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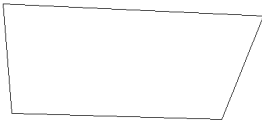
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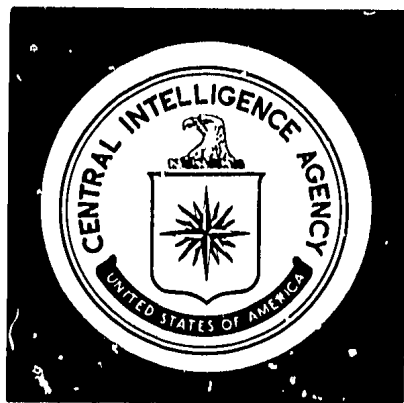
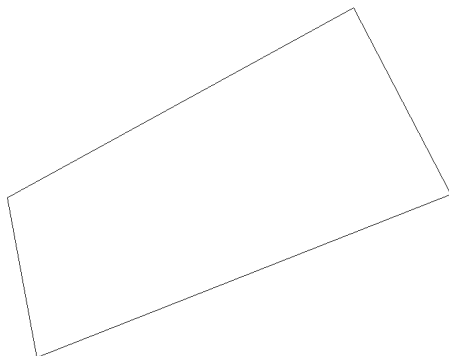
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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

Communist Insurgency in Malaysia

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22 February 1972
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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
22 February 1972

INTELLIGENCE MEMORANDUM

Communist Insurgency in MalaysiaIntroduction

A year ago the Malay-controlled Razak government negotiated a delicate return to open political life ending 21 months of emergency rule imposed after the race riots of 1969. It did so with greater finesse and ease than almost anyone, the government included, expected. The predominant government party, the rejuvenated United Malay National Organization, has managed to recapture, at least temporarily, its disaffected Malay constituency without adopting extreme pro-Malay policies which would have seriously increased the level of Chinese alienation. The government is so defensive about its Chinese constituency, however, that it has not published 1970 census results which reportedly show the Chinese catching up to the Malays in population growth and accounting for 42 percent of the population compared to the Malays' 48 percent. Much of the government's political opposition comes from Chinese, but they are hamstrung by extensive government restrictions on political debate and activity. Although the government has by no means solved the basic Malaysian communal dilemma, it may have succeeded in buying the country several years of much-needed political stability and moderation.

Stability in the future may be threatened by the gradual resurgence of the Malayan Communist Party, an organization largely composed of and

Note: This memorandum was prepared by the Office of Current Intelligence and coordinated within CIA.

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supported by indigenous Chinese. The party launched a moderately successful terrorist campaign during the British rule of Malaya in mid-1948 with some 5,000 to 6,000 guerrillas. To meet the threat, the United Kingdom banned the party, declared a state of emergency which lasted until the independent Malaya terminated it in 1960, poured in thousands of troops and, with active Malayan public and official support, broke the back of the movement by the end of 1954. In that year, the Communist political apparatus and all principal military units moved to safehavens across the Thai border. Small Communist units left behind continued resistance for a few years, but by 1960 no armed Communist groups of any consequence remained. Forces in southern Thailand were consolidated into a hard core of some 600 armed members, virtually all of them ethnic Chinese.

In 1968 the Communists decided to move out of their Thai sanctuaries and rebuild insurgent bases on Malaysian soil. Within three years they managed to emplace an estimated 200-300 armed guerrillas south of the border. Despite this progress, the insurgents face an uphill struggle in re-establishing themselves in West Malaysia. If they are to become a serious security threat, they must develop an extensive network of support areas, and to do this they must win over or intimidate substantial numbers of people. There is no evidence of a significant increase in active popular support for the guerrillas, but there are signs that support is being resumed in areas of former strength. Arms would also be a problem. Short of a major eruption of communal violence the Communists' ability to develop large-scale sustained guerrilla operations seems doubtful.

Whatever its prospects, the renewal of the Communist insurgency comes at an awkward time for the government. If the Communists succeed in moving Malaysia into a second insurgent "Emergency," the resulting drain on Kuala Lumpur's limited material and leadership resources will seriously hinder the country's economic and political development. An invigorated insurgency that is heavily dependent on support from the Chinese community will further complicate the government's efforts to construct a workable communal relationship between the Malay and Chinese populations.

