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Malaysian Extraversion towards the Muslim World: Ideological Positioning for a “Mirror Effect”

David Delfolie

Abstract: Despite being ambitious, the solidarity expressed by Malaysia toward the global *ummah* has almost always remained tied to the strategic priorities of the country and been subject to non-religious factors. In this light, the changes throughout history in the Federation of Malaysia’s policies regarding Muslim minorities in Asian countries illustrate the variable external use of Islamic themes by Malaysian officials. In order for Malaysian governments to reconcile opposing positions whose configurations emphasize the ambiguities inherent to their actions, throughout history these governments have been obliged to continually re-evaluate their positions according to the relevant contingencies. For example, they have occasionally delegated to third parties the mission of conducting, under their close monitoring, projects that they had taken on with reservations. In addition, the strongly promoted claim by the United Malays National Organisation (UMNO, the leading Malay party of the governing coalition) – that it could offer a universal development model for Islamic society – has never really been convincing. This model has never been able to go beyond its initial local origins, which has greatly limited its ability to be replicated in other countries. However, beyond their opportunistic dimension (even if they are not without ideological aspects), Malaysia’s diplomatic positions toward the Muslim world are marked by different inspirations. They have also been guided by an underlying search for the legitimation and international recognition of the country’s broad domestic socio-political model, thereby appealing to a “mirror effect” to foster the reshaping of a postcolonial Malay identity within the framework of globalisation.

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A Realist Explanation of Malaysia's Commitment to Pan-Islamic Solidarity

Relations between Malaysia and the Muslim world have changed dramatically as the country has become economically more developed and politically more assertive in the international arena. This extraversion¹ is apparent in the changes in foreign policy first instigated by the Malaysian Federation in the 1980s. Malaysian foreign policy has since become more active in comparison to the initial, relatively moderate and conservative positions taken by Tunku Abdul Rahman and conditioned by the maintenance of a close proximity between Malay leaders and the United Kingdom (Saravanamuttu 1983). This activism, which developed under the leadership of Mahathir Mohamad, finds its justification in the overall objective of the country's foreign policy to serve as a vehicle to support Malaysia's economic development. It has also been strengthened by an understanding of the country's diplomatic position as unique, being an *a priori* contradictory mixture of Third World egalitarianism, pacifist multilateralism, selective globalism, "Asiatism" and Islamic particularism.² Despite its seemingly divergent elements, Malaysia's diplomatic position is now relatively consistent, a scenario that has stemmed from the fact that the country has gradually come to think itself as "a champion in the cause for justice, fairness and accommodation in the international arena" (Balakrishnan 2003).

Leaving behind the conservative, pro-Western approach of Tunku Abdul Rahman, Malaysia has gradually promoted a generous and, above all, ambitious pan-Islamic solidarity. Indeed, as a matter of principle, Malaysia militates in favour of a systematic, multidimensional and constantly strengthening cooperation between the countries of the *ummah* in order to create favourable conditions for the emergence of their political unity. In

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- 1 Jean-François Bayart uses the notion of extraversion to describe a process of incorporating "foreign cultural elements by subjecting them to local targets" (Bayart 1996). This definition, with some nuances, can be mobilized to analyse the strong permeability of Malaysia to certain values, practices and characteristics associated schematically with the Western capitalist model of development. However, relations between the Federation and the *ummah* do not fall exactly within the same configuration. Therefore, the term is understood here in a more neutral sense to describe the pursuit of mutual gain and of an intensification of bilateral and multi-lateral relations (economic, diplomatic, and so on).
 - 2 Illuminating illustrations of these elements can be found in the book *Dr Mahathir's Selected Letters to World Leaders: Introduction and Selected Commentaries by Abdullah Ahmad* (Mohamad 2007). This work reproduces part of the official correspondence of the former prime minister with many foreign leaders, including with French President Jacques Chirac, with whom he had a privileged relationship.

Malaysia's view, this objective is desirable because it represents a means of counteracting the hegemony of the West – seen as an integrated area of civilisation – against which former Prime Minister Mahathir Mohamad frequently launched public diatribes. One example of this perspective is the highly critical stance the Malaysian government took toward the acquiescence of several states in the Middle East to US policies in that region.

Beyond its ideological dimension, which is linked to a critique of a Western-controlled system of global governance, Malaysia's expansive project for pan-Islamic solidarity is motivated by political and economic objectives. It is implicitly based on an approach to the practice of Islam consistent with the doctrine of "conservative modernity" developed by Malay leaders. Thus, Malaysia has taken a firm stand against Islamist terrorist groups and activities. Moreover, it has consistently promoted an interpretation of Muslim doctrines characterised as "rational and moderate". For example, in June 2001 Malaysia hosted an exiled opposition Afghan leader on an official visit and renewed its diplomatic support for his cause, reiterating its opposition to the recognition of the Taliban regime by Saudi Arabia, the UAE and Pakistan. However, the condemnation of religious extremism and its violent manifestations has not prevented Malaysia from selectively adopting a relatively indulgent position (if one that falls short of direct encouragement) in relation to several groups fighting for sovereignty in various conflicts. The most obvious example of this is Malaysia's support for pro-Palestinian activists, portrayed as oppressed resistance fighters.

Within the Organisation of Islamic Cooperation (OIC),³ devoted to the expression of pan-Islamic solidarity, Malaysia has adopted a different posture since the early 1980s. A founding member of the OIC, Malaysia long played the role of moderator in OIC debates because of the country's median positions. Malaysia's role was engendered by a combination of its instrumentalisation of Islam primarily as a means of asserting itself internationally and its continual investment in the preservation of its close links to the West. The Federation fully embraced (though, with moderation) the cause of pan-Islamic solidarity and derived precious financial support from the Islamic Development Bank and Arab countries thanks to its good relations with them (Mohamad Abu Bakar 1990). Later, Mahathir Mohamad showed a stronger commitment to the unity of the nations of the global South so as to challenge the Western powers. During Mahathir's time in office as prime minister (1981–2003), Malaysia developed a critical discourse concerning the inertia of the OIC and its inability to go beyond a state-centric logic. Nevertheless, the political domination of the Gulf countries over the operation of

3 Formerly, the Organisation of the Islamic Conference.

the OIC (despite their representing a minority of its 57 members) and their tendency to take joint decisions before OIC meetings largely rendered Malaysian initiatives designed to increase the organisation's efficiency, particularly with regard to greater economic integration among its members, ineffective.⁴

The difficulties encountered by the OIC in the past have for the most part been due to conflict of interests, ideology and the desire for hegemony by the member states themselves. [...] In order to ensure that the OIC renews both its relevance and its effectiveness, reform must be rooted in a new consensus amongst governments on the role of the OIC, its core functions, its priorities, what it can do best, what it should do with others and what it should leave others to do. [...] OIC has to make a serious effort to ensure that globalization becomes an effective instrument for the development of all Muslim countries and the *ummah*. [Given] the importance of trade in economic development, it is high time that OIC member countries enhance trade and economic cooperation amongst themselves, and break the trade barriers against each other (Mohamad 2004).

