

5-7352

28 June 1954

Hanson Baldwin, Esquire
THE NEW YORK TIMES
New York, New York

Dear Hanson:

As you know, I welcome constructive criticism, particularly from one like yourself, who has a deep and abiding interest in intelligence and is sincerely working to see that the government gets better intelligence. And it is in this light that I have studied your article in THE TIMES of 3 June 1954. These comments, which I would like to supplement when we next get together, are intended merely as friendly comments.

As regards the Mansfield Bill, I have not adopted an attitude of opposition and the only statement I have made on the subject is in the attached interview in U.S. NEWS AND WORLD REPORT (March 19, 1954). I am convinced that Senator Mansfield, whom I know well and respect, has at heart the desire to improve our intelligence and to protect it from destructive attack. It does not seem to me, however, that the analogy with the Atomic Energy Commission is particularly apt. The Commission has to deal with a somewhat unusual situation where a government Agency is directly involved in a major business enterprise involving large scale operations in the United States and the expenditure here of many, many times the funds allocated to CIA. Also, the AEC, as the present situation discloses, has frequent and complicated legislative problems whereas we have relatively few questions of this nature. In fact in the three years and more that I have been here, we have only sought one very minor and uncontroverted piece of legislation to establish the position of Deputy Director. I have also felt that it was wise to build up the existing relations between this Agency and the Armed Services and Appropriations Committees. Their roles are more than "cursory." Here we have established secure and satisfactory relationships. Naturally I recognize the great importance of having sponsors in the Congress to protect us from unwarranted attack.

STAT

*Officer
lee*




The reference to our intelligence estimates on Indo-China in your article are not substantially accurate. While there was no formal estimate when Dien Bien Phu would fall, our current appraisals as to that situation, viewed now from hindsight, were reasonably accurate. While the first estimate made sometime before the fall of Dien Bien Phu as to the time required for redeployment to the Delta, may have been off by a couple of weeks, the estimates made immediately after the fall and when the matter became an important problem, were "right on the nose." Since the attack on the Delta has probably been held up for political reasons, we may never know with complete accuracy the exact date when that redeployment was completed.

The most serious and frankly damaging misstatement in your article relates to our annual budget. The figure of approximately a billion dollars for CIA expenditure which you have implied has been widely repeated in THE NEW YORK TIMES and elsewhere. We do not propose to disclose this figure, but the total you have given is so many times out of line as to be thoroughly damaging. I realize that you did not intend this and that as long as our figures are secret we will continue to be the victims of guesswork in an age when millions too easily become billions.

It is only because I respect your judgment and enjoy and profit by your writings that I have felt justified in commenting on your article in this detail. Naturally, it is purely personal, as I do not wish to get into public print on the subject.

Sincerely yours,



Allen W. Dulles
Director

AWD:hea
Distribution:
Addressee - Orig
DCI file - 1 cc
ER - 1 cc ✓

repatched 7/1/54

SECRET

5 June 1954

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: National Estimates on Trends in Indochina.

1. On 3 June 1954 there appeared in the New York Times an article by Hanson Baldwin which among other things said:

Recently our intelligence estimates of Indochina have erred badly; we expected Dienbienphu to hold out longer than it did, and the redeployment of the Vietminh Armies into the Red River delta area has occurred much faster than expected.

2. The national intelligence record on the two specific points made by Mr. Baldwin follows:

a. How long Dienbienphu would hold:

This question was not dealt with in any NIE. However an assumption that DBP would hold out longer than it did underlay an estimate of when VM forces committed at DBP would be available for major operations elsewhere. Thus in NIE 63-54,* para. 2, we concluded that "The fall of DBP would not in itself substantially alter the relative military capabilities of French Union and Viet Minh forces in Indochina during the next two or three months" [i.e., until late June or late July].

b. How fast VM forces would be redeployed to the Delta:

This question was dealt with in two NIE's.

NIE 63-54, para. 11, stated that "prior to the rainy season" the redeployment of VM forces from DBP to the Delta "would require at least three to four weeks" after the fall of DBP. This has proven to be accurate.

