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e-mail: penerbit@salam.uitm.edu.my

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Economic Warfare: Are We Vulnerable?

*Farah Zamira Farush Khan

**Anitawati Mohd Lokman

*Faculty of Communication and Media Studies,
Universiti Teknologi MARA Malaysia

**Faculty of Computer and Mathematical Sciences,
Universiti Teknologi MARA Malaysia

*farahzamira@yahoo.com

Abstract

Previous research had shown how economic and financial warfare tools, such as sanctions and trade were used at international level in order to achieve a political goal of a certain country or a group of countries. However, there were very few in-depth studies done on the vulnerability of Malaysian economy to economic warfare and its potential impact on the decisions made by our government. It is therefore the aim of this study to determine the degree of vulnerability in Malaysian economy and various tools that could be used by other countries to launch an economic warfare against Malaysia. The study aims to establish the connection between economic warfare and political decisions in the country. Simply put, it tried to find the answer to this question: Can

the economic warfare launched in Malaysia influence decisions and policies made by the government? This exploratory study used qualitative approach to accomplish its objectives by looking into previous research and conducting interviews with experts in the field. The Asian financial crisis in 1997/1998 was used as a referral point or a case study for this research. The study found that Malaysia is indeed vulnerable to economic warfare due to several imperfections in economic and national policies. The study also identified various means of economic tools that could be used as a weapon against Malaysia including trade, foreign labour, and sanctions. More importantly, the study also looks at how some of Malaysian's policies were applied due to economic pressure by other countries, whether or not the Malaysian government realise it. This paper also presented some suggestions laid out by experts who were interviewed for the study to better safeguard Malaysian economy. Recommendations for future studies were also outlined at the end of this study.

Keywords: *Economic, Economic Tools, Financial, Political, Vulnerability, Warfare*

1.0 Introduction

Have you noticed the rising protests in our streets, calling for freedom of almost everything? Well, that's the concept of human security in progress. The notion of human security was first introduced by economist Mahbub ul Haq in the United Nations Development Programme's Human Development Report 1994. In this era of humanitarianism—which is defined as the belief that the sole moral obligation of humankind is the improvement of human welfare [1], people do not accept violence against other people, including war, as much as they used to. While the earlier generations appeared cruder in their assessments and decisions, the same cannot be said for the current generation, including government. Hence, there are a declining number of interstate wars—although civil wars within any country are still very much alive—compared to previous centuries. As comparison, there were only two wars fought between countries in the first decade of the 21st century compared to seven wars in the last decade of the 20th century [2].

Why are there fewer wars between countries now? This is probably because nations today are highly interdependent, economically, to each other, as explained by international political economist, Dale Copeland, in his theory of trade expectations [3]. Therefore, this delicate relationship between countries and the concept of human security requires a more sophisticated way to defeat an opponent, and developed countries are known to turn to one non-lethal weapon: economy. Economic warfare bears the definition of a direct or indirect manipulation of an economy by a state actor or other entity through legal or illegal means [4]. In the words of the then-Director of Studies at the U.S.' Council on Foreign Relations Percy Bidwell, economic warfare “has the same purpose as warfare in the field—to beat our enemies” [5].

Today, economic warfare is such an open secret that it was publicly discussed by Western countries, with an example of the remark made by British chancellor, or finance minister, George Osborne, who warned countries not to use currencies as a tool of economic warfare, which he regarded as a mistake of the past [6]. Economic warfare is also known to be used during peacetime through history, as demonstrated in a study in 1949. It was acknowledged that tactics of economic warfare during peace included establishment of trade

agreements, known as Free Trade Agreements (FTAs) in today's language, negotiation of treaties, and the construction of business arrangements that were primarily designed to further promote political policy [7].

1.1 Lessons from Current Cases

In the field of human security, which in turns is part of the concept of information warfare, economic security falls under one of the seven types of security [8]. Of course, economic security discussed in UNDP's human security refers mostly to individual ability to fend for themselves. Do not be deceived by the seemingly aggregate-sounding words of economic warfare because at the end of the day, as portrayed by various case studies, snatching away that individual ability is the precise purpose of economic warfare.

For example, in the case of Iran, James Rickards, an American hedge fund manager and author of a book about currency wars, acknowledged the fact that the U.S.' move to choke Iran's central bank through sanctions caused contempt among the Iranian people towards their government. The story began when the rial lost more than 80 percent of its value, 10 months after the U.S. imposed a sanction on January 2012 [9].

