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Approved For Release 2006/05/25 : CIA-RDP85T00875R001100160025-2

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CIA/OCF/IM-1617/73

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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

Insurgency in East Malaysia

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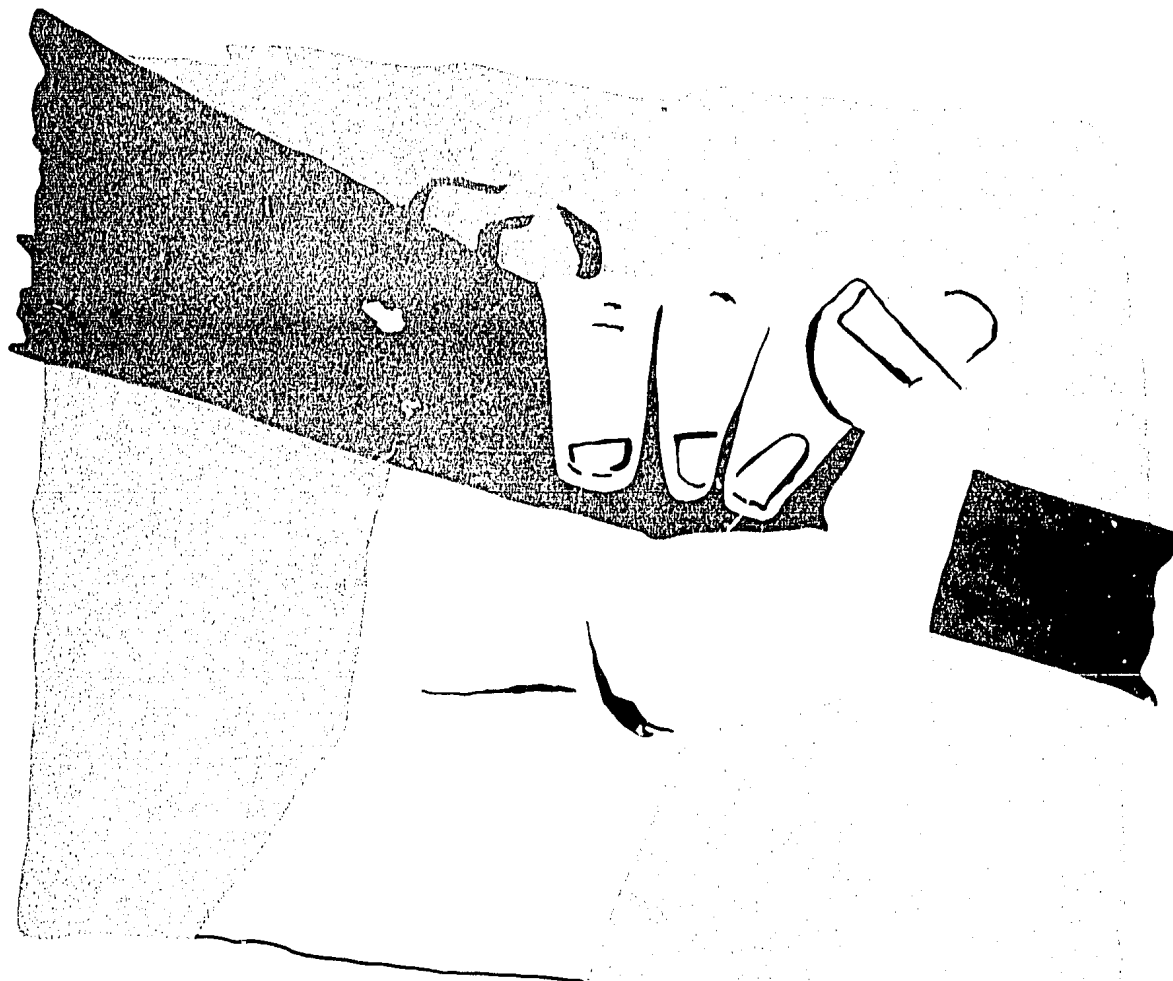
10 January 1973
No. 1617/73

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
10 January 1973

INTELLIGENCE MEMORANDUM

As Malaysia pursues its efforts to build a stable political order following the communal disorders of 1969, considerable attention has been focused on the renewed insurgent challenge of the Thailand-based Malayan Communist Party. Meanwhile, Communist dissidence in the East Malaysia state of Sarawak grinds on largely unnoticed by the outside world. Although limited in scope and almost certainly containable, this other insurgency is significant if only for the drain it places on Malaysian resources that are badly needed closer to home. The insurgents in Sarawak are few in number, poorly armed, primitively equipped, and lack external support. Still, in certain areas they have the capability of harassing Malaysian security forces and of intimidating and proselytizing the local population.

