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MALAYSIAN DEFENCE POLICY: THE
PHASING OUT OF THE ANGLO-MALAYSIAN
DEFENCE AGREEMENT

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by

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The commitments of Britain to defence arrangements in the Southeast Asian region were built around the Anglo-Malaysian Defence Agreement, the Southeast Asia Treaty Organisation and her protectorate role in Brunei.

It should be borne in mind, that the British decision to disengage from her military commitments in the region was not an isolated decision. From a historical perspective it was part of the pattern of the unscrambling of the British Empire that was set in motion with the granting of independence to India in the aftermath of the Second World War. This post-war process in Southeast Asia was retarded by the formation of the Malaysian Federation and the ensuing Indonesian opposition. The nett effect of Indonesian Confrontation was the continuation of British military commitments under the Anglo-Malaysian Defence Agreement. Indonesian military hostilities in her strategy of Confrontation led to a greater involvement of British forces in the defence of the territorial integrity of Malaysia.

There have been several estimates of the cost of Indonesian Confrontation. Replying to a question in the House of Commons on the size and cost of Britain's military commitments, the Secretary of State for Defence Dr. Dennis Healey stated that the approximate estimated expenditure in 1966-67, directly attributable to the forces in the Far East (excluding Hong Kong) was £235 million.¹ Of this amount only a small portion was incurred in the actual fighting itself. In terms of troops and equipment committed, some 80,000 servicemen, 250 aircraft and 50 ships of the Royal

Navy made up the British defence aid component. The maintenance of these troops and their equipment represented about one-eighth of the British defence budget. In terms of foreign exchange the British military presence in the region resulted in an outflow of less than £100 million. The cost of actual military operations was about £5 million a year.²

By the end of 1965 and in January and February 1966 the Labour Cabinet had begun to rethink the scale of Britain's east of Suez commitments.³ The separation of Singapore in September 1965 and the ending of Indonesian/Malaysian hostilities in June 1966 were considerations that affected the British reassessment. One serious implication for British defence policy that arose from the separation of Singapore was that it meant the removal of the Singapore base complex from the framework of the Anglo-Malaysian Defence Agreement.

Between the first broad hint of withdrawal and the firm announcement of 1968, Britain's decision was an amalgam of economic rationality and political choice. In the defence review of 1966, she enunciated her policy in the following manner.

We believe it is right that Britain should continue to maintain a military presence in this area. Its effectiveness will turn largely on the arrangements we can make with our Commonwealth partners and other allies in the coming years. As soon as conditions permit, we shall make some reductions in the forces which we keep in the area. We have important military facilities in Malaysia and Singapore, as have our Australian and New Zealand partners. These we plan to retain for as long as the Governments of Malaysia and Singapore agree that we should do so on acceptable conditions.⁴

The firm announcement of British withdrawal from the Far East was made by the British Prime Minister, Harold Wilson in the House of Commons on the 16 January 1968. According to this announcement British forces would be pulled back from the Far East and the Persian Gulf by the end of 1971 after which Britain would not have any special capability in the region. Nonetheless, a special capability based in Europe was to be maintained, which could be deployed overseas if circumstances warranted it.⁵

A major development in between the 1966 announcement and the January 1968 decision was the recommendation of the defence review completed in March 1967 that British forces in the Far East should be

reduced by half during 1970-71 and withdrawn completely in the mid-seventies.⁶ Of the factors influencing this decision, the more important was economic. Britain was already being plagued by this time with serious balance of payments problems. Combined with this there was the growing political pressure to seek membership in the European Economic Community. There was also developing within the Labour Party serious doubts about Britain's capacity to undertake in future military operations on the scale carried out during Confrontation and the desirability of doing so.⁷

The crucial factor accelerating the timetable of withdrawal as announced in January 1968 was the devaluation of sterling on 18 November 1967, combined with the increasing chorus of the critics of the East of Suez policy within the Labour backbench ranks.⁸

Initial reactions from Kuala Lumpur to the first broad announcements of British withdrawal from the region were a mixture of disillusionment and disappointment. Until the January 1968 decision that all British forces would be withdrawn from the region by 1971, the Malaysian reaction did not include any serious assessment of the implications of British withdrawal from the Southeast Asian region. The campaign of Konfrontasi had revealed to Malaysia her military weakness and it would not have escaped policy planners in Kuala Lumpur that the viability of Malaysia as a political unit rested on the British military presence under the terms of the Anglo-Malaysian Defence Agreement.

