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Kleptocracy and foreign policy change: a political-administrative relations account

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Chapter Four

Research Design and Methodology

4.1. Introduction

This chapter presents the research design of the study. It is divided into six sections. The first section informs about the key arguments of this research. The second section identifies the selected case studies along with the rationales behind their selection. The type of research is elaborated in the third section. This is followed by a specific data analysis sequence—derived from process-tracing analysis strategy—in the fourth section. The fifth section operationalizes the key variables of this research, starting with independent and intervening variables explaining *why* foreign policy changes occurred in the way they did. The operationalization of dependent variables (*how* foreign policy change occurred) is also described in this section. It disaggregates the constituent components of foreign policy change into observable variables that can be compared across foreign policy areas (foreign economic and defense policy). Finally, the sixth section illuminates the data collection methods.

4.2 Key Arguments

This research attempts to answer the following question: How is the effect of kleptocracy on foreign policy change mediated by the political-administrative relationship? Accordingly, this section assesses the four key arguments that have been developed to answer the research question. First, this research systematizes the impact of kleptocracy on the change in political-administrative relations as an integral intervening variable that determines the foreign policy change. Built upon the combination of PSBs (Hood & Lodge, 2006) and the bureaucratic politics model, it is argued that the emergence of kleptocrats will affect PSBs, and foreign policy change can be expected to follow.

This is where the second key argument of this research comes into play: To change foreign policy, the kleptocrats then will cheat through manipulation strategies to modify the political-administrative bargains in favor of their kleptocratic interests. This research defines manipulation as an act wherein one or both sides of the bargain use strategies to alter the established political-administrative relationship in the policy-making process for the sake of their interests or policy preferences, to the disadvantage of other actors. As in the case of political-administrative bargains in public policy-making, political-administrative bargains in foreign policy-making also comprise the two relatively same configurations: bargain with more autonomous bureaucrats (trustee bargain) and bargain with more influential executives (agency

bargain). Whether the political-administrative bargains are arranged in the form of agency type or trustee type, they both will produce the same foreign policy output. In an established political-administrative bargain (or “decision structure”), the decision on which issue gets talked about by whom, when, and by which procedures is clear; both executives and bureaucrats can be expected to inherit the same pattern of foreign policy-making process from their predecessors. Both executive and bureaucrat actors inherit not only a particular bargain type but also certain sets of established foreign policy. However, once a kleptocrat decides to change the established policy to serve their interests, they will cheat to achieve two goals. The first goal will be to change the established political-administrative bargains (or decision structure) into kleptocratic-type bargain, conceptualized as a condition in which a politician courts a bureaucrat to participate in their corrupt dealings with the aim of transferring public resources into their private control. Second, by changing the bargains, they will have an opportunity to alter the established foreign policy depending on bureaucrats’ counter-reaction.

This is precisely the third key argument of this research: Once a kleptocrat executes their kleptocratic manipulation strategies, a bureaucrat can choose either to accept or reject those moves. A bureaucrat’s capability to reject a kleptocrat’s strategies and the result of their counter-reaction to the kleptocrat depend on the formal mandate they possess. While bureaucrats under the trustee system can be expected to possess more autonomy, and hence more capability, to reject a kleptocrat’s move, bureaucrats under the agency type system are less so. The differences in foreign policy preference between kleptocratic executives and bureaucrats will logically compel the former to cheat and abandon their inherited political-administrative bargains. This move is taken primarily with the objective to change their state’s foreign policy in favor of their own kleptocratic interests. This is precisely where the different strategies of manipulation—exclusion and inclusion—come into play.

The fourth argument is constructed as follows: If a kleptocrat’s manipulation strategies are followed by change in political-administrative bargains, they will ultimately result in foreign policy change, wherein the degree of policy change will depend on the degree of the bureaucrats’ autonomy as well as acceptance of the kleptocrat’s agenda in the first place. Accordingly, those manipulation strategies will alter the established political-administrative bargains—in the case of trustee-type bargain, from bureaucrats’ predominance to the kleptocrat’s predominance—and change in that bargain will ultimately lead to change in the foreign policy.

This research argues further that to analyze the change in foreign policy, one needs to study two different areas of foreign policy, namely foreign economic and foreign defense

policy. First, deriving insights from Mastanduno (2016), Krasner (1976), and Hirschman (1980 [1945]), this research defines foreign economic policies as economic policies and decisions that directly relate to the access to the critical goods and services in a country for another state. Second, it defines foreign defense policy as “defense policies and decisions that directly related to the external dimension in the engagement and infrastructure of the military” (Cotter & Forster, 2004, p.6).¹ To examine all key arguments developed so far, several cases have been selected and will be elaborated in the next section.

