

Rethinking the Rise and Fall of the Malayan Security Service 1946-1948

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1. Introduction

The Malayan First Emergency is arguably one of the most influential periods of Britain's later colonial period. It has proven formative not only to British counter-insurgency – or 'counter-subversion' – policies and methods in subsequent campaigns but also to contemporary counter-insurgency or 'COIN' doctrine of other states, most notably that of the United States.¹ A consistent feature of the prevailing orthodoxy about the First Emergency is that good intelligence and an effectively managed intelligence apparatus were as essential to the successful prosecution of that campaign. However, intelligence *as such* is one of the least examined aspects of the campaign. Attention has been focused largely on the role of the Malayan Special Branch and the civilian lead role of the police in the intelligence process. The rest of the intelligence picture has received scant attention. There has been little attention to the role of the UK's national intelligence and security agencies the Secret Intelligence Service (SIS, aka 'MI6') and Security Service (MI5), their joint operating centre Security Intelligence Far East (SIFE) or to the role of the Joint Intelligence Committee (Far East).² Military intelligence has also been overlooked even though Malcom Postgate has asserted that aerial reconnaissance provided 'much of the best, and sometimes the only intelligence of terrorist location' contributing centrally to 'the major proportion of ... terrorist eliminations ... by the Security Forces [sic].'³

Unfortunately the problem with the understanding of intelligence and its role in the First Emergency is not merely one of omission. There is also reason to argue – as does this article – that the existing narrative of security intelligence particularly at the outset is substantially inaccurate. Perhaps the most significant misperception of intelligence during the early, formative phase of the conflict concerns the quality of intelligence support and warning provided to colonial authorities prior to and at the outbreak of the conflict by the Malayan Security Service. The existing perceptions of the MSS are that was it was largely a false start, with a limited pool of raw intelligence sources and an equally poor output in terms of finished intelligence. However detailed scrutiny of the historical evidence suggests that neither assertion is wholly accurate. As will become apparent, despite the operational difficulties faced by the MSS and the limitations of its main product, *Political Intelligence Journal*, the MSS identified the MCP as a credible threat to Malaya's security as early as 1946. Moreover, the MSS highlighted factors throughout 1947 and the first half of 1948, which indicated that both the MCP's intent and capability to destabilise the Federation was growing significantly to the extent that it is difficult to understand why the violence of June 1948 came as a surprise to the Malayan authorities. To be sure, the MSS was unable predict the acts of murder which prompted the declaration of emergency because these were likely to have been spontaneous acts.

¹ Department of the Army & United States Marine Corps (USMC), *FM3-24: Counterinsurgency* (Washington 2006). See also Nagl, *Counterinsurgency Lessons from Malaya and Vietnam: Learning to Eat Soup with a Knife* (Chicago 2002); J. Nagl, 'Constructing the Legacy of Field Manual 3-24', *Joint Forces Quarterly*, Issue 58, 3rd Quarter (2010).

² See, R. Cormac, *Finding a Role: The Joint Intelligence Committee and Counterinsurgency at the End of Empire* (D.Phil thesis, King's College London, 2011).

³ Malcolm R. Postgate, *Operation Firedog: Air Support in the Malayan Emergency 1948-1960* (London: HMSO Publications, 1992) pp.134.

If, as argued herein, the MSS was actually an effective intelligence organ providing reporting that was both accurate and timely, then this raises serious questions both about why it was abolished at all, and the very real consequences of that decision. Not previously fully appreciated in existing narratives is the degree to which MSS's chief, Lt. Col. Dalley was attempting to contend not only with Malaya's deteriorating internal security but also fighting a rear-guard action against the machinations of Sir Percy Sillitoe, the head of the Security Service (MI5). Whilst this may well have had a personal edge, (as suggested by Comber) the primary cause of the conflict between the two men was Sillitoe's agenda for the role and status of MI5's regional headquarters Security Intelligence Far East (SIFE). Indeed, Sillitoe's efforts effectively undermined the MSS as a player within the machinery of colonial administration before the state of emergency in Malaya had even been declared.

Because the MSS has always been accepted to be an ineffective agency the conventional wisdom also has it that British colonial authorities in Malaya had no effective intelligence picture of the MCP threat until the new arrangements led by the Malayan police Special Branch were fully and effectively put into practice in 1950/51. But this was not, in fact, the case. The authorities had an effective intelligence agency in hand, but the immediate effect of Sillitoe's campaign to eliminate the MSS was to deprive the British authorities of established and effective intelligence support on Malayan peninsula at a critical juncture. Seeking the MSS's abolition in favour of enhancing MI5 position in the theatre caused a hiatus in intelligence support to policy and operations during crisis conditions that would last the better part of three years.

2. Historiography and Mythology of the MSS

The Malayan Security Service (MSS) was the primary intelligence organisation in Malaya from its creation in April 1946 to its abolition shortly after the declaration of Emergency in June 1948. The MSS and its director, Lt. Col. Dalley, have been roundly criticised both by contemporaries and subsequent commentators for failing to forecast the launch of the Malayan Communist Party's [MCP] insurgency in June 1948.⁴ Indeed, within weeks of the declaration of emergency, at the height of the government's confusion and when they needed their intelligence apparatus working at full capacity, it took the unprecedented decision not just to replace Dalley but also to disband the entire MSS.

The implications of this decision were significant. In particular, the governments of Malaya and Singapore had to reconstruct Special Branch units from their already overstretched police services, and integrate former MSS staff. The exception to this was the former director of the MSS, whose reputation was irrevocably tarnished and for whom no place could be found within the new intelligence structures. The decision also meant that responsibility for emergency intelligence was moved from a single pan-Malaya, non-

⁴ Lt. Col. John Dalley was a member of the pre-war Federated Malaya States' Police Force. At the outbreak of hostiles with Japan he formed Dalley's Company (Dalco) – an irregular, all volunteer, guerrilla force. He later formed Dalforce, which comprised of Chinese civilian irregulars. When Singapore fell, Dalforce retreated into the jungle, and renamed itself the Malayan People's Anti-Japanese Army (MPAJA). Dalley subsequently became a prisoner of war. At the end of the War the MPAJA reformed itself into the Malayan People's Anti-British Army (MPABA). See Comber, *Malaya's Secret Police 1945-60* (Singapore 2008), p. 48 (fn. 23); D. Mackay, *The Domino that Stood - The Malayan Emergency, 1948-60* (London 1997), p. 31; M. Shennan, *Our Man in Malaya* (London 2007), pp. 17, 27-8.

executive body, to a sub-set of Criminal Intelligence Department (CID) within two separate police forces. As a result, the intelligence machine in Malaya was dislocated and, arguably, dysfunctional, during the first four critical years of the emergency.

Despite the resurgence of interest in the Malayan emergency in recent years, and the undoubted impact that the decision to abolish the MSS had upon the Malayan intelligence apparatus, the MSS has largely escaped the detailed attention of historians. Most who have considered the MSS do so as part of the preamble to wider discussions of the emergency and instinctively link the demise of the MSS directly to its failure to forecast the outbreak of MCP's insurgency.⁵ Commentators attribute this failure to a combination of three key factors: the structure of the MSS, the operational difficulties it faced, and the leadership of Dalley.

Comber has provided the most comprehensive examination of the MSS thus far.⁶ He highlights the practical difficulties faced by the MSS, in particular the lack of intelligence officers, Chinese-speaking staff and human sources within the MCP. Comber also discusses the apparent inadequacy of the MSS's key intelligence product, the fortnightly *Political Intelligence Journal*, the information in which he considers to be "diffuse and spread over a wide range of topics, without necessarily singling out the CPM as the main target."⁷ He also alludes to Dalley's difficult personality, and the antagonism between him and Sir Percy Sillitoe, the head of MI5. The latter aspect is also mentioned by Andrew in his survey of the Security Service but neither author develops this theme.⁸

Short, author of perhaps the definitive account of the Malayan Emergency, has also focused upon Dalley's impact upon the work of the MSS, in particular his apparent pre-occupation with Malay nationalism and Indonesia, rather than the MCP. Short is highly critical of the intelligence reports provided to the Malayan government in the eighteen months before the declaration of emergency. He suggests that Dalley "hedged his bets", and presided over an organisation which made "lurid forecasts", one of which contained "the most astonishing series of errors from what was an intelligence rather than a clairvoyant organisation."⁹

Sinclair's recent article on Special Branch also provides a further perspective about our understanding of the MSS. She reintroduces a view first expressed by Sillitoe some sixty years ago that the MSS was structurally unsound.¹⁰ Unfortunately, despite the obvious links

⁵ A. Short, *The Communist Insurrection in Malaya 1948-60* (London 1975); D. MacKay, *The Malayan Emergency 1948-60 - The Domino that Stood* (London 1997); R. Stubbs, *Hearts and Minds in Guerrilla Warfare - The Malayan Emergency 1948-60* (Singapore 1989); H. Bennett, "A very salutary effect: The Counter-Terror Strategy in the Early Malayan Emergency, June 1948 to December 1949", *Journal of Strategic Studies*, 32: 3, pp. 415-444. See also K. Hack, 'Corpses, prisoners of war and captured documents: British and communist narratives of the Malayan emergency, and the dynamics of intelligence transformation', *Intelligence and National Security*, 14:4, pp. 211-241.