*NIE 63-54, "Consequences within Indochina of the Fall of Dien Bien Phu", had as its basic assumption the fall of DBP and was dated 28 April. DBP actually fell on 7 May.

Para. 11 also stated that "After the full onset of the rainy season, which is unlikely before mid-May, the movement would take between two and three months to complete."

However, para. 2 of the Conclusions rested in part on the built-in estimate (or implicit assumption) that the fall of DBP was not imminent and hence that DBP would not fall until after the onset of the rainy season.

We therefore concluded "That the bulk of the Viet Minh forces released by the fall of Dien Bien Phu would probably not be able to move, regroup, and re-equip in time to be employed in new major operations during the next two or three months, although some lightly equipped infantry battalions might be made available more rapidly for operations in the Delta region."

These errors in military judgment -- underestimating VM capabilities and overestimating French initiative -- were corrected in NIE 63-3-54* produced after the actual fall of DBP. Therein we stated that "The major portion of the forces at Dien Bien Phu with their heavy equipment could not assemble in the Delta area before 7-15 June, although . . . lightly equipped units could complete the movement by 31 May."

3. Attached are verbatim excerpts from NIE's and ONE memoranda produced since early 1952. (Tab "A" and Tab "B") These excerpts bear directly on Mr. Baldwin's general statement that "Recently our intelligence estimates of Indochina have erred badly. . ."

4. On looking over NIE production since early 1952 we conclude that the intelligence community has fully and repeatedly analyzed the major trends. The projections of these trends have been borne out by events to a remarkable degree. On the other hand, certain analyses of tactical trends have not stood up as well and in some cases have been contradicted by events.

*"Probable Military and Political Developments in Indochina over the Next 30 Days", dated 20 May.

25X1

5. In short, on certain narrow military questions, where the community had to rely principally on the judgment of a single agency we have at times been wrong. However, on broad political and military questions, where the judgment of the entire community could be brought to bear, the estimates have been sound, and the policy maker put on notice well in advance of events.

25X1

Acting Assistant Director
National Estimates

EXCERPTS FROM NIE'S ON INDOCHINAI. PROJECTION OF MAJOR TRENDSA. NIE 35/1: Probable Developments in Indochina through mid-1952 (3 March 1952)

1. We believe that the French will continue their war effort in Indochina during the period of this estimate. However, while insisting upon the protection of French interests, the French will attempt to limit their commitments in Indochina by demanding additional US financial assistance and by seeking commitments for US-UK military support in the defense of Indochina. (Paragraph 1)

2. Through mid-1952, the probable outlook in Indochina is one of gradual deterioration of the Franco-Vietnamese military position. We believe that the Viet Minh will make some territorial gains, but will not score a decisive victory during the period of this estimate. (Paragraph 6)

3. The longer term outlook is for continued improvement in the combat effectiveness of the Viet Minh and an increased Viet Minh pressure against the Franco-Vietnamese defenses. Unless present trends are reversed, this growing pressure, coupled with the difficulties which France may continue to face in supporting major military efforts in both Europe and Indochina, may lead to an eventual French withdrawal from Indochina. (Paragraph 7).

B. NIE 35/2: Probable Developments in Indochina through mid-1953 (29 August 1952)

4. The outlook in Indochina through mid-1953 is for continued stalemate, with both sides playing a waiting game. We believe that the French Union forces may make some slight territorial gains, but will not win a decisive victory during this period. (Paragraph 1)

5. We believe that France will seek to conduct a "holding action." The French have apparently come to believe that they can no longer achieve a military decision in Indochina and that the Indochina problem can only be solved within the context of some form of over-all settlement in the Far East, perhaps following the Korean war. (Paragraph 3)

SECRET

6. However, we estimate that if present trends continue, the difficulties which France will face in supporting major military efforts in both Europe and Indochina and in maintaining its position in North Africa, will in the longer run weaken the French Union's ability and determination to continue resistance in Indochina. (Paragraph 6)

