can be a model for resolving other bilateral disputes.<sup>368</sup>

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<sup>367</sup> *New Straits Times*. (20 November 2007). "Malaysia's Claim Baseless, Singapore DPM Tells Court".

<sup>368</sup> *Ministry of Foreign Affairs Singapore*. (23 May 2008). MFA Press Statement: International Court of Justice Awards Sovereignty of Pedra Branca to Singapore. <http://www.mfa.gov.sg/> (Accessed on 15 December 2011).

#### **5.4. Conclusion**

In discussions on matters relating to resolving bilateral disputes between the two countries, there exists a marked difference in the manner both sides see how the problems ought to be resolved. Malaysia appears to be seeing the issues from the diplomatic perspective whilst Singapore, perhaps influenced by their pragmatic outlook is more inclined to be more legalistic in dealing with similar issues.

Despite the rather strained relations, both Malaysia and Singapore were acutely aware of the mutual importance of each other and continually look for ways and means to improve relations between the two countries. The differences of opinions are likely to continue for as long as both countries continue to adopt differing approaches in dealing with bilateral issues. In this respect, it might be a good idea for Malaysia to adopt the legalistic approach taken by Singapore, where the governing principles were more clearly defined and the issues can be dealt with devoid of emotional influence.

It also could be argued that Malaysia should be more willing to compromise in its dealing with Singapore regarding the resolution of outstanding bilateral issues. It should however be implemented based on the principles that would lead to a 'win-win situation' and adhering to the rules of international law. Singapore's well-being was important to Malaysia, as Singapore was one of its largest trading partners. The establishment of good relations with Singapore was therefore economically vital to Malaysia. The 'win-win situation' could only be achieved if both parties were willing to accept the fact that the key to solving the outstanding bilateral issues was

their willingness to compromise. Malaysia would argue that this was something that has been commonly practiced by Malaysia and therefore an act that was not difficult to get into. Singapore, on the other hand, was begun to realize its economic and social vulnerability. It was aware of the importance of regional goodwill and cooperation in combating issues such as the recent outbreak of SARS. The realisation by both nations that compromise was the key to better relations could eventually lead to its adoption and therefore better relations.

To date, numerous bilateral issues have not been resolved by the two countries. If this was to be seen as an indicator of the state of relations between the two countries, then much was to be desired. However, seen from the broader overall perspective of the bilateral relations, one would agree that the states of relations were still good, though there was plenty of room for improvement. Unlike the period immediately after the separation, the leaders of both countries no longer carry the political baggage that makes it difficult for outstanding bilateral issues to be dealt with in an unemotional manner. The leaders of both countries were known to have good personal relations between them. This was a very positive factor and should be further strengthened to facilitate a better state of official relations. Similar efforts must also be made to ensure that the same state of relations exists between the civil servants of both countries. Both countries were acutely aware of this and realise that economically, socially and politically both countries were mutually dependant of each other.

## **CHAPTER 6**

### **POLITICAL CULTURES AND THE LEADERSHIP STYLES OF MAHATHIR AND LEE KUAN YEW**

#### **6.1. Introduction**

Two important factors need to be discussed in this chapter. The first is the issue of political cultures, and the other is leadership, or more to the point: the idiosyncratic styles exhibited by Mahathir and Lee Kuan Yew. Political cultures cannot be underestimated in explaining the relations of Malaysia and Singapore. It gives the context for decision made by leaders of these two countries. The political cultures make it possible for the dominant roles of leaders in making foreign policy. In Malaysia and Singapore, the political cultures make it possible for ruling elites to make decision. It is quite clear, therefore, that Malaysia's foreign policy as well as that of Singapore can best be understood in terms of decisions made by the ruling elite, and nowhere could the impact be seen more visibly than in the context of Malaysia-Singapore relations. This chapter is divided into five parts. After this introduction, in the second part, it discusses emerging issues related to both countries during Mahathir's time as Prime Minister. The third part, it shows factors that influence the formation of Malaysia and Singapore's political cultures which is divided into periods before separation, after separation and current situation. The fourth part looks at the roles of Mahathir and Lee in the relations of both countries and the final part is the conclusion.

## 6.2. Emerging Issues during Mahathir

When Mahathir assumed the premiership, both sides became more aware and accepted the fact that they were two separate states and relations should be as normal as possible. One reason for this ‘normality’ is the style of Mahathir himself. Although he was involved in some debate with Lee Kuan Yew when Singapore was part of Malaysia, he seemed to accept the separation without acrimony. On the other hand, Mahathir’s style approximated that of Lee Kuan Yew, and was far removed from that of his royal and aristocrat predecessors, such as Tunku Abdul Rahman, Tun Razak and Tun Hussein Onn. They were both direct in approaching their subject matter, with little time for verbal niceties and subtle gestures. Moreover, both were ambitious, efficiency-oriented types who would not suffer fools gladly, nor allow tradition and other obstacles to get in the way of their goals. Thus, Mahathir would not consider the Singapore style as *kasar* (crude). Lee Kuan Yew, on the other hand, believed he could operate at the same level as Mahathir. The scope for misunderstanding was thus minimized.<sup>369</sup>

Although a determined opponent of Lee Kuan Yew’s ‘Malaysian Malaysia’ campaign during the merger years (1963-1965), Mahathir shared many personal and leadership characteristics with Lee Kuan Yew, which enabled a more ‘brisk and business-like’ relationship to emerge between the two states. A shift in Malaysia’s attitude could be discerned in Dr. Mahathir Mohamad’s remarks to Singapore audience in December 1981:

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<sup>369</sup> Rusdi Omar. (2000). *Malaysia’s Foreign Policy during the Prime Minister Dr. Mahathir’s Era: A Case Study of Malaysia-Singapore Relations*. (Unpublished Master Dissertation submitted to Faculty of Law (International Relations), Hitotsubashi University, Japan). p. 153.

Malaysia and Singapore have many things in common due to a large extent to our geographical proximity and historical experience. We also share a convergence of priorities and values, particularly our preoccupation with uplifting the socio-economic well being of our people, our concern to see that democratic ideals and principles are preserved and our vigilance in the eradication of subversive threats aimed at undermining our security and resilience...I rejoice over the rapid progress and prosperity of Singapore because it also means that Malaysia will continue to have a happy and stable neighbour. An unhappy Singapore can be destabilising to Malaysia, likewise discontent in Malaysia can affect Singapore. Singapore leaders have spared no effort in developing the Republic into a country with a united citizenry and similarly, we in Malaysia, have been moulding the country into a united and disciplined nation. Singapore's success story in the economic and social fields cannot but be a model for Malaysians rather than an object of envy. What we do within our own country is, therefore, contributory and complementary towards each other's progress.<sup>370</sup>

Other reasons for this relative normalization pertain to the political developments in Malaysia. So long as the Malays feel that the Chinese in Malaysia can and will challenge them politically, there will be ramifications for the Malaysia-Singapore relations. There will be fear that, justified or not, Singapore could exploit this. But with the increasing willingness on the part of the Chinese to accept a secondary political role, and the rise to political dominance of a Malay middle class more confident in handling the Chinese question, there was now less concern of a political connection between the Chinese in Malaysia and Singapore, even if some Malay politicians may continued to fan this fear. On the other hand, Singapore no longer believed that it had anything to gain by any involvement, in Malaysian politics by way of challenging the dominant role of the Malays in the Malaysian political system.

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<sup>370</sup> Speech by Dr. Mahathir at the dinner hosted by Prime Minister Lee Kuan Yew on the occasion of his visit to Singapore, 17 September 1981. For complete transcript, refer to *Foreign Affairs Malaysia*. (1981). 14(4): 311-316.

However, there were still unresolved problems present. In fact, the term that was usually used to describe the relations, their being ‘Siamese twins’, could be best used to illustrate the situation. The term implies that the two states were born by the same mother but still remain to be completely parted, even in the Mahathir period. What was said and done by both, but particularly by Singapore, will still have consequences for the other. As two neighbours, they would always be having problems. It is the nature of politics that neighbours would always have problems which have long roots in their history.

The Asian financial crisis of 1997 significantly exaggerated the political and economic differences between the two countries. It could be stated as a turning point for Mahathir’s attitude toward Singapore, from a realistic approach to an uncompromising one. Mahathir saw Singapore as not wanting to help its neighbours in troubled times and had increased its interest rates during the crisis, which had attracted the flow of capital out of Malaysia. It was seen as contrary to good neighbourly relations, and contravening the apparent mutual commitment by both countries from the policy of ‘prosper thy neighbour’ to ‘beggar thy neighbour’.<sup>371</sup>

Singapore’s individualism during this crisis had contributed to the deterioration of relations. It further aggravated the structural tensions that led to the souring of relations between the two countries.<sup>372</sup> Although financial assistance was offered by Singapore, there were strings attached to it. For instance, in return Singapore wished to renegotiate new terms for the water supply agreement after 2061. Malaysia was adamant about this and rejected the offer, but would

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<sup>371</sup> K.S. Nathan. (2010). *Op.cit.*, p. 276.

<sup>372</sup> Michael, Leifer. (2000). *Singapore’s Foreign Policy: Coping with Vulnerability*. London: Routledge. p. 148.

nonetheless accept any loan offered on a commercial basis. The failure to agree on the terms for the financial assistance led to a discontinuation of the negotiations on the issue. Mahathir felt Singapore had tried to take advantage or to be opportunist toward Malaysia in troubled times. His allegations were regarding Singapore's role in intensifying the crisis. Before the crisis, he assumed Singapore to be a reliable and cooperative neighbour and he was quite manageable while dealing with Singapore, but after the crisis, he could not trust Singapore's actions anymore. Mahathir Mohamad had said, "Even if I want to be friendly, it's now very difficult because [the Malaysian] people do not want us to be friendly again with Singapore".<sup>373</sup>

### **6.3. The formation of Malaysia and Singapore's Political Cultures**

The colonial legacy, the 'founding' of the tiny entrepôt port of Singapore by Sir Thomas Stamford Raffles and its settlement by industrious Chinese immigrants, ensured that Singapore and Malaysia would have an inherently symbiotic relationship, and, instead, that they would be antagonistic on account of the ethnic discrepancy.<sup>374</sup> Aside from 'locational segregation' of rival ethnic groups (Chinese-dominated Singapore and Malay-majority of the Malay Peninsula), the legacy of British colonization also contributed to the evolution of distinctive political identities in the two contiguous regions- a conservative communal based political milieu in the Malay Peninsula and a progressive multiethnic political culture in Singapore. In addition, the colonization of the Malay mainland by British Singapore engendered longstanding antipathy between the former (the 'exploited' agrarian hinterland) and the latter (the rapacious mercantile

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<sup>373</sup> *Reuters*. (17 October 1998). "Malaysian PM Says Friendly Ties With Singapore Could be Difficult".

<sup>374</sup> Lee Kuan Yew. (2000). *Op.cit.*, pp. 288-291.

island-state).<sup>375</sup> For instance, the variance of points of view between *Bumiputra* Malaysia and ‘immigrant’ Singapore were clearly illustrated by the fact that after the attainment of independence, the statue of Thomas Stamford Raffles in Singapore was not destroyed; indeed a replica was made and erected on the place where he landed.<sup>376</sup> The simmering tensions between two principle ethnic communities in British Malaya erupted into open conflict during the Japanese Occupation and the ensuing Malayan Communist Party insurgency. Even so, the British sponsored the creation of the Malaysian Federation on 16 September 1963 to pre-empt a possible communist takeover of the self-governing colony of Singapore.

### **6.3.1. Political Cultures during the Malaysian Federation**

The political culture during the period Singapore was in Malaysia revolved around the issue of the Malay-Chinese political rivalry and the differences of view with the concepts of Malaysian Malaysia/Bumiputraism. Between 1963 and 1965, Singapore joined Malaya, Sabah and Sarawak as part of the Federation of Malaysia, with Lee Kuan Yew of the People's Action Party (PAP) at the Head of the Singaporean government. During the years of merger, racial tensions had grown within Singapore, culminating in numerous riots and curfews, notably the notorious clash that took place on Prophet Mohammed's birthday (*Maulidur Rasul*), between the Malay and Chinese races. The federal government of Malaysia, dominated by the United Malays National Organization, feared that as long as Singapore remained in the Federation, the bumiputra policy of positive racial discrimination to the Malays would be undermined, and therefore not in the

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<sup>375</sup> Philippe Regnier. (1991). *Singapore: A City-State in South-East Asia*. London: Hurst and Company. p. 39 & pp. 191-200; See also C.M. Turnbull. (1999). ‘Regionalism and Nationalism’, in Nicholas Tarling (ed.). *The Cambridge History of Southeast Asia, Volume Two, Part Two: From World War II to the present*. Cambridge: Cambridge University Press. p. 286.

<sup>376</sup> Alex Josey. (1980). *Singapore: Its Past, Present and Future*. Singapore: Eastern University Press. p. 27.

interest of their pro-Malay agenda. One of the major causes of this fear was the fact that the PAP continued to repeatedly call for a 'Malaysian Malaysia' which means the fair and equal treatment of all races in Malaysia, by serving Malaysian *citizens*, rather than the Malay *race*. Another contributing factor was the fear that the economic dominance of Singapore's port would inevitably shift political power away from Kuala Lumpur should Singapore remain in the federation.

The trouble had begun within a few weeks of the merger, when Tunku Abdul Rahman's ruling Alliance Party (UMNO, MCA and MIC) joined forces with a number of small parties in Singapore to form a new grouping, the Singapore People's Alliance (SPA), to oppose the PAP in the Singapore elections in September 1963. The Tunku's reason, presumably, was a very real fear that a PAP landslide might later encourage Malayan Chinese voters on the mainland to jump onto the bandwagon, enabling PAP to supplant the MCA as the Chinese party in the Alliance of the Federation.

The SPA failed to win a single seat in the 1963 elections, but its intervention had precisely the effect it aimed to avert. Six months later Lee Kuan Yew decided, contrary to his earlier intentions, to field PAP candidates in constituencies in the mainland states in their elections on 25 April 1964. He did indeed claim to be the best representative for Chinese voters in the Alliance; he may also have feared that disillusioned MCA voters might defect to the left wing Socialist Front, which was widely regarded as a Communist front, so he hoped that they might instead defect to the PAP. In the event only one constituency fell to a PAP candidate, Devan Nair, an Indian trade union leader who took the seat from a Chinese independent, not from the

MCA. Nevertheless, the Alliance was alarmed at the PAP's intervention, interpreting it as a clear indication that Lee Kuan Yew saw the supplanting of the MCA in the Alliance as a route to the Premiership of Malaysia (the whole of Malaysia).<sup>377</sup>

A few weeks later, in July 1964, serious communal rioting broke out in Singapore, largely arising from Lee Kuan Yew's refusal to grant Malays in Singapore the same privileged status as they enjoyed in the mainland states. These riots were the only serious communal riots to have occurred in Singapore since the Hertogh riots in 1950 and caused Lee Kuan Yew and the Tunku to consult to find ways of reducing racial tensions.

Chinese resentment of discrimination in favour of Malays, however, remained and in May 1965 Lee Kuan Yew gathered four opposition parties in Malaya and Sarawak to join the PAP in the Malayan Solidarity Convention standing for a 'Malaysian Malaysia' instead of a 'Malay Malaysia'. Again this alarmed the Alliance, and especially the more militant Malays in UMNO (the 'ultra') who saw this as another manifestation of Lee's ambition to become Premier, this time by attracting not only the Chinese communities but the poor and discontented of every race to follow his leadership. Their anxiety was increased by the growing international prestige which Lee Kuan Yew was acquiring as a statesman on the international scene.<sup>378</sup>

The state and federal governments also had disagreement on the economic front. Despite earlier agreement to establish a common market, Singapore continued to face restrictions when trading

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<sup>377</sup> See Willian, Shaw. (1976). *Tun Razak: His Life and Times*. Kuala Lumpur: Longman. pp. 164-9; and C.M. Turnbull. (1977). *A History of Singapore, 1819-1975*. Kuala Lumpur: Oxford University Press. p. 288.

<sup>378</sup> Shaw. *Op.cit.*, p. 176; and Turnbull. *Op.cit.*, p. 292.

with the rest of Malaysia. In retaliation, Singapore did not extend to Sabah and Sarawak the full extent of the loans agreed to for economic development of the two eastern states. The situation escalated to such an intensity that talks soon broke down and abusive speeches and writings became rife on both sides. UMNO extremists called for the arrest of Lee Kuan Yew.

On 7 August 1965, Prime Minister of Malaysia Tunku Abdul Rahman, seeing no alternative in his attempts to avoid further bloodshed, advised the Parliament of Malaysia that it should vote to expel Singapore from Malaysia. Despite last ditch attempts by PAP leaders, including Lee Kuan Yew, to keep Singapore as a state in the union, the Parliament on August 9, 1965 voted 126-0 in favour of the expulsion of Singapore, with members of Parliament from Singapore not being present. On that day, a tearful Lee Kuan Yew announced that Singapore was a sovereign, independent nation and assumed the role of prime minister of the new nation. His speech included this quote: "For me, it is a moment of anguish. All my life, my whole adult life, I have believed in merger and unity of the two territories." Hence, Singapore became the only country in the history of the modern world to gain independence against its own will.<sup>379</sup>

### **6.3.2. Political Cultures after Separation**

The relations between Malaysia and Singapore during the period after the separation continued to be influenced by this political culture, with Singapore seen as a Chinese dominated nation and Malaysia as a Malay dominated nation. The contention between the two countries continued to be along ethnic lines. Malay-Chinese hostility still existed in the mindset of both Malaysian and

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<sup>379</sup> "Road to Independence", *AsiaOne*. (Accessed on 28 June 2006).

Singaporean peoples, especially the old generation leaders. Most of them still remembered the ‘love-hate’ relations while they were together as one state. It meant that the legacy of the past, such as the traumatic experience of merger and separation, still continued to affect bilateral relations during the period after separation. It also helps us to understand why their post-separation relations are constantly in a state of flux and bilateral differences tend to become highly emotive.<sup>380</sup>

Nonetheless, both states compete intensely in the realms of economics, defence, foreign relations, sovereignty and territoriality. The competition is rooted in historical realities of ethnicity and religious composition of their societies, which have become the basis of antithetical national ideologies. Malaysia has a Malay-Muslim majority, which functions within a communal political culture whose policies openly and ascriptively favour the Malays over the Chinese in the name of social justice. On the other hand, the Chinese-majority Singapore, having being expelled from Malaysia for failing to reconcile with a model of nation building which relied on ‘special positions and rights’ for the Malays, choose the antithesis of the Malaysian model, multi-ethnicity and multiculturalism, as its prescription of nation building. Although Chinese dominance was a way of life, there was no official policy equivalent of the Malaysian NEP.

Other foundational contradictions exist, whereas Malaysia’s political parties were communal or religious, Singapore’s were multiracial, even though 75 per cent of the population was Chinese. While Malaysia’s state ideology is based upon ascriptive, redistributive and preferential policies, Singapore projects itself as practising the exact reverse and based on its ideology on meritocracy and universalism. Whereas Islam was the official religion and of particular relevance and

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<sup>380</sup> K. S. Nathan. (2010). *Op.cit.*, p. 257.

salience in Malaysian political culture, Singapore had arduously strived for secularism and even prosecuted extreme religious groups.<sup>381</sup> So contrasting and deeply rooted in historical antagonism were the national ideologies of both nations that they alone were regarded as sources of conflict, as articulated candidly by Singapore's foreign minister in 1990:

“The prime reason for conflict in Southeast Asia was never superpower intervention but local rivalries that had their root causes in historical animosities, racial and religious divisions or competition for influence and resources.”<sup>382</sup>

### 6.3.3. Current Political Cultures

The current situation is still influenced by this political culture with the ethnic issues always raised by their leaders. For instance, Singaporean displeasure over the political marginalisation of Malaysia's Chinese minority, and resentment in Malaysia over the economic marginalisation of Singapore's Malay minority. The politicisation of 'historical legacy' of both countries by politicians, journalists and others has worsened the rift between Malaysia and Singapore in the most recent times. For instance, Lee Kuan Yew's remarks on Chinese marginalisation in Malaysia, re-merger with Malaysia and the state of the city of Johor Bahru as 'notorious for shootings, muggings and car-jacking' could cause the Malaysian people to be dissatisfied with their government. Many Malaysian politicians criticised and demanded Lee Kuan Yew retract, apologise and explain his 'baseless statement'. They also asked Lee Kuan Yew not to get

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<sup>381</sup> See N. Ganesan in "Boundary Markers in Malaysia-Singapore Relations", Paper presented at the 6<sup>th</sup> *Malaysia-Singapore Forum* at Kuala Lumpur in December 1996. p. 9.

<sup>382</sup> Michael, Richardson. (September 1990). "Breaking Down the Asian Barriers". *Asia Pacific Defense Reporter*. p. 24.

involved in Malaysia's internal affairs. Finally, Lee Kuan Yew apologized to the Malaysian Prime Minister for upsetting relations between the two countries with these remarks.

On the contrary, on numerous occasions Malaysian leaders, including Mahathir and many others, have publicly warned Malaysian Malays that if they ever lose power they risk the same fate as Malays in Singapore, who they allege are marginalised and discriminated against. For example, Mahathir's comment that Malays in Singapore are not given the opportunity to hold high posts in government bodies like the armed forces and the wide per capita income disparity between the Chinese and Malays. These comments had caused displeasure among the Singaporean people.

The remarks by both leaders regarding these sensitive issues would happen every few years in the relationship between Malaysia and Singapore, as long as some basic contradictions in the relationship are not resolved. They tried to portray each other with a negative light, whether it referred to the leaders or to the political system of both countries. I argue that both leaders must realise they are now two separate and sovereign countries and implement two distinct political cultures so that they must not to interfere in each other internal affairs. If not, they will create an uncomfortable situation amongst their people.

#### **6.4. Political Cultures and Leadership Style of Mahathir and Lee Kuan Yew**

The above political cultures have become sources and context for political behaviour of elites in these two states. In the following part, the thesis explains more specifically the role and influence of Mahathir and Lee Kuan Yew in relations of both countries. Their roles, values and personality

traits were dominant and very significant. Elite values and personality traits are believed to play an important role because these categories help to explain the leader's behaviour, and hence they are able to make predictions. Predictions are possible although it might not be one hundred per cent accurate because the traits possessed by the leaders normally will influence his or her response to international events. It has also proven that these personality traits could operate as a main determinant of foreign policy decision-making. Therefore, in the context of Malaysia-Singapore relations, the leadership styles of Mahathir and Lee Kuan Yew have played an important part when dealing with the bilateral issues between both countries.

#### **6.4.1. Mahathir's Idiosyncratic Influence in Dealing with Singapore**

A Malaysian scholar, Johan Saravanamuttu said in his book, *The Dilemma of Independence: Two Decades of Foreign Policy, 1957-1977*, when he listing some factors influencing Malaysia's formulation of foreign policy, he uses "idiosyncratic" to refer to the influence of individual actors.<sup>383</sup> Milne & Mauzy in their book, *Malaysian Politics under Mahathir*, discussed on Mahathir's personal characteristics, and they quoted that:

"His beliefs and actions are unusual, constituting a pattern that has been fascinating ever since. He has a sharp mind rather than an intellectual or academic mind. He is happiest when dealing with the world of objects, constructions, and gadgets. He is captivated by the way things work. His interest is greater if they are huge or fast, or both. He is the best in the Malaysian history of leadership."<sup>384</sup>

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<sup>383</sup> Saravanamuttu, J. (1983). *The Dilemma of Independence: Two Decades of Foreign Policy, 1957-1977*. Penang: Universiti Sains Malaysia. p. 10.

<sup>384</sup> Milne, R.S. & Mauzy, D.K. (1999). *Malaysian Politics under Mahathir*. London: Routledge. p. 159-163.