⁶ Comber's article 2003, replicated in *Malaya's Secret Police*, is the only work dedicated to history of the MSS. Unfortunately, it is largely narrative in nature and fails to explain fully why the MSS was abolished. See Comber, "The Malayan Security Service (1945-48)", *Intelligence and National Security*, 18: 3 (2003), pp. 128-153; Comber, *Malaya's Secret Police 1945-60* (2008).

⁷ *Ibid.*, p. 39

⁸ C. Andrew, *The Defence of the Realm: The Authorised History of MI5* (London 2010).

⁹ Short, *The Communist Insurrection*, pp. 82-3.

¹⁰ R. Aldrich, *The Hidden Hand - Britain, America and Cold War Secret Intelligence* (2001), p. 501.

to Comber's anecdote about personal friction between Sillitoe and Dalley, the focus of Sinclair's article is the Special Branch, the successor organisation to the MSS. As such, the reasons for the friction between the two men, nor Sillitoe's role in the demise of the MSS are not explored fully.

Thus, the prevailing view of the MSS within the historiography is of an organisation that was operationally challenged, with few, if any, reliable human sources within the MCP. This was compounded by Dalley's preoccupation with the potential threats posed by Malay and Indonesian nationalism, rather than that from the communism. Moreover, Dalley is portrayed as an irascible, indeed belligerent, man who antagonised his peers, not least the head of Security Service. The current consensus is that the MSS simply failed to forecast the communist insurrection and was disbanded as a direct consequence. However, the prevailing view has three significant limitations. First, it does not explain why Dalley, having apparently failed to warn the Malayan government of the communist insurgency, retained a significant body of support within the regional core executive. Indeed, primary sources show that Sir Frank Gimson¹¹, Governor of Singapore, and Malcolm MacDonald¹², Commissioner-General for South East Asia, valued the intelligence provided by the MSS and continued to hold Dalley in high regard, despite the apparent failure to forestall the communist insurgency.¹³ Moreover, both men repeatedly advocated the need to integrate Dalley into the new intelligence apparatus during what was a bitter period of accusation and incrimination in aftermath of the start of the communist campaign. This support appears incongruent with the current view that the failings of the MSS were linked directly Dalley's leadership.

Second, one can detect within the current historiography a layering pathology in which the alleged deficiencies of MSS reports are accepted without critical review. Without doubt the fortnightly *Political Intelligence Journal* became increasingly voluminous, considered potential threats from multiple quarters and tended to focus on Malayan nationalism. However, a re-reading of the material produced by the MSS suggests their intelligence reports recognised that the MCP threat was growing, that there was increasing communist-inspired unrest developing amongst Malaya's tin and rubber mines, and that this was building to a crescendo. This is not readily acknowledged in the existing literature.

The third limitation of the existing understanding of the MSS is, as Comber appears to acknowledge, the continued difficulty to answer the central question relating to the organisation's short history; that is why did the colonial authorities take the dramatic and operationally counter-intuitive decision to abolish the MSS entirely, rather than simply remove Dalley and reform the organisation he had built?¹⁴ The MSS's (perceived) warning failures in 1948 were not dramatically worse than previous failures by other branches of the

¹¹ Sir Franklin Gimson (b. 1890 – d. 1975) served with the British Ceylon Civil Service between 1914-1941. He assumed the post of Colonial Secretary of Hong Kong in 1941. He spent the duration of the Second World War as a prisoner of war. He was Governor of Singapore from 1946-52.

¹² Malcolm MacDonald (b. 1901 – d. 1981) Labour MP, was Secretary of State for the Colonies in 1935 and again between 1938-40, High Commissioner to Canada between 1941-6, and Commissioner General for South East Asia from 1946-53.

¹³ Less is known about the views of Sir Edward Gent, High Commissioner of Malaya, largely because he died on in an aircraft crash on 4th July 1948, whilst being recalled to London for talks about the security situation.

¹⁴ Comber, *Malaya's Secret Police 1945-60*, pp. 45-5.

UK government's domestic and colonial security apparatus that had resulted in no more than changes of leadership or superficial reorganisations. Thus the scale of the response seems disproportionate to the performance shortfall, and requires a deeper and more compelling explanation.

3. The Origins of the MSS.

The MSS was formed in the same post-war spirit of unification that saw the British create the Malaya Union.¹⁵ Prior to the Second World War, the Straits Settlements' Special Branches (formerly the Political Intelligence Bureau), and the Federated Malay States' Police Intelligence Bureau had responsibility for political intelligence in their respective territories. However, as Dalley explained to Horne, the great draw back "to all this was that there was no co-ordination between the Intelligence Bureau in the F.M.S and Special Branch in the Straits Settlements, and at the same time there was no organised coverage of the 4 Unfederated States." Thus, in an effort to remove the difficulties of co-ordination between the unwieldy collection of Straits Settlements, Federated and Unfederated States, the MSS was formed in 1946 with responsibility for political and security intelligence across the entire Malayan peninsula and Singapore.¹⁶ Dalley, the former commander of Dalforce, was appointed director of the organisation. He was based at the MSS headquarters in Singapore, supported by a deputy director in Kuala Lumpur. In contrast to the pre-war intelligence structures, the MSS was conceived as a non-executive 'co-coordinating' body and was entirely separate from the police. The situation was, however, complicated by Malaya's links with the wider imperial intelligence structures: Dalley was an *ex officio* member of Joint Intelligence Committee (Far East) in Singapore, and the MSS had responsibility to maintain a close liaison with the other security organisations.¹⁷ As such, Short has described the MSS as being "designed as a sort of super intelligence organisation"¹⁸, which shared key organisational characteristics with its metropolitan equivalent, MI5.

Comment [PHJD1]: Hmmm, on whose authority/initiative? (cf my comment at end).

However, throughout the MSS's short existence, Dalley struggled with a significant shortage of staff. In addition to the director and deputy-director, the MSS had an approved establishment of five assistant directors, fifteen Local Security Officers (LSO), fifty-six assistant LSOs, eighty-one enquiry staff and twenty-one translators. However, Dalley never had the benefit of a full establishment – in the weeks prior to its disbandment, the MSS was short of four LSOs, fourteen assistant LSOs, fourteen enquiry staff and five translators.¹⁹ This staffing gap resulted in no permanent MSS presence in Trengganu and Kelantan. Moreover,

¹⁵ See A. Stockwell, British Policy and Malay Politics during the Malayan Union Experiment, 1942-1948 (Kuala Lumpur, 1979) and Stockwell, 'British Imperial Police and Decolonization in Malaya, 1942-52', Journal of Imperial and Commonwealth History 13, 1, October 1984, pp. 68-87.

¹⁶ Rhodes House Library, MSS Ind. Ocn. S254, memorandum from Dalley to Ralph Horne, 13 July 1948. See also CO 537/2647, Sillitoe to Lloyd, 17 December 1947. See also the introduction to the first Fortnightly Political Intelligence Journal, 01/46 (30 April 1946), MSS Ind. Ocn. S251. These documents cast doubt on Comber's belief, which is echoed by Sinclair, that the MSS was formed before the Second World War.

¹⁷ Comber, Malaya's Secret Police 1945-60, p. 32.

¹⁸ Short, The Communist Insurrection, p. 80.