Nevertheless, Malaysia did not cease promoting its political vision of, and its ambitions for, the *ummah*. Within the institutional framework constituted by the OIC, it has tried both to create temporary coalitions on different matters with other countries that are more or less dissatisfied with the OIC and to lead an informal, "peripheral"⁵ inter-state Islamic network. Even though the Federation skilfully promoted its initiatives, they led to mixed results because of the difficulties the organisation faced in dealing with the diversity of opinions and positions among its members. Outside the OIC, Malaysia has also tried to pursue various initiatives to further its agenda,⁶ and to

4 On the OIC, see Ahmad Baba (1994), which remains a key reference regarding the history of the organization.

5 This network is called "peripheral" in reference to the OIC's political centre of gravity, located in the Middle East.

6 In 2001, through a local entity (the Malaysian Muslim Solidarity Movement), Malaysia announced it would host an international meeting in August 2002 in order to form a cooperative alliance representing the Muslim non-governmental organizations from around the world (the World Muslim Congress). The purpose of this initiative was to create a transnational union bypassing any state-based logic and allowing for the implementation of real international religious solidarity. Despite the establishment of an Interim Executive Committee and the confirmed presence of several VIPs at its founding congress (Muammar Qaddafi, the secretary-general of the United Nations, Pervez Musharraf and others), the attacks of 11 September 2001 in the United States placed into question the appropriateness of the initiative, which was subsequently abandoned. From the outset, the World Muslim Congress

maintain its efforts to strengthen its bilateral and multilateral ties with a range of partners. For example, Malaysia has been actively involved in the creation of the D8, an inter-state alliance founded in 1997 on the initiative of Turkey, working alongside Egypt, Iran, Indonesia, Pakistan, Bangladesh and Nigeria. Established with the political ambition of becoming an Islamic G8, its primary purpose is nevertheless to strengthen economic ties and technical cooperation between its members. To this end, a common Chamber of Commerce was created. Excluding the Gulf countries, which were reluctant to see its creation, the D8 was supposed to embody an alternative to the inertia of the OIC. However, despite some achievements, the D8 remains highly inefficient relative to its initial aims.

However, beyond certain praiseworthy elements of its outward-looking approach to other Islamic nations, Malaysia has widely used pan-Islamic solidarity to consolidate and then increase its economic potential and political influence. The existence of a real and sincere ideological dimension to the Malaysian authorities' diplomatic posture regarding the *ummah* should certainly not be denied. However, this ideological dimension has been predominantly mobilised to conceal other claims and ambitions that are less readily admitted to than the virtuous, pan-Islamic discourse of Mahathir Mohamad. Thus, the country has regularly put forward religious arguments to justify its support of, and privileged cooperation with, controversial regimes, in return for which it has received lucrative commercial business contracts and diplomatic support for some of its international demands. Cases in point are Malaysia's relationships with Sudan (Idrous Ahmed 2002), Libya and Yemen, and with Algeria during its recent troubled history.⁷ Malaysia had a similar relationship with Iraq under the leadership of Saddam Hussein. For example, in addition to its participation in the UN's Oil-for-Food Programme, Malaysia was one of the few states to repeatedly circumvent the terms of the economic embargo imposed by the international community against the Iraqi regime. It was also violently opposed to the Iraq War (2003), and became one of the Muslim countries most critical of the United Kingdom and United States on that front.⁸ Malaysia has also

project had also been virtually boycotted by several Middle Eastern states, which did not support the creation of an organization – on the initiative of a “peripheral” Islamic country – that would potentially compete with the OIC.

7 Algeria granted a generous resources exploration and exploitation contract to Malaysia's national oil company, Petronas.

8 While admittedly anecdotal, it is worth noting that the government of George W. Bush imposed a rare diplomatic humiliation on Malaysian Prime Minister Abdullah Badawi during a visit to America, forcing him to submit to customs security control at the airport, an action which can be seen to symbolically mark the Bush administration's distrust of the behaviour of Malaysian state officials.

developed an interest in sub-Saharan Africa (Lauseig 1999), primarily in countries where Islam plays an important role, and is now the fourth-largest Asian investor in the region.

The Malaysian government's promotion within the *ummah* of the Federation as a destination for students from other Muslim countries is also an element of its highly opportunistic strategy regarding pan-Islamic solidarity. Thus, Malaysia's welcoming on a massive scale of foreign Muslim students represents a key tool designed to increase Malaysia's audience and influence among the educated elites of the Islamic world.⁹ However, the way in which this policy is implemented is particularly revealing of the limits of Malaysia's foreign policy toward its partners, which almost always remains subject to certain national priorities (including those of an economic character). As in the domestic public sphere (albeit to a lesser extent), the mobilisation by Malay political elites of religious themes in the international arena thus appears to vary according to the country's primary strategic choices and various contingencies from which it is unable, or unwilling, to free itself.

It is also common for some Malaysian students (predominantly Malays) to undertake tertiary studies in other Muslim countries, often within the framework of the university partnerships developed to strengthen diplomatic ties. A number of these students are awarded scholarships granted by the host state. The students' choice of host country is often motivated by the desire to enhance their skills in a specific field of Islamic Studies (or similar), to improve their knowledge of Arabic, or to obtain a degree from a renowned Islamic university, even if this degree is issued following successful completion of a predominantly secular curriculum. As a group, these students represent a way for Malaysia to display its openness to the *ummah* and to demonstrate the country's religious activism: Sending a sufficiently critical mass of Malaysian students to Islamic tertiary institutions around the world attracts notice. Sometimes, these students can even act as vectors for Malaysia's strategy of attracting the Muslim world. However, the majority of Malaysians educated overseas are registered in Western institutions.¹⁰

Like other Asian nations, Malaysia has invested significantly in the highly competitive sectors of services and high-value-added manufacturing industries to support economic growth. The implementation of this option was made possible by a large-scale, early investment in education, which had previously been limited in relation to tertiary-level specialised expertise. Thus, to accelerate the modernisation of its higher-education system and to

9 For a complete case study on this topic, see David Delfolie (2011).

10 Of the Malaysian students abroad, the Malays constitute the majority. Indeed, Malays represent nearly 100 per cent of Malaysian students studying abroad in Muslim countries.

increase its performance in terms of knowledge acquisition, training and research – necessary conditions for the sustainability of the country’s productive model – the Federation has relied on the international openness of its domestic structures. Malaysia’s extraversion toward the Muslim world and the access to important resources facilitated by this extraversion should not be overlooked. However, it is Western universities that have been called upon by Malaysia to play a major role in this process, because of their status as organisations at the forefront of scientific knowledge. The fact that most Malaysian students abroad are enrolled in Western institutions reflects the primacy of development issues for Malaysian leaders, pan-Islamic solidarity remaining a relatively prosaic and subordinate element of government policy despite its frequent incantation.

Table 1: Main Destinations of Malaysian Students abroad in 2010*

Destination	Students
Australia	20,493
United Kingdom and Ireland	13,796
Egypt	8,611**
United States	6,100
Indonesia	5,588
Taiwan	5,133
China	2,792
Russia	2,621
New Zealand	2,305
India	2,175
Netherlands	1,696
Japan	1,526
Jordan	1,094
Other countries (including France)	5,348 (516)
Total Malaysian students abroad	79,254

Note: *Official statistics for the years 2011 and 2012 are not yet available. **During the revolutionary events of January 2011 in Egypt, the government released an updated version of the official number of Malaysian students in that country in a statement concerning their situation: 11,319. Nearly 55 per cent of those students were enrolled in Islamic-related studies, with the majority of the other students being enrolled in medical curricula.

