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Air America's Civilian Facade Gives It Latitude in East Asia

By RICHARD HALLORAN

WASHINGTON, April 4—As the American-supported clandestine army went on the attack in Laos again this week, pilots of a flamboyant airline called Air America took to the skies once again to move troops, provide supplies and evacuate wounded.

Air America is a flight charter company that, like the clandestine army, is widely considered to be the servant of the United States Central Intelligence Agency.

With its assorted fleet of 167 aircraft, Air America performs diverse missions across East Asia from Korea to Indonesia. It is believed to be a major link for the C.I.A.'s extensive activities throughout Asia.

Air America parachutes Meo tribesmen and other secret agents behind North Vietnamese lines in Laos, trains mechanics for the aviation division of the national police in Thailand, hauls American aid cargo for the Agency for International Development in South Vietnam, ferries United States Air Force men from Okinawa to Japan and South Korea, and dispatches intelligence flights from Taiwan along the coast of Communist China.

The company also transports helicopters from France and Italy for assembly in Southeast Asia, flies prospectors looking for copper and geologists searching for oil in Indonesia, and provides pilots for commercial airlines such as Air Vietnam and Thai Airways and for China Airlines, which is on Taiwan.

Air America's civilian facade permits the United States to do things that would otherwise be impossible or, at least, politically embarrassing. The 1962 Geneva accords, for instance, prohibit foreign military aircraft in Laos but they say nothing about civilian planes. The facade also averts public attention in countries such as Japan that are sensitive to the American military presence.

Then too, intelligence services the world over have always used businesses as a cover. Air America gives the C.I.A. and

other Government agencies controlled and secure transport. On the economic side, commercial work enables the company to keep its large fleet busy when part might be idle.

The outfit exudes an air of Oriental adventure out of Milton Caniff's comic strip "Terry and the Pirates." It has the flamboyance of the late Lieut. Gen. Claire L. Chennault's wartime Flying Tigers, from which it is descended. Working for Air America demands the resourceful skill of the bush pilots who have explored the unknown beaches of northern Canada, the South American highlands and Africa.

Those who have seen Air America's pilots on the job in Asia say they have a sense of dedication and duty. They take more than routine risks and some have gone down in Asian jungles, not to be seen again.

Asian Art on the Walls

Most of the company's aircraft, like those of regular airlines, carry its name, though some are unmarked. The fleet includes long-haul jets, the C-46 and C-47 propeller craft that were the workhorses of World War II, a variety of helicopters and the latest in single-engine and twin-engine utility planes. Air America also borrows Air Force planes.

The line's headquarters in Washington looks much like the offices of other medium-size businesses—conservatively dressed executives, miniskirted secretaries, bits of Asian art on the walls, a reddish-orange carpet to lend a touch of cheer.

The chief executive of Air America is George A. Doole Jr., a low-key 60-year-old businessman who holds a master's degree from the School of Business Administration at Harvard. Before joining Air America in 1953 he was the chief pilot for Pan American and pioneered trans-Atlantic air routes before World War II.

In Asia the general manager is Hugh L. Grundy, 55, who is described by acquaintances as a quiet, shy man. He too is an alumnus of Pan American, having been an engineer with the line before the war and then having served in China. His headquarters is in Taipei, Taiwan.

The C.I.A. evidently has at least two channels into Air America—one through the holding company atop the corporate structure of Air America and its

affiliates, the other through charter arrangements under the guise of contracts with A.I.D. Gleanings from those contracts, which have been made available to The New York Times, show the extent of the operations.

The C.I.A. declines to comment on this subject, and A.I.D. officials refuse to discuss intelligence operations.

Mr. Doole, in an interview, brushed the matter aside. "If 'someone out there' is behind all this," he said, "we don't know about it."

Incorporated in Delaware

The parent company of Air America is the Pacific Corporation, which was incorporated in Delaware in 1950 with \$10,000. Mr. Doole said the shares were privately held, mostly by the five members of the board of directors. The corporation and its subsidiaries employ about 9,300 people.

The Pacific Corporation owns 100 per cent of Air America, which is also a Delaware corporation founded in 1950. The line owns 125 aircraft and leases 42 more. It employs about 4,700 people, some 400 of them pilots, and has bases in Okinawa, Taiwan, South Vietnam, Thailand and Laos.

Air America, in turn owns 99 per cent of Air Asia, which was set up on Taiwan in 1955. Air Asia claims the finest aircraft maintenance and repair facility in Asia, at Tainan.

In addition, the Pacific Corporation owns 49 per cent of Civil Air Transport, incorporated under Chinese Nationalist law on Taiwan. It was founded in 1946 by General Chennault, the United States air commander in China during World War II who died in 1958, and is manned by many of the pilots who flew with the Flying Tigers against Japan during the war.

Civil Air Transport, known as C.A.T., which originally functioned as a regular airline as well as carrying out clandestine missions, is also generally believed to have been operated and partly financed by United States intelligence agencies. Air America took over C.A.T. in 1950.

When the Chinese Nationalists wanted to establish a Chinese-run airline, C.A.T. had to get out of the passenger business. Most of its other operations have since been absorbed by Air America but it still flies some special missions.

There is also a separate operating division of Air America known as Pacific Engineering. Its functions are obscure.

"We're all one family," Mr. Doole said. "You can't tell one from the other. We tie them together with contracts and don't even keep separate books except for tax purposes."

Air America and its affiliates appear to be self-sustaining; operations in that they are paid by A.I.D. and commercial clients for their work. Because more than 50 per cent of it is done under Government contract, it is impossible to say whether the line makes a profit in the commercial sense. Moreover, its financial transactions and earnings are unavailable because the Pacific Corporation, being closely held, does not have to report them publicly.

