

DD/S 70-0506

6 FEB 1970

MEMORANDUM FOR: Chief of Operations, Far East Division

SUBJECT : Air America Operations in Laos

1. In accordance with your request of yesterday, there is attached a blind memorandum which outlines the scope of Air America operations in Laos.

2. Except for the General Counsel, who has looked over the paper, and this Directorate, the paper has not been cleared within the Agency. I suggest that your people undertake such additional clearance as is necessary prior to its inclusion in the package for Dr. Kissinger as requested by Mr. Chapin on 4 February.

SIGNED R. L. Bannerman

R. L. Bannerman  
Deputy Director  
for Support

Att.

cc: General Counsel

SECRET

1. Air America, Inc., has been actively engaged for some twelve years in air support of operations in Laos. This support involves airlifting substantial quantities of rice, other foodstuffs, supplies and military equipment, refugees and indigenous soldiers through Laos. Air America's operating and maintenance facilities at Vientiane and at Udon Thani, across the Mekong in Thailand and forty miles south of Vientiane, served as the base of operations during 1969 for 230 pilots, 46 fixed-wing aircraft and 37 helicopters. These pilots made 109,000 landings with fixed-wing aircraft and 157,000 helicopter landings, while transporting 739,000 passengers and 130,000 tons of cargo in 1969. Some 120,000 aircraft flying hours were required and this represents a growth from 304 flying hours in 1967, the Company's first year of operation in the interior of Laos.

2. The great majority of the landing strips used for fixed-wing aircraft are in mountainous areas where only small sites can be developed. Frequently operations can be undertaken from one direction only due to the gradient of the terrain or the proximity of hills. One such strip is at Phia Louang. It is at an elevation of 4500 feet, 596 feet long, 55 feet wide, and has a dirt surface. Landings can only be made up-hill to the south and notices to pilots caution that the approach is subject to strong updrafts from the canyon off the north end of the strip. In addition to the small single-engined aircraft that operate into these strips, Air America provides flight crews to man C-130s and C-123s for operation into some larger landing areas and for airdrops.

3. There are 139 landing strips which remain active in Laos, approximately 200 more have been closed for one reason or another, principally the presence of unfriendly forces. In addition, some 240 helicopter pads are in current use. Many of these operating sites are in close proximity to and even surrounded by unfriendly forces and safe availability to Air America must be checked before each day's operation. Navigational facilities are available at only a half-dozen of the larger airports. In addition, a substantial portion of the operation is conducted over territory held by unfriendly forces and subject to ground fire. In the course of these service operations 56 Air America employees have been killed and 56 aircraft have been lost or destroyed in Laos of which 33 were helicopters.

4. Although Air America first went in to Laos in 1957, associated companies have been in Southeast Asia since participating in the airlifting of supplies to the French forces in the ill-fated defense of Dien Bien Phu in early 1954 operating from Haiphong.

5. Living conditions in the interior of Laos are rudimentary, yet pilots remain occasionally overnight at sites which can be considered reasonably secure. Aircraft maintenance and communications station personnel are frequently exposed for extended periods at remote locations. The transportation and storage of supplies for up-country refueling is always a challenge.

6. Supporting the entire Air America operation are 213 Americans and 1109 employees of other nationalities in Laos and 172 Americans and 1325 employees of other nationalities at Udon Thani, Thailand.

**TRANSMITTAL SLIP**

DATE

**TO:** General Counsel

ROOM NO.

7 D-01

BUILDING

Hqs.

REMARKS:

OGC <sup>S</sup>ubject: HB/ILKA

*[Handwritten initials]*

**FROM:** Deputy Director for Support

ROOM NO.

7 D-26

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FILE SECRETARY'S DETERMINATION

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REF: VIENTIANE 2214 (IN 019646)\*

APPROVE ISSUANCE WEAPONS WITH CONTROLS OUTLINED REF.

REQUEST CABLE CONFIRMATION [redacted] HAS APPROVED.

/END OF MESSAGE/

\*Requested revision [redacted] policy regarding prohibition against flight crew members carrying firearms in Laos

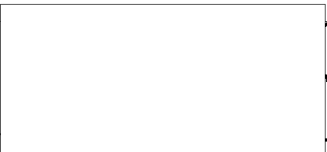
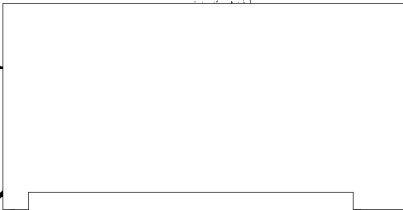
DD/S

DC/SOD

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DDS/HB

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*Thomas H. Karamessines*  
THOMAS H. KARAMESSINES  
DD/P



WILLIAM E. NELSON  
CFE

RELEASING OFFICER

COORDINATING OFFICERS

**SECRET**

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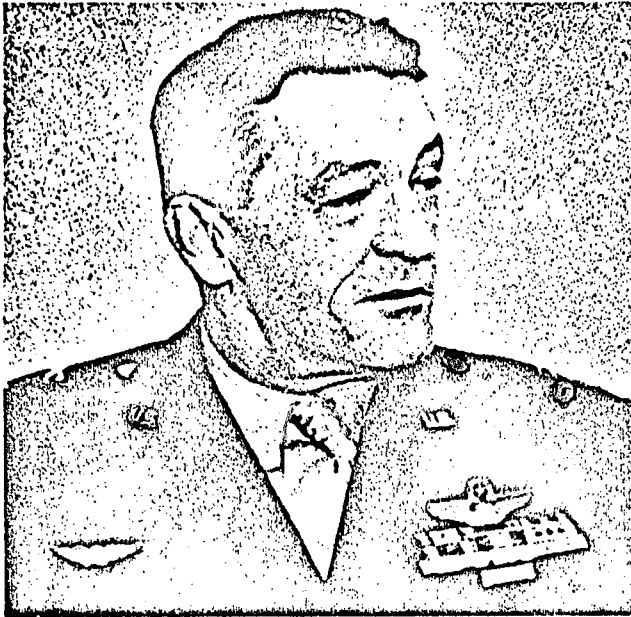




February 1970

# Air America: Flying the U.S. into Laos

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had begun in Laos in 1959; moreover, it appears that President Eisenhower was not informed and did not know when his office and authority were being committed in the Laotian conflict, just as Nixon did not know of the intrigue of Mme. Chennault. But that is precisely the point of parapolitics and private war enterprise.