Source: Ministry of Higher Education Malaysia.

The significant opening up of the Malaysian higher-education system to the world has emerged as a boon to partially remedy the problem of the country’s limited public financial resources. However, this opening to the external world primarily constitutes a political strategy that capitalises on the opportunities and benefits presented by the liberalisation of the knowledge economy as part of globalisation. It has also manifested in a multitude of programmes, highlighting the complexity of socio-educational arrangements

articulated between the local, national and global spheres. Conventional tools (such as bilateral inter-governmental agreements, direct enrolment of students in overseas institutions, local campuses of foreign universities¹¹) have all been used in the internationalisation process of tertiary education in Malaysia. Importantly, these tools have also been supplemented by a number of inter-university programmes (twinning, credit transfers, external degrees, distance education), which provide precious opportunities for Malaysian students to access the benefits and advantages associated with studying in foreign institutions without necessarily having to travel abroad.¹²

Twinning programmes are split-degree programmes, and students study their part of specialties in a local institution and in the foreign institutions also. Nowadays, “3+0 programmes” have come to be more popular than before [...]; students can get a degree from the foreign institutions if they study for three years even without actually going abroad. Under credit transfer programmes, students can accumulate credits and can transfer the credits to one of the foreign-linked higher institutions to complete the degree programmes. One characteristic of credit transfer programmes is that students have greater flexibility in choosing programmes among a group of foreign programmes. External degree programmes include both foreign and local external programmes, and students have the opportunity to study programmes which are offered as external degree programmes by foreign-linked institutions. Finally, distance-learning programmes focus on using a variety of media, and students are registered directly with the institutions concerned (Sugimura 2008).¹³

Moreover, in addition to encouraging the proliferation of non-conventional inter-university partnership programmes so as to increase the local potential

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- 11 There are currently six in Malaysia: the University of Nottingham, Monash University, Curtin University of Technology (Sarawak), Swinburne University of Technology (Sarawak), Newcastle University Medicine, and the University of Southampton.
 - 12 These programmes offered by Malaysian universities marginally strengthen the attractiveness of the Federation for foreign students. Some foreign students use the opportunity to obtain a bachelor's degree from a Western institution locally, or a fully recognized equivalent, in order to optimize their chances of being accepted into a master's programme of a Western institution in that country. This circumvention strategy is well known to many Anglo-Saxon universities, which sometimes consider it to be to their advantage as a pre-selection process facilitating their recruitment of the most motivated and promising profiles from developing nations.
 - 13 For further discussion of these issues, see Azman, Kaur, and Sirat (2008).

for knowledge transfers from abroad,¹⁴ various Malaysian governments have initiated the development of several tools designed to promote the concrete international mobility of the country's students, including in particular an effective financial support system.¹⁵ However, as with the state's domestic affirmative action programmes, this financial support system mainly benefits Bumiputera, who receive nearly 80 per cent of this funding. The support system consists of various programmes through which students are awarded scholarships or other material aid from public bodies¹⁶ and from a contingent of private and foreign sponsors.¹⁷ In 2010, 28,291 Malaysian students overseas were sponsored through this system by the Ministry of Higher Education, representing 35.69 per cent of all those enrolled in tertiary institutions outside the country. An analysis of their distribution by country highlights very clearly the destinations favoured by the Malaysian authorities.

The first reason for the state's well-structured differential attribution of academic mobility aid is its desire to target destinations offering courses whose contents are likely to meet the requirements of Malaysia's development policy. Thus, facilitating Arabic and Islamic Studies by Malaysian students in institutions in Muslim countries does not appear to be among its core priorities. A second reason relates to security concerns: It was found that a large proportion of the Malay students who went abroad to undertake

14 According to the Ministry of Higher Education, these programmes are also a way of fighting against any possible brain drain by offering highly supervised academic expatriation devices.

15 Another example is the introduction in the early 1980s of a preparatory structure to facilitate the admission and integration of state-sponsored students into certain foreign tertiary programmes. Now known as the International Education Centre (INTEC), this structure is attached to the Universiti Teknologi Mara (UiTM). While this public university is reserved for Bumiputera – Malays and indigenous people from Borneo – INTEC also welcomes some Sino-Malaysian and local Indian students. INTEC is primarily mandated to provide courses prior to the direct integration (or via twinning programmes) of local students into American and Australian institutions, as well as into several medical programmes in India and Russia. Thus, INTEC is authorized to issue the Anglo-Saxon Medical A-Level qualification.

16 These include the Ministry of Higher Education, federal agencies, public bodies and companies, and the Federated States through educational foundations or the Jabatan Agama Islam Negeri (State Department for Islamic Affairs), which offer some mobility aid for students enrolled in religious courses abroad.

17 This includes international mobility aid from foreign states, Commonwealth scholarships, certain funding programmes within bilateral agreements, and special sponsorships from foundations, universities or other bodies. For example, through a non-governmental organization (the World Islamic Call Society – WICS), the former Libyan authorities granted scholarships to some Malaysian students enrolled in the Dakwah Islamiah University of Tripoli (five students in 2010).

studies at Islamic higher-education institutions and who came from regions in which the Islamic opposition party, the Parti Islam Se-Malaysia (PAS), polls well in elections subsequently returned to Malaysia with more radical beliefs. Such individuals have the potential to become vectors for the spread of ideas that are in direct conflict with the state’s official religious policy and doctrines, and some of these individuals have expressed positions violently hostile to the state. As a consequence, the state gradually strengthened its previously low level of monitoring of its citizens studying in other *ummah* nations. Nevertheless, this re-evaluation in light of international security considerations did not call into question governmental commitment to academic cooperation with the Islamic world, because of the benefits accrued from it.

Table 2: Sponsored Malaysian Students in Several Countries in 2010

Country	Number of sponsored Students	Proportion of the total number of sponsored students
Egypt	6,026	21.30%
United Kingdom and Ireland	5,067	17.91%
Australia	3,486	12.32%
Indonesia	2,759	9.75%
United States	1,589*	5.61%
Japan	1,522	5.37%
New Zealand	1,257	4.44%
Netherlands	1,124	3.97%
China	119**	0.42%
Saudi Arabia	0	0%
Sudan	0	0%
Yemen	0	0%
Proportion of the total number of sponsored students in Western countries, Japan and South Korea: 62.22%.		

Note: *The majority of Malaysian students in the United States are of Chinese or Indian origin. This explains the relatively small proportion of those being sponsored to study in this country. The situation is rather different in Australia, the UK and Ireland, where students of Malay origin are more numerous. While the UK is often criticised, the former colonial power remains a particularly strong point of reference for Malaysia and still retains a certain attractiveness, especially among the educated middle classes and ruling elites. **The overwhelming majority of Malaysian students in China are Sino-Malaysians.

Source: Ministry of Higher Education Malaysia.

Since the late 1990s, the drift toward extremism induced by the existence of local radical religious school networks has been regularly highlighted, including in relation to the role of this network in creating extremist educational trajectories. For example, between 1999 and 2003 there was an increase in the number of cases of so-called “religious deviance” attributable to Malay-

sian students who had started their religious apprenticeship in local structures close to the PAS and had gone on to complete their training in Pakistani *madrasas*.¹⁸ Back in Malaysia, these young people propagated neo-fundamentalist ideas that not only clashed with the moderate Sunni orthodoxy widely practised in the country, but also at times conflicted with official positions taken by the PAS regarding the respect for the established domestic institutional order. However, its worrying aspects notwithstanding, this phenomenon has remained relatively marginal. Moreover, destinations other than Pakistan that the Malaysian government consider to be sensitive (such as Al-Azhar University or Saudi institutions) have also attracted former students of Malaysia's radical religious schools.