However, until the categorical statement of the military disengagement of Britain from the region by 1971 was made in January 1968 a number of developments tended to obscure the implications of this decision. The problems brought to the surface by a British withdrawal were hypothetical in 1966 since the Anglo-Malaysian Defence Agreement was up for review in 1971. Further, 1966 was an unusually active year for the Malaysian diplomatic establishment. The end of hostilities with Indonesia and the efforts directed towards working out a peace agreement with Jakarta absorbed a great deal of her diplomatic energy. In addition, what was engaging the immediate attention of Kuala Lumpur was the future pattern of cooperation with the new sovereign state of Singapore. In the area of defence, Singapore was an important preoccupation. The political divorce of Singapore brought in its trail a whole host of problems in

almost every area. At the outset, the new political relationship that was being evolved between Singapore and Kuala Lumpur was characterised mainly by an atmosphere of non-cooperation. Under the terms of Article V of the Separation Agreement certain stipulations were laid out relating to the defence of both countries. Foremost, it specified that both parties would enter into a treaty on external defence and mutual assistance. The most important provision of the Separation Agreement was that the parties would establish a joint defence council and that each party would undertake not to enter into any treaty or agreement with a foreign power which may be detrimental to the independence and defence of the other party.

No bilateral defence arrangement between Singapore and Malaysia was created and defence cooperation between the two countries was not realised as hoped for under the terms of the Separation Agreement.⁹

The Joint Defence Council established shortly after separation was inoperative within a matter of months. The nub of the problems was that while the political leadership in both countries realised that the defence of Malaysia and Singapore was indivisible, there was a variance in the assessment of external threats and there was a 'mutual suspicion of intent'. In addition to defence problems with neighbouring Singapore, the rapprochement with Indonesia in 1966, saw the expression of a Malaysian desire to replace British troops in East Malaysia and which was carried out almost immediately. One explanation for this move must have been the wish on the part of the Malaysian Government to alter its image as a 'stooge of neocolonialism'.

The reaction of disillusionment and deep disappointment that emerged consequent to the public statement of British military disengagement was in a measure preceded by similar feelings in May 1966 when Britain refused a Malaysian request for economic aid. Acrimony was generated by this refusal. The sore point in this issue was the refusal of Britain to give grants for defence aid totaling \$630 million. This was to have come out of a sum of M\$900 million expected in direct aid, together with M\$1,000 million in loans. All this economic aid was for various development projects under the First Malaysia Plan.¹⁰ The manner in which the British answer was conveyed was both abrupt and undiplomatic and was in the words of one account a "continuing source of irritation in Kuala Lumpur"¹¹ Explanations of the British response were couched in the

rather delicate and sometimes irascible political relations permeating the triangular relationship between Malaysia, Singapore and the United Kingdom. In spite of the public insistence on the part of Britain that her position was fundamentally due to economic problems of her own, especially in the light of her adverse balance of payments position, -the view from Kuala Lumpur was that she had exercised a pro-Singapore bias in her attitude.