4.3 Case Selection

This research explores all four discussed key arguments and theoretical propositions across a set of critical ministries in foreign economic and defense policy-making of a state under one same premiership: Malaysia under Najib’s rule (2009–2018). In addition to the fact that Malaysia is selected because of Najib’s 1MDB kleptocracy scandal, the country is also selected because it is explicitly acknowledged by Hood and Lodge (2006) as a country that practices a trustee-type bargain system (p. 37). To that end, this research specifies two cases that were involved directly in Malaysian foreign policy-making during the same period, between 2015 and 2017. The first case is Malaysia’s foreign economic policy change toward China (2015–2017) involving the ECRL contract that was awarded directly to the China Communication Construction Company (CCCC), the TSGP and MPP contracts to China Petroleum Pipeline Bureau, the divestment of Edra Global Energy to China General Nuclear Power Corporation, and the divestment of the Bandar Malaysia Project to China Railway Engineering Corp. The second case is Malaysia’s foreign defense policy change toward China, involving the decision to purchase the Chinese-made LMSs, the Chinese attack submarine stopover in Malaysia, Malaysia–China bilateral military exercise, the establishment of the Malaysia–China High-Level Defence Committee, and the conflicting reactions to China’s intrusion into Malaysia’s EEZ.

4.3.1 Justification of the selected cases.

In a nutshell, both selected cases can be considered as a least-similar cases design. According to Bennett and Elman (2007), “In a least-similar cases design, the researcher selects cases that

¹ This is extracted from Cotter and Forster’s (2004) definition of defense diplomacy: “...involves the peacetime cooperative use of armed forces and related infrastructure (primarily defense ministries) as a tool of foreign and security policy” (p. 6).

are dissimilar in all but one independent variable but that share the same dependent variable” for which it can “provide evidence that the single common independent variable helps account for the common dependent variable” (p. 175). These cases have been selected because they displayed the same variance in terms of dependent variable (the existence of changes in Malaysia’s foreign economic and defense policy) from two least similar cases (different ministries, in charge of different foreign policy areas, and the different groups of executives and bureaucrats involved across those ministries). Each ministry consisted of a different set of actors—executives and bureaucrats in the Malaysian Ministry of Finance (MoF) are different from their counterparts in the Ministry of Defense MINDEF. Each ministry also possessed its separate, established decision-making procedures, administering different foreign policy areas.

Furthermore, the extent to which these two cases—as representatives of two foreign policy areas—are equally exposed to kleptocratic interests is also substantial. As mentioned in the previous justification section as well as will be elaborated in the next section, both foreign policy areas were exposed to the pull and push from both the United States and China. The MINDEF was exposed to the Chinese naval ships encroaching Malaysian waters, and the Malaysian MoF was exposed to Chinese debt. However, all those pressures were dwarfed by the political pressure from the US DOJ due to Najib’s 1MDB money-laundering charges. Therefore, the kleptocrat’s interests have been selected as the independent variable for this research; these interests critically ushered Malaysia’s foreign policy changes away from Washington and closer to China. (There also existed external “push” from China.) These cases are also crucial for this research from the temporal perspective: They show that significant foreign policy change did occur in both Malaysia’s foreign policy areas within the same, specific period of Najib’s premiership. This selection ensures that both foreign policy changes were not triggered by different events in a different timeframe.

4.4 Type of Research

This study combines a qualitative, comparative case study focusing on two foreign policy areas (foreign economic and defense policy) with within-case, process tracing strategy (manipulations and change in political-administrative bargains). George and Bennett (2005) defined a case as “an instance of a class of events” (p. 17). Bennett and Checkel (2015) defined within-case evidence as “evidence from within the temporal, spatial, or topical domain defined as a case” that “can include a great deal of evidence on contextual or background factors that influence how we measure and interpret the variables within a case” (p. 8). Accordingly, this research was designed in a form of George’s (1979) method of structured, focused comparison

