The Power of Ethnic Politics in Foreign Policy Making Decisions: A Comparison of Malaysia's Mahathir and the Philippines' Duterte on the Belt Road Initiative

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Abstract

Malaysia's rejection of China's Belt Road Initiative came as a shock to the international community. In order to understand the driving forces behind this rejection, this paper aims to create a structured approach to examine plausible factors that could lead to this policy decision such as economic, geopolitical, and domestic factors. Upon examining these factors in comparison to the Philippines, which accepted the Belt Road investments, I find that domestic ethnic politics serve as a catalyst for Prime Minister Mahathir's decision to reject China's Belt Road Initiative.

Keywords: *Domestic Ethnic Politics, Foreign Policy, Belt Road Initiative*

1. Introduction

IN 2014, China announced the Belt Road Initiative (BRI), which is an investment plan of over $1 trillion to foster development and trade between China and 65 countries (*Belt and Road Initiative* 2018). Through this initiative, China aims to create "a harmonious and inclusive society" by lending developing countries capital to help build infrastructures ("The Belt and Road Initiative: Win-win Cooperation and Common Development." 2018). As the BRI spans over 65 countries, recipient countries and the international community have had various reactions towards the initiative. While the BRI is seen by many recipient countries as a good opportunity for infrastructural and economic development, discourse framing the initiative as a "debt trap" is also prominent (Taplin 2019).

In August 2018, Mahathir Mohamad, who served as Malaysia's Prime Minister from 1981 to 2003, was re-elected into office. Shortly after he took office, he announced a halt of the BRI, making Malaysia the first recipient country to reject the investment. Mahathir's rhetoric is mainly centered around Malaysia's economic situation and the concern that China's investment plans will "bankrupt" Malaysia as it may be unable to repay its debts to China (Erickson 2018).

The impact of the BRI in Southeast Asian countries is often neglected, even though scholars have described Southeast Asia as the most strategic region for China's BRI to succeed (Scobell et al. 2018). In this paper, I compare and explain the Philippines and Malaysia's contrasting responses towards the Belt Road Initiative, where they have accepted and rejected the investment respectively. I compare these two countries through three different lenses: economics, geopolitics and domestic politics. Both countries' similar economic situations, geopolitical relations with China, and autonomy of their political leader are plausible explanations for rejecting the BRI. However, the case of the Philippines acts as a counter-argument that proves these explanations to be plausible but not comprehensive. After examination, Malaysia's unique domestic ethnic politics between ethnic Malays and Chinese is found to be the facilitating factor of Mahathir's rejection of China's investment plans.

2. Case Selection and Methods

This paper is motivated by Prime Minister Mahathir's public rejection of the Belt Road Initiative investments. Although international discourse surrounding the BRI frames the initiative as a "debt trap diplomacy", no other country has ever rejected it (Taplin 2019). "Debt trap diplomacy" in this case refers to China extending excessive credit to a recipient country. In cases where the debtor country is unable to pay its debt, China could gain economic or political concessions. One commonly cited example is Sri Lanka's lease of Hambantota Port to China due to its inability to repay its debt (Abi-Habib 2018). While Mahathir has quoted Malaysia's economy and debt ratio as the main reasons for rejecting the Belt Road Initiative, this paper aims to find the true underlying factors that drove this decision.

I use a comparative approach by selecting the case of another country that is similar to Malaysia but has accepted the Belt Road Initiative. In the pool of coun-

tries that accepted the investments, I targeted countries within Southeast Asia. I define Southeast Asia by the regional bloc, Association of Southeast Asian Nations (ASEAN), which includes Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam (*ASEAN Member States* n.d.). I chose this region due to its geographical proximity to both Malaysia and China. I hope a comparative study of both countries within ASEAN can shed light on the differences within a region that has so often been generalized and viewed as one single entity.

The contentious debate on whether the Belt Road Initiative is a debt trap or not is fueled by politicians and scholars. The Sri Lankan port has commonly been cited as an example for those claiming that the BRI forms a debt trap. However, scholars argue that China is not to blame for Sri Lanka's debt problem. Economists Weerakoon and Jayasuriya argue that Sri Lanka's debt problem is not caused by China because Chinese loans only account for 10 percent of Sri Lanka's total foreign debt (Weerakoon and Jayasuriya 2019). Additional research published by John Hopkins University's China–Africa Research Initiative and Boston University's Global Policy Development Center also argues that the BRI has been mischaracterized and finds scant evidence that China has malicious motives in their lending practices (Ray and Wang 2019). According to the World Bank, the BRI itself is a project that could "transform the economic environment in which economies in the region operate", bringing transcontinental impact (*Belt and Road Initiative* 2018). Given both the long-term nature of loans and the early stage of large-scale infrastructural development projects, it is extremely hard to show whether it is a debt trap. Given the ongoing nature of the Initiative, I have assumed the BRI as an investment with the capacity for economic development.

Using John Mill's method of difference, I compared ASEAN countries using economic factors (GDP per capita, GDP per Purchasing Power Parity (PPP), national debt, and the Belt Road Initiative's investment size), geopolitical disputes with China, and domestic politics (state institution, individual leader's interest, and domestic opinion). I find the Philippines to have the most comparable situation with Malaysia with regards to these factors. By comparing these factors between the Philippines and Malaysia, I used Mill's method of difference to single out Malaysia's domestic ethnic tensions as a facilitator to Mahathir's rejection of the investment plan. This research also steers the discussion of the BRI in a different direction, away from notions of a debt trap. From this analysis, this paper aims to also look at the effect of domestic ethnic politics on foreign policy making. In this paper, I collect and analyze secondary data to understand the decision-making process in Malaysia and the Philippines. These sources include academic journals, international newspaper articles, official government published statements, and intergovernmental organizations.

3. Literature Review

Robert Putnam's influential text *Diplomacy and Domestic Politics: The Logic of Two-Level Games* puts international negotiations into two different negotiation sets consisting of domestic and international factors (Putnam 1988). Putnam considers these two sets as the two-level game, where decision-makers are constrained by different stakeholders, such that they have to consider the repercussions of decisions at both national and international levels.