In the ensuing Parliamentary debates in mid-1966 both bitterness and acrimony were given vent by the strident speeches from members of the ruling Alliance Party. There was a call for a readjustment in Malaysian thinking towards Britain. One ministerial comment was to the effect that "Although we are disappointed, it is a blessing in disguise to have been refused the aid; it is an eye-opener to use and we must learn to be less and less dependent on other countries."¹² The Straits Times warned editorially: "If this is the diplomacy of the new British Government in its dealings with other Commonwealth countries then she should be prepared to face further deterioration in her influence in the world. We resent interference in our internal and foreign policies."¹³ Anglo-Malaysian relations dipped to an all time low. There was a touch of irony in this, coming as it did at a point when Anglo-Malaysian defence collaboration was seeing a successful diplomatic resolution of Indonesian-Malaysian hostilities.

The promised reappraisal of Malaysian foreign policy as announced in the June-July 1966 Parliamentary debates did not materialise immediately. But close on the heels of this rift in Anglo-Malaysia relation a number of actions were taken by the Malaysian Government that represented a parting of ways. These were in the economic front but what is significant about these actions is that they related to some of the more traditional and realistic Commonwealth links.

In August 1966 the Malaysian Government removed the preferential tariff rates on a number of imports from the Commonwealth countries such as beverages, cosmetics, textiles, electronic goods and manufactured items such as motor vehicles. This decision was explained as a revenue measure.¹⁴ While it would be difficult to refute the economic motive behind the action of Kuala Lumpur, it has to be borne in mind that preferential tariff rates were a substantial Commonwealth link. It is difficult to discount an element of economic retaliation in this measure on the part of the Malaysian

Government in the light of the earlier British refusal of aid. But it would not be valid to stretch this point too far. The dictates of national interests were beginning to assert themselves over Commonwealth loyalties. This was only to be expected. In the same way that British economic interests were perceived to be better taken care of by seeking membership within the European Economic Community, it was only natural for Malaysia to formulate her import tariffs to suit her economic advantage. Commonwealth preference gave British goods a very competitive edge in the Malaysian market. Now that that advantage was being eroded, the trade implications for British imports were crystallising.

Following in the wake of this decision, a major alteration in the relationship with Britain was wrought by the severance of the Malaysian dollar with the pound sterling. When the pound sterling was devalued in November 1967 the Malaysian Government decided to maintain the parity of the Malaysian dollar at 0.290299 grammes of fine gold. The view taken by the Malaysian Government was that to follow the pound sterling and to devalue the Malaysian dollar would be disadvantageous to Malaysia's competitive position in world markets and would further result in an increase in the cost of living from increased import prices of food-stuff and other basic items.¹⁵ This change in the relationship of the dollar with the sterling pound was a fundamental change and the relevance of this change for the economic relationship of the two countries could not have escaped Malaysian policy planners.

While these developments took place relating to Malaysia's peace negotiations with Indonesia, her defence cooperation problems with Singapore and the British refusal of economic aid preoccupied the the energy of Kuala Lumpur, there was much to be desired in the manner and timing of Whitehall's announcement of the relinquishment of her role east of Suez. Two basic criticisms could be made in this respect. Until the British Government's decision of withdrawal was made public in the Supplementary White Paper on Defence published on 18 July 1967, various spokesmen for Britain gave assurances that Britain would continue to maintain an east of Suez military role. Until July 1966 there was no official evaluation of the possibility of British withdrawal. Lord Shackleton while on an official visit to the Far East stated that while there would be cuts in British defence expenditure in Malaysia, the

Needless to say, the initial volte face concerning withdrawal bases would be maintained as long as they were wanted, in spite of the end of Confrontation.¹⁶ Prime Minister Wilson asserted at a meeting of the Parliamentary Labour Party in June 1966 that Britain had a duty to assert its influence east of Suez and the government would not retreat from its commitments.¹⁷ Similar reassurances were given by various other Labour Ministers. Speaking to the Australian Institute of International Affairs in the Australian capital on 29 June. Michael Stewart declared 'we have neither the wish nor the intention to abandon the world east of Suez.'¹⁸ In the same vein, Denis Henley, while on his Far East tour stated that Britain would continue to maintain a military presence in Singapore and Malaysia as long as she was requested to do so on acceptable conditions.¹⁹ Up to July 1966 official British policy was expressed in terms of a reduction of British forces and the rationalization of defence expenditure.