Ostensibly for security reasons (although a political dimension was also present), the state has now enhanced its means of monitoring and controlling its nationals studying abroad in Muslim and non-Muslim countries alike. In doing so, the Malaysian government implemented a policy it had already attempted to enforce domestically in the early 1970s. The policy worked to complicate the expatriation of those identified as potential radicals. In this context, federal scholarships for some destinations have been abolished, with a few specific exceptions. The Malaysian authorities have also begun to pay greater attention to the allocation of student visas to its nationals, so as to identify and track them more easily. Such identification and tracking is more difficult in the case of candidates who travel overseas outside the official channels.

The Malaysian government has also implemented measures designed primarily to rectify its powerlessness in the face of activism by groups who recruit their members directly on university campuses, especially in Western countries. The most emblematic example relates to the organisation Hizbi (al-Hizbul Islami UK and Eire), which is close to the PAS and which became famous in the early 2000s for its recruiting drives on British campuses. Among the actions taken by authorities was the well-publicised removal in 2003 of state subsidies to identified members of associations not legally

18 Even before the attacks of 11 September 2001, the Malaysian government had evidence of some local students making trips to Pakistan or Afghanistan primarily to observe Taliban operations. During this period, the Embassy of Pakistan in Malaysia insisted that no Malaysian citizen had officially applied for a student visa to join a *madrasa* run by Jama'at-i Islami, Jama'at Ulema Islam (Sufi) or Jama'at Ulama Pakistan since 1999. However, the Malaysian government was aware of at least several dozen Malaysian nationals who were enrolled in religious schools under these organizations (the first of which maintains regular contact with the PAS). Most of these students entered Pakistan as tourists and remained there for varying periods of time with the complicity of the Pakistani authorities, making them difficult to count.

recognised by the authorities. However, this measure did not achieve the full anticipated effect. Less publicised was the introduction by the Jabatan Kemajuan Islam (Islamic Development Department Malaysia – JAKIM), the main federal body in charge of Islamic affairs, of the monitoring of the religious activities of Malaysian students overseas, a measure implemented through Malaysian embassies and periodically involving overseas missions for JAKIM agents.

At the end of the 1990s, Malaysia was also supported by Hosni Mubarak's regime in its attempts to "check" Malaysian citizens studying in Egypt, especially at Al-Azhar University. Indeed, with the support of Egyptian authorities, the Malaysian Embassy in Egypt organised contact meetings with the Malays enrolled in universities in the country. According to the official rationale, these meetings were designed to enable the Malaysian students to maintain a close link with their homeland. Associated with a kind of socio-educational patronage, these gatherings were actually designed to provide an opportunity for the Malaysian government to identify any elements considered deviant – particularly those with some influence over other students – in order to optimise the efficiency of the informal collective social control of these students. It thus mobilised a strategy of exerting indirect pressure on these students by demonstrating its presence, hoping this would lead to self-censorship. Through cultural activities, propaganda from the United Malays National Organisation (UMNO) was also disseminated and nationalist discourses were expressed which pandered to the patriotic sentiment of the students, particularly by exalting their exemplary duty as "ambassadors of the Federation". All of these measures were designed to prevent "misbehaviour" among these students.¹⁹

Meanwhile, the Egyptian authorities agreed to provide the Malaysian Embassy in Cairo with information on the activities of Malaysian nationals studying on Egyptian campuses, including in relation to any teachers or groups that might negatively influence students. The same assistance was granted reciprocally by Malaysia to Egypt in relation to Egyptian citizens enrolled in Malaysian universities. However, given the low number of such students, this reciprocal obligation is effectively limited in scope. Since 2000, bilateral educational (and security) cooperation between the two states has been further strengthened, particularly through an ambitious university part-

19 In theory, all Malaysian students sponsored by a federal body for international mobility (and, in some instances, non-sponsored students) are obliged to attend a short preparatory course before their departure, during which they are given various recommendations, behavioural instructions and reminders of their civic education, infused with pro-government propaganda.

nership set up in 2007.²⁰ Despite modest results,²¹ the Malaysian government has attempted to expand the programme to other countries, although it has not received a level of cooperation and commitment from the relevant authorities of those countries comparable to that of the Egyptian government. In several sensitive areas,²² because of the location and/or the number of Malaysian students, Malaysia has also established an administrative body (the Malaysian Student Department) attached to its diplomatic representation, officially to better organise its assistance, but more specifically for the purpose of closer supervision.

Another Reading of the Factors Structuring Malaysia's Islamic Foreign Policy

Domestically, the Malaysian government has derived substantial socio-political benefits from its diplomatic policy toward the *ummah*. Its positions

20 By December 2007, Malaysia had signed academic partnerships (Higher Education Memoranda of Understanding) with Brunei (1992), Jordan (1995), Canada (1996), New Zealand (1996), Indonesia (1998), Guinea (1999), Yemen (2000), Ireland (2001), Libya (2002), Germany (2002), Australia (2002), Cambodia (2002), Iran (2003), Vietnam (2004), China (2005), Thailand (2007), Egypt (2007), the United Kingdom (2007) and Singapore (2007). At that time, four had yet to go into effect (Jordan, Canada, Guinea, Germany) (source: Ministry of Higher Education Malaysia). Furthermore, as part of thematic clauses incorporated into various bilateral agreements, the Federation maintains more or less consistent academic cooperation with other countries, such as Pakistan, Japan and South Africa.

21 The various official measures led to the disappearance of the Malay student associations operating on foreign campuses that were the most openly hostile to the Malaysian government, such as Hizbi and the Muslim Islamic Society of North America (MISNA), the former's equivalent in North America founded in 1990. However, in all cases, their dissolution has not benefitted the network of clubs affiliated with the UMNO (Kelab UMNO). Indeed, the multifaceted action of the state has only partially solved the problem of the political activism of many young Malays overseas, particularly including the small fraction in contact with local extremists. Some of these students have formed informal radical groups or become affiliated with local associative militant movements. Others have tried in vain to become involved with socio-cultural entities, such as the Majlis Syura Muslimeen (MSM) in the UK. Yet others have adhered to structures related to the Angkatan Belia Islam Malaysia (ABIM), the influential reformist *dakwah* created in 1971, which for a long time embodied the social movement for the Islamic revival in Malaysia. The ABIM is the subject of relatively extensive discussion in a variety of academic writings on Malaysia; see, for example, Abdullah 2003 (Chapters 4 and 6).

22 London, Washington, Chicago, Los Angeles, Ottawa, Sydney, Wellington, Jakarta, Cairo, Amman and Jeddah.

have largely found support from the Malay population, which has become very sensitive and responsive to the plight of fellow Muslims under the influence of the relatively uniform propaganda on this issue propagated by all local Muslim organisations. For example, NGOs' calls to boycott McDonald's restaurants to protest the US military intervention in Iraq in 2003, despite it being more symbolic than effective at the time, received rather strong support from Malay consumers. Thus, by publicising its good relations with countries whose institutions have been subject to constant criticism by the Western powers, the Malaysian government has effectively demonstrated the independence of its foreign policy. And this demonstration is all the more credible given that its pan-Islamic rhetoric occupies a special place in its Third World assertions and its criticisms of the established world order. Similarly, its strong position in relation to the plight of oppressed believers in all corners of the globe has provided the government with an easy means of flattering the religious pride of the Malay majority by demonstrating the universality of their propensity toward solidarity. It has also allowed Malaysian governments to stymie the ability of the PAS to gain the support of controversial countries, or to forge close links with them.