In its evasion of Congressional and even Executive controls over military commitments in Laos and elsewhere, the CIA has long relied on the services of General Chennault's "private" paramilitary arm, Civil Air Transport or (as it is now known) Air America, Inc.

## [HOW AIR AMERICA WAGES WAR]

**A**IR AMERICA'S FLEETS OF TRANSPORT planes are readily seen in the airports of Laos, South Viet-Nam, Thailand and Taiwan. The company is based in Taiwan, where a subsidiary firm, Air Asia, with some 8000 employees, runs one of the world's largest aircraft maintenance and repair facilities. While not all of Air America's operations are paramilitary or even covert, in Viet-Nam and even more in Laos, it is the chief airline serving the CIA in its clandestine war activities.

Until recently the largest of these operations was the supply of the fortified hilltop positions of the 45,000 Meo tribesmen fighting against the Pathet Lao behind their lines in northeast Laos. Most of these Meo outposts have airstrips that will accommodate special Short Take-off And Landing aircraft, but because of the danger of enemy fire the American and Nationalist Chinese crews have usually relied on parachute drops of guns, mortars, ammunition, rice, even live chickens and pigs. Air America's planes also serve to transport the Meos' main cash crop, opium.

The Meo units, originally organized and trained by the French, have provided a good indigenous army for the Americans in Laos. Together with their CIA and U.S. Special Forces "advisors," the Meos have long been used to harass Pathet Lao and North Vietnamese supply lines. More recently they have engaged in conventional battles in which they have been transported by Air America's planes and helicopters (New York Times, October 29, 1969). The Meos also defended, until its capture in 1968, the key U.S. radar installation at Pathi near the North Vietnamese border; the station had been used in the bombing of North Viet-Nam.

Further south in Laos, Air America flies out of the CIA operations headquarters at Pakse, from which it reportedly supplies an isolated U.S. Army camp at Attapu in the south-east, as well as the U.S. and South Vietnamese Special Forces operations in the same region (San Francisco Chronicle, October 15, 1969). Originally the chief purpose of these activities was to observe and harass the Ho Chi Minh trail, but recently the fighting in the Laotian panhandle, as elsewhere in the country, has expanded into a general air and ground war. Air America planes are reported to be flying arms, supplies and reinforcements in this larger campaign as well (New York Times, September 18, 1969).

**I**N THE CLOSING DAYS OF THE 1968 presidential campaign, the Democrats made an eleventh-hour bid for the presidency through a White House announcement that all bombing in North Viet-Nam was being stopped and that serious peace negotiations were about to begin. This move was apparently torpedoed within 30 hours by President Thieu of South Viet-Nam who publicly rejected the coming negotiations. Three days later, the Democratic candidate lost to Richard Nixon by a narrow margin.

After the election, it was revealed that a major Nixon fund raiser and supporter had engaged in elaborate machinations in Saigon (including false assurances that Nixon would not enter into such negotiations if elected) to sabotage the Democrats' plan. It was also revealed that, through wire taps, the White House and Humphrey knew of these maneuvers before the election and that a heated debate had gone on among Humphrey strategists as to whether the candidate should exploit the discovery in the last moments of the campaign. Humphrey declined to seize the opportunity, he said, because he was sure that Nixon was unaware of and did not approve of the activities of his supporter in Saigon.

The supporter in question was Madame Anna Chennault, and her covert intervention into the highest affairs of state was by no means an unprecedented act for her and her associates. Madame Chennault's husband, General Claire Chennault, had fought in China with Chiang Kai-shek; after the war he formed a private airline company. Both husband and wife have, through their involvement with the China Lobby and the CIA's complex of private corporations, played a profound role throughout our involvement in Southeast Asia. General Chennault's airline was, for example, employed by the U.S. government in 1954 to fly in support for the French at Dien Bien Phu. It was also a key factor in the new fighting which

by Peter Dale Scott

Photograph of General Claire Chennault by Black Star

Ostensibly, Air America's planes are only in the business of charter airlift. Before 1968, when the U.S. Air Force transferred its operations from North Viet-Nam to Laos, air combat operations were largely reserved for "Laotian" planes; but it has been suggested that at least some of these operated out of Thailand with American, Thai, or Nationalist Chinese pilots hired through Air America. In addition, many of Air America's pilots and ground crews have been trained for intelligence or "special" missions: a reporter in 1964 was amused to encounter American ground crews whose accents and culture were unmistakably Ivy League. And for years Air America's pilots have flown in a combat support role. As early as April 1961, when U.S. "advisors" are first known to have guided the Laotian army in combat, Air America's pilots flew the troops into battle in transports and in helicopters supplied by the U.S. Marines.

The 1962 Geneva Agreements on Laos prohibit both "foreign paramilitary formations" and "foreign civilians connected with the supply, maintenance, storing and utilization of war materials"; Air America's presence would appear to constitute a violation under either category. In calling Air America a paramilitary auxiliary arm, however, it should be stressed that its primary function is logistical: not so much to make war, as to make war possible.