Within the two-level games, Taras argues that culture should be an element of examination under domestic factors, where "national culture and identity – domestic factors – serve as the repositories of state interests, *making them salient*, if not decisive, in the making of foreign policy" (Taras 2015). Hence, the examination of the domestic culture and demographics are vital to foreign policy making, as these factors are a part of domestic politics. Taras characterizes domestic politics by using a metaphor of a Russian doll, in which upon opening the largest Russian doll, "the next largest one tucked inside it is named culture. Open that doll and we find a smaller doll representing citizens' values and attitudes. And the smallest doll of them all – the inner core or nucleus – is made up of fears" (ibid.).

Fear is instrumental for political actors to redirect policy agendas, especially in cases of domestic ethnic violence (Petersen 2002). Wilkinson adds on by saying that political actors use domestic ethnic riots as a means to construct and solidify ethnic cleavages (Wilkinson 2004). In the case of Malaysia, the 1969 ethnic riots gave the ruling party the opportunity to introduce affirmative actions that made ethnic identities more salient. However, there are exceptions to Wilkinson's argument, where ethnic riots are used as opportunities to assimilate different ethnic groups. In the case of the Philippines, conflict between Chinese and Filipinos have led the government to encourage Chinese assimilation into local Filipino culture. Now, Chinese-Filipinos are "no longer [considered as] Chinese" (Go 1972). Chandra outlines this change in ethnic identity as a reaction towards the political and economic processes, a product of a human-engineered process (Chandra 2012). Acknowledging that ethnic identity is a constructed ideology utilized by political actors, we move back to Putnam's

two negotiation tables.

In Putnam's two-level game, not only do international and domestic negotiations constrain each other but by virtue of having different objectives in different negotiation tables, there are trade-offs to different decisions. More importantly, these trade-offs are accompanied by different risk factors. Putnam describes this trade-off by stating that "at the international level, national governments seek to maximize their own ability to satisfy domestic pressures, while minimizing the adverse consequences of foreign developments" (Putnam 1988). Lamborn frames such trade-offs as different risks, namely political risk and policy risk. In order to decrease political risk, political actors seek to maximize their ability to satisfy domestic interests, as "the probability that policy choices will have adverse effects on the political position of the policy-making actor" decreases (Lamborn 1997). Policy risk decreases by minimizing the adverse consequences of foreign developments, which is defined as "the risk of certain policies not achieving the intended goals."

While both political and policy risk affect a political actor's influence domestically, policy risk is not limited to domestic policy but also foreign policy. Lamborn continues by outlining that "in situations in which the policy and political incentives cut in different directions, the higher the political risks attached to options with a low policy risk, the more likely it is that actors will be drawn toward options that trade an increase in the level of policy risk for a decrease in political risks" (ibid.). In this case, lowering political risk means satisfying the domestic constituency, even if that translates to an increased risk of the ineffectiveness of the policy. Similarly, Farnham argues "not only that decision-makers consider domestic political factors when making foreign policy decisions, but also that they consider them first," suggesting that domestic constraints powerfully affect the foreign policy making process (Farnham 2004).

I argue that Mahathir's rejection of the BRI stems from his need to satisfy his domestic constituency, ethnic Malays, who are insistent on their ethnic rights and also fearful of the consequences of their economic subordination to the Chinese. Although the influx of investment could improve the Malaysian economy and minimize policy risk, the dissatisfaction generated from the acceptance of Chinese capital increases Mahathir's political risk. Facing a Catch-22, Mahathir chooses to lower his political risk by rejecting the BRI, even though this decision may slow down Malaysia's economic development, which increases policy risk. In the Philippines, on the other hand, Duterte's domestic constituency is most concerned about the economic development of the country, which is aligned with Duterte's desire to accept the BRI. The aligned interest allows Duterte to actively pursue a closer relationship with China.

Mahathir's decision not only demonstrates the trade-off an actor makes in order to satisfy their domestic constituents but also highlights the autonomy of individual actors. Political leaders are not just pawns of their constituencies; they actively shape their constituencies' priorities to some extent. Jones further illustrates this by saying "politicians are a critical key to aggregation", asserting that decision-makers shape public priorities and views through prioritizing different policy concerns (Jones 1994).

Leaders' strategic framing of different issues is critical in this regard. Snow and Benford conceptualize strategic framing as the intention to "mobilize potential adherents and constituents, to garner bystander support and to demobilize antagonists" (Snow and Benford 1988). Illustrating this argument is Mahathir's framing of Malaysia's rejection as an economic concern, where he has tactfully pointed out the economic disparity between ethnic Malays and Chinese, a deeply rooted societal concern in Malaysia. By constructing this economic argument, Mahathir demonstrates his concern for the majority of his constituents, ethnic Malay, while reinforcing differences between Malays and Chinese.

The rise of Duterte and Mahathir can be understood through the power of their strategic framing, which connects deeply with the society's belief system. Hudson states that "the rise of nation's leaders are in part because they articulate a vision of the nation's role in world affairs that corresponds to deep cultural beliefs about the nation" (Hudson 2013). His views on successful strategic framing circle back to Taras' assertion that the core of domestic structures is fear. In the case of Malaysia, the fear of Chinese Malaysians' growing economic and political power is core to the domestic politics that constrains Prime Minister Mahathir's rejection of the Belt Road Initiative. However, Mahathir has chosen to be responsive to that fear, more so than his predecessors. This is not to say that Filipinos in the Philippines do not fear the growing influence of China, but rather that the lack of economic and social mobility is more frightening.

In order to understand the critical relationship between political actors and domestic politics, I will closely examine these two factors using the case of the Philippines and Malaysia by examining the domestic context and how both Duterte and Mahathir outline their visions for their countries based on their respective political climate.

4. The economy, geopolitics and domestic politics

Foreign policy decision making is often described as a black box, where "first-hand observation of the decision-making process is generally off-limits to political outsiders" (Taras 2015). By comparing the economy, geopolitics, and domestic politics in Duterte and Mahathir's foreign policy making processes, I point out various similarities between the Philippines and Malaysia. These similarities are inconclusive when pinpointing a causal factor of the different policy decision outcome. This is not to say that none of these factors play into the decision-making process, but these factors by themselves do not provide a comprehensive explanation. The most significant factors of political autonomy allow both leaders to set the agenda of their respective countries, which adds importance to understanding individual political leaders. While Duterte prioritizes economic development, Mahathir believes that "economic development must not become the be-all and the end-all of our national endeavors" (Wicks 1971). The differences in individual priorities shift their policy decisions as well.