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Thai Sanctuary and a Second Try

1. The reappearance of a fledging insurgent operation in West Malaysia after over ten years of quiet has raised questions concerning Kuala Lumpur's ability to protect itself against Communist subversion and guerrilla action. The government's performance in the past two years has not been totally satisfactory. The British never completely eliminated the party itself and over time, it has been able to build a foundation for renewed subversive and military activity from sanctuaries just across the border.

2. Since the Communists' combat element, the Malayan National Liberation Army (commonly known as CTs or the Communist Terrorist Organization) moved into Thailand during the 1950s, it has reorganized and grown in numbers and influence within its base area. From some 600 members, it has grown to an estimated 1,500-1,700 men armed primarily with an assortment of locally obtained World War II small arms and rifles. This force is supported by an auxiliary Malayan Communist Youth League numbering about 3,000 young men who have received ideological and paramilitary training. About 100,000 people live in the Communist area, and many regularly pay taxes to the Communist organization.

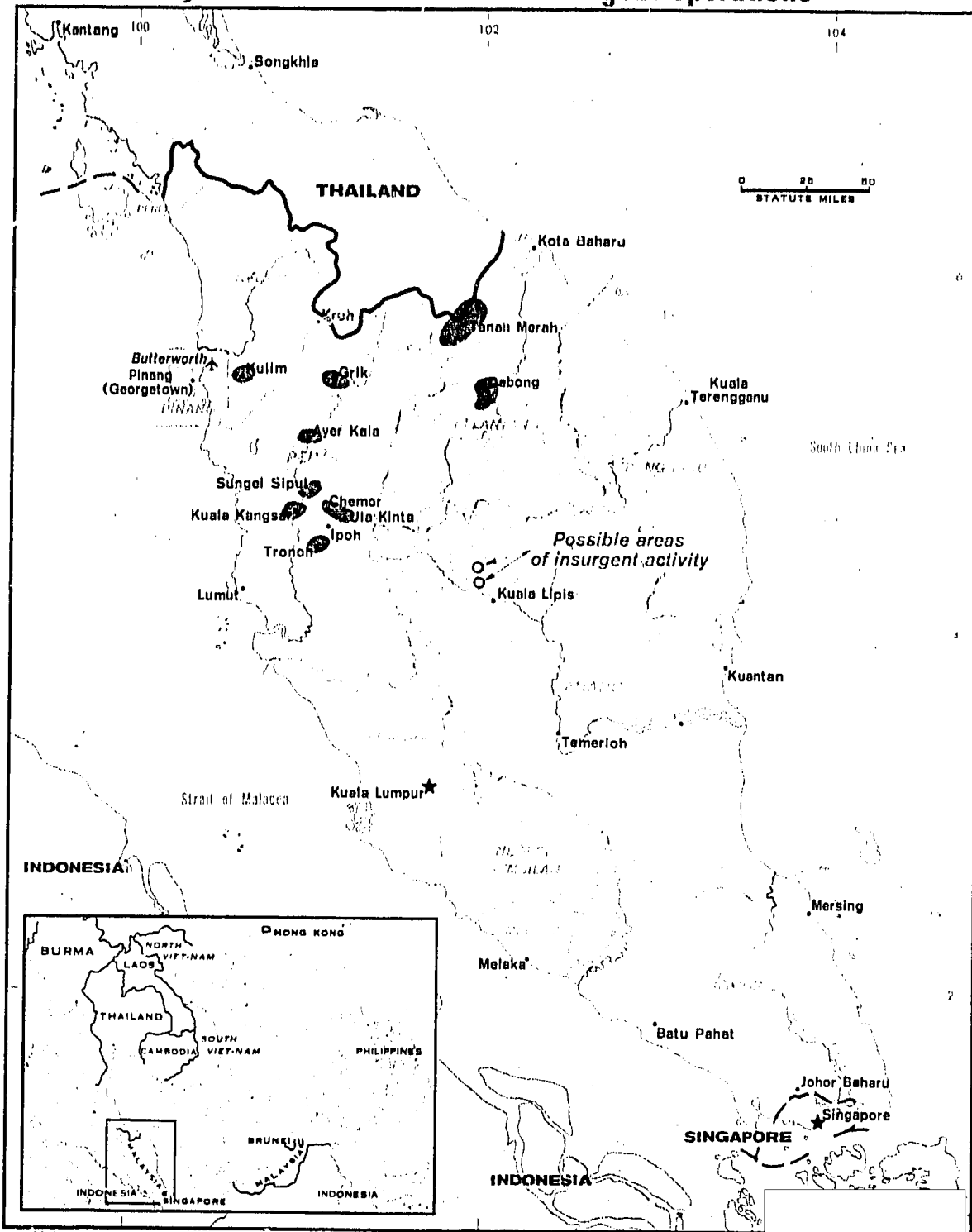
3. The party could not maintain and enhance its insurgent capability without this Thai sanctuary, which the Thai have not and the Malaysians cannot disrupt significantly. Although the Thai have been somewhat more cooperative in the past two years, Bangkok simply is not seriously concerned over an insurgency in a remote part of the country and not targeted directly against Thailand. This remains true despite increased cooperation between the Malayan Communists and Thai Communist insurgents operating nearby. Bangkok's attitude toward the Malaysian Communists has also been affected by separatist sentiment among Thai Muslims of Malay extraction, the largest ethnic group in the border areas. Despite Malaysian assurances to the contrary, the Thai fear that Kuala Lumpur has irredentist aspirations and is not above exploiting separatist feeling in the southern border provinces.