qualitative case study and combined with process tracing (Bennett, 2008; Collier, 2011). According to George, “focused” refers to the selective analysis of certain parts of a case, whereas “structured” refers to the use of general questions to inform data collection and analysis of that particular case. There are three phases involved in this approach. First, the study design and structure are specified. In this case, a smaller power with significant foreign policy change toward great power was identified. Second, individual case studies are carried out. For the study, this phase involved the examination of two distinguished foreign policy outputs (foreign economic policy and foreign defense policy). Third, the findings of the case studies are compared against the initial propositions to determine whether those propositions are confirmed or in need of reformulation. In the context of this study, this final phase involved the comparison of the empirical findings with the proposed theoretical model of manipulations in political-administrative bargains in a smaller power that lead to foreign economic policy change and foreign defense policy change. This approach also reflects Yin’s (1994) contention that research questions that seek to explain the “how” and “why” of a contemporary set of events are best examined through case studies.

One of the strengths of case studies is their flexibility in allowing the researcher to draw upon a range of documentary material coupled with interviews and observation. According to Yin (1994), an embedded multiple-case study design enables these different elements to be located within a coherent analytical structure. This design is appropriate for research focused on comparative analysis and where several units of analysis exist; this is the case for this research since it attempts to capture the interaction (and manipulation strategies) between two predominant groups in foreign policy-making of a smaller power: executives and bureaucrats. However, to analyze the once collected comparative, qualitative data, this focused, structured research design was combined with process tracing strategy. While focused, structured research design allowed this research to study foreign policy change in two different foreign policy areas produced by a smaller power, process tracing helped it to test the proposed causal mechanism of intervening variable (change in political-administrative bargains) positioned in between the independent variable (the kleptocrat’s manipulation strategies) and dependent variable (foreign policy change of a smaller power). More details on this analysis strategy will be included in the following section.

4.5 Data Analysis

To analyze the data systematically, four procedures were involved: examination of the kleptocrat’s manipulation strategies; examination of bureaucrats’ counter-reaction to the

kleptocrat's manipulation; examination of the potential change in Malaysian political-administrative bargains following the kleptocrat's manipulation and bureaucrats' counter-reaction; and examination of Malaysia's foreign economic and defense policy responses. The procedures stem from this study's intention to capture parsimonious explanations of Malaysia's foreign economic and defense policy change derived from the proposed political-administrative bargains framework. Indeed, the decision to analyze two different cases involving change in Malaysia's foreign policy is in line with Bennett's (2008) reasoning:

“While researchers must guard against possible confirmation biases in deriving a theory from a case and then testing it in the same case, it is possible to derive an explanation from a case and then test it against different and independent evidence from within that same case. Such evidence provides the possibility of falsifying the new theory as an explanation of the case” (p.705).

This is where process tracing fits this research's effort to find evidence of the same mechanisms within the two foreign policy areas.

Process tracing requires a researcher to “choose and justify a starting point for investigating evidence” (Bennett & Checkel, 2015, p. 26). Bennett and Checkel (2015) suggested that the “Starting point is the time at which a key actor or agent enters the scene or gains some material, ideational or informational capacity” that can be “effective when alternative explanations hinge upon or work through the motivations, knowledge, and capacities of individual agents, and when particular agents behave differently, or with different effects, from their predecessors” (p. 27). This is in line with this research's decision to focus on Najib administration's foreign policy change amid the 1MDB scandal, from the time Najib had to cover the 1MDB debts to when Najib shifted Malaysia's defense policy into Beijing's orbit. To demonstrate that the proposed causes of kleptocracy and manipulations in political-administrative bargains did lead to the smaller power's foreign policy change, the analysis of Malaysia's foreign economic and defense policy change was combined with the process tracing in each case. As Bennett and George (1997) put it, process tracing is a technique designed to identify the intervening causal process between the independent and the dependent variable (p. 25)—in this case, between the kleptocrat's manipulation strategies, change in political-administrative relations, and eventually change in foreign policy. This technique involves

“the use of histories, archival documents, interview transcripts, and other sources to see whether the causal process a theory hypothesizes or implies in a case is, in fact, evident in the sequence and values of the intervening variables in that case” (George & Bennett, 2005, p. 6).

Collier (2011) even contended that process tracing is a ‘fundamental tool of qualitative analysis’ that often used in the context of within-case analysis based on qualitative data. This is indeed the case for this research, wherein ten different within-case data from two different areas of Malaysia’s foreign policy were utilized.

Moreover, Collier (2011) further elaborated that process tracing

“can make decisive contributions to diverse research objectives, including (a) identifying novel political and social phenomena and systematically describing them; (b) evaluating prior explanatory hypotheses, discovering new hypotheses, and assessing these new causal claims; (c) gaining insight into causal mechanisms” (p.824).