¹⁹ MSS Ind. Ocn. S254, memorandum from Dalley to Ralph Horne, 13 July 1948. Dalley quotes figures for actual vs approved establishment for 1 May 1946. Comber provides similar figures for 1948, see Comber, Malaya's Secret Police 1945-60, p. 32.

only one LSO could speak Chinese – clearly a huge obstacle, as this was the primary language of nearly forty percent of the population of Malaya.²⁰ Dalley was so concerned about the lack of qualified staff, that he asked the two Commissioners of Police in Malaya “to supply suitable staff for Malaya Security Service from their strength to bring M.S.S up to establishment. This requirement was never fully acceded to...” Similarly, he explained to Horne that “repeated requests have been made for suitable rates of pay, but even today a translator in the M.S.S., - who handles very secret documents and has available to him information of a highly secret nature – is paid less than a translator in the Chinese Secretariat where, at most, they handle confidential information.”²¹ Although these comments were written when Dalley had learnt from a third party that his organisation was about to be disbanded, his frustration at not having sufficient and well-remunerated staff is clear.

Dalley also made clear his frustration with the lack of executive powers. Like MI5, its metropolitan cousin, the MSS depended upon the police service for powers of search and arrest. The MSS did pass “much detailed information to various authorities in Malaya, including the Police, most of which recommended action.” However, Dalley felt it “unfortunate that in many cases no action was taken that in a large measure has led to the present situation of Malaya.” He further stated “much of this information has been wasted by no action or no proper action being taken in so many cases.” He illustrated this claim by making reference to failure of the police either to heed the MSS’s warning to guard the village of Jerantut or to make coordinated searches of subversive organisations and the arrest of leading personalities. Despite being the primary intelligence body in Malaya, Dalley bemoaned the fact “there has been and there still is, no machinery whereby the M.S.S. can co-ordinate action. All that M.S.S. can do at the moment is to recommend action.”²²

The police should have been both “a prolific source of information” and executive arm for the MSS.²³ However, Malaya was in a near anarchic state, placing unprecedented pressures upon a police service which was struggling to recover from the deprivations and hardships of the Second World War. The Fortnightly Reports from HQ Malaya for 1946-7, paint, in the words of one official, “a grim picture.” The cost of rice had risen from \$1.50 per month before the war to \$20 in 1946. Serious crime was at alarming levels – there were 78 recorded murders in January 1946 and 109 ‘gang robberies.’²⁴ Throughout this period, industrial unrest caused the police great concern, as did deterioration in Sino-Malay relations, links between MNP and Indonesian nationalists, and activities of Chinese KMT gangs.²⁵ Thus the demands of the police service in pre-emergency Malaya were great.

Yet the police service was in parlous state and in no position to support the MSS effectively. Stockwell explains how the European contingent of the police force had been decimated by war and internment, and those who survived were in ill health and low spirits. ‘Old Malayan

²⁰ Ibid., p. 34

²¹ MSS Ind. Ocn. S254, memorandum from Dalley to Ralph Horne, 13 July 1948.

²² Ibid. See also C. Sanger, *Malcolm MacDonald – Bringing an End to Empire* (1995), pp. 293-4.

²³ Ibid.

²⁴ CO 537/1581, Minute by Mr Morgan, 28 March 1946.

²⁵ See *ibid.*, CO 537/1582 and CO 537/2140 for the HQ Malaya Command Weekly Intelligence reviews (February 1946-July 1946).

hands' mistrusted newcomers from other dependencies. The normally steadfast Indian element of the police force suffered similar deprivations by the Japanese and some had been wooed by the anti-British Indian National Army.²⁶ In addition, many Malay constables were tainted by wartime collaboration with the Japanese and were subject to post-war reprisals by the MPAJA.²⁷ Thus, at a time when Malaya was suffering from a chronic sense of lawlessness, there were very few skilled officers to tackle such problems. For instance, the CID in the state of Perak was staffed with only two detectives, one Malay and one Chinese.²⁸ Little wonder, then, that Dalley stated that because the police "have been so absorbed in the investigation of criminal activities the amount of information received...has been negligible."²⁹

Even if the police were free from their primary responsibility to maintain law and order to concentrate fully upon supporting the MSS, engagement with the Chinese community, which constituted 38% of Malaya's population, was near impossible.³⁰ Bennet explains that just 2.5% of the 9000 strong police were Chinese and only twelve British police officers could speak a Chinese dialect. Moreover, the legacy of the *Kempetai* meant that the idea of agents and intelligence was tainted particularly for the Chinese community.³¹ The concept of the MSS depended upon the police both for the use of executive powers and as a conduit for information. Yet the Malayan police struggled to fulfil their core responsibility to maintain law and order and were in no position to offer the MSS the level of support Dalley required.

4. The Political Intelligence Journals.

It was against this background of operational difficulty and inter-organisational conflict that the MSS had to produce intelligence assessments, not only about the Communist threat but those posed by labour unrest, different strands of Malay and Indian nationalism, and potential Indonesian expansionism. The organisation's intelligence reports have been roundly criticised by commentators.³² Yet, MacDonald felt that the MSS gave adequate warning of the Communist threat, and Gent simply did not react effectively.³³ Whilst the MSS reports did attract some criticism from the Colonial Office for being too detailed, there

²⁶ A. Stockwell, "Policing during the Malayan Emergency, 1948-60: communism, communalism and decolonisation", in D. Anderson and D. Killingray eds., Policing and Decolonisation: Politics Nationalism, and the Police, 1917-65 (Manchester 1992), p. 108-9.

²⁷ L. Comber, "The Malayan Security Service (1945-48)", Intelligence and National Security, 18: 3 (2003), p. 131.

²⁸ Short, The Communist Insurrection, p. 80.

²⁹ MSS Ind. Ocn. S254, memorandum from Dalley to Ralph Horne, 13 July 1948.

³⁰ J. Nagal, Learning to Eat Soup with a Knife – Counterinsurgency Lessons from Malaya and Vietnam (Chicago 2002), p. 60.

³¹ Hack, 'Corpses, prisoners of war and captured documents: British and communist narratives of the Malayan emergency, and the dynamics of intelligence transformation', Intelligence and National Security, 14:4, p. 213; see also Comber, "The Malayan Security Service (1945-48)", Intelligence and National Security, 18: 3 (2003), p. 133.

³² Short, The Communist Insurrection, pp. 82-3; Comber, Malaya's Secret Police 1945-60, p. 139; Bennett, "'A very salutary effect': The Counter-Terror Strategy in the Early Malayan Emergency, June 1948 to December 1949", Journal of Strategic Studies, 32: 3, p. 423.

³³ Sanger, Malcolm MacDonald – Bringing an End to Empire, pp. 292-3.

is good evidence that key 'consumers' were content with the service provided by the MSS, even in the aftermath of the declaration of emergency.

The first Political Intelligence Journal was produced in April 1947, the month that saw the inauguration of both the MSS and the Malayan Union. For the first eight months of the MSS existence, the fortnightly Journals were signed off L. Knight, A/Director or N. Morris, D/Director of the MSS because Dalley was on leave, recuperating from his wartime detention at the hands of the Japanese.³⁴ The initial distribution list included senior MSS officers, the police Commissioners of Malaya and Singapore, Chief Police Officer for each settlement, the Governors of Malaya and Singapore, the Governor-General of Malaya, the DSO Malaya.³⁵ Of note, is that neither the MSS nor the Malayan government sent copies of the Journal to the Colonial Office in London until 1948.³⁶ Whilst copies of the Journal were sent to Special Branch in Calcutta (the Tamil labour force being one of the common points of interest between the two intelligence agencies), it is clear that the Journal was a parochial product.

Post-war Malaya was in a chaotic state and the threats, both perceived and actual, to internal security came from many quarters. The structure of the Journal reflects this. They tended to be divided into two sections: the first provided a brief summary of the general situation; the second providing more detailed discussion "of various subjections and organisations which appear to be of interest."³⁷ The first section inevitably featured comment about the Communists, the Kuomintang, union / labour affairs, Indian politics, Sino-Malay relations and Malay nationalism. The subject of the second section of the Journals depended upon what was topical and, during 1946, not every issue provided a second section. Topics that were covered included reactions to the Malayan Union, Labour Day, the Malayan General Labour Union, political parties of China, Youth Movements, Invulnerability Cults, the Angkatan Pemuda Yang Insaaf (API), and Indonesian National Movements.