Kuala Lumpur's problem is compounded by distance; 400 or more miles of the South China Sea separate the Malay Peninsula (West Malaysia) from the Borneo states (East Malaysia). Moreover, Sarawak is ethnically non-Malay; less than one fifth of Sarawak's one million people are Malays; about one fourth are Muslim. Since the racial crisis of 1969, the propensity of the federal government to impose pro-Malay policies throughout the Federation has markedly increased. Although Kuala Lumpur has not implemented these policies as extensively in Sarawak as it has elsewhere, the pro-Malay measures it has taken have not been welcomed by the vast majority of Sarawak's ethnic Chinese and indigenous tribal population.

The problem is not solely an internal Malaysian matter. Overseas Chinese throughout the region are sensitive to what happens to the Chinese in Sarawak because they know what it is like to be a Chinese in this predominantly Malay part of the world. The Sarawak insurgents, of course, look to China for ideological inspiration, though they receive little if anything in return beyond an occasional word of moral encouragement.

Australia, New Zealand, and the United Kingdom have been deeply concerned about the security situation in Sarawak because of their defense

Note: This memorandum was prepared by the Office of Current Intelligence and coordinated with the Office of National Estimates.

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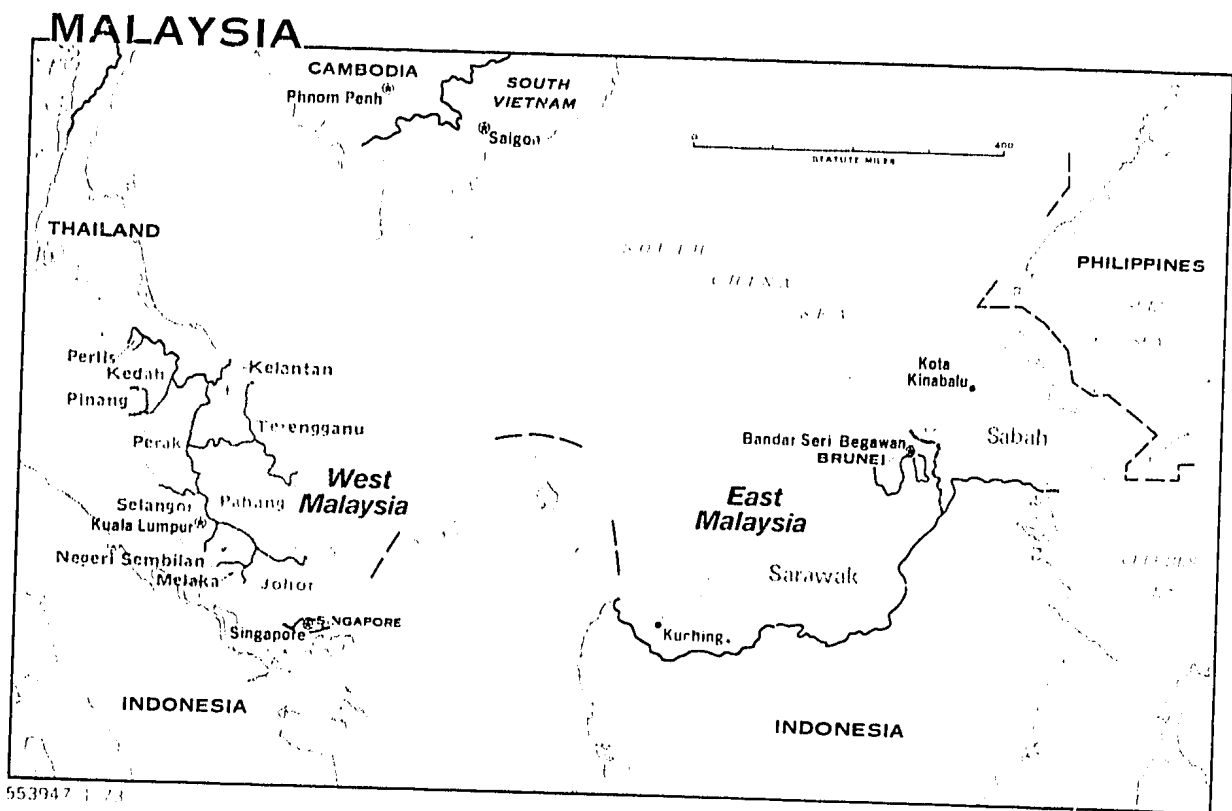
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ties with Malaysia. The new labor governments in both Australia and New Zealand have indicated they intend to loosen these ties and withdraw their forces from Malaysia; political interest could fade rapidly as the military presence diminishes. The outside power with the greatest continuing stake in Sarawak—and the greatest willingness to intervene there—is Indonesia. Jakarta's interest in the Sarawak insurgency stems in large part from the overlap with its own security problem in the rest of Borneo (Kalimantan). The Indonesians fear that Kuala Lumpur may some day lose control of the situation; as a result, Jakarta has stepped up its support of the Malaysian counterinsurgency effort.