#### [THE EARLY HISTORY OF AIR AMERICA]

**T**O UNDERSTAND THE COMPLEX OPERATIONS of Air America, one must go back to 1941 and the establishment of the "Flying Tigers" or American Volunteer Group (AVG), General Claire Chennault's private air force in support of Chiang Kai-shek against the Japanese. At that time President Roosevelt wished to aid Chiang and he also wanted American reserve pilots from the three services to gain combat experience; but America was not yet at war and the Neutrality Act forbade the service of active or reserve personnel in foreign wars. The solution was a legal fiction, worked out by Chennault's "Washington squadron," which included Roosevelt's "Brain Truster" lawyer, Thomas G. Corcoran, and the young columnist Joseph Alsop. Chennault would visit bases to recruit pilots for the "Central Aircraft Manufacturing Company, Federal, Inc.," (CAMCO), a corporation wholly owned by William Pawley, a former salesman for the old aircraft producer Curtiss-Wright, Inc. and head of Pan American's subsidiary in China. According to their contracts, the pilots were merely to engage in "the manufacture, operation, and repair of airplanes" in China; but Chennault explained to them orally that they were going off to fly and to fight a war.

In theory, the whole contract was to be paid for by the Chinese Government; in practice the funds were supplied by the United States Government through Lend-Lease. The operation was highly profitable to both of Pawley's former employers. Curtiss-Wright was able to unload 100 P-40 pursuit planes, which even the hard-pressed British had just rejected as "obsolescent." Pawley nearly wrecked the whole deal by insisting on a 10 per cent agent's commission, or \$450,000, on the Curtiss sale. Treasury Secretary Morgenthau protested, but was persuaded by the Chinese to approve a payment of \$250,000. For its part, Pan Am's Chinese subsidiary was later able to use many of Chennault's pilots in the lucrative charter airlift operations over the "hump" to Chungking.

It was agreed that Pawley's new CAMCO Corporation could not take American pilots into the private war business without presidential authorization, and there was some delay in getting this approval. But on April 15, 1941, Roosevelt signed an Executive Order authorizing the enlistment of U.S. reserve officers and men in the AVG-Flying Tigers. Thus CAMCO became a precedent for the establishment of a private war corporation by government decision. It does not appear, however, that the CIA was quite so fastidious about obtaining presidential approval in the postwar period.

After the war Chennault saw that a fortune could be made by obtaining contracts for the airlift of American relief supplies in China. Through Corcoran's connections—and despite much opposition—the relief agency UNRRA supplied Chennault not only with the contracts but also with the planes at bargain prices as well as with a loan to pay for them. One of Corcoran's connections, Whiting Willauer, promptly became Chennault's Number Two man. With the generous financing of the American taxpayers, Chennault and Willauer needed only a million dollars to set up a new airline, Civil Air Transport (CAT), the forerunner of Air America. According to The Reporter, CAT was originally bankrolled by T. V. Soong, then Chaing's ambassador to the U.S., whose personal holdings in the United States—after administering Chinese Lend-Lease, were reported to have reached \$47,000,000 by 1944. There is no sign that the Soong interest in the CAT-Air America complex has ever been brought out.

The World War was over, but the Chinese Revolution was not. CAT, established for relief flights, was soon flying military airlifts to besieged Nationalist cities, often using the old Flying Tigers as pilots. Chennault himself spent a great deal of time in Washington with Corcoran, Senator William Knowland and other members of the Soong-financed China Lobby: he campaigned in vain for a \$700,000,000 aid program to Chiang, half of which would have been earmarked for military airlift.

After the establishment of the Chinese People's Republic in October 1949, Truman and the State Department moved to abandon the Chiang clique and to disassociate themselves from the defense of Taiwan. By contrast, CAT chose to expand its parabusiness operations, appealing for more pilots "of proved loyalty."

To help secure Taiwan from invasion, Chennault and his partners put up personal notes of \$4,750,000 to buy out China's civil air fleet, then grounded in Hong Kong. The avowed purpose of this "legal kidnapping" was less to acquire the planes than to deny them to the new government pending litigation. It is unclear exactly who backed Chennault financially in this critical maneuver (Soong denied that it was he). But it is known that shortly before the Korean war CAT was refinanced as a Delaware-based corporation by "a group of American businessmen and bankers." By the winter of 1950-'51 CAT was playing a key role in the airlift of supplies to Korea, and Chennault (according to his wife's memoirs) was into "a heavy intelligence assignment for the U.S. Government" (*A Thousand Springs*, p. 248).

#### [CHENNAULT'S AMBITION OF ROLLING BACK COMMUNISM]

**C**HENNAULT'S VISION FOR HIS airline was summed up in 1959, the year of CAT's entry into Laos, by his close friend and biographer, Robert Lee Scott: "Wherever CAT flies it proclaims to the world that

somehow the men of Mao will be defeated and driven off the mainland, and all China will return to being free."

As late as March 1952, according to Stewart Alsop, the Truman Administration had failed to approve the "forward" policy against China then being proposed by John Foster Dulles (Saturday Evening Post, Dec. 13, 1958). Yet in a CIA operation in 1951, CAT planes were ferrying arms and possibly troops from Taiwan to some 12,000 of Chiang's soldiers who had fled into Burma. In his book, *To Move a Nation*, Roger Hilsman tells us that the troops, having been equipped by air, undertook a large-scale raid into China's Yunnan Province, but the raid was a "colossal failure." Later, in the "crisis" year 1959, some 3000 of the troops moved from Burma to Laos. On another CIA operation in 1952, a CAT plane dropped CIA agents John Downey and Richard Fecteau with a supply of arms for Nationalist guerrillas on the mainland.

In 1954 Chennault conducted a vigorous political campaign in support of a grandiose but detailed proposal whereby his old friends Chiang and Syngman Rhee would be unleashed together against the Chinese mainland with the support of a 470-man "International Volunteer Group" modeled after his old Flying Tigers. "Once Chiang unfurls his banner on the mainland," promised Chennault, "Mao will be blighted by spontaneous peasant uprisings and sabotage."

Chennault actually had a list of pilots and had located training sites for the Group in Central America, where his former partner Whiting Willauer, now U.S. ambassador to Honduras, was playing a key role in the CIA-organized deposition of Guatemalan President Arbenz. (Willauer was also one of the two chief officials responsible for the planning of the Bay of Pigs operation under the Eisenhower Administration.) Chennault's plan seems to have had CIA support. It was defeated however by opposition in the State Department, Pentagon, and Nationalist Chinese Air Force.