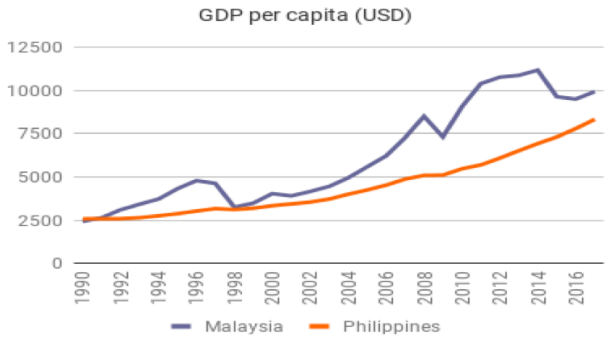

Figure 1: *GDP per capita (USD) of Malaysia and the Philippines Data collected from World Bank. (*GDP growth (annual %) *n.d.)*

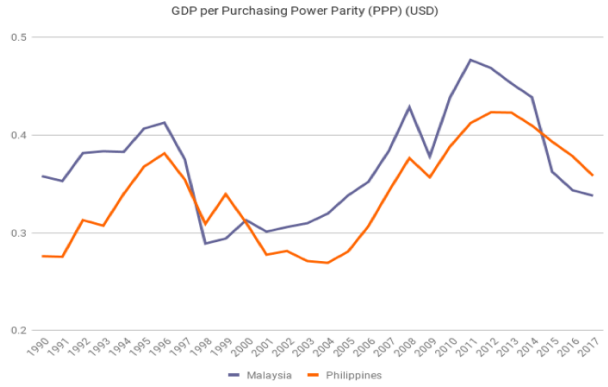

Figure 2: *GDP per PPP (USD) of Malaysia and the Philippines Data collected from World Bank. (*GDP, PPP (current international $) *n.d.)*

4.1. Economy

One possible explanation for Malaysia's rejection of the Belt Road Initiative is economic: Malaysia is economically stronger than the Philippines and does not need the same volume of investment. According to the World Bank, the Philippines is a lower middle-income country, while Malaysia is an upper middle-income country (*The World Bank in Malaysia* n.d.; *The World Bank in the Philippines* n.d.). However, since 2015, the GDP per capita (PPP) of Malaysia has fallen. Although Malaysia has a higher GDP per capita, its purchasing power is lower than that of the Philippines. In other words, Malaysia's higher GDP per capita does not necessarily correlate with a higher purchasing power and it may be insufficient to conclude that the economy of Malaysia is better off than that of the Philippines.

Mahathir's main reason for halting the Belt Road Initiative is Malaysia's economy and its debt-to-equity ratio [1]. However, if we look at the debt to Gross National Income of both countries in Figure 3, the values are quite similar. Although Malaysians earn more, their debt level is also proportionally higher. This raises questions of whether these economic reasons are conclusive enough to explain Malaysia's rejection.

In addition to similar economic situations, both countries enjoy very similar economic relations with China. Filipino-Chinese economic relations have improved dramatically since Rodrigo Duterte came to power in 2016. There has been a steady increase in both imports and exports from the Philippines to China. According to the Philippine Statistics Authority's report, so far in 2019, imports from China amounts to 2 billion dollars, while exports to China amounts to 640.8 million dollars (Bersales 2019). Comparatively,

[1] Upon examination of 5 newspaper outlets (The New York Times, Forbes, Financial Times, The Strait Times, South China Morning Post), all of them have quoted Mahathir's economic reasonings

Malaysia and China have had a long-standing, thriving bilateral trading relationship. According to Malaysia's Department of Statistics report in 2019, imports from China amount to 17.9 billion dollars and exports to China add up to 11 billion dollars. China is currently Malaysia's biggest trading partner (Mahidin 2019). Both countries import more from China than they export to China, and Malaysia relies more heavily on a healthy Sino-Malaysian relationship than the Philippines due to their magnitudes in trade, which prompts even more speculation surrounding Mahathir's decision to pull out of the BRI.

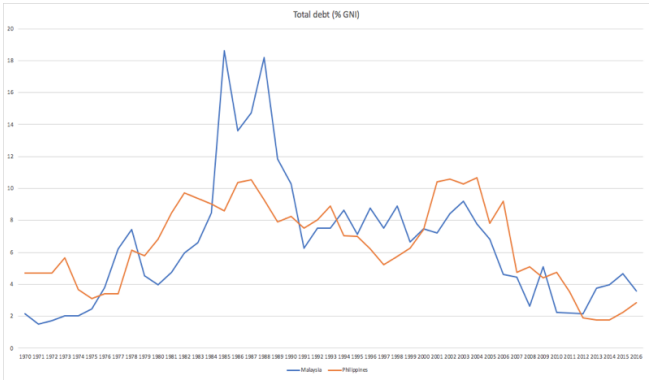

Figure 3: *Total debt in percentage of the Gross National Income Data collected from World Bank. (*Total Debt Service (% of exports of goods, services and primary income) *n.d.)*

When Mahathir announced Malaysia's withdrawal from the BRI, discussions surrounding whether Mahathir is against China ballooned. Mahathir has repeatedly emphasized that he is not against China, and as he sticks to the rhetoric that China is a "valued partner" to Malaysia, he references Malaysia's friendly relations with China "even when China was a very poor and backward country" (Sukumaran 2019). This rhetoric, intended to demonstrate his loyalty towards China, gains credibility if we remember that Mahathir was the Prime Minister who first started bilateral trade relations with China. One should also not underestimate the economic influence of China in Malaysia, as China is the biggest trading partner and a big investor in Malaysia. While renouncing their relationship would not be favorable for Malaysia's economy, Mahathir is also not oblivious to the non-economic influence of China. Mahathir openly admits that "[Malaysia] has put [itself] in a position where China has strong influence on [its] economy and maybe even [its] politics" (Jaipragas 2019). Mahathir faces a dilemma, in which the Malaysian economy depends heavily on Sino-Malaysian relations.