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Roots of a Problem

The communist movement in Sarawak has shown remarkable tenacity and resilience over the past three decades. It began in small units of Sarawakian Chinese fighting against the Japanese during World War II. Dormant for a while, the movement was revived in the early 1950s when the Sarawak Communist Organization was formed. This organization, directed by a small, hard-core elite, operated underground, but it gained thousands of overt supporters and sympathizers in the Chinese community. By the late 1950s the party had chosen the legal, parliamentary route to power and had gained considerable influence in the left wing of the Sarawak United Peoples Party, the largest political party in the state. The other Chinese party, the Sarawak Chinese Association, was clearly an instrument of a few wealthy Chinese timbermen and their allies. The United Peoples Party was the only political party in Sarawak that appealed to the Chinese common man—hawkers, pepper farmers, wharf workers, and the like.

When Sukarno shifted to a policy of confrontation against Malaysia in 1963, the Sarawak Communist Organization shifted to armed struggle. In that period, the same Indonesian Army that is now keen on wiping out the insurgents provided the initial training in West Kalimantan for the first batch of Sarawak armed communist guerrillas—about a thousand, almost entirely Sarawakian ethnic Chinese. The guerrillas lost Indonesian support after the coup attempt in 1965, and the Indonesian Army turned against them in the anti-communist witch hunt which followed. The army's campaign was so effective that the guerrillas could not even maintain base areas in the remote and rugged jungles of West Kalimantan. By 1969, Indonesian counter-insurgency operations in the border area compelled the Sarawak Communists to return to Sarawak, retaining only a few small camps on the Indonesian side of the border.

The Communists in Sarawak

The remnants of the guerrilla bands which filtered back into Sarawak in the late 1960s provide the backbone of the communist terrorists in Sarawak today, but new blood, mainly young ethnic Chinese, has been added in recent years. For Chinese youths who see little opportunity under existing conditions in Sarawak, revolution seems to offer the only hope. Communism, moreover, provides an explanation for their problems and a program for revolutionary change. Communist propaganda in Sarawak is generally well-written and well-grounded in Marxist, Leninist, and Maoist principles. A surprising number of the terrorist recruits are articulate and

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relatively well educated; many have high school and a few have college educations. A female terrorist, recently killed on the outskirts of Kuching, was a graduate of Nanyang University in Singapore and a former teacher at a Chinese school in Kuching.

The Sarawak communists no longer call themselves the Sarawak Communist Organization; in recent years they have adopted a more pretentious title—the North Kalimantan Communist Party. In fact, there is little apparent communication and no evidence of coordinated action between the communist terrorists in the First and the Third divisions. The First Division is the domain of the Pergerakan Guerilya Rakyat Kalimantan Utara (or North Kalimantan Peoples' Guerrilla Movement), formerly known as the Pergerakan Guerilya Rakyat Sarawak (or Sarawak Peoples' Guerrilla Movement). The Third Division is the preserve of the Paraku (Paksokan Rakyat, sometimes known as the East Bureau of the North Kalimantan Communist Party).

