Explaining Hedging: The Case of Malaysian Equidistance

KUIK CHENG-CHWEE

For decades, Malaysia has positioned itself as being “equidistant” between the United States and China. But being equidistant does not mean being equally distant or equally close. Instead, it means maintaining a neutral position at the macro level while seeking inclusive but selective multilayered partnerships with all competing powers across micro-level domains. While the Malaysia-US defence partnership is much closer than that between Malaysia and China, Malaysia-China diplomatic and developmental ties are more multifaceted than those between Malaysia and the United States. Therefore, Malaysia’s equidistant stance entails several puzzling contradictions emblematic of hedging. This article theorizes hedging by unpacking the two-level determinants of Malaysia’s inclusive but prudently selective and contradictory policy of equidistance. It argues that while the smaller state’s macro-level neutrality is driven primarily by the structural imperative of insuring against the danger of entrapment and other systemic risks, the inclusive and contradictory elements in Malaysia’s micro-level, multilayered alignments are primarily due to domestic reasons. Chief among these is the governing elites’ necessity to optimize the different pathways of legitimation in a multiethnic society. This intersects with other domestic processes, prompting the state to hedge by pursuing seemingly paradoxical approaches to offset risks while maximizing benefits with politically acceptable trade-offs under conditions of uncertainties.

Keywords: hedging, equidistance, alignment, legitimation, Malaysia.

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Malaysia is one of the few Southeast Asian countries that has moved from an alliance-based strategy to one of non-alignment, neutrality and “equidistance”. During the first 14 years following its independence in August 1957, Malaysia (or “Malaya” before 1963) anchored its foreign policy on the Anglo-Malayan Defence Agreement (AMDA), an alliance established with its former colonial ruler, the United Kingdom. This coalition, which also involved Australia and New Zealand, protected the small state from internal and external communist threats during the height of the Cold War. It also protected Malaysia during Konfrontasi, a low-intensity conflict launched by Indonesia in 1963 in opposition to the formation of the Federation of Malaysia. When threats were direct and allied support was certain, an alliance was a rational and practical policy choice.

However, a rational policy is not necessarily a sustainable solution. Indeed, the sustainability and feasibility of an alliance or partnership are often beyond the desirability of the weaker partners. Even when threats remain, the patrons in an alliance might reduce or retract their commitments, leaving the smaller partners to face dangers and challenges on their own. Britain’s decision in 1968 to retreat “east of Suez” led to the replacement of the AMDA by the Five Power Defence Arrangements (FPDA) in 1971. The FPDA, which also includes Australia, New Zealand and Singapore, was a consultative mechanism rather than an alliance, as there was no mutual defence commitment among its members. This coincided with the Nixon Doctrine in 1969, which led to the withdrawal of US troops from mainland Asia. These developments signalled a reduced Western commitment in Southeast Asia and exposed Malaysia and other Western-allied states in the region to the risk of being abandoned. Thus, the late 1960s was a watershed moment for Malaysian defence planning. Malaysian leaders began to realize that while a clear-cut policy of full alignment with one side against another provides significant returns, it also presents profound risks. And while big powers might come and go, the long shadow of uncertainty remains for smaller states.

For the next half-century, Malaysia persistently adopted a neutral, no-alliance policy. In addition to joining the Non-Aligned Movement (NAM) in 1970, Malaysia began using the Association of Southeast Asian Nations (ASEAN) as the cornerstone of its foreign policy. However, a regionalist policy and a non-aligned posture did not preclude Malaysia from developing and maintaining pragmatic defence partnerships with countries far from its territory—primarily
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the United States and other Western powers—and, more recently, also those closer to home—China and other Asian nations. Although Malaysia’s defence and security cooperation arrangements with China pale in comparison with those with the United States, its choice to maintain concurrent security ties with both powers, while embracing other partnerships, demonstrates Malaysia’s neutral and “equidistant” position. But being equidistant does not mean being equally distant or equally proximate to competing powers. Instead, it means maintaining an impartial, not-taking-sides position at the macro level while simultaneously seeking inclusive but selective partnerships with all powers across all micro-level domains, with an eye on mitigating risks, maximizing benefits and keeping options open under conditions of uncertainties.

Malaysian equidistance entails three puzzling contradictions. First, despite its proclaimed non-alignment position since the early 1970s, Malaysia, in practice, has actively maintained increasingly robust military partnerships with several Western powers, meaning de facto “alignments” without alliances. Second, despite increasing concerns about China’s intentions in the South China Sea, as China grows more assertive near Malaysian waters, Malaysia has gradually developed closer defence and security cooperation with China since the 2010s. Third, despite Malaysia’s openly expressed concerns about AUKUS, a pact formed by the United States, the United Kingdom and Australia in 2021, it has continued to enhance bilateral military ties with each of these three states while also maintaining the FPDA and widening its engagements with more partners, including China, Japan, South Korea and Europe across defence, diplomatic and development domains. In short, Malaysia has pursued non-alignment via multi-alignments. Hence, Malaysia’s equidistance is not passive neutrality but an active, inclusive and seemingly contradictory form of impartiality.

What explains this paradoxical policy? Why has Malaysia persistently avoided alliances and insisted on a neutral, equidistant policy for the past half-century, even amid growing security concerns because of tensions in the South China Sea? Why has Malaysia adopted these puzzlingly contradictory approaches rather than a clear-cut policy vis-à-vis the competing powers? Why has Malaysia pledged a non-aligned position at the macro level but pursued multilayered alignments and partnerships in practice across micro-level domains?

This article offers a two-level explanation. Describing Malaysia’s paradoxical policy as quintessential “hedging” behaviour, it argues
that the smaller state’s macro neutrality is rooted in structural conditions, while its micro multi-alignments are driven and limited primarily by domestic-level determinants. Specifically, while Malaysia’s insistence on not taking sides is attributable to structural imperatives, the manner and extent to which it pursues inclusive but prudently selective multi-alignments across domains have been profoundly shaped by its elites’ desire to optimize different pathways of domestic legitimation. This legitimation process intersects with the pluralistic socio-political contestations, thereby pushing the elites to pursue paradoxical approaches to balance multiple policy trade-offs, such as economic benefits versus security considerations, internal autonomy versus external concerns and immediate interests versus longer-term identities.

The article proceeds in four sections. The first presents a two-level framework to theorize hedging as a small-state alignment choice under uncertainties. The second traces the changing structural factors driving Malaysia’s shifting alignment position from non-hedging to hedging before analysing Malaysia’s enduring macro neutrality vis-à-vis the United States and China since the 1970s. The third unpacks the domestic determinants of Malaysia’s micro-level, multilayered alignments and partnerships with the major and second-tier powers across domains. The concluding section summarizes the key findings and suggests directions for future research.

A Two-Level Framework: Explaining “Hedging” in International Relations

Hedging is defined as an insurance-seeking behaviour under high-stakes and high-uncertainty conditions, which aims at mitigating and offsetting risks while maximizing returns via three approaches: active neutrality, inclusive diversification and prudent fallback cultivation. Accordingly, hedging is conceived of not only as a “middle” position—between the competing powers—but also as an “opposite” position, where two or more mutually counteractive measures are pursued to offset risks of uncertainties and cultivate fallback options.