Previous Malaysian Prime Minister Najib Razak framed the BRI as a boost for the economy. Although large infrastructural investments are often viewed as an opportunity for job creation for local citizens, this is not the case for projects under the BRI as Chinese construction companies often own and control the entire supply chain. Mainland Chinese companies taking up lucrative construction contracts have been viewed as undesirable by Malays, for the latter are not able to compete with Chinese businesses that exclusively employ Chinese labor (Leong 2017). Mahathir illustrated this situation in his keynote speech in congress on September 1st 2018, where he said, "what we want is a foreign investment – for them to set up factories and that the workers are Malaysians and not foreigners" (Dancel 2019).

These monetary investments also raise questions about Malaysia's sovereignty. Mahathir once described the BRI as "not Chinese investment but a [Chinese] settlement" (Beech 2018). Questions surrounding China's neo-colonialist motives revived as Mahathir cautions against letting in large numbers of Chinese workers as it would "disturb the political equations" (Dancel 2019). Once again suggesting that the growing Chinese community in Malaysia is a threat to Malaysia. However, since China is Malaysia's largest trading partner, it is important to acknowledge that the Malaysian government has subdued this particular sovereignty issue in order to maintain a working bilateral relationship.

In the course of understanding the economic and political power of China has Malaysia, it is important to note that Mahathir does not view Malaysia as having their hands tied by China, either. His public statements emphasize that "it is all up to [them]" (ibid.). Malaysia being the first country to reject and reexamine their BRI involvement gives a renewed sense of agency to Malaysians, whilst also acting against the narrative of the Belt Road Initiative being a debt trap to helpless developing countries. The rejection contests the idea that developing nations do not have the power to say "no" to China. Acknowledging that the Belt Road Initiative's impact is not limited to the Malaysian economy, and spreads over to political arenas, I also examine aspects of geopolitics and domestic politics.

4.2. Geopolitics

The second potential explanations for the difference in Malaysian and Filipino responses to the BRI are broader geopolitical dynamics and conflicts. The South China Sea is an important issue within Southeast Asia, which also forms the regional bloc, the Association of Southeast Asian Nations (ASEAN). ASEAN highlights themselves as a regional bloc of "one vision, one identity, one community" within all 10-member states (*ASEAN Member States* n.d.). The formation of ASEAN is to har-

ness the power of these 10 countries to counterbalance the growing influence of China. In a survey conducted by the Institute of Southeast Asian Studies, 62 percent of the respondents believe that "ASEAN is becoming the arena for major power competition." As we experience China's growing influence, we can foresee ASEAN as a major battlefield for the United States and China (*ASEAN Member States* n.d.).

According to Arase, "The South China Sea is a shallow semi-enclosed sea in the heart of maritime Southeast Asia that is critically important to economic and geopolitical order at national, sub-regional, macro-regional, and global levels" (Arase 2017). The South China Sea's strategic location sustains Indo-Pacific integration, connecting Southeast Asia to East Asia and also the economies from the Pacific Rim to the Indian Ocean via Malacca (Malaysia) and Sunda Straits (Indonesia). Control over the South China Sea is not only relevant to a country's sovereignty, but also to the ASEAN countries' economic development because it provides a strategic passage that carries one-third of global shipping (*Review of Maritime Transport* 2016). Its economic impact on neighboring countries has hence created a long historical tension between China and ASEAN countries.

Figure 4: *China's nine-dash line claim of its seawaters. (Pesek 2017)*

Sino-Philippine relations have been turbulent for the past four decades, mainly due to their territorial disputes regarding the South China Sea. The Philippines has historically viewed China as a dominant security threat, heightened due to China's claim over waters in the South China Sea. Although the first diplomatic relations started in 1975, they have constantly been challenged due to conflicts regarding the South China Sea, the Philippines' recognition of Taiwan as an independent sovereignty, and Philippines' alliance with the United States (Zhao 2012). In 2012, President Benigono S. Aquino III filed an arbitration case through the International Tribunal on the Law of the Sea contesting China's destructive fishing practices, island-building and territorial claims (Domingo-Almase 2017). This greatly affected Sino-Philippines relations and it did not improve until Duterte administration, which turned against longstanding Philippines-US relations and sought to reinforce bilateral ties with China.

Compared to the Philippines' approach with regards to the South China Sea, Malaysia has approached this issue through "quiet diplomacy" by communicating its concerns with Beijing privately rather than "air them publicly and proving more willing to bolster bilateral ties in spite of the dispute" (Parameswaran 2016). This approach is viewed as more diplomatic, as excessive media attention could induce nationalistic sentiments against China by the public (Lockman 2015). It also opens more room for engagement and discussion while avoiding citizen involvement, which prevents Chinese hostility towards Malaysia (Zainul 2017).

Despite China's claim on the nine-dash line (as depicted in Figure 4), which includes four-fifths of Malaysia's Exclusive Economic Zone – an area that contains most of Malaysia's active oil and gas fields – Malaysia was the first ASEAN country to normalize ties with China. It is important to note that it was Mahathir who established Malaysia's trading relations with China during his first tenure as Prime Minister, he established trade relations with China. During this tenure, the perceived threat by China was subtle, thus allowing Mahathir to prioritize the economy rather than geopolitics (Liow 2000). Sovereignty-induced tensions surrounding the South China Sea have never been completely resolved in either country. Both Malaysia and the Philippines have experienced periods of heightened tension followed by periods of détente. Hence, foreign relations with China are not conclusive enough to be an explanation for the diversion away from the BRI.

4.3. Domestic Politics

In Rolland's China's Eurasian Century? Political and strategic implications of the Belt and Road Initiative, Chinese commentators have cited two main domestic challenges towards the Belt Road Initiative in recipient countries: fluctuations in political leadership and public uneasiness about China's increasing influence (Rolland

2017). The first factor is domestic political fluctuations. According to Rolland, the "interest in implementing Belt Road Initiative fluctuates" as domestic leadership alternates, which creates instability in these large-scale infrastructure plans as "they might suspend ongoing negotiations or question agreements previously reached" (ibid.). In fact, Duterte and Mahathir have pivoted from their predecessors' traditional foreign policies. Since Duterte's rise to power, the Philippines has turned its back against the United States in favor of China. Meanwhile, Malaysia has changed course regarding the Belt Road Initiative since the return of Mahathir, causing major stirs in the international community regarding the bilateral relationship between Malaysia and China.