Although the communist movement in Sarawak is likely to remain basically a Chinese phenomenon, over the last year or so the communists have been trying to make inroads among young Iban nationalists. The Ibans, also known as Sea Dayaks, are the largest ethnic group native to Sarawak. Ibans who join the communist cause are usually motivated by their dislike of the pro-Malay policies of the government. Most of the recruiting is by ethnic Chinese who speak the Iban language. Recruiters come unarmed to the Iban longhouses and do not enter unless they are specifically invited. They establish themselves nearby and try to win over the longhouse inhabitants by assisting in construction projects, distributing simple medicines, and providing basic schooling for the Iban children. The Ibans frequently do not understand communist intentions, and Iban cooperation, even collaboration, can in many cases be obtained without recourse to intimidation.

When operating among the Chinese population, the Communists

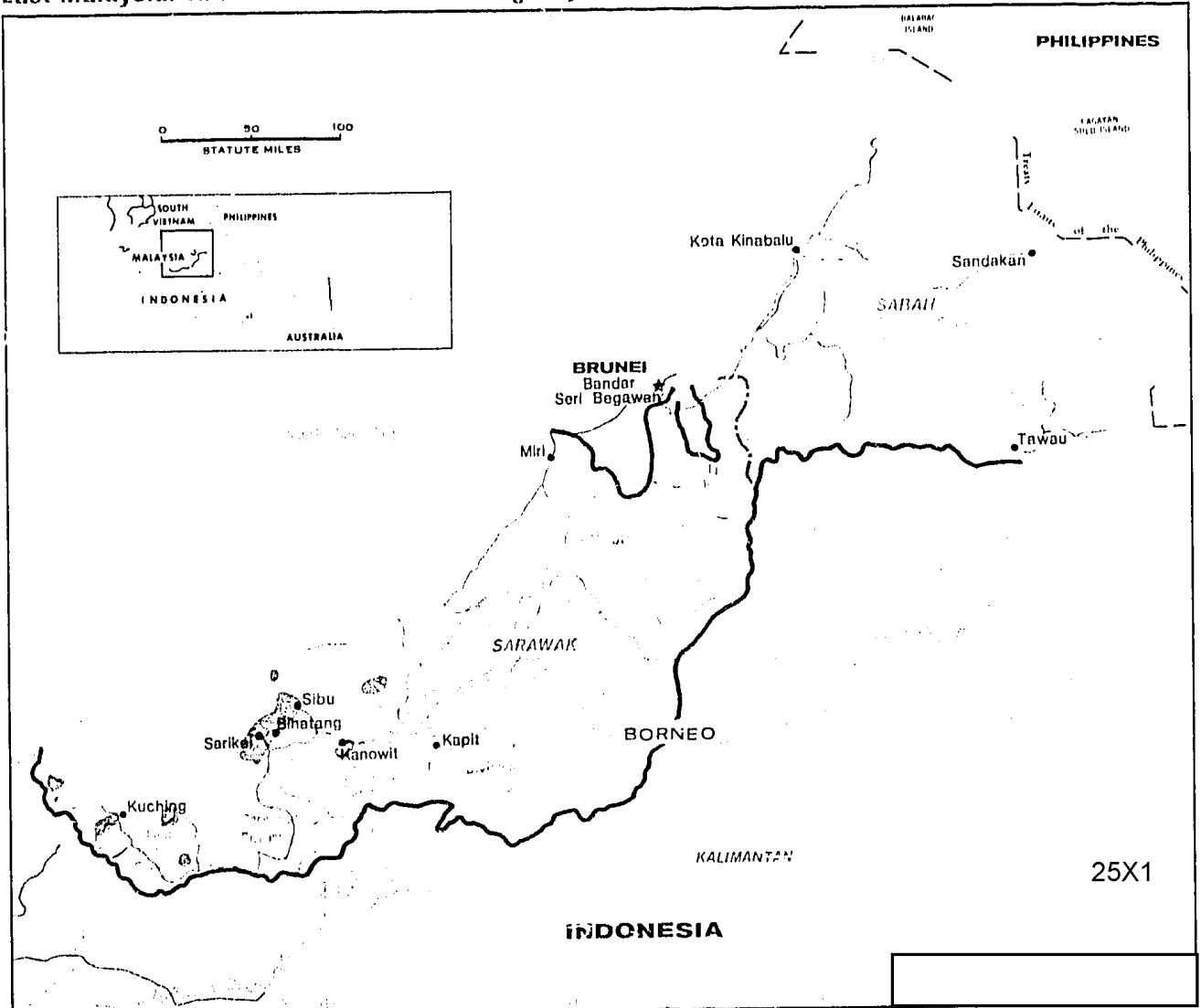


Iban Longhouse: A New Communist Target

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East Malaysia: Areas of Communist Insurgency



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revert quickly to a range of coercive and terrorist tactics. These include selective assassinations and ambushing of government security patrols, economic extortion, and propaganda activities in schools and among the population at large.