Against the background of these assurances various pressures built up that led to the alteration of the British Government's official position. As already indicated earlier these pressures were both of an economic and political nature. Already the balance of payments position was becoming adverse and defence economies were being sought as a remedial measure in July 1966. More significant was the lobbying from Labour backbenchers for an accelerated withdrawal from east of Suez. At the Labour Party Conference in October 1966 a resolution was passed in favour of disengaging from military commitments east of Suez and stipulating withdrawal from Malaysia, Singapore and the Persian Gulf by 1969-70. Consequently by April 1967 the Cabinet resolved to reduce the forces in the Far East to about half during 1970-71 and carry out a complete withdrawal in the mid-seventies. This resolve was embodied in the July 1967 Supplementary White Paper on Defence. The second and more serious criticism relates to the fact that after having announced her withdrawal from the Southeast Asian region and the timetable concerning the phasing out of her military installations and troops, a major alteration in British plans was announced. It dealt with the issue of timing. Within a matter of months, the July 1967 position was abandoned. In its place there was Harold Wilson's parliamentary statement of 16 January 1968. The time schedule for withdrawal was shortened and it was to be completed by the end of 1971.

Britain had in her pullout plans taken account of the implications it would have on the economic and political stability of the region.²³

Needless to say, the initial volte face concerning withdrawal and the later acceleration in the timetable relating to the phasing out of the British withdrawal could only have caused uncertainty and confusion in the perception from Kuala Lumpur. While it cannot have escaped policy planners in Kuala Lumpur that withdrawal was in the British stack of cards, especially in view of the fact that both in Canberra and in Singapore a strongly held assumption was that the future British military role in the region would be diminished, this judgement until early 1967 was derived from the general drift of politics and policies in Britain.

Once Malaysian leaders were faced with the reality of British military disengagement they had to consider the implications it raised for the nation in terms of its security arrangements. Prior to the publication of the July 1967 Supplementary White Paper on Defence, both Tunku Abdul Rahman and Tun Abdul Razak in discussions held with Denis Healey in April 1967 expressed their concern that it would not be in the security interests of Malaysia for withdrawal plans to be made public in advance.²⁰ Again in June and July 1967 Malaysia and some other Commonwealth countries made attempts to dissuade the United Kingdom from a publicly announced and early withdrawal from Singapore and Malaysia. When Tunku Abdul Rahman arrived in July for talks relating to the rundown of British forces, he declared that British forces in Malaysia should be maintained at pre-Confrontation levels.²¹

Reaction to the 1967 withdrawal plans on the part of Malaysia was centred on three points. First of all, there was concern as to the future of the Anglo-Malaysian Defence Agreement. There was uncertainty as to what British intentions were - whether abrogation of the Agreement was under consideration or whether there would be a continued albeit, partial obligation to the commitments under the agreement. Secondly, there was a deep anxiety as to whether Britain would maintain a level of forces sufficient to defend the nation against external aggression. The Prime Minister, Tunku Abdul Rahman stated in the Dewan Ra'ayat that if this anxiety could be put to rest then, "... we could not raise our objections to their (Britain) proposal to pull out if this is dictated by their own economic difficulties."²² The third point was whether Britain had in her pullout plans taken account of the implications it would have on the economic and political stability of the region.²³

In his discussions with the British Government in July 1967 the Tunku expressed these concerns. He further tried to persuade Whitehall against a total withdrawal by the suggestion that it was too early to make such plans.