Conceptually, hedging is distinguishable from “balancing” and “bandwagoning”, the two more clear-cut, straightforward alignment behaviours, which have dominated International Relations (IR) literature for decades. Balancing means a security-seeking act of pursuing alliance (external balancing) and armament (internal balancing) to counter the strongest power or the most threatening
Bandwagoning refers to a utility-seeking act of accepting a subordinate role to a rising or dominant power in exchange for profit or security. The distinctions are illustrated by four key aspects (see Table 1).

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<thead>
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<th></th>
<th>Balancing</th>
<th>Bandwagoning</th>
<th>Hedging</th>
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<tbody>
<tr>
<td><strong>Macro-level alignment</strong></td>
<td>Fully siding with one power against another (a rising power or a growing threat).</td>
<td>Fully siding with one power (a rising power or a growing threat).</td>
<td>Not taking sides / neutral / equidistance / non-alignment via multi-alignments.</td>
</tr>
<tr>
<td><strong>Principal drivers</strong></td>
<td>Security-seeking: Balancing the strongest power (Waltz) / Balancing the most threatening power (Walt).</td>
<td>Utility-seeking: Maximizing profits (Schweller) / Minimizing security threat (Walt).</td>
<td>Insurance-seeking: Mitigating and offsetting risks; Cultivating fallback options.</td>
</tr>
<tr>
<td><strong>Principal means</strong></td>
<td>Primarily military means (alliance and armament) + any other tools and instruments.</td>
<td>Primarily political means (displaying full deference) + any other tools.</td>
<td>All available instruments pursued in an opposite and mutually counteractive manner.</td>
</tr>
<tr>
<td><strong>Antecedent conditions</strong></td>
<td>Certainty in principal threat and principal patron.</td>
<td>Certainty in principal patron or principal threat.</td>
<td>Uncertainty in structural conditions (diffuse threats, uncertain supports).</td>
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Theoretically, a two-level model posits that hedging originates at the structural and domestic levels. While structural conditions explain when states hedge, domestic reasons explain why a state hedges in the ways and extent it does. That is, states choose to hedge, rather than to balance or bandwagon, when two structural conditions prevail: when threats are neither immediate nor straightforward; and when states are uncertain of credible, sustainable allied support. However, the manner and degree to which a state opts to hedge are necessarily the result of domestic factors: optimizing pathways of legitimation necessitates ruling elites to hedge in ways that balance key trade-offs in foreign policy choices. These two-level explanations are elaborated as follows.
When Do States Start (and Stop) Hedging? Structural Sources of Alignment

Structural factors matter. Alignment choices are primarily a function of the relative certainty about two systemic-level conditions. First, high or low certainty about the presence of a principal threat—an immediate, predominant danger in all key domains. Second, high or low certainty about the presence of a principal patron—highly reliable, sustainable and long-term allied support. This article has developed a 2x2 matrix (see Figure 1) to explain when states opt for hedging, balancing, security-driven bandwagoning or profit-driven bandwagoning. Balancing and bandwagoning are likely when one of three clear-cut circumstances prevail: when a state is highly certain of both an imminent threat and reliable allied support (Quadrant 1), balancing will prevail; when a state is highly certain about the existence of an immediate threat, but uncertain about the availability of a credible ally as a countervailing force (Quadrant 2), security-driven bandwagoning will prevail; and when a state is highly certain about the availability of an indispensable multidomain patron and the absence of an intolerable threat (Quadrant 3), profit-driven bandwagoning will prevail.

![Figure 1](image)

Relative Certainty about Principal Threat and Principal Patron

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<tr>
<th>Certainty about an Imminent, Principal Threat</th>
<th>High</th>
<th>Low</th>
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<tr>
<td>Certainty about a Reliable, Principal Patron</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>Quadrant 3</td>
<td>Quadrant 1</td>
</tr>
<tr>
<td>Bandwagoning (profit-driven)</td>
<td>Balancing</td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>Quadrant 4</td>
<td>Quadrant 2</td>
</tr>
<tr>
<td>Hedging</td>
<td>Bandwagoning (security-driven)</td>
<td></td>
</tr>
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However, under less certain but far more common circumstances—when danger is neither immediate nor straightforward (harmful in one domain but helpful in others) and when reliable patrons are not
readily available (Quadrant 4)—a state is likely to eschew the rigid strategies of balancing and bandwagoning. This is because, under such conditions, the security and economic benefits that can be garnered from either strategy will almost certainly be accompanied by unacceptable trade-offs: greater risks and opportunity costs across domains and over the longer terms. When threats are diffuse and a dependable patron is not readily available, hedging is the dominant choice. Under such conditions, the state, as a prudent actor, is likely to start hedging—pursuing mixed and deliberately contradictory approaches aimed at creating the space and options to mitigate and offset the multiple risks (the primary goal)—while still obtaining multiple benefits (the secondary goal) from as many partners as possible. The state will stop hedging if and when it is certain of its principal threat and principal patron.

**Why Do States Hedge the Ways They Do? Domestic Determinants of Alignment**

While systemic uncertainties explain when states hedge, domestic factors explain why states hedge in the manner and to the extent that they do. Fundamentally, hedging is about the management of risks.¹⁵ “Risks”—exposure to possible dangers, potential harms or probable losses—are distinguishable from “threats” regarding certainty and the immediacy of hazards. While threat refers to clear and present dangers, risk refers to plausible and potential harms.¹⁶ This model postulates that, in the absence of an immediate threat, the identification and prioritization of risks as foreign policy concerns are neither given nor straightforward. Instead, there is a “riskification” process by which some risks are highlighted, and some are downplayed based primarily on elites’ domestic political needs.¹⁷

All states want to maximize security, prosperity and autonomy. But, in reality, it is impossible to maximize all three goals simultaneously. This is akin to the “impossible trinity” in economics: an economy cannot simultaneously pursue independent monetary policy, preserve a fixed exchange rate and permit the free flow of capital across national borders.

The impossible trinity in international politics manifests as follows. Of the three goals that smaller states seek—security and freedom from threat, prosperity and freedom from economic deprivation, sovereignty and freedom from autonomy erosion—only one or at most two can be attained through a single approach. The
nature of the trinity is such that a state cannot hope to rely on any single policy to pursue all three goals at once. Indeed, regardless of the policy adopted, a state’s attempt to use that approach to maximize goals and minimize certain risks will invariably expose it to other forms of danger. For instance, an alliance helps a smaller state to maximize its security but exposes it to the erosion of its autonomy. Gaining something always comes at the expense of losing something else. No single patron or partner, no matter how powerful, can help smaller states attain all three goals.

Hence, the impossible trinity involves policy prioritization and trade-offs. Different states make different prioritization and trade-off calculations based on their external circumstances and internal needs. When a state faces a direct and profound threat, security is prioritized. However, when an immediate threat is absent, the prioritization of a state’s goals—either prosperity over autonomy or vice versa—depends primarily on ruling elites’ domestic concerns, especially their legitimation needs.