Specifically for this research, Collier’s third description above is relatively relevant. It must be noted that till date no other systematic study has been conducted on Malaysia’s foreign policy change under Najib’s premiership by applying the process tracing strategy. Accordingly, this research, which started by challenging the conventional IR theories that focus only on the importance of external pressure (as independent variable) and political executives (as intervening variable) at the expense of the role and authority of bureaucrats (see Chapter Two), has not only refined the independent variable by constructing different kleptocratic manipulation strategies on political-administrative bargains but also proposed the subsequent change in political-administrative bargains as a critical intervening variable in producing change in foreign economic and defense policy.

Therefore, in terms of gaining insight into causal mechanisms, process tracing strategy enabled this research to analyze all causal mechanisms proposed in this chapter (as well as in Chapter Three). First, the relations between specific manipulation strategies from kleptocrats (see Table 4.1) and manipulation strategies in political-administrative bargains (constructed and summarized in Table 4.2). Second, the impact of manipulation strategies (Table 4.2) on the established political-administrative bargains has also been specified according to both foreign policy areas (Table 4.3). Ultimately, the direct impact of the disrupted political-administrative bargains on the eventual foreign economic defense policy of a smaller power (Table 4.4) was established and studied systematically and sequentially. The entire sequence followed with regard to the process tracing strategy is presented in figure 4.1.

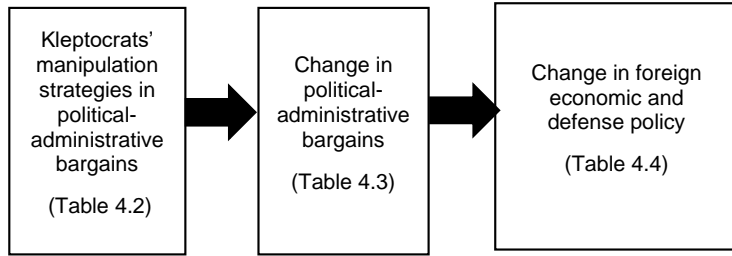


Figure 4.1 Theoretically derived expectations about the process of kleptocracy and foreign policy change

Having developed a general scheme of process tracing strategy to examine manipulations in political-administrative bargains and foreign policy change of a smaller power, this chapter can now proceed to propose specific expectations about the process for each of the selected cases. Figure 4.2 displays a proposed process tracing strategy to analyze the change in Malaysia’s foreign defense policy, particularly the decision by Najib administration to purchase four Chinese-made LMSs in November 2016.

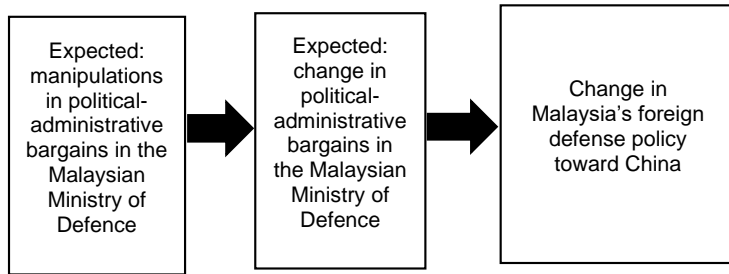


Figure 4.2 Theoretically derived expectations about the process of kleptocracy and Malaysia’s foreign defense policy change

Next, Figure 4.3 visualizes a proposed process tracing strategy to analyze the change in Malaysia’s foreign economic policy, particularly the decision by Najib’s government to award a highly controversial ECRL contract to a highly controversial company, CCCC.

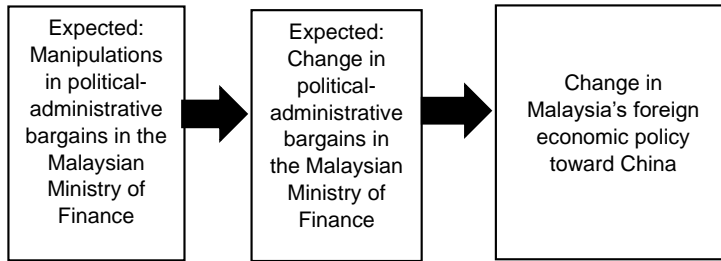


Figure 4.3 Theoretically derived expectations about the process of kleptocracy and Malaysia's foreign economic policy change

The next section will illuminate all key variables involved in this research— independent, intervening, and dependent variables—as well as the ways to measure them.