The journals overseen by Knight and Morris were relatively succinct, averaging eight pages of typed foolscap paper per issue. A count of the paragraphs within these Journals (including those with second sections) indicates that on average just over ten percent of their content was devoted to the Malayan Communist Party. During the first year of the MSS existence one can trace Knight and Morris moving from relative complacency about the MCP to one of growing concern. Initially, they believed that communist activities had been "considerably sobered by the expulsion on the first day of the new government of ten leaders of the General Labour Union."³⁸ Also the MCP appeared to be so financially weak that it had been forced to close down all of its branches in Malaya, except the two headquarters at Singapore and Kuala Lumpur. The MSS did, however, caution that the MCP felt it could "it could exert sufficient influence throughout the country through their subsidiary organisations, the NDYL [New Democratic Youth League] and GLU [General

³⁴ For a brief biographical note for Nigel Morris see L. Comber, *Malaya's Secret Police 1945-60*, p. 51, fn. 37.

³⁵ MSS Ind. Ocn. S. 251, MSS Political Intelligence Journal, 4/46.

³⁶ See CO 537/3751, minute by Mr Seel, 20 February 1948.

³⁷ MSS Ind. Ocn. S. 251, MSS Political Intelligence Journal, 1/46.

³⁸ *Ibid.*

Labour Union].”³⁹ The Journals convey a sense of relief that the May Day celebrations passed off without significant incident. However, the MSS’s concern that the MCP might manipulate labour disputes to raise its profile seem to be confirmed by an outbreak of strikes in Malaya and Singapore in July. In the following month the MSS noted two parallel lines of concern about communism: the fact that the GLU was under the direct control of the MCP and the rise of radical rhetoric from the MPAJA. Indeed, the latter aspect was emphasised by a report, albeit from a KMT source, that the MPAJA in Pahang were making preparations in case they decided to take-up arms again. Thus, the situation in relation to communist activity upon Dalley’s return to Malaya at the end of 1946 was tense. The MSS believed the MCP to be financially weak, but that it retained the control over the GLU. Singapore, in particular, continued to be wracked by GLU-instigated strikes, despite efforts by the government to regulate the unions. MPAJA propaganda was becoming increasingly radical and sporadic reports were appearing relating to arms dumps and an attempt to recruit a Chinese CID detective.⁴⁰

The nature and tone of the Journal changed once Dalley assumed responsibility for the MSS. The most obvious change is the length of each issue - in 1946 the average length of the journal was eight-pages but this increased over threefold in 1947 to an average of just over twenty-six pages. The editorial tone also changed – Dalley introduced a more discursive but assertive style. This can be seen in the first Journal that he oversaw. Neither Morris nor Knight drew strong inferences from the facts that they reported. In contrast, Dalley asserted “the progress of the MCP programme for the control of labour through labour unions, infiltration into and control of the policies of nationalist movements and the discrediting of the Malayan governments is gathering momentum.” He continued to state “when they have sufficiently consolidated their position, and this is a period of consolidation, the Communist Party intends to proceed with the next part of its programme which is the overthrow of the Malayan government and the establishment of a Communist state in South East Asia.”⁴¹ It is impossible to now know whether Dalley’s forthright analysis can be attributed to an attempt to assert his leadership over the MSS or perhaps to demonstrate a prescient and authoritative understanding of the MCP threat. What is clear, however, is that as early as January 1947 he chose to portray the MCP as a clear and present danger to Malaya.

A review of the subsequent twenty-one Journals produced by the MSS in 1947 highlights four key themes in relation to MCP. The first is the belief that the MCP was attempting to broaden its appeal to different races in Malaya. For instance, in his first Journal, Dalley suggested that Malay extremists were receiving strong support and encouragement from both Indonesian revolutionaries but also the MCP. In April it was reported that the MCP’s central committee was trying “play down Chinese influence, not only to attract more Malays and Indians to the Party but also in order to be able to give support to Malay and Indian political associations without those associations being accused of enlisted alien support.”⁴² The Journals of the spring of 1947 noted that the MCP had been trying to influence Indian labourers in Kedah and Johore but were struggling to “exact full and continuous

³⁹ Ibid., 9/46

⁴⁰ Ibid., 01/47.

⁴¹ Ibid., 02/47.

⁴² Ibid., 05/47 (based on a translation of *Freedom Press*). See also 06/47.

discipline.”⁴³ In May the MSS suggested that the MCP would not “provoke” Indian labour to strike again “unless and until they are in a position to employ its tendency to violence.”⁴⁴ Nevertheless, later in the year the MSS reported that R. Balan, the MCP’s Indian delegate to the Empire Communist Conference in London, entered a prolonged powers struggle for control for rural labour in Perak, pitching the communist-controlled Perak Estate Employee’s union against Estate Workers Union.⁴⁵ Dalley also remained concerned about the MCP’s intentions towards the Malay community. For instance, in September, whilst noting that the communists had been “subdued of late”, he reported that “its underground activities continue and are particularly noticeable among the Malays.” The MSS also highlighted the MCP’s apparent links with the Angkatan Pemuda Insaf (API).⁴⁶ In October the MSS asserted that the “Communist Party is increasing its efforts to obtain control of left-wing Malay organisations.”⁴⁷

The second theme within the Journals for 1947 is the MCP’s internationalist outlook and ambitions, upon which Dalley placed as much if not more emphasis upon than its links with Malay nationalism. There appears to be a reasonable evidence-base upon which these judgements were based. For instance, In early 1947 Dalley commented upon five members of the China Communist Party, who had entered Malaya with a “definite mission.”⁴⁸ In the summer, the MSS found a distribution list for the MCP’s *Freedom News* which showed that it had links with the Communist parties in Burma, Cyprus, Australia, India, Palestine, Canada and the Soviet Union.⁴⁹ Other seized documents showed the MCP were distributing pamphlets extolling the virtues of Lenin and the ‘Reg Flag.’⁵⁰ A further document disclosed that the MCP’s intended to establish “a Republic of Malaya; the re-organisation of the MPAJA into a regular army of the Republic of Malaya, and unity with Russia and China in a campaign to help all oppressed nations in the Far East to set up their independent governments.”⁵¹ Dalley was also concerned about Soviet activity in South East Asia, in particular her use of propaganda, aimed at weaken ‘Western Democracies’ in the region. The final Journal of 1947 makes note of a proposed secret meeting of communists somewhere in South Asia and travels of Lee Soong (a New Democratic Youth League member) from World Federation of Youth Conference at Prague to Calcutta for the Far Eastern Youth Congress, due to be held on 15th February 1948. Thus, while Dalley shared neither evidence nor opinion during 1947 that the MCP would launch a campaign of externally directed insurgency (largely because such a plan did not exist), the Journals provided clear warning of the MCP’s links with international communism.

It is therefore evident from the Journals that the MSS believed the MCP to have an expansionist communist agenda with the aim of overthrowing the existing government, that they had international links, were able to send and host visitors and their use of propaganda was both sophisticated and widespread. However, it is decidedly unclear to what extent

⁴³ Ibid., 03/47.

⁴⁴ Ibid., 07/47.

⁴⁵ Ibid., 8/47.

⁴⁶ Ibid.,16/47.

⁴⁷ Ibid.,19/47.

⁴⁸ Ibid.,04/47.

⁴⁹ Ibid.,13/47.

⁵⁰ Ibid.,16/47.

⁵¹ Ibid.,17/47.

Dalley was aware of the turmoil caused by the disappearance of Loi Tak, the MCPs chairman, and the subsequent effect that this episode had on the Party's strategy. Whilst other commentators, not least Chin Peng, have provided detailed accounts of the Loi Tak affair, suffice to say that it is likely that he worked both for the Japanese during their occupation of Malaya and the British in the post-war period. The Journals, unsurprisingly, cast little light on this but increasingly reports of contacts between the MCP and international communism did suggest movement away from Loi Tak's policy of open politics supported by 'front' organisations.⁵²

The third theme within the Journals is the continued unease about the MCP's influence upon labour, both in Singapore and Malaya, throughout 1947. For instance, in his first Journal, Dalley stated that the MCP's programme for the control of labour unions was gathering momentum.⁵³ Whilst the majority of Dalley's concern was directed towards the industrial unrest in Singapore, there are frequent indicators within the Journals that the MCP also had aspirations to stimulate unrest in Malaya's rubber plantations and tin mines. As discussed above, the MCP had flirted with Indian labours in Kedah and Johore but was believed to have pulled back for fear of not being able to control any unrest. Nevertheless in April, labourers, most of whom belonged to the Indian Estate Workers Union, on two hundred and forty estates in Selangor submitted demands to managers. In August the Pan Malayan Rubber Estate Worker's Union held a one-day strike. More presciently, also in August, the MSS highlighted the vulnerability of Chinese squatters to "the propaganda of the MCP and its satellite, the New Democratic Youth League who have taken every opportunity to propagandise amongst these unfortunate people."⁵⁴ Thus, the Journals provide evidence of a developing awareness during 1947 within the MSS that the MCP threat was not confined to Singapore.