CAT, however, had by no means been idle. It flew 24 of the 29 C-119's dropping supplies for the French at Dien Bien Phu. The planes were on "loan" from the U.S. Air Force, and some of the "civilians" flying them were in fact U.S. military pilots. According to Bernard Fall, who flew in these planes, the pilots were "quietly attached to CAT to familiarize themselves with the area in case [as Dulles and Nixon hoped] of American air intervention on behalf of the French." (*Hell in a Very Small Place*, p. 241).

CAT's C-119's were serviced in Viet-Nam by 200 mechanics of the USAF 81st Air Service Unit. Five of these men were declared missing on June 18, 1954. Thus the CAT operation brought about the first official U.S. casualties in the Viet-Nam war. Senator John Stennis, fearful of a greater U.S. involvement, claimed the Defense Department had violated a "solemn promise" to have the unit removed by June 12.

From the passing of the 1954 Geneva Agreements until Chennault's death four years later, CAT seems to have played more of a waiting than an active paramilitary role. But CAT continued to train large numbers of Chinese mechanics at its huge Taiwan facility. As a right-wing eulogist observed in 1955, they were thus ready for service "if the Communists thrust at Formosa or Thailand or Southern Indochina. . . CAT has become a symbol of hope to all free Asia. Tomorrow the Far Eastern skies may redden with a new war and its loaded cargo carrier may roll down the runways once more" (Saturday Evening Post, Feb. 12, 1955, p. 101).

[ALSOP'S "INVASION": AIR AMERICA ENTERS INTO LAOS]

THE QUEMOY CRISES OF 1954 and 1958 were generated in large part by a build-up of Chiang's troops on the offshore islands, from which battalion strength commando raids had been launched. While this build-up was encouraged by local military "advisors" and CIA personnel, it was officially disapproved by Washington. The crises generated new pressures in the Pentagon for bombing the mainland, but with their passage the likelihood of a U.S.-backed offensive seemed to recede decisively. United States intelligence officials later confirmed that the Soviet Union had disappointed China during the 1958 crisis by promising only defensive support. Some CIA officials concluded that the U.S. could therefore risk confrontation with impunity below China's southern border, since any response by China would only intensify the Sino-Soviet split. The fallacy of this reasoning was soon to be made apparent.

After Quemoy, Laos appeared to present the greatest likelihood of war in the Far East, though hardly because of any inherent aggressiveness in the Laotian people themselves. In 1958, the non-aligned government which had been established in Laos under Prince Souvanna Phouma appeared to be close to a neutralist reconciliation with the pro-Communist Pathet Lao. Fearful that this would lead to the absorption of Laos into the Communist bloc, the United States decided to intervene, and Souvanna Phouma was forced out of office on July 23, 1958, by a timely withholding of U.S. aid. Egged on by its American advisors, the succeeding government of Phoui Sananikone declared itself no longer bound by the provisions of the 1954 Geneva Agreements and moved swiftly toward a covert build-up of U.S. military aid, including non-uniformed "advisors." Even so, the CIA and the military were not satisfied with the new government, which the State Department had approved. As Hilsman and Schlesinger have revealed, the CIA organized a right-wing power base under General Phoumi Nosovan and made him a key figure in its subsequent scenarios.

CIA and Pentagon officials were now set upon a course, often opposed to that of the U.S. ambassador in Vientiane, which led to the further destabilization of Laos and hastened the growth of the Pathet Lao. The CIA's plotting on behalf of General Phoumi has therefore frequently been derided as self-defeating. This assumes, however, that the CIA's interest was confined to the rather amorphous internal politics of Laos; in fact the scope of its strategy is far wider.

In December 1958, both North Viet-Nam and Yunnan Province in southern China began to complain of over-flights by American or "Laotian" planes. These charges, which Arthur J. Dommen confirms, may refer in fact to "flights of American reconnaissance aircraft." (Dommen's excellent book, *Conflict in Laos*, was prepared with the aid of the Council on Foreign Relations, published by Praeger, and dedicated to one of the most notorious CIA agents in Taiwan and later in Laos, Robert Campbell James). Soon afterwards, Peking began to complain of U.S.-supplied Nationalist Chinese Special Forces camps in Yunnan Province.

By March 1959, according to Bernard Fall, "Some of the Nationalist Chinese guerrillas operating in the Shan states of neighboring Burma had crossed over into Laotian territory and were being supplied by an airlift of 'unknown planes.'" Laos was already beginning to be what it has since clearly

become: a cockpit for international confrontation.

In 1959, following a government crackdown against the leaders and military forces of the Pathet Lao, the country saw an outbreak of sporadic fighting which General Phoumi quickly labeled a North Vietnamese "invasion." On August 23, the New York Times reported the arrival of two CAT transports in the Laotian capital, Vientiane. More transports arrived soon thereafter. On August 30, a "crisis" occurred which was to be used as a pretext for a permanent paramilitary airlift operation. (Also, sometime about this period, before September 30, 1959, CAT, Inc. changed its name to Air America, Inc.)

All through August, reports from three of Phoumi's generals created a minor war hysteria in the U.S. press, which depicted an invasion of Laos by five or more North Vietnamese battalions. At one point, when August rains washed out a bridge, the New York Times reported "Laos Insurgents Take Army Post Close to Capital," and speculated that they were trying to cut off Vientiane from the south. As for the August 30 "crisis," the Washington Post wrote that 3500 communist rebels, "including regular Vietminh troops, have captured 80 villages in a new attack in northern Laos." Much later, it was learned that in fact not 80 but three villages had been evacuated, after two of them had been briefly blanketed by 81-mm mortar fire at dawn on August 30. No infantry attack had been observed: the defending garrisons, as so often happened in Laos, had simply fled.