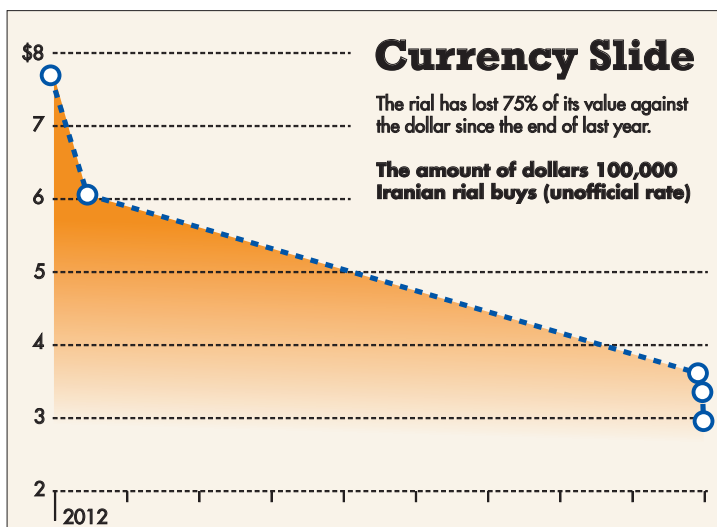


Figure 1: The fall in value of the Iranian rial compared to USD from the beginning of January 2012. Source: The Wall Street Journal

The fact that the sanction was imposed just a few weeks before Iranian election was no coincidence as the U.S. was known to promoting regime change in Iran. The Central Intelligence Agency (CIA) was also claimed to be involved in the currency war against Iran, by flooding the Islamic republic with counterfeit rial notes that caused inflation [10]. And this seemed to be working. According to a report by news agency Agence France-Presse, the Iranian people were complaining about rising cost of goods in the country after the U.S.-imposed sanction [11]. By exerting pressure on the government's financial abilities, the U.S. was creating hate and discontent at the street level, forcing the leaders of Iran to change their political decisions or risk being toppled down by disgruntled citizens [12]. This is a good example of how economic and financial warfare are used to influence political decisions, an example that is parallel to this study.

Apart from national-level economic sanction, there is also a more targeted method of financial warfare, especially in the form of secret funding to non-governmental organisations (NGOs) which will in turn become a covert mouthpiece of foreign powers. One of the examples is the court case filed by Jerusalem-based research institute NGO Monitor against the European Union (EU). NGO Monitor argued that the EU had not been transparent in its funding of NGOs, which was done in near total secrecy. According to the group, millions of euro of EU funding was given to a small group of highly politicised NGOs with the purpose of manipulating Israeli democratic process [13]. Again, this case provided a similar perspective to this study, which looked at how economic warfare was used to influence domestic politics.

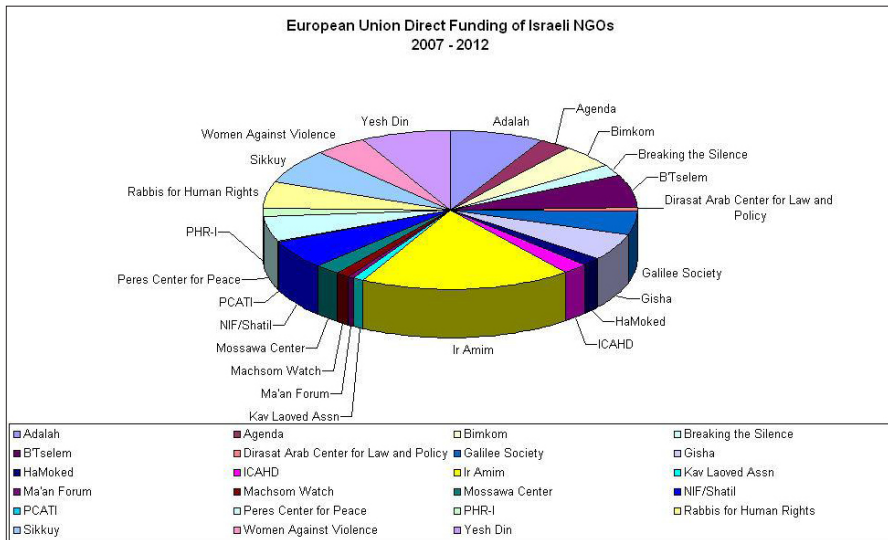


Figure 2: Direct EU Funding to Israeli NGOs 2007-2012.

Source: NGO Monitor

Now let us look at a place that we are more familiar with: Malaysia. Just recently, the Malay Economic Action Council (MTEM), an umbrella organisation for some 50 Malay business groups representing half a million local enterprises urged the government of Malaysia to withdraw from any further discussions in the Trans-Pacific Partnership (TPP) agreement negotiations. The free trade cooperation currently negotiated by 11 countries, led by the U.S. was seen as “a lop-sided trade agreement that would benefit the transnational corporations and companies from the West at the expense of national companies”.