Moreover, the fourth discernable theme in relation to the MSS reporting of Communist activities and intentions during the course of 1947, is the increasing reference to the activities and confrontational outlook of the MPAJA. Gradually, over the year, increasingly reports were made of arms dumps being found across Malaya. This was perhaps not surprising given that most were the remnants of arms supplied by the British to support the MPAJA during the war.⁵⁵ However, the reports generated concern because of the political, vehemently anti-British and pro-communist, nature of the post-war MPAJA.⁵⁶ In October 1947 Dalley admitted that he was not certain to what extent the MPAJA was taking part in the lawlessness in parts of Malaya. However, "it was known that it is the Communist Party's intention to make the public lose their confidence in Government, and one of their methods is to create such a state of lawlessness as will induce a general feeling of personal insecurity." Moreover, in the same month he revealed that MSS had documents that allegedly showed "the allegiance of the communist controlled MPAJA to Russia and Russian

⁵² K. Hack & C.C. Chin, 'The Malayan Emergency', in C.C. Chin & K. Hack, *Dialogues with Chin Peng: New Light on the Malayan Communist Party*, p. 12. See also C. Peng, *Alias Ching Peng*, p. 119-121.

⁵³ MSS Ind. Ocn. S. 251, MSS Political Intelligence Journal, 02/47.

⁵⁴ *Ibid.*, 14/47.

⁵⁵ It should be noted that Chin Peng takes an alternative view – he suggests that the vast majority of MPAJA weapons were taken from Japanese during and immediately after the War. See C. Peng, *Alias Chin Peng*, p.118.

⁵⁶ MSS Ind. Ocn. S. 251, MSS Political Intelligence Journal, 06/47.

ideals.”⁵⁷ There is thus little doubt that, by the latter half of 1947, Dalley had identified the MPAJA as the MCP’s guerrilla army in-waiting, and one which had ready access to a significant amount of weapons.

One of the most significant methodological problems with the PIJs was that the intelligence reports did not benefit from an analytical process. Thus they did not have a summary trends, a specific forecast of future events or periodically review. It is relatively clear, however, that the fortnightly journals provided sufficient information during the course of 1947 to suggest that the MCP posed a creditable threat to the security to Malaya’s internal security: MCP propaganda, captured documents and apparent links with international communist highlighted its intent to overthrow the British administration; its influence over labour gave it a potential to impact Malaya’s economy, while control over the MPAJA clearly posed a risk to her internal security.

Hack suggests that “the MSS had little new to say about communist plans in the first three months of 1948, for the simple reason that Malayan Communist Party (MCP) strategy had changed little over the previous year.”⁵⁸ Yet, to accept this statement, one would have to ignore the possibility that the Party was developing a momentum. Indeed, the PIJs in the first half of 1948 did provide further clear indicators that the threat ‘vector’ posed by the MCP was growing rapidly. The first indicator is that the MCP’s financial position had improved rapidly. In the aftermath of Loi Tak’s disappearance with a significant proportion of the Party’s funds in early 1947, the MCP launched a widespread and rather desperate attempt to secure additional money. It appealed to other leftist organisations, such as regional trades unions, for donations and used the MPAJA to sell commemoration cards.⁵⁹ This generated a significant flow of money back into MCP funds. For instance, the ‘special contribution week’ held in Singapore in July raised \$11,000 and the sale of memorial cards by the Singapore MPAJA raised about \$8,000. By January 1948, the MSS reported that the MCP’s drive for funds was continuing and in many parts of the country had obtained success.⁶⁰ Perhaps the most significant aspect was not so much the state of the MCP’s finances but that it was able to tap into various sources of support to obtain meaningful contributions at a time of acute economy difficulty.

The ability of the MCP to reach the wider leftist organisations within Malaya was partly a function of what the MSS saw as their tightening grip on labour. For instance, the Journal for 31st January 1948 stated “a close study of the activities of known communist agents, the organisations which they control, and their manoeuvrings, indicates renewed efforts to gain control of all organised labour in Malaya by infiltrating into and disrupting trade unions not yet under the control of the Communist Party...the indications are that through these methods and by implied intimidation, they will gain sufficient control to be in a position to disrupt the economy of the whole of Malaya. There are indications that an effort will be made through these Communist Party-controlled labour unions to create labour unrest throughout Malaya during this coming year.”⁶¹ In April the MSS reported that there had

⁵⁷ Ibid., 17/47.

⁵⁸ K. Hack, ‘The origins of the Asian Cold War: Malaya 1948’, *Journal of Southeast Asian Studies*, 40 (3), p. 471.

⁵⁹ MSS Ind. Ocn. S. 251, MSS Political Intelligence Journal, 10 & 11/47.

⁶⁰ CO 537/3751, MSS Political Intelligence Journal, 2/48.

⁶¹ Ibid., 2/48.

been “indications that the communists, working through labour unions have been preparing for some important event. Whether they were merely preparing for May Day, or whether they were working to fit in with a wider world pattern (the Italian Elections, events in Berlin, events in Burma) is not yet known...” The Journal explained that the Singapore Federation of Trade Unions had been attempting to organise a series of strikes, culminating in disorder during the mass rally and procession planned for 1st May. Due to “two tactical errors” made by the SFTU, the Singapore government was able to ban both the rally and procession, scoring a significant propaganda victory. Nevertheless, Dalley warned that “although recent events in Singapore resulted in the defeat of their immediate plans, it is unlikely that the communists will accept it as total defeat.”⁶²

The MSS remained conscious that the MCP was likely to remain focused on mobilising labour in Singapore, for the island had been the primary focus of their attentions since 1945 and there was no indication that this would stop. Yet the Journals in the first half of 1948 did reveal increasing reports of communist activity in Malaya’s rubber estates and tin mines. For instance, on 15th April 1948 the MSS again reported “in Perak the communist BALAN is planting his agents on rubber estates in all areas and it looks as if he may be successful in gaining control over a number of important labour unions in that area.”⁶³ Again on the 30th April Dalley stated that the activities of BALAN was of particular interest and that as “he has obtained control of rubber estate labour over such a wider area, we can anticipate strikes and perhaps disorder in that area.” In the same Journal, Dalley said “there are indications that the Communist Party may now do as they did last year – turn their attention to Indian rubber estates and incite them to strikes and riots.”⁶⁴ Indeed, the following Journal, the MSS reported that the “Balan has extended his activities to Parit...some 2000 Indian and Chinese labourers struck work on 3rd May.” The strike at Parit was not an isolated incident – at the beginning of May there had been “trouble brewing on the Brooklands Estate, Banting, Selangor since April; strikes involving intimidation were taking place at the Loong Sin Tin Mine, Salak South, and at the Killinghall, Hong King and Ipoh tin dredges in Selangor; at the Fook Heng Rubber Works, Menglembu, Perak; and a riot at the Bing Seng Rubber Milling Factory which resulted in arson causing one million dollars worth of damage. Moreover, the Johore State Worker’s Union were engaging in violence, including an attack on a police patrol at Bikit Sorempang.”⁶⁵ Thus, the rise in rural, communist-orchestrated, agitation and violence were events that were not uncommon in the months prior to the murders in June that prompted the declaration of emergency. Indeed, it is hard to conclude that an increase in rural violence, as experienced in June 1948 and which prompted the government to declare a state of emergency, would come as a shock.

A reassessment of the Political Intelligence Journals show that the MSS had identified the MCP as a real and credible threat to Federation – the journals had repeatedly expressed the belief that the MCP had both the means and intention to destabilise the Federation. Rather than having nothing new to say in the first months of 1948, the journals clearly tracked a change in Communist activity – whilst the focus remained on industrial trouble in Singapore,

⁶² Ibid., 8/48.