The role of the idiosyncrasies of the primary personality of Mahathir Mohamad is played an important feature in the making and shaping of Malaysian foreign policy (MFP) toward Singapore. The principal proposition is that Mahathir's personality, political ideology (in his brand of nationalism) and leadership style had a profound impact on the shape, direction and rhetoric of the nation's foreign policy during his two decades rule. Mahathir's idiosyncrasies are constructed through the weaving together of three major aspects of his individual traits, political ideology and political leadership style.

i) Individual Traits

Individual traits that most distinguish Mahathir from predecessors are his plebeian background, non-political upbringing and local education as opposed to his predecessors who were linked, directly or through marriage to the royal family, had political role models to emulate within their families and were educated in foreign schools and universities. Other traits which further distinguish him from the other premiers are his mixed ethnic roots, traditional family life, and medical training as opposed to the legal background of all three former premiers.<sup>385</sup>

Mahathir, born on 20 December 1925 in one of Malaysia's poorer states, Kedah, was the youngest of nine children in the family of Mohamed Iskandar, a self-made disciplinarian school headmaster. His father was the first teacher and then the first headmaster of Sultan Abdul Samad (now renamed Sultan Abdul Hamid) a school in Alor Setar, Kedah. Forty years old when Mahathir was born, Iskandar was said to have maintained within his home disciplined and order

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<sup>385</sup> Dhillon, K.S. (2009). *Malaysian Foreign Policy in the Mahathir Era 1981-2003: Dilemmas of Development*. Singapore: National University of Singapore (NUS) Press. p. 20.

fit for the supervision of school pupils.<sup>386</sup> Mahathir attended this school on his secondary level of education. Mohamed Iskandar maintained with his home discipline. His children including Mahathir were required to attend a secular English medium school which where the students could be fined, caned or placed into detention class if they spoke any language other than English. Besides English, his father was very particular with Islamic education. It required Mahathir to take religious lessons from a professional home instructor hired for his strict spiritual reputation attend homework circles and take additional lessons outside of school curriculum under Iskandar's supervision.<sup>387</sup> As in Victor Morais' book, Mahathir's quoted "I grew up in a very disciplined home. My father ran it like a classroom. The sound of his cough as he approached the house was enough to send us boys flying back to our books".<sup>388</sup>

Furthermore, Mahathir has no political mentorship at home and only has local education background. It is contrast with the former leaders before him. Tunku was a member of the Kedah royal household and graduate from Cambridge University in England. Hussein Onn was the son of Onn Jaafar who was the founder of UMNO, and Razak's father was an UMNO activist. He joined Medical College in Singapore with seven other Malay students. From the seven students, only four of them graduated, and among four of them are his wife and himself. And his wife, Siti Hasmah admitted that she could not have done so without Mahathir's Iskandar-style which is tough yet extensive tutoring.<sup>389</sup>

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<sup>386</sup> Victor, Morais. (1982). *Mahathir: A Profile in Courage*. Petaling Jaya: Eastern Universities Press. p. 1.

<sup>387</sup> Dhillon, K. S. (2009). *Op.cit.*, p. 21.

<sup>388</sup> Victor, Morais. (1982). *Op.cit.*, p. 1.

<sup>389</sup> Dhillon, K.S. (2009). *Op.cit.*, p. 25.

During his premiership, Mahathir was a controversial figure. It started with his first major foreign policy crisis which connected to the United Kingdom, '*Buy British Last*', '*Look East*' and '*Commonwealth Policy*'. His outspoken characteristic has brought Malaysia into the global world with proud and honour, with his idea in saving Malaysia from the Asian Economic Crisis 1997. Since then, the world pay more attention to this small and so called as the third world country.

Besides his plebian background and his non-political upbringing in the family, his mixed ethnic roots also give impacts in defining his individual traits. In a political system rooted in communalism, an individual's racial origin carries just as much meaning, connotations and consequences as does one's lack of pure ethnic roots, hence, as Dhillon said, this was bound to affect Mahathir. His paternal grandfather of Kerala Indian decent lived in the northern island of Penang, home to many early Indian immigrants, where he married Siti Hawa who was a local Malay lady. However, the fact that his father was half Indian is passing by some and ignored by others. Mahathir's museum only displays a genealogical chart of his lineage through his mother Wan Tempawan but has nothing on his father's side. Dhillon suggests that Mahathir's mixed ethnic roots are a reflection of racial stereotypes and religious prejudices present in the ethnic based communal politics of Malaysian society. Looking at Mahathir's ethnic background, the ethnic of Indian Muslim in Malaysia always gives negative stereotyping by the Malay Muslim and Indian Hindu. They are called *Mamak*, viewed by both segments as shrewd traders whose main motivation for adopting the religion of the majority is to derive economic, social, and political benefits, while most of the converts are fail to surrender certain cultural traits such as language. Thus, it fuels the prejudicial belief that their religious conversion is not genuine.

Because of this, Mahathir always got insinuations especially from the opposite party and called him as *Mamak*.<sup>390</sup>

ii) Political Ideology

Mahathir climbed up step by step in political arena. He first joined the party (UMNO), since the party was established in year 1946. During his third year in college, he started to write articles in Straits Times using pseudonym 'C.H.E. Det'. His articles were about his observations of Malay customs, his opinions on Malay issues and problems and views on political issues such as nationality and royalty.<sup>391</sup>

In his articles, he was not only tried to give idea about changing the traditional Malay weddings into modern, but he also called on Malay parents to send their children especially girls into English medium schools to avoid being left behind the Chinese and Indians in education.<sup>392</sup> Besides, he wrote a controversial book entitled "*The Malay Dilemma*" which has been banned by the Prime Minister at that time, Tunku Abdul Rahman because he seems to bitterly attack the government with his thought.

The emerging political world of Mahathir was very narrow. He was called as the 'Malay Ultra' because he was very much a Malay world. Nevertheless, it was uniquely diverse environment in which he was developing. It was because, even though he had lived in devastating World War, experienced terrifying Japanese occupation, witnessed pervasive British colonialism, in fact,

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<sup>390</sup> *Ibid.*, pp.22-24.

<sup>391</sup> Dhillon, K.S. (2009). *Op.cit.*, p. 26.

<sup>392</sup> *Ibid.*, p. 27.

studied in Singapore which a country that has Chinese as the majority population, none these seemed to have broaden his focus beyond his Malay world.<sup>393</sup>

He reached a conclusion that there were two factors that affect the Malay in Malaysia, which were broadly speaking internal factors and the external factors. For the internal factors, it was because of the tradition of Malay customs itself, such as the low rate of mixed marriage, early marriage, and the poor upbringing. And from his point of view, these create weakness in Malay development. While, for the external factors, he argued that it was because of the two actors in the country which were the Chinese and the government. He said, the Chinese had monopolized and dominated the economy, while the government did not act to fix it.<sup>394</sup>

Tun Hussein Onn, Malaysian third prime minister, made a wise decision by choosing Mahathir as his deputy. He then occupied the two most important political posts in the country, which were the UMNO president and later the prime ministership. During his appointment to these positions, he lifted the ban on his book, "*The Malay Dilemma*" as he wanted the citizens know more about him and his idea.<sup>395</sup>

Mahathir followed an evolution in his political ideology. It was complex yet obvious. One of it, he has given the Islamic part more attention in his premiership. He has set the institutions with Islamic aspects. Under his leadership, Malaysia has *Pusat Dakwah*, Islamic Research Centre, International Islamic University which co-sponsored by the Organization of Islamic Conference,

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<sup>393</sup> *Ibid.*, p. 27.

<sup>394</sup> Mahathir Mohamad. (1970). *The Malay Dilemma*. Singapore: Donald Moore for Asia Pacific Press. pp. 56-61.

<sup>395</sup> Dhillon, K.S. (2009). *Op.cit.*, p. 32.

Islamic Economic Foundation such as *Tabung Haji*, Institute of Islamic Understanding (IKIM), and there was also an Islamic Training and *Dakwah* Institute in Prime Minister's Office.

Moreover, in his political ideology, he also introduced the West and its negative influence. From Dhillon's point of view, by targeting the West, it "allowed Mahathir's nationalism to be elevated from ethnic to national and from national to global; from Malay to Malaysian and from Malaysian to the developing world."<sup>396</sup> Hence, the policy such as 'Look East' policy and 'Buy British Last' policy have been created.

Besides, Dhillon said, Mahathir had succeeded in being widely acknowledged as a spokesman of the developing world and the championing of the causes of the Third World and Islamic solidarity became a major part of his foreign policy rhetoric.<sup>397</sup>

### iii) Leadership Style and Traits

In talking about his leadership style, Mahathir was often described as autocratic and dictatorial. It was more a one-man show. For example, during the 1997 Asian Economic Crisis, he has made his own decision without even listen to the other ministers' opinion. As Dhillon concluded, Malaysia's decision to withdraw abruptly from the foreign exchange market in the economic crisis in 1998 is the illustrative of Mahathir's style of decision making.<sup>398</sup> Even though most of the members were against it, he still stuck with his decision and said the decision should be viewed as a collective decision. He was not trying to convince foreigner to invest in the country,

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<sup>396</sup> *Ibid.*, p. 34.

<sup>397</sup> Dhillon, K.S. (2009). *Op.cit.*, p. 35.

<sup>398</sup> *Ibid.*, p. 46.

but he attributed his problems to the rough speculative activities of George Soros. He believed that speculation should be banned by the international agreement. He did not believe in the ‘invisible hand’ of Capitalism. He thought that a visible hand was there, and that it was part of a conspiracy and he also saw that globalization as infringing on his control of Malaysia, yet the foreign investment, which he saw as essential for Malaysia’s development, was a manifestation of that same globalization.<sup>399</sup> Besides, he once said that there was no way Malaysia would surrender its economy to the IMF even if that was the only way for the country to recover.<sup>400</sup> He declared that Malaysia is recovering by follow his way. And it shows that his nationalism had come a long way but remained very much intact at the core.<sup>401</sup>

In describing Mahathir’s leadership style, Dhillon has stated that, in the political realm, prominent traits of the Mahathir leadership include stability, centralization of power within the executive and serious conflicts with other branches which resulting in the declining independence and influence of the bureaucracy, legislature, judiciary and monarchy. Hence, the outcome was an increasingly authoritarian regime, mindful of the need for populism, yet manifesting an ever-increasing disregard for democratic procedures and institutions that stood in its way. Thus, by this regard, Dhillon took from the sense that used by Jackson and Rosberg, Mahathir’s political rule as a sophisticated ‘personal rule’, but yet in a much looser form. It is personal in the sense that ‘institutional rule’ progressively weakened as political power was increasingly centralized in Mahathir’s hand. It is sophisticated in the sense that the centralization

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<sup>399</sup> Milne, R.S. & Mauzy, D.K. (1999). *Malaysian Politics under Mahathir*. London: Routledge. p. 150.

<sup>400</sup> Edmund Terrence Gomez and Jomo, K. S. (1999). *Malaysia’s Political Economy: Politics, Patronage and Profits*. Cambridge: Cambridge University Press. p. 20.

<sup>401</sup> Dhillon, K.S. (2009). *Op.cit.*, p. 47.

of power was not arbitrary, never beyond certain boundaries – no matter how artificial, and very often justified in detail and in public by Mahathir himself.<sup>402</sup>

Mahathir has faced many challenges in serving as Malaysian Prime Minister. One of them is money politics. Money politics has been storm in Mahathir's reign strongly. Dhillon has quoted from Gomez and Jomo, "*Malaysia's Political Economy: Politics, Patronage and Profits*" in which they argued that Mahathir's privatization policy was essentially a government patronage policy that helped take the phenomenon of money politics to unprecedented heights.<sup>403</sup> The virtual monopoly of privatization had benefited Malay entrepreneurs loyal to Mahathir and alienated sections of the ruling party who rallied around various party leaders which mounted challenges to oust Mahathir. However, this was observed by Mahathir, and he also acknowledged the phenomenon of money politics. He said in an interview that the money politics happened because of the business people are getting into politics, while before, it was only school teachers involved in politics which had not much money to be scattered around. And, he also admonished party delegates in the October 1996 UMNO Assembly more directly by noting that "some delegates vying for higher positions had been offering bribes and gifts exchange for votes."<sup>404</sup>

Besides that, he also faced the economic crisis during the mid-1980s, which was his first major political crisis. The extensive links between business and politics, developed as a result of Mahathir's privatization and heavy industrialization polices ensured that the crisis was a political

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<sup>402</sup> *Ibid.*, p. 38.

<sup>403</sup> Edmund Terrence Gomez and Jomo, K. S. (1999). *Op.cit.*, pp. 91-98.

<sup>404</sup> Mahathir Mohamad, Speech to UMNO General Assembly, October 1996, in Dhillon, K.S. (2009). *Malaysian Foreign Policy in the Mahathir Era 1981-2003: Dilemmas of Development*. Singapore: NUS Press. p. 40.

as it was economic. The recession severely curtailed the benefits which could be disbursed by the regime, leaving UMNO ranks deeply dissatisfied. The finance minister that time, Tengku Razaleigh, a prince with an extensive business empire of his own who enjoyed close ties with the Chinese business elite, teamed up with deputy premier, Musa Hitam, to lead a major challenge to oust Mahathir from power. Razaleigh alleged that Mahathir had formed a kitchen cabinet which had centralized decision-making powers and most government contracts and business opportunities were distributed to members of this inner circle.<sup>405</sup> This happened against the backdrop of a court decision temporarily stopping the privatization of the multi-billion Ringgit North-South Highway project. The court had ruled that since UEM, the company which was awarded the project had close links to UMNO; there was a conflict of interest. Musa, who had earlier resigned as the deputy premier due to Mahathir's authoritarian ways, Razaleigh and about one half of Mahathir's cabinet which included Defence Minister, Abdullah Ahmad Badawi, and Foreign Minister, Rais Yatim, formed what was to be known as the Team B of UMNO as opposed to Mahathir's Team A. and this is the first time in the history of the nation, a prime minister and UMNO president was being challenged openly and decisively from within his party. Up until this time, the informal UMNO game rules, collectively known as the 'Malay Way', discouraged direct confrontation and contest for the president's post. It had always been the party president's prerogative as to when he wanted to step down and the naming of his successor.<sup>406</sup>

During his leadership, since he has the economic leadership style, Malaysia's economic progress was very impressive. The citizen's average yearly income had built up from RM300 a person to RM5000. Hence, the Chinese who initially hated him for being 'ultra-Malay' liked him even

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<sup>405</sup> *New Straits Times*. (23 April 1987).

<sup>406</sup> Dhillon, K.S. (2009). *Op.cit.*, p. 37.

more because of his contribution to economy development. His objective was to turn his country into fully developed one by 2020. He necessitated adopting an economic leadership style in focusing on winning over the nation psychologically to get their full support. This is because of the long gestation and rather uncertain nature of such a goal. Therefore, there were some changes happened, such as, it constantly sought to narrow the space of dissent, concentrated decision making within his offices, showed impatience with established economic institutions and relied substantially on foreign capital and expertise. He made himself personal marks by mega projects and gained Malay entrepreneurs loyal to the premier's party and ideology in the name of privatization, on the other hand, inevitably feeding into the phenomenon of rent-seeking and carried out outside of established normal routines and procedures such as open bidding became the trade mark of the regime's style.<sup>407</sup>

The macroeconomic policy of heavy industrialization and grand projects such as North-South Highway, UMNO headquarters, Steel Manufacturing, KL Towers, KLIA, *Dayabumi* Complex, National Car Project, New Government Project (*Putrajaya*), Bakun Hydroelectric Dam, Penang Bridge, Silicon Valley, Second Causeway to Singapore and Formula One Race Track were very much in line with the economic and development paradigm of Mahathir. The high visibility and grandiose nature of these projects instilled a psychological sense of rapid technological and economic progress. Moreover, they pretended to put Malaysia on par with the developed world which helped to silence domestic critics, and, those who criticized these project as wasteful, non-profitable, turn-key, having negative environmental impact or questioned the manner in which

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<sup>407</sup> *Ibid.*, p.40.

they were planned and implemented, mostly were identified as envious foreigner who did not want Malaysia to become fully developed.<sup>408</sup>

Besides that, the contracts were awarded mostly to handpicked Malay entrepreneurs loyal to the regime. And through the MFP-facilitated efforts, these entrepreneurs were able to form joint-ventures with foreign companies in order to obtain projects that by passed exercises of open tender. However, Mahathir answered such criticisms by stating that the government did not choose the contracts by bias, and, by labeling anyone who won as a crony of the government placed the government in a no-win situation.<sup>409</sup>

According to Milne and Mauzy, there are several other characteristics that Mahathir possessed as Prime Minister. He had a control and determination demeanour, he kept checks and balances within the executive, he dislikes competition, moreover, he had both far and near vision in terms of politics:

“Mahathir is a believer in strong government, especially if exercised by himself. He enjoys power, and he fights to win.”<sup>410</sup>

By his control and determination personality, he seemed very careful in believing people and his decision-making was mostly shaped by his own ideas. He believed that he had never been wrong. Even though he kept the checks and balances within the executive, it was actually as a weapon to ensure the supremacy of the executive as the dominant power. This is different from the United States, which uses the checks and balances by separating the powers between the

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<sup>408</sup> *Ibid.*, p. 41.

<sup>409</sup> *Ibid.*, p. 46.

<sup>410</sup> Milne, R.S. & Mauzy, D.K. (1999). *Malaysian Politics under Mahathir*. London: Routledge. p. 159.

executive, the legislature, and the judiciary. Besides that, Milne and Mauzy also stated that Mahathir dislike competition. Although once in a contest, he was set on winning, he nonetheless preferred that no contest should occur. Politically, the best example of his successful avoidance of competition was when the 1995 UMNO General Assembly, without any signs of dissent, he asserted that he would not be challenged for the top UMNO post until 1999. Moreover, in talking about vision, the word vision itself will always been associated with him. This is because of his famous vision 2020.<sup>411</sup>

Yet, Saravanamuttu describes Mahathir as an 'iconoclast'.<sup>412</sup> Milne and Mauzy argued that the premier was best categorized as an idiosyncratic person within an idiosyncratic category.<sup>413</sup> His beliefs and actions are unusual, constituting a pattern that has been fascinating to previous, as well as the present, writers. He has a sharp mind rather than an intellectual or academic mind. Given the nature, style and substance of his rule, it is argued that Mahathir, the individual, had a domineering effect on every major aspect of Malaysian political life, including foreign policy.

Mahathir combined the conviction that he was always right and the best leader for the country with a skilful, and when necessary, ruthless determination to eliminate competition, adversaries and obstacles (individuals or institutions) in order to stay in power on his own terms. His deputy, Musa Hitam has described him as 'ambitious, ruthless and autocratic'.<sup>414</sup>

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<sup>411</sup> Milne, R.S. & Mauzy, D.K. (1999). *Ibid.*, pp. 159-160.

<sup>412</sup> Johan Saravanamuttu. (Jun 1996). "Malaysia's Foreign Policy in the Mahathir Period, 1981-1995: An Iconoclast Come to Rule". *Asian Journal of Political Science*. 4(1): 1-16.

<sup>413</sup> R.S. Milne and D.K. Mauzy. (1999). *Op.cit.*, p. 183: "his beliefs and actions are unusual, constituting a pattern that has been fascinating."

<sup>414</sup> Quoted in Mohamad Yusof Ahmad. (1990). *Continuity and Change in Malaysia's Foreign Policy, 1981-1986*. p. 348.

During Mahathir's tenure, foreign policy making moved from the combined realm of select government institutions to the prime minister himself. The fairly substantial role in policy making, which the bureaucracy (in particular, those branches entrusted with foreign service and trade) enjoyed under previous regimes, evaporated under Mahathir, who presumed the role of determining foreign policy decisions, without consultation with the bureaucracy and overriding objections at times.<sup>415</sup> Malaysian diplomat Mohamad Yusof, in discussing MFP in the first five years of the Mahathir regime, quotes MFA head Zainal Abidin Sulong as concurring with the view that "MFA role in policy formulation was either minimal or virtually nil".<sup>416</sup> Non-governmental institutions, the legislature, press and think tanks either did not feature or saw their role reduced to negligible. Foreign ministers and secretaries during the Mahathir era did not enjoy the sort of independence and clout enjoyed by many of their predecessors.

Mahathir's control of foreign policy was so visible that one could not be faulted for mistaking him as simultaneously holding the foreign ministerial portfolio. After all, it was Mahathir who announced foreign policy decisions, justified them in terms of national needs and defended them against critics. Mahathir's control of the decision-making process happened when Malaysia made a deal with Singapore in resolving the contentious issues during his era.

During his time in office, Dr Mahathir was concerned with economic development as an important aspect in ensuring the development of the country in stable condition and balanced with other countries especially Singapore. Through his miracle ideas, Malaysia has successfully overcome the economic recession that hit the country in 1997-1998 when he rejected the

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<sup>415</sup> Muhammad Muda. (1991). "Malaysia's Foreign Policy and the Commonwealth, 1960-1995". *The Round Table* 320, p. 458.

<sup>416</sup> Mohamad Yusof Ahmad. (1990). *Op.cit.*, pp. 351-352.

proposal to get funding from the International Monetary Fund (IMF). Dr Mahathir had introduced some measures to revive the domestic economy to ensure economic generation and increase economic growth without relying on the other party. Action and this ideas has been shown that Dr.Mahathir was a very smart man and have good ideas for the country in various aspects including political, economic, social and international relations.

Besides bilateral approaches, Malaysia also improves the system of national defence in the face of threats or armed crisis with neighbouring countries. This process also involves his efforts to improve and modernize the Malaysian armed forces on a large scale since 1990. Moreover, Malaysia also strengthening international ties through regional organizations. The concept zone of peace, freedom and neutrality (ZOPFAN) in Southeast Asia has become the core of Mahathir to develop policies and strategies in its external relations with foreign countries, especially Singapore.

In order to ensure the foreign countries respect Malaysia, Dr.Mahathir also paid attention to the involvement of Malaysia in the international arena. Dr.Mahathir urged other countries to establish a relationship oriented economy that will promote the process of neighbourhood consultation and closer friendship and focus on the best interests of the country in Southeast Asia and East Asia. This is because he believed that economic cooperation can reduce the concentration of the country in political affairs and issues that arise between nations. Mahathir was also active in the activities conducted at the international level, while also involved in the expression of opinion on issues and problems of poor countries by the developed countries. This

approach has increased the confidence of foreign countries on the image and status of Malaysia that emphasized on common welfare.

Through the above statement could be clearly concluded that Dr. Mahathir was a courageous leader in voicing out his view on the issues that arise in the international level and indirectly made himself as an important person internationally. Dr. Mahathir Mohamad, in his book "*The Malay Dilemmas*"<sup>417</sup> stated that the relationship between Malaysia and Singapore was relying on the leaders from both countries. It referred to the fact that the statement issued by Dr. Mahathir in his own book could be seen as representing that he was not interested with the participation of Singapore in the building of Malaysia.

What was quite interesting about Dr Mahathir administration in the context of Singapore-Malaysia relationship was that the republic was no longer considered as a second feeder to the prosperity of Malaysia. Previously Malaysia export goods and natural resources went through Singapore, but during his time, Dr Mahathir changed the policy by making the country's main ports, especially Port Klang as a place to export his country's goods. Therefore, during his administration, a number of mega infrastructure projects were launched, and these were considered to be in a position to compete with Singapore's position as a regional economic centre. Port Klang had been modernized and enlarged. In addition, Dr Mahathir administration has also built a mega-airport in Sepang, intended to be a rivalry of Changi International Airport in Singapore. Despite the criticism of various parties as to the costs required to develop Kuala Lumpur International Airport (KLIA), the main objective of Dr Mahathir is to make KLIA as a premier aeronautics and aviation in South East Asia.

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<sup>417</sup> Mahathir Mohamad. (1970). *Op.cit.*, pp. 6-18.

In finance sector, the administration of Dr Mahathir had introduced Islamic banking system to compete with Singapore's conventional banking system. As a result of the introduction of Islamic banking system by Kuala Lumpur, Singapore also finally introduced the same banking system.