4.6 Key Variables and Measurements

4.6.1 Manipulation strategies in political-administrative bargains.

Although Chapter Three defined the “who” and “when” of manipulation strategies devised by a kleptocratic executive against bureaucrats in a smaller power, the definition still needs to be complemented with “how” manipulation strategies are deployed in the foreign policy-making process. For this, the research modified Hoyt and Garrison’s (1997) original scheme to construct two manipulation strategies in which manipulations in political-administrative bargains can occur: exclusion and inclusion strategy.² The exclusion strategy refers to the deliberate effort to alter the composition of foreign policy-making actors so that only those members with a shared interest and sympathetic viewpoint are included.³ One can detect and measure this strategy by examining the composition of actors who are involved in the decision-making process that is decisive in certain foreign economic or defense decision of a smaller power toward a great power. For this purpose, the following questions can be posed: Who is the actor that is usually involved in such policy area but was excluded during the decision-making process? Who possesses the authority to exclude them from the decision-making process? What was the justification of their exclusion? Conversely, the inclusion strategy

² While Hoyt and Garrison (1997) only proposed the manipulation strategies of foreign policy-making in a group setting, this research extends and develops the scheme to incorporate the two different groups of actors: executives and bureaucrats.

³ Halperin (1974) called this strategy as “reducing the circle,” which is accomplished by “arranging for particular participants to simply not be invited to the crucial meeting(s)” (Janis, 1989, cited in Hoyt & Garrison, 1997).

represents an attempt to diffuse the influence of opponents by packing the decision-making process(es) of political-administrative actors involved in foreign policy-making with additional like-minded participants. To detect and measure this strategy, one can ask the similar questions as in the case of the exclusion strategy: Who is the actor that usually is not involved in a certain policy area but was invited during the decision-making process? Who possesses the authority to invite them to the decision-making process? What was the justification of their invitation?

As will be discussed later, these foreign policy changes are conditioned by the degree of change in political-administrative bargains. Having identified the two manipulation strategies and indicators in political-administrative relations (summarized in Table 4.1), the next section will highlight the ways to measure the impact of such strategies on political-administrative bargains. This step is crucial since it guided the researcher to link specific manipulation strategy with specific foreign policy output across different policy areas.

Table 4.1

Strategies and Indicators of Manipulation in Political-administrative Bargains

| Manipulation strategies | Indicators/Measurements |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exclusion | <ul style="list-style-type: none"> The actor who is usually involved in such policy area was deliberately excluded during the decision-making process |
| Inclusion | <ul style="list-style-type: none"> The actor who is usually not involved in such policy area was included in the decision-making process |

4.6.2 Change in political-administrative bargains.

To identify the change in political-administrative bargains as a result of manipulation strategies, the researcher focused on the differences before and after the existence of kleptocratic pressure—across the different foreign policy areas. First, the researcher investigated whether there were any clear differences in terms of the roles of political executives in the foreign policy-making process before and after the existence of kleptocratic manipulation strategies. For instance, an executive’s role can change from mainly conducting policy endorsement (in trustee bargain) to becoming the main policy initiator (in agency bargain), or vice-versa. Second, the researcher examined whether there were any clear differences in terms of the roles

of bureaucrats in the foreign policy-making process before and after the existence of kleptocratic manipulation strategies. These differences could be in terms of bureaucrats' transition from being the main policy initiator (in trustee bargain) to just performing policy endorsement job (in agency bargain), or vice-versa. Third, the researcher also observed whether there were any different standard operating procedures (SOPs) applied in the foreign policy-making process before and after the existence of kleptocratic manipulation strategies. Such changes can occur in the form of an SOP the patronage of which shifts from the hands of bureaucrats to executives, or vice-versa. The fourth indicator that the researcher examined was the existence of the kleptocrat's allies in the foreign policy-making process by asking the following question: Were there any kleptocrat's allies involved in the foreign policy-making process? To identify the kleptocrat's allies, one needs to differentiate the formal position held by participating actors in foreign policy-making process; kleptocrat's allies can be characterized as those with close connection to the kleptocrat, without any formal bureaucratic position, and yet playing major role in policy-making process. The fifth indicator of bargain change involved the change in the reporting lines, namely the formal submission in public works. In the case of bargain change into the kleptocratic type, one can expect that reporting—either from the established trustee type (bureaucratic dominance) or agency type (executive dominance)—into the kleptocratic-dominance is taking place when the executives or bureaucrats no longer answer to their official superordinate, but instead to kleptocrats and their allies. For instance, in the trustee-type system, bureaucrats in finance ministry report directly to kleptocrats and their allies, not to the finance minister; similarly, in the agency-type system, the finance minister reports directly to kleptocrats and their allies, instead of working with the finance ministry bureaucrats. However, it must be noted that since bureaucrats in the trustee-type system still maintain their autonomy despite the emergence of the kleptocrats, only partial kleptocratic bargains can take place if they choose to reject kleptocrats' agenda. The differences between the full kleptocratic, partial kleptocratic, trustee-type, and agency-type bargain are elaborated in Table 4.2.