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West Malaysia: Areas of Communist Insurgent Operations



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These suspicions have limited the effectiveness of Thai-Malaysian cooperation against the insurgents.

4. The two governments hold joint border committee meetings regularly and occasionally conduct joint [redacted] operations. These have not been very rewarding because of Thai foot-dragging. Despite an agreement permitting Malaysian "hot pursuit" into Thailand, the Thai are reluctant to see unilateral Malaysian military operations on Thai soil. Given this attitude, a rugged border area that is almost impossible to seal, and a residue of sympathy for the Communists among the border peoples, Malaysia must live with a relatively secure guerrilla base of operations across its border for the foreseeable future. This means that the Communist insurgent threat cannot be erased, only contained. It also means that the return of the insurgents to Malaysia was almost inevitable.

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5. [redacted] the Malayan Communist Party appears to have decided in June 1968 to return to armed struggle in West Malaysia. This change of tactics may have been partially inspired by the influence of China's Cultural Revolution militancy within the party. The Communists must also have judged that their insurgent force was at last ready for an effort south of the border. The outbreak of communal rioting in Kuala Lumpur a year later and the Malaysian Government's subsequent difficulties almost certainly helped solidify the party's resolve to undertake its long-planned but perilous return to Malaysia.

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6. Small groups of insurgents were reported crossing the border in 1969. Much of this initial activity appeared to be reconnaissance and training. As time went by, larger groups crossed into Malaysia, stayed longer and penetrated more deeply. The first confirmation of an "in place" insurgent group came in late 1970. [redacted]

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7. There are good reasons why the initial Communist effort was directed against Perak and Kedah. These were previous Communist strongholds and contain a relatively high density of rural Chinese. Insurgents in these areas are thus renewing contact with old supporters, enlisting new ones, and in general attempting to gain the active or passive cooperation of the local population. Up to now they have carefully refrained from direct intimidation or terrorism against the locals. The Communists appear to be concentrating on recruiting new personnel to be sent for training in Thailand, preparing the ground for additional armed groups, and caching food supplies. Concealed stockpiling suggests that the Communists have learned from experience and are aware that the government broke the back of the earlier insurrection by resettlement programs which denied Communist access to food supplies in sympathetic villages. In this preparatory period, the Communists are doing everything they can to avoid contact with government security forces. With the exception of ambushes near the border carried out by Thai-based insurgents, government forces have started all fire fights and other contacts during the past year.

8. The insurgents have enjoyed some initial success in their effort to rebuild a mass support and logistic apparatus. Kuala Lumpur has had to accept the fact that the insurgents have been receiving some degree of support from tight-lipped rural Chinese in Perak and Kedah. Government security forces so far have obtained little useful information on insurgent activities from the local Chinese.