After it was all over, the Laotian government claimed only that it had lost 92 men during the period of the "invasion" crisis from July 16 to October 7, 1959; more than half of these deaths ("estimated at 50 killed") took place on August 30. A U.N. investigating team, after personal interviews, reduced the latter estimate from 50 to five. Further, as a RAND Corporation report for the U.S. Air Force concluded, "it is apparent that the Sananikone government precipitated the final crisis which led to war in Laos." No North Vietnamese invaders were ever discovered. Though the Laotians claimed at one point to have seven North Vietnamese prisoners, it was later admitted that these were deserters who had crossed over from North Viet-Nam in order to surrender.

Joseph Alsop, however, who had arrived in Laos just in time to report the events of August 30, wrote immediately of a "massive new attack on Laos" by "at least three and perhaps five new battalions of enemy troops from North Viet-Nam." In the next few days he would write of "aggression, as naked, as flagrant as a Soviet-East German attack on West Germany," noting that "the age-old process of Chinese expansion has begun again with a new explosive force." Unlike most reporters, Alsop could claim to have first-hand reports: on September 1 at the town of Sam Neua, he had seen the arrival on foot of survivors (one of whom had a "severe leg wound") from the mortared outposts. Bernard Fall, who was also in Laos and knew the area well, later called all of this "just so much nonsense," specifying that "a villager with a severe leg wound does not cover 45 miles in two days of march in the Laotian jungle." (*Street Without Joy*, p. 303). Alsop, by Fall's account, had been a willing witness to a charade staged for his benefit by two of Phoumi's generals.

As on many occasions between 1959 and 1964, Alsop's reports were to play an important role in shaping the Asian developments he described. The London Times drew attention

to the stir his story created in Washington. Senator Dodd and others clamored vainly that in the light of the "invasion" Khrushchev's impending visit to America should be put off. Though this did not happen, there were three lasting consequences of the "great Laos fraud" of August 1959.

First, on August 26, the State Department announced that additional U.S. aid and personnel would be sent to Laos: thus the military support program was stepped up at a time when a congressional exposure of its scandals and futility had threatened to terminate it altogether. Second, reportedly under a Presidential Order dated September 4, CINCPAC Commander Harry D. Felt moved U.S. ground, sea and air forces into a more forward posture for possible action in Laos. (A signal corps unit is supposed to have been put into Laos at this time, the first U.S. field unit in Southeast Asia.) Third, the planes of Air America were moved into Laos to handle the stepped-up aid, and additional transports (over the approved 1954 levels) were given to the Laotian government. At the same time a Chennault-type "volunteer air force" of U.S. active and reserve officers ("America Fliers for Laos") was said by the Times to be negotiating a contract for operations "like those of the Flying Tigers."

The timing of these germinal decisions is intriguing. On the day of the aid announcement, August 26, Eisenhower had left for Europe at 3:20 in the morning to visit Western leaders before receiving Khrushchev in Washington. At a press conference on the eve of his departure, he professed ignorance about the details of the Laotian aid request, which had just been received that morning. He did, however, specify that the State Department had not yet declared the existence of an "invasion" (something it would do during his absence). The date of the "Presidential Order" on Laos, September 4, was the day allotted in Eisenhower's itinerary for a golf holiday at the secluded Culzean Castle in Scotland. According to his memoirs, which corroborate earlier press reports, "our stolen holiday was interrupted *the following morning* (i.e., September 5) by bad news from Laos." Eisenhower added, "My action *on return to the United States* was to approve increased aid to the pro-United States government" (emphasis added). He is silent about the troop movements he reportedly authorized.

Knowing this, one would like to learn why a U.S. response to an artificially-inflated "emergency" on August 30 was delayed until Eisenhower's virtual isolation five days later, even though it could not await his return to Washington three days after that. Once again it is the knowledgeable Joseph Alsop who supplies the corroborating details: "Communications are non-existent in little Laos. Hence word of the new 'invasion' took more than 48 hours to reach the commander of the Laotian Army, General Ouane Rathikoune. There was, of course, a further delay before the grave news reached Washington. Time also was needed to assess its significance."

Bernard Fall rejects this explanation: "The Laotian Army command . . . *did* know what went on in the border posts since it had radio communications with them." The Senate Foreign Relations Committee would do well to investigate the resulting possibility that the first U.S. field unit in Southeast Asia was put in by a combination of deliberate misrepresentation and evasion of proper presidential review. Washington columnist Marquis Childs reported soon after the "invasion" that: "A powerful drive is on within the upper bureaucracy of Defense and Intelligence to persuade President Eisenhower that he

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must send American troops into Laos. . . . They will consist of two Marine regiments of the Third Marine Division now stationed on Okinawa and components of the 1st Marine Air Wing, also on Okinawa [having been moved up in the course of the crisis]. Notice would be served on the Communists—Red China and North Viet-Nam—that if they did not withdraw in one week, they would be attacked. According to one source, they would use the tactical atomic weapons with which they are in part at least already equipped."

Senator Mansfield asked in the Senate on September 7, whether the President and Secretary of State Herter still made foreign policy, or whether the various executive agencies, like Defense and CIA, had taken over. Today, with Air America deep in Laotian war business, Congress should surely learn more about the arrival of CAT's planes in Vientiane on August 22, more than a week before the U.S. government's two critical policy decisions. The Chennault-inspired "American Fliers for Laos" would violate the provisions of the Neutrality Act quite as clearly as had the Flying Tigers: was there then an authorization from Eisenhower to parallel that granted by Roosevelt? One witness who might be called to testify is Joseph Alsop, who like some of the China hands in the CIA and the Pentagon, had himself worked for Chennault in China during World War II.

[AIR AMERICA HELPS TO OVERTHROW A GOVERNMENT]

**A**LTHOUGH THE CIA's General Phoumi was largely responsible for the intrigues of the August "invasion," the State Department's Phoui Sananikone was still in office. On December 30, according to Schlesinger, the CIA "moved in" and toppled Phoui.