⁶³ Ibid., 7/48.

⁶⁴ Ibid., 8/48.

⁶⁵ Ibid., 9/48.

the levels of striking, intimidation and violence on Malaya's tin mines and rubber plantations was escalating rapidly. And yet, the MSS failed to forecast that the MCP was to turn from inciting urban and industrial unrest, to a rural-based campaign of insurgency. One explanation of why the MSS failed to do this revolves around the disappearance in early 1947 of the chairman of the MCP, the MSS's primary source of humint, Loi Tak. Whilst this episode has been covered sufficiently already in the literature, it is important to note that Dalley was left without an alternative source within the heart of the MCP. Hence from spring 1947 the Journals rely more prominently upon documents and lower level informants.⁶⁶ However, whilst significant, the Loi Tak episode does appear to be a false trail. As Stockwell explains, historians have long since abandoned the view the MCP mounted its insurgency following orders from Moscow.⁶⁷ Indeed, since the publication of Chin Peng's memoirs in 2003 the consensus is that the MCP Central Committee did not trigger the murders in June that prompted the declaration of emergency. Hence, even if Dalley had a source akin to Loi Tak within the MCP's politburo, he would be unable to forecast the events of June 1948.

The Journals are by no means polished examples of intelligence analysis. Reflecting the turmoil, indeed near anarchy, of post-war Malaya, the fortnightly consideration of the MCP is immersed in competing threat vectors. Commentators have made much of Dalley's concern about Malay and Indonesian nationalism and these topics do occupy a large proportion of each Journal. Moreover, the Colonial Office officials, who began to receive the Journals in early 1948, expressed some difficulty in disentangling the various commentaries, one suggesting that it "was rather difficult to see the wood from the trees."⁶⁸ That said, the information about the MCP, is clear: the Party's strategic intent remained fixed, and its capability was growing quickly (not least because of the groundswell of rural unrest). The only missing element within the MSS's understanding of threat from the MCP was how the Party intended to pursue the struggle.

While the level of detail in the emerging warning of a threat from the MCP might have been limited, it was comparable to other warnings of paramilitary activity historically and recently. As a result, what appears to have been reasonably good performance as operational and analytical entity serves only to deepen the mystery of the MSS's seemingly untimely demise.

5. Sillitoe and SIFE.

Absent any compelling evidence that the MSS was the kind of failure as an intelligence

⁶⁶ Y. Akashi, 'The Malayan Communist Party, Lai Teck and the Japanese Period: 1942-5', in C.C. Chin & K. Hack, *Dialogues with Chin Peng: New Light on the Malayan Communist Party*, p. 252-5; C. Peng, *Alias Chin Peng – My Side of History* (Singapore 2007), pp. 149-195; L. Comber, "'Traitor of all Traitors" – Secret Agent Extraordinaire: Lai Teck, Secretary-General, Communist Party of Malaya (1939-1947)', *Journal of the Malaysian Branch of the Royal Asiatic Society*, vol. 83, part 2 (2010), pp.1-25.

⁶⁷ A. Stockwell, 'Chin Peng and the Struggle for Malaya', *Journal of the Royal Asiatic Society*, series 3, 16, 3 (2006), p. 284. See also, Hack, 'The origins of the Asian Cold War: Malaya 1948', *Journal of Southeast Asian Studies*, 40 (3), pp. 471-496; P. Deery, 'Malaya, 1948 – Britain's Asian Cold War?', *Journal of Cold War Studies*, 9, 1, Winter 2007, pp. 29-54.

⁶⁸ CO 537/3751, minutes by Mr Seal, 24 February & 1 March 1948.

agency that the conventional wisdom claims it becomes necessary to look further afield for causes, specifically at the MSS's *interagency* environment within the British machinery of government in Southeast Asia and London. On these fronts, Dalley faced a far more insidious and ultimately dangerous threat from a surprising quarter, namely a campaign of back-briefing by Percy Sillitoe, the Director General of MI5, which effectively subverted MSS within the Colonial Office and Malayan executive. The origins of this dispute relate to the potentially overlapping remits between SIFE and the MSS, but hinged upon Sillitoe's desire to secure hegemony for his Far East intelligence apparatus.

The original MSS charter stated that it would undertake the following tasks:

1. To collect and collate information on subversive organisations and personalities in Malaya and Singapore.
2. To advise, so far as they [sic] are able, the two Governments [Malaya and Singapore] as to the extent to which Internal Security is threatened by the activities of such an organisation [sic].
3. To keep the two Governments informed of the trends of public opinion which affect, or are likely to affect the Security of Malaya.
4. To maintain a Central Registry of Aliens.
5. To maintain a close liaison with other Security Intelligence Organisations, and the Defence Security Officer.⁶⁹

However, in the same year in which the MSS was established, the UK created Security Intelligence Far East as an "interservices organisation responsible for the collection, collation and dissemination to interested and appropriate Service and Civil departments of all Security Intelligence affecting British territories in the Far East."⁷⁰ SIFE was initially overseen Col. C. E. Dixon, who was the 'theatre head' of the Security Service in the Far East and answerable to Sillitoe.⁷¹ In addition to producing intelligence about "any foreign intelligence service whose activities are directed against British territory in the Far East or inimical to British interests of security", Dixon was charged with advising about "any potential or subversive movement whether indigenous or foreign, which is a danger or potential danger to British security..."⁷²

A briefing document for MacDonald written in January 1948, indicates that whether SIFE choose to keep agents (Defence Security Officers) 'on the ground' depended on the territory. If so, their primary task was to work with the local police and security organisations, acting as liaison officers. In relation to Malaya, this liaison should have been

⁶⁹ MSS Ind. Ocn. S254, memorandum from Dalley to Ralph Horne, 13 July 1948. See also CO 537/2647, Sillitoe to Lloyd, 17 December 1947 for the former's interpretation of the first draft and final drafts of the MSS charter.

⁷⁰ KV 4/421, Charter for the Security Intelligence Far East (S.I.F.E), 6 August 1946; CO 537/2647, Briefing note for Sir Malcolm MacDonald, January 1947.

⁷¹ In a letter written to Sillitoe on 29 July 1946 (received on 7 August) Dixon expressed disagreement with the former's suggestions around some administrative / logistical arrangements for SIFE. On 9 August, Sillitoe sent Dixon a telegram stating that he will be replaced by Malcolm Johnstone from the Delhi Intelligence Service to the Security Service. A letter from Dick White to D. Bates of the Colonial Office written on 13 August states that Sillitoe made an "urgent application to transfer" Johnstone to the Security Service.

⁷² KV 4/421, Charter for the Security Intelligence Far East (S.I.F.E), 6 August 1946.

easier because both the SIFE and MSS had their headquarters in Singapore.⁷³ Indeed, the Governor General's office stated that neither was no reason, "given goodwill and a spirit of co-operation", why the SIFE and MSS should not work harmoniously."⁷⁴ Nonetheless, there was an obvious potential for overlap between local and regional intelligence organisations. This was highlighted in a letter written in August 1946 by Lt Col Young about SIFE's links with MI6 in the region. Young suggested that the "only way in which the D.S.O can justify his position as 'security adviser to the Governor' is to be able to present the large picture of subversion, and SIFE should be the source of this through MI6." Rather presciently Young warned that "for the DSO to set up an agent network in competition to M.S.S. would only end in tears."⁷⁵ However, Young's warning appears only to have been partially heard.