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9. The government is even more concerned over Communist efforts to gain support among the Malay population. For most of its history, the Malayan Communist Party has been almost exclusively Chinese, both in terms of the ethnic composition of its leadership and support and the party's strong pro-Peking ideological stance. During the past few years, however, the party has been making a considerable effort to recruit Muslims of Malay extraction in southern Thailand--an indication that it realizes it must broaden its appeal if the revolution is ever to take hold in Malaysia. Its efforts to attract Malay support in West Malaysia are currently centered in Kelantan, a heavily Malay area.

10. The present degree of communal polarization in Malaysia, however, poses a tremendous obstacle to these efforts. The average Malay, for religious and cultural reasons, resists Communist blandishments, especially if the enticers are closely associated with Chinese interests. Given the more outwardly Malay character of the present Malaysian Government and the greater expectations it has generated within the Malay community, there appears to be relatively little reason at present for Malays to turn toward the Communists. The party has attracted Malays on the Thai side of the border by playing on their separatist sentiments and numerous grievances against an indifferent government in Bangkok.

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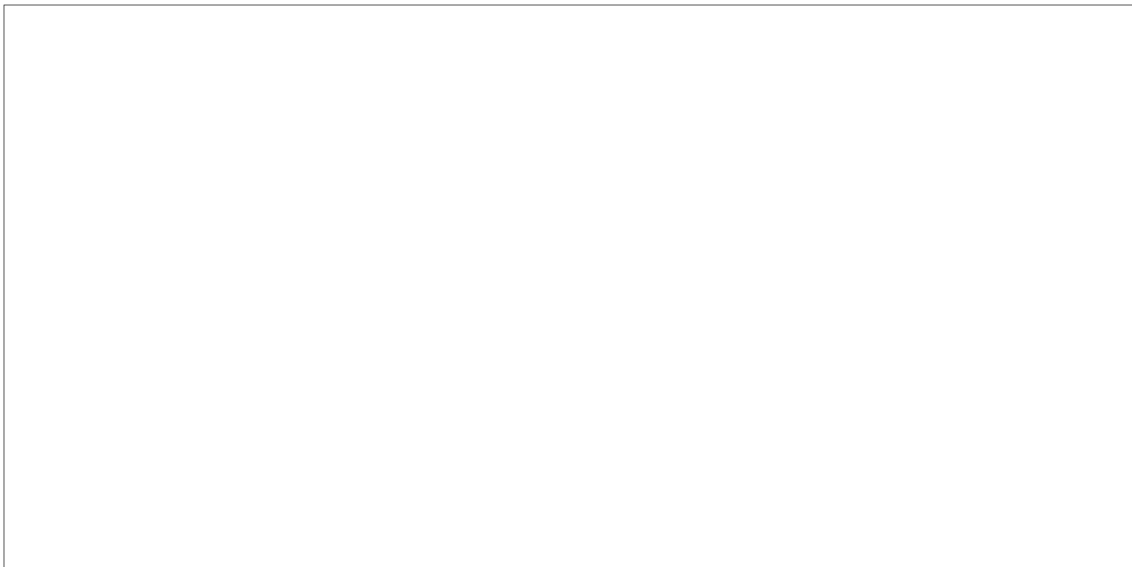
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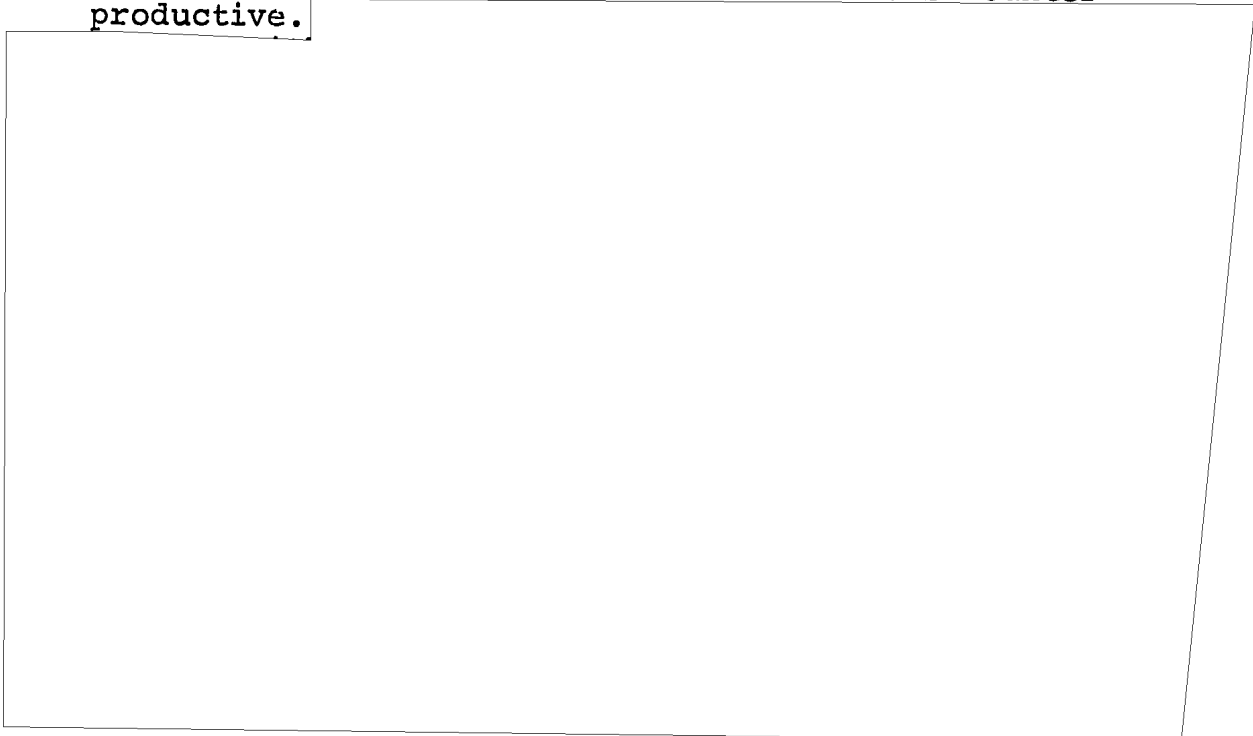
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Government Countermeasures: Identifying the Problem