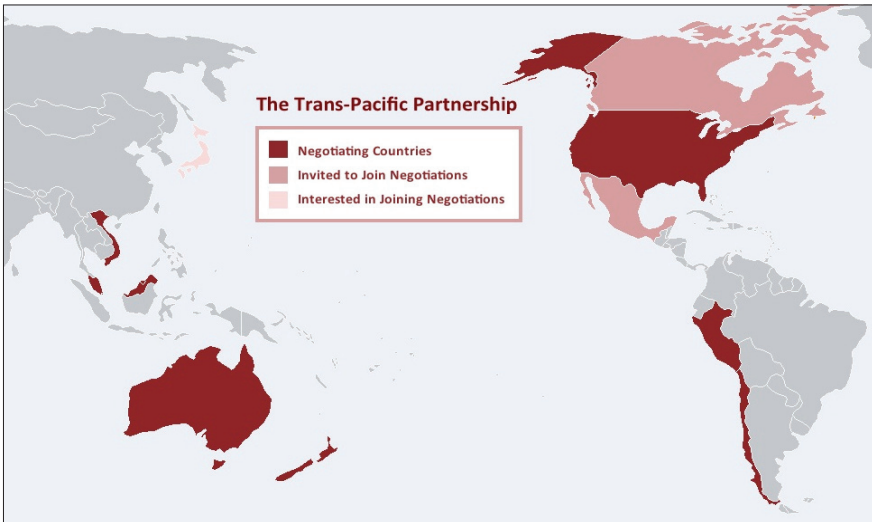


Figure 3: Countries participating in the TPP. Source: tppinfo.org

MTEM, in a statement, voiced their concerns that the TPP aimed to maximise trade colonisation by the Western world and a threat to national sovereignty. MTEM also claimed that the TPP was planned to be signed and officially launched in October 2013 in a still-undecided Southeast Asian city by U.S. President Barack Obama, a move that was “calculated to coerce any heads of state with lingering doubts to sign up” [14]. MTEM argued that the TPP would not only affect political setting in Malaysia in terms of the affirmative action for the Bumiputera, but also undermine the country’s judiciary as the TPP advocated a single investment legal system for all participating countries.

The statement by MTEM was followed by droves of anti-TPP statements from other associations. It was also acknowledged that the TPP, as a form of FTA, would impact a wider segment of the population in both socio-economic and political developments [15]. If what was claimed is true, does this not mean that the TPP could snatch away the ability of Malaysians to practice their constitutional rights? It is not hard to imagine the chaos and riots that would be sparked if the agreement is in fact unfavourable to Malaysians, causing social and political instability.

It is important to note that this claim is not as implausible as one might think. After all, opening the economy of any country to the outside world is by no means a free lunch [16]. In fact, former Malaysian Health Minister Liow Tiong Lai argued that the TPP called for patent extension, including for medicines, thus making healthcare less affordable to the Malaysian public as the agreement would impose extended period of drugs monopolisation, and almost cutting off supply of the cheaper generic medications that most people depended on [17]. But long before MTEM and Liow came out with their statements, former Malaysian Prime Minister Tun Dr Mahathir Mohamad himself questioned the highly secretive free trade discussion while urging the government of Malaysia to be more careful in their foreign trade negotiations [18].

The last example clearly shows that pockets of the Malaysian society are aware of the economic warfare game but the most important question rises. Is Malaysia vulnerable to such attacks in the near future? To what degree is our vulnerability? With the inevitable shift in the weapons of conflict, are we prepared to play this new game? The fact that Malaysia is one of the most strategically located countries in the world cannot be disputed, and its rich natural resource is inviting unwanted attention by greedy superpowers. There may be a very slim chance that armed conflict will happen in Malaysia due to the country's friendly foreign policies which are orientated toward tolerance and anti-extremist ideas [19] but can we escape from the non-lethal weapons of economic warfare?

It is therefore the primary aim of this study to construct a clearer picture of the vulnerability of Malaysian economics that could push it into the economic warfare pit and how it could affect our domestic politics. Vulnerability in this sense refers to weaknesses in our economic system that turn into an open window, ultimately allowing parties with specific motives an opportunity to manipulate the whole economic system. This study aims to lay out various measures that can be taken by the Malaysian government to safeguard its economy. It should be acknowledged that all Malaysia needs is a deep understanding of the economic threats and the country will be better prepared to withstand any economic attacks by outside powers.

1.2. Background of the Study

As economy becomes one of the most important tools in the struggle for power, it has been manipulated as a new form of warfare and used as a tool in managing a country. Nowadays, not a single bullet is needed to invade a nation. Previous research studies in economic warfare, which dated back as far as 1939 show that this kind of warfare has been practiced, mostly by the capitalists since a long time ago, and it is closely related to the political stand of both the predator and the prey. In addition to that, perhaps the most worrying part of economic warfare is that it could be launched legally.

Unlike armed conflicts which are normally put under the scrutiny of international law advocates, economic warfare could be done through legal means without the need to violate any law. This made economic warfare much more evasive to identify and highly dangerous for any country.

Coincidentally, serious risks to the Malaysian economic system are exposed by the Asian financial crisis in 1997/1998, which is alleged by some scholars as a form of economic warfare, albeit legally. Malaysian economy suffered a sharp contraction of 7.5 percent in 1998 as opposed to a Gross Domestic Product (GDP) growth of 7.7 percent the year before. The contraction was mainly due the shrinkage in government's spending, investment, and private consumption. Private consumption refers to the ability of the people to spend their money in the country. This has happened in Iran, which is imposed a sanction by the Western countries.

Of course, a number of other potential factors existed that ultimately led the country into the worst modern-time recession ever experienced but we could not discount the risks of economic or financial warfare as a cause to the plummet in our economy and that of our regional neighbours, which at that time registered some of the most impressive economic growth rates in the world and dubbed as the Asian Tigers. During the crisis, Tun Mahathir blamed U.S. financier George Soros for his speculative attacks that caused the Asian financial market to crush, infamously calling Soros a moron while the American billionaire retaliated by saying Tun Mahathir was "a menace to his own country". What was proven by this war of words is that both parties acknowledged the existence of economic warfare.