It was not MI6 that would clash with the MSS, but the head of SIFE. Sillitoe wrote to the Colonial Office in December 1947 to express concern over the relationship between SIFE and the MSS. He alleged that Dalley claimed "he was, and is, in a position to run agents into Siam and the Netherlands East Indies, and he also maintains liaison with representatives of foreign intelligence organisations in Singapore, as for example the Dutch and Americans."⁷⁶ Sillitoe did not provide any evidence that Dalley's claims were valid. Indeed, given the staffing difficulties discussed above, it is near impossible to consider that the claims were anything more than hyperbole, if indeed they were made at all. In fact, six months later, a Colonial Office official noted that on the question of the MSS running agents into foreign territory it "does not seem in fact to have done to any substantial extent."⁷⁷

Sillitoe acknowledged the potential of being seen to "interfere in what is obviously primarily a matter for the Colonial Office, and local Governments concerned." Nevertheless, he continued to suggest that the root of the problems were due to "the curious position of the Malayan Security Service", its "unsound set-up", "and from a lack of any clear definition as to the division or work between them and SIFE and of their intelligence functions."⁷⁸ Within a month, Sillitoe reinforced his complaint. He claimed that in addition to running agents in foreign territories, "the S.I.F.E., through the DSCO is not receiving from the M.S.S. the information about internal subversive activities in the Malayan Union and Singapore which it has a right to expect." Moreover, there were reports of "serious friction between the head of S.I.F.E (Major Winterborn) and the head of M.S.S. (Mr Dalley)." As a result Sillitoe offered to stop in Malaya, on his way to Australia, to look into the matter.⁷⁹ However, he

⁷³ Comber, a former Malayan Police Special Branch officer states that SIFE did not run agents in Malaya. See Comber, *Malaya's Secret Police 1945-60*, p. 96. This is contrary to the briefing note to MacDonald which clear states that "there are Defence Security Officers under him [Major Winterborn] in Singapore and the Malayan Union." There also appears a difference of terminology. Comber states that MSS state representatives were termed Local Security Officers, whereas Short uses the term Security Liaison Officer.

⁷⁴ CO 537/2647, a note for discussion with Sir P Sillitoe, undated, c. January 1948.

⁷⁵ KV 4/421, Extract of a letter from Lt. Co. Young (SIFE), 19 August 1948.

⁷⁶ CO 537/2647, Sillitoe to Lloyd, 17 December 1947.

⁷⁷ *Ibid.*, Seel to Lloyd and Williams, 22 May 1948.

⁷⁸ *Ibid.*, Sillitoe to Lloyd, 17 December 1947.

⁷⁹ Grimson offers an interesting counterpoint. He welcomed Sillitoe's visit to discuss the relations between the MSS and SIFE. He informed the Colonial Office that "I have too been worried about these relations, as I fear that there is a tendency on part of the U.K. Security Service stationed in Singapore to fail to appreciate the knowledge which our Security Service has of local conditions and the ability of this Service to view any data at their disposal against an oriental background." See CO 537/2647, Grimson to Lloyd, 3 February 1948.

was already agitating for the “dissolution of the M.S.S. and the transfer of its functions to the Police authorities in the two territories.”⁸⁰

Ostensibly Sillitoe’s visit to Malaya was a success. Gent reported to Lloyd that “we had it out with Dalley and S.I.F.E, and I hope that we have cleared up the personal troubles which were responsible for what was mainly a bickering but might have got worse, if not checked. I shall keep a watch on it with Grimson.”⁸¹ However, Comber suggests that the meeting with Dalley and Sillitoe was particularly difficult, not least as it started with the Director General of MI5 questioning whether the Director of the MSS had called him a “Glasgow corner boy.”⁸² Despite Gent’s optimism, the animosity between MI5 / SIFE against Dalley appears to have grown stronger after Sillitoe’s visit to Malaya. For instance, an internal SIFE telegram in which Keller states “the difficulties as regards the relationships between S.I.F.E, D.S.O’s and M.S.S lies principally in the personality of its Director Mr. J. Dalley, who is an Empire builder and not content with his proper function of producing Security information regarding M.U. and Singapore, is attempting to cover a wider area.”⁸³

Undoubtedly there is a significant element of personal antagonism which fuelled Sillitoe’s campaign against the MSS. However, this was an aggravating factor, not the *casus belli*, which appears to be Sillitoe’s ambitions for SIFE. The Director-General contended correctly that SIFE was the only organisation which could provide the Defence Committee or the JIC (FE) with coordinated advice and information on security or counter espionage matters. He warned that if “if S.I.F.E. did not exist the whole attitude and action towards such matters would revert to the pre-war position. Then such matters were studied in local and in semi-watertight compartments by local police or local service authorities, acting independently of each others.” As we have seen, this role was already being fulfilled by the MSS. It was not the principal of having such a fusion centre to which Sillitoe objected, but that the task was being performed by an agency other than his own. It was on this basis that, upon his return to London, Sillitoe continued to push the prospect of disbanding of the MSS in favour of bringing it “within the general structure of the Police Departments, on the lines of the Special Branches in this country and a number of colonies.”⁸⁴

However, Sillitoe clearly had a vision for the role of MI5’s presence through SIFE that clashed substantially with the presence and role of the MSS.

There was also a local initiative to promote SIFE’s status within the regional intelligence community. On the one hand, this involved a move to shift the organisation from its original role as a collating agency to one that collected intelligence as well while on the other there was an effort to give it a more central position in the interagency apparatus. Both at local and headquarters levels, therefore, MSS stood in the way of MI5’s – arguably

⁸⁰ Sir Thomas Lloyd coordinated this visit between Sillitoe, Grimson and Gent. Surprisingly, there was no effort made to include Dalley in discussions. Nor does the file provide any evidence of Lloyd or Malcolm MacDonald’s office verifying the veracity of Sillitoe’s charges against the MSS.

⁸¹ CO 537/2647, Gent to Lloyd, 7 May 1948. One practical measure result from the meeting was a redrafting of instructions for Defence Security Officer for the Federation of Malaya and Singapore.

⁸² Comber, *Malaya’s Secret Police 1945-60*, p. 43.

⁸³ KV 4/422, SIFE (Keller) to DG Security Services, 16 August 1948.

⁸⁴ CO 537/2647, Seel to Grimson, 10 June 1948.

entirely justified since 1929 – view of its role in Southeast Asian intelligence and security arrangements.

6. Dismantling the MSS.

Despite what might be considered an ambient, medium-term warning of a growing threat from the MCP, the murder of three planters in the Sungei Siput area of Perak on 16 June 1948, appeared to come as a shock to both the Malaya executive and colonial officials. For instance, Commander-in-Chief, Far East Land Forces, General Neil Ritchie, recalled that it was not until the evening of 22 June that he was informed "by the civil authorities of the conditions of unrest existing in Malaya." Ritchie had "just returned from a brief visit to the UK where I had told the then CIGS that in my view Malaya could be regarded as the one relatively stable area in an otherwise disturbed South East Asia."⁸⁵ It is interesting to note the change in tone in the Colonial Office minutes accompanying the PIJs received in London. In mid June, a month after calling Dalley a 'genius' and suggesting that the MSS reports were invaluable to the Malayan government, Williams noted "I have no wish to be over-critical of the Malayan Security Service, but I think it is right to draw attention to this rather remarkable lack of foresight shown on the present Report, since a defect in Intelligence (in the technical sense) seems to be of the great weaknesses in Malaya today."⁸⁶

Nevertheless, Dalley clearly retained the support of his regional colleagues in the Malayan core executive. For instance, a letter from Ralph Horne to the Colonial Office alludes to the difficulty of persuading Gent to accept Sillitoe's proposal to disband the MSS.⁸⁷ Moreover, in a conference on 13 July 1948 (i.e. after the declaration of emergency was declared), MacDonald unequivocally stated that he "had been much impressed with the political intelligence produced by the M.S.S. They proved to be the only source from which reliable information had been obtained. The difficulty appeared to be that much of the information that they had circulated had not been acted upon or fully understood." He went to say that Dalley was "an exceptionally able man in this class of work and there were many people who had a good deal of confidence in him."⁸⁸ Moreover, in October Grimson informed Creech Jones that he had been "entirely satisfied with the Security Intelligence information which I received from the former Malayan Security Service as organised and directed by Dalley." He said he had the highest regard for Dalley's "almost uncanny flair for security work."⁸⁹

⁸⁵ WO 106/5448, General Sir N Ritchie, Report on Operations in Malaya, June 1948 - July 1949. However, recent historiographical developments, particularly the memoirs of Chin Peng, indicate that the rise in rural violence was also a shock to the MCP because it was spontaneous and thus largely unpredictable series of events. See C. C. Chin & K. Hack (eds), *Dialogues with Chin Peng: New Light on the Malayan Communist Party* (Singapore 2004); K. Hack, "The Origins of the Asian Cold War: Malaya 1948", *Journal of Southeast Asian Studies* 40, 3 (2009), pp. 471-496; P. Derry, "Malaya 1948: Britain's Asian Cold War?", *Journal of Cold War Studies* 9, 1 (2007), pp. 29-54; A. Stockwell, "Chin Peng and the Struggle for Malaya", *Journal of the Royal Asiatic Society*, 16, 3 (2006), pp. 279-97.