Based on the strategies used by Dr Mahathir, it can be concluded that he had brought a new dimension to the Singapore-Malaysia relationship by creating a new confidence to compete with economic development and air transport sectors of Singapore. This is very different from the previous administrations, which emphasized instead the complimentary economy, where both parties are focused on the interdependence of the two countries in developing their respective economies. But what would have happened if Singapore was going to advance, while Malaysia still depended on its natural resources to develop its economy? Dr Mahathir changed the complimentary relationship to one economic competition and a healthy political climate to ensure the country equally benefit from its economic resources in the centre of world economic growth at the time.

In order to solve the problems in bilateral relations between Malaysia and Singapore, this study has found that Dr Mahathir uses his own ideas through Malaysia-Singapore bilateral approach. With a strict principle in the exercise, or deciding upon, a policy and it has been a strength that can produce the best solution to resolve issues arising between Malaysia-Singapore. For example, in the 2003 water issue between Malaysia-Singapore, Dr Mahathir continued to maintain his position to defend the rights of Malaysia for review of water price charged by Singapore, even though there were objection from Singapore. Mahathir believed that with the

rights and agreements that enabled Malaysia to revise the price after 25 years, meaning that to his mind his decision was on the right track. Therefore, Malaysia continues to review the price of water.<sup>418</sup>

Based on the actions of Dr Mahathir, he showed that his efforts in trying to ensure the security of Malaysia was not threatened by the actions of other countries, especially Singapore. Dr Mahathir effort was one of the decisive actions taken by Malaysia under Dr Mahathir administration to ensure that nothing problems and issues worsen happened or to be faced by Malaysian citizen. For example, with the issue of the Scenic Bridge (*Jambatan Indah*), he looked disappointed with the decision to cancel the scenic bridge. Ideas and suggestions regarding the bridge were, after all, the products of his own inspiration in 1996, when he was still the Prime Minister of Malaysia. His opinion on the matter was articulated in the following way:

“Goh Chok Tong, a former Prime Minister of Singapore in his letter to me, had said that if we want to build a bridge next to Malaysia, he feels that it is something that is not appropriate but he will accept it... The letter also explained that there were no conditions imposed for the construction of *Jambatan Indah* that I can show the book to you... Kuan Yew has no power because he must ask whether what's his agree will received by Chok Tong or not. In those days, Chok Tong is the arbitrator, now the country had a Prime Minister, Lee Hsien Long.”<sup>419</sup>

As shown by this statement, Dr Mahathir had a very strong stance and was firm in carrying out an action. Disappointment expressed by Dr Mahathir has its own significance, for the cancellation of the bridge construction led to many negative implications, especially when it came to the national interest. The Malaysian government even had to pay damages amounting to

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<sup>418</sup> *Utusan Malaysia*. (1 January 2003).

<sup>419</sup> *Bernama*. (28 April 2006).

RM 257.4 million to the Southern Integrated Gateway Premier, the company that was responsible for ensuring construction of the bridge.<sup>420</sup> It was seen here that the government was losing a very high implications of the government's decision to cancel Malaysia construction of the bridge.

In resolving the issues and problems arising from bilateral relationship between Malaysia and Singapore, Dr Mahathir played many roles and contributed his ideas to make sure the solutions were the best and effective that could be produced. As is well known to all, Dr Mahathir was very forceful in implementing its foreign policy, and especially so in making any decision related to the development and growth of the country. For example, his firmness in the water questions with Singapore that had persisted for a very long time. However, he did not hesitate in defending the rights of Malaysia to revise the price of water, and that this should be carried out in 1986 and 1987.<sup>421</sup>

This revision is a matter that should be done because the law requiring the review be made after 25 years does not mean it has to be made during the particular year. For Singapore is to ensure long-term supply of water, Singapore government choose a policy of 'outsourcing' and 'self-sufficiency' country to solve its water problem.<sup>422</sup> Through the concept of 'outsourcing', Singapore in an effort to further strengthen its water resources had made several surveys and Singapore had seen the country Indonesia was very suitable to become a supplier of raw water supply to his country. The initial idea for the capture of raw water supply from Indonesia was started from 1987 when it was proposed by the then Prime Minister of Singapore Lee Kuan Yew

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<sup>420</sup> *Ibid.*

<sup>421</sup> *Utusan Malaysia*. (1 January 2003).

<sup>422</sup> *Ibid.*

at that time. Since 1963, the tense relations Singapore and Indonesia ended when Singapore took over the initiative to foster regional cooperation between the two countries.<sup>423</sup>

Assertiveness of Dr Mahathir had resulted in Singapore to find other alternatives for water resources. In 1989, Singapore announced its intention to buy water from Indonesia and on August 28, 1990, a consent agreement was signed between the Singapore and Indonesia government to coordinate their cooperation in the supply of raw water from Indonesia to Singapore. In connection with this, in July 1991, then Deputy Prime Minister of Singapore Lee Hsien Long had signed an agreement 'water-pact' with the assent Indonesia water supply from the Singapore, Island of Riau.<sup>424</sup>

Besides that, Singapore has also conducted research to identify the best way to get water and a breakthrough had been achieved, so that Singapore could embark on the long-term plan to desalination. This programme was seen as being successful in several other countries, and this became a suitable solution for Singapore. This was because through this process, Singapore would be able to save money from buying water from neighbouring countries. In addition, solar energy would also be used as substitute fuel consumption for the machinery, and would therefore reduce the cost of the process. Desalination is actually not a process to replace the water supply from Johor, but is in addition to it. Until 2003, Singapore, through the Minister of Information, Communications and Arts stated that: "Singapore is still willing to resolve the matter in accordance with the terms of the Water Agreement".<sup>425</sup>

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<sup>423</sup> *Utusan Malaysia*. (14 September 1998).

<sup>424</sup> Shee Poon Kim. (1992). "Singapore in 1991: Endorsement of the New Administration". *Asian Survey*, 32(2): 119-125.

<sup>425</sup> *Utusan Malaysia*. (26 July 2003).

Dr. Mahathir's leadership style was quite different from his predecessors in handling the main issues pertaining to Malaysia-Singapore relations during his era. The importance and significance of his role as the most effective Malaysian leader in deciding the pattern and direction of Malaysia-Singapore relations can be seen from the views of Charles W. Kegley, Jr. and Eugene R. Wittkopf:

“Leaders- and the kind of leadership they exert- shape the way foreign policies are made and the consequent behaviour of nation states in world politics”<sup>426</sup>

Dr. Mahathir had been leading Malaysia since the early eighties with an open and soft [non-confrontational] approach during the early stage of his tenure as Prime Minister, but then adopted a more aggressive [confrontational] approach during the later period of his administration. He had been able to handle the two countries relationship until it entered a new era. It had entered a so-called ‘win-win’ situation compared to the previous era where it seemed to be benefiting Singapore alone. On this matter, Lee Kuan Yew had said:

“Despite my difference with him, I made more progress in solving bilateral problems with Mahathir in 9 years he was prime minister, from 1981 to 1990, when I stepped down, than in the previous 12 years with Tun Razak and Hussein Onn as prime minister”<sup>427</sup>

Generally, Dr. Mahathir's personality impacted bilateral relations. His inclinations towards Singapore may have been part of the problem. His experience in Singapore during his student days was not a pleasant one. He recounted that experience in his book, *"Malay Dilemma"*. So,

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<sup>426</sup> Charles W. Kegley, Jr. & Eugene R. Wittkopf. (1993). *World Politics: Trend and Transformation*. London: St. Martin's Press Ltd. p. 56.

<sup>427</sup> Lee Kuan Yew. (2000). *Op.cit.*, p. 289.

one can say that there is historical baggage at the top of the leaderships. In the past five or six years, Mahathir has gained increasing confidence in what he has done for Malaysia, especially after the financial crisis of 1997. He looked at Singapore not only as a friend, but as a competitor. He wanted to improve relations, but at the same time, he has bad memories of Singapore and he did not look at Singapore's policies or its efforts towards Malaysia as being friendly. As a result, he decided that he would do it his way and the results have shown that his way has not been very amiable, especially towards Singaporeans.

From above discussion, we can conclude that, in handling Malaysia-Singapore relations, Mahathir's idiosyncratic factors played as the major caused. Thus, in short, this is why under his 22 years of leadership, the issues between both countries did not resolve amicably. And until now, he is still giving comments on how Malaysia and Singapore react to each other.

#### **6.4.2. Lee Kuan Yew's Idiosyncratic Influence in Dealing with Malaysia**

Lee Kuan Yew has been an important actor in deciding the pattern and direction of Singapore's foreign policy in Malaysia-Singapore relations. An understanding of the pattern and direction of Singapore's domestic and foreign policy would be incomplete without placing it within the worldview of the nation's long-serving Prime Minister and current Mentor Minister Lee Kuan Yew. The ideological underpinning of Singapore's foreign policy remains firmly rooted in the beliefs of Lee Kuan Yew.

Lee Kuan Yew was the youngest Prime Minister in the world.<sup>428</sup> At the time of his appointment in 1959, he was not even 36 years old of age. Being one of the longest party leaders in modern history, holding 38 years of leadership since he established the PAP in 1954, he has solidly put his personal beat on many aspects of Singapore right from the recent history, ideology, language and up to the social norms. He had long pondered the nature of leadership and how this related to the need, desires and aspirations of a people. He concludes that Singapore and other Asian nations required firm leadership to produce essential social and political stability.<sup>429</sup>

In describing Lee's political beliefs, leadership style and public persona, his biographers emphasize that "as the island republic's elected head of government, he was decidedly in charge. Critics and those who opposed him knew they would be countered without compunction. He once remarked that if he found an obstacle in the way of the policy or goal he thought needed to be achieved, he would not hesitate to run a bulldozer to clear the way".<sup>430</sup> Interestingly, Lee's style is very much alike his Malaysia's counterpart, Mahathir.

Furthermore, a Professor of Harvard University, Ezra Vogel in his books "*The Four Little Dragons*"<sup>431</sup>, delineates a rather wide range of institutional and traditional factors that underlie the successful industrialization of Singapore. He points out that the most special factor in Singapore's success story is its genuinely charismatic leader, Lee Kuan Yew.

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<sup>428</sup> Alex, Josey. (1995). *Lee Kuan Yew. The Crucial Years*. Singapore: Time Book International. pp. 57-64.

<sup>429</sup> Lee Kuan Yew. (2000). *Op.cit.*, pp. 735-746.

<sup>430</sup> Minchin, James. (1990). *No Man is an Island. A Portrait of Singapore's Lee Kuan Yew*. Australia: Allen & Unwin Australia Pty. Ltd. pp. 321-342

<sup>431</sup> Vogel, F. Ezra. (1991). *The Four Little Dragons. A Spread of Industrialization in East Asia*. United States of America: Harvard University Press. p. 82.

Perhaps, by Southeast Asian standards Lee is unique. He is a ruler to the fingertips, yet he was not born to rule. He is the patron of Singaporean politics; spotting, hiring and firing top talent; commanding the apparatus of power and various alternative sources of information; able to choose freely when to let alone or when to intervene.

Some commentators exaggerate his capacity to be a one-man band, a saviour figure. According to Richard Nixon, “the fact that a leader of Lee’s breadth of vision was not able to act on a broader stage represents an incalculable loss to the world.”<sup>432</sup> Yet it is inconceivable that Lee could be Prime Minister, or President, of any country but Singapore. However much he admires crave his styles of leadership for their own country. His star, and that of the island Republic has merged almost beyond distinction.

According to many Lee’s biographers, he towers over other Asian leaders on the international stage, yet he comes from one of Asia’s smallest countries. Despite a champion of Asian values, he is most un-Asian in his frank and confrontational style. He is a man of great intelligence with no patience for weaknesses; a man of integrity, with a relentless urge to slash opponents; a man who devours foreign news but has little tolerance for a disrespectful press at home.<sup>433</sup>

It is difficult to view Lee on his owns. Despite the power and strength that he portrays, according to James Minchin in many ways “Lee is the island, embodying in his character all the insecurity,

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<sup>432</sup> R. M. Nixon. (1982). *Leaders*. New York: Warner. p. 336.

<sup>433</sup> Alex Josey. (1995). *Lee Kuan Yew. The Crucial Years*. Singapore: Times Book International. pp. 34-38.

vulnerability, emotional detachment, arrogance and restless energy that also characterize Singapore.”<sup>434</sup> His life has shaped and been shaped by the small territory at the tip of the Malaysian peninsula that he made first into a country and then a rich country.

In addition, according to Professor George P. Landow, a visiting professor at the National University of Singapore, Lee lives by the conflict theory of management, “you either dominate or be dominated”. He knows all about being dominated, both under British colonial rule and more brutally, during the Japanese occupation. In his memoirs he relates how he was slapped and forced to kneel in front of a Japanese soldiers for having failed to bow to the man while crossing a bridge. Thus, when it became Lee’s turn to dominate, he used the full force of his personality and the law to fight his opponents.

Lee’s barely-concealed cultural and intellectual arrogance, at times manifested in derogatory statements about neighbouring countries, has long been a source of diplomatic tension. Lee’s belief in the intellectual gulf between himself and other Southeast Asian leaders goes some way towards explaining his satisfaction in highlighting the shortcomings of neighbouring political leaders. Until relatively recently, the considerable economic gap between Singapore and most Southeast Asian countries, coupled with the latter reputation for bureaucratic inefficiency and corruption has only served to reinforce Lee’s belief in the cultural malaise of indigenous Southeast Asians. These condescending attitudes serve to explain the acutely defensive attitude

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<sup>434</sup> James Minchin. (1990). *No Man is an Island. A Portrait of Singapore’s Lee Kuan Yew*. Australia: Allen & Unwin Australia Pty. Ltd. pp. 291-317.

of Malaysia towards perceived signs of condescension across the causeway.

Lee's combative political style and brash '*kurang ajar*'<sup>435</sup> demeanour, which has become almost legendary and supposedly out of sync with Asian political culture, where restrained outward manners greatly served to inflame the already tense relations arising from the ideological differences between Malaysia and Singapore during the merger years of 1963-1965. Relations had soured early on in the merger period when it became increasingly apparent to the Alliance leadership under Tunku Abdul Rahman that Lee and his colleagues were not content with their status as just another state government in the Malaysian federation. Indeed, Lee expected the island state to be treated as an equal partner in the federation.<sup>436</sup> Symbolic of this, Lee never assumed the title of Chief Minister as adopted by other heads of government in other states, but insisted on being referred to as Prime Minister.

The trauma and crisis of separation from Malaysia arguably constituted a politically defining moment in Singapore's modern history and has served to promote the PAP as guardians of the island's economic survival and political integrity. As is characteristic of politically defining moments, separation has unwittingly bestowed an enormous level of moral authority on Lee as the father of independent Singapore. Under the stewardship of the PAP, the fledgling republic successfully steered through and triumphed over the enormous economic challenges of high

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<sup>435</sup> The Malay term '*kurang ajar*' means to behave in a rude manner.

<sup>436</sup> Fletcher, M. (1969). *The Separation of Singapore From Malaysia*. Data Paper No. 73. Ithaca: Cornell University. p. 47.

unemployment, exacerbated by the closure of British military bases in the late 1960s, and the shift from import-substitution to export-oriented industrialisation strategy. The continued political hegemony of the PAP government therefore cannot be fully understood without taking into account the psychological legacy of merger and separation particularly on Chinese Singaporeans.

## **6.5. Conclusion**

Political culture and idiosyncratic factors of ruling elites have a strong influence in determining the foreign policy direction of a country and how foreign policy issues are approached by those particular nations. I believe that the emergence of two separate political cultures in Malaysia and Singapore have strengthened dominant and significant roles of elites in the bilateral relations between the two countries. The political culture during the period Singapore was in Malaysia revolved around the issue of the Malay-Chinese political rivalry and the quest by Lee Kuan Yew's party to seek equal rights for ethnic Chinese in Malaysia. The relations between Malaysia and Singapore during the period after the separation continued to be influenced by this culture with Singapore seen as a Chinese dominated nation and Malaysia as Malay dominated nation. The rivalry between the two countries continued to be along ethnic lines. Over the decades, Malaysia and Singapore have grown into two separate nations with two distinct political cultures. With the fading of the older generation leaders and the emergence of new generation leaders the political baggage that bogged down the relations between the two countries began to diminish. The trend is going to continue and this augurs well for both countries.

The above issues have come up and become contexts of many statements made by leaders of both states. Leaders, as social actors, also play an important part in determining the direction of conflict. Singaporean leaders, Goh Chok Tong and Lee Hsien Loong are widely perceived as merely continuing Lee Kuan Yew's policies, and as such there will not be major changes in the direction of Singapore's foreign policy towards Malaysia. Meanwhile Malaysia's foreign policy has been redirected to suit the priorities of the current leaders. Tunku Abdul Rahman was understanding and sympathetic towards Singapore. Tun Abdul Razak was more aggressive, while Tun Hussein Onn was just continuing the prevailing policies of the time. The biggest paradigm shift in Malaysia-Singapore relations could be seen during the tenure of Dr. Mahathir. His vision 2020 policy was more challenging to Singapore than other neighbouring countries.

In the case of Malaysia and Singapore, the leadership styles of Mahathir and Lee Kuan Yew have been a strong influence in the bilateral issues between the two countries. Both leaders were aggressive in dealing with the issues. Both were also influenced by their past experience and the pre and post separation political baggage. Mahathir's view towards Singapore may have been coloured by his experience as a medical student in Singapore whilst Lee Kuan Yew's views towards Malaysia were mainly coloured by his involvement in Malaysian politics during the short period Singapore was in the Malaysian Federation and relations with Malaysia during the period immediately after the separation.

## **CHAPTER 7**

### **THE CONTINUITY OF RELATIONS BETWEEN MALAYSIA AND SINGAPORE**

#### **7.1. Introduction**

In the previous chapters, we have discussed the underlying factors that shaped the state of bilateral relations between Malaysia and Singapore. In this chapter, several factors that are believed to keep good relations between Malaysia and Singapore are highlighted and discussed.

The underlying factors have shaped the ups and downs of relations between Malaysia and Singapore and in some occasions have raised tensions and made things more difficult to negotiate between these two countries. This, however, does not bring about the two countries into a more difficult position, such as entering into full-scale conflict. They can manage the relations, have relatively good relations and solve problems in peaceful manner, such as through negotiation and arbitration. Leaders of the two countries attempt to overcome the above barriers in their relations and try to make it possible for them to keep their relations. The ability of leaders to resolve problems can also be seen in the period after Mahathir. These factors include similar political system, economic interdependence, pragmatic leaders, and negotiation approaches.

#### **7.2. Similar Political System in Both Countries**

These two countries have a relatively similar political system. Historically they inherited their systems from the British and continued with it after the independence. In the system, leaders of

these countries have a relatively similar point of views about the needs for their countries. They share the view on the importance of stability, harmony and economic progress. They limit freedom in order to guarantee order and stability and to make sure that the government can work to deliver their program, particularly economic programs.

These relatively similar political systems, which in important ways shaped the way leaders of both countries understand the need for stability both in domestic and regional environment. Despite the differences expressed in their often thorny relations, both states share more similarities than differences in perceiving the threats from within and from outside their borders.

It is not strange to find out leaders of both states attempting to adjust the Westminster political system inherited from the British to suit their local political and economic needs. This includes the need to weaken opposition, to limit freedom and to control media. Central to their views is the importance of stability, harmony and economic progress. They limit freedom in order to guarantee order and stability and to make sure that the government can work to deliver their programmes, particularly economic ones. The so-called Asian values and Asian democracy had been popularized, particularly during the Mahathir Mohammad and Lee Kuan Yew periods in these two countries, rejecting thereby the principle of individual freedom so important to the West.

According to William Case, these system is called a semi-democratic system. By this, he means that democracy in Malaysia is narrow because it limits the practice of civil and political liberties through restrictions on communication, assembly, the strategic use of detention orders and other

legal and emergency powers.<sup>437</sup> Henceforth, Bridget Welsh agreed with William Case's argument that political system in Malaysia was a semi-democracy political system. She quoted that:

“...Malaysia has institutionalised a semi-democratic political system. It does engage in elections, which provide for free choices, and the opposition has won seats. Yet the contest is not a fair one, given state dominance of the media, bias in government funding toward the incumbent BN, continuing electoral irregularities, and constituencies that are constructed to favour BN...”<sup>438</sup>

What is interesting in this type of system is the concentration of power in the hand of the elites and the ability of central government to control politics within the countries. Almost all policies are made with minimal popular participation, but at the same time minimal protests from the people. The government has been able to neutralize any possible protest against their policies. Foreign policy decision-making processes are similar in this regard. Leaders of both countries have final word on foreign policy decisions and leave almost no room for people to control foreign policy making. Almost all decisions related to relations between Malaysia and Singapore relies upon, and come from, the government.

This is in contrast to relations, for example, between Malaysia and Indonesia, where the Indonesia government in particular has no control over people's protests and participations on certain issues related to Malaysia and Indonesia relations. People often want to have their voice heard by the government in relation to issues such as borders and migrant workers in Malaysia. They want the Indonesian government to take strong and reliable policies toward Malaysia, so that these can ensure that the Indonesia border and Indonesian workers are well-protected and

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<sup>437</sup> Case, William. (2002). *Politics in Southeast Asia: Democracy or Less*. UK: Curzon Press. pp. 109-111.

<sup>438</sup> Welsh, Bridget. (2007). “Malaysia at 50: Midlife Crisis Ahead?” *Current History* 106. p. 699.

treated. The relations between Indonesia and Malaysia have been experiencing tensions for a very long time, and have continued to do so since Indonesia turned into a democratic state in 1998.

Malaysia and Singapore relations were not under strong pressures from their societies. The system of government created has prevented the emergence of strong protests from people to government foreign policies. There have been indeed protests from people regarding issues such as water disputes and border disputes related to Pulau Batu Putih (Pedra Branca). However, these protests were ones mainly among experts in media and internet, and did not really lead to mass protests. Leaders of both countries can still control people protests and this makes relations between Malaysia and Singapore more manageable.

In addition to this, leaders of both countries also share relative similar views on threats from outside the borders. Since the domestic political stability of both countries depends very much on regional stability, they work hard to counter efforts to destabilize the regions. As part of a Western alliance in the past, these two countries then joined ASEAN to ensure that their region would be safe from any external threats, such as Communism during the Cold War. They are also still members of Five Power Defence Force Agreement (FPDA), which includes the United States, Australia and New Zealand. These broader perceptions on regional politics to a certain degree influence the way leaders of both countries understand the importance of maintaining a close relations as possible between them.

### 7.3. Economic Interdependence

Both countries are also interdependent in economy. In the economic aspect, such mutual dependence does invariably shape political realities and options for both parties. The direction of trade statistics underscores the importance of Malaysia and Singapore as each other's vital trading partners. Annual two-way trade exceeds US\$40 billion, with Malaysia emerging as Singapore's top trading partner in 2000, which a position it has maintained to the present. In 2007 alone, bilateral trade totalled \$110 billion.<sup>439</sup> Also, in 2008, Singapore ranked as Malaysia's second largest trading partner after the United States, accounting for 14.6 per cent of Malaysia's total trade.<sup>440</sup> The republic is also Malaysia's second largest export destination and third largest source of imports.<sup>441</sup> Malaysia accounts for over 20 per cent of Singapore's exports, while Singapore takes over 40 per cent of Malaysian exports, mostly through re-export. The direction of trade of these two countries points to a strong dependence on export markets in the United States, Japan, Hong Kong, Korea, Germany, and the United Kingdom. These countries, together with Taiwan, are major foreign investors in Malaysia, Singapore and the ASEAN region as a whole. Singapore's main imports were integrated circuits and semiconductors, assembled printed circuit boards and computer parts, as well as telecommunications equipment. The republic's main exports to Malaysia comprised integrated circuits and semiconductors, refined petroleum and telecommunications equipment.

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<sup>439</sup> Government of Singapore. (February 2008). "Trade with Major Trading Partners", *Statistics Singapore*, <http://www.singstat.gov.sg/stats/visualiser/trade/trade.html> (Accessed on 22 February 2009).

<sup>440</sup> Zakaria Abdul Wahad. (12 April 2008). "Trade between Malaysia and Singapore will Increase Despite Global Uncertainty", *Bernama*, <http://www.bernama.com/bernama/v5/newsindex.php?id=352316> (Accessed on 2 March 2009).