This article defines “legitimation” as elites’ inner justification, the process by which ruling elites seek to justify and enhance their political domination by acting in accordance with the very foundations of their authority at a given time. Legitimacy is a noble end in politics, but legitimation is often a means to other parochial ends such as power, patronage and privilege. All elites seek to acquire and advance their “right to rule” via the following pathways of legitimation: performance (results-based), procedural (ideology-based) and particularistic (identity-based) justification. These pathways are not pursued exclusively. All elites, regardless of the political systems they are in, concurrently pursue a combination of these pathways. This is because different constituencies have different political demands, coalition politics compel elites to fulfil the different expectations of their political backers and changing public attitudes necessitate elites to recalibrate their use of legitimation pathways.

Which pathways are primary and which are secondary depends on a state’s sociopolitical system, demographic structure and other internal attributes. For instance, in democratic systems, elites derive their legitimacy and enhance their authority primarily from the procedural pathway: winning electoral mandates and conforming to democratic values, social justice and rule-of-law ideals. This is the primary, but not the only, pathway as procedural legitimation is consistently implemented with and complemented by other justification efforts: demonstrating performance—delivering
development results, ensuring economic growth or preserving internal order—and/or mobilizing various identity-based sentiments at the grassroots level. In authoritarian or semi-democratic systems, elites tend to rely more on performance legitimation and/or identity-based particularistic legitimation—mobilizing nationalist sentiments, religious appeals and personal charisma—to exert and expand their authority, partly to compensate for their lack of popular mandate. In ethnically divided societies, elites tend to emphasize development-based performance legitimation and/or procedural justification more heavily, not least to compensate for the lack of nationwide identity mobilization. The causal mechanism of a domestic-level explanation goes as follows: legitimation pathways determine policy prioritization, dictate riskification and trade-off calculations, which in turn shape policy choices.

When development-based performance legitimation is the elites’ primary pathway of justification, prosperity-maximization would be emphasized over autonomy- and security-maximization as the prioritized goals. Legitimation not only determines policy prioritization but also shapes riskification and trade-off calculations. Accordingly, such a state will likely prioritize the immediate economic benefits, play down the longer-term sovereignty and security risks and pursue policy options with acceptable trade-offs.

When identity-based particularistic legitimation is the primary pathway, autonomy and/or security would be prioritized over prosperity. Accordingly, this state is likely to be more vigilant about near- and longer-term existential risks, place more emphasis on preservation and policy independence over material gains, as well as project a greater readiness to invest in more risk-mitigation options, even to defy and confront the stronger power(s).

All policy options entail trade-offs. Trade-offs are deemed acceptable when a given policy option serves to maximize certain prioritized benefits without undermining the primary pathway of legitimation. Trade-offs are considered unacceptable when certain gains or returns are obtained at the expense of undermining one or more major pathway(s) of legitimation. Trade-offs are regarded partially acceptable when certain stakes are acquired at the price of affecting elites’ secondary pathway of legitimacy but without eroding the core foundations of their domestic authority.

There are three types of trade-offs: sectoral (economy versus security; economy versus autonomy; security versus autonomy); spatial (internal versus external); and temporal (the present versus the future). Balancing trade-offs means optimizing politically
prioritized benefits across as many domains as possible—as opposed to maximizing returns in one single domain—while offsetting and minimizing the corresponding costs. All elites seek to balance policy trade-offs in accordance with their prevailing legitimation needs. Understanding how and why elites seek to do so helps explain the different patterns of state alignment behaviour, such as why some states hedge more heavily than others and why some “light hedgers” pursue more selective and contradictory options.

Structural Logic of Macro Neutrality: When Do States Shift from Balancing to Hedging?

Malaysia’s shift from an alliance-based strategy to a neutral, active but prudent equidistance stance—a hedging policy—has been driven primarily by dramatic structural changes since the late 1960s. The systemic-level changes, which will be discussed shortly, underscored the unpredictable nature of power relations and alliance commitment. Uncertain about the long-term reliability of its patrons, Malaysia began replacing its siding-with-the-West strategy with a non-aligned and ambiguous policy of active equidistance in the early 1970s, which included a pragmatic adjustment in dealing directly and politically with communist China, the source of its perceived dangers.

A “Balancing” Strategy

Malaysia did not pursue any form of hedging throughout the first decade of its nationhood. Upon gaining independence from Britain in August 1957, the smaller state adopted a full-fledged balancing strategy. It opted to align directly with the United Kingdom and indirectly with the United States, and it maintained an antagonistic policy against the People’s Republic of China (PRC). Under Prime Minister Tunku Abdul Rahman (1957–70), Malaya condemned China’s suppression of the Tibetans and criticized Beijing when the 1962 India-China border war broke out. The hostility was mutual. When Indonesia launched Konfrontasi against Malaysia in 1963, Beijing supported Jakarta.

To the Malaysian elites, China was an imminent threat, and the Western powers were indispensable patrons. Such black-and-white outlooks were rooted in relatively straightforward structural conditions. At the time, power relations were configured primarily on ideological grounds, with the US-led Western bloc, on one side, and the Soviet-dominated communist camp, on the other. Against
this backdrop, Malaysia and the other non-communist Southeast Asian states’ perceptions of threats and patrons were relatively clear cut. The convergence of external and internal threats further reinforced these perceptions. Chinese leader Mao Zedong’s support of indigenous communist insurgencies in Southeast Asia, which sought to overthrow the governments in Kuala Lumpur, Bangkok, Manila, and Jakarta, coupled with Beijing’s “overseas Chinese” policy, led Malaysian and other Southeast Asian leaders to perceive China as their principal security and political threat. At the same time, they viewed Washington and its Western allies as their principal patrons, providing crucial security guarantees, military aid and economic support via market access, capital, humanitarian assistance and technology.

A Shift to “Hedging”

In the late 1960s, a series of major geopolitical changes occurred. By 1967, despite a considerable expansion of US involvement in Vietnam, it appeared that Washington was far from winning the war. Around the same time, Sino-Soviet relations, marred by mutual distrust since the late 1950s, further deteriorated. In June 1967, China successfully tested its first hydrogen bomb. These changes coincided with the British announcement in July 1967 that it would withdraw its forces back “east of Suez”, in effect, pulling out of Southeast Asia. In July 1969, US President Richard Nixon announced in Guam that the United States would no longer unconditionally defend its allies in Asia. While Washington would continue to uphold its alliance obligations, it expected its allies to be responsible for their own military defence. In addition, the 1969 Sino-Soviet border clashes, the PRC’s admission to the United Nations in 1971 and the US-China rapprochement in 1972 meant that Beijing had emerged as a third factor, alongside Washington and Moscow, in the region’s power equation by the early 1970s.

These developments fundamentally altered the geostrategic landscape in Southeast Asia. States in the region began questioning the reliability of their respective patrons. One after another, they gradually adjusted their alignment positions vis-à-vis the major powers, stressing self-reliance, regionalism and active diplomacy in their external planning. Elites in Malaysia and Singapore grew alarmed by the British “East of Suez” decision. Moreover, in January 1968, due to mounting financial pressure, the British government announced its decision to accelerate its withdrawal from the region,
which began in 1971. The AMDA alliance was replaced by the FPDA, which obligated all members to consult each other in the event of external aggression against Malaysia and Singapore, but it did not obligate the partners to act militarily. This took place as Washington began drawing down its troops in mainland Southeast Asia under the Nixon Doctrine.