These two pivots are facilitated by the significant autonomy harnessed by both leaders due to institutional characteristics of parliamentary democracies in the Philippines and Malaysia. In both countries' systems, the state leaders exert significant autonomy when it comes to policy making. In the Philippines, the political system has been characterized as patrimonial (Quimpo 2007). Combined with this political system is the nepotistic appointment of government officials, allowing Duterte to hold significant decision-making power (Syjuco 2018). In the case of Malaysia, its political system has been described as a "pseudo-democracy" and "a resilient form of authoritarian rule" (Case 2004). The country is a plural society with ethnic cleavages that gives politicians the opportunity to utilize these differences to prevent collective action. As different communities are unable to join hands and act together, Malaysia's leader and the ruling party hold much of the decision-making power.

This critical change of power combined with their respective state institutions give Duterte and Mahathir the autonomy to determine policy directions, allowing them to be key actors in the development of the BRI. Thus, political fluctuations matter when explaining the difference in Malaysia's and Philippines' recent stances toward the initiative, but it is still imperative that we explain precisely how and why. The second domestic challenge faced by the BRI in recipient countries is public opinion. Public uneasiness about China's increasing influence is reflected in a report published by The Institute of Southeast Asian Studies in January 2019. The survey finds that large percentages of respondents from the Philippines (38.7 percent) and Malaysia (51.8 percent) fear being drawn into China's orbit through the BRI (Mun et al. 2019). The report also finds that 78.6 percent of Filipinos and 84.2 percent of Malaysians believe that their respective governments "should be cautious in negotiating Belt Road Initiative projects, to avoid getting into unsustainable financial debts", as opposed to having more extreme views like "avoid participating in BRI projects" and "the BRI benefits outweigh the potential economic and political fallouts" (ibid.). Moreover, recent polling data suggest that Filipinos are increasingly skeptical about Duterte's soft approach towards China. Perhaps both Duterte and Mahathir face similar negative public outlook towards China.

In the face of negative public discourse regarding China and the leaders' respective relationships with China, foreign policy making power exercised by the leaders of both countries has led to different responses. Duterte was not responsive towards said fears from his domestic constituents as he leaned even closer to China since he took office.

At the same time, Mahathir's rejection of the Belt Road Initiative could be interpreted as a partial reaction to satisfy his domestic constituents. However, his rejection also goes against the wishes of his domestic constituents, the majority of which believe the benefits of the BRI outweigh economic and political fallouts (ibid.). Mahathir's decision-making process seems to be more complicated than merely relying on domestic wishes. However, one should consider the limitations of this survey, where the ethnicity of the respondents was not recorded and Mahathir's main supporters are primarily ethnic Malays. Regardless, both cases echo Jones' idea that individual political leaders' personal policy priorities are critical (Jones 1994). In order to fully understand how domestic politics affect the outcome of the Belt Road Initiative, it is vital to examine these individual actors' vision for their countries.

4.3.1 Duterte and Mahathir's visions for their countries

Duterte's vision 2040 (Appendix A) and Mahathir's vision 2020 (Appendix B) are both grounded in three key areas: economy, social wellbeing and social progress. First, both leaders view economic development as being vital. However, the way they frame these aspirations is very different. Duterte's vision details a more tangible and pragmatic approach towards addressing economic development, while Mahathir presents a more ideological and theoretical vision. Duterte's vision outlines tangible ways of economic development, such as "maintain current macroeconomic policies", "tax reform", "accelerate annual infrastructure spending", "increasing agricultural and rural enterprise productivity and rural tourism", and "encourage [land] investments". Out of the 11 points of his vision, Duterte's administration spent 6 points describing concrete steps in pushing the Philippines into a "middle class society where no one is poor" (*Philippine Development Plan 2017-2022* n.d.).

Compared to Duterte's approach, Mahathir's Vision is less pragmatic. His main framework for economic development is to have an "economically-just" and "prosperous" society, with "a fair and equitable distribution of wealth." He also emphasizes the importance of integration between the economy and race, where no race should be identified with a specific economic function. Out of the 9 points of his vision, only 2 points directly address Malaysia's economic development. Even so, Mahathir's economic vision is more abstract than Duterte's, where he refrained from outlining the specific measures to address issues such as racial economic integration. Second, citizens' social wellbeing is a key area for both Duterte and Mahathir. However, the interest within the realm of social wellbeing is markedly different. Duterte's vision emphasizes social welfare initiatives that "protect the poor against instability and economic shocks" and "enable poor couples to make informed choices on financial and family planning". Similar to the differences with Mahathir's economic vision, Duterte's social vision has a lens of addressing social wellbeing in primarily economic ways. On the other hand, Mahathir's vision focuses on "establishing a united Malaysian nation with a sense of common and shared destiny". This overarching narrative of Malaysia as one nation is reiterated in 5 out of 9 points of his vision. It focuses on Malaysian society being recognized as "subservient to none", "mature, liberal and tolerant", where Malaysians of all colors are "free to practice and profess their customs, cultures and religious beliefs and yet feeling that they belong to one nation". In his vision, Mahathir conceptualizes a united society as one in which there is no "identification of race with economic function [or] the identification of economic backwardness with race." This is consistent with Malaysia's long-standing affirmative action for ethnic Malays, the Bumiputera policies, aimed at minimizing the economic inequality between them and the Chinese, the country's second-largest ethnic group. This policy stems from the idea that "Malaysia's racial problems cannot be resolved if economic differences between the two major communities are not narrowed" (Wicks 1971). Thus, the underpinning of Mahathir's social vision is not only economic, but also addresses the economic inequalities between ethnic groups in Malaysia.

Third, both leaders are focused on social progress. Duterte focuses on "human capital development" and "[enhancing] innovation and creative capacity toward self-sustaining, inclusive development." Meanwhile, Mahathir focuses on creating a "mature democratic society" and a "contributor to the scientific and technological civilization of the future". These visions are different: Duterte focuses on matching Filipinos' skills set with the domestic market demand, while Mahathir focuses not only on economic development—creating innovations that put Malaysia in the global frontier of technological advancements—but also on political development.