The insurgents are most active in the First and Third divisions, where 70 percent of the Sarawak people live. The best estimate of their strength runs from 200 to 300 in the First Division and from 400 to 500 in the Third Division. The latter includes the towns and cities of the lower Rejang River (Sarikei, Binatang, and Sibul), which have large Chinese populations, and the surrounding countryside. In this area the Communists are also gaining support in Iban longhouses south of the middle and upper Rejang (roughly from Kanowit and Kapit to the Indonesian border). Active Communist support from Chinese in underground Min Yuen (People's Movement) cells and from members of front organizations like the Sarawak Farmers Association and the Sarawak Advanced Youth League may run as high as 10,000. If tacit support or collaboration resulting from intimidation were included, the figure would be considerably higher.

Government Countermeasures

The Malaysian Government's counterinsurgency operations in Sarawak have increased in the past year. Malaysian Prime Minister Tun Abdul Razak launched a stepped-up campaign on a visit to Sarawak at the end of March 1972. The insurgents took the occasion of his visit for a show of strength, ambushing a security forces road convoy near Lundu in the First Division about 35 miles west of Kuching and killing 15 Malaysian soldiers. This was the most violent incident in recent years and imparted a certain sense of urgency to Malaysian counterinsurgency.

In response to the growing seriousness of the situation in the Third Division, the government established the Rejang Area Security Command to unify the command structure and coordinate government operations in the area. Under this command, the Third Division has been separated administratively from the rest of the state and placed under a joint military-police-civilian administration headed by Sarawak's chief minister, Abdul Rahman Yaakub. Yaakub is a Muslim of the indigenous Melanau ethnic group; as a Melanau, he is more acceptable to the Chinese, the Ibans, and the other native peoples than would be a Malay. Yaakub's deputy is a Malay, Brigadier General Ghazali Seth, who is also the local military commander. Under the new command, ten military-police-civilian civic action groups have been emplaced in isolated Iban and Chinese villages in different parts of the Third

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Division. The job of these groups is to provide advice on crops, sanitation, and development, and to train local volunteer security units to take over security duties when the civic action groups move out.

The government has taken a number of other steps to secure the support of the citizenry. To strengthen the villages against Communist intimidation, it has distributed arms to villagers in outlying areas. It has also introduced a program of voluntary resettlement of Ibans from unprotected longhouses to more secure surroundings. It is relying more and more on psychological warfare, holding mass public rallies at which the citizens are asked to pledge their support to the government, distributing leaflets that call on Communist terrorists to surrender, and establishing fairly effective means to guard terrorists who surrender against reprisal.

Another key part of the government's present campaign is the elimination of communist influence in the Chinese schools. The Sarawak state government has taken over the administration of all schools in the state, including, for the first time, Chinese private schools. The state has also cracked down on suspected communists in these schools. Between March and September, more than 230 Chinese students and teachers were arrested and detained without trial; subsequently over two thirds were released.

With these countermeasures the government, for the time being, appears to have retaken the initiative from the insurgents. Over time, however, the pressure could begin to alienate the Chinese population, especially if the pressure on Chinese schools goes too far, if irresponsible arrests are made or if the government is too blatant about its pro-Malay policies. Overly ambitious attempts to carry out the resettlement of Iban communities on a large scale will not only be very expensive, but could create as many problems as they solve. Past experience in Sarawak has shown that relocating villages usually alienates the people affected and creates islands of discontent. Moreover, arming the citizenry is a good idea only as long as their weapons—one thing the terrorists lack—do not pass from the hands of the volunteer forces to the insurgents. The Communists, equipped only with homemade, single-shot pistols and rifles, along with similar Indonesian-supplied weapons left over from the confrontation period, would be quick to try to appropriate the volunteer forces' more modern weaponry. The real test of the results of the civil action program will come when these groups are pulled out and the local volunteer forces have to stand on their own. Arrests and killings have been increasing in the past several months, and a number of new teenage recruits disillusioned with life in the jungle have surrendered, but security force operations have yet to bag a single hard-core terrorist.