These structural changes, which exemplified the risks of abandonment, were watershed moments for Malaysia and other ASEAN states. In light of the imminent departures of their Western patrons, the non-communist Southeast Asian nations began recalibrating their external postures. The structural shock was particularly profound for Malaysia. Realizing that Malaysia could no longer count on its Western patrons for security protection, its leaders sought to deal directly with China. Prime Minister Tun Abdul Razak Hussein (1970–76) replaced Malaysia’s former pro-West stance with non-alignment and “regional neutralization”. This new approach necessitated that Malaysia change its China policy because neutralization “required formal relations between the neutralized and the guarantor”. According to a speech Razak gave in December 1970 on Malaysia’s neutralization proposal: “Malaysia could not afford to ignore a big neighbour such as China.”

Security concern was a key driver. Given the reduced strategic presence of the Western powers, the Malaysian elites—similar to the leaders of other ASEAN states—began to think that reducing friction with Beijing and normalizing relations with China were necessary political steps to reduce threats from the China-backed communist movements. As China moderated its external posture, Malaysia could explore a reconciliation with Beijing. The years-long normalization negotiations culminated in Razak’s historic May 1974 visit to Beijing, making Malaysia the first ASEAN state to forge official ties with China.

In retrospect, the move not only marked Malaysia’s shift away from balancing but also signified the first of such policy shifts within ASEAN. The Philippines and Thailand, the two US treaty allies in Southeast Asia, followed Malaysia’s footsteps by establishing ties with China in 1975. They ended their earlier posture of completely siding with one camp and started a rudimentary form of hedging by pursuing opposite measures to keep their options open.

Malaysia ceased fully aligning with the West and its public confrontation with China. It sought to mitigate politico-security risks by insulating its ethnic Chinese minority from Beijing’s influence and maintaining defence links with Western powers while
simultaneously forging relations with China on both economic and diplomatic grounds. A similar pattern can be discerned in the policies of the Philippines and Thailand: economic pragmatism and bilateral engagement, on the one hand, and political and security hedges, on the other. In all these cases, the shifting structural circumstances unleashed uncertainties and posed risks to the weaker states, driving them towards hedging. Hence, just as Malaysia and Singapore were anxious about the British “East of Suez” policy, Thailand and the Philippines became uneasy about the Nixon Doctrine and the eventual withdrawal of US troops from mainland Southeast Asia. The debacle of the Vietnam War highlighted that US power might not be invincible after all. The US-China rapprochement in 1972 prompted Thailand and the Philippines to consider normalizing relations with Beijing. Similar to Malaysia, the two states also viewed normalization as a political means—as opposed to such military means as alliances—to neutralize the security threats posed by the China-backed insurgencies in their own countries.

However, the effects of such structural pressures were not even. While the growing uncertainties pushed Malaysia, the Philippines and Thailand to normalize relations with China by the mid-1970s, the other ASEAN states did not establish official ties with China until after the end of the Cold War, although Singapore stepped up its economic engagement with China from the mid-1970s onwards and Indonesia resumed direct trade with China in 1985.

While changing structural factors drove the shift from balancing to hedging, domestic conditions determined the pace and patterns of this shift. The shifts were faster for Malaysia, the Philippines and Thailand because of more pressing domestic political reasons. In Malaysia, Prime Minister Razak’s rapprochement with China was aimed, in part, at restoring internal stability and elite legitimacy following the ruling coalition’s electoral setback in May 1969 and the ensuing ethnic clash between Malays and Chinese. In the Philippines, during the 1973–74 oil crisis, Manila accepted Beijing’s offer of oil at a “friendship price”, adding economic impetus to normalization. In Thailand, the fast pace of normalization was also attributable to domestic needs. The fall of the Thanom Kittikachorn military regime in October 1973 coincided with the onset of the oil crisis, meaning that Thailand’s new civilian elites, which sought to establish their authority through economic development and internal stability, viewed détente with Beijing as politically desirable. Indonesia and Singapore displayed different patterns of
normalization with China. Although growing systemic uncertainties also pushed their elites to rethink their alignment positions and consider normalization with China, their moves were deferred by dissimilar domestic logic.\textsuperscript{38}

\textit{Malaysia’s Evolving Equidistance in the Post-Cold War Era}

Structural uncertainties have deepened and endured into the post-Cold War era, pushing Malaysia, as well as other Southeast Asian states, to maintain and expand its equidistance policy. In addition to anchoring itself on ASEAN and ASEAN-led institutions, advocating non-aligned and South-South causes, as well as advancing relations with Muslim countries, Malaysia has also deepened its macro-level neutrality \textit{vis-à-vis} the major powers.

Malaysia’s post-Cold War equidistance policy is not passive non-alignment but \textit{active} neutrality, adaptive to changing circumstances. The country has actively pursued equidistance by engaging with major powers simultaneously to maintain its macro-position of not siding with any power, by employing mutually counteracting means to offset multiple risks and keep options open and by exploring ways to adapt to changing power realities, such as by taking the initiative to elevate certain partnerships when the other power becomes too strong or too unpredictable, and to expand more layers of alignments when external power structure becomes more uncertain.

When the Cold War ended in the early 1990s, Malaysia’s relations with the United States, the unipolar power in the new era, were strong and well-institutionalized. Despite occasional political disagreements, especially during Mahathir Mohamad’s first tenure as prime minister (1981–2003), Malaysia-US relations have been close and broad-based, covering significant economic links, people-to-people exchanges in education, technology and sociocultural areas, as well as close military and security collaboration.\textsuperscript{39} While continuing to forge stronger developmental and defence ties with the United States, Malaysia took the initiative to engage China bilaterally and regionally. Despite their problematic past, Malaysia dispatched an official delegation to Beijing when China was isolated by the West after the Tiananmen incident in June 1989. Mahathir invited Chinese Foreign Minister Qian Qichen as a guest of the Malaysian government, to attend the opening session of the July 1991 ASEAN foreign ministers’ meeting in Kuala Lumpur, which marked the beginning of the ASEAN-China dialogue process.\textsuperscript{40} Efforts
to develop Malaysia-China and ASEAN-China relations have grown hand in hand, setting the stage for wider regional integration.\textsuperscript{41} By the late 2000s, China had emerged as Malaysia’s principal trading partner and, by the mid-2010s, a principal investor.\textsuperscript{42}