A few months later, in April 1960, the CIA helped to rig an election for their man Phoumi. Dommen reports that "CIA agents participated in the election rigging, with or without the authority of the American Ambassador. A Foreign Service officer . . . had seen CIA agents distribute bagfuls of money to village headmen." But this maneuver was so flagrant that it discredited the government and led to a coup in August, restoring the old neutralist premier, Souvanna Phouma.

Over the next few weeks, Souvanna Phouma's new government succeeded in winning the approval of the King, American Ambassador Winthrop Brown, and the new right-wing, but pliant, National Assembly. In due course his pro-neutralist government was officially recognized by the United States. Nevertheless General Phoumi, after consulting with his cousin Marshal Sarit in Thailand, decided to move against Souvanna, proclaiming a rival "Revolutionary Committee" in southern Laos. Phoumi's first announcement of his opposition took the form of leaflets dropped from a C-47 over the Laotian capital. Presumably the pilot was an American mercenary, as the Laotians were not known to have been trained to handle these planes.

In the next three months, according to Schlesinger, "A united embassy, including CIA [i.e. CIA station chief Gordon L. Jorgensen] followed Brown in recommending that Washington accept Souvanna's coalition. . . . As for the Defense Department, it was all for Phoumi. Possibly with encouragement from Defense and CIA men in the field, Phoumi . . . proclaimed a new government and denounced Souvanna. The Phoumi regime became the recipient of American military

aid, while the Souvanna government in Vientiane continued to receive economic aid. Ambassador Brown still worked to bring them together, but the military support convinced Phoumi that, if he only held out, Washington would put him in power." The words which I have italicized are inexcusably misleading: Phoumi, from the beginning of his formal insurgency in September, had high-level CIA and Pentagon encouragement to oust Souvanna's supporters in Vientiane. The proof of this was that while Sarit's forces in Thailand blockaded Vientiane, Air America was stepping up its military airlift to Phoumi's base at Savannakhet.

"It was plain," writes Dommen, "that General Phoumi was rapidly building up his materiel and manpower for a march on Vientiane. From mid-September, Savannakhet was the scene of an increased number of landings and take-offs by unmarked C-46 and C-47 transports, manned by American crews. These planes belonged to Air America, Inc., a civilian charter company with U.S. Air Force organizational support and under contract to the U.S. Government."\*

In October, Hilsman reports, Ambassador Brown was telling Souvanna that the United States "had Phoumi's promise not to use the aid against . . . the neutralist forces" in Vientiane. Yet even as he did so, two men "flew to Savannakhet and gave Phoumi the green light to retake Vientiane" (Saturday Evening Post, April 22, 1961, p. 89). The two men were not some CIA spooks "in the field," but John N. Irwin II, Assistant Secretary of Defense for International Security Affairs, and Vice-Admiral Herbert D. Riley, chief of staff of the U.S. Pacific Command. Meanwhile the Meo tribesmen, encouraged by the CIA, defected from Souvanna in mid-October, at which point Air America began supplying them with materiel and U.S. Special Forces cadres from Savannakhet. Despite the 1962 Geneva Agreements, this airlift has continued up to the present.

[DECEMBER 1960: EISENHOWER O.K.'S AIR AMERICA IN LAOS]

**W**HY DID TOP U.S. OFFICIALS deliberately foment a conflict between non-Communist forces in Laos, a conflict which led to rapid increases in the territory held by the Pathet Lao? According to Time magazine (Mar. 17, 1961), "the aim, explained the CIA, who called Phoumi 'our boy,' was to 'polarize' the Communist and anti-Communist factions in Laos." If so, the aim was achieved: the country is today a battlefield where U.S. bombings, with some 400 to 500 sorties a day, have generated 400,000 refugees. "Polarization," as sanctioned by the Thai blockade of Vientiane and a U.S. refusal of supplies, forced Souvanna Phouma to request an airlift of rice and oil (and later guns) from the Soviet Union, and in the end to invite in North Vietnamese and Chinese "technicians." The first Soviet transport planes arrived in Vientiane on December 4, 1960; and the Russians were careful to send civilian pilots. As Dommen notes, they were "following the precedent set by the United States."

\* Schlesinger, so scathing about "CIA spooks" in Laos, is discreetly silent on the subject of Air America. Even Hilsman, while attacking the "tragedy" of inter-agency rivalry and the CIA's "attempt to 'play God' in Lao political life," says merely that "air transports of a civilian American airline began a steady shuttle to Phoumi's base in Savannakhet" (*To Move A Nation*, p. 124). It is important to remember that Schlesinger and Hilsman (both ex-OSS) were intimately involved with covert CIA operations during the Kennedy Administration.

In late December an American transport was actually fired on by a Soviet Ilyushin 14, and a major international conflict seemed possible. Of course, there were some in CIA and Defense who thought that a showdown with "Communism" in Asia was inevitable, and better sooner than later. Many more, including most of the Joint Chiefs, believed that America's first priority in Laos was international, to maintain a militant "forward strategy" against an imagined Chinese expansionism. Thus the actual thrust of American policy, if not its avowed intention, was towards the Chennault-Air America vision of "rollback" in Asia.

The last weeks of 1960 were to see ominous indications that anti-communist forces were only too willing to internationalize the conflict, especially with the first reports in the Times and Le Monde that General Phoumi's forces were being bolstered by Thai combat troops in Laotian uniforms and by Thai helicopters. The expulsion of Souvanna from Vientiane in mid-December ended nothing; for the next 18 months Laos would have two "governments," each recognized and supplied by a major power.