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The Security Forces

More troops (approximately 9,000 to 10,000) are engaged in operations in Sarawak today than at the height of confrontation. The forces include over six battalions of the Malaysian Army (three battalions and one company of the exclusively-Malay Royal Malay Regiment and three battalions and one company of the predominantly-Malay Rangers); four battalions of the more racially mixed Police Field Forces; and perhaps 1,200 native (predominantly Iban) Border Scouts divided into Area Security Units of about 30 each. These last are based near longhouses or in the more remote border regions. Also involved are the Police, a national constabulary with long-standing law enforcement responsibilities in Sarawak.

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The large number of troops in Sarawak in relation to population creates problems. Many Sarawak citizens see the Malaysian Army more as an army of occupation than a force for their protection. The vast majority of Malaysian Army troops in Sarawak are Malays from West Malaysia. They are essentially "foreigners"; they care little about Sarawak per se; they are at best indifferent toward the Ibans and other native peoples; and they have a visceral hostility to all things Chinese. To the ordinary Chinese or Iban, Malaysian soldiers appear arrogant and domineering as they move about in battle gear with machine guns at the ready. Arguments involving Chinese civilians and Malay soldiers have on occasion led to brawls, and brawls to violent clashes not only between soldiers and civilians but between soldiers and policemen. The police are generally respected in Sarawak; most are Sarawakians and a fair number are ethnic Chinese.

The Broader Context: Economic Conditions

The insurgency directly affects only a small portion of Sarawak's population. For most of the people, social and economic life goes on much as usual. Indeed, the aura of "business as usual" has over the years provided fertile soil for the communists. At first glance, the over-all economic condition of the country looks favorable. In 1972, mainly as a result of oil exports, the balance of trade ran up a surplus of several million dollars—well ahead of the surplus achieved in 1971. Kuching and Sibul are bustling commercial centers with a number of prospering small merchants and manufacturers. Sibul, in particular, is thriving with fairly modern facilities for

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riverine, coastal, and ocean-going trade. There are said to be at least 40 millionaires in Sibü alone.

Nevertheless, when compared with the other states of northern Borneo, Sarawak runs a poor third. Its oil wealth cannot compare with that of the tiny British protectorate of Brunei. Its timber resources do not compare with those of the other East Malaysian state, Sabah. The great majority of the inhabitants of Kuching and Sibü are by no means rich. Poverty and squalor exist side by side with wealth and privilege. In the countryside, where the vast majority of the people of Sarawak live, poverty is prevalent. The rural population scratches out a living from a sterile and desolate land of swamp, jungle and slow-moving rivers. Next to oil, Sarawak's principal export is timber but the timber concessions are held by relatively few Chinese businessmen who are not inclined to share their wealth. For the rest, there is rubber, but prices are so low that most Sarawakian farmers have given it up; sago, which also suffers from low prices; pepper, the price of which fluctuates greatly; palm oil, which is grown only on a few large estates outside Miri; and rice, which has brought lean harvests in recent years.

The government has provided some development assistance and has promised more, but the over-all economic outlook is not bright. One persistent obstacle to development is the government's land policy, which prohibits Malays from selling their land to Chinese and other non-indigenous people. These circumstances contribute to the frustration of educated, ambitious, and politically conscious young people, many of whom turn to the Communists.

Delicate Political Balance

The political picture has some positive aspects. The government in Kuching is still a representative government, something that can scarcely be said of Sabah or Brunei—or most other political entities in Southeast Asia. Still, the footing of representative government in Sarawak is unsure. After the racial rioting in Kuala Lumpur in May 1969, the National Operations Council that took over in Kuala Lumpur turned the state government over to a Sarawak Operations Committee headed by a Malay from West Malaysia. Scheduled state elections were indefinitely postponed, and only after tensions subsided and Kuala Lumpur's moderate Malay leadership regained its composure was the decision made to revert to politics as usual.

The commitment of Kuala Lumpur's British-educated leadership to parliamentary politics reasserted itself, and elections were held in the

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summer of 1970. The elections highlighted the weakness of the Sarawak Alliance and its three components—the Sarawak Chinese Association, predominantly Malay Party Bumiputra, and the predominantly Iban Party Pesaka. The Alliance did well to command 40 percent of the vote.