<sup>441</sup> See Singapore Business Federation Report on Third Malaysia-Singapore Business Forum 2005, <http://www.sbf.org/public/event/details/event20051122.jsp> (Accessed on 22 February 2009).

Singapore was also the top investor in Malaysia in 2003 in terms of the total value of approved projects at RM 1.2 billion. According to the Malaysian Industrial Development Authority, the city state's investments were largely concentrated in electrical and electronics products, plastics, and fabricated metal products. Leadership change has also been reflected in the flow of money, further complementing economic activities on both sides of the Causeway. In 2004 alone, Singapore's investment arms poured nearly US\$800 million into Malaysia. State holding company Temasek Holdings bought 5 per cent of Telekom Malaysia shares for US\$422 million in March and 15 per cent of Alliance Bank Malaysia for US\$125 million in July. In June, Government Investment Corporation (GIC) bought 70 per cent of a shopping mall for US\$123 million and 5 per cent of infrastructure developer Gamuda for US\$53 million. Then in July, GIC paid US\$28 million for 5 per cent equity in Shell Refining Malaysia.<sup>442</sup>

The inauguration of the 2,217 square-kilometre Iskandar Malaysia has added a new dimension to the political economy of the relationship between the two countries with both opportunities and constraints. The opportunities clearly arise from economic interdependence and strong cultural ties. To date, Singapore companies have invested nearly S\$1 billion worth of projects in the mega Iskandar Malaysia project in Johor. Since the Iskandar Malaysia project kicked off in 2005, Singapore companies have been involved in some 220 projects there, thus taking advantage of local knowledge, cultural affinity, capital, and entrepreneurship from the republic combined with plentiful supply of human resources and labour to fuel economic development on both sides of the Causeway.

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<sup>442</sup> Business Week. (6 September 2004). "Malaysia and Singapore: A New Détente". [http://www.businessweek.com/magazine/content/04\\_36/b3898081.htm](http://www.businessweek.com/magazine/content/04_36/b3898081.htm) (Accessed on 2 March 2009).

The trade structure of both countries serves as a political impetus for the formulation of economic policies favourable to foreign investment. Hence, the national economic plans provide a clue to the political economy of their relationship tending towards both competition and complementary. This political economy provides the backdrop to bilateral issues that emerge from time to time, or which perpetuate strains due to non-resolution. However, the significance of political will in resolving them is evidenced by the latest serious commitment shown by the current Malaysian Prime Minister Dato' Seri Najib and Singapore Premier Lee Hsien Loong in their previous series of meetings to improved relations between them.

#### **7.4. Pragmatic Leaders**

Although Malaysia is committed to good neighbourly relations with its ASEAN neighbour, it can be argued that the Malay-dominant state has not quite come to terms with the loss of Malay power to what it considers to be the only sovereign state (historically known as Temasik) in the Malay archipelago and Southeast Asia controlled solely by a recent wave of Chinese immigrants. This Malay perception of Chinese-dominant Singapore can be surmised in reverse from former Singapore premier Lee Kuan Yew's own comment. He said that "Singapore is the only place in Southeast Asia where the overseas Chinese can hold their heads high".<sup>443</sup> This dichotomy in worldview and political ideology is reflected by Malaysia's advocacy of *Bumiputeraism* (i.e. special preferences for the proclaimed indigenous Malay community) as opposed to Singapore's propagation of meritocracy and multiracialism. Arguably, the political economy of these two ideologies tends to be diametrically opposed to the conduct of cordial relations on a sustained basis, resulting in sometimes occasional as well as frequent hiccups in the bilateral relationship.

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<sup>443</sup> T.S. George. (1984). *Lee Kuan Yew's Singapore*. London: Andre Deutsch. p. 169.

The UMNO (United Malays National Organisation) ideology of *Bumiputeraism* emphasizing state patronage, protection, and privileges for ‘indigenous’ people would arguably find favour with the nearly fifteen per cent of Singapore Malays, while the People’s Action Party (PAP) ideology focusing on meritocracy would arguably be well received by the approximately twenty-five per cent of Malaysian Chinese. Nevertheless, political pragmatism on both sides has prevailed over the last forty seven years to ensure that these irritations are contained for the greater good of mutual economic prosperity and regional stability within the framework of the Association of Southeast Asian Nations (ASEAN). In short, differences over various issues point to the existence of functional tension in Malaysia-Singapore relations (i.e. their conflict precludes the prospect of close and cordial relations), but permits the possibility of pursuing a certain level of political, economic, and security cooperation for mutual benefit. Their functional tension is clearly arising both from the political economy of their relationship, which include differences in ethnic composition and economic performance, as well as the structural character of regional and global international relations in which the power calculus imposes certain constraints and creates certain opportunities.

The sound economic basis of interdependence enables the political rhetoric to operate at a certain superficial level to accommodate the political contingencies of incumbent leaderships. It is therefore not surprising that election time in Malaysia is paralleled by bilateral spats. Volatile elements in Malaysian politics are certainly greater compared to Singapore’s fairly monolithic political leadership. Malaysia is politically a more complex society, with the government playing the role of intermediary in ethnic relations, dispenser of largesse to silence political disaffection

as well as reward political loyalty, custodian of proper Islamic thinking and practice in a multi-religious society, and suppressor of all forms of societal activity deemed to be extremist and threatening national security.<sup>444</sup>

Leaders of these countries are quite pragmatic in dealing with issues faced by these countries. There has been, indeed, anti-Singaporean rhetoric in Mahathir opinions on Singapore. So do Lee Kuan Yew's opinions and speeches on Malaysia. However, this sometimes mainly made for domestic political purposes. Despite these rhetoric, in the ministerial and bureaucracy, and also in business levels, both countries keep their relations and continue the negotiations to solve the problems.

## **7.5. Approaches to Negotiation by Both Countries**

In term of negotiation approaches, both countries seem to have different approaches. Singapore tends to use legal approaches whereas Malaysia likes to use non-legal and informal approaches in conducting negotiations. According to Oii Kee Beng, he said that 'both countries' approaches in relation to each other did differ. This can be partly explained through domestic politics, and partly through the difference in size. Singapore prides itself as a legalistic state (even to a fault) while Malaysian society gets along through consensus (also to a fault). So in international relations, this difference in political and bureaucratic culture could lead to misunderstandings and tension. Also, Singapore being much smaller feels that it would not benefit from relying on

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<sup>444</sup> K.S. Nathan. (2010). "Malaysia-Singapore Relations: A Bilateral Relationship Defying ASEAN-style Multilateralist Approaches to Conflict Resolution", in *International Relations in Southeast Asia: Between Bilateralism and Multilateralism*, edited by N. Ganesan & Ramses Amer. Singapore: Institute of International Affairs. p. 257-259.

consensus and diplomacy alone. Malaysia, being bigger, expects some compliance from Singapore in return for good will". However, whatever their preferences, the most important thing is that they keep negotiating their differences. They try to have win-win solutions as far as they can and when the negotiations come into a deadlock, they use a mediator to solve their conflict (i.e. Pulau Batu Putih's case).

It is worth to note that when ICJ made the decision to award Batu Putih Island to Singapore which is more strategic than Middle Rocks which was given to Malaysia, many protests come out. In newspaper reports and internet discussions, many Malaysians regretted the incapability of Malaysia government to deal with Singapore. They talked about Malaysia which has lost dignity being defeated by Singapore and now worry about Pisang Island which would become the next targets of Singapore. The Opposition in Dewan Rakyat in May 2008, for example, made a motion to debate the loss of Batu Putih Island to Singapore and regretted the weaknesses of the Malaysian legal team in handling the case which may also be implicated to the ability to deal with Singapore on overlapping claims and issues by both countries.<sup>445</sup>

Sometimes the issues have been blown out of proportion by the media and politicians on both sides of the causeway, and arguments by both countries at times tend to be emotional in nature. I believed it has got to do more with Malaysia's domestic political agenda. Just go through the newspaper reports at the time when these issues crop up. It will find all sorts comments coming out from almost every aspiring UMNO leaders- mostly empty and emotional rhetoric designed to score political mileage that could prop up their political career. Singapore of course would retaliate. But when they do, they will make sure that their counterparts will look stupid.

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<sup>445</sup> *Star*. (27 Mac 2008).

At this juncture, it might be possible to assume that Malaysia and Singapore have taken two completely different approaches to solving the bilateral tensions. Malaysia tends to take what it perceives as the diplomatic approach while Singapore tends to take the legalistic approach in dealing with issues affecting each other. Malaysia's diplomatic approach is so called because it tends to see things from a rather subjective and sometimes emotional perspective- for example when the Prime Minister of Israel visited Singapore, she accused Singapore as not respecting her sensitivities. Singapore on the other hand felt that it is perfectly alright for them to invite anybody into their country as it is their sovereign right to do so. This is legally true from the perspective of international law. When I look at this I will find that both countries- on the basis of the principle of their arguments were right. It is just that the two countries have applied two different principles that may not be in total congruence with one another. Perhaps the two countries should have seen the issue from both the diplomatic and legal perspectives and find a balance between them.

In negotiation process, the conflicting parties (Malaysia and Singapore) needs to consider other social and cultural aspects including political ramification in one country implicated in the likely made-decisions. Considering this, they may switch to cooperative instead of competitive orientation. Then, what I can suggest is that negotiation process in both countries need to be comprehensive and must include the social, historical, cultural and political context of conflicting states. The conflicting parties in this region need to take cooperative orientation seriously before they come to a legal agreement. This is to avoid domestic political ramification of the solutions that may create uneasiness and anger that may jeopardize both bilateral and multilateral relations in their relations.

## 7.6. Initiatives in Improving Malaysia-Singapore Relations Post Mahathir

In this section, I include relations in the Post Mahathir era to show how leaders of both countries continue to maintain their pragmatic style of leadership and also to draw comparison on the state of relations between the two countries. The retirement of Dr. Mahathir in 2003 and the succession of Abdullah Badawi and Najib Tun Razak as Malaysia's Prime Ministers may show a result in better bilateral relations in the future. To date, in any case, bilateral disputes have never been allowed to escalate into violence by both countries. For the time being, however, the frequent occurrence of new bilateral problems and the inability to settle longstanding differences/issues indicate that the legacy of history is still encumbering the progress of the bilateral relationship.

Unlike Mahathir, the current leadership seem to more liberal in handling the unresolved issues. Therefore, under Najib, it has been shown that given goodwill and tolerance, the two countries and their peoples can cooperate and co-exist. In fact, one of Najib's achievements in the area of international relations since he succeeded Mahathir is the much-improved bilateral ties between the two close neighbours.<sup>446</sup> Devoid of the politicisation of outstanding issues and away from media glare, solutions satisfactory to both countries could be reached. Likewise, the decision of the two governments, not to publicly or prematurely comment on the on-going discussions on the outstanding bilateral issues, is a new phenomenon and a clear indication that both sides are now determined to resolve the problems without the distraction of them being politicised.

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<sup>446</sup> Saw Swee-Hock & K.Kesavapany. (2006). *Op.cit.*, p. 59.

Equally important is the realisation and acceptance that even with such issues pending, it is imperative that both sides look at the big picture and work together for mutual benefit in a region and a world that is fast changing. The two countries are small players on the world stage but have the capacity and the wherewithal to contribute meaningfully to regional security and well-being. This is a pragmatic way forward. The scope and the advantage of working together are enormous even as the two countries compete where they must and collaborate where they can. Nevertheless, as with any two close neighbours, the prospect of downturns in bilateral relations cannot and should not be precluded. As neighbours we cannot avoid problems. It is in the interest of both countries and their peoples to guard against such downturns by careful management of the relationship.<sup>447</sup>

In my opinion, there are a series of initiatives that will improve the relationship between both countries, such as intensifying official visits and strengthening government-to-government relations; developing people-to-people contacts; deepening public sector economic links; expanding private sector economic links; and renewing educational and sporting events.<sup>448</sup> If both countries can maintain the momentum and capitalize on the benefits of these initiatives, I see that both countries will not enter into the troubled relationships of the previous periods. It augurs well for strengthened relationships in the future.

The first initiative that will improve the relationship between two countries is to intensify official visits of both countries. Official visits by heads of government, senior ministers, ministers, senior

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<sup>447</sup> K. Kesavapany. (2006). "Promising Start to Malaysia-Singapore relations", in Swee-Hock Saw & K. Kesavapany (edt.). *Malaysia: Recent Trends and Challenges*. Singapore:ISEAS. pp. 285-286.

<sup>448</sup> Saw Swee-Hock & K.Kesavapany. (2006). *Op.cit.*, pp. 15-54.

officials etcetera must be intensify from time to time. Under the current leadership of both countries, many efforts have been taken to overcome these problems, for example, the visit of Singaporean political leaders to Langkawi<sup>449</sup> to meet their counterparts from Malaysia was the right time and a very important event for both countries. From this visit, both countries can achieve some approaches in handling and resolving the unsettled issues, although they know it impossible to settle all the problems which have long roots in history, but it is the right time for both countries to go forward and work together for benefit of their peoples. As neighbours, we cannot avoid problems. It is the nature of world politics that neighbours have problems (i.e. problems between India and Bangladesh, India and Pakistan).

Secondly, both countries need to develop people-to-people (P-P) contacts. They should encourage more visits, more tourist arrivals from Singapore and Malaysia and vice versa and also explore ways to develop these contacts. Thereby, they will create the necessary goodwill and tolerance among their peoples. In promoting greater P-P contacts, both countries introduced student exchange programs and the joint overseas youth exchange program etcetera. These programs were important for the new generations to know each other and they help enhance understanding among the younger generation in the two countries. Then, mass media is an important instrument for the flow information to the peoples. Mass media from both countries must be professional in flowing information about their peoples live and not be emotional in flowing information of the sensitive issues. This information will help people on both sides to keep up with developments in the two countries and foster better understanding and bilateral ties.

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<sup>449</sup> *New Straits Times*. (14 May 2007).

Strong people to people relation had already existed between Malaysia and Singapore. In fact this factor was one of the key factors that keep the two countries close and prevent further rift between the two countries. At the time of separation there were quite a number of civil servants, members of the armed forces, police and the private sectors who hailed from Malaya serving in Singapore. Some of them decided to return to Malaya while some decided to remain in Singapore and became Singapore citizens. Apart from this there are also Singaporeans who were brought up or received their education in Malaya or vice versa. One of the Singapore armed forces chiefs was trained at the Malaysian Royal Military College and continued to have personal relationship with his class mates in Malaysia. The battalion commander of the first Singapore Guard regiment was a Malaysian who eventually rose to become the armed forces chief of Malaysia. A young Malaysian born Singapore diplomat rose through the ranks and eventually was accredited as the Ambassador to Malaysia. One of the former Chief Executive Officers of Singapore Airlines was also Malaysia born and had family relations in Malaysia. The presence of these people created a second track diplomacy between the two countries, contributing significantly towards resolving outstanding issue which could not have been resolved through the rigid first track channel which sometimes were characterised by rivalry and sense of mistrust and suspicion.

Thirdly, both countries need to expand the public sector economic links. The current leadership in both countries made it a point to send the right signals to the business communities in both the private sector and the public sector with government-linked companies. Encouraged by the new political and business atmosphere, both government and private sectors have moved quickly in areas such strategic investments, corporate purchases and joint business ventures.

From 2004, there was a surge in investment activities led by government-linked companies of both countries. The emergence of Temasek Holdings, the embodiment of Singapore Inc., as a strategic stakeholder in Malaysia's largest listed company could mark a watershed in often-strained relations between the neighbours. It acquired 5 per cent of Telekom Malaysia for RM 2.9 billion, its first major direct investment in Malaysia.<sup>450</sup> This was followed by other government-link companies such as GIC Real Estate Pte Ltd, part of the Government of Singapore Investment Corporation (GIC) which bought 100 per cent stake in Johor Bahru City Square Mall for a sum of RM 123 million. Earlier, it had made investments in Sunway Pyramid Mall, Sunway City Berhad, Menara Standard Chartered, RB Land Sdn Bhd. In July 2004, GIC bought a 5 per cent stake in Gamuda Bhd, one of Malaysia's largest construction company, for RM 53 million and also another 5 per cent stake in Malaysia's Shell Refining Co. for RM 28 million. Another Singapore's biggest companies, such as Mapletree Capital Management, Aranda Investments and Keppel Energy companies also invested in Malaysia.

One of the more significant investments from Malaysia was the purchase of a stake in Singapore's Mobile One Ltd in August 2005 by SunShare Investments Ltd, a joint venture between Khazanah Nasional (20 per cent) and Telekom Malaysia (80 per cent). This 12.06 per cent stake in MobileOne was worth some S\$260.8 million. This cross-border investment by Malaysia's investment arm, Khazanah and Telekom Malaysia has significant political and economic importance viewed in terms of bilateral relations between the two countries.

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<sup>450</sup> "AMMB in Talks to Buy Out of Fraser Securities", *New Straits Times*. (2005). 2 February.

Fourthly, both countries need to develop the private sector economic links. The private sector from both countries took advantage and made investments in both sides under the current leadership. A lot of Malaysian private companies invest in Singapore and vice versa, such as Sime Darby, MISC, Berjaya Group, CIMB, AMMB Holdings, OSK Holdings, MCL Land, Parkway, United Oversea Land, etcetera. The close ties between the private sectors of both countries are important in a globalizing world. The companies from both countries could collaborate and cooperate to tap opportunities arising from deeper economic integration. The leader's positive stance toward better economic cooperation between the two countries was another reflection of the improving relations between the two neighbours since Abdullah and Najib took over the leaderships of the Malaysian government.

Fifthly, both countries need to take initiatives in renewing educational and sporting events. First initiative was undertaken by the University of Malaya (UM) and the National University of Singapore (NUS) in introducing the exchange program of students and staffs. These joint programs will create a healthy environment in forging close ties among students and staffs of both countries. They must create links among industry sectors and the institutions such as the unique cooperation between the NUS and KUB Malaysia Berhad. They must continue the joint programs for student exchange for secondary schools in both countries etcetera. The traditional sporting activities between officials of the two countries, such as golf, football, tennis, badminton etcetera need to continue. Under the current leaderships, the sporting activities have played pivotal roles in promoting the people's goodwill. These series of sporting activities will renew friendly and good relationships among the peoples of both countries.

The intensity of cooperation in various areas has been made possible by the warming of the relationship between the two countries in recent years. Yang di-Pertuan Agong of Malaysia (Malaysian Head of State) during the officials visit to Singapore in 23 January 2006 has said that;

“No doubt, the positive political environment, growing trade figures and investment flows, increasing exchange of visits and strengthening cooperation in various areas, augur well for the future outlook in our bilateral relations”.<sup>451</sup>

In my opinion, the role of the leaders of Malaysia and Singapore are crucial in determining the future relations between the two countries. Efforts to nurture good relations must continue and personal contacts involving leaders and government officials of both countries must continually be encouraged. The understanding reached by the leaders of the two countries must be based on the idea of preserving long term mutual benefits. This could be achieved by the stepping up of efforts to encourage more interaction between the various sectors and levels of the two countries. Emphasis should also be given to youth and student exchange as this will lay a strong foundation for better bilateral relations between the two countries.

The current informal meetings and talks of the leadership of both countries is one of the approaches for both countries to design a pathway to resume talks on bilateral issues. Although, I am sceptical that the current informal meetings would achieve some tangible solutions on outstanding bilateral issues between the two neighbours, the existing meetings show me that both countries are now more open towards each other. Both leaders currently express their desire to

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<sup>451</sup> *Ibid.*, p. 20.

improve bilateral relations and seemed to have adopted a positive attitude towards each other. If both countries practice the principles of a 'win-win' situation, both will achieve outcomes which are mutually beneficial, whether politically, in security matters or in the economic sphere, I think can solve the outstanding bilateral issues in future.

Future direction in the relations should be focused on developing more cordial and tactful relations. Instead of competing, there is always the possibility of entering a smart partnership venture in a fast developing regional economy. This would definitely create a win-win situation for both countries instead of perpetual conflict. Under Najib Tun Razak the current Malaysian Prime Minister, there are signs of better bilateral relation in the future. With several good initiatives has been done by both countries leaders in resolving some legacy issues between them, such as Malaysia-Singapore Points of Agreement of 1990 (POA), over the issue of the future of railway land owned by the Malaysian government through Malayan Railways (Keretapi Tanah Melayu or KTM) in Singapore. The amicable way and speed with which KTMB's land-swap deal was resolved made it clear that the current two leaders across the Causeway were willing to discard the historical baggage affecting relations between the two nations. Hence, I foresee that bilateral relations between two sovereign countries will augur well in the future and confident it will be built a better future for the two neighbours in resolving other issues for the sake of their people.

## **7.7. Conclusion**

Malaysia and Singapore are two relatively new countries which are knit together by historical, familial, cultural, political, economic, and strategies. Their relationship is truly characterized by interdependence, especially in economy. Many disputed issues arose during Mahathir's administration and had not been resolved, and in fact, was exaggerated by both sides. But with the above factors such as similar political system, economic interdependent, pragmatic leaders and keen to keep negotiation, so they can manage relatively their good relations and make it possible for them to keep their relations in a peaceful manner.

## CONCLUSION

“...The conduct of bilateral relations should be premised on a ‘win-win formula’ that would receive the support of the peoples of both countries. Indeed, Malaysia-Singapore relations should move out of its mould and mature into what it ought to be – interdependent, proximate and mutually beneficial...”<sup>452</sup>

Malaysia and Singapore have a complex and uneasy relationship. Common sources of tension between proximate countries, such as economic rivalry and military insecurity, are not sufficient to explain the ‘love-hate’ relationship between Malaysia and Singapore. This thesis examined the deep-seated underlying factors that significantly have contributed to the current state of relations between these two countries. In my view, understanding the underlying factors that formed the state of bilateral relations, between Malaysia and Singapore, during Mahathir’s era, is the key to seeing how the apparent deadlock in the many bilateral issues can be resolved. It is hoped that by analysing these factors, it may show ways to improve bilateral relations between the two countries.

In this thesis, I have shown some underlying factors that influence Malaysia and Singapore relationships. The first factor is the burden of historical baggage following the separation. Relations between Malaysia and Singapore are very fragile and are very much influenced by their historical backgrounds. Old problems continue to exist, often appearing in a more delicate manner and later compounded by a host of new issues and associated problems which compete for the attention of both countries leaders and the public. Moreover, the politicization of history, the rekindling of the past for contemporary political goals, has had the effect of reopening old

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<sup>452</sup> Speech by Minister for Foreign Affairs Syed Hamid Albar titled “Malaysia’s Foreign Policy” at the Strategic Issues Forum, Asian Strategy and Leadership Institute (ASLI), Kuala Lumpur, 22 July 1999.

wounds and imbuing a younger generation of Malaysians and Singaporeans with the prejudices and resentments of their ancestors. After 48 years of separate and independent existence, and regardless of the growth of extensive political and economic linkages, there is still a great deal of mistrust and resentment in both countries arising from the experience of separation. Many of the grievances accruing from the disengagement of August 1965 continue to ruin bilateral relations.

Related to the first factor, the second factor is the countries' perceptions of each other. All along, the bilateral relations have always been based on suspicion and distrust. This was clearly seen when Singapore in searching for her own identity had to rely greatly on the West for security purposes, allowing its military bases to be used by the British and US. Malaysia viewed this as an unfriendly act towards a friendly nation. Although the relationship between the two nations is special, conflicts arise from how the two states, through their political leaders, interpret the action of the other party. To what extent this mutual suspicion and mutual distrust between the two sides will be sustained in the future is uncertain.