C. NIE 91: Probable Developments in Indochina through mid-1954 (4 June 1953)

7. Unless there is a marked improvement in the French Union military position in Indochina, political stability in the Associated States and popular support of the French Union effort against the Viet Minh will decline. We believe that such marked improvement in the military situation is not likely, though a moderate improvement is possible. The over-all French Union position in Indochina therefore will probably deteriorate during the period of this estimate. (Paragraph 1)

8. The lack of French Union military successes, continuing Indochinese distrust of ultimate French political intentions, and popular apathy will probably continue to prevent a significant increase in Indochinese will and ability to resist the Viet Minh. (Paragraph 2)

9. We cannot estimate the impact of the new French military leadership. However, we believe that the Viet Minh will retain the military initiative and will continue to attack territory in the Tonkin delta and to make incursions into areas outside the delta. . . . (Paragraph 3)

10. If present trends in the Indochinese situation continue through mid-1954, the French Union political and military position may subsequently deteriorate very rapidly. (Paragraph 8)

D. NIE 63/1: Probable Short-Term Developments in French Policy (24 November 1953)

11. In Indochina, we believe that even if the Lanier-Navarre Plan is successful the French do not expect to achieve a complete military victory in Indochina and probably aim only at improving their position sufficiently to negotiate a political settlement. (Paragraph 7)

12. If no negotiations take place within the next 18 months, France would probably continue its effort in Indochina,

SECRET

provided that: (a) the US assumed virtually the total financial burdens of the war; (b) the planned buildup of Vietnam forces permitted reduction of French forces; (c) the Indochina states remained in the French Union; and (d) France continued to receive US support for its position in Europe and North Africa. (Paragraph 8)

13. If the above French conditions were not largely satisfied France would probably propose UN intervention or direct military participation by the US. Failing in this, France would probably seek in time to negotiate directly with the Communists for terms which would permit withdrawal with minimum loss. (Paragraph 9)

II. TACTICAL MILITARY JUDGMENTS

E. NIE 91: Probable Developments in Indochina through mid 1954 (4 June 1953)

14. Militarily, the Viet Minh are unlikely to expand greatly their armed forces because they are already experiencing manpower difficulties. Their combat efficiency probably will increase, however, as the result of a modest augmentation of their unit firepower and a steady improvement in staff planning and coordination of forces. The Viet Minh probably will continue to receive a steady flow of material assistance from the Chinese Communists, and the amount may increase at any time. The Viet Minh do not have, and probably cannot develop within the period of this estimate, the capability to make such effective use of heavy equipment - artillery, armor, and aircraft - from the Chinese Communists as to permit successful attacks against strong concentrations of regular French forces. Over a longer period, however, a great increase in Viet Minh capabilities, including the development of an air force, is possible. (Paragraph 32)

F. NIE 63-54: Consequences Within Indochina of the Fall of Dien Bien Phu (28 April 1954)

15. The fall of Dien Bien Phu would not in itself substantially alter the relative military capabilities of French Union and Viet Minh forces in Indochina during the next two or three months unless there were large-scale desertions from the French Union forces. The victorious Viet Minh troops at Dien Bien Phu would have suffered heavy casualties and their efficiency would be reduced. In order to bring these forces up to full strength, the Viet Minh would probably move them from Dien Bien Phu to their main supply and training areas adjacent to the Red

~~SECRET~~

River delta. Prior to the rainy season, this redeployment would require at least three to four weeks. After the full onset of the rainy season, which is unlikely before mid-May, the movement would take between two and three months to complete. We therefore estimate that the bulk of the Viet Minh troops at Dien Bien Phu would not be available for major operations elsewhere in Indochina during the next two or three months, although some lightly-equipped infantry battalions might be made available more rapidly for operations in the Delta region. (Paragraph 11)