To organize a government, the Alliance was forced to form a coalition with one of the two opposition parties. The Sarawak National Party was not a likely candidate. Although it won almost a fourth of the total vote and was the strongest Iban party in the state, its earlier membership in the Alliance had ended on a sour note when Kuala Lumpur deposed its leader Stephen Ningkan as chief minister in 1966 and replaced him with a more tractable Iban from Party Pesaka. The Alliance's only alternative was to ally with the Sarawak United People's Party, a leftist party made up for the most part of Chinese.

This coalition party still governs in Kuching. It took some courage and persuasion for the leadership of the United People's Party to bring its Chinese constituency into a coalition with the conservative, Malay-oriented Alliance. Although the coalition has endured for almost two and a half years, it is an uneasy marriage of convenience and there is no assurance it will last. If, for example, Kuala Lumpur were to turn to blatantly pro-Malay and/or anti-Chinese policies, the United People's Party would find it difficult to stay in. While most Sarawakian Chinese have accepted the intensified security measures invoked by the government, the party could not tolerate an indiscriminating anti-Communist crusade that tended to brand all Chinese as Communists or Communist sympathizers.

Many Chinese already view government counterinsurgent efforts, like curfews, as general punitive measures aimed at Chinese rather than as a means of restricting insurgent activity. They resent the fact that Chinese are still confined to the fenced-in, restricted villages where they were resettled during the time of confrontation. They are aware that Chinese make up the great bulk of the more than 1,300 persons in political detention in Sarawak, some for ten years or



Chinese Detention Center

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more. These fears and frustrations make it difficult for Sarawak's Chinese to give their whole-hearted support to either the government or its anti-communist campaign.

The Indonesian Perspective

The Indonesians take a much more pessimistic view of the situation in Sarawak than does Kuala Lumpur. The presence of the United People's Party in the Sarawak coalition government is not seen in Jakarta as a hopeful sign of reconciliation and accommodation, but rather as proof of communist infiltration. This gloomy perspective is rooted in the fundamental Indonesian distrust of Overseas Chinese in Southeast Asia. To an Indonesian, the Chinese are actual or potential agents of subversion, and Jakarta is convinced that the insurgency in Sarawak is directed and supplied from Peking. The lack of evidence to support this thesis does not dim the fervor of the Indonesian conviction.

The Indonesian approach to Sarawak has, of course, been shaped by their experience with the large ethnic Chinese population in West Kalimantan. Chinese in West Kalimantan have been a source of recruits and sustenance for insurgent operations on either side of the border. The Indonesians attacked the problem by resettling or eliminating all rural Chinese. The process began in late 1967, when the Indonesian Army turned the indigenous Dayak population (both Ibans and Land Dayaks) loose against the Chinese. The result was the massacre of an estimated 1,000 and the forced removal of over 60,000 others from the interior to the coastal cities of Pontianak and Singkawang. Phase two was carried out by the Indonesian Army in October 1970; virtually all of the some 15,000 Chinese living in the country to the north of the Kapuas River were forced to move south to small bazaars along the river. It is believed that no more than 20 or 30 terrorists survived on the Indonesian side of the border.

The Indonesians realize that such ruthless methods would not be politically palatable in Sarawak. They were feasible in West Kalimantan because the Chinese comprised only a fifth of the total population and because the Indonesian Army was in a position to eliminate any opposition. In Sarawak, on the other hand, the support of the proportionately larger Chinese population is essential for the Alliance's coalition with the United People's Party. Moreover, the West Malaysian forces in Sarawak do not enjoy the close rapport with the Iban population enjoyed by the Indonesian Army.

Despite the differences between West Kalimantan and Sarawak, the Indonesians believe that at least some of their methods could be adopted

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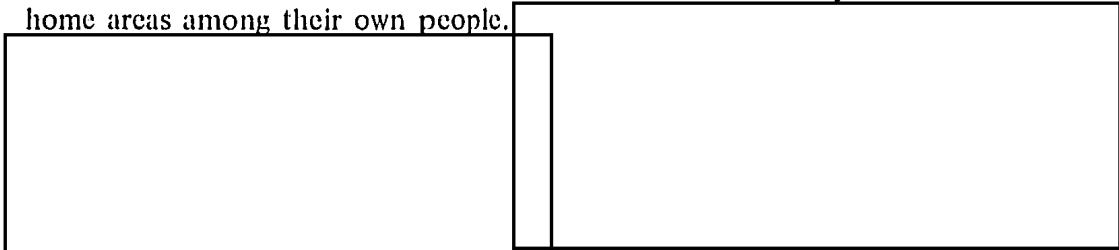
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profitably by the Malaysians. For one thing, they would like the Malaysians to rely more on the army and less on civilians in their counterinsurgency operations. The Indonesians would also like the Malaysian Army to drop its fairly conventional British-oriented approach in favor of the Indonesian doctrine of "territorial warfare"—i.e., recruit and station army units in their home areas among their own people.