Did Eisenhower authorize this race to the brink? Years later, in 1966, an article in the Times claimed that the President "had specifically approved" the CIA's backing of Phoumi against Ambassador Brown's advice; the article however said nothing about the Pentagon and Air America's airlift. Eisenhower's own memoirs, in an extraordinary passage, state quite clearly that it was after December 13 (after the crisis posed by the new Soviet airlift) that he approved the use of "United States aircraft" to "transport supplies into the area." (Air America's planes are clearly referred to, since the use of Air Force transports was not authorized until April 26, 1961): "As Phoumi proceeded to retake Vientiane, General Goodpaster reported the events to me. . . . He then posed several questions: 'First, should we seek to have Thai aircraft transport supplies into the area? Second, if the Thais can't do the job, should we use United States aircraft? . . . I approved the use of Thai transport aircraft and United States aircraft as well!'"

These last pages of Eisenhower's memoirs reveal how little he was briefed by bureaucrats as they prepared for a change-over to the incoming Kennedy Administration. Just as he knew nothing of the detailed plans for an invasion of Cuba which had been approved by the CIA's "Special Group" on November 4, so he apparently did not know that Thai helicopters were already being used in a combat support role, nor that Air America had been flying missions for Laos for over a year.

This would help explain why a story reporting the crash of an Air America plane in November on the Plaine des Jarres was not carried in any American newspaper, though it was printed abroad in the Bangkok Post of November 28, 1960. (The plane's American pilot was wounded seriously; the Chinese co-pilot, son of Nationalist Chinese Ambassador to Washington Hollington Tong, was killed.)

It also fits in with the fact that U.S. officials announced on December 7 (six days before Eisenhower authorized the flights) that they had "interrupted military air shipments" to Phoumi. \* After the interruption, Eisenhower was asked to authorize what was in fact a *resumption* of the airlift to Phoumi while apparently under the impression that he was *initiating* it. Thus Air America was "legalized" just in time for the

incoming Kennedy Administration. For the purposes of this legalization the Soviet airlift—which Pentagon machinations had done so much to induce—was not a disaster but a godsend: the airlift could now be justified to the President (as it was to the people) by the formula that, as Sulzberger said, "we are starting to match" the Soviet airlift.

CONSCIOUSLY OR NOT, Air America's operations were leading our country into war in Southeast Asia. And it is hard to believe that Air America's directors were unconscious of this. Retired Admiral Felix B. Stump, until 1958 U.S. Commander-in-Chief, Pacific, and Air America's board chairman since 1959, had told a Los Angeles audience in April 1960: "World War III has already started, and we are deeply involved in it." Later he declared it was "high time" the nation won over communism in the Far East, and he called for the use of tactical nuclear weapons if necessary. Containment was not enough; we must "move beyond this limited objective."

The Admiral was not speaking in a vacuum. Now in one country, now in another, the tempo of U.S. operations in Southeast Asia did indeed increase steadily over the next few years. After a disastrous experiment in the latest counter-insurgency techniques in Laos, for example (with Air America planes and pilots transporting the Laotian army), the Kennedy Administration agreed in May 1961 to a Laotian cease-fire and negotiations. One day later, Rusk announced the first of a series of steps to increase the involvement of U.S. forces, including Air America, in Viet-Nam. A year later the United States signed the July 1962 Geneva Agreements to neutralize Laos. Unfortunately, as in 1954 and 1961, the price for U.S. agreement to this apparent de-escalation was a further buildup of U.S. (and Air America) commitments in Viet-Nam and also Thailand. No diplomatic agreements have ever interrupted this slow but inexorable American buildup in Southeast Asia. Hence it is not surprising that in the Paris talks the other side has been intransigent about the principle of U.S. troop withdrawal, nor that Nixon's public "Vietnamizing" of the war should be balanced by a secret expansion of Air America's role in it.

Despite the '62 Geneva Agreements, Air America has never dismantled its private war enterprise in Laos. Although the Agreements providently called for the withdrawal of "foreign civilians connected with the supply, maintenance, storing, and utilization of war materials," Air America continued to fly into Northeastern Laos, and it appears that some of the uniformed U.S. military "advisors" simply reverted to their pre-Kennedy civilian disguise. The first military incident in the resumption of fighting was the shooting down of an Air America plane in November 1962, three days after the Pathet Lao had warned that they would do so.

What made the Air America coterie with its influential backers in the Pentagon and CIA and its dependent Nationalist

\* New York Times, Dec. 8, 1960, p. 7. "At the same time, they added, the United States has accelerated delivery to South Viet-Nam of military equipment needed to fight Communist guerrillas [and] also has recast military training of the Vietnamese Army to emphasize anti-guerrilla operations." The story shows how (as on many later occasions) de-escalation in Laos was balanced by escalation in Viet-Nam; and also how critical military decisions attributed to the Kennedy Administration in 1961 had in fact been made by the Pentagon during the lame-duck Eisenhower Administration.



Chinese remnants from Burma, hang on in Laos with such tenacity? Hilsman tells us that, at least as late as 1962, there were those in the Pentagon and CIA "who believed that a direct confrontation with Communist China was inevitable," (p. 311). In his judgment, the basic assumption underlying the CIA's programs in Laos, and particularly the airlift to the Meos, "seemed to be that Laos was sooner or later to become a major battleground in a military sense between the East and the West" (p. 115).

In 1962, says Hilsman, a CIA proposal for a "covert" but large-scale landing" on the Chinese mainland itself was turned down; and in June 1962, on the eve of the Laos Geneva Conference, the Chinese Ambassador in Warsaw was informed (for the first time) "that no United States support would be given to any Nationalist attempt to invade the mainland." This apparent rejection of Chennault's old "rollback" proposals did not however put an end to covert operations in Southeast Asia—quite the opposite.

Now that a U.S. attack on China seemed less likely, first Viet-Nam and later Thailand threatened to move toward "neutrality" and a rapprochement with their Communist neighbors. Many observers now agree with Tom Wicker of the New York Times that one important reason for Diem's removal in November 1963 was "Washington's apprehension that Diem's unstable brother, Nhu, was trying to make a 'neutralist' settlement with the Viet Cong and North Viet-Nam through French intermediaries."\*

In 1964 the increasing Vietnamese drift toward neutrality became an ever greater argument for a U.S. escalation, but President Johnson proved unwilling to authorize any dramatic public steps in an election year. Once again, as in the election year 1960, covert war proved to be the easiest answer to the democratic vs. imperialist dilemma: how to appear peaceful at home while intervening abroad.