More generally, close connections between the domestic and foreign policies of the Federation have been constant since independence, particularly in the way Islam was factored into both during Mahathir's administration.

Islam's symbolic function in foreign policy under the Mahathir administration is explained primarily by its political relevance to the ruling party, UMNO, and its role of "protection" of the Malay community. This symbol is particularly relevant to the period in question because of both serious and deepening intra-Malay rivalry and the capacity of international Islam to impinge on the domestic scene (Nair 1997: 9).

Diplomatic events that occurred during the complex period following the attacks of 11 September 2001 provide some illumination. Less than two months after hosting an extraordinary meeting of foreign ministers of OIC member states on the situation in Palestine, Malaysia also hosted the 7th Ministers of Endowments and Islamic Affairs Conference of the OIC in May 2002. The conclusions of these discussions, expressed in a joint statement that was welcomed by many observers as ambitious, were marked with the imprint of the Malaysian government. Indeed, Malaysian officials had cleverly used the opportunity presented by the context of an international rise in "Islamophobia" to justify their push for strengthened pan-Islamic cooperation, especially in the economic field. To mark the notion of a clash of civilisations, on which Malaysian officials explicitly based their plea, they

highlighted the Palestinian issue during the debates. The issue of Palestine was a rhetorical example utilised by Mahathir Mohamad in his twofold denunciation of Western imperialism and the lack of effective solidarity within the *ummah*. In the joint statement, Israel was thus described as a “common enemy”,²³ and the Palestinian people were encouraged to pursue their “resistance”, the disapproval expressed in relation to suicide bombings notwithstanding. Meanwhile, Mahathir also decided to hold a meeting on the subject of the Israeli–Palestinian conflict with the leaders of several opposition organisations, including the PAS. This meeting was ostensibly intended to show to Malays and the Muslim world as a whole that there was unanimous support within the country for the government’s position in support of Palestine – an issue selected for the widespread support it would engender internally and externally. In order to de-legitimise the critiques from *ulama* close to the Islamic opposition, the Malaysian government added to the meeting’s final declaration a press release in which participants condemned the promotion of certain positions and the pronouncement of *fatwas* as acts by people abusing their religious credentials. This tactic is another classic example of the recurring posture of the UMNO, seeking external support to better justify its internal positions. Although expressed in more diplomatic terms than those used by Mahathir Mohamad, a critical attitude toward the Israeli state remained a stable element of Malaysian foreign poli-

23 A few days before his retirement from active politics, Mahathir Mohamad reiterated this term in his last official speech (16 October 2003), delivered in Malaysia during the 10th OIC summit. While ambitious and multifaceted in its ideas, his statement triggered a wave of international protests because of its virulent criticism of Israel. One critical comment was particularly controversial because it explicitly referred to the Jewish population: “The Europeans killed six million Jews out of twelve million. But today the Jews rule this world by proxy, they get others to fight and die for them. They invented socialism, communism, human rights and democracy, so that persecuting them would appear to be wrong, so they may enjoy equal rights with others. But with these, they have now gained control of the most powerful countries. And they, this tiny community, have become a world power.” Although he protected himself from denunciation as an anti-Semite through various public statements in the media, Mahathir Mohamad clearly expressed his anti-Zionism in light of developments in the Israeli–Palestinian conflict. The former prime minister often made violent statements against Israel, but also more ambivalent statements about persons of Jewish faith. On several occasions he commented on *The Protocols of the Elders of Zion* and publicly questioned the official version of the events of 11 September 2001, mentioning the possibility of a Zionist plot to generate retaliatory international action against Muslims, a theory that a large number of Malays still believe.

cy under Mahathir's successor, Abdullah Badawi, and subsequently under Najib Razak,²⁴ the current prime minister.

The phenomenon of Islamic resurgence in Malaysia during the 1970s primarily developed autonomously from the state, under the influence of a diversity of *dakwah* movements (Abu Bakar 1981; Nagata 1984; Muzaffar 1987). However, contrary to what happened in many other countries, the phenomenon was fully embraced by the ruling power, which launched a large process of institutionalisation of Islam in all sectors of the public sphere. This was made possible because Islam, beyond its traditional religious dimension, “serves also as one of the core foundations upon which their [the Malay] self-identity is based” (Mutalib 1990: 1). The UMNO actively monopolised the rhetoric of the historical “communitarian dynamic” of Islam structured during the colonial era (before the societal movement of Islamic resurgence) to foster the emergence of a politically efficient religious “socio-cultural dynamic”: Designed as a “modernist conservative” instrument of socio-political control, such a use of religion was also an ideological vehicle dedicated to the achievement of the Malay nationalist party's socio-economic development goals (Delfolie 2011). But, society did not remain passive in the face of state injunctions. All of this led to complex interactions and asymmetrical interpretations according to social categories. This also led to the rise of various resistance and re-appropriation mechanisms. And because using religion as an ideological tool is not neutral, this configuration triggered a quasi-permanent, very tense competition with massive stakes in the politico-religious field. As a consequence, the Malaysian government was constantly obliged to re-evaluate its policy through several strategies to keep control on a “higher-bid situation” that it, itself, helped to create. The influence of society–state interactions on the government policy toward Islam is important, and longer explanations are necessary to precisely describe it. However, when vectored internationally in relation to the *ummah*, Islamisation has been largely a state-driven phenomenon, even if some civil society actors played a role in the movement. From initially serving the global integration process of the country after independence, the religious matrix gradually became one of the vectors of its strategy of selective extraversion. Co-opted by the UMNO as a double-edged instrument of diplomacy and influence, the external mobilisation of the country's membership in the *ummah* is a complement to the opportunistic domestic political use of the Islamic faith by the Malay ruling party since the 1970s. Malaysia remains a relatively young state entity, for which Islam continues to play an important

24 For example, with Najib's endorsement, Malaysia was the first Muslim country associated with the Turkish initiative of the Gaza Freedom Flotilla, which was violently attacked by the Israeli military in May 2010.

role in terms of visibility and international recognition, regardless of the economic benefits the country can derive from its close relations with other Muslim countries. And even if the Federation currently has strong economic links with Muslim countries all over the world compared to other Asian states, the symbolic dimension of its commitment to pan-Islamic solidarity is much more effective than its concrete financial benefits. In 2012, with the exception of Indonesia, no Muslim-majority country was among the top-ten most important trading partners of Malaysia.²⁵

The continuing offensive led by the UMNO in favour of the development of pan-Islamic solidarity – or in favour of multiple initiatives devoted to the global spread of the faith – cannot simply be reduced to the pursuit of concrete gains for the country and domestic political considerations. Certainly, these factors are important to understand the Malaysian activism, but the existence of a rational ideological dimension, explained by socio-historical reasons, should not be underestimated. From the perspective of sociological theory, academic works on Malaysia often develop naive functionalist and/or culturalist approaches, which lead them to present an over-interpretation of the autonomous (immanent) cultural dimension of religion or a radical opportunistic vision of its mobilisation in the public sphere. Many works on Islamic NGOs or militant groups typify this tendency. Neglecting both an analysis in terms of socio-historical paths and the rational dimension of ideology (Max Weber), they partly report on the complexity of the social mechanisms (syncretism, re-appropriation, structural domination logics). Moreover, as a consequence, this leads to the avoidance of sociology of action perspectives – social actors are not passive “cultural idiots” – which enables one to consider political processes in terms not only of structural linear phenomena, but also of uncertain dynamics.