The third factor that often disturb the relations of these two countries is the tendency for the countries, when dealing with issues affecting each other, to approach the problems at two distinctively negotiation approaches. From Singapore's standpoint, the relationship should be based on mutual respect, mutual benefit, and adherence to international law and agreements. Singapore will continue to seek new areas of cooperation to strengthen bilateral relations with Malaysia even further. From Malaysia's side, the relationship must be based on a 'win-win' situation approach, which means both countries will benefit from that relationship. In other words, Malaysia is more inclined to take the view that Singapore opts for a rather over-legalistic

approach that conveys the impression that the city state is insensitive to the cultural milieu in which it finds itself. Malaysia tends to view such an approach as antagonistic and confrontational, and not in keeping with the general consensual approach based on musyawarah (deliberation) and muafakat (consensus). Singapore, on the other hand, prefers to hold steadfastly to formal commitments that have issued from negotiations as its own survival and prosperity are firmly based on strategic planning to fulfil the aspirations of its citizenry and to remain competitive internationally.<sup>453</sup>

The fourth and last factor that I saw as influential in influencing relations of both states is political cultures and the style of leadership of political leaders particularly with respect to Mahathir and Lee Kuan Yew. It is during Mahathir as Malaysian Prime Minister the unsettled issues between both states became significant. During previous Prime Ministers, the longstanding issues such as water disputes and Malaysian railways had been there but were rarely seriously debated. Only after Mahathir took over the power, he started to renegotiate the issues. His style of leadership which was more direct and outspoken than previous Prime Ministers and his nationalistic character contribute to his efforts to resolve the longstanding issues between the two states. These attitudes had made public aware of the unresolved issues and pushed negotiations to take place. Statements made by Mahathir regarding Singapore's attitudes to the issues had often created uneasiness of relations with Singapore.

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<sup>453</sup> K.S. Nathan. (2010). Malaysia-Singapore Relations: A Bilateral Relationship Defying ASEAN-style Multilateralist Approaches to Conflict Resolution, in N. Ganesan & Ramses Amer, *International Relations in Southeast Asia: Between Bilateralism and Multilateralism*. Singapore:ISEAS. p. 276.

Despite the above problems, however, both countries have attempted to solve their conflict by peaceful measures such as negotiation. It is the trust of the thesis to also examine why this is so. This is, in particular, due to the closeness of both countries historically, politically and economically. History may cause problem but history also ties Malaysia and Singapore. On the one hand, it is clear that the history has been mentioned as barrier to develop relations because this may create suspicion and anger. However, on the other hand, they have to deal with the reality that they are two neighbours and need to overcome the politicization of history that may trap them in situation where they cannot cooperate. They learn from bad experiences in the past to mend the relationship.

Both countries also have rather similar approaches in political system and economic development which bring the countries to the same perceptions on how to deal with political and economic issues. These same perceptions make the leaders of both countries easier to deal one another. Both Malaysia and Singapore know the importance of political stability and their relationship towards the development and progress of their respective countries. Both countries realised that they are interdependent in terms of economic, security and social aspects. For example, in terms of the economic aspect, most Malaysians know Singapore is one of the biggest investors in Malaysia and vice versa. Furthermore, more than half of all visitor arrivals in Malaysia originate from Singapore. Singaporeans find Malaysia an attractive place to visit because of their shopping facilities, attractive holiday destinations and good food. It appears that the leaderships in Malaysia and Singapore have seen the benefit of cooperation and mutual understanding between them in economic, security and social aspects in order to realize their potential.

The tensions may continue to take place in relations between the two countries since there are still many unresolved issues between the two countries. There has been feeling in Malaysia that they always get disadvantaged when dealing with Singapore. This feeling casts a shadow over every administration in Malaysia when handling negotiations with Singapore. As far as this thesis is concerned, Mahathir had attempted to overcome this feeling by outspokenly stating Malaysia's position. His position and policy became the trigger to keep renegotiating the longstanding issues and he successfully represented the people's concerns. Malaysian leaders after him also have to face similar issues of how to deal with Singapore in a way that can overcome this disadvantaged feeling so that Malaysia can at least get equal benefit like Singapore.

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ADMINISTRATION REPORT

OF THE

SINGAPORE MUNICIPALITY

FOR THE YEAR

1927



SINGAPORE:

Printed by C. A. RIBEIRO & Co., Ltd.

1928

*Dated 5th December, 1927.*

**HIS HIGHNESS THE SULTAN AND  
SOVEREIGN RULER OF THE STATE  
AND TERRITORIES OF JOHORE**

**AND**

**THE MUNICIPAL COMMISSIONERS OF  
THE TOWN OF SINGAPORE.**

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**AGREEMENT**

**AS TO**

**CERTAIN WATER RIGHTS**

**IN**

**JOHORE.**

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This Indenture made the 5th day of December One thousand nine hundred and twenty-seven between His Highness Ibrahim Sultan and Sovereign Ruler of the State and Territories of Johore, His Heirs and Successors (hereinafter called "the Johore Government") of the one part and the Municipal Commissioners of the Town of Singapore (hereinafter called "the Commissioners") of the other part.

Witnesseth as follows:—

1. In consideration of the rents and covenants on the part of the Commissioners hereinafter reserved and contained the Johore Government will forthwith permanently reserve under the provisions of section 9 of the Land Enactment, 1910, or otherwise effectively and permanently set aside for the purposes herein mentioned, all the land situate at Gunong Pulai containing an area of approximately 2,100 acres the approximate boundaries of which are delineated and edged pink in the plan hereto annexed and marked "Plan A."

2. The Johore Government hereby grants, subject to the several covenants on the part of the Commissioners and stipulations hereinafter contained, unto the Commissioners—

1. The full and exclusive right and liberty to enter upon and occupy and use for the purposes herein mentioned all the said land.
2. The full and exclusive right and liberty to take impound and use all the water which from time to time may be or be brought or stored in upon or under the said land.

3. The Commissioners will pay to the Johore Government the yearly rent of 30 cents for every acre or part of an acre of the said land to be paid in advance on the first day of January in every year during the continuance of these presents the first of such payments to be made on the signing hereof in respect of the years 1924, 1925, 1926 and 1927.

4. The Johore Government will not for the period of 21 years from the date hereof without the consent in writing of the Commissioners alienate any part of the land containing an area of approximately 25 square miles the approximate boundaries of which are delineated and edged blue in the said plan marked "Plan A." Provided always that whenever the Johore Government shall receive an application made bona fide for any part of such land which it is willing to comply with upon terms which the applicant is willing to accept, the Johore Government will give notice thereof in writing to the Commissioners and if within six months from the receipt of such notice the Commissioners shall not give such notice as is next hereinafter mentioned the Johore Government shall be at liberty to alienate to the applicant but to no other the land specified in such application, but if within the said period of six months the Commissioners shall give notice to the Johore Government to the effect that such land is not to be alienated or that they require such land then such last mentioned notice shall be deemed to be given and shall have the same effect and the same consequences as a notice given under the provisions of clause 5.

5. Whenever from time to time the Commissioners shall give notice in writing to the Johore Government that they require to use and occupy any part or parts of the said land being then State Land edged

blue on the said plan marked "Plan A" for the purposes herein mentioned the Johore Government will forthwith permanently reserve under the provisions of section 9 of the said Enactment or otherwise effectively and permanently set aside the land specified in such notice for the purposes herein mentioned.

6. The Johore Government hereby grants, subject to the several covenants on the part of the Commissioners and stipulations hereinafter contained, unto the Commissioners from the time when any such notice as aforesaid is given by the Commissioners—

1. The full and exclusive right and liberty to enter upon and occupy and use for the purposes herein mentioned all land mentioned in every such notice as aforesaid.
2. The full and exclusive right and liberty to take impound and use all the water which from time to time may be or be brought in upon or under such land.

7. The Commissioners will pay to the Johore Government in every year the sum of \$5 for every acre of land (and so in proportion for any less period or any less area) so reserved or set aside under the provisions of clause 5 to be paid in advance on the 1st day of January in every year during the continuance of these presents, the first of such payments in respect of any land specified in any notice given under the provisions of clause 5 to be made when notification of the reservation thereof is published in the Johore Government Gazette.

8. The Johore Government will permanently reserve under the provisions of section 9 of the said enactment or otherwise effectively and permanently set aside for the purposes herein mentioned all such pieces of land 33 feet in width lying within and along the whole length of the land shown and coloured brown on the plan hereto annexed and marked "Plan B" as the Commissioners shall from time to time by notice in writing require the Johore Government to reserve for such purposes. Provided always that nothing in this clause contained shall be deemed to apply to any public road, public road reserve, Government reserve or Government railway line within the land shown and coloured brown on the said plan marked "Plan B."

The Commissioners may forthwith enter upon the land coloured brown on the said plan marked "Plan B" and will demarcate with all reasonable speed the land to be so reserved.

9. The Johore Government will acquire all land lying within the land edged blue on the said plan marked "Plan A" and lying within the land coloured brown on the said plan marked "Plan B" which is not State land and which the Commissioners may by notice in writing require to be reserved for them as aforesaid, and after every acquisition is completed the Commissioners will pay to the Johore Government the price or compensation paid therefor and all disbursements made in connection with the acquisition. The certificate of the Commissioners of Lands and Mines, Johore, as to the amount payable by the Commissioners shall be conclusive and binding on the parties hereto and such amount shall be paid upon demand and bear interest at the rate of 6 per cent. per annum from the time of demand until payment.

The Commissioners shall have the right to appear and be heard and to adduce evidence at the hearing of the proceedings for all such acquisitions.

10. The Johore Government hereby grants unto the Commissioners—

1. The right to enter upon occupy and use the land lying within the said land coloured brown on the said plan marked "Plan B" other than public roads, public road reserves, Government reserves, or Government railway lines, for the purposes herein mentioned and in particular to lay and maintain there pipe-lines and aqueducts and other works constructions and things requisite or expedient or convenient for water-works and the supply of water.
2. The right to lay and maintain pipe-lines and aqueducts along or under such parts of public roads, public road reserves, Government reserves and Government railway lines whether existing at or after the date of these presents as lie in the line of direction of the land coloured brown on the said plan marked "Plan B," the Commissioners making good damage to the said public roads, public road reserves, Government reserves and Government railway lines in accordance with the provisions of clause 20. The work which the Commissioners shall require to do in exercise of the right given by this sub-clause shall be carried out in such manner as the State Engineer may reasonably require and in case of dispute as to the reasonableness of any such requirement the work directly affected thereby shall not be proceeded with unless and until such dispute shall be settled by arbitration hereunder or otherwise.

11. (1) The land described in clause 1 and the land which may be specified in any notice given under clause 4, clause 5 or clause 8, are hereinafter referred to as the reserved land.

(2) The Johore Government will, whenever required by the Commissioners by notice in writing, forthwith prepare register and issue to the Commissioners a Grant or Grants of all or any part or parts of the reserved land which may be specified in any such notice. Every such Grant shall be expressed to be for the purposes of these presents and to be subject to such of the provisions hereof as are applicable to the reserved land. The Commissioners will pay to the Johore Government the expenses of and in connection with the preparation registration and issue of every such Grant. No premium shall be payable in respect of any such Grant.

12. The Johore Government hereby grants unto the Commissioners their servants agents and all persons authorised by them full and free right and liberty at all times to pass to and from all the reserved land with or without vehicles of any description.

13. The Commissioners may occupy and use the reserved land for all or any of the purposes following that is to say:—

1. To construct and maintain water-works.

2. To construct and maintain reservoirs, dams, tanks, pipelines, aqueducts, filters and other things requisite for water-works.
3. To construct and maintain all works incidental to or convenient for all or any of the purposes herein mentioned.
4. To erect and maintain buildings machinery and plant requisite expedient, or convenient for all or any of the said purposes.
5. To erect and maintain houses and other buildings for and in connection with the construction maintenance and upkeep of all the said works and things and with the water-works staff of the Commissioners and their requirements.
6. Every other purpose properly connected with or incidental to or convenient for all or any of the said purposes.

14. Any dispute which shall arise between the Johore Government and the Commissioners as to whether any building is within the provisions of the last preceding clause shall be submitted to the decision of His Highness the Sultan in Council whose decision shall be final.

15. All buildings, erections, fixtures, machinery, plant, materials, effects and things at any time or times erected on or brought upon or affixed to the reserved land by the Commissioners shall be and remain the property of the Commissioners notwithstanding that the same may be affixed to or built into or under the reserved land.

16. The Johore Government will not do at any time upon the reserved land or in its vicinity any act or thing whereby the purity of the water or the flow of water may be affected or interfered with and will use its best endeavours to prevent any such act or thing being done upon the reserved land or in its vicinity.

Every alienation of any of the land edged blue on the said plan marked "Plan A" to persons other than the Commissioners shall be subject to the condition that no act or thing whereby the purity of the water or the flow of water may be affected or interfered with shall be done or suffered to be done.

17. The Commissioners will commence the construction of the said water and other works on the reserved land as soon as possible after the signing hereof and will use their best endeavours to commence to supply water therefrom not later than the 1st day of August, 1927, but failure in this respect shall not give rise to any claim for damages or otherwise howsoever by the Johore Government.

18. The Commissioners may fell and use for and in connection with any of the said purposes timber and firewood on the reserved land but shall not remove any timber or firewood therefrom.

19. The Commissioners may quarry and use granite on the reserved land for and in connection with any of the purposes herein mentioned but not for any other purposes.

20. The Commissioners will make good all damage done to the roads and public works of the Johore Government in the course of laying, maintaining, renewing or repairing the said pipe-line other than such damage as may be attributed to fair wear and tear. Should the Commissioners fail to make good any such damage in accordance with the foregoing covenant to the satisfaction of the State Engineer, Johore, within one month from the receipt of a notice in writing from him so to do the damage may be made good by the State Engineer, Johore, and the cost thereof shall be recoverable from the Commissioners. And the certificate of the State Engineer shall be conclusive evidence of the sum due by the Commissioners in respect of damage which they may be liable to make good but shall not be conclusive as to the liability of the Commissioners to make good the repairs carried out by the State Engineer.

21. The Commissioners will at any time after a supply of water is available and after one calendar month's notice in writing given to them by the Johore Government requiring water to be supplied supply to the Johore Government water in bulk from the reserved land in such quantity up to but not exceeding the quantities mentioned in clauses 22 and 23 as the Johore Government may require from time to time by notice in writing to the Commissioners. The water shall be supplied at such point or points not exceeding six on the main pipe-line as the Johore Government acting by the State Engineer of Johore shall specify to the Commissioners in writing. If the State Engineer shall so specify the said point or points before the main pipe-line shall be laid thereto the Commissioners will at their own expense construct at such point or points proper outlets and junctions for connecting thereto the pipes of the Johore Government.

If the said point or points shall be so specified after the main pipe-line shall be laid thereto the Commissioners will construct thereat such proper outlets and junctions as aforesaid and the Johore Government will reimburse to them the expense of constructing the same and the certificate of the Municipal President as to the amount of such expense shall be conclusive evidence thereof.

22. The Johore Government shall be entitled to require the supply of 800,000 gallons of water in every day of 24 hours ending at 12 noon. Nothing herein shall oblige the Johore Government to take the said quantity of or any water.

23. If at any time or times after the end of the year 1929 the Johore Government shall prove to the Commissioners that the said 800,000 gallons of water per day is insufficient to meet the proper and reasonable requirements of the inhabitants of Johore then the Johore Government shall be entitled to require the supply of such additional quantity of water per day of 24 hours ending at 12 noon as shall be with the said 800,000 gallons sufficient to meet the proper and reasonable requirements of the said inhabitants provided always that the Commissioners shall not in any event be liable to supply a quantity of water greater than 1,200,000 gallons per day.

Any dispute which shall arise as to such insufficiency or as to such additional quantity shall be referred to arbitration in manner hereinafter mentioned.

24. The Johore Government will pay to the Commissioners the sum of 25 cents for every 1,000 gallons of water supplied by the Commissioners and shall not be liable for any other charge or sum in respect of

the said supply of water. Moneys payable under this clause shall be paid by the Johore Government to the Commissioners on the 31st day of March, the 30th day of June, the 30th day of September and the 31st day of December in every year.

25. The State Engineer and any person authorised by him in writing may at all times inspect any meter installed by the Commissioners for the purpose of recording the said supply of water.

26. The Commissioners will not unless prevented by drought or accident or by some cause beyond their control or except in the case of grave emergency diminish or discontinue the said supply of water without the consent in writing of the State Engineer of Johore and such consent shall not be unreasonably withheld.

Any dispute which shall arise under or upon the provisions of this clause shall be referred to the decision of His Excellency the Governor of the Straits Settlements whose decision shall be final.

27. As soon as possible after the expiration of 15 years from the time when water is first supplied in Singapore from the reserved land the Commissioners will submit to the Johore Government the whole of their accounts comprising capital expenditure income and outgoings for the purpose of ascertaining whether or not the profits made by the Commissioners from the said supply of water from Johore are excessive.

If upon an examination of the said accounts the Johore Government shall consider that no modification in the respects mentioned in sub-clauses (a) and (b) of this clause is required, the provisions of this Agreement shall not be modified.

If upon an examination of the said accounts the Johore Government shall consider that modifications in the said respects should be made and if the Commissioners and the Johore Government shall be unable to mutually agree upon what modifications should be made then the whole of the said accounts and the questions hereinafter mentioned shall be submitted to some person agreed upon by the parties hereto or failing agreement to some person appointed by His Excellency the Governor of the Straits Settlements (which person is hereinafter referred to as "the Examiner.")

The questions to be submitted to the Examiner shall be,

- (a) whether or not the said profits over the said period of 15 years have been excessive, and if so, to what extent;
- (b) whether or not the said profits at the end of the said period were excessive, and if so, to what extent;
- (c) whether or not the said profits appear likely to continue to be excessive, and if so, to what extent.

The Commissioners and the Johore Government shall have the right to appear by any officer or by Counsel and to adduce evidence before the Examiner.

In considering the questions submitted to him, the Examiner shall have regard to all the circumstances including any capital expenditure that may be in contemplation and all proper deductions for depreciation.

If the Examiner shall find such profits to be and also to appear likely to continue to be excessive and if the Commissioners and Johore Government shall be unable to mutually agree upon what modifications in the said respects shall be made then the matters in dispute or difference shall be referred to His Excellency the Governor of the Straits Settlements who shall have power to adjudge that either or both of the following modifications to these presents shall be made that is to say:—

- (a) That the Commissioners shall pay to the Johore Government a Royalty on water taken from the State of Johore at such rate from such date (not retrospective) and for such period as His Excellency the Governor shall adjudge.
- (b) That the charge of 25 cents mentioned in clause 24 hereof shall be reduced to such sum from such date (not retrospective) and for such period as His Excellency the Governor shall adjudge.

If either or both of the said modifications shall be so adjudged the provisions hereof shall be modified accordingly but these presents shall not be modified otherwise and subject as aforesaid shall continue of full force and effect.

28. The Commissioners will not supply water within the State of Johore except to the Johore Government.

29. If at any time hereafter any dispute difference or question not being such as is expressly provided for herein shall arise between the parties hereto touching the construction meaning or effect of these presents or any of the provisions hereof or the rights or liabilities of the parties hereto respectively under these presents or otherwise howsoever in relation to the premises or the subject matter of these presents then every such dispute difference or question shall be referred to arbitration in accordance with the law of Johore for the time being in force relating to arbitration.

30. A notice required to be served under the provisions hereof shall be sufficiently served.

- (a) on the Commissioners, if left with or put in the post addressed to the Municipal Secretary;
- (b) on the Johore Government, if left with or put in the post addressed to the State Secretary

and a notice put in the post so addressed shall be deemed to be served 24 hours after being posted.

31. If at any time or times hereafter it shall appear that, for the purpose of validly legally and effectually vesting in the Commissioners any right or interest (whether in or in relation to the reserved land or otherwise) expressed or intended by these presents to be granted to or vested in the Commissioners, it is requisite that any instrument, registration, act or thing should be signed made or done, then the Johore Government will upon the request of the Commissioners forthwith sign make and do every instrument registration act and thing that may be requisite for such purpose.

In Witness Whereof His Highness Ibrahim Sultan and Sovereign Ruler of the State and Territories of Johore has hereunto set his hand and caused the Public Seal of the State of Johore and the Commissioners have caused their Common Seal to be hereunto affixed the day and year first above written.



Signed by His Highness Ibrahim Sultan and Sovereign Ruler of the State and Territories of Johore and sealed with the Public Seal of the State of Johore in the presence of

Signed in Malay  
IBRAHIM.

I. ABDULLAH, D.M.B.

H. M. SAID, Capt., P. S.



Sealed with the Common Seal of the Commissioners of the Town of Singapore in the presence of R. J. Farrer the President and of Lee Chim Tuan and Horace W. Raper two of the Commissioners all of whom have signed their names hereto

Sgd. R. J. FARRER

Sgd. LEE CHIM TUAN

Sgd. HORACE W. RAPER.

**TEBRAU AND SOUDAI RIVERS  
WATER AGREEMENT.**

THIS INDENTURE is made the 1st day of September, One Thousand nine hundred and sixty-one (1. 9. 61) BETWEEN the Government of the State of Johore (hereinafter called "the Government") of the one part AND the City Council of the State of Singapore and its successors in title (hereinafter called "the City Council") of the other part.

THIS INDENTURE WITNESSETH as follows:-

1. In consideration of the rents charges and covenants on the part of the City Council hereinafter agreed to be paid and observed respectively the Government agrees, where this has not already been done, forthwith to reserve under the provisions of section 10 of the Land Enactment (Johore Enactment No.1) or otherwise effectively reserve and set aside exclusively for the purposes hereinafter mentioned ALL and SINGULAR the lands hereditaments and premises situate at Gunong Pulai, Sungei Tebrau and Sungei Scudai in the State of Johore described in the First Second and Third part of the First Schedule hereto respectively which land together with the lands and hereditaments now vested in reserved or to be reserved for the use of or otherwise occupied by the City Council and described in the Second Schedule hereto is hereinafter referred to where the context so admits or requires as "the said land" and the City Council shall pay to the Government an annual rental of \$5/- per acre in respect of that part of the said land described in the First part of the First Schedule hereto in advance on the first day of January of each year.

2. (i) The Government shall not for a period of fifty (50) years from the date hereof without having obtained the previous consent in writing of the City Council alienate or do any act or deed affecting the said land or any part thereof and during such term the provisions of this Indenture and any subsequent Indenture agreed between the parties hereto modifying or adding hereto shall subsist in relation to all the said land.

(ii) The Government shall not at any time do any act or deed which might in any way prejudicially affect the interest of the City Council under the terms covenants and provisions herein contained but shall do all acts and deeds which may be conducive

towards the observance and performance of such terms covenants and provisions.

(111) By way of confirmation it is agreed and declared that the Indenture dated the 5th day of December 1927 and made between His Highness Ibrahim Sultan and Sovereign Ruler of the State and Territories of Johore and the Municipal Commissioners of the Town of Singapore is forthwith void and hereafter of no effect and neither party shall have any rights or obligations whatsoever thereunder except such as may be pre-existing prior to the date hereof.

3. (1) The Government shall acquire all or any alienated land which the City Council may by notice in writing require to be reserved for the purpose herein mentioned including any alienated land under along or upon which any existing pipeline lies.

(11) Any land so acquired shall be reserved under the provisions of section 10 of the Land Enactment or if the City Council so desires the Government shall alienate the same to the City Council and upon completion of any such reservation or alienation the City Council shall pay to the Government on demand all compensation paid by the Government therefor and all reasonable and proper fees costs and disbursements incurred by the Government in connection with such acquisition.

(111) The City Council shall pay to the Government rent annually in advance in respect of any such land as may be reserved at the rate of \$5/- per acre per annum and in respect of any such land as may be alienated at the standard rates payable on the 1st day of January in each and every year and shall pay all survey and other fees due at the rate prescribed from time to time under the Land Enactment and all such land as from the date of reservation under the provisions of section 10 of the Land Enactment or the date of alienation to the City Council as aforesaid shall be subject to the provisions of this Indenture in all respects as if the same had been included in the said land and the first proportionate payment in respect of any land so reserved or alienated shall become due on the date of the notice of such reservation being published in the Gazette published by the Government or from the date of the deed of grant alienating the same to the City Council.

4. The Government hereby grants unto the City Council —

(1) The full and exclusive right and liberty to enter upon and occupy and use that part of the said land described in the First

3

Schedule hereto or any part thereof for the purposes herein mentioned and in particular to lay and maintain all pipelines aqueducts and other works constructions and things requisite or expedient or convenient for waterworks for the supply of water.