On the part of Whitehall, Mr. Healey assured the Malaysian Prime Minister that Britain would observe the AMDA commitments. He further tried to soothe Kuala Lumpur's security anxieties, which the Tunku had voiced to him by assuring that substantial naval and air forces would continue to remain until 1970, including amphibious units, although the British airforce element would be a smaller one. This diminished air element was to be made up of a squadron with air defence, ground attack and reconnaissance capability, maritime reconnaissance and transport aircraft capable of being reinforced very quickly. In providing this assurance Mr. Healey qualified it by stating that plans to meet contingencies would inevitably vary as the situation may warrant and that military assistance under the AMDA would not include internal security matters. In this context it was pointed out by Mr. Healey that with increased air capability, troop reinforcements from the United Kingdom could be carried out in a matter of days with the qualification that the speed of such reinforcements would depend on the reception facilities provided by Malaysia. Additionally, the Tunku was reassured by the British intention to maintain a military presence in the region in the form of naval and air elements with perhaps a sea-borne commando force.²⁴

In summary British assurances to Malaysia on the nature of the British military presence that would be retained was to the effect that substantial military forces would be left up to the period 1970-71. Also by 1971 there was to be sufficiently strong naval, air and amphibious forces based in Singapore capable of meeting any attack on Singapore and Malaysia. As for the continued assistance from the United Kingdom under the terms of AMDA, in addition to the qualifications mentioned earlier, the Tunku was informed that any such military assistance would be in the form of naval and air capability. Whitehall's argument in this respect was that it would be less expensive for Malaysia to have land forces than for Britain to maintain such forces in Malaysia and that it, "... would not want to duplicate what the Malaysian Government could do for itself but to complement Malaysian defence capabilities in terms of land force with

sophisticated and expensive naval and air weaponry which Malaysia could ill afford."²⁵ Apparently, the Tunku was given to understand that even after the planned withdrawal in 1975 the United Kingdom would have sufficient naval and air elements in the region which could assist Malaysia against external aggression. The continued use of Singapore by elements of the Her Majesty's Royal Navy for refitting and repairs, together with military exercises that would be staged in Singapore and Malaysia would in the Tunku's words, "... show British intention to assist in our defence and that British military presence would constitute a credible deterrent against external aggression."²⁶ The provision in the July 1967 White Paper that "... the precise timing of our eventual withdrawal will depend on progress made in achieving a new basis for stability in South East Asia and in resolving other problems in the Far East," seems to have put to rest Malaysian fears of the implications of the pull-out plans for the political and economic stability of the region. Very much of the British reassurances seems to have hinged on developments in the field logistics with reference to military air transport. Denis Healey in a press conference at the RMAF airbase in Kuala Lumpur stated in April 1967 that reduction in teeth arms or combat forces would be made possible "as the result of new strategic transport aircraft already in service like the DC 10 and the Belfast, and the medium transport aircraft, the C 130 or Hercules."²⁷

In more precise terms, the Malaysian Prime Minister during his London talks stressed the need for Britain to continue the retention of the Commonwealth Strategic Reserve as it was feared that the withdrawal of ground forces would lead to the disintegration of this strategic reserve. The Tunku proposed that Britain and the other Commonwealth countries involved confer regarding this issue and offered Kuala Lumpur as the venue. Additionally, the Tunku insisted that the British authorities do not pursue their claim for financial compensation for base installations and military camps vacated by British forces. The argument employed was that these camps were dilapidated and were being used to fight communist insurgents who were a common enemy. On the issue of the economic consequences of the British pull-out there was a British offer of substantial financial aid to offset these consequences. The nature and terms of this aid was deferred for future discussions.

Originally, the British withdrawal plans were to be executed along the following time framework. There were three phases. During the first phase up to April 1968, the British proposed to withdraw about 10,000 men in addition to what they had already withdrawn. In the second phase - i.e. from 1968 to about 1970-71 Britain intended to reduce her troops to half its pre-Confrontation level which meant that approximately 30,000 troops would have been pulled out by 1970-71. The third and most significant phase in relation to Malaysian defence was the British proposal to assume for planning purposes that she would have withdrawn her forces completely from the region by the mid-seventies.²⁸

With the 'accordion-like' compression of the withdrawal plans following Harold Wilson's January 1968 announcement, the time period during which Malaysia could have worked out alternative security arrangements was critically shortened. An element of urgency was now introduced in her defence planning. The initial Malaysian reaction of 'marked uncertainty' was now intensified. There was a strong conviction that its own defence capability must quickly be bolstered by new arrangements for defence support. While it was remarked in September 1967 that what Malaysia wanted in the new arrangements for defence support was not clear as presumably the Malaysians themselves were in the dark, this certainly did not apply in the months that followed the January 1968 announcement of the British withdrawal plans.