Malaysia remains marked by the consequences of a conflictual sense of its national identity, which remains fragile. This is conducive to the expression of unstable and constantly re-evaluated nationalist positions. In this regard, one hypothesis is that the relatively peaceful process of decolonisation experienced by Malaysia did not purge the damage to Malay collective identity produced by colonial subordination through a national outburst of passion, as occurred elsewhere in postcolonial state-building processes following wars of liberation. From this perspective, the obsession of UMNO leaders with development reflects partly a conscious will to demonstrate to Sino-Malaysians and the former colonial power the ability of Malays to compete with them in the economic field. The economic field was the social

25 China (excl. Hong Kong), Hong Kong, Singapore, Japan, European Union, United States, Thailand, Indonesia, South Korea and Taiwan (source: Ministry of International Trade and Industry Malaysia).

arena from which they were mostly evicted during the colonisation period and the one in which the multiracial stakes in terms of domination remain the most important for the stability of the country. During comprehensive interviews conducted with various Malay leaders, it was surprising to note their deeply internalised need to legitimise the foundations of their values and their particular ideology, rationalised in relation to Western countries (which creates mixed feelings of fascination and repulsion), to the local Chinese community and also in relation to more prominent Muslim nations. The speeches made by UMNO leaders in which they condemn certain traditional socio-cultural aspects of their community and urge Malays to “modernise” are other signs of their complex apprehension of collective identity questions. Thus, the promotion by UMNO leaders of Islam on the external front can be partly understood to stem from an overwhelming need for political recognition and a desire to get a strategically important mark of legitimacy from the *ummah* for their ideological positions. This is generally expressed through Malaysian pretensions to impose the country’s prosperous Islamic social model as an inspiration for the Muslim world. And even if this fails to produce concrete results, any symbolic success is enough for its self-justification.²⁶ The construction of Malaysia as a model for the Muslim world is also mobilised internally to satisfy the thwarted feeling of national pride among a large section of the Malay population and to show it that the authorities are exemplary in their political commitment to Islam, despite critics. Thus, the Islamic extraversion led by the government is a means of showing the Malays a rewarding self-image, through a “mirror effect” with others, highlighting the relative success of their developing trajectory while simultaneously strengthening the state’s ideological positions. In fact, this was used – with mixed results – as a vehicle to foster postcolonial Malay identity being reshaped in the shifting context of globalisation.

Illustrations of this are identifiable in several areas, although their origins and particular formats can also be explained by other factors. First, Malaysia organises and hosts many international events on its territory, especially regarding religious matters, and has become well known for this. In addition to the events and ceremonies directly attributable to the authorities, most of the domestic Islamic entities also devote a significant portion of their various resources to the organisation of public events (including conferences, seminars, symposiums and debates). In general, the local appetite for events of all kinds is very strong. Malaysia’s organisation of events with

26 For example, in the CNN report on the 13th Summit of the Non-Aligned Movement hosted by Malaysia in 2003, the journalist began her conclusion with these evocative words: “As a moderate progressive Muslim nation, Malaysia is a success story for the Muslim world.”

foreign guests represents a means for it to publicly demonstrate its activism within the *ummah*, and to work for Malaysia's recognition as a centre of international Muslim intellectual life. One particularly representative example of this was the organisation in 2002 by the Malaysian government, under the direct responsibility of Abdullah Badawi, who was then the deputy prime minister, of the first edition of an event that it hoped would someday be recognised as the "Davos of Islam". Called the Kuala Lumpur International Forum on Islam (KALIF), this event had the initial ambition of establishing itself as a "must attend" annual international forum devoted to the major debates in Islam and the Muslim world. The three-day event brought together many local personalities (academics, among others), who were more or less close to the authorities, but also a significant number of foreign guests. However, the KALIF conference has not been repeated, particularly because of a lack of political will to invest in a costly project of limited benefit. These types of events, classified by some cynical observers as "hotel diplomacy" in relation to institutional meetings, are routinely used as a way to disseminate official ideology.²⁷ They are also windows into the development model for Islamic societies promoted by the UMNO as the model to be emulated throughout the Muslim world, allowing for the display of its achievements in Malaysia. In this regard, the pomp that often surrounds the international events initiated by local entities, as well as the ostentatious nature of the venues in which they are hosted, contribute to a form of constant self-celebration by displaying the fruits of Malaysia's national economic success.

Since the 1980s, Malaysia has also distinguished itself within the *ummah* by its strong commitment to contemplating Islamic belief and its implications for modern life. This intellectual dynamism has given Malaysia a solid international reputation as a major centre of theological production. The state has contributed to the phenomenon described above by encouraging in various ways the development of intense exegesis and the renewal of religious knowledge activities, although this development has gradually escaped the state's influence, becoming concurrently the product of dissident or independent entities. Especially since the 1990s, all types of writings on Islam (academic research, theological documents, essays, literature, journalistic articles) have proliferated in Malaysia, a trend encouraged by the various Malaysian national governments throughout history having attempted to

27 For instance, in October 2010, Malaysia took the opportunity to host the 5th Conference of Ministers of Higher Education and Scientific Research of the OIC and forced the adoption of a very ambitious joint statement, a renewed sign of its commitment to promote academic issues as a high-priority way of strengthening ties between the countries of the *ummah*.

fully invest in the sphere of Islamic religious faith – or rather, to not relinquish that sphere to its Islamic opposition – so as to consolidate the legitimacy of their own positions through a purposeful reinvention of their ideological contours. In addition, this movement enabled the Malaysian state to internationally display its activism in the field of revealed knowledge, even if the volume of pious publications printed in the country varies a great deal in quality.

However, the sphere in which the Malaysian – Malay – search for external recognition has been arguably most satisfied is certainly in relation to the *Syariah*-compliant economy. As a way for the Malaysian state to reconcile development with its favouring of Islam, it invested heavily in the *Syariah*-compliant economy, which has become an emblem and expression of the UMNO’s “modernist conservative” Islam. Indeed, despite some modest incentives offered by the OIC to promote its expansion, most leaders of Muslim states initially remained reluctant to apply Islamic financial principles not thought of as credible alternatives to classic capitalism. Moreover, religious and political leaders in other Muslim countries, like many *ulama*, generally viewed attempts to create Islamic economic doctrines as ad hoc intellectual constructions when compared to holy texts, and therefore as involving impious exegesis. In addition, political and ethical objections fuelled heated debates about the appropriateness of using *Syariah*-compliant finance.²⁸ On the one hand, its general principles were considered to be deeply hypocritical in terms of its objectives, arousing strong moral reservations. Many *ulama* in particular condemned the distorted invocation of faith to achieve what they saw as materialist objectives. For them, this seemed to be a way of absolving the greed of some believers with the accumulation of wealth being presented as an end, and not simply a means. This argument was based on the fact that beyond the apparent sophistication of technical financial tools developed to satisfy religious requirements, the Islamic economy was primarily dependent on mercantile aims, the pursuit of which was adapted very extensively to certain rules only derived from a biased exegesis of the doctrinal corpus.