Engaging the major powers does not mean that, as a smaller state, Malaysia would have to submit to them. In fact, like other regional countries, Malaysia has concurrently displayed deference and defiance in its dealings as mutually counteractive measures.\textsuperscript{43} “Deference” is saying yes and showing respect to the bigger power, while “defiance” is saying no and showing autonomy. In 2004, Malaysia and Indonesia defied the United States when the US Pacific Command proposed to deploy US forces in the Malacca Strait to tackle maritime piracy and potential maritime terrorism threats. Both states insisted that regional security issues should not compromise their national sovereignty.\textsuperscript{44} In September 2021, when AUKUS was announced, Malaysia and Indonesia defied the Western powers by expressing concerns that the new security pact would trigger a nuclear arms race and escalate tension in Asia. However, Malaysia, especially under Najib Razak’s premiership (2009–18), does defer to US interests and preferences, ranging from Iran and North Korea to nuclear non-proliferation, trade and economic initiatives.\textsuperscript{45} Malaysia was a signatory of the proposed, US-led Trans-Pacific Partnership (TPP) and of Washington’s Indo-Pacific Economic Framework for Prosperity (IPEF). Malaysia’s adoption of selective deference and selective defiance can also be observed in its China policy, particularly over issues such as the Belt and Road Initiative (BRI), the South China Sea and alleged human rights abuses in Xinjiang (discussed below).\textsuperscript{46} Malaysia’s concurrent adoption of such mutually counteractive efforts offset the risks of falling into the orbit of any single power, thereby preserving its independence and neutrality at the macro level. When the Obama administration implemented its “rebalancing” to Asia, Malaysia embraced Washington’s overtures and elevated Malaysia-US relations to a “comprehensive partnership” in 2014. This came shortly after the Malaysia-China Comprehensive Strategic Partnership, which was established in 2013.

In sum, Malaysia’s equidistance policy is active and adaptive. The policy is marked by efforts aimed not against any single power but at a broad range of risks stemming from systemic uncertainties, most notably the dangers of entrapment and abandonment, as well as the undesirable scenarios of regional polarization and ASEAN
marginalization. Prudential offsets are instrumental in hedging against these systemic-level risks. Hence, Malaysia has adopted both deference and defiance vis-a-vis the major powers. Deference without defiance results in subservience and dependency; defiance without deference invites suspicion, hostility and entrapment. By adopting such opposite approaches, Malaysia actively underscores its neutrality, inclusively diversifies its external links and prudently keeps options open.

**Domestic Logic of Micro Multi-Alignments: Why Does Malaysia Hedge (the Ways It Does)?**

External policies are an extension of a country’s internal politics. In the case of Malaysia, its internal dynamics considerably shape its external equidistance. Specifically, it has hedged the ways it has throughout the post-Cold War era—active and inclusive but prudently selective and contradictory in developing multilayered alignments with the competing powers—primarily because of domestic imperatives, especially its ruling elites’ desire to offset multiple risks and optimize the major trade-offs based on the necessities of their legitimation at home.

Malaysia’s partnerships with the United States and China are, in many ways, de facto “alignments” without alliance. Malaysia’s respective partnership with both powers has been driven by a considerable degree of converged strategic interests, developed by continuous needs to forge closer cooperation, as well as maintained by regular institutionalized cooperative mechanisms and high-level consultative processes. These attributes make Malaysia’s respective partnership with both powers an alignment that is distinguishable from other less strategic, less institutionalized and less extensive partnerships. As noted, Malaysia’s alignment with both powers has been broad-based and multilayered, covering virtually all micro-level domains. This inclusive and multilayered approach has enabled Malaysia to maintain its active neutrality at the macro level.

On different occasions, Anwar Ibrahim, Malaysia’s current prime minister, has used the term “ally” to describe the United States and China. This term is technically incorrect because Malaysia’s alignment with either power entails no mutual defence commitment. However, the leader’s repeated uses of the term “ally” for both powers do reflect Malaysian elites’ outlook of viewing Malaysia’s partnerships with both superpowers as de facto alignments, albeit ones with uneven emphases across domains (discussed below).
Domestic Drivers of “Light Hedging”

Malaysia’s multilayered alignment with the United States and China—inclusive but prudently selective and, at times, low-profile, ambiguous and contradictory—can be described as a “light hedging” act. It differs from “heavy hedging” in at least three aspects: first, both light and heavy hedgers see a spectrum of risks in the real world, but light hedgers tend to see lighter shades of risks and dangers, preferring to downplay risks whenever possible. Second, both light and heavy hedgers see the need to pursue risk-mitigation measures wherever necessary, but light hedgers prefer to opt for less confrontational, less conflictual and more low-profile approaches. Third, both light and heavy hedgers see the need to pursue opposite, mutually counteracting measures to offset risks, but light hedgers tend to display more deference than defiance towards bigger powers, whereas heavy hedgers are more ready to defy, oppose and even confront stronger power when core interests are at stake.

It is necessary to identify these distinctions not only for conceptual clarity but also for policy purposes of discerning the complex nuances across similar cases. For instance, the distinctions provide a better understanding of the varying approaches among the claimant countries in the South China Sea. The Philippines’ leaders openly describe China’s increasingly aggressive actions at sea as a threat and, thus, align militarily with the United States to counteract this threat, which is a balancing strategy. In contrast, Malaysia’s successive leaders—even under the four different governments after the unprecedented change of government in 2018—have consistently downplayed the China challenge and publicly denied that its longstanding defence alignments with the United States and other Western powers are aimed at countervailing China. Moreover, unlike Vietnam, which has displayed a greater readiness to show public defiance and quiet deference towards China while showing a growing inclination to leverage the US power to restrain Beijing’s actions but without fully aligning with Washington (a “heavy hedging” policy), Malaysia has opted to keep its military alignments in the backdrop and, presumably, as a last resort. Malaysia has also openly demonstrated greater deference vis-à-vis China.

Malaysia’s prudent persistence in keeping a non-confrontational stance and avoiding antagonizing the giant neighbour is rooted in its leaders’ judgment that the “China threat” notion is a “self-fulfilling prophecy”. According to Mahathir: “If you identify a country as
your future enemy, it becomes your present enemy—because then they will identify you as an enemy and there will be tension.”

Such a judgment leads to a long-held position of “not viewing China as a threat”. According to a former secretary-general of the Malaysian Ministry of Foreign Affairs: “The question of whether China is in fact a threat to the region, including Malaysia, or is not a threat is a complex and debatable issue. But this point must not be confused with Malaysia’s conscious and deliberate policy of not viewing China as a threat. [emphasis in original].”

Such a counter-intuitive policy, which underpins Malaysia’s persistent light hedging behaviour, however, does not mean that it is not wary of China’s actions in the South China Sea. In fact, like other smaller states in the region, Malaysia has become increasingly concerned about China’s growing maritime assertiveness since the late 2000s. This has been especially the case since 2013 when China began showing an increasing and eventually near-permanent presence in Malaysia’s waters. Malaysia’s anxiety reached a new height in May 2021 when 16 People’s Liberation Army Air Force (PLAAF) aircraft flew into airspace some 40–60 nautical miles off Malaysia’s Sarawakian coast. In the eyes of Malaysian policy elites, this PLAAF deployment signalled that China’s “show of presence” approach in the disputed areas is now escalating into a “show of force”. Despite this, Malaysia has not departed from its diplomacy-first policy. Even though Malaysia publicly rejected China’s “standard map” released in August 2023, which claimed virtually the entire South China Sea, including areas off the coast of Malaysian Borneo, its low-profile policy has remained largely unchanged. Between February and March 2024, when a Chinese coastguard vessel was spotted in its Exclusive Economic Zone (EEZ) for its latest patrol, Malaysia kept its low-key approach and avoided actions that risked escalation.