12. Last September the government mounted a counterinsurgency campaign in the states of Perak and Kedah. This effort has been characterized by large-scale military operations which have proved for the most part useless and in some cases counter-productive.



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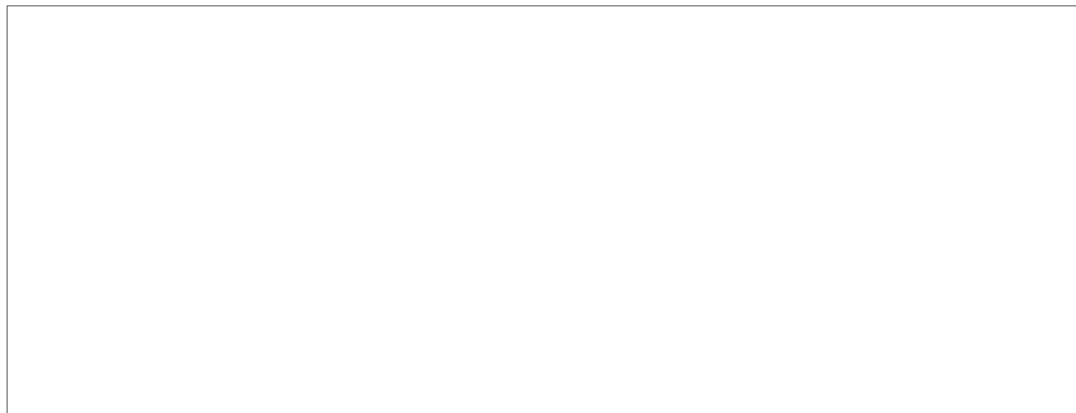


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14. The need to gain local information leads directly to the core of the Malaysian insurgent problem--the government's relationship with the rural Chinese. The post-election race riots of 1969 and succeeding events presumably have made it easier for the Communists to proselytize these people. The roots of the problem, however, run far deeper. In fact the 1969 racial disorders, the subsequent restriction of parliamentary democracy, and the emergence of a more outwardly Malay government in Kuala Lumpur probably had relatively little impact in upper Perak and Kedah--areas where the rural Chinese have long been disaffected, chauvinistic, and largely unassimilated.