On the other hand, a fundamental criticism of the socially and culturally hybrid nature of *Syariah*-compliant finance has long marred its credibility. Its growth was initially presented by its most fervent promoters as the strongest sign of a clear historical break with the burden of Western colonisation on the *ummah*, insofar as it seemed to represent a form of independence for the Islamic model of civilisation. Malaysian governments have con-

28 Such objections have remained, although they are less effective because of the success of *Syariah*-compliant finance today.

stantly urged their Muslim partners to strengthen their economic cooperation on the basis of classical liberal principles so as to weigh more significantly in international trade and to accelerate their shared development.²⁹ However, at the same time, Malaysian elites have often justified their commitment in favour of the expansion of Islamic finance by claiming that this is part of a double conquest, both ideological and practical, by the Muslim world in order to achieve control of the framework and parameters of its own development. Nevertheless, given that Islamic financial mechanisms are deeply inspired by the axioms of the Anglo-Saxon practice of capitalism,³⁰ this process can ultimately be identified as a local re-appropriation of the heritage left by former colonial powers on economic organisation, rather than a reinvention of that organisation and its regulatory tools.

The Malaysian bureaucracy and its social institutions are decidedly one of the most modern of postcolonial societies moulded arguably from considerable Western influence. Successive Malaysian leaders had striven hard to project themselves as progressive and innovative as any leader of the modern era while still maintaining their own distinct cultural identity and embracing traditional values. This view portends a duality of modernism and tradition (Shome 2002: 1).

Yet despite the aforementioned criticisms and initial uncertainties, Malaysian governments have never abandoned their commitment to enhancing the place of *Syariah*-compliant finance in the country's economic system. This pioneering commitment has been consistently maintained because Malaysia was able to later emerge as the country at the forefront of the sector.³¹ Nevertheless, the commitment cannot be explained exclusively by opportunism,

29 For example, to this end, Mahathir Mohamad promoted to his Muslim counterparts variations on the concepts of "Malaysia Inc." and "Smart Partnership" that he theorized internally after 1990. These concepts were based on the core idea that the state should be a unique tool for development, thus requiring the creation of a virtuous partnership between bureaucracy, political power and private economic interests.

30 To broaden the discussion on this issue, we refer with interest to the edited volume by Jean-Francois Bayart (2004). Following Max Weber, whose work precipitated the main hypothesis of the book, which stands at the crossroads of several academic disciplines, Bayart argues we need to consider the endogenous socio-cultural logic of non-Western societies as vehicles for modern forms of capitalism, and even vectors of its long-term expansion. He terms this process the "paradoxical invention of modernity". Resolutely anti-culturalist, the various studies presented show how internal and external dynamics of social change are intertwined, involving the re-appropriation processes at work.

31 In 2011, Malaysia held 21 per cent of the global active Islamic funds (source: Islamic Finance Information Service).

given the highly unpredictable chances of success in the short term and, *a fortiori*, in the longer term at the time the decision to pursue promoting a *Syariah*-compliant financial and economic system was made. In many ways, this pioneer investment in the early 1980s appears to be the result of a congruence between a particular ideological position and the implicit search for a new field in which the country could dramatically distinguish itself to prove to the *ummah*, and beyond, the ability of Malays to embody an original Islamic model of society comprising a form of virtuous syncretism between universal modernity and Islam. Many Malay leaders, intellectuals and businessmen, among others, have a keen awareness of the uniqueness of their country (albeit exaggerated) and a high opinion of its development path. As argued previously, the expression of this view is generally tinged with a somewhat naive pride, which suggests a deep collective internalisation of a thwarted positive self-image.³²

Concretely, Malaysia is almost always involved in major international events in connection with *Syariah*-compliant finance, taking advantage of these opportunities to display its pro-active stance and to underline its consistent position in favour of greater pan-Islamic economic cooperation. More importantly, Malaysia hosts on its territory many events concerned with the Islamic economic sphere, which has made the country one of the essential political centres of that sphere's activities.³³ In addition, under the auspices of the Malaysian state, the Islamic insurance company Takaful Malaysia was, for many years, the world leader in its sector, thanks to its joint ventures with its foreign counterparts in Brunei, Singapore, Indonesia

32 For example, one evocative quote runs: "The task ahead for Malaysia is most challenging. Not only is it a small country, with limited resources, it is also part of the non-Arab Muslim World. However, Malaysia is known today as an advanced developing country, enjoying a stable democracy and society. To some extent, Malaysia is an oasis in a desert of turmoil" (Baginda 2004; this quote is taken from the concluding paragraph of the book's introduction). More generally, some elements of Malaysian foreign policy, especially under the leadership of Mahathir Mohamad, may provide illustrations of this perspective that are not limited exclusively to Islamic themes – see, for example, Azhari, Howell and Okuda (1990).

33 Between January 2006 and August 2010, Malaysia hosted on its territory at least 58 international institutional events on the Islamic economy. This is unique in the Muslim world, except for in the Sultanate of Bahrain, which occupies a preeminent position in the Middle East in the field of *Syariah*-compliant finance. This statistic was obtained by a count of all event announcements published in the electronic newsletter of the Islamic Finance Information Service (IFIS), a specialized reference publication. Therefore, it is not limited in absolute terms, but it captures the relative importance of Malaysia in the organization of high-visibility meetings structuring the networks participating in global Islamic finance.

and other countries, with whom it shared its technical expertise. Takaful Malaysia remains the domestic leader in this sector today.³⁴

However, the institution that undoubtedly constitutes the main source of pride for Malay leaders in the field of the Islamic economy is Tabung Haji, the national pilgrims' fund. In addition to being a major domestic investment fund, Tabung Haji has positioned itself as the first global *Syariah*-compliant, non-banking savings entity. Nevertheless, it has not been emulated by would-be equivalent entities abroad, despite various initiatives in that direction.³⁵ Beyond the proven success of its capitalisation tool – Tabung Haji also remains a financial institution mobilised for the development priorities of the state – its solid international reputation is the result of the sophistication of its *hajj* organisation. Indeed, it has been repeatedly rewarded by the Saudi authorities for the quality of its services³⁶ (no small honour considering the disdain widely shared in the Middle East towards Malaysian Islamic activism) and is often cited as a model.³⁷ Tabung Haji regularly wel-