Duterte's focus on economic development is also demonstrated in multiple public statements. Duterte's administration has dedicated a website for Duterte's "build, build, build" campaign, which aims to build large scale infrastructures. Duterte has already pledged 171 billion dollars for these megaprojects (Borbon 2019). Duterte's commitment to foreign investment has been acknowledged by the Chief Executive Officer of Metro Pacific Investment Corp, a major infrastructure developer in the Philippines, where he said "[the government is] on the right track by focusing on infrastructure and increasing tax efficiency. Building up infrastructure is good so foreign direct investments will come in and that they are coming in for the right reasons" (Gonzales 2018). Duterte's focus on economic development of the Philippines is also recognized by the Ayala Corporation, the country's oldest conglomerate, where the Chief Operating Officer stated that "we're really in a very, very good spot right now in this country. The business community's wish is for that growth to continue" (ibid.). His robust focus on economic development is supported by a 6.7 percent GDP growth in 2017 compared to a 6.0 percent GDP growth in 2015. As evident in statements by business tycoons and GDP growth, Duterte prioritizes developing the Filipino economy.

While Mahathir's Vision emphasizes national unity as the ultimate goal for Malaysia, he views the elimination of ethnic-based economic inequality as the key means to achieving unity. In his book The Malay Dilemma, he asserts that "it should not be wrong for the Malays to cling to a system which can elevate them to the status of other races, thus creating a more equitable society" (Mohamad 2008). The "system" here refers to affirmative action for ethnic Malays, which he has long supported. Mahathir's belief is also reflected in multiple public statements. In his speech addressed to his political party in December 2018, he emphasized that "the party was formed for the Malays" (NSTP 2018). Further, he also called for the public to "believe that the Malays are capable of saving themselves. Believe that only the Malays can save the Malays" (Asia 2018). Especially in the context of the economic gap between Chinese and Malays, he says, "we have to admit [Malays'] weakness and protect ourselves until we can compete with [the Chinese]" (Rodzi 2018). Mahathir also describes the affirmative action for Malays as a "walking stick" to help the "weak" [Malay] race. However, at the same time, he also illustrates his commitment to eliminate

such affirmative actions once the "race's ability to walk has been restored." Such a "walking stick" should be eliminated as "people can live more comfortably and perfectly", addressing the commitment to assist Malays to become more economically competitive until Malays are able to compete with the Chinese on equal footing (Asia 2018).

In sum, Duterte's vision is mainly driven by economic development priorities, where he spent most of his vision specifying tangible ways of achieving these goals. Contrary to Duterte's vision, Mahathir is not as concerned about economic development. In emphasizing national unity, he indirectly frames the Bumiputera policy as a foundation for the wellbeing of all citizens. Based on his comments about race in both the Vision statement and party speeches, we can conclude that he believes that closing the economic gap between ethnic Malays and Chinese is the most important means of achieving national unity. In fact, he has said that "economic development must not become the be-all and the end-all of our national endeavors", citing factors other than Malaysia's economy as his priority (ibid.). From this comparison, we can conclude that Duterte's Philippines is heavily focused on economic development, while the priority of Mahathir's Malaysia is to create a united national identity by eliminating economic gaps between Malays and Chinese.

4.3.2 Ethnic Chinese in the Philippines and Malaysia

The Chinese have traditionally occupied a similar role in both countries, where they have been traders and are viewed as essential to the economy. However, the way of framing the Chinese's role in respective societies is very different. In the Philippines, Tong characterized the Chinese as "indispensable in their business efficiency compared to ethnic Filipinos" (Tong 2010). In contrast, Chinese in Malaysia are viewed as "monopolizing jobs that are deemed as more profitable" (Mohamad 2008). Chinese-Filipinos are framed as a source of human capital that pushes the Filipino economy into a better place. On the other hand, Chinese Malaysians' role in business within the country is viewed as more self-serving.

Despite the differences in framing the Chinese communities in the respective countries, both countries have had experienced ethnic violence against Chinese in different periods. The first record of ethnic violence against the Chinese in the Philippines was in 1603 when the Spanish (then colonizing the Philippines) wiped out 80 percent of the Chinese population. The Spanish colonial government feared the Chinese for their growing influence within the economy, and large-scale massacres against Chinese continued to happen in 1639, 1686 and 1773 (Go 1972). Apart from these ethnic cleansings by colonial Spain, discrimination against Chinese were also marked by the segregation of living spaces and limited mobility. According to Pacho, in 1975, President Marcos declared a naturalization policy that sought to assimilate the Chinese, in which segregation in terms of living spaces eased and the right to citizenship was established (Pacho 1980). Pacho states that the policy was pushed forward by the Filipino government's desire to secure a homogenous, integrated community as opposed to pluralism. This meant that naturalization meant access to professions that were also formerly restricted to citizens only.

Today, the national agenda to Filipinize the Chinese has been regarded as successful. Chinese Filipinos go to the same schools as ethnic Filipinos and most of the Chinese have converted to Catholicism. Scholars have grown to describe Filipino Chinese as being integrated into Filipino society (Alip 1974; Suryadinata 2007; Tan 1992). One scholar even determined the current generation of Filipino-Chinese as "no longer Chinese" (Go 1972).

The same level of integration, however, cannot be said for Malaysia. The first formal violent incident between ethnic Malays and Chinese Malaysians happened in 1969, more than 3 centuries after the Philippines' first ethnic violence (Ratuva 2013). The 1969 riot was triggered by a victory march organized by the Chinese after the elections, in which the ethnic Malay party experienced a 16 percent decrease in support compared to the previous election cycle [2]. Politics is viewed as the only social space in which Malays have secured dominance, as the Chinese do not participate as much in Malaysian politics. It is therefore not surprising that ethnic Malays feel threatened by losing ground in the only area that they dominate in Malaysia's everyday life. The increased political awareness and assertiveness from non-ethnic Malays, particularly from the Chinese, has created a growing resentment from ethnic Malays towards their outward economic success (Wicks 1971).

The growing insecurity instigated by the riot prompted the government to implement the New Economic Plan (NEP), which addresses Malaysia's poverty and ethnic inequality through restructuring the Malaysian society so that the "identification of race with economic function and geographical location is reduced and eventually eliminated" (Mohamad 1991). The NEP also includes the Bumiputera policies, affirmative actions for Malays, to address ethnic-based economic inequality. It reiterates the firm belief among

[2] Their support rate dropped from 58.4 percent to 48.8 percent from 1964 to 1969.