This is further strengthened by the view of some scholars that Malaysia has almost been a victim of economic warfare during the Asian financial crisis. The word ‘almost’ is used because the government of Tun Mahathir at that time did not succumb to the pressure by the International Monetary Fund (IMF) to take its loan with the use of conditionalities. IMF conditionalities refers to the practice that ensures countries qualified for financial loans only on condition that they follow the policy objectives laid down by the institutions, and not on the grounds of the need within their communities. The use of conditionalities provides IMF and World Bank with the power to determine policies in many developing countries. This controversial stand leads many to believe that the IMF operates as a covert agent of Western foreign economic policy and tries to spread Western ideology of free market capitalism. With the power to determine policies in recipient countries, the IMF is also alleged to be preparing developing countries for investment by Western firms.

The fact that IMF conditionalities require recipient governments to pass down policy-making activities to outside powers shows that political decisions of a country could be influenced under the pretext of economic aids. There are possible signs that Malaysia would be one of the most sought-after economies in the near future, judging by U.S. President Barack Obama’s concluding remark at the end of Asia-Pacific Economic Cooperation (APEC) Leader’s Meeting in Hawaii in November 2011. Obama clearly acknowledged that the U.S. and the world’s economic future would be shaped mainly by the Asia Pacific region, which he referred to as the world’s fastest-growing region. He also made it no secret that Asia Pacific is a key to achieve his goal of doubling the U.S. exports by 2015.

Previous studies have proven that the U.S. is one of the superpowers that use economic warfare as a means to expand its influence throughout history. The abovementioned facts form a concrete basis on why this study is important. Unlike other conventional studies of Malaysian economy, this study discusses Malaysian economic vulnerabilities from the perspective of warfare and its impact to domestic political agenda. The decision to focus on vulnerabilities is supported by a recent discussion on this topic by the American Center for Democracy during a Capitol Hill briefing on ‘Economic Warfare Subversions: Anticipating the Threats’. One of the agreements reached in the

briefing—which was attended by nine participants ranging from economics to legal experts was that serious threats were likely to stem from the exploitation of small vulnerabilities in a nation’s economy, especially at times when the country was viewed as unable to protect it.

It is understood that economic warfare could affect three main components of a country namely politics, economic, and social. This study looks into the political impact of economic warfare in Malaysia. As an intangible aspect of the international relations, the danger of economic warfare is not as apparent as compared to armed conflicts, therefore it is not surprising to know that until now, there are very few studies done on economic warfare in Malaysia and its impact to Malaysian domestic politics. This study addresses this significant gap with the help of previous researches and more importantly, by gathering primary data through interviews with experts in the field.

This study is conducted to seek answers for the question of how vulnerable is Malaysia to economic warfare and whether economic warfare could impact political decisions made by leaders in the country. Thus, the study aims to form a clearer picture on the vulnerability of Malaysian economy that could be manipulated and used as a tool of economic warfare by other countries and how economic warfare would then be used to determine domestic political decisions. It is also the intention of this study to present some recommendations on the measures that could be taken by the Malaysian government to safeguard its economic sovereignty. In order to answer the research question, this study sets its objectives as the following:

1. To identify various possible means of economic warfare to be used against Malaysia.
2. To identify the impact of economic warfare on political decision in the country.
3. To propose suitable measures to safeguard the Malaysian economy from economic warfare.

The purpose of this study is to consider the implications of economic warfare and to identify prospective threats to Malaysian economy sovereignty from a means, motive and opportunity perspective. This study is carried out to get a vivid understanding on the issue of economic warfare from the

perspective of Malaysia and how it can influence our own political agenda. In addition, this study aims to present suitable measures that can be taken by Malaysia to safeguard its economy.

2.0 The Instrument

The study uses interview with experts in the field and past literatures to establish the relationship between economic warfare and political decisions in Malaysia. There are five experts chosen for this study.

2.1. Research Technique

Experts chosen are presented with a reference case of countries imposed by economic sanctions and the state of their domestic politics, as well as the case of Malaysian own experience in Asian financial crisis 1997/1998. It should be noted the case study selected for this research acts as a reference point for all experts to make the most of what could be learned in the short period of time available for this research. There is still a lack of understanding on the subject of the research. Therefore, case study technique is used as it has been proven as an ideal methodology for studies that require in-depth investigation and opinions from knowledgeable people in the field [20].

With no theory available on this subject, the most important aspect of this study is to further explore the relationship between economic warfare and domestic politics in Malaysia, so that a basis hypothesis can be constructed for future use. The patterns, hypotheses or ideas acquired from this research can be tested and will form the basis for further research on economic warfare and its relation to domestic politics in Malaysia.

The research uses five experts' opinions which are gathered through interviews, using the guided-interview approach. Scholars have long agreed that there is no 'right' number of interviews in any qualitative studies because it is not simply a procedural matter. What is important is that the information received from interviewing the five experts can be connected to the overall aim of this study [21]. This study should be treated as a prelude to more extensive future studies.

The experts chosen are those who have vast experience in the economic and financial studies from both the public and private sectors. These experts include a high-ranking economic and financial adviser to the government of Malaysia, research-oriented industry players who deal with the financial market and economic uncertainties on a daily basis and an expert from economic research institutes. The diverse backgrounds of experts help the researcher to gain as much knowledge as possible on various economic and financial vulnerabilities faced by Malaysia and to establish a map of various means that can be used to launch an economic warfare against Malaysia and its impact on domestic political decisions.

For this study, the general interview guide approach is used. This approach allows a certain degree of flexibility and freedom for the experts while in the same time maintaining the same general area of information to be collected from them [22]. This is important because experts interviewed in this study have specific field of expertise, but with the ability to relate each field with economic warfare in Malaysia.

2.2. Research Framework

The study begins by developing a framework that leads to a discussion on the economic warfare-Malaysia as shown in Figure 4.

This study looks at the relationship between economic warfare and domestic politics. It attempts to determine the relationship between economic warfare, which can be waged using various tools, and its influence on Malaysian political decisions. It is important to understand the connection between these elements so that Malaysia will be better prepared with appropriate economic policies. The constructs in this study are possible tools that can be used to launch an economic warfare in Malaysia and to influence Malaysian domestic political decisions. These constructs determine the outcome, which is the vulnerability of Malaysia in terms of economic warfare.

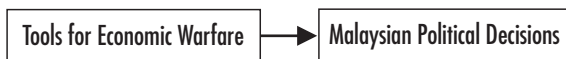


Figure 4: The research framework.

3.0 The Procedure

This research uses a qualitative approach in order to answer the research questions and this is achieved through interviews with experts in the field of study. The study presented a reference case research, the Asian financial crisis in 1997/1998 to all experts. This case forms a base for interviews with experts in this field.

Primary data, which are the responses obtained from experts through interviews, serves as the most important source of data for this paper. From the data collected, a list of comparisons and contrasts from all five experts are prepared for analysis purpose. The analysis begins with a thorough reading of interview transcripts. Notes made during the first stage are transformed into emerging themes, and patterns in these themes are identified and grouped together. A table is drawn to compare all the findings according to respective themes before a conclusion is made [23].

The study begins by developing a framework on how the data will be collected and processed, through which they are examined and used for the discussion on the relationship of economic warfare and Malaysia. This study is carried out according to the research activities as shown in Figure 5.

The data obtained are meticulously prepared to ensure the highest accuracy of results, with the help of pre-determined selection criteria. Journals and books selected in this study are the ones that discussed economic and financial warfare either during war or peacetime. There is also no time frame for these journals, as some of them dated back to 1930s. This is important because it shows various means of economic warfare tools used and can still be used by countries against one another. It also portrays the progress of economic warfare over time.

Realising that economic warfare is a more general, broader term, the author also searches for economic, financial, currency and trade warfare reading materials to cover all types of economic warfare. Some of the database webs used are SSRN and the ones subscribed by UiTM library, which have vast



Figure 5: The research process.

collection of journals. For editorial or non-journal articles, the author collects as many articles as possible on economic warfare as well as information on historical facts, especially from newspaper cuttings.

The author also refers to various books. In brief, the literatures used for this study fall into two categories; primary literature which consisted of journal articles, books and editorial piece.

Most of the journals are searched in economic journal sites and are specifically scrutinised to ensure their definition of economic warfare is parallel to that of this study. Special focus is given at the objective of the paper before its content is extracted. The most important information extracted is the various economic strategies used in economic warfare and its impact on domestic politics.

Journals which discussed the same tools used in economic warfare are grouped together, and it is further divided into war and peacetime economic warfare. This will help with the identification of the different means of warfare during war and peace time.

Journals are further divided into the ones that discuss the connection between economic warfare and domestic politics in Malaysia or neighbouring countries—the connection between economic warfare and domestic politics in any other countries and journals with general discussion on economic warfare.

Interviews are done with experts, which are chosen based on their diverse backgrounds and vast knowledge in economics, international finance and trade. The interviews are conducted through personal interviews and email. Both methods of interviews include pre-planning, with questions are first sent out to experts to avoid lengthy discussion that may lead to a relatively lower quality of response out of exhaustion. The topic of interview differs from one expert to another, according to their expertise. This allows experts to focus on one particular issue that they are most familiar with, thus yielding the highest quality of feedback.

As qualitative study, this research uses the phenomenological approach because it involves human behaviour and their decision towards a certain situation, which although predictable, may give this study an unexpected

result. As very few of previous researches can be used as a referral point in the study of economic warfare and Malaysia, it is not unlikely that the result will be different from previous researches due to the unique nature of each nation in the world.

After all information and materials are gathered, an in-depth analysis is made to determine the findings of this study which are then substantiated by previous research. The phenomenological approach is used with the aim of identifying shared opinions of experts despite their varied knowledge and experience.

4.0 Results

The results of the analysis are presented in this section with main intention of answering the objectives and research questions. The findings are arranged based on respondents, not questions, because respondents receive partially different set of questions which are tailored to their respective expertise.

TABLE 1

Breakdown of Each Expert Interviewed for This Study and Their Primary Expertise

Name	Organisation	Position	Expertise
A	Affin Investment Bank Bhd.	Chief Economist	Financial market, investment banking, macroeconomic research
B	Housing and Local Government Ministry (previously at Economic Planning Unit, Prime Minister's Department)	Director General of National Housing Department	International economics, managerial economics
C	Malaysian Institute of Economic Research	Executive Director	Economic impact analysis, labour market
D	Maybank Investment Bank Bhd.	Head of Research & Chief Economist	Financial market, investment banking, macroeconomic research

4.1. Discussion of Research Objectives

The research aims to form a clearer picture of the Malaysian economic vulnerabilities that can be manipulated by outside powers to the point that it can influence our political agenda. This research also aims to identify the weaknesses in our economic system that may allow foreign powers to control it.

4.1.1. To Identify Various Possible Means of Economic Warfare to Be Used Against Malaysia

The responses received from experts interviewed for this study were similar to that of previous research. It should be noted that answers received from all five respondents proved there were various possible means that could be used by outside powers to attack Malaysian economy, which included financial and stock market, labour market, role of NGOs, multinational corporations, sanctions and economic integrations. The respondents also agreed as an open economy, Malaysia is vulnerable to economic or financial attack.

However, there were also some conflicting views on the possible means of economic warfare to be used against Malaysia. For instance, Expert A did not look at sanctions as possible means of economics warfare for Malaysia due to the country's business-friendly policy but Expert B acknowledged that sanctions were not impossible if Malaysia took up hostile policies such as developing a nuclear weapon or any policies that could effectively portray the country as a threat to the international society or to the U.S. and its allies.

Expert B's view might not be as far-fetched as one might think because numerous studies had established the link on the use of sanctions in countries with hostile policies to influence their political stand on a certain issue [24-26].

However, Expert A and both Expert D and E disagreed with the view that Asian financial crisis in 1997 was a planned attack by the U.S. According to them, the Malaysian weak financial market management during that time attracted many investors and speculators who saw the opportunity to make quick financial gains from the weaknesses in the country's financial system. This view was also shared by Expert B when he emphasised the internal weakness of Malaysian economy as one of the causes of the crisis.

On the other hand, Expert B did not entirely agree that labour market could be used as a means of economic warfare, as suggested by Expert C because the former believed that countries with a huge population like Indonesia relied on foreign countries for employment opportunities for their people.

In contrast with Expert C's view that economic integration was used as a front to spread a certain agenda by developed countries, Expert B believed the use of economic integration as the means of economic warfare is not possible as countries involved needed to decide on their own whether or not to participate in any Free Trade Agreement (FTA). However, he acknowledged there could be cases of bullying a country into agreeing to sign an FTA with another country.

Expert C's stand in the use of FTA as a means of economic warfare was substantially supported by a study (MTEM, 2013) which suggested trade agreements introduced by advanced countries like the U.S. were a form of neo-colonialism towards the participating countries.

On the other hand, Expert A, Expert D and E agreed that the Malaysian stock market and foreign exchange could be manipulated by saboteurs to launch a financial attack against the country.

From the discussion above, it could be concluded that there were various means that could be turned into possible weapons by foreign powers to launch an economic warfare against Malaysia. It effectively addressed the first objective of this research, which was to find out what were some of the means that could be used by foreign powers to launch an economic warfare against Malaysia.

4.1.2. To Identify the Impact of Economic Warfare on Political Decision in the Country

While both Expert C and Expert B agreed that economic warfare was launched with the aim to influence the country's political decisions, Expert A had a different view on this. He believed that the main purpose for economic warfare was for financial gains and not so much for the controlling of the country's politics. He based his views on the Asian financial crisis and from the perspective of the banking industry.

Expert A's view was shared by Expert D and E who admitted that the poor management of the stock market by the Malaysian authority turned it into a

time-bomb, waiting for the right time to explode. Expert D and E did not talk about the relation between economic warfare and its influence on Malaysian political environment when they discussed the Asian financial crisis. However, in their response to the question on what they view as economic warfare, both respondents said that economic and financial warfare were attempts to control or attack another sovereign country or region and agreed that it could be carried out via economic or trade sanctions and political force.

Apart from that, Expert A in his response agreed that a country in economic distress that turned to the Western-backed IMF would be obliged to strictly follow policies designed by IMF, effectively taking away the power of the country to draw its own economic policies. Malaysia was once offered the same aid by IMF during the Asian financial crisis. As noted by Expert A, he could not gauge the impact of IMF loan on our economy because Malaysia did not accept the offer and went on to construct its own policies after the crisis.

Expert B, on the other hand, illustrated the impact of economic warfare on Malaysian political environment through the use of NGOs as proxies of another country to sabotage Malaysian economy. He referred to the case of Malaysian palm oil industry which was accused of producing palm oil derivatives which were high in fat and led to obesity. The attack was masterminded by European soybean groups, supported by their Members of Parliament in order to increase the sales of their more expensive products and to undermine the export of palm oil in Malaysia, which formed the backbone of the country.

Therefore, according to Expert B, Malaysia through Malaysian Palm Oil Council was forced to engage in a roundtable discussions with Europe-based group under the pretext of environmental sustainability concerns. The pressure by this group caused the country to change its policies regarding palm oil planting.

An example of how the country's political decision was influenced through the use of economic warfare was also portrayed by Expert C in his response. According to him, the minimum wage policy was implemented by the Malaysian government due to the realisation that over-reliance on foreign labours could backfire the country in the long run, especially if labour supplying countries like Indonesia or Bangladesh imposed restrictions on the mobility of their workers. Therefore to stay competitive, Malaysia had to come

out with a minimum wage rate to lure more foreign workers to this country.

This heavy reliance on foreign workers also clouded the government's judgment when it came to any dispute with labour-supplying country especially Indonesia. Expert C emphasised that the Malaysian government in many cases bowed or gave in to Indonesia for fear that the Indonesian government would retaliate by pulling out its workers in Malaysia, which could cripple the Malaysian economy.

From the discussion, what stood out was the fact that all respondents in principle agreed that economic warfare launched by other countries could influence the country's domestic politics in the shape of government policies, thus answering the second objective of this research.

4.1.3. To Propose Suitable Measures to Safeguard Malaysian Economy from Economic Warfare

Expert A believed the combination of both individual country's internal strength and close regional cooperation was the most important factor to ensure that the Malaysian economy would be better safeguard from future economic warfare. He noted there had to be an increase in cooperation between governments as a preparation for future attacks. Expert A also stated that ASEAN member countries including Malaysia need to grow their domestic demands and shift the economy from export-oriented to domestic demand, which would make the country's growth more sustainable.

Expert A also viewed that the confidence of government in managing economy and confidence of investors in putting money in Malaysia would be very important elements to prevent the country from being financially attacked again. He also called for regulators such as Bank Negara Malaysia to ensure sustainability in Malaysia's financial system and ease of doing business to keep the economy strong and less likely viewed as a potential victim for economic warfare. Finally, he also noted that social problems, political and economic competitiveness should be kept in check as all these could dent the economic fundamentals. All this measures, according to him, would not give speculators the chance to engage in financial warfare.

Expert B also believed the most important element that the country needed

was the internal strength of the country. He emphasised that nobody could launch such an attack if the internal strength of Malaysia remained intact. He also pointed out that Malaysia need to create more allies both politically and economically and become a member of regional or global economic players to strengthen its position against financial intruders. This view was similar to that of Expert A's.

Again, as stated by Expert A, Expert B also added that in order to elude economic warfare, domestic economic management and macroeconomic variables needed to be well managed and of high governance standard to ensure the whole economic structure would be very strong and unshakeable. Malaysia must also have a very strong and sound financial market management to stop speculators from manipulating the market.

When the same question was directed to Expert C, he pointed out an answer similar to both previous respondents. He stressed that regional economic integration was important, with all ASEAN member countries should focus on reinforcing their economies and central banks should work more closely in order to cushion the impact of any future economic or financial attack.

Expert D and E also believed that Malaysia should develop a healthy and sustainable domestic demand to absorb possible downturn in external demand while at the same time undertaking continuous efforts to strengthen the banking and financial system in Malaysia.

The answers given by all respondents were remarkably similar so it could be said that they unanimously agreed that the Malaysian economy should focus on domestic-demand growth and regional economic cooperation to ensure Malaysian economy could be protected from future economic warfare. Besides that, all respondents gave various other measures that ultimately addressed the third objective of this study, which was to list down suitable measures that could be used by Malaysia to prevent itself, or at least minimising the risk of being a victim of economic warfare.

4.1.4. Summarisation of Experts' Views

The research objectives identified for this research were successfully answered through the interviews with experts that were substantiated with

previous studies, thus answering the research question on the vulnerability of Malaysian economy and how it could impact political decisions in the country. It is also important to note that all respondents agreed that Malaysia was vulnerable to economic warfare with various possible means which could be used against the country. The respondents also concurred a lot should be done by the country to further strengthen its rising economy. The summary of the results can be seen in Table 2.

From the study, it has been identified that there are various means of economic warfare possible to be used against Malaysia. The study found out that a too liberal financial market could be manipulated by investors to launch a financial attack against the country. The use of saboteurs is also possible

TABLE 2

Result Summary

Research Objective	Method	Result
To identify the various possible means of economic warfare to be used against Malaysia	Interview, journals analysis	<ul style="list-style-type: none"> • Stock market • Saboteurs (multinational corporations, NGOs, individuals) • Sanctions, foreign labour, free trade agreements and trade
To identify the impact of economic warfare on political decision in the country	Interview, journals analysis	<ul style="list-style-type: none"> • Change in policies (palm oil, foreign labour) • Gain control of Malaysian strategic natural resources • Undermine export of strategic commodity • Control outcome of a country's domestic politics
To propose suitable measures to safeguard Malaysian economy from economic warfare	Interview, journals analysis	<ul style="list-style-type: none"> • Strengthen domestic economy • Increase cooperation between regional governments • Shift the economy from export-oriented to domestic demand • Sound investment policies • Confidence of government in managing economy • Keep social and political problems in check • Keep economic competitiveness in check • Avoid from intervening and antagonising international political issues • Sound financial market management • Over-dependence on a single sector such as manufacturing should be minimised

and they could come in the form of multinational corporations, NGOs or individuals. These proxies could merely be decoys to trap the country into the economic warfare pit so that the mastermind which could be another country or organization could take advantage at a later stage.

The use of sanctions was also possible if Malaysia adopted unfriendly policies towards the international community, such as building nuclear weapon. Interestingly, the study found out that Malaysia's over-reliance on foreign labour could also be exploited to become a form of economic warfare. These foreign workers could be the weapons used by labour-supplying countries to hold Malaysia hostage in any talk concerning the workers or other issues.

Lastly, the study also managed to identify free trade agreements (FTAs) and trade as a means of economic warfare that could be used against Malaysia. Countries could hide behind the FTAs to control Malaysia's economy and natural resources.

The study successfully identified some of the impact of economic warfare on political decisions in the country. One of the impacts was that the government of Malaysia could be forced to comply with fiscal and monetary policies laid out by international organisations such as the IMF and World Bank if the country succumbed to the attack of economic warfare.

Apart from that, the government would also have to bow to demands from multinational corporations which could ultimately gain control of Malaysian strategic natural resources through unfair trade barriers and business approach.

Economic warfare such as boycott campaigns launched by NGOs could also undermine the export of strategic commodity from this country and forced the government to change its policies and engaged with attackers, an example being our palm oil industry. The study also found that economic warfare could ultimately impact the country's domestic politics by controlling the decisions made by leaders.

The study managed to lay out various measures that could be used to safeguard the Malaysian economy from being a victim of economic warfare. The most important step needs to be taken by the country was emphasised by all experts: strengthening domestic economy and increase cooperation between regional governments. The country also needed to start shifting its economy

from export-oriented to domestic demand for a more sustainable growth.

Malaysia would also require sound investment policies and good financial market management to avoid a repeat of Asian financial crisis and the government needs to portray high-confidence in managing the economy to attract investors which would narrow the chances of financial attacks. Over-dependence on a single sector such as manufacturing should also be minimised and diversification of resources is vital to ensure that the country could still stand if one part of the economy was attacked.

Besides that, economic competitiveness and social and political problems should be kept in check at all times because any instability in these elements could cause a dent to the country's economy. Malaysia also needed to retain its friendly foreign policies and avoid from intervening and antagonising international political issues to keep it at bay from economic predators.

It could be concluded that the research successfully reached its intended objectives in identifying the potential use of economic warfare to influence Malaysia political decisions by proving that such approach had already been used against the country with or without our realisation.

5.0 Conclusion

Malaysia is undeniably one of the most sought-after economies in the Southeast Asian region, as proven by its increasing investments. This could be attributed to its highly strategic geographical location in the world map, something that had been known since the era of Malaccan Sultanate [27]. With the introduction of human security concept that advocated peace and rejected wars, countries aiming to expand their empires in the future would not do so using military force.

Studies had proven that economic and financial wars would be the war of the future and with its highly advantageous position in global economy, Malaysia needed to start worrying on the possibility that its economy could be held unwillingly against it for other party's benefit. It is also important to note that Malaysia had also experienced a devastating financial crisis in 1997 that former Prime Minister Tun Dr. Mahathir Mohamad himself viewed as an attack to our economy [28].

The study focused on identifying whether there was a possibility that Malaysia could become a victim to economic warfare through vulnerabilities in its economy before discussing on the means of economic warfare that could be used against Malaysia and its impact on the country's political environment. The study concluded by identifying the measures that could be taken to safeguard the country's economy from future economic attacks. Therefore, the questions prepared for all experts revolved around answering these objectives although the questions were improvised based on their individual expertise. It should be noted that most experts agreed with the importance of this study and acknowledged the country was lacking of similar studies, thus further enforcing the relevant of this study.

From the research, it could be said that Malaysia, as in any other country, is a potential victim of economic warfare which could be carried out through various means such as speculative financial attacks, sanctions, economic integration and through proxy NGO funding. The answers from all experts proved that at least one or a combination of more than one of these methods could be used to influence our political decisions. Political decision in this aspect refers to any government decision, across-the-board from social, economic and political perspective. Among the examples of political influence imposed by economic warfare, as given by experts interviewed in this study were the policies of palm oil exports and minimum wage for foreign workers.

The study also found that the most important measure that could help prevent Malaysia from falling into the pit of economic warfare was by forging close ties with its regional neighbours. This was because Malaysia as a small country was not strong enough to take on its economic competitors on its own. Thus, Malaysia would need to rely on a web of support system consisting of the country's internal strength and regional members.

The issue of economic warfare is a broad one if we take into account the various means that could be used to launch an economic warfare against a country. Future research could probably be done specifically for each means to gain a more comprehensive understanding on its implication and how to prevent it. More studies should also be carried out with a bigger number of respondents and should also include experts in information warfare to be able to form a reliable theory on economic warfare.

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