15. The resettlement between 1950 and 1952 of more than 400,000 people, mostly rural Chinese, into defended compounds known as "new villages" was highly successful in separating Communist insurgents from sources of food and information, but it reinforced the Chinese population's alienation from the government. With rusted remnants of barbed wire still in evidence and their reputation for disloyalty intact, the "new villages" in Perak and Kedah today present a dismal picture. The term "new village" has become cruelly misleading in the face of almost complete government neglect, particularly over the past ten years. In recent years, declining prices for rubber, the principal source of income in the area, have accelerated the process of alienation. Still, the greatest source of disaffection among the rural Chinese is the problem of land tenure. Large numbers of rural Chinese were moved into new villages with the expectation that they would be given the opportunity to gain title to surrounding state-owned

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land. This, however, has not taken place to any significant degree. In practice, discrimination and administrative red tape within the various state governments of West Malaysia have denied the Chinese the land. Instead most are working land illegally or by right of temporary occupation licenses granted by the state governments.

16. The problem of alienation in the rural areas of northern West Malaysia has been compounded by the generally low caliber of central government administration in the countryside. Because of the communal polarization and because well-qualified administrators are scarce, the central government has largely lost touch with many rural Chinese.

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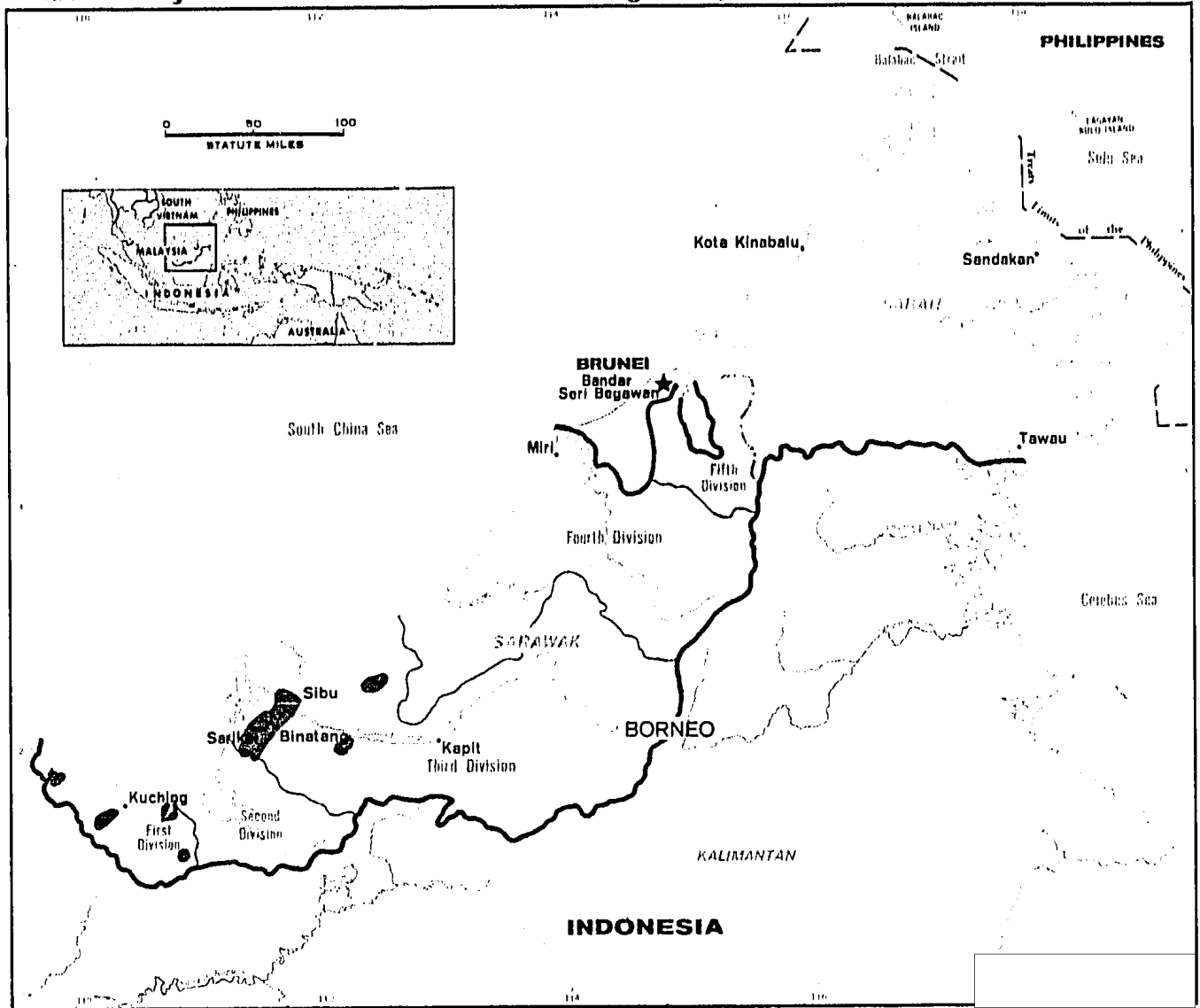
17. The renewal of Communist insurgency has, at least, had one positive effect. The government has been made aware of the gulf between it and the rural Chinese. The underlying social and economic reasons for disaffection in rural areas were frankly discussed in a government white paper on the insurgency issued last October, and Kuala Lumpur is now beginning to react. It is trying to take a broader approach to counterinsurgency. Administrators have been ordered to prepare a full survey of the long-neglected problems and needs of the new villages. "Chinese affairs" officers, tasked with explaining government policy and serving as Kuala Lumpur's eyes and ears, are being appointed in many districts. Most important, the government is starting to expedite the acquisition of land by the rural Chinese.