Predictably, the British decision was welcomed in certain circles within Malaysia, especially among leftist political parties and a number of others who had been critical of the foreign policies of Tunku Abdul Rahman in the past.²⁹ In a similar vein there was pressures for a reappraisal of the foreign and defence policies of the country both within Parliament and outside. Of immense significance for the country's future foreign relations was the emergence of the proposal made by Tun Ismail for the creation of a neutralised zone in Southeast Asia. Speaking in his capacity as an Alliance backbencher in the Dewan Ra'ayat, Tun Ismail suggested that in the view of the British withdrawal, it was opportune for the neutralisation of Southeast Asia, guaranteed by the big powers. In this neutralised zone all the countries were to sign treaties of non-aggression and a declaration of a policy of co-existence.³⁰ Tun Ismail's proposal, while referred to by the Prime Minister in a number of speeches

was not seriously considered. It was considered impractical at that time. Tun Ismail, however was convinced that the neutralisation of the region was the long term answer to Malaysia's security anxieties and he felt that while there was considerable support for his suggestion, this was offset by the Prime Minister's cool attitude to the suggestion.³¹ Until the resumption of high political office by Tun Ismail in the aftermath of the May 1969 political disturbances and more importantly the relinquishment of the nation's leadership by Tunku Abdul Rahman in September 1970, the idea of the neutralisation of Southeast Asia was relegated to a political limbo.

From January 1968 until September 1970, Malaysian diplomatic efforts aimed at working out a solution that would at least partially ameliorate the security gap that would be created by the departure of British armed forces from the region. Towards this end the Tunku had proposed in 1967 during the London talks that Britain and the other Commonwealth countries effected by the withdrawal decision hold talks in Kuala Lumpur. Whitehall's reaction to this proposal was at the beginning, to say the least, unenthusiastic.³² Kuala Lumpur's efforts in this direction were renewed in early 1968 following the announcement of the British plans for an accelerated withdrawal from the region. This time Kuala Lumpur's efforts were more successful. It was announced at the end of April that a Five Power Conference would be convened in Kuala Lumpur in June 1968.

What finally emerged from Malaysian efforts in the three years from 1968 to 1970 was the imperative need to have some form of a Commonwealth military presence in the region, which would provide a breather that could be used to generate a credible degree of indigenous defence capability and the working out of a scheme for long term regional security.

From an analysis of the avenues along which Malaysians diplomacy and political efforts were channelled towards creating alternative security arrangements the net result that materialised was the Five Power Defence Arrangement between Malaysia, Singapore, Britain, Australia and New Zealand. Concomitant to this was the acute realisation of Malaysia of her defence weakness and the associated desire to build up a credible defence capability as she was forced by the pace of events to

take cognisance of the fact that in the last analysis she would have to bear the burden of the country's defence. The prospect of a British military disengagement from the region also led to fundamental rethinking of the problem of regional security.

The signing of the Five Power Defence Arrangement was preceded by long and **arduous** negotiation and bickering between the signatories. The entire process was stretched over a period of approximately four years. During this bargaining process three major conferences were held in Kuala Lumpur in June 1968, in Canberra in June 1969, and in London in April 1971. These five Power Summit meetings embodied the various decisions on which the final Five Power Defence Arrangement was built on.

On 1 November 1971 the Anglo Malaysian Defence Agreement was replaced by the new Five Power Defence Arrangement.

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