Malaysia’s sanguine outlook may owe to several factors, such as the mutually beneficial and productive bilateral cooperation between the two countries, the judgment that China sees Malaysia as a valuable partner in the East Asian region and the confidence that Malaysia’s current approach has worked so far in preventing the overlapping claims from affecting the overall relationship. In an interview with the Financial Times in February 2024, Prime Minister Anwar said that there are no reasons why Malaysia would “pick a quarrel” with China, before asking: “Why must I be tied to one interest? I don’t buy into this strong prejudice against China, this China-phobia.”
Of course, nothing is set in stone. Malaysia’s China policy was changed before, and it should not come as a surprise if it changes again in response to changing circumstances. For instance, if China begins to threaten Malaysia’s primary interests more profoundly, Malaysia’s policy might evolve into heavy hedging or even balancing. But, for now, domestic determinants dictate that Malaysia sticks to its light hedging approach and avoids other options. Full-balancing—fully aligned with Washington and its allies to counter-check and contain Beijing—is rejected, for now, because Malaysia does not see China as an immediate, clear-cut threat that must be pushed back at all costs. It is also because Malaysian elites view the trade-offs of that strategy as politically unacceptable. Even though full-balancing might boost the smaller state’s security, this benefit will be acquired at the price of forgoing economic and other opportunities from China (thereby undermining the ruling elites’ development-based legitimacy); eroding sovereignty and autonomy (thereby harming identity-based legitimation); and alienating the majority Malay Muslim voters who are resentful of the US policy towards the Palestine-Israel conflict, especially after the Gaza War since 2023 (thereby hurting the electoral-based procedural legitimation). Meanwhile, full-bandwagoning—accepting a hierarchical relationship with Beijing for profit or security—is also a non-starter because it similarly entails unacceptable trade-offs, such as adversely affecting the elites’ identity-based and electoral-based legitimation.

Under the current circumstances, heavy hedging is possible but not likely. This is partly because of China’s actions. While heightening Malaysia’s anxiety, they have not reached a level that would push Malaysia towards making a major policy reassessment. Unless China turns even more aggressive and harms Malaysia’s interests more directly, such as using force to disrupt Malaysia’s oil and gas exploration activities or change the status of Malaysia’s occupied atolls, Malaysia is unlikely to overreact to China’s actions in the South China Sea. Premature or disproportionate responses might result in action-reaction and outcomes that risk undermining Malaysian elites’ political legitimacy.

The mild perception of the China “challenge” and the imperative of elite legitimation, thus, combine to dictate the persistence of Malaysia’s current light hedging approaches. The enduring salience of performance legitimation as the primary pathway of elite justification, in particular, means that the elites would continue to prioritize concrete developmental benefits, play down potential
risks and prefer non-confrontational approaches. This imperative intersects with the other pathways—the identity-based and electoral-based justification—with mutually complementing and contradicting dynamics that give rise to Malaysia’s moderate riskification and pragmatic trade-off calculation.

Accordingly, some risks have been played up while others have been played down. Presently, Malaysian elites—like their counterparts in many ASEAN countries—are more worried about the risks of tension escalation, conflict entrapment and external instability much more than the risks of Chinese aggression. They are also more concerned about economic recession, regional polarization—the danger of the United States’ decoupling strategy resulting in two divided blocs—and group marginalization—the danger of ASEAN losing centrality—much more than the risks of economic dependency and economic coercion. Above all, elites are most fearful of the domestic ramifications of any of the perceived risks and risk-mitigation efforts, which might invite voter resentment, impair legitimacy, and ultimately erode elites’ authority at home.

Why Inclusive but Selective? Optimizing the Sectoral Trade-offs

A characteristic of Malaysia’s equidistance policy is its inclusive but selective approach. The small state inclusively engages all powers, especially the United States and China, but does so selectively, with different relative emphases across micro-level domains. The net result is the uneven, multilayered alignments across policy realms: the Malaysia-US defence alignment is much closer than Malaysia-China security ties, while Malaysia-China diplomatic and developmental ties are more cordial and multifaceted than those between Malaysia and the United States. Of course, the two superpowers are not Malaysia’s only partners. In addition to enhancing bilateral ties with the two powers, Malaysia has simultaneously developed partnerships with other powers in and out of Asia across multiple domains.

The inclusive and selective patterns of Malaysia’s multilayered alignments result from Malaysia’s past interactions with these powers as well as its ruling elite’s efforts to optimize the policy trade-offs across multiple sectors, as opposed to maximizing one single sector at the unacceptable expense of undermining other sectors key to elite legitimation.

If security-maximization was the only or the main motive, Malaysia would have allied solely with the United States, the dominant power of the post-Cold War era. If prosperity-maximization was the
only driver, Malaysia would have aligned fully with China, Asia’s biggest and fastest growing economic giant. However, both options are rejected because states do not pursue a single goal, and each entails unacceptable trade-offs. Since full-fledged alignment with any single power inevitably exposes the junior partner to the risks of subservience, entrapment and abandonment, it undermines the core elements of elites’ legitimation efforts. This is even more the case when presently there is no immediate threat and when there is no credible patron with an unshakable commitment.

By comparison, an inclusive but selective approach enables Malaysia to engage as many partners as possible to diversify ties and maximize prioritized benefits from all the partnerships while allowing it to mitigate and offset risks across sectors in accordance with elites’ domestic needs. Concurrently, partnering with both powers serves to offset the security risks of entrapment and abandonment, the economic risks of recession and dependency, as well as the political risks of becoming subservient externally and irrelevant internally. Selectively, developing each partnership on different prioritized areas of aligned cooperation, on the other hand, serves to trade respective divergences with maximized convergences across domains.

To optimize trade-offs across domains, the net approaches are selective alignments with pragmatic limits. Hence, there is pragmatism in maintaining robust defence alignment with the United States without upgrading it into an alliance while steadily developing closer cooperation in functional and economic realms with the superpower wherever essential, especially in the high-tech sectors. In a similar vein, Malaysia has forged an increasingly strong development and diplomatic alignment with China without sliding into a hierarchical relationship, while gradually developing defence ties with China. Such selective approaches serve different purposes. For instance, while Malaysia’s defence alignment with the United States is primarily aimed at capability- and compatibility-building, Malaysia’s security cooperation with China is chiefly for confidence- and trust-building purposes.58

Why Active but Ambiguous: Optimizing the Internal-External Trade-offs

Another paradoxical aspect of Malaysia’s equidistance policy is its active but ambiguous approach towards the competing powers. While Malaysia has actively developed a productive partnership with the
United States, it has avoided too much publicity on its military and security cooperation with the superpower. On the other hand, while Malaysia has sought to cultivate as close and cooperative a partnership with China as possible, it has quietly hedged the risks of uncertainty by pursuing various low-key defiant vis-à-vis the giant neighbour, as noted earlier.