18. At the same time, the government is determined to improve security in the countryside. Curfews remain in insurgent areas, fences are going

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East Malaysia: Areas of Communist Insurgent Operations



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up around some villages, various schemes such as rationing and production quotas have been put in effect to deny food to the insurgents, and the government is doing a lot of blunt talking. Such measures run the risk of further alienating the new villages, but the government believes that first and foremost it must demonstrate its ability to protect the people and its determination to move against the insurgents.

East Malaysia: A Containable Problem

19. The government's counterinsurgency effort in West Malaysia is being affected by the Communist-led insurgency in the East. During the past year insurgents of the Sarawak Communist Organization (the name applied to various Communist guerrilla and front organizations in Sarawak) have become more aggressive, stepping up ambushes against security forces and assassinations of government officials and suspected informants. The movement, with some 600-1,100 insurgents, gathered enough steam over the past year to goad the government into action. Since last summer a large-scale combined military-civilian security operation has been under way in the Third Division of Sarawak. It has drained off large numbers of Malaysian Special Branch officers badly needed in West Malaysia.

20. There is no known connection between the Sarawak insurgents, spawned during the Indonesian anti-Malaysia campaign of 1963-1966, and the Communist Party of Malaya. To a large degree, however, the circumstances surrounding insurgency in East Malaysia closely resemble those in the western wing of the country. The problem in Sarawak, as in the West, is still basically the alienation of the Chinese. Malays are heavily outnumbered by both the Chinese and tribal peoples. The disaffection of the rural Chinese can again be blamed on an indifferent state government, land tenure problems, and the lack of an effective government administration in the countryside. Sarawakian Chinese in particular resent the sudden Malay political domination imposed after the formation of Malaysia in 1963.

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21. The Sarawak insurgents are poorly armed and trained, and, in this respect, the problem of containing them is less difficult than in West Malaysia. The Communist insurgent organization in Sarawak, however, enjoys some advantages. It successfully recruits among the Ibans, the largest of the non-Malay tribal groups, who chiefly inhabit rural areas. How many is uncertain, but the numbers have obviously been slowly growing over the years. In their areas of operation, the insurgents seem to have considerable public support, based on either sympathy or intimidation, among both Chinese and Ibans. Although their former safehaven across the border in Indonesia is no longer available, there are areas within Sarawak to which the insurgents can safely retreat.

22. Communist strength in Sarawak is believed to remain fairly constant, with new recruits replacing those killed or captured. The government recently did seize the initiative from the terrorists and has demonstrated its ability to contain the insurgents.

A Quiet Period Ahead in the West

23.