Malays that racial problems must be solved by reducing economic differences.

Bumiputera policies created a cleavage between bumiputera and non-bumiputera, which is mainly Malays and Chinese, respectively. These affirmative actions were aimed at "increasing Malays' share in the economy" (Chee-Beng 2004). Unintended consequences of Bumiputera policies have emerged in two different ways. First, Bumiputera policies have been described as one of the most important contributing factors towards increasing racial tensions. An example is the Guidelines on Foreign Participation in the Distributive Trade Services Malaysia, which requires retail business owners to restructure in order to sell and appoint Malay shareholders and directors (*Guidelines on Foreign Participation in the Distributive Trade Services Malaysia* 2019). This sector is dominated by ethnic Chinese families and the policy has repeatedly faced opposition from Chinese leaders in Malaysia, where the ethnic Chinese party leader told the government "you can't expect them to sack themselves (Chinese) and hire Malays" (Kuppusamy 2006). A survey conducted in August 2018 found that there was a 75 percent increase from April 2018 in concerns about conflicts between races and religions (Menon 2018). These concerns are also supported by a rally in December 2018 which saw Malay participants waving signs such as "We are here to defend our rights as Malays" and phrases like "Long live the Malays" in protest against a plan by the government to ratify a United Nations convention against racial discrimination ("Thousands of Muslims rally to defend rights in Malaysia amid racial tensions" 2018). In this demonstration, Malays have explicit concerns about maintaining their affirmative rights in Malaysia, further escalating tension between the Malay and Chinese communities in Malaysia.

Second, the policies created even larger economic and social inequality within the ethnic Malays' community ("Race-based Affirmative Action is Failing Poor Malaysians" 2019). Since these policies are not means-tested, they helped create a strong Malay middle class, while leaving behind a significant number of disgruntled Malay of the lower social class (Ratuva 2013). Although the NEP aimed to create a more economically equal environment, this has backfired by intensifying tension both between and within ethnic groups.

Negative emotional reactions between Chinese and Malays could be further escalated if not controlled, particularly if Chinese culture is perceived as a threat to local culture. A report from the Financial Times shows rising concerns among ASEAN citizens, where "large numbers of Chinese citizens flood in [...] Some fear that large-scale investments will change their culture, traditions, and lifestyles" (Xue 2014). Although Malaysia has been operating under the ideology of pluralism, where Malays and Chinese have their own schools and preserved their respective language, culture, and traditions, China's growth and influence has raised significant concerns among Malays. "As China rises [...] ethnic Chinese in Malaysia are reveling in spontaneous flushes of cultural pride" (Chang 2018). The highly contentious topic is the celebration of the 'Year of the Pig' in Lunar New Year of 2019. While some worry the imagery of the pig would offend the Malaysian majority, who are mostly Muslim, some voiced out that "the spirit of censorship" need not be practiced as Malaysia is a multi-ethnic country (Chen, Franciska, and Amindoni 2019). The mixed approaches towards the imagery of the pig is only one example of how Chinese culture could alter Malay culture into assimilating into the Chinese way of life.

The interaction between state leaders' autonomy and ethnic relations form a foundational basis for explaining why Malaysia rejected the Belt Road Initiative. Mahathir has potentially sacrificed economic development to cater to his political constituency's ethnic politics. On the contrary, similar domestic priority regarding economic development in the Philippines has allowed Duterte to accept the initiative.

5. Discussion: the role of ethnic politics

In this paper, I examined three major factors—economic factors, geopolitics, and domestic politics—that could explain Prime Minister Mahathir's rejection of the Belt Road Initiative. Using the Philippines as a comparative case that accepted the BRI, I argue that ethnic tensions in Malaysia's domestic sphere acts as a catalyst that ultimately led to the rejection of the initiative. First, I examined both countries' economic factors under the hypothesis that Malaysia is economically stronger and hence can afford to reject China's BRI. By comparing the Philippines and Malaysia's GDP per capita, GDP per Purchasing Power Parity, and their respective debt ratio to gross national income, I conclude that both countries are in similar economic situations and hence cannot be sufficient in explaining the difference in outcome with respect to the BRI. The second alternative explanation is that Sino-Philippine diplomatic relations are better than Sino-Malaysian relations. However, I do not find historical support for this hypothesis since the Philippines has been extremely cautious of China due to its alliance with the United States; while China has been Malaysia's single largest trade partner. These hypotheses are correspondingly refuted and suggest directing the analysis in other directions. As Mahathir

has repeatedly emphasized that China has a strong influence over the Malaysian economy and politics, the analysis of political factors is crucial (Jaipragas 2019).

Second, I examined the geopolitical differences between both countries. Sovereignty issues with China regarding the South China Sea is one of the most important regional concerns due to its political and economic influence. I find that sovereignty issues are subdued by the current Filipino and Malaysian governments due to their economic relations with China. The Filipino government seeks to actively repair and benefit from the growing Chinese economy, while the Malaysian government aims to maintain good bilateral relations with China due to Malaysia's economic dependence. Hence, I argue that these geopolitical tensions are not enough to explain Malaysia's rejection of the BRI.

Last, I examine domestic factors through the lens of individual leaders in both countries. Both leaders hold significant autonomy in policy making due to their country's parliamentary democracy and their respective parties' majority in their parliaments. Jones' (1994) assertion that decision-makers' ability to shape public priorities and views through prioritizing different policy concerns is shown through the different framing of policy agendas (Jones 1994). Both Duterte and Mahathir utilize their domestic constituents' fear (Taras 2015). Duterte targets Filipinos' fear of the lack of economic and social mobility by prioritizing his economic agenda above anything. In the case of Malaysia, Mahathir utilizes his Malay constituents' fear of the growing Chinese to solidify ethnic cleavages, in which he frames his agenda by the creation of a national identity through eliminating economic gaps between ethnic Chinese and Malays (Wilkinson 2004).