G. NIE 63-3-54: Probable Military and Political Developments in Indochina over the Next 30 Days (20 May 1954)

16. If major units now at Dien Bien Phu are redeployed as rapidly as possible, the Viet Minh can within the next 30 days attain a capability for launching a heavy assault against French positions in the Delta. Preparations are now being made for moving the bulk of the Viet Minh units from Dien Bien Phu toward their bases in the Delta area, and there are indications that redeployment has begun. We believe that approximately one division will remain initially in the vicinity of Dien Bien Phu. The major portion of the forces at Dien Bien Phu with their heavy equipment could not assemble in the Delta area before 7-15 June, although it is believed that their lightly-equipped units could complete the movement by 31 May. However, the gradual increase in intensity of rains during the month of June, combined with French aerial attacks on Route 41, may slow down the movement. (Paragraph 4)

EXCERPTS FROM RECENT O/NE MEMORANDA ON INDOCHINAI. PROJECTION OF MAJOR TRENDS

A. Memorandum of AD/NE for DCI of 25 May 1953: "NIE-91: Probable Developments in Indochina"

1. The central point of the estimate is that the French have lost the initiative. Possibly General Navarre can recapture the initiative; but when the whole picture is examined - in France as well as locally - this seems unlikely. Therefore we expect the French Union position to deteriorate. If it does deteriorate through mid-1954, subsequently it may decline very rapidly. (Paragraph 2)

B. Memorandum of AD/NE for DCI of 30 June 1953: "Possible Major Shifts in French Policy"

2. Above all, France's determination to maintain its position in Indochina is seriously weakening, and a major shift in France's Indochina policy may soon take place. The Korean truce will almost certainly stimulate French demands for some settlement of the Indochina war. At the same time, the deteriorating French financial situation and France's awareness that Indochina outlays are undermining its European position vis-a-vis Germany create increasing pressures for a cutback of Indochina costs. Therefore, unless there is soon a clear improvement in the Indochina outlook, we believe that there will be a serious political reaction in France. While the French probably would not abruptly pull out of Indochina, they might, in increasing desperation, turn to policies (such as negotiation with the Communists and/or reduction of French forces) which would endanger the Western position in all Southeast Asia. (Paragraph 7)

C. O/NE Staff Memorandum No. 1-54 of 11 January 1954: "Military Developments in Indochina"

3. Military developments in Indochina are rapidly approaching a critical stage. It is entirely possible that the events of the next several weeks will mark a decisive turning point in the Indochina war. (Paragraph 1)

4. It is not possible to predict either the military courses of action which the VM and the French will select or the military outcome of such courses once undertaken. We believe, however, that an authentic and considerable military victory in Indochina in coming weeks is necessary in order both to ease present pressures in Paris for a negotiated settlement and to prevent a decline in the French military position. In our opinion, if a military stand-off should emerge from the present situation at Dien Bien Phu and in Laos the French will have suffered a strategic defeat, although not technically a military defeat. Moreover, if during the present fighting season

SECRET

over-all strength has been enhanced by an increasing consolidation of the Viet Minh position within the Tonkin Delta, and by the psychological benefits accruing from the successful Laotian campaign of last April. (Paragraph 5)

G. Memorandum of AD/NE for DGI of 24 March 1954: "The Probable Outcome at Dien Bien Phu and its Implications"

8. The outcome of the battle at Dien Bien Phu remains in doubt, but we believe on the basis of information presently available that the French will be able to hold. . . . The all-out Viet Minh attacks on this prepared position have, in fact, given the French command the opportunity they have long awaited to engage the enemy in force. (Paragraph 1)

9. The over-all French military position in Indochina will probably not be decisively affected by the outcome at Dien Bien Phu. Even if the Viet Minh were to wipe out the French force at Dien Bien Phu, the French losses relative to their over-all strength would be a fraction of those the Viet Minh would almost certainly sustain. We estimate that the Viet Minh would have to sacrifice roughly half of their total striking force in Indochina in order to achieve such a victory at Dien Bien Phu. On the other hand, the French do not stand to advance their military position greatly unless they are able to grind up the bulk of the Viet Minh attacking force at Dien Bien Phu. (Paragraph 3)

10. We believe it likely, however, that the outcome at Dien Bien Phu will be inconclusive and that the French, although retaining their hold on the position, will be effectively contained for some time to come by