⁸⁶ CO 537/3751, minutes by Mr Williams, 22 June 1948. See also CO 537/3753, minutes by Mr Morris, 18 June; Mr Williams, 22 June; Mr Seel 23 June 1948.

⁸⁷ *Ibid.*, Horne to Seal, 26 July 1948.

⁸⁸ CO 537/2647, minutes of the Governor General's Conference, 13 July 1948.

⁸⁹ CO 537/4306, Grimson to Creech Jones, 7th October 1948.

Regardless of the support shown in particular by MacDonald and Gimson, the swell of opinion in official circles, which had been whipped-up by Sillitoe, meant that the MSS could not survive. Sillitoe's machination's, in particular relating to apparent structural problems with the MSS, had already taken effect amongst metropolitan officials prior to the declaration of emergency, and combined with a local sense of urgency to address the demands of the emergency. A little less than a month after the declaration of emergency, Newbould persuaded MacDonald to accept the need to reallocate responsibility for intelligence from the MSS to the Malayan and Singapore Police Special Branches, a proposal which was accepted on 13 July 1948.⁹⁰

The decision to disband the MSS led to a debate within both colonial and metropolitan circles about what form the new intelligence machine should take. Running large through this debate was the on-going friction between Dalley and Sillitoe. However, the substance of the discussion is also indicative of the wider confusion within the executive about the differences between political, criminal and security intelligence, and their respective *place* within the administration. Sir Alec Newbould⁹¹, who had been particularly swayed by Sillitoe's previous briefing against the MSS, believed that that "political and criminal intelligence were inextricably mixed up and it seemed to him necessary to integrate the staff which worked on political intelligence with that of the CID."⁹² Keller, Sillitoe's representative in the region, supported this argument and also made the distinction between political intelligence (which he felt Dalley was interested in) and security intelligence (which he felt Dalley was not). Both Sillitoe and Keller were very clear that SIFE should not become involved in political intelligence. Indeed, Keller argued that Dalley misunderstood the distinction between security and political intelligence and that the latter aspect "was no part of the business of SIFE."⁹³ In retrospect, the distinction between political and security intelligence appears rather artificial. Given that there was grave concern both locally and in London that the MCP's insurgency was part of a wider communist plan, the demarcation between what was political intelligence (i.e. local and within the remit of Special Branch) and security intelligence (i.e. which had a wider bearing upon the defence of the realm and thus within the remit of SIFE) was, at best, ambiguous. Moreover, events were to prove an incongruence between 'criminal' and 'political' intelligence.⁹⁴

Whilst officials debated the semantics of intelligence, Sillitoe proved determined to remove any possibility of Dalley influencing the new intelligence apparatus. This led to continuing conflict with regional colonial officials who supported Dalley. Although MacDonald and Horne had reluctantly accepted Sillitoe's argument that the MSS had to be disbanded, both

⁹⁰ CO 537/2647, Minutes of the Governor General's Conference, 13 July 1948.

⁹¹ Sir Alec Newbould was Chief Secretary in the Federation of Malaya's administration. He was Officer Adminstrating the Government (OAG) in the interregnum between High Commissioner, Sir Edward Gent's death on 4 July 1948 and the arrival of Sir Henry Gurney on 13 September 1948.

⁹² CO 537/2647, Minutes of the Conference held under the chairmanship of his Excellency, the Commissioner General for the UK in SEA, at the Cathay Building, on 13 July 1948.

⁹³ CO 537/4322, Minutes of the Conference held under the chairmanship of his Excellency, the Commissioner General for the UK in SEA, at the Cathay Building, on Monday, 9th August 1948.

⁹⁴ This was a distinction identified by the Secretary of State for the Colonies but which appears not to have been followed up. See CO 537/4306, a minute by the Colonial Secretary, Singapore, 30 September 1948.

men pushed hard for a meaningful role to be found for Dalley, even suggesting that his local knowledge would make him ideal to head SIFE. Keller strongly recommended against this proposal on the basis that Dalley's "personality and qualifications were not such as would in my opinion make him satisfactory H/SIFE."⁹⁵ The Colonial Office was also against this, concerned that Dalley might become an "embarrassment" to MacDonald and suggested he be found a role in the Federal Secretariat.⁹⁶ Sillitoe was aghast at the prospect of Dalley being offered *any* position in SIFE, and on receipt of Keller's telegram, moved swiftly to offer the position of H/SIFE to Keller himself.⁹⁷ As a result no suitable role for Dalley was found within any of the new intelligence structures and the MSS headquarters staff were divided amongst the two Special Branches.⁹⁸

Endgame

Sillitoe's manoeuvring therefore deprived the British colonial authorities in Malaya of a viable intelligence capability at precisely the moment they most needed it, and with serious consequences for the conduct of the First Emergency. In fairness, Sillitoe's objections to the MSS as an organisation that duplicated the role of MI5 and its Far East presence SIFE were entirely valid in terms of the internal politics of Whitehall bureaucracy. When he was arguing that the situation in Malaya needed to be brought into line with existing police and Special Branch practice elsewhere that practice was based on the idea that all of the various Special Branches across the empire were expected to work with MI5 as the *imperial* rather than mainland UK Security Service. A Cabinet Secretariat Secret Service Committee review in 1931 had formally declared MI5 *Imperial Security Service*, thus including all of Britain's colonies and dominions within its operational jurisdiction.⁹⁹ Indeed, with its network of SLOs and DSOs abroad MI5's international presence was almost as extensive as that of SIS.¹⁰⁰ Colonial Special Branches were expected to work with those representatives in a fashion analogous to the Metropolitan Special Branch and MI5's headquarters in London. Such Whitehall logic may not have been wholly suitable to the circumstances and exigencies prevailing in post-war Malaya, however.

By the same token, however, Sillitoe was also actively trying to secure and expand the status and role of his agency during a time of post-war administrative and political flux.¹⁰¹ Sillitoe also clearly envisaged SIFE and the DSOs having a broader "intangible" but "essential function" of providing a means of inciting the local security authorities to do their job efficiently.¹⁰² Part of this entailed shifting SIFE from being a purely collating and assessment organ to an operational headquarters for intelligence collection. Hence, in November 1947,

⁹⁵ KV 4/422, Keller to Sillitoe, 17 August 1948.

⁹⁶ CO 537/2647, Seel to Hone, 9 August 1948.

⁹⁷ KV 4/422, Sillitoe to Keller, 18 August 1948.

⁹⁸ For Keller's reaction to the news that Sillitoe had blocked all moves to relocate Dalley within the SIFE structure see KV 4/423, Keller to Sillitoe, 5 November 1948.

⁹⁹ John Curry MI5 HISTORY; ANDREW?

¹⁰⁰ From 1946-1949 SIFE officers were termed Defence Security Officers. This changed in May 1949 when the DSOs in Singapore, Malaya and Hong Kong were renamed Security Liaison Officers. Officers stationed in foreign territories in the region appear to have remained DSOs.

¹⁰¹ references

¹⁰² KV 4/422, Assessment of the value of S.I.F.E and D.S.O Points in the Far East.

the LSO in Burma, and DSOs in Singapore, Malaya, and Hong Kong were tasked to start collecting “basic intelligence data...in respect of organisations which are operating clandestinely.”¹⁰³ A SIFE official explained to Sillitoe that “this action was rendered necessary by the fact that M.S.S. have never attempted any collation of the information of their omnibus files except for the papers allegedly written by D/M.S.S., the majority of which pertain to subjects and territories lying well outside the M.S.S. charter.”¹⁰⁴ A parallel attempt to enhance the MSS’ position in the administrative hierarchy July 1948 led to the Head of SIFE, Winterborn, coming into conflict with the British Defence Co-ordination Committee over a clumsy attempt to engineer a more influential position on the JIC (FE).¹⁰⁵ The MSS was not the only organisation to find itself in conflict with Sillitoe’s MI5.

[something about Dalley’s position, and some detailed remarks about the intelligence hiatus and its consequences]

¹⁰³ Ibid., SIFE to DSO Singapore, Malaya Union, Hong Kong, and SLO Burma, 25 November 1947.

¹⁰⁴ Ibid., SIFE (Alexander) to DG Security Services, 10 January 1948.

¹⁰⁵ KV 4/422, SIFE (Winterborn) to DG Security Services, 17 July 1948.