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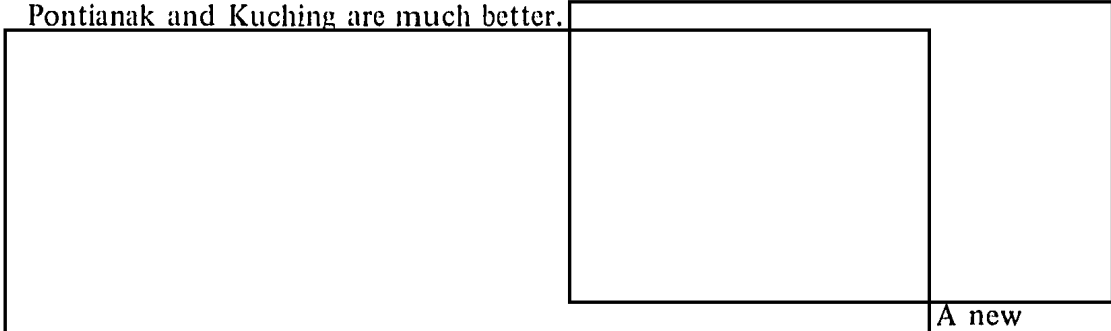


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Indonesian-Malaysian Cooperation

Despite these different approaches, the Indonesians have increased their support of the counterinsurgency effort in Sarawak. Cooperation has improved in facilitating "hot pursuit"; there are coordinated patrols and combined operations; communications in the border area and between Pontianak and Kuching are much better.

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A new joint Border Security Agreement was negotiated in April 1972, and in late July senior Indonesian and Malaysian military commanders and Malaysian Deputy Prime Minister Tun Ismail attended the first meeting of the General Border Committee established under the agreement. Regional border committees for both "east" and "west" have been established; in fact, Indonesian-Malaysian security cooperation has been extended beyond their common border regions to the entire territory of both countries. Jakarta clearly views Kuala Lumpur as the junior partner in these arrangements—an attitude which rests on the nebulous, but nonetheless deeply felt premise that Indonesia is the natural leader of all peoples of the Malay race.

Although the antecedents of this broad cooperation date almost from the end of confrontation, the sense of urgency with which Kuala Lumpur

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and Indonesia have lately been drawing together reflects their growing uncertainty over the course of events in Southeast Asia and the shifting relationships between the Great Powers. The security problem in Sarawak gives impetus to, but is hardly the cause of, the new Indonesian-Malaysian collaboration.

A Lingering Problem

Isolated from the older and better defined Communist movements of Southeast Asia, the insurgency in Sarawak is not wholly typical of the pattern of revolt and subversion found elsewhere in the region. Despite its Communist trappings, the insurgency is basically a domestic product grown from the seeds of unassimilated and resentful Chinese almost continually at odds with political authority. There is no ready solution to this basic problem and there is little reason to believe that Kuala Lumpur, short of adopting the draconian anti-Chinese measures of Indonesia, stands much chance of significantly reducing the present level of insurgency.

The security situation in Sarawak is obviously worse than it was three years ago when the bulk of the Communist insurgents first returned from West Kalimantan. In recent months government countermeasures have improved, and although Communist terrorists have by no means been checked, a certain equilibrium has been reached. It is unlikely that a real insurgent threat will develop unless the over-all political situation turns sour. A breakdown of the present Sarawak coalition government, a heightening of racial tension, or a serious deterioration of the economy would significantly nourish disaffection and alienation among the two thirds of the population which is not Malay. In such circumstances, Kuala Lumpur's capability to maintain its authority in Sarawak would be severely tested. If the government then resorted to armed coercion using Malay soldiers, a bad situation would be made worse.

That the situation will unravel in such a way is only a possibility, not a probability. Certainly the languor with which history tends to move in this part of the world makes a clear-cut denouement unlikely. Sarawak's insurgency, like its fragile political structure and unhappy social order, will not go away, but similar problems on the Malay Peninsula will pose more of a threat to the general stability of Malaysia.