(11) The full and exclusive right and liberty to draw off take impound and use all the water which may from time to time be or be brought or stored or found in on or under that part of the said land described in the first part of the First Schedule hereto and the full and exclusive right and liberty to take impound and use all water from the Tebrau River and Scudai River respectively subject only as hereinafter provided.

(111) The right to lay, relay, repair, and maintain pipelines and aqueducts along or under such parts of the public roads, public road reserves, Government reserves wherever existing at or after the date of these presents the City Council making good any damage to the said public roads, public road reserves or Government reserves in accordance with the provisions hereinafter contained. Any work to be carried out under the provisions of this clause shall be carried out in such manner as the State Engineer may reasonably require and in case of dispute as to the reasonableness of any such requirement the work directly affected thereby shall not be proceeded with unless and until such dispute shall be settled by arbitration hereunder or otherwise.

5. The Government shall whenever required by the City Council by notice in writing forthwith prepare register and issue to the City Council a grant or grants of all or any part of the said land other than land reserved for or vested in the Malayan Railway which may be specified in such notice. Every such grant shall be expressed to be for the purposes of these presents and to be subject to such provisions thereof as shall be applicable to such land. The City Council shall pay to the Government the expenses of and in connection with the preparation registration and issue of all or any such grants but no premium shall be payable in respect thereof except in the case of land reserved or acquired otherwise than at the expense of the City Council when a premium equalling the value of the land at that time

shall be paid to the Government by the City Council.

6. The Government hereby grants unto the City Council their servants agents and all persons authorised by them the full and free right and liberty at all times and for all purposes to pass and repass over State land or any part thereof by such route and subject to such conditions as may be agreed between the parties;

7. The City Council may occupy and use the said land and any part thereof for all or any of the purposes following that is to say -

- (i) to construct and maintain water-works;
- (ii) to construct and maintain reservoirs, dams, tanks, pipe lines, aqueducts, filters and other things requisite for water-works;
- (iii) to construct and maintain all works incidental to or convenient for all or any of the purposes herein mentioned;
- (iv) to erect and maintain buildings machinery and plant requisite, expedient or convenient for all or any of the said purposes;
- (v) to erect and maintain houses and other buildings for and in connection with the construction maintenance and upkeep of all the said works and things and with the water-works staff of the City Council and their requirements;
- (vi) every other purpose properly connected with or incidental to or convenient for all or any of the said purposes.

8. The City Council shall have the sole and absolute right to draw off and take all water available in under or upon any part of the said land as hereinbefore mentioned or any river in under or upon any part thereof subject only as hereinbefore and hereinafter mentioned: Provided always that water shall be drawn off the Tebrau and Scudai Rivers only at agreed points and in a manner to be agreed between the City Water Engineer and the State Drainage and Irrigation Engineer: Provided further that the Government may with the previous consent in writing of the City Council permit water to be drawn from the Tebrau or Scudai rivers or either of them at any point above the point of draw-off by the City Council.

9. All buildings works erections fittings and fixtures whatsoever constructed erected or fixed by the City Council upon the said land or any part thereof shall at all times remain the absolute property of the City Council and all or any part thereof may at any time be

the continuance of this Indenture be altered demolished or removed by the City Council in the normal course of the City Council's use thereof for the purposes hereinbefore mentioned but shall not be demolished at the expiry or termination of the term created by this Indenture except after expiry of the period mentioned in clause 19 hereof during which the Government may accept the offer to purchase therein mentioned.

10. The City Council may fell and use for and in connection with any of the said purposes timber and firewood on the said land but shall not remove any timber or firewood therefrom except as regards that part of the said land described in the Second Schedule hereto.

11. The City Council may quarry and use granite on the said land for and in connection with any of the purposes herein mentioned but not for any other purposes except as regards that part of the said land described in the Second Schedule hereto.

12. The City Council shall make good all damage done to the roads and public works of the Government in the course of laying, maintaining, renewing or repairing any pipe-lines other than such damage as may be attributed to fair wear and tear. Should the City Council fail to make good any such damage in accordance with the foregoing covenant to the satisfaction of the State Engineer within one month from the receipt of a notice in writing from him so to do the damage may be made good by the State Engineer and the cost thereof shall be recoverable from the City Council. And the certificate of the State Engineer shall be conclusive evidence of the sum due by the City Council in respect of all damage which they may be liable to make good but shall not be conclusive as to the liability of the City Council to make good the repairs carried out by the State Engineer.

13. (1) The City Council agrees that the flow of the Tebrau and Soudai Rivers below the point of pumping shall not be reduced to such an extent as to cause the present users to suffer unreasonably by reason of an increase in the salinity thereof.

(11) In the event that any complaint shall be made by the present users of water of either river below the point of pumping as mentioned in the last preceding sub-paragraph such complaint shall be investigated

6.  
by a competent State authority and if found by such authority to be justified, the City Council shall be informed and provided with full details of any tests made during the investigation of such complaint and the City Council shall take such steps as it considers necessary to remove the cause of the complaint to the satisfaction of such authority.

(iii) The bed level of the Tebrau River aforesaid has been ascertained by the method referred to in the Third Schedule hereto and has been agreed and declared by the State Drainage and Irrigation Engineer on behalf of the Government and the City Water Engineer on behalf of the City Council to be 7.71 feet above M.S.L. at Port Swettenham as determined by the Federation Survey Department as at the date of the commencement of this Indenture.

(iv) The bed level of the Scudai River aforesaid shall be ascertained by the same method and similarly agreed and declared at such time as the City Water Engineer informs the State Drainage and Irrigation Engineer of the position upon the said River at which he intends that the water should be extracted but before any extraction takes place.

(v) If the bed level of the Tebrau or the Scudai Rivers aforesaid should be found by the method prescribed in the Third Schedule hereto at any time after the commencement of pumping to rise to such an extent as to cause damage to the cultivated land bordering either River the City Council shall take steps either by reducing the quantity of water pumped or by dredging or by increasing the amount of compensation water or by such other method as the City Council may think fit to restore the level of the bed of the Rivers to the level thereof as agreed between the parties as hereinbefore provided.

(vi) The City Council shall indemnify the Government against all damage and claims whatsoever arising out of the drawing off of water by the City Council from the Tebrau or the Scudai Rivers: Provided always that the City Council shall only be liable to indemnify the Government as aforesaid if it shall be joined as a party to any action against the Government making any claim in respect thereof.

14. The City Council shall supply to the Government upon receiving written notice from the Government to that effect a daily quantity of water not exceeding at any time twelve per cent of the total quantity of water supplied to Singapore over the causeway from twelve midnight of any one day to 12 midnight of the following day and in any case not less than 4 million gallons;

PROVIDED ALWAYS that if the Government shall by reference to meter readings show to the City Council that such supply of 12 per cent is inadequate to meet the proper and reasonable requirements of the inhabitants of the State of Johore the Government shall be entitled to require the City Council by notice in writing as aforesaid to supply such quantity in excess of that amount as may be necessary to meet such proper and reasonable requirements subject as hereinafter mentioned. Any difference or dispute as to the supply of such additional quantity shall be referred to arbitration in manner hereinafter mentioned. Nothing in these presents shall at any time require the Government to take the aforesaid quantity or any quantity and nothing in these presents shall be deemed at any time to require the City Council to supply water in excess of the capacity of the Pulau Catchment Reserve. The Government shall take every reasonable precaution to ensure that water is drawn off the trunk water main at an even rate throughout each daily period of twenty-four hours. The Government shall at all times have full right and liberty to dispose of any quantity of water supplied to it by the City Council in such manner and at such price as it may from time to time think fit.

15. The City Council agrees --

- (i) The quality of the pure water to be delivered hereunder by the City Council shall always be of an accepted standard fit for human consumption.
- (ii) The pressure of normal supply in the trunk water main shall not fall below the hydraulic gradient prevailing at maximum draw-off conditions.
- (iii) The supply shall not be unreasonably cut off or reduced without prior notice to the State Engineer except in unusual or emergency circumstances.

- (iv) The Government shall be at liberty to draw off its supply of water hereunder at any number of points along the trunk water main as circumstances may reasonably require but no action shall be taken to draw off water from the trunk main without the prior agreement of the City Water Engineer.
- (v) All points at which the Government draws off water from the trunk water main as aforesaid shall have meters installed thereon by the City Council and such meters shall at all times remain the property of the City Council but the cost of installing the same shall be paid by the Government to the City Council on demand.
- (vi) The State Engineer or his representative may at all reasonable times inspect such City Council water meters.
- (vii) The City Council shall not except as is hereinafter provided supply water within the State of Johore except to the Government;

Provided Always that the City Council may supply water to the Tebrau Rubber Estates Limited from its Tebrau works in such quantities and on such terms as may be agreed between the City Council and the Tebrau Rubber Estates Limited with the prior approval of the Government which shall not be unreasonably withheld: And provided further that the City Council may also supply water from its Soudai works to any estate affected by such works in like quantities and on similar terms.

16. (1) The City Council shall pay to the Government in addition to any other payment by these presents reserved a charge of 3 cents for every 1,000 gallons of water drawn by the City Council from the State of Johore in accordance with the provisions of these presents and delivered to the Island of Singapore.

(11) The Government shall pay to the City Council 50 cents for every 1,000 gallons of pure water supplied by the City Council to the Government in accordance with the provisions of these presents.

(111) If in the case of an emergency it shall prove necessary for the City Council with the consent of the Government to supply raw water to the Government the Government shall pay to the City Council 25 cents for every 1,000 gallons of all such raw water supplied.

(iv) All payments under the provisions of this clause shall be made monthly commencing from the month of September, 1961.

(v) The charge and rate referred to in paragraphs (i) and (ii) of this Clause shall be deemed to have applied to water drawn and delivered to the Island of Singapore and supplied to the Government on and after the 1st day of March, 1955, under the provisions of the said Indenture dated the 5th day of December 1927, and the parties hereto have made all necessary and consequential adjustments in respect of the amounts paid or due to be paid in respect of the said period.

17. The provisions of paragraphs (i) and (ii) of the foregoing clause of these presents shall be subject to review after the expiry of 25 years from the date of these presents and shall be reviewed by the parties in the light of any change in the purchasing power of money which may then have occurred and the facts that are to be taken into account upon such review shall include inter alia any rise or fall in the purchasing power of money and any rise or fall in the cost of labour, power and materials for the purpose of supplying the water. In the event of any dispute or differences arising under the provisions of this clause the same shall be referred to arbitration as is hereinafter provided.

18. (i) If at any time or times hereafter it shall appear that, for the purpose of validly legally and effectually vesting in the City Council any right or interest (whether in or in relation to the said land or any part thereof or otherwise) expressed or intended by these presents to be granted to or vested in the City Council, it is requisite that any instrument, registration, act or thing should be signed made or done by the Government then the Government shall upon the request of the City Council forthwith sign make or do every instrument registration act or thing that may be requisite for such purpose.

(ii) Nothing in these presents contained shall derogate from the full estate right title and interest of the City Council in all such part of the lands described in the Second Schedule hereto as the City Council is registered owner of from time to time.

19. The City Council shall not during the continuance of these presents sell any water undertaking or any part thereof in the State of Johore without first offering in writing to sell the same to the Government at a price to be assessed by an independent appraiser

acceptable to both parties which offer shall be open to the Government for acceptance in writing for 90 days from the date of service of such offer: Provided always that the provisions of this clause shall not apply to any reconstruction amalgamation or transfer of the City Council's Water Department or any part of its water undertaking to any statutory or other duly constituted water authority in Singapore.

20. Any notice requiring to be served under the provisions hereof shall be sufficiently served on the City Council if handed to the City Secretary or posted to the City Secretary by A.R. Registered post and on the Government if handed to the State Secretary of the Government or posted to the State Secretary of the Government by A.R. Registered post and any notice posted under the provisions hereof shall be deemed to have been served 48 hours after the time of posting.

21. If any dispute or difference shall arise between the parties hereto touching any clause or matter or thing whatsoever in these presents contained or the operation or construction of this deed or any matter or thing in any way connected with this deed or the rights duties or liabilities of either of the parties hereto under or otherwise arising out of or in connection with this deed then and in every such case such dispute or difference shall be referred to a single arbitrator in case the parties can agree upon one and otherwise to two arbitrators one to be appointed by each party to the difference and in any event in accordance with and subject to the provisions of the arbitration law at the time of such dispute existing in the State of Johore.

22. In the interpretation of this Indenture the laws of the Federation of Malaya and of the State of Johore shall apply.

THE FIRST SCHEDULE

1ST PART, GUNONG PULAI, PONTIAN WATERWORKS

AND CATCHMENT

<u>Lot No.</u>	<u>Mukim</u>	<u>Area</u>			<u>Remarks</u>
		A	R	P	
	Senai Kulai	704.3	0	00	Being balance of former lot 3792 together with certain additional areas required by the City Council.

2ND PART, SUNGAI TEBRAU WATERWORKS

428	Tebrau	32.	1.	00	Sheet 65BIV.
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3RD PART, SUNGAI SKUDAI

An area of land approximately 120 acres in extent and more particularly described in the list dated 8th September, 1961 handed by the City Water Engineer to the Commissioner of Lands and Mines, Johore on 14th September, 1961, subject to survey.

THE SECOND SCHEDULE

PIPELINE RESERVE PULAI I - PONTIAN WATERWORKS

<u>Lot No.</u>	<u>Mukim</u>	<u>Area</u>		<u>Remarks</u>
3663	Senai Kulai	1.1.37.4		Sheet 64DII - Acquired by S.C.C.
3664	" "	0.1.21.9		" "
No. Reserve	" "	-		" State Land
3665	" "	0.0.21.65		" Acquired by S.C.C.
No Reserve	" "	-		" Road Reserve
3666	" "	0.2.32.6	(64DII (64BIV	Acquired by S.C.C.
No Reserve	" "	-	64BIV	Road Reserve.
3667	" "	0.2.38.9	64BIV	Acquired by S.C.C.
No Reserve	" "	-	-do-	Road Reserve
3668	" "	0.3.19.3	-do-	Acquired by S.C.C.
No Reserve	" "	-	-do-	Road Reserve.

PIPELINE RESERVE - PONTIAN WATERWORKS TO GUONG PULAI

No Reserve	Senai Kulai	-	64BIV	State Land
3799	" "	0.1.37.1	65AIII	Not gazetted as pipeline reserve.
3796	" "	0.2.24.6	"	-do-
1661	" "	3.0.09.65	"	Approach Road to Guong Pulai.

PIPELINE RESERVE - GUNONG PULAI TO JOHORE CAUSEWAY

<u>Lot No.</u>	<u>Mukim</u>	<u>Area</u>	<u>Remarks</u>
1662	Senai Kulai	0.1.25.85	Sheet 65AIII - Gazetted as a pipeline reserve as per Notification No.287 of 30.5.28.
No Reserve	"	-	" - Main Road Crossing.
1797	Pulai	1.0.21	" - Gazetted as a pipeline reserve as per Notification No.287 of 30.5.28.
No Reserve	"	-	" - Main Road Crossing
1798	Senai Kulai	2.3.10.3	" - Gazetted as a pipeline reserve as per Notification No.287 of 30.5.28.
No Reserve	"	-	" - Main Road Crossing.
3137	Pulai	0.2.11	" - Gazetted as a pipeline reserve as per Notification No.287 of 30.5.28.
3136	"	0.0.05	" -do-
No Reserve	"	-	" - Road Reserve.
3135	"	3.0.16	" - Gazetted as a pipeline reserve as per Notification No.287 of 30.5.28.
3134	"	2.2.06 (65AIII & 65AIV)	" -do-
3133	"	0.1.20 65AFV	" -do-
3132	"	1.2.23 "	" -do-
3131	"	1.1.26 "	" -do-
3130	"	0.3.13 "	" -do-
No Reserve	"	-	" - Crossing Main Road.
3129	Senai Kulai	0.1.34	" - Gazetted as a pipeline reserve as per Notification No.287 of 30.5.28.
3128	"	2.1.19	" -do-
No Reserve	"	-	" - Crossing Main Road.
1089	Pulai	0.1.23	" - Gazetted as a pipeline reserve as per Notification No.287 of 30.5.28.
1090	"	0.0.22	" -do-

PIPELINE RESERVE - GUNONG PULAI TO JOHORE CAUSEWAY (CONTD.)

<u>Lot No.</u>	<u>Mulim</u>	<u>Area</u>	<u>Remarks</u>
No Reserve	Pulai	-	Sheet 65AIV - Road Reserve.
1091	"	0.1.16	" Gazetted as a pipeli reserve as per Notif ication No.287 of 30.5.28.
1092	"	0.1.29	" -do-
1093	"	1.2.06	" -do-
1094	"	0.1.19	" -do-
1095	"	1.2.20	" -do-
3088	"	0.1.29	" -do-
3087	"	0.2.12	" -do-
3086	"	0.0.23	" -do-
3085	"	0.0.23	" -do-
3084	"	0.0.23	" -do-
3083	"	0.1.05	" -do-
3082	"	0.0.24	Sheet 65BIII -do-
3081	"	0.0.18	" -do-
3080	"	0.1.00	" -do-
3079	"	0.2.39	" -do-
No Reserve	"	-	65DI Crossing Main Road.
3078	"	0.0.18	" Gazetted as a pipeli reserve as per Notif: ication No.287 of 30.5.28.
3077	"	1.0.36	" -do-
3127	Tobrau	0.0.37	" -do-
3097	"	0.3.02	" -do-
3096	"	0.0.37	" -do-
3095	"	0.1.03	" -do-
3094	"	0.0.27	" -do-
3093	"	0.1.08	" -do-
3092	"	0.1.00	" -do-
3091	"	0.0.24	" -do-
3090	"	0.0.24	" Gazetted as a pipeli reserve as per Notif: ication No.287 of 30.5.28.

PIPELINE RESERVE - GUNONG PULAI TO JOHORE CAUSEWAY (CONTD.)

<u>Lot No.</u>	<u>Mukim</u>	<u>Area</u>	<u>Remarks</u>
3089	Tebrau	0.1.23	Sheet 65DI -Gazetted as a pipeline reserve as per Notification No.287 of 30.5.28.
1102	"	3.3.34	" -do-
1103	"	0.3.26	" -do-
1104	"	1.0.24	" -do-
1105	"	1.3.09	" -do-
1106	"	1.3.30	" -do-
No Reserve	"	-	" Jalan Tampoi Crossing.
1656	Township of J. Bahru.	1.0.07	" Gazetted as a pipeline reserve as per Notification No. 287 of 30.5.28.
1657	"	3.1.01	" -do-
1658	"	2.0.12	65D <sup>IV</sup> <sub>1</sub> -do-
1659	"	3.0.11	" -do-
No Reserve.	"	-	65D <sup>IV</sup> <sub>1</sub> , 65D <sup>IV</sup> <sub>2</sub> Along Jalan Ulu Ayer Mole
1655	"	3743 sq.ft.	65D <sup>IV</sup> <sub>4</sub> (After Jalan Ngee Heng)
1654	"	0.1.31.7	65 <sup>IV</sup> <sub>4</sub> Gazetted as a pipeline reserve as per Notification No.287 of 30.5.28.
No Reserve	"	-	" Along Railway Reserve.

PIPELINE RESERVE - TEBRAU WATERWORKS TO JOHORE CAUSEWAY

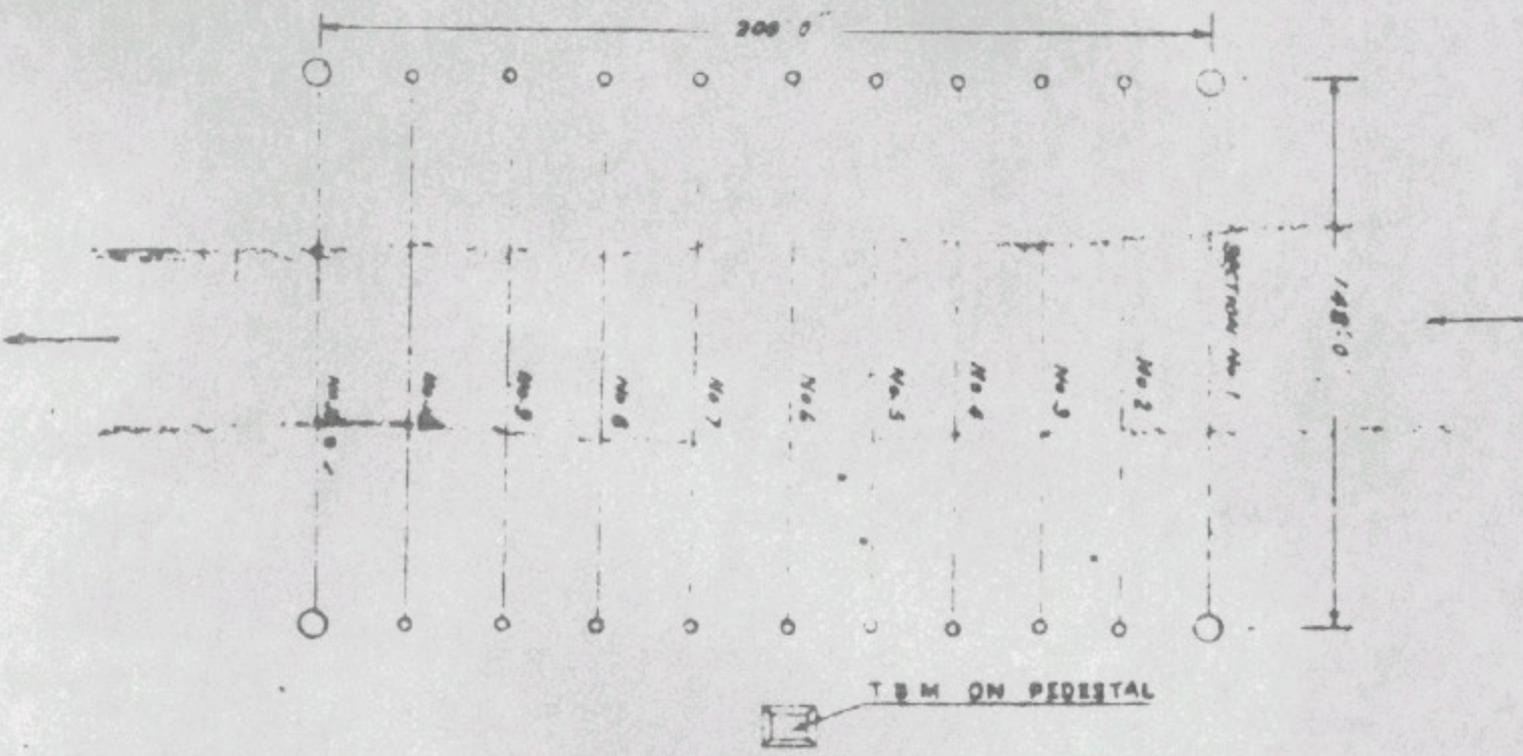
<u>Lot No.</u>	<u>Mukim</u>	<u>Area</u>	<u>Remarks</u>
No Reserve	Tebrau	-	Sheet 65BIV, through Lot 427 (Tebrau Estate) 65DII
431	"	10.2.33	65DII
No Reserve	"	-	" At Jalan Tampoi Crossing
3344	Township of J. Bahru.	0.2.23	"

PIPELINE RESERVE - TEBRAU WATERWORKS TO JOHORE CAUSEWAY (CONTD.)