The boards of directors of the companies are closely tied together. Most of the directors serve on several boards, which are made up of reputable businessmen chosen to give the entire complex respectability and a cover that looks genuine.

Samuel A. Walker, chairman of the Pacific Corporation, is a managing partner of Joseph Walker & Sons, a New York banking house. He is also a director of Air America.

Pilots Are Greatest Asset

The chairman of Air America and Air Asia is Adm. Felix B. Stump, who was commander in chief of United States forces in the Pacific from 1953 to 1959. Mr. Doole holds the titles of president of the Pacific Corporation and chief executive of Air America and Air Asia.

Robert G. Goelet, William A. Read and Arthur B. Richardson are directors of all three companies. Mr. Goelet has extensive holdings in New York real estate, Mr. Read is a retired member of the investment house of Dillon, Read & Co., and Mr. Richardson was formerly president of Chesbrough-Pond's.

Air America's greatest assets are its pilots, mostly Americans but including some Chinese and Thais.

"We hire the same pilots that Pan American and United hire," Mr. Doole said, "except that ours are a bit more experienced."

He shied from the term "bush

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pilot," remarking that many nonfliers consider it a term for a low-grade man.

He contended that his pilots were not adventurers but a well-disciplined, professional flying organization, but then he relented a bit: "Maybe there's a little atmosphere of adventure, but there's damn little of that."

At another point he said: "Our work is more demanding of the pilot and he gets more fun out of the irregular jobs in remote places. Besides, one of the dreariest jobs in the world

today is flying a 707 across the Atlantic."

Mr. Doole conceded that flying for Air America had its risks. "But we make a real business of knowing where not to get shot at," he said. "That's an essential part of our bag of tricks."

Air America's pilots are well paid. After six months many make \$20,000 to \$30,000 a year, plus extras for hazardous missions. "That's a little more than the pilot and his wife hoped for when he was looking for a job," Mr. Doole said.

Like conventional lines, Air America says it draws most of its pilots from those leaving the Air Force. Other sources say that some of the pilots are still in service. According to these reports, they go through the motions of leaving the Air Force, don civilian clothes—and collect the higher pay—and then return to the Air Force when their assignments with Air America are finished.

Another charter carrier, Continental Air Services, performs some of the same missions as Air America, but on a smaller scale. It is owned and operated by Continental Airlines of Los Angeles, a regular commercial company.

A third charter carrier is Southern Air Transport, also believed to be controlled by the C.I.A. It flew missions in the Caribbean in the early nineteen-sixties and now carries military personnel and cargo from Tokyo to Southeast Asia.

As for Air America, the continuous expansion of its activity in Laos since 1962 is the story of the growing American involvement in the conflict there. Air America has been essential to the development of the clandestine army, headed by Maj. Gen. Vang Pao and recruited, trained, supplied and advised by the C.I.A.

Air America began supplying food and weapons to the Meo hill tribesmen even before the pro-Communist Pathet Lao resumed the war against the Government of Prince Souvanna Phouma in 1964. The Meos were

viewed as the best fighters in Laos while the French-trained Laotian Army was considered lethargic.

Logistic Support Expanded

As the Pathet Lao, aided by the North Vietnamese, became more hostile, the Meos were formed into the clandestine army and given better weapons and training. They could not grow food and fight at the same time, so logistic support by Air America was expanded.

The big push came in October, 1968, when it appeared that the North Vietnamese and the Pathet Lao were preparing a major offensive. A.I.D. contracted with Air America for greater warehousing, ramp, passenger and control-tower services at the Vientiane airport. The contract also called on Air America for more drops to support clandestine agents and guerrilla teams.

A second contract expanded Air America's flying services. The company had in Laos four twin-engine C-46'S, plus helicopters and small utility planes. It was required to have more planes on call from bases outside Laos and could draw on

planes furnished by the Government.

New contracts in October, 1969, required still more aircraft and services and a large expansion of ground equipment, oil storage, warehousing, office space and vehicles.

The expansion of the communications system, following the seizure of the Plaine des Jarres by General Vang Pao's forces last summer, was particularly noticeable.

From the first A.I.D. contract in March, 1963, through September, 1969, Air America was paid \$52.9-million, but the figure far from tells the story since most of the company's ground facilities, fuel, vehicles, communications equipment and housing was furnished by the agency. Air America mainly provided planes and people.

Build-Up in Thailand

In Thailand, Air America's build-up paralleled that in Laos. In March, 1967, it began training mechanics for the aviation division of the Thai National Police, which has been advised and trained by the C.I.A. Thai apprentices were taken to the Air Asia base at Tainan, on Taiwan, for a year's intensive training. A shorter course, also at Tainan, trained mechanics' helpers.

In November, 1967, Air America began flying services in Thailand similar to those in Laos. The operations, based at Bangkok and at Udon, a city in the center of the northeastern region, were brought about by rising infiltration and subversion supported by the North

Vietnamese and Chinese.

It was from Udon that Thai troops were flown into Laos by Air America a couple of weeks ago to reinforce General Vang Pao's troops, which had been pushed off the Plaine des Jarres by the North Vietnamese.

Air America's latest contract for Vietnam, signed last October, calls for about 45 aircraft, including C-46'S and C-47'S, helicopters and small planes. They haul large loads of A.I.D. supplies all over the country and support clandestine missions, among them those of the montagnards of Central Vietnam.

Despite the connection between the C.I.A. and Air America and the use of the aid agency as a cover, sources in A.I.D. here said they have seen no damage to genuine aid missions in countries sensitive to the C.I.A.'s presence.

Some sources said privately, however, that they would not be surprised if eyebrows were raised. They indicated that the subject had caused some discussion in the aid agency but that nothing had been done about it.