Once again Laos was the perfect terrain: as in 1960, a CIA-linked right-wing coup, followed by left-wing reaction, was the moving cause for a major outbreak of fighting. Once again Air America's planes were involved in continuous warfare, as they have been with incremental escalations ever since. They were now joined by jets of the USAF and Navy (on August 5, 1964, the latter were diverted from their Laotian targets for the Tonkin Gulf retaliation). Once again (as in the election year 1960) a covert buildup in Laos supplied the infrastructure and air capability for a subsequent buildup in Viet-Nam.

**T**O AN EXTRAORDINARY EXTENT the history of Air America is the history of America's recent involvement in Southeast Asia. The airline has grown with this involvement, so that by 1968 it had amassed a fleet of nearly 200 planes and employed an estimated 11,000 people. (By comparison, its "competitor," the Flying Tiger Line, which was the largest all-cargo carrier in the world when Air America was set up, had only 22 planes and 2089 employees by 1968.)

It is a striking index of the real war strategy of the current Administration that Air America's operations, far from being phased out, are on the increase. The main problem Washington sees in Southeast Asian policy is that the war has become too public; the idea now is to hang on by re-emphasizing the

covert while publicly "Vietnamizing" the war to dull popular concern. Nixon is again stepping up our undercover involvements in Southeast Asia, with a special focus in Laos, a battlefield rarely penetrated by nosy TV camera teams.

As the New York Times reported on September 18, authoritative sources confirmed that "United States B-52 strikes along the Laotian sections of the [Ho Chi Minh] trail have increased greatly in the last two weeks . . . as many as 500 sorties a day were being flown over Laos, and . . . the increase in bombing in Laos was part of the reason for the lull in the air war in South Viet-Nam. . . . United States planes—of Air America, Continental Air Services and the United States Air Force—were flying reinforcements, supplies, and arms to advanced areas, while American Army officers and agents of the Central Intelligence Agency were advising local commanders."

There are clear indications that this upsurge in covert warfare is slated to be an enduring rather than a momentary phenomenon. In October, Air America was making job offers to pilots who had been processed and given security clearances as much as three years earlier, but never employed. One prospective flyer—who was told he would be based in Saigon but could expect to operate throughout Southeast Asia—asked why positions had suddenly become available after such a long interval. The explanation was that Air America's operations had been at a steady level for the last four or five years—including the peak period of the Viet-Nam escalation—but that they were now expected to increase!

And in the wake of the Tonkin escalation, one Washington faction held, as Bernard Fall has written: "That the Viet-Nam affair could be transformed into a 'golden opportunity' to 'solve' the Red Chinese problem as well, possibly by a pan-Asian 'crusade' involving Chinese Nationalist, Korean and Japanese troops, backed by United States power as needed." (*Vietnam Witness*, p. 103.)

These strange lusts for conflagration, which do not seem to have been sated yet, have never quite achieved official dominance in Washington. But the old fantasies of rollback have been nourished by Chennault and his successor, Retired Admiral Felix Stump while each was serving as Board Chairman of CAT and Air America. And the tandem of Air America and CIA did manage to advance the fantasy in Laos—under Kennedy, it seems, as well as Eisenhower—by strengthening the intransigence of General Phoumi while "official" U.S. policy was to induce him into a neutral coalition.

What is the source of the quasi-independent political power that has fueled Air America in such efforts? In the second part of this article (to appear in the next issue of RAMPARTS) we shall take a look at Air America's influential private backers and directors, representing the Rockefellers and other respectable New York financial interests. Why should such pillars of America's "external establishment" involve themselves in such a shady enterprise, and why choose such a fustian spokesman for rollback as Stump to be its chairman? To answer such questions will take us deep into the intricate involvements that will be seen to prevail between Wall Street and the CIA.

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*Professor Scott is with the English Department at the University of California, Berkeley and is a co-author of The Politics of Escalation in Vietnam (Beacon).*

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\* C.f. The Politics of Escalation in Vietnam, Schurmann et al.





TRANSMITTAL SLIP		DATE	20 Jan 70
TO: OGC			
ROOM NO.	BUILDING	Hqs	
7D07			
REMARKS:  OGC SUBJECT: HB/ILKA			
FROM: SOD/AB/OPS/2			
ROOM NO.	BUILDING	EXTENSION	6862

FORM NO. 241  
1 FEB 55

REPLACES FORM 36-8  
WHICH MAY BE USED.

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		6862

FORM NO. 241  
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14 JAN 1970

EXTRACT from the Government Contractors

C O M M U N I Q U ENo. 69-26, Dec. 22, 1969 REC'D WAS JAN 10 1970

POLITICAL RISK GUARANTEE COVERAGE will be given to United States contractors who take equipment overseas. The guarantee just announced by the Export-Import Bank of the United States applies only to equipment that is needed for contract performance and which companies intend to bring back when work on contracts is completed.

Coverage includes losses sustained as a result of civil war, revolution, expropriation or confiscation, by govt action without adequate compensation, or imposition of a law or order which prevents the return of equipment to the United States under circumstances not of the contractor's making. But, before the coverage is extended, the Bank requires written assurance from the govt of the host country that it will allow the importation of the equipment and that return of the equipment to the States will be permitted.

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Recopied 3 Jan. 70 for ✓ MGDR (via President)  
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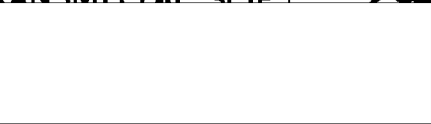
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REMARKS:

Do you have any additional info on this matter?

Bob

File HB149A

FROM:

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ROOM NO.

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