[redacted] the Communists estimate that the insurgency will have to remain in a developmental stage for another two years, during which time the insurgents will be carefully avoiding military action, building up food and supply caches, and fully developing a support system within the local population. There is indeed very little, if any, real fighting taking place in West Malaysia and now is obviously the time for the government to blunt the Communists' effort before they can marshal the resources for a costly, destructive, and lengthy insurrection.

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24. Communist strategy has led the party to turn its back on some rather enticing targets and the chance to make headlines. For example, insurgents are known to be active within 20 miles of Butterworth Air Base [redacted]

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25. The insurgent timetable could always be speeded up by external factors, such as dramatic Communist victories in Indochina and Thailand or by the extension of significant material assistance from North Vietnam or China. External help, however, is something that the party has had to do without for most of its history, and the insurgents can hardly be sure of such assistance in the future.

26. The historically close relationship between the Malayan and the Chinese Communists is a matter of record. A nucleus of select Malayan Communists has functioned in Peking for years, and an organization known as the Malayan National Liberation League headed by Malayan Communists has been there since 1966. A strong radio station, "The Voice of the Malayan Revolution" has been operating since November 1969 from South China, and its initial broadcast was an announcement that the station's purpose was to "prepare...for the launching of an extensive people's war in Malaya." It can be assumed that the Chinese were aware in advance of the 1968 call to arms. Communication between the

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Malayan Communists and Peking presumably is by courier and may be infrequent. Despite the combination of a close bond, liaison, and strong propaganda support, there is no evidence that Peking or any other Communist party has supplied funds or arms to the Communist Party of Malaya. Its decision to return to active insurgency should not be significantly affected by Peking's current emphasis on peaceful coexistence and conventional diplomacy, and Kuala Lumpur almost certainly does not count on eliminating the insurgent threat through diplomatic action.

27. Although there is likely to be no quick or easy solution for the Communist insurgency now developing in West Malaysia, neither is there cause for deep pessimism at this stage. Under any circumstances the insurgents face an uphill struggle. The Malaysian Army's jungle operations have provided useful training for a force that could increase in proficiency as time goes by. Furthermore, Kuala Lumpur is fully aware of the need to quash the insurgency in its early stages and is determined to do so. Progress has been made in [redacted]

[redacted] population denial schemes, and other reactive measures. The insurgents have lost the initial advantage of surprise and must be feeling the pressure. So far they appear not to have spread out of the base areas established as much as a year ago and, as far as is known, have not significantly increased the number of insurgents operating in West Malaysia.

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28. The Communists also face the problem of arms supply. Insurgents in southern Thailand and on the border are well-armed for the present level of activity, mostly with World War II weapons, arms captured from the Malaysian military, and a small number purchased in Thailand. Without foreign assistance, however, it seems unlikely that the terrorists could acquire the large quantities of arms needed to initiate relatively extensive operations.

29. The Communist Party's prospects probably hinge not so much on its own limited insurgent capabilities as on the reaction of the rural Chinese to future Malaysian political and communal developments. With Communist insurgents back in

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place, rural Malaysians are being asked to make a choice that many would probably prefer to avoid. No one suggests that significant numbers of Chinese are disaffected or desperate enough to defect to the Communists. On the other hand, many Chinese see little reason to cooperate enthusiastically with the government; such a noncommittal attitude may be all the Communists need to acquire and maintain a foothold.

30. How energetic and successful will Kuala Lumpur be in giving these people a greater sense of identity with the government? A perception of the problem and good intentions are not enough by themselves. A key indicator will be whether the government proves willing and able to better the lot of the rural Chinese by allocating significant resources under the Second Malaysian Plan, a development scheme primarily designed to increase the Malay share of the nation's economic pie.

31. The real moment of truth may be as much as two years away. By that time the insurgency's developmental phase probably will have run its course. The Razak government appears to have bought itself a period of stability in which it can work to ameliorate, if not to solve, Malaysia's basic communal dilemma. During this period the government must satisfy its demanding Malay constituency and somehow at the same time provide Malaysian Chinese with meaningful political, economic, and cultural rights. If the government fails in this precarious balancing act the likely results will be the emergence of a more chauvinistic Malay leadership in Kuala Lumpur and a dangerous rise in the level of communal tension, an atmosphere in short made to order for the growth of the Communist insurgency.

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