The alignment of Duterte's and his domestic constituents' interests allow him to actively seek a deeper Sino-Philippine relationship that could be more fruitful towards the Philippines' economic development. In other words, Duterte's foreign policy decision does not require him to produce trade-offs between Putnam's two-level game: international and domestic stakeholders. Conversely, Mahathir's decision is largely facilitated by his domestic constituents' concerns, who are insistent on their ethnic rights and also fearful of the consequences of their economic subordination compared to the Chinese. The fear of an ever-increasing Chinese economic and political power is core to the ethnic tensions in the value system of Malays. Although the influx of investment through the Belt Road Initiative could improve the Malaysian economy and potentially decrease the policy risk in the long term, the dissatisfaction generated from the acceptance of Chinese capital increases Mahathir's political risk in the short term. Facing a Catch-22, Mahathir chooses to lower his political risk by rejecting the Belt Road investment, even though this could potentially slow down Malaysia's economic development.

Ethnic tensions, working as a catalyst in the realms of domestic politics, constrains political leaders' autonomy. The fear induced by the Chinese's economic power and growing political presence felt by the Malay majority has led Malaysia's Mahathir to reject the investments. The Philippines, lacking the interlocutor of persisting ethnic tensions, is able to prioritize the economic needs of the country without other domestic holdbacks.

There are mainly two limitations in my research. First, China does not publish specific data regarding the Belt Road Initiative. The limited quantitative data on the BRI makes it hard to measure its specific economic impact in recipient countries, which also led to my assumption that the BRI produces economic benefits to recipient countries.

Second, I have only considered China's influential power in the geopolitics section without considering the United States. While the United States has significant political influence in Southeast Asia, the scope of my research urges me to focus on China, as it is the host of the Belt Road Initiative. Additionally, considering the Philippines and Malaysia have both been critical of the United States, Mill's method of difference will not allow me to single out geopolitical relations with the United States as a driving factor towards Malaysia's rejection.

6. Conclusion

China's growing global influence is not to be overlooked, especially its flagship BRI investment project that has generated significant attention. Using the BRI as a foreign economic policy decision for recipient countries, I have showed that in the case of Malaysia, domestic ethnic politics between ethnic Malays and Chinese facilitated Mahathir's decision to reject the investments.

Since the Belt Road Initiative is still fairly new, current research mainly focuses on discourse of the debt trap and the potential benefits for China in "China's Marshall Plan" (Shen and Chan 2018). Limited research has been dedicated to recipient countries, as they are mainly developing countries and are viewed as powerless in whether they should accept the investments. This research sheds light on the agency recipient countries exercise in light of China's growing power. This agency also opens new waves of research surrounding the interaction between domestic ethnic politics and foreign economic policy making. As we live in a globalized world where mobility is enhanced and global

economies are highly dependent on each other, a study on such interactions opens the door for the creation of new knowledge.

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7. Appendix

Appendix A

Duterte's Vision 2040 (*Philippine Development Plan 2017-2022* n.d.)

1. Peace and Order
2. Continue and maintain current macroeconomic policies, including fiscal, monetary and trade policies.
3. Institute progressive tax reform and more effective tax collection, indexing taxes to inflation.
4. Increase competitiveness and the ease of doing business. This effort will draw upon successful models used to attract business to local cities.
5. Accelerate annual infrastructure spending to account for 5 percent of GDP, with Public-Private Partnerships playing a key role.
6. Promote rural and value chain development toward increasing agricultural and rural enterprise productivity and rural tourism.
7. Ensure security of land tenure to encourage investments and address bottlenecks in land management and titling agencies.
8. Invest in human capital development, including health and education systems, and match skills and training to meet the demand of businesses and the private sector.
9. Promote science, technology and the creative arts to enhance innovation and creative capacity toward self-sustaining, inclusive development.
10. Improve social protection programs, including the government's Conditional Cash Transfer program, to protect the poor against instability and economic shocks.
11. Strengthen implementation of the Responsible Parenthood and Reproductive Health Law to enable especially poor couples to make informed choices on financial and family planning.

Appendix B

Mahathir's Vision 2020 (Mohamad 1991)

By the year 2020, Malaysia can be a united nation, with a confident Malaysian society, infused by strong moral and ethical values, living in a society that is democratic, liberal and tolerant, caring, economically just and equitable, progressive and prosperous, and in full possession of an economy that is competitive, dynamic, robust and resilient. There can be no fully developed Malaysia until we have finally overcome the nine central strategic challenges that have confronted us from the moment of our birth as an independent nation.

The first of these is the challenge of establishing a united Malaysian nation with a sense of common and shared destiny. This must be a nation at peace with itself, territorially, and ethnically integrated, living in harmony and full and fair partnership, made up of one 'Bangsa Malaysia' with political loyalty and dedication to the nation.

The second is the challenge of creating a psychologically liberated, secure, and developed Malaysian Society with faith and confidence in itself, justifiably proud of what it is, of what it has accomplished, robust enough to face all manner of adversity. This Malaysian Society must be distinguished by the pursuit of excellence, fully aware of all its potentials, psychologically subservient to none, and respected by the peoples of other nations.

The third challenge we have always faced is that of fostering and developing a mature democratic society practising a form of mature consensual, community-oriented Malaysian democracy that can be a model for many developing countries.

The fourth is the challenge of establishing a fully moral and ethical society, whose citizens are strong in religions and spiritual values and imbued with the highest of ethical standards.

The fifth challenge that we have always faced is the challenge of establishing a mature, liberal and tolerant society in which Malaysians of all colours and creeds are free to practise and profess their customs, cultures and religious belief and yet feeling that they belong to one nation.

The sixth is the challenge of establishing a scientific and progressive society, a society that is innovative and forward-looking, one that is not only a consumer or technology but also a contributor to the scientific and technological civilization of the future.

The seventh challenge is the challenge of establishing a fully caring society will come before self, in which the welfare of the people will revolve not around the state or the individual but around a strong and resilient family.

The eighth is the challenge of ensuring an economically-just society. This is a society in which there is a fair and equitable distribution of the wealth of the nation, in which there is full partnership in economic progress. Such a society cannot be in place so long as there is the identification of race with economic function, and the identification of economic backwardness with race.

The ninth challenge is the challenge of establishing a prosperous society, with an economy that is fully competitive, dynamic, robust and resilient. We have already come a long way towards the fulfilment of these objectives.

The nine central objectives listed need not be our order of priorities over the next three decades. Most obviously, the priorities of any moment in time must meet the specific circumstances of that moment in time.