Table 4.2

Indicators of Political-administrative Bargains

| Dimension | Trustee bargain | Agency bargain | Full kleptocratic bargains | Partial kleptocratic bargains |
|------------------|-------------------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Policy initiator | Bureaucrats | Political executives | Kleptocratic political executives, their kleptocratic allies, and bureaucrats who accepted kleptocrats' agenda play the role of policy initiator in all policy decisions | Kleptocratic political executives and their kleptocratic allies play the role of policy initiator in selected policy decisions according to kleptocrats' interests, while bureaucrats who rejected kleptocrats' agenda play the role of policy initiator in other routine policy decisions |
| Policy endorser | Political executives | Bureaucrats | Kleptocrats' allies and bureaucrats who accepted the kleptocrats' agenda play the role of policy endorser and executor | Kleptocrats' allies and bureaucrats play the role of policy endorser and executor in selected policy areas according to the kleptocrats' interests, while autonomous bureaucrats who rejected the agenda perform the role in other key decisions |
| Policy executor | Bureaucrats through formal bureaucratic mandate | Bureaucrats through formal bureaucratic mandate | Kleptocrats' allies through external bodies under the informal mandate established by the kleptocrats and bureaucrats who accepted the kleptocrats' agenda through formal bureaucratic mandate | Kleptocrats' allies through external bodies under the informal mandate established by the kleptocrat; meanwhile, bureaucrats who rejected the kleptocrats' agenda continue to perform their duty through formal bureaucratic mandate |

| Dimension | Trustee bargain | Agency bargain | Full kleptocratic bargains | Partial kleptocratic bargains |
|----------------------------------|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Standard operation procedure | The established standard operating procedures under the auspice of bureaucrats | The established standard operating procedures under the auspice of political executives | Newly-established and redundant standard operating procedures under the auspice of kleptocrats and their allies | Concurrence between the newly-established standard operating procedures under the auspice of kleptocrats and allies and those under the bureaucrats who rejected the kleptocrats' agenda |
| Actors involved in policy-making | Mostly bureaucrats with formal bureaucratic position in policy-making process | Political executives and their political advisors without formal bureaucratic position | Kleptocrats' allies involved in foreign policy-making process (those with close connection to the kleptocrats without any formal bureaucratic position) | Kleptocrats' allies involved in foreign policy-making process serve as actors in selected policy decisions according to the kleptocrats' interests, while bureaucrats with formal bureaucratic autonomy continue to perform their duty in other policy decisions |
| Reporting line | Executives work with their bureaucratic counterparts | Bureaucrats report directly to the formal executive superordinate | Kleptocrats' allies report exclusively to the kleptocrats | Kleptocrats' allies report exclusively to the kleptocrats; meanwhile, bureaucrats continue to report to formal superordinate |

Table 4.3

Indicators of Change in Political-administrative Bargains in Foreign Policy

Indicators of Change in Political-administrative Bargains

- Clear differences in terms of the roles of political executives in foreign policy-making process before and after the existence of kleptocrats' manipulation strategies (from policy endorser to policy initiator, or vice-versa)
 - Clear differences in terms of the roles of bureaucrats in foreign policy-making process before and after the existence of kleptocrats' manipulation strategies (from policy initiator to policy endorser, or vice-versa)
 - Different standard operating procedures applied in the foreign policy-making process before and after the existence of kleptocrats' manipulation strategies (from being significantly under the auspice of bureaucrats to being in the hands of executives, or vice-versa)
 - Involvement of kleptocrats' allies, those with close connection to the kleptocrats without any formal bureaucratic position, in foreign policy-making process
 - Kleptocrats' dominance in reporting lines (bureaucrats report directly to the kleptocrats and their allies, not to their formal executive superordinate; executives report directly to the kleptocrats and their allies, not to their bureaucratic counterparts)
-