Such puzzling features are attributable to Malaysian elites’ needs to offset different risks and to optimize the spatial trade-offs, i.e., to strike a balance between mitigating external concerns while maintaining and maximizing internal authority. To mitigate external security uncertainties, it is imperative for Malaysia to keep its long-held, robust defence ties with the United States for as long as possible. However, making Malaysia-US defence alignment too high profile will spark both external and internal risks: provoking China and displeasing those Malay-Muslim voters who are highly critical of US and Israeli policies in the Islamic world, thereby potentially undermining Malaysian elites’ performance- and identity-based legitimation, respectively. To mitigate external economic and geopolitical risks, it is imperative for Malaysia to develop a cordial, productive partnership with China for as long as possible. However, making the Malaysia-China partnership too close or too timid will lead to various risks: inviting external suspicions, eroding autonomy, and potentially causing imbalanced inter-ethnic relations domestically. These risks are politically undesirable and unsustainable, potentially presenting unacceptable trade-offs to elite legitimation.

Hence, Malaysia adopts a deliberately low-key approach towards Malaysia-US defence ties while undertaking quietly defiant and indirect contingency acts vis-à-vis China. From the outset, Malaysia has opted to keep its strategic cooperation with the United States under the radar. For instance, Prime Minister Mahathir’s forging and institutionalizing of bilateral defence ties—through the signing of the Bilateral Training and Consultative Group in 1984—was not publicized at the time in the Malaysian media. Ditto his decision to enter the Acquisition and Cross Servicing Agreement in 1994. During a speech by then Defence Minister Najib Razak at the Heritage Foundation in May 2002, he admitted that, despite a wide range of cooperation, “our bilateral defence relationship seems to be an all too well-kept secret” with “virtually no fanfare or public acknowledgement”. Successive ruling elites in Malaysia have avoided publicity about the Malaysia-US defence alignment, choosing to keep it low-key in the eyes of the Malaysian populace.
In a similar vein, albeit with different contexts, Malaysia has actively promoted a cordial and “special” Malaysia-China relationship. This is driven primarily to enhance development-based legitimation and, to some extent, to please the Chinese Malaysian community. However, due to the needs to ensure internal autonomy and external security, it has also quietly hedged the risks of uncertainty by adopting limited defiance and indirect fallback measures. In addition to maintaining military ties with Western powers to keep its strategic options open, Malaysia has defied China when its core interests are at stake, albeit doing so in a low-key manner and with prudent offsets. Evidence abounds. When Mahathir returned to power in 2018, he suspended three China-related infrastructure ventures and pressed for the renegotiation of the East Coast Rail Link (ECRL) contract. This defiant act was offset by high-profile deference: emphasizing Malaysia’s support for the BRI, placing all blame on Najib—thus undermining political opponent while saving face for China—and openly expressing support for Huawei at the height of US-China 5G competition. Besides, Malaysia also defied China’s request to repatriate Uighurs in Malaysia to China but chose neither to comment nor criticize Beijing’s Xinjiang policy openly. On the South China Sea issue, Malaysia indirectly defied China by making a submission to the United Nations’ Commission on the Limits of the Continental Shelf in 2019 but denying that the submission was aimed at China specifically.

Thus, active diplomacy, selective alignments and ambiguous measures go hand-in-hand in Malaysia’s light-hedging acts, not least to offset multiple trade-offs. Malaysia’s response to the West Capella incident perhaps best illustrates this. In April 2020, a Chinese seismic survey ship, Haiyang Dizhi 8, was spotted tagging the West Capella drillship, contracted by Malaysia’s petroleum giant Petronas, in exploration activities near the outer edge of Malaysia’s EEZ in the South China Sea. A Vietnamese vessel was also spotted tagging the West Capella. Soon after, US and Australian vessels conducted a naval exercise near the site of the West Capella’s operation, purportedly in support of Malaysia. The Malaysian government reacted in its typically low-key manner: it denied that any standoff had occurred between the Chinese and Malaysian ships, called for peaceful means to resolve the situation and expressed concern about potential miscalculation. Then Foreign Minister Hishammuddin Hussein stated that while “international law guarantees the freedom of navigation”, the presence of warships in the South China Sea
“has the potential to increase tensions that in turn may result in miscalculations which may affect peace, security and stability in the region”, before adding that Malaysia maintains “open and continuous communication with all relevant parties, including China and the United States”.62 By mentioning both China and the United States while highlighting the possibility of increased tensions and miscalculations, Hishammuddin clearly indicated that the Malaysian authorities were more concerned about the dangers of being entrapped in big-power conflict than the encroachment of foreign vessels into its EEZ.63 Considering Malaysia’s status as a claimant state and considering its long-held defence ties with the United States and Australia, such prioritization of interests reflects a prudent “riskification” process, in which some external risks are downplayed while others are emphasized based on the elites’ internal political necessities.64

Why Contradictory and Adaptive: Optimizing the Short- and Longer-term Trade-offs

Malaysia’s decades-long equidistance is rather stable, but it is not static. It entails a prudently contradictory but pragmatically adaptive approach to diversifying and cultivating as many multilayered partnerships as possible. For instance, Malaysia has adopted a two-pronged approach to AUKUS by openly expressing concerns about the pact while still pragmatically maintaining and enhancing Malaysia’s longstanding alignment with each AUKUS power. It has also shown a gradual readiness to develop a closer defence and security partnership with China, despite its growing concern about the rising power, as well as a greater tendency to adapt to the increasing uncertainties by deepening not only existing alignments with the United States and China but also its new partnerships with Japan, South Korea and European powers.

These seemingly contradictory features originate from the elites’ legitimation needs, motivating them to balance several short- and long-term trade-offs. These include addressing the elites’ immediate domestic needs while still ensuring the state’s long-term survival, as well as optimizing here-and-now considerations and future contingencies. Optimizing these temporal trade-offs requires Malaysia and other smaller states to navigate between short-term signalling and longer-term uncertainties. These uncertainties include the possibility of China becoming even more assertive and aggressive, the potential for reduced security commitments from the United
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States, and the prospect of US-China rivalry escalating into a direct military conflict.

Raja Nushirwan Zainal Abidin, the Director General for National Security Council, observed in June 2023: “Sino-US rivalry will certainly create tensions until such time that a new equilibrium is found. When and how this new equilibrium will be achieved and what it will resemble are not yet known. What is known is that we will face great uncertainties and even danger from time to time”, adding that “Malaysia is a frontline state in this unfolding drama.”

To hedge against the multiple risks associated with these uncertainties, Malaysia, like many small states increasingly nervous about the US-China rivalry, has made pragmatic recalibrations whenever necessary and wherever possible. Several examples indicate that Malaysia elevates a particular partnership to refresh, rejuvenate and restore its balanced equidistance. Since mid-2015, as Malaysia and the United States continue to deepen their decades-long security ties and launched the Malaysia-US Strategic Talks (MUSST), Malaysia has also stepped up its security cooperation with China, including launching the bilateral military exercise with China (“Aman Youyi”) that evolved into a trilateral exercise in 2018 and a six-nation exercise in 2023. Strategic recalibration continued in 2024, with Malaysia putting more effort into pushing ahead with a proposed memorandum of understanding (MoU) on defence cooperation with the United States. According to a senior-level Malaysian official familiar with the efforts: “Malaysia wants to have a balanced relationship” between the competing powers. The proposal came after the Malaysia-Japan defence MoU was signed in 2018 and the Malaysia-South Korea defence MoU was signed in 2022—and after Malaysia was increasingly perceived as tilting closer to China in recent years.