<u>Lot No.</u>	<u>Mukim</u>	<u>Area</u>	<u>Remarks</u>
No Reserve	Township of J. Bahru.	-	Sheet 65DII Road Reserve.
3347	-do-	1.2.20	"
3348	-do-	15.2.11	"
No Reserve	-do-	-	" Road Reserve
<del>3522</del>	-do-	8.3.06	"
No Reserve	-do-	-	65DII, 65D <sup>IV</sup> / <sub>2</sub> Along Railway Reserve & 65D <sup>IV</sup> / <sub>4</sub>
3038	-do-	2.1.11	Sheet 65D <sup>IV</sup> / <sub>2</sub>
No Reserve	-do-	-	" Along Railway Reserve.
4211	-do-	0.0.17.46	65D <sup>IV</sup> / <sub>4</sub>
146	-do-	0.3.18.11	65D <sup>IV</sup> / <sub>4</sub>
3188	-do-	0.9. 9.25	65D <sup>IV</sup> / <sub>4</sub>
4213	-do-	0.0. 8.75	65D <sup>IV</sup> / <sub>4</sub>
4215	-do-	0.0.14.40	65D <sup>IV</sup> / <sub>4</sub>
No Reserve	-do-	-	660 <sup>III</sup> / <sub>3</sub> Through Jalan Lumba kuda Lama Railway Reserve.
750	-do-	0.2.16	660 <sup>III</sup> / <sub>3</sub>
2873	-do-	0.1.15.7	660 <sup>III</sup> / <sub>3</sub>
No Reserve	-do-	-	71A <sup>I</sup> / <sub>I</sub> Crossing at Jalan Lumba Kuda.
2871	-do-	0.0.19.3	71A <sup>I</sup> / <sub>I</sub>
No Reserve	-do-	-	" From Jalan Bukit Meldrum to Causeway through State Land & Railway Reserve.

Silting Section on Surgei Tebray Method for  
Establishing and Reading to Determine Average  
Bed Level of the River.

The points shown O on the attached plan have been marked  
the ground by 1"  $\phi$  G.I. pipes set in concrete. This fixes elev.  
cross sections as shown below:-



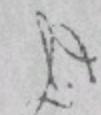
2. Readings are taken at 10'-0" intervals on the banks and at  
5'-0" interv is in the river on these sections. These readings  
are entered in a book in the following manner.

DATE 21.10.52

C. SECTIONS	0	10	20	30	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	120	130	140	148	AT. no. 6. BED LEVEL		
1	12.86	12.93	12.20	13.28	14.41	-	14.56	14.26	9.95	9.78	9.41	8.22	8.42	7.43	6.88	6.18	5.70	13.58	14.08	13.48	12.98	13.10	13.55	8.1174		
2	12.26	12.57	12.63	12.88	13.33	-	13.98	14.02	10.82	9.83	9.00	8.73	8.09	7.10	6.88	6.08	6.27	8.73	13.18	12.53	12.03	12.86	13.18	8.09		
3	12.56	12.30	12.80	12.98	12.45	-	13.67	13.70	9.53	8.43	8.37	8.31	7.98	7.40	6.31	6.62	7.71	13.33	12.89	12.69	12.27	11.67	11.33	7.85		
4	12.63	12.43	12.78	12.24	12.81	-	13.01	9.73	8.79	8.22	8.33	7.67	7.80	7.17	6.63	6.18	7.31	14.00	13.86	13.70	12.87	12.36	12.53	7.84		
5	12.42	12.55	12.66	12.10	13.53	-	14.01	9.19	8.40	7.83	7.96	8.80	7.64	7.48	7.30	7.28	13.24	14.26	13.92	13.39	12.61	12.88		7.89		
6	12.68	12.76	12.91	12.65	13.74	-	13.60	8.41	7.83	7.88	7.51	7.93	8.03	7.93	7.79	7.84	13.34	14.00	13.38	12.85	13.10	13.66		7.90		
7	13.01	12.88	12.96	13.21	13.98	-	13.73	8.98	8.00	7.73	8.14	7.91	8.06	7.82	8.06	8.07	8.41	13.98	12.99	12.39	13.58	9.16		8.12		
8	12.68	12.75	12.91	13.33	14.09	13.75	7.88	8.03	7.81	7.74	7.81	7.94	8.28	8.19	8.45	8.28	8.37	13.80	13.25	11.83	9.11	9.41		8.07		
9	12.69	12.83	12.81	12.25	13.65	-	14.13	9.16	6.00	7.19	6.89	7.13	7.52	8.14	8.00	8.92	13.50	12.91	13.13	10.83	11.00	12.25		7.65		
10	12.43	13.05	12.96	12.91	13.18	-	14.08	13.83	9.23	4.98	7.25	7.25	7.33	7.93	8.27	8.37	12.69	12.83	10.83	11.33	13.01	12.46		7.82		
11	13.05	12.89	13.20	13.10	12.41	-	13.73	14.07	9.65	6.88	6.72	7.23	7.73	8.22	8.63	8.84	9.03	9.13	11.83	12.27	13.11	13.05		8.21		
																								TOTAL	87.55	
																									AVERAGE BED LEVEL	7.96

3. The readings taken in the river bed are underlined in blue, thus fixing the position of the river at the time of each survey. The average of each level which is underlined in blue on each section is calculated and is taken as the average bed level of the section.

4. The average of the eleven sections is calculated and the figure thus obtained is the average bed level for the whole section on the day of survey.

  
 S. D. I. Engineer,  
 Lahore,  
 (India)

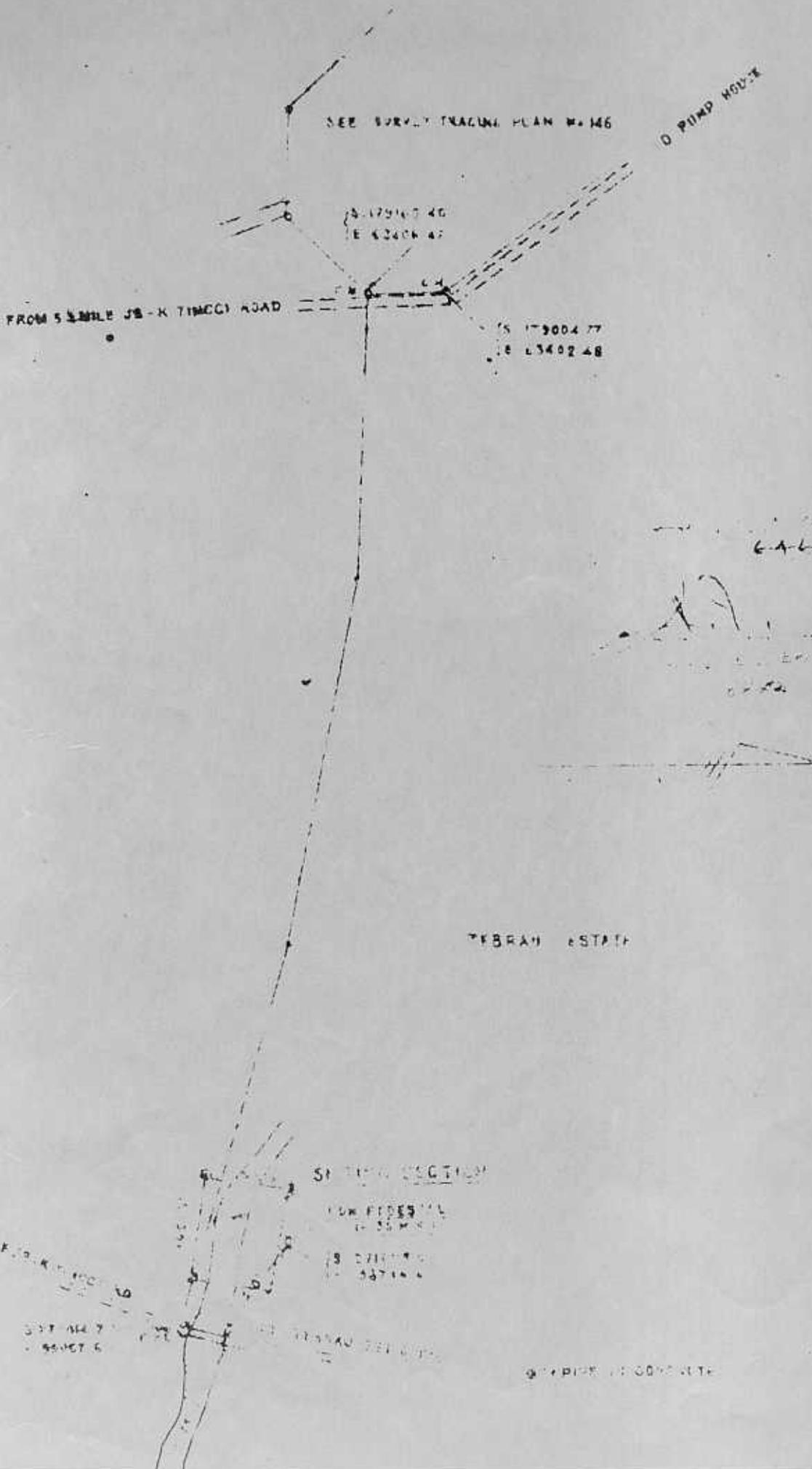
SILTING SECTION

-17-

30 TEBRAU ST ESTATE RD BRIDGE

NEAR FACTORY

SCALE: 4 CM TO 10 AM INCH



SEE SURVEY TRACKING PLAN W-146

S 179167 40  
E 42406 47

FROM 5 MILE JB - K TIMCCI ROAD

S 179004 77  
E 43402 48

6-4-6

TEBRAH ESTATE

SI TING SECTION

FOR PILES

33714.6

S 179167 40  
E 42406 47

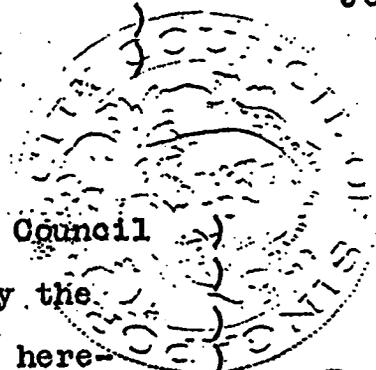
D POND HOUSE

IN WITNESS WHEREOF the State Secretary of the State of Johore has hereunto set his hand and the Common Seal of the City Council has been hereunto affixed the day and year first above written.

Signed by Dato Abdul Rahman bin Musa, D.P.M.J., P.I.S., the State Secretary, Johore, duly authorised in that behalf in writing by the Mentri Besar pursuant to Section 3 of the Government Contracts Ordinance, 1949 (No.67 of 1949) in the presence of Donald Cardif Jackson, State Legal Adviser, Johore.

*[Signature]*  
.....  
State Secretary,  
Johore.

*[Signature]*  
.....  
State Legal Adviser,  
Johore.



The Common Seal of the City Council of the State of Singapore was by the authority of the Prime Minister hereunto affixed in the presence of Woon Wah Siang the Secretary and Stuart Shankland Scales the Treasurer respectively who previous to the affixing of the said Seal signed these presents in the presence of each other.

*[Signature]*  
.....  
Secretary

*[Signature]*  
.....  
Treasurer.

**EXEMPTION**  
I certify that this document is exempt from Stamp Duty under Section 117(1).....  
*[Signature]*  
By, Collector of Stamp Duties  
JOHORE BAHRU.  
Date..... 2/10/1961

**No. 8206**

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**SINGAPORE  
and  
MALAYSIA**

**Agreement relating to the separation of Singapore from  
Malaysia as an independent and sovereign State. Signed  
at Kuala Lumpur, on 7 August 1965**

*Official text: English.*

*Registered by Singapore on 1 June 1966.*

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**SINGAPOUR  
et  
MALAISIE**

**Accord relatif à la constitution de Singapour en tant qu'État  
indépendant et souverain, détaché de la Malaisie. Signé  
à Kuala-Lumpur, le 7 août 1965**

*Texte officiel anglais.*

*Enregistré par Singapour le 1<sup>er</sup> juin 1966.*

No. 8206. AN AGREEMENT<sup>1</sup> RELATING TO THE SEPARATION OF SINGAPORE FROM MALAYSIA AS AN INDEPENDENT AND SOVEREIGN STATE. SIGNED AT KUALA LUMPUR, ON 7 AUGUST 1965

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An Agreement dated the 7th day of August, 1965, and made between the Government of Malaysia of the one part and the Government of Singapore of the other part.

Whereas Malaysia was established on the 16th day of September, 1963, by a federation of the existing states of the Federation of Malaya and the States of Sabah, Sarawak and Singapore into one independent and sovereign nation ;

And whereas it has been agreed by the parties hereto that fresh arrangements should be made for the order and good government of the territories comprised in Malaysia by the separation of Singapore from Malaysia upon which Singapore shall become an independent and sovereign state and nation separate from and independent of Malaysia and so recognised by the Government of Malaysia ;

Now therefore it is agreed and declared as follows :

*Article I*

This Agreement may be cited as the Independence of Singapore Agreement, 1965.

*Article II*

Singapore shall cease to be a State of Malaysia on the 9th day of August, 1965, (hereinafter referred to as "Singapore Day") and shall become an independent and sovereign state separate from and independent of Malaysia and recognised as such by the Government of Malaysia ; and the Government of Malaysia will proclaim and enact the constitutional instruments annexed to this Agreement in the manner hereinafter appearing.

*Article III*

The Government of Malaysia will declare by way of proclamation in the form set out in Annex A to this Agreement that Singapore is an independent and sovereign

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<sup>1</sup> Came into force on 9 August 1965, the date of independence of Singapore, by signature.

state separate from and independent of Malaysia and recognised as such by the Government of Malaysia.

#### *Article IV*

The Government of Malaysia will take such steps as may be appropriate and available to them to secure the enactment by the Parliament of Malaysia of an Act in the form set out in Annex B to this Agreement and will ensure that it is made operative as from Singapore Day, providing for the relinquishment of sovereignty and jurisdiction of the Government of Malaysia in respect of Singapore so that the said sovereignty and jurisdiction shall on such relinquishment vest in the Government of Singapore in accordance with this Agreement and the constitutional instruments annexed.

#### *Article V*

The parties hereto will enter into a treaty on external defence and mutual assistance providing that :

- (1) the parties hereto will establish a joint defence council for purposes of external defence and mutual assistance ;
- (2) the Government of Malaysia will afford to the Government of Singapore such assistance as may be considered reasonable and adequate for external defence, and in consideration thereof, the Government of Singapore will contribute from its own armed forces such units thereof as may be considered reasonable and adequate for such defence ;
- (3) the Government of Singapore will afford to the Government of Malaysia the right to continue to maintain the bases and other facilities used by its military forces within Singapore and will permit the Government of Malaysia to make such use of these bases and facilities as the Government of Malaysia may consider necessary for the purpose of external defence ;
- (4) each party will undertake not to enter into any treaty or agreement with a foreign country which may be detrimental to the independence and defence of the territory of the other party.

#### *Article VI*

The parties hereto will on and after Singapore Day co-operate in economic affairs for their mutual benefit and interest and for this purpose may set up such joint committees or councils as may from time to time be agreed upon.

*Article VII*

The provisions of Annex J and K of the Agreement relating to Malaysia dated the 9th day of July, 1963 are hereby expressly rescinded as from the date of this Agreement.

*Article VIII*

With regard to any agreement entered into between the Government of Singapore and any other country or corporate body which has been guaranteed by the Government of Malaysia, the Government of Singapore hereby undertakes to negotiate with such country or corporate body to enter into a fresh agreement releasing the Government of Malaysia of its liabilities and obligations under the said guarantee, and the Government of Singapore hereby undertakes to indemnify the Government of Malaysia fully for any liabilities, obligations or damage which it may suffer as a result of the said guarantee.

IN WITNESS WHEREOF, the undersigned, being duly authorised thereto, have signed this Agreement.

DONE this 7th day of August, 1965, in two copies of which one shall be deposited with each of the Parties.

For the Government of Malaysia :

Y. T. M. TUNKU ABDUL RAHMAN PUTRA AL-HAJ, K.O.M.

Prime Minister

TUN ABDUL RAZAK BIN DATO HUSSEIN, S.M.N.

Deputy Prime Minister

DATO (Dr.) ISMAIL BIN DATO ABDUL RAHMAN, P.M.N.

Minister of Home Affairs

TAN SIEW SIN, J.P.

Minister of Finance

DATO V.T. SAMBANTHAN, P.M.N.

Minister of Works, Post and Telecommunications

For the Government of Singapore :

LEE KUAN YEW  
Prime Minister

TOH CHIN CHYE  
Deputy Prime Minister

GOH KENG SWEE  
Minister for Finance

E. W. BARKER  
Minister for Law

S. RAJARATNAM  
Minister for Culture

INCHE OTHMAN WOK  
Minister for Social Affairs

ONG PANG BOON  
Minister for Education

YONG NYUK LIN  
Minister for Health

LIM KIM SAN  
Minister for National Development

JEK YUEN THONG  
Minister for Labour

A N N E X "A"

PROCLAMATION ON SINGAPORE

In the name of God, the Compassionate, the Merciful. Praise be to God, the Lord of the Universe, and may the benediction and peace of God be upon Our Leader Muhammad and upon all His Relations and Friends.

WHEREAS Malaysia was established on the 16th day of September, 1963, by a federation of the existing states of the Federation of Malaya and the States of Sabah, Sarawak and Singapore into one independent and sovereign nation ;

AND WHEREAS by an Agreement made on the 7th day of August in the year one thousand nine hundred and sixty-five between the Government of Malaysia of the one part and the Government of Singapore of the other part it was agreed that Singapore should cease to be a state of Malaysia and should thereupon become an independent and sovereign state and nation separate from and independent of Malaysia ;

AND WHEREAS it was also agreed by the parties to the said Agreement that, upon the separation of Singapore from Malaysia, the Government of Malaysia shall relinquish its sovereignty and jurisdiction in respect of Singapore so that the said sovereignty and jurisdiction shall on such relinquishment vest in the Government of Singapore ;

Now in the name of God the Compassionate, the Merciful, I, Tunku Abdul Rahman Putra Al-Haj Ibni Almarhum Sultan Abdul Hamid Halim Shah, Prime Minister of Malaysia, with the concurrence and approval of His Majesty the Yang di-Pertuan Agong of Malaysia, do hereby declare and proclaim that, as from the 9th day of August in the year one thousand nine hundred and sixty-five, Singapore shall cease to be a State of Malaysia and shall forever be an independent and sovereign state and nation separate from and independent of Malaysia, and that the Government of Malaysia recognises the present Government of Singapore as an independent and sovereign government of Singapore and will always work in friendship and co-operation with it.

Y. T. M. TUNKU ABDUL RAHMAN PUTRA AL-HAJ, K.O.M.

#### A N N E X “B”

#### A BILL INTITULED “AN ACT TO AMEND THE CONSTITUTION OF MALAYSIA AND THE MALAYSIA ACT”

Be it enacted by the Duli Yang Maha Mulia Seri Paduka Baginda Yang di-Pertuan Agong with the advice and consent of the Dewan Negara and Dewan Ra'ayat in Parliament assembled, and by the authority of the same, as follows :

##### *Short title*

1. This Act may be cited as the Constitution and Malaysia (Singapore Amendment) Act, 1965.

##### *Provision for Singapore to leave Malaysia*

2. Parliament may by this Act allow Singapore to leave Malaysia and become an independent and sovereign state and nation separate from and independent of Malaysia.

##### *Separation of Singapore from Malaysia, independence, sovereignty and recognition*

3. Singapore shall cease to be a State of Malaysia on the 9th day of August, 1965, (hereinafter called “Singapore Day”) and shall thereupon become an independent and sovereign state and nation separate from and independent of Malaysia and recognised as such by the Government of Malaysia ; and accordingly the Constitution of Malaysia and the Malaysia Act shall thereupon cease to have effect in Singapore except as hereinafter provided.

*Retention of Singapore's executive and legislative powers*

4. The Government of Singapore shall on and after Singapore Day retain its executive authority and legislative powers to make laws with respect to those matters provided for in the Constitution.

*Transfer of executive and legislative powers of Parliament*

5. The executive authority and legislative powers of the Parliament of Malaysia to make laws for any of its constituent States with respect to any of the matters enumerated in the Constitution shall on Singapore Day cease to extend to Singapore and shall be transferred so as to vest in the Government of Singapore.

*Transfer of sovereignty and jurisdiction, etc.*

6. The Yang di-Pertuan Agong shall on Singapore Day cease to be the Supreme Head of Singapore and his sovereignty and jurisdiction, and power and authority, executive or otherwise in respect of Singapore shall be relinquished and shall vest in the Yang di-Pertuan Negara, the Head of State of Singapore.

*Continuation and effect of present laws*

7. All present laws in force in Singapore immediately before Singapore Day shall continue to have effect according to their tenor and shall be construed as if this Act had not been passed in respect of Singapore subject however to amendment or repeal by the Legislature of Singapore.

*Temporary provision as to jurisdiction and procedure of Singapore Courts*

8. Until other provision is made by the Legislature of Singapore, the jurisdiction, original or appellate, and the practice and procedure of the High Court and the subordinate Courts of Singapore shall be the same as that exercised and followed immediately before Singapore Day, and appeals from the High Court shall continue to lie to the Federal Court of Appeal of Malaysia and then to the Privy Council in like manner.

*Transfer of property and succession to rights, liabilities and obligations*

9. All property, movable and immovable, and rights, liabilities and obligations which before Malaysia Day belonged to or were the responsibility of the Government of Singapore and which on that day or after became the property of or the responsibility of the Government of Malaysia shall on Singapore Day revert to and vest in or devolve upon and become once again the property of or the responsibility of Singapore.

*Transfer of Singapore officers*

10. (a) All persons, including members of the Armed Forces, the Police Force, the Courts and the Judiciary, and all others who immediately before Malaysia Day were officers employed by the Government of Singapore and who on that day or after became officers employed by the Government of Malaysia shall on Singapore Day become once again officers employed by the Government of Singapore.

(b) All persons who between Malaysia Day and Singapore Day were engaged by the Government of Malaysia for employment in those departments which were departments of the State of Singapore before Malaysia Day shall on Singapore Day become forthwith officers employed by the Government of Singapore.

*Singapore Senators and members of Parliament*

11. The two Senators and fifteen Members of Parliament from Singapore shall on Singapore Day cease to be members of the Senate and the House of Representatives respectively.

*Singapore citizenship*

12. A citizen of Singapore shall on Singapore Day cease to be a citizen of Malaysia.

*International agreements, etc., relating to Singapore*

13. Any treaty, agreement or convention entered into before Singapore Day between the Yang di-Pertuan Agong or the Government of Malaysia and another country or countries, including those deemed to be so by Article 169 of the Constitution of Malaysia shall in so far as such instruments have application to Singapore, be deemed to be a treaty, agreement or convention between Singapore and that country or countries, and any decision taken by an international organisation and accepted before Singapore Day by the Government of Malaysia shall in so far as that decision has application to Singapore be deemed to be a decision of an international organisation of which Singapore is a member.

In particular as regards the Agreement on External Defence and Mutual Assistance between the Government of the United Kingdom and the Government of the Federation of Malaya of 12th October, 1957,<sup>1</sup> and its annexes which were applied to all territories of Malaysia by Article VI of the Agreement Relating to Malaysia of 9th July, 1963, subject to the provision of Annex F thereto (relating primarily to Service lands in Singapore), the Government of Singapore will on and after Singapore Day afford to the Government of the United Kingdom the right to continue to maintain the bases and other facilities occupied by their Service authorities within Singapore and will permit the Government of the United Kingdom to make such use of these bases and facilities as that Government may consider necessary for the purposes of assisting in the defence of Singapore and Malaysia and for Commonwealth defence and for the preservation of peace in South-East Asia.

*Mutual government guarantees of water agreements*

14. The Government of Singapore shall guarantee that the Public Utilities Board of Singapore shall on and after Singapore Day abide by the terms and conditions of the Water Agreements dated 1st September, 1961, and 29th September, 1962, entered into between the City Council of Singapore and the Government of the State of Johore.

The Government of Malaysia shall guarantee that the Government of the State of Johore will on and after Singapore Day also abide by the terms and conditions of the said two Water Agreements.

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<sup>1</sup> United Nations, *Treaty Series*, Vol. 285, p. 59.



# **AGREEMENT**

**BETWEEN**

**THE GOVERNMENT OF THE  
STATE OF JOHOR**

**AND**

**THE PUBLIC UTILITIES BOARD  
OF THE REPUBLIC OF SINGAPORE**

**AGREEMENT BETWEEN THE GOVERNMENT OF THE  
STATE OF JOHOR AND THE PUBLIC UTILITIES  
BOARD OF THE REPUBLIC OF SINGAPORE**

---

**Parties.**

THIS AGREEMENT is made the 24th day of November, 1990 between the Government of the State of Johor (hereinafter referred to as "the Johor Government") of the one part and the Public Utilities Board of the Republic of Singapore and its successors in title (hereinafter referred to as "PUB") of the other part.