4.6.3 Foreign policy change.

Having discussed how researchers can identify and investigate the existence of manipulation strategies in political-administrative relations and political-administrative bargains, this final section will provide a measure for change in foreign economic and defense policy. To that end, this research modified Hermann's (1990) typology of four graduated levels of foreign policy change into two levels: full and partial foreign policy changes. For that purpose, Hermann's two highest levels of changes were reformulated as follows: The "international orientation change" was reformulated as "full foreign policy change" while the "goal change" as "partial policy change." While goal change is already a significant signal of foreign policy change, the change at the international orientation level has a more critical meaning; according to Hermann (1990)

“[It is] the most extreme form of foreign policy change [that] involves the redirection of the actor's entire orientation toward world affairs. In contrast to lesser forms of

change that concern the actor's approach to a single issue or specific set of other actors, orientation change involves a basic shift in the actor's international role and activities.

Not one policy but many are more or less simultaneously changed" (p.5-6).

To capture those changes of "not one policy but many," this research divided foreign policy change into two distinguished policy areas: foreign economic and foreign defense policy.

First, a change in foreign economic policy can be observed when there is a significant shift in economic policies and decisions that are directly related to a country's access to the critical goods and services available in another country. This can be in terms of change in the scale of the economic access given to foreign powers; percentage of ownership given to the foreign powers involved in the production of critical goods and services in the country; and financing, operation, maintenance, and concession of an economic initiative offered to the foreign powers. Second, a change in foreign defense policy can ultimately be detected when there is a shift in defense policies and decisions that are directly related to the external dimension in the engagement and infrastructure of the military. This can be in the form of changing the nature of external military contact with great powers; making major purchase of military assets from a great power that had never supplied any assets to the country before; eliminating the military hardware procurement from great powers that traditionally provided those assets and equipment; and engaging in other external defense deals such as sending military personnel to be trained in a great power's military academy or establishing joint military command and training.

Table 4.4

Indicators of Change in Foreign Economic and Defense Policy

| Foreign policy areas | Indicators of change |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Full foreign economic policy change | <p>Significant overall shift in economic policies and decisions that are directly related to the access to the critical goods and services after the kleptocratic bargain came into existence.</p> <p>Example: Change in the scale of the economic access given to foreign powers; percentage of ownership given to the foreign powers involved in the production of critical goods and services in the country; and financing, operation, maintenance, and concession of an economic initiative offered to the foreign powers.</p> |
| Partial foreign economic policy change | <p>Shift in some selected economic policies and decisions related to the access to the critical goods and services after the kleptocratic bargain came into existence.</p> <p>Example: Change in the scale of the economic access given to selected foreign powers; percentage of ownership given to the selected foreign powers involved in the production of critical goods and services in the country; and financing, operation, maintenance, and concession of an economic initiative offered to selected foreign powers.</p> |
| Full foreign defense policy change | <p>Overall shift in defense policies and decisions that are directly related to the external dimension in the engagement and infrastructure of the military after the kleptocratic bargain came into existence.</p> <p>Example: changing the nature of external military contact with great powers; making major purchase of military assets from a great power that had never supplied any assets to the country</p> |

before; eliminating the military hardware procurement from great powers that traditionally provided those assets and equipment; and engaging in other external defense deals such as sending military personnel to be trained in a great power's military academy or establishing joint military command and training.

Partial foreign defense policy change Shift in some selected defense policies and decisions related to the external dimension in the engagement and infrastructure of the military after the kleptocratic bargain came into existence.

Example: Changing the nature of external military contact with selected great powers; making major purchase of military assets from a selected great power that had never supplied any assets to the country before while still maintaining the military hardware supply from great powers that traditionally provided those assets and equipment; and engaging in external defense deals such as sending military personnel to be trained in the great power's military academy or establishing joint military command and training.

4.7 Data Collection

For data collection, this study adopted a qualitative approach with three main methods: interviews with key actors, primary document analysis, and secondary data collection. As Bennett and Checkel (2015) stressed, "Process tracers should be relentless in tracking down primary sources or seeking interviews with participants" (p. 27). In fact, "A single meeting or memo may prove to be the crucial piece of evidence that instantiates one explanation or undermines another" (Bennett & Checkel, 2015, p. 27). Therefore, this study relied on in-depth interviews with key persons—the former Malaysian Prime Minister, Chief Minister, officers to political executives, and the bureaucrats—and triangulation of the data obtained from primary documents and secondary records. In particular, this research followed semi-structured format for interviews. As Lamont (2015) explained, semi-structured interviews are the most common interview format used to study foreign policies of states and international political events, since

“there is a degree of structure that allows for cross-referencing across interview participants” and also “scope for more in-depth probing on issues of interest to the researcher” (p. 84).