The preceding analysis does not imply that hedging is necessarily a “strategy” in the strict sense of the word. Hedging is, very often, more an instinctive behaviour that emerges under high-stakes and high-uncertainties conditions than a carefully thought-through and closely coordinated strategy. Neither does this article suggest that Malaysian equidistance is a coherent policy. In fact, Malaysia’s external policies in recent years have been marred by its leaders’ domestic preoccupations, inter-elite struggles, bureaucratic inertia, inter-agency problems and other internal constraints. These issues notwithstanding, the structural and domestic imperatives, as analysed above, would continue to drive Malaysia and other smaller states,
especially those that are socially diverse and politically divided, to instinctively hedge as US-China rivalry intensifies.

Equally important, this article does not assert that it is all about elite legitimation. The imperative of legitimation is the principal domestic driver that explains the substance of a state’s hedging behaviour but, clearly, it is not the only variable. Other domestic factors, most notably the extent to which political power is pluralized and diffused (as opposed to centralized) among actors across the state-society divide, also matter. Future studies can explore how the interplay of elite legitimation and political pluralization shapes state alignment behaviour.

**Conclusion**

This article makes three contributions to the existing literature, each highlighting important themes in theorizing alignment choices that are generalizable to middle states—states sandwiched between competing powers. These themes, which help explain how and why middle states align and position themselves *vis-à-vis* the big powers, are becoming increasingly pertinent as the US-China rivalry intensifies and global uncertainties grow.

First, theoretically, the article’s two-level framework underscores that state alignment decisions in general and hedging in particular are too complex to be explained by any single-level factor. While structural factors are essential in accounting for when states hedge and when states opt to shift to/from non-hedging behaviour, such as balancing and bandwagoning, they are inadequate in explaining why states hedge or align the way they do. This is where domestic factors, especially the imperative of elite legitimation, are key explanatory variables. They explain why a state chooses to hedge heavily or lightly and why it chooses an active but selective approach in pursuing an equidistance policy. Such a framework can potentially be developed into a two-level model for broader foreign policy analysis, especially focusing on trade-off calculations along sectoral, spatial and temporal lines. Future research should use comparative cases to unpack further how specifically domestic factors filter structural effects, how legitimation shapes riskification and risk-mitigation, and how these processes intersect with other domestic variables, such as different patterns of political pluralization, to lead to varying heavy hedging and light hedging behaviour.

Second, conceptually, the article’s notions of “macro-neutrality” *via* selective “micro-multilayered partnerships” enrich the existing
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literature on alignment by illuminating alignment choices as a spectrum rather than a dichotomy. This is not a trivial matter; the distinction helps to expand and shift the focus of alignment debates from a to-align-or-not-to-align false binary to a more complex, nuanced set of questions: the ways and extent states align inclusively but selectively with multiple powers, often in prudently contradictory manners. This sharpened focus, in turn, sheds new light on the conceptualization of hedging. It underscores that hedging is more an “opposite” than merely a “middle” position between full-balancing and full-bandwagoning, the latter of which is widely portrayed in the existing literature. As discussed in this article, to offset multiple risks and optimize numerous policy trade-offs, a hedger typically pursues opposite, contradictory and mutually counteracting measures at the micro-level to maintain its macro-neutrality and keep its options open. Future studies should examine how strategic offsets are instruments of small-state agency and why such offsets allow some hedgers to cultivate more options than others.

Third, regarding policy implications, the article’s findings suggest that choosing not to side with either power is a choice and not a temporary or indecisive position. Concurrent partnerships across multiple domains with all powers at the micro level allow a middle state to maintain its neutrality at the macro level for as long as possible. As big-power rivalry intensifies and manoeuvring space shrinks, middle states have more, not less, reasons to insist on not taking sides. The space diminishes mainly if and when big power rivalry escalates into direct armed confrontation. Short of that, the space for hedging, however limited, is likely to persist. Equidistance is a prerequisite for hedging. Without being equidistant and neutral, it would be impossible for middle states to engage all key powers for inclusive diversification and to cultivate prudent fallback options. Equidistance, despite its limitations and trade-offs, presents more favourable conditions for the elites to hedge risks, gain from big-power courtships externally and enhance legitimation internally. Future studies should focus more on how such legitimation-driven trade-off calculations shape state alignment choices and contribute to wider regional peace and stability under uncertainties.

NOTES

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The terms “neutrality”, “impartiality”, “non-aligned” and “equidistance” are used interchangeably in this study.

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18 On legitimation, see Max Weber, “Legitimacy, Politics, and the State”, in *Legitimacy and the State*, edited by William Connolly (New York City, NY:

19 Legitimation takes place in all political systems, including democracies. In authoritarian or autocratic regimes, legitimation is often pursued along with co-optation and/or repression as strategies for political domination or survival. See Johannes Gerschewski, “The Three Pillars of Stability: Legitimation, Repression, and Co-optation in Autocratic Regimes”, *Democratization* 20, no. 1 (2013): 13–38.


22 “Trade-offs” manifest in multiple forms: compromising one thing in exchange for something else; getting x by giving up y; choosing between two competing goals or alternative actions; and playing up prioritized benefits while playing down certain risks. See James D. Morrow, “Arms versus Allies: Trade-Offs in the Search for Security”, *International Organization* 47, no. 2 (1993): 207–33; Kuik, “Southeast Asian Responses”.

23 Jeshurun, *Malaysia: Fifty Years of Diplomacy*.


28 In the wake of the retreat and reduced presence of Western powers in the region, Malaysian analyst Noordin Sopiee wrote: “the British lion no longer had
any teeth, the Australian umbrella was leaking, and the American eagle was winging its way out of Asia.” See Sopiee, “The ‘Neutralisation’ of Southeast Asia”, p. 136.

29 See statement made by Ghazali Shafie, the then Permanent Secretary of Malaysian Foreign Ministry, to the Preparatory Non-Aligned Conference at Dar-es-Salam, 15 April 1970, republished in Ghazali Shafie, Malaysia: International Relations (Kuala Lumpur, Malaysia: Creative, 1982), p. 157.

30 Sopiee, “The ‘Neutralisation’ of Southeast Asia”.


33 Morrison and Suhrke, Strategies of Survival.


36 Purificacion C. Valera Quisumbing, Beijing-Manila Détente, Major Issues: A Study in ASEAN-China Relations (Quezon City, the Philippines: U.P. Law Center and Foreign Service Institute, 1983), pp. 43–44, 98.


Author’s interview with a Malaysian veteran diplomat, February 2010, email communication.


Author’s personal communications with an officer familiar with the matter, Kuala Lumpur, June 2021.


This paragraph is drawn from Lai and Kuik, “Structural Sources of Malaysia’s South China Sea Policy”.

Kuik, “Shades of Grey”.

Prime Minister Anwar Ibrahim refuted such an impression by emphasizing that “Malaysia is not tilting towards China but geographically, the country is closer, a reliable friend and ally”, before adding that the United States “is equally important and a traditional ally, as well as a major investor that has helped propel Malaysia’s economy”. See “Anwar: We’re Not Tilting to China”.