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- 34 Takaful Malaysia, the pioneer Islamic insurance company in Malaysia, was founded in November 1984. Originally a subsidiary of Bank Islam, the latter remained Takaful Malaysia's majority shareholder in 1996 when it became a publicly traded company. The subsidiary part of its capital is mostly owned by *Majlis Agama Islam* of the Terengganu, Negeri Sembilan and Pahang Federated States. Since 2004, its hegemonic position has been largely undermined by the emergence of other local players (Takaful Nasional and Takaful Iklas), more or less encouraged by the authorities to boost the development of the sector. Its relative difficulties during this period were also caused by strategic errors due to the interference by some of Abdullah Badawi's close cronies in its management.
- 35 Malaysia has officially offered its assistance in the creation of an international savings institution comparable to Tabung Haji under the supervision of the OIC, which is supported by many Muslim academics, intellectuals and journalists, including from the Middle East. However, because of a lack of political consensus, especially due to Saudi Arabia's opposition to any initiatives that could possibly question its control over the arrangements for the pilgrimage in the Holy Land, this idea remains bogged down at the stage of hypothetical discussions.
- 36 In autumn 2003, the pro-government daily newspaper *The New Straits Times* published an article highly critical of the Saudi authorities, sparking a lively debate between Malaysia and the Arab kingdom. As a retaliatory measure, the latter threatened to reduce the annual quotas assigned to Malaysian pilgrims to perform the *hajj*, symbolically attacking what it recognized as an influential target within the country.
- 37 For example, the Chinese company Global Islamic Pilgrims Board, founded in 2010 in Hong Kong to invest in the competitive market of organizing the pilgrimage to Mecca, explicitly claimed to have widely emulated services proposed by Tabung Haji in order to set up its own competing services. It even used this as a commercial argument, highlighting the good reputation of the Malaysian organization in order to attract its first customers in 2011. Already offering its services in several Asian countries, including Malaysia, where it is attempting to challenge the

comes foreign delegations to study its operations, and even occasionally provides technical assistance to similar entities wishing to emulate its services. Recently, in partnership with a company specialised in engineering systems, it also launched a programme to develop a marketable version of its model management process for pilgrimages to Mecca.³⁸ In many ways, Tabung Haji can be considered the archetypal example of the Malaysian authorities' commitment to initiatives relating to Islam. Furthermore, this commitment is connected to their underlying national objectives within the Muslim world, as highlighted by one of the company slogans: "A catalyst for the *ummah*".

Despite this display of political will, in terms of institutional recognition, the political influence of the Gulf countries in international Islamic institutions has somewhat thwarted attempts by Malaysian government to impose the country's leadership in all multilateral initiatives on *Syariah*-compliant finance. For example, Malaysia had hoped to see Kuala Lumpur become the headquarters of the International Islamic Financial Market (IIFM), founded under the aegis of the OIC in 2001. However, the organisation opted for Bahrain, which led Malaysia to launch its own market in the offshore tax haven of Labuan in the autumn of the same year. The Sultanate of Bahrain is also the headquarters of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), a private international association with which most Islamic banks are affiliated. The AAOIFI's main role is to be a forum for research and consultation devoted to the establishment of uniform standards for formats and calculations of the various balance sheets of *Syariah*-compliant financial institutions. The organisation has, in particular, sought to determine the rules for setting solvency ratios. The Basel rules, used for conventional entities, are hardly applicable to Islamic economies, due to the very different terms of assessment and risk-sharing. Malaysia, along with a few other countries, stood out from the majority of the states represented in the organisation by largely adapting the recommendations made in accordance with its own code of conduct. Malaysia is known for the consistency of its legislation, which is dense, and its ability to innovate technically, even if the economic tools and legal devices it has implemented are sometimes criticised for their non-rigorous application of the principles of the Islamic faith. Indeed, some are the result of very liberal interpretations

hegemonic position of Tabung Haji, Global Islamic Pilgrims Board is aiming for a medium-term international expansion, and is represented in London for this purpose. It has also signed an agreement with the Saudi authorities related to pilgrim visas and quotas, and with a Malaysian biochemistry company, the air transport subsidiary of which (Bion Airways) has become one of its partners.

38 Enterprise Hajj Registration and Management System (EHRAMS).

of *fiqh* (Islamic jurisprudence). The sophistication of Malaysia's arrangements helps it circumvent any legal barriers which could hinder the extension of its trading potential. For example, in June 2002, Malaysia created a stir by offering a new product, *ijarah sukuk*: the first sovereign international Islamic bond. It was also tradable on the secondary market. Most Muslim countries, contrary to the Federation, did not allow the marketing of *Syariah*-compliant debt securities, considering it illegal under the *fiqh*. However, the original amount of the subscription was far exceeded, highlighting the confidence of buyers in the Malaysian offer. Half of these buyers were from Gulf states, where debt exchange on Islamic markets is specifically prohibited by the *fiqh*.

Nevertheless, Malaysia's pioneer investment and remarkable action in the field of *Syariah*-compliant finance have met with widespread institutional recognition through multiple avenues. First, during its implementation process, it inherited the chairmanship of the Working Group on Islamic Finance of the International Organisation of Securities Commissions (IOSCO). Subsequently, Malaysia hosted the first OIC Business Forum in 2003, the second one in 2004, and promoted the idea of establishing a similar permanent entity opened up more largely. Thus, the first World Islamic Economic Forum (WIEF) was organised in 2005 in Kuala Lumpur and institutionalised in 2006 by the creation of an international, Malaysian-based foundation. The Federation also hosts the International Islamic Liquidity Management Corporation (IILM), a multilateral institution established in 2010 to issue *Syariah*-compliant short-term financial instruments and to enhance cross-border investment flows. But more importantly, the city of Kuala Lumpur was chosen in 2002 to host the permanent headquarters of the Islamic Financial Services Board (IFSB), in operation since March 2003. The result of broad multilateral cooperation, the IFSB is the official international body in charge of overseeing the Islamic economic sphere, so its mission goes well beyond the scope of the AAOIFP's. The IFSB initially brought together the Islamic Development Bank, the central banks of 12 Muslim countries³⁹ and financial regulatory agencies. Because it is a privileged interlocutor, some major international institutions, including the IMF and the World Bank, took part in its creation and have associate member status. Many private entities also have observer status in its meetings. In the post-11 September 2001 context, especially under the pressure of the US authorities, the IFSB's promoters have agreed on the need to remove the opacity surrounding the flow of funds managed by the *Syariah*-compliant sector, so as to remain viable. In

39 Malaysia, Indonesia, Brunei, Egypt, Jordan, Iran, Pakistan, Sudan, Qatar, Bahrain, Kuwait and Saudi Arabia.

order to reduce the uncertainties that hindered the accelerated expansion of the Islamic finance, the IFSB also launched a threefold movement comprising a standardisation of its accounting rules and procedures, a harmonisation of its tools, and the convergence of various national laws. The prominent role assigned to Malaysia in the pursuit of these objectives has been understood as a sign of the *ummah's* recognition of Malaysia's international credibility, something that has been obstinately sought by Malay leaders.

The exaltation of national pride and the search for external recognition have been constant features of Malaysian political life since independence. They became particularly apparent under the leadership of Mahathir Mohamad, whose promotion of domestic, large-scale industrial and infrastructure projects and whose sharp, ambitious commitments on the international scene were interlinked in a coherent ideological vision. In 2010, the controversial decision of Najib Razak to launch, in partnership with the private sector, the construction of a monumental building (*Warisan Merdeka*, Heritage of Independence) that would be the tallest and most spectacular tower in the world illuminates the consistency in this position. The argument used publicly by the prime minister to justify the decision to build this tower leaves no doubt about its purpose: "This project is not a waste, we want to have a building that will reflect Malaysia as a modern and developed nation." The continuity between this project and what has been one of the predominant features of the action of the UMNO regarding the projection of Malaysia's self-image emphasises the difficulties the Malay leaders experience in changing their own fundamental ideological matrix, despite the modest recent evolutions. In the current context of transition, which can be viewed as the complex end of the postcolonial historical period, this element remains the main uncertain key factor for change in the country.

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