**Recitals.**

WHEREAS the Johor Government and the City Council of the State of Singapore (hereinafter referred to as "the City Council") have on the 29th day of September 1962 entered into an Agreement (hereinafter referred to as "the 1962 Johore River Water Agreement") whereby the Johor Government grants to the City Council the full and exclusive right and liberty to draw off, take, impound and use the water of the Johor River up to a maximum of 250 million gallons a day subject to the terms, provisions, conditions and stipulations of the said Agreement:

AND WHEREAS the water, gas and electricity undertakings of the City Council and all existing agreements

affecting the City Council in relation to such undertakings were transferred to PUB by virtue of Sections 40 and 41 of the Public Utilities Act 1990 Edition (Cap. 261) of Singapore:

AND WHEREAS the Government of Malaysia (hereinafter referred to as "the Malaysian Government") and the Government of the Republic of Singapore (hereinafter referred to as "the Singapore Government") have on the 28th day of June 1988 signed a Memorandum of Understanding providing, inter alia, that Singapore shall proceed with the construction of the Linggiu Dam, pipelines and ancillary works under the 1962 Johore River Water Agreement at her own cost, and that Singapore shall purchase treated water from the Johor Government in excess of her entitlement of 250 million gallons per day of water under the said Agreement:

AND WHEREAS the Johor Government and the Singapore Government have on the 20th day of March 1990 signed an Agreement relating to the price of the treated water to be supplied by the Johor Government to PUB under the said Memorandum of Understanding of the 28th day of June 1988:

AND WHEREAS the Johor Government and PUB are desirous of concluding an agreement for the implementation of the provisions of the said Memorandum of Understanding dated the 28th day of June 1988 relating to the supply of treated water by the Johor Government to PUB:

NOW IT IS HEREBY AGREED AS FOLLOWS:

Definitions.

1. In this Agreement the following words and expressions have the meanings assigned to them except where the context otherwise requires -

(a) "catchment area" means the area delineated in yellow upon a map which will be deposited in the office of the Director of Survey, Johor. A certified true copy of the map is attached hereto as Enclosure "A";

(b) "PUB" means the Public Utilities Board of the Republic of Singapore, a statutory corporation established under Section 3 of the Singapore Public Utilities Act 1990 Edition (Cap. 261);

- (c) "Project" means the Linggiu Dam and the other ancillary permanent works in connection therewith as described in Annexure I to this Agreement;
- (d) "Reservoir" means the area delineated in blue upon a map which will be deposited in the office of the State Secretary, Johor. A certified true copy of the map is attached hereto as Enclosure "B";
- (e) "State" means the State of Johor;
- (f) "State Authority" has the meaning assigned to it under the National Land Code 1965 of Malaysia (Act No. 56/65);
- (g) "State land" has the meaning assigned to it under the National Land Code 1965 of Malaysia (Act No. 56/65);
- (h) "S.S.I." means the State Secretary, Johor, a body corporate incorporated under the State Secretary Johor (Incorporation) Enactment, 1953; and

- (i) "water treatment plant" means the new plant as described in Annexure I of this Agreement.

**Consideration.**

2. In consideration of PUB agreeing to build at its own cost and expense the Linggiu Dam and other ancillary permanent works in connection therewith and thereafter to run, operate and maintain at its own cost and expense the dam, reservoir and ancillary permanent works in connection therewith (hereinafter referred to as "the Project"), the Johor Government agrees to sell treated water generated from the Linggiu Dam to PUB in excess of the 250 million gallons per day of water under the 1962 Johore River Water Agreement, subject however to the provisions of Clauses 8, 9 and 10 of this Agreement.

**Designs, etc. to be undertaken by competent Consulting Engineers.**

3. PUB agrees that -

- (a) the design, preparation of plans and supervision of the construction of the Project shall be undertaken by competent Consulting Engineers appointed by PUB with the concurrence of the Johor Government;

**Dam Expert.**

- (b) it shall appoint an independent Dam Expert to examine the design and make inspection at various stages of construction of the Project to ensure that the design and construction of the Linggiu Dam and other ancillary works in connection therewith conform with the current safety practices;

**Submission of Design Report, etc.**

- (c) upon the commencement of the construction of the Project, it shall submit to the Johor Government design reports and contract documents which shall include plans for the Project;

**As-built plans and Report.**

- (d) upon the completion of the Project, it shall submit to the Johor Government as-built plans and a detailed engineering report consisting of descriptions of the various components, geology and design practice for the Project as well as operational and maintenance manuals for the operation and maintenance of the Dam;

**Inspection of  
Project by  
Malaysian and  
State  
Government's  
employees, etc.**

- (e) it shall permit any authorised officer, servant, agent or employee of the Malaysian Government and the Johor Government to enter and inspect at any time the Project or any part thereof or all or any of the works;

**Adequacy of  
designs.**

- (f) notwithstanding the PUB's Consulting Engineers and the designs, plans and specifications of the Project are approved by the Johor Government, and notwithstanding the inspection of the Project by the Malaysian Government's and Johor Government's officers, servants, agents or employees, responsibility for the adequacy of the said designs, plans and specifications of the Project shall continue to remain with PUB;

**Certificate for  
impounding  
water, etc.**

- (g) upon the completion of the Project, it shall furnish to the Johor Government a copy of the Preliminary Certificate duly issued and certified by PUB's Consulting Engineers specifying that the Linggiu Dam and other ancillary permanent works in connection therewith are sound and satisfactory and that it is safe to impound water;

**Final Certificate.**

- (h) it shall furnish to the Johor Government, after the reservoir (created by the Linggiu Dam) has been first filled to the designed top water level, a copy of the Final Dam Certificate duly issued and certified by PUB's Consulting Engineers certifying that the Linggiu Dam and other ancillary permanent works in connection therewith are safe for further operation;

**Approvals and Certificates.**

- (i) it shall at its own cost and expense apply for and obtain from all relevant authorities, such as the Department of the Environment, Factories and Machinery Department, Fire Department and Tenaga Nasional Berhad, the required approvals and certificates before operation of the Linggiu Dam and other ancillary permanent works in connection therewith and the water treatment plant. The Johor Government shall however endeavour to ensure that the necessary approvals referred to herein shall not be unreasonably withheld;

**Use of reservoir  
and catchment  
area.**

- (j) it shall, upon receipt of a written notice from the Johor Government, which notice shall be given not less than 14 days, grant permission to any person or persons named therein to undertake any tourism and inland fisheries or other economic or commercial activities in the reservoir or catchment area:

Provided that PUB may, after having satisfied the Johor Government that the quality of water would be adversely affected, prohibit any such undertaking or activity in any of the said areas;

**Board's  
responsibility to  
prevent floods  
and liability to  
indemnify.**

- (k) it shall take all precautions to prevent flooding which may be caused by the construction of the Project and the water treatment plant or due to the running, operation, or maintenance of the Project and the water treatment plant;

**Minimum low  
flow.**

- (l) it shall release the required quantity of water from the Dam in order to maintain the required minimum

low flow in the Johor River and its tributaries as determined by the relevant Malaysian authority;

**PUB to indemnify State Government, etc.**

(m) it shall be liable for and shall compensate and indemnify the Johor Government, the S.S.I. and any other person in respect of any personal liability, injury, damage, loss, claim or proceedings whatsoever and howsoever arising during the construction of the Project and during the running, operation or maintenance of the Project and the water treatment plant;

**Protection, safety and security of other lands and their use.**

(n) it shall ensure that the Project and the water treatment plant shall not during their construction, after their completion, or at any time during the running, operation or maintenance of the Project and the water treatment plant affect the safety and security of -

(i) any other land whether or not such land adjoins the land for the Project, and all existing and future lawful use of such land;  
and

(ii) any existing or future utilities and services whether above, on, or below any land, including but not necessarily limited to electricity, telecommunications, water supply, gas, drainage and sewerage utilities and services, provided that such future use for such utilities and services is not inconsistent with the use of the land for the Project;

Permits and approvals.

(o) in the carrying out of its responsibilities under sub-clause (n), it shall arrange, consult, co-operate, liaise with and obtain all the necessary permits and approvals of the appropriate Authorities, and shall comply with all the conditions, orders, requirements and instructions of such appropriate Authorities in relation to such permits and approvals. The Johor Government shall however endeavour to ensure that the necessary approvals referred to above shall not be unreasonably withheld;

**Compliance with laws.**

(p) it shall comply with the provision of any Federal or State law and such rules, regulations, orders, instructions or other subsidiary legislation made thereunder;

**Malaysian Inter-Departmental Committee on Dam Safety.**

(q) it shall comply with the guidelines issued by the Malaysian Inter-Departmental Committee on Dam Safety;

**Notices and approvals.**

(r) it will give all necessary notices to and obtain all necessary approvals, permissions or sanctions of the local Authority or any other Authority that may be required in respect of the Project and the water treatment plant. The relevant local Authority or other Authority shall however endeavour to ensure that the necessary approvals herein referred to shall not be unreasonably withheld; and

**Malaysian Contractor, Labour, etc. to be employed.**

(s) unless approved by the Johor Government, it shall employ such companies, contractors, personnel, labour and, to the extent possible, equipment and materials of Malaysian origin for the Project and

the water treatment plant, provided always that such approval shall not be unreasonably withheld;

**Grant of  
Contractual  
Lease of land for  
reservoir and  
catchment areas.**

4. The Johor Government agrees that -

- (a) the State land to be utilised for the catchment area and the reservoir for the purposes of the Project, totalling approximately 21,600 hectares, the actual area and boundary to be determined on final survey, (and shown in yellow and blue respectively on the maps, copies of which are attached hereto as Enclosures "A" and "B") formerly gazetted as forest reserves, namely, the forest reserve of Kluang, Ulu Sedeli and Lenggong (including wildlife reserves therein), and that such reserves have been revoked in accordance with the relevant State laws and have since been alienated by the State Authority to the S.S.I. for the S.S.I. to grant a contractual lease of the said land to PUB for the remaining period of the 1962 Johore River Water Agreement;

**Lease  
Agreement.**

- (b) the lease agreement referred to in sub-clause (a) herein shall be subject to the terms and conditions

and in the form attached to this Agreement as  
Annexure II;

**Alienation of  
land for water  
treatment plant  
and ancillary  
works.**

- (c) it will alienate to PUB State land which will be required for the purpose of the construction of a water treatment plant and other ancillary permanent works;

**State Lease.**

- (d) the title to be issued in respect of the land referred to in sub-clause (c) herein shall be in the form of a State Lease for the remaining period of the 1962 Johore River Water Agreement; and

**Premium and  
Rent.**

- (e) the premium for the land referred to in sub-clause (c) herein shall be calculated at the rate of M\$18,000 per hectare and an annual rent at the rate of M\$30 for every 1,000 square feet of the said land. The annual rent will be subject to any revision imposed by the State Authority under the provisions of the National Land Code of Malaysia (Act No. 56/65).

**Payment in  
respect of  
claims.**

5. In addition to the payment specified in Clause 4(e) of this Agreement, PUB agrees to pay to the Johor Government immediately upon the signing of this Agreement and the Agreement between the Malaysian Government and the Singapore Government guaranteeing the due performance and observance of the terms of this Agreement a sum of M\$320 million as compensation for the permanent loss to the use of the land referred to in Clause 4(a), the loss of revenue from logging activities in the form of premium, royalty and cess payment and the one-time up front payment for the leasing of the said land, inclusive of rentals for the remaining tenure of the 1962 Johore River Water Agreement.

**Ownership of  
Linggiu Dam.**

6. It is hereby agreed between the parties that -

(a) upon the completion of the Project, the ownership of the Linggiu Dam and other ancillary permanent works in connection therewith shall remain vested in the State as the property of the State;

**Ownership of  
treatment plant.**

(b) the water treatment plant and ancillary permanent works in connection therewith belong to PUB; and

**PUB's duty to maintain.**

- (c) PUB shall until such time as they are handed over to the State Government, maintain in a good and tenable condition and state of repair the Linggiu Dam, the reservoir, the water treatment plant, buildings, fixtures, ancillary works, hydrological gauging stations, equipment and machinery and the land on which they stand.

**Ownership of water treatment plant, etc. upon expiry of State Lease.**

7. Upon the expiration of the State Lease referred to in Clause 4(d) of this Agreement, the water treatment plant and all the ancillary permanent works constructed in connection therewith shall vest in the State as the property of the State.

**Pricing formula of treated water.**

8. It is expressly agreed between the parties hereto that -
- (a) PUB shall purchase treated water from the State of Johor in excess of her entitlement of 250 million gallons per day of water under the 1962 Johore River Water Agreement at the price of either -
- (i) the weighted average of Johor's water tariffs plus a premium which is fifty per

cent of the surplus from the sale of this additional water by PUB to its consumers after deducting Johor's water price and PUB's cost of distribution and administration of this additional water, or

- (ii) 115 per cent of the weighted average of Johor's water tariffs,

whichever is higher;

Quantity of treated water to be supplied.

- (b) the Johor Government agrees to sell and PUB agrees to purchase the treated water of such an amount as may be agreed between the two parties hereto;

Delivery at agreed points.

- (c) the treated water shall be delivered to PUB at points and pressures in the State of Johor to be agreed between the parties hereto; and

Price on annual basis.

- (d) computation for the payment of the price of treated water supplied by the State of Johor to

PUB shall be done on an annual basis and at the beginning of each year of supply.

Quality of water,  
etc.

9. The Johor Government agrees that -

(a) the quality of the treated water supplied to PUB under this Agreement shall conform with the prevailing World Health Organization's guidelines for drinking water;

Emergency.

(b) except in unusual circumstances or in the case of an emergency, or where the raw water is polluted to a degree that it cannot be treated to produce water in conformity with the World Health Organization's guidelines for drinking water, or for the purpose of maintenance, the supply of treated water shall not be cut off or reduced; and

Construction of  
treatment plant,  
etc.

(c) it shall build and pay for the treatment plant and facilities, if necessary, for the treatment of water to be supplied to PUB under this Agreement.

Date of commencement of supply.

10. The supply of treated water to PUB shall commence within such period as may be agreed upon between the Johor Government and the PUB.

Johor Government's assistance.

11. The Johor Government shall render every assistance to the PUB in the discharge of its obligations under this Agreement.

Protected place.

12. The land within which the Linggiu Dam, the reservoir, the catchment area and the water treatment plant are to be situated will be declared a protected place under the Protected Areas and Protected Places Act 1959 (Revised 1983) (Act 298):

Waiver.

13. Failure by any party to enforce at any time any of the provisions of this Agreement shall not be construed as a waiver or as a waiver of any continuing breach of such provision or any other provision of this Agreement or as a waiver of any right under this Agreement.

Arbitration.

14. (a) Any dispute or difference between the parties hereto arising out of or relating to this Agreement or the breach, termination or validity thereof which cannot be resolved amicably by discussions

between the parties hereto shall be settled by arbitration in accordance with the Rules of the Regional Centre of Arbitration at Kuala Lumpur for the time being in force.

**Appointment of arbitrators, etc.**

- (b) The number of arbitrators shall be three; each party shall appoint one arbitrator and the third arbitrator shall be appointed by agreement between the arbitrators so appointed, or in default of agreement, to be appointed by the Director of the Regional Centre of Arbitration at Kuala Lumpur. Notwithstanding the provisions of the Rules of the Centre, the third arbitrator shall not be a national of any of the countries of the parties hereto.

**Venue of arbitral proceedings, etc.**

- (c) The arbitral proceedings shall be held in Kuala Lumpur or in the State of Johor and the language to be used shall be English.

**Arbitration not an excuse for non-performance of obligations.**

- (d) Where a matter is referred for resolution under this clause, it shall not prevent or constitute a valid excuse for either party from performing their respective obligations under this Agreement.

**Governing law.** 15. This Agreement shall be governed by, and be construed in accordance with, the laws of Malaysia and the parties hereto agree to be bound by the award of the arbitrators and to submit to the jurisdiction of the courts of Malaysia.

**Expiry.** 16. This Agreement shall expire upon the expiry of the 1962 Johore River Water Agreement. The parties hereto may, however, on such terms and conditions as may be agreed, extend this Agreement beyond the original term.

**Costs.** 17. (a) The parties hereto shall each bear its own solicitor's cost for the preparation of this Agreement;

(b) PUB shall bear all the costs and fees for the stamping and registration of the contractual lease referred to in Clause 4(a) of this Agreement.

**Notices.** 18. (a) Any notice, permissions, or request to be given or made under this Agreement to the Johor

Government or PUB shall be in writing and sent to or delivered at the respective address specified below -

For the Johor Government

Pejabat Setiausaha Kerajaan,  
Aras 1, Bangunan Sultan Ibrahim,  
Bukit Timbalan,  
80503 Johor Bahru.

For PUB

Chief Executive's Office,  
16th Floor, PUB Building,  
111 Somerset Road,  
Singapore 0923.

- (b) Any such notice, permission or request shall be deemed to have been sufficiently given or made if left at, or sent by registered post to the respective address set out in sub-clause (a) and in the latter case shall be deemed to have been served on and duly received by the other party on the date on which it would have been received in the ordinary course of post.



## ANNEXURE I

### 1. DESCRIPTION OF THE PROJECT (CLAUSE 1(c))

The Project to be constructed in the district of Linggiu, State of Johor comprises the following:

- (a) Linggiu Dam, an earthfill embankment with an impervious clay core having a height of approximately 42 metres and containing approximately three million cubic metres of fill;
- (b) other ancillary permanent works in connection with the Linggiu Dam comprising four earthfill saddle embankments containing approximately two million cubic metres of fill in total, a reinforced concrete drawoff tower having a height of approximately 52 metres, spillway, stilling basin, access roads, bridges and other related works; and
- (c) at least four hydrological gauging stations.

2. **DESCRIPTION OF THE NEW WATER TREATMENT PLANT  
(CLAUSE 3(i))**

The new water treatment plant for treating raw water comprises an intake, treatment process units for aeration, flocculation, sedimentation and filtration, and other permanent components such as clear water tank, pumping station, power substation, administration building, chemical store rooms, quarters, mechanical and electrical installation, sludge treatment and disposal facilities, where the site for such sludge disposal must be adequately rehabilitated.

## ANNEXURE II

(Clause 4(b) of the Agreement).

### LEASE AGREEMENT

THIS AGREEMENT is made the 24th day of November, 1990 between the State Secretary, Johor, a body corporate established under the State Secretary, Johor (Incorporation) Enactment, 1953 and having its principal office at Pejabat Setiausaha Kerajaan, Aras 1, Bangunan Sultan Ibrahim, Bukit Timbalan, 80503 Johor Bahru (hereinafter referred to as "the Lessor") of the one part and the Public Utilities Board of the Republic of Singapore having its principal office at PUB Building, 111 Somerset Road, Singapore 0923 (hereinafter referred to as "the Lessee") of the other part.

WHEREAS the Lessor is the registered proprietor of all that piece of land held under H.S.(D) 1647 and H.S.(D) 1648 in the District of Mersing, H.S.(D) 25314 in the District of Kluang and H.S.(D) 8573 in the District of Kota Tinggi and totalling approximately 21,600 hectares, the actual area and boundary to be determined on final survey, (hereinafter referred to as "the said land"):

AND WHEREAS the Lessee has applied to the Government of the State of Johor to develop the said land for the construction of the Linggiu Dam and for the purpose of the reservoir and catchment area (hereinafter referred to as "the Project") for the supply of water pursuant to the 1962 Johore River Water Agreement signed between the Government of the State of Johor and the City Council of the State of Singapore and its successors in title on the 29th day of September 1962 (hereinafter referred to as "the 1962 Johore River Water Agreement"):

AND WHEREAS the Government of the State of Johor has approved the said application and for the said purposes has alienated the said land to the Lessor and the Lessor shall herein grant to the Lessee a lease over the said land for the remaining period of the 1962 Johore River Water Agreement:

NOW IT IS HEREBY AGREED as follows:

1. In consideration of the premises herein, the Lessor hereby grants to the Lessee and the Lessee hereby accepts the lease over the said land for the period remaining under the 1962 Johore River Water Agreement to develop the said land and undertakes thereon the Project upon terms and conditions hereinafter contained which shall be read together with the Agreement dated the 24th day of November 1990, entered into between the Government of the State of Johor and the Public

Utilities Board of the Republic of Singapore (hereinafter referred to as "the said Agreement").

2. COVENANTS BY LESSOR

- (a) The Lessor shall deliver vacant possession of the said land to the Lessee upon registration of the lease under the National Land Code, 1965 and pending delivery of possession of the said land to permit the Lessee, its agents and servants to enter the said land for purposes related to the implementation of the Project.
- (b) The Lessor shall procure the relevant authority to take all steps necessary to remove or relocate all persons (if any) presently in occupation of the said land before delivery of vacant possession of the said land to the Lessee.
- (c) The Lessor will endeavour to render all assistance to the Lessee to do all such reasonable things requested by the Lessee as may be necessary for the carrying out of the Project.

3. COVENANTS BY LESSEE

- (a) The Lessee shall pay to the Government of the State of Johor the sum stipulated in Clause 5 of the said Agreement for the grant of the lease over the said land by the Lessor.
- (b) The Lessee shall within six (6) months from the date of delivery of vacant possession of the said land by the Lessor submit all the building plans and drawings related to the Project to the Government of the State of Johor and other relevant Authorities for their approval.
- (c) The Lessee shall obtain all the necessary permits and licences from the relevant Federal and State Authority (whenever required) in respect of any work to be carried out on the said land in the implementation of the Project.
- (d) The Lessee shall use the said land for the purposes of the Project consistent with the approved building plans.

- (e) The Lessee shall consult with and obtain the Lessor's consent if the Lessee wishes to undertake any development or reconstruction of the Project which departs from the approved building plans.
- (f) The Lessee shall be responsible to maintain and upkeep all such parts of the said land in a proper manner including all the boundary marks and to permit the Lessor or its representatives reasonable access to inspect the same.
- (g) The Lessee, its agents and servants in undertaking the Project shall allow the Lessor and its representatives all reasonable access to the said land to inspect the progress of the Project.
- (h) The Lessee shall upon commencement of the construction of work on the Project secure the efficient maintenance and operation of the Project, in particular the general characteristics of run-off in the catchment area should be preserved and all necessary steps should be taken to prevent as far as possible the said land from being liable to lead to soil erosion or flash flooding.

- (i) The Lessee shall at all times during the period of this lease effect and maintain adequate insurance coverage which shall comply with the laws of Malaysia. This coverage shall include public liability insurance.
- (j) The Lessee shall not transfer, charge, sublet or otherwise part with the possession of the said land without the prior consent in writing of the Lessor.
- (k) The Lessee shall comply with and be subject to the statutory requirements of the National Land Code 1965 and rules made thereunder.
- (l) The Lessee shall indemnify the Lessor against all actions, claims, demands, damages and expenses, whatsoever which may be taken, made or claimed against the Lessor arising out of the use of the said land for purposes related to the Project.

4. SUCCESSORS

This Lease Agreement shall be binding on the Lessor and Lessee, their respective successors in title or assigns.

IN WITNESS WHEREOF THE PARTIES HEREBUNTO HAVE SET THEIR  
HANDS AND SEALS ON THE FIRST ABOVE-WRITTEN DAY AND YEAR.

The Corporate Seal of THE  
STATE SECRETARY, JOHOR  
has hereunto been affixed  
in the presence of:

The Common Seal of THE  
PUBLIC UTILITIES BOARD,  
SINGAPORE has hereunto  
been affixed in the  
presence of Lee Yong Siang,  
Chief Executive, and  
Ong Ho Sim, Director,  
Water Department, the  
person duly authorised  
by the Board in that behalf:

.....  
STATE SECRETARY  
JOHOR

.....  
CHIEF EXECUTIVE  
PUBLIC UTILITIES BOARD  
SINGAPORE

.....  
DIRECTOR  
WATER DEPARTMENT