It must be reported that out of the 35 respondents who were contacted, only 19 responded and eventually only 16 were willing to be interviewed. In contrast to the researcher’s expectation, most of the willing respondents were senior public bureaucrats, and only two high-profile politicians were willing to be interviewed.

Apart from collecting the policy documents and interviewing political executives and bureaucrats, the researcher also interviewed other actors to ascertain the existence of any particular manipulation strategies and changes in political-administrative bargains and both foreign policy areas (foreign economic and defense policy). These interviews and secondary data collection specifically targeted Malaysian executive leaders and bureaucrats in the MoF and the MINDEF. In addition to those actors who were directly involved during Najib administration (2009–2018), those who were not officially involved but possessed crucial information during that period (e.g., the previous and current policy bureaucrats who were or are working with the MoF and MINDEF) were also interviewed. Further, apart from the politicians and government officials, interviews were conducted with other respondents from different backgrounds and levels of involvement within both foreign policy areas.

Interviews were conducted mostly via Skype or Zoom, owing to social distancing measures enforced during the COVID-19 pandemic – in addition to those conducted in Kuala Lumpur (Malaysia), Amsterdam, Rotterdam, and The Hague (the Netherlands), with updates has been provided by correspondence after that period. Indeed, one must realize the sensitiveness and the level of secrecy involved in this research; it is not only highly political but also directly related to the issue of national interest of a developing country. Therefore, this research names relevant respondents as “anonymous” when analyzing and reporting the interviews, without compromising the authenticity and richness of the data.

This research also benefitted from the official documents of all relevant parties, especially the two Malaysian ministries: MoF and MINDEF. The data obtained were mostly in the form of annual reports, policy statements, and the ministries’ official periodicals. Due to unfortunate limited access to the proposed interviewees, data were also collected from other sources: the targeted interviewees’ opinions as well as secondary reports and comments published in newspapers, portals, and magazines and the Malaysian Court Proceeding records. This data collection strategy is known as media and secondary source collection (Lamont, 2015, p. 81), where the source can be in the form of local or international portals (e.g., Reuters, *Wall Street Journal* [WSJ], and *The Edge Markets*); financial periodicals (e.g., *CNBC*); defense

portals or magazines (e.g., *Malaysian Defence*); newspapers (*Berita Harian*, *New Straits Times*, *The Star*, *Sinar Harian*, *MalaysiaKini*); online portals (e.g., *The Diplomat*); open-access interview transcripts; parliamentary Hansard; records of court proceedings (e.g., Najib's and Amhari Efendi's [Najib's former secretary] statements in front of Malaysian court during the trials of 1MDB cases); biographies and memoirs; and other relevant documents in Malaysian archives. Moreover, the targeted data were also collected by interviewing those researchers and academics who used to interview the targeted interviewees as well as those who used to work with the targeted respondents, for instance, those who used to hold specific position or special authority (such as a political secretary, private secretary, press secretary, and special officers). Furthermore, social media platforms, such as Twitter and Facebook, and blogs were also used to collect relevant data, particularly from the official accounts belonging to relevant politicians, bureaucrats, and ministries.

4.8 Conclusion

To be able to derive the empirical validity of the proposed theoretical model of manipulation strategies in political-administrative bargains and foreign policy change, as introduced in Chapter Three, an overview of the research design and methodology was presented in this chapter. It is argued that the best way to test the assumptions derived from this theoretical model is through a case study of Malaysia's foreign economic and defense policy change toward China during Najib's 1MDB scandal. Within this case study design, a process tracing strategy was incorporated to study the sequence between the independent variable (the kleptocrat's manipulation strategies), intervening variable (change in political-administrative bargains under Najib), and dependent variable (Malaysia's foreign economic and defense policy change toward China). The subsequent chapters will first provides the background of trustee bargains in Malaysia's bureaucracy before examine the impact of kleptocracy on both foreign policy areas—economy and defense—through the perspective of political-administrative relations in the context of Najib's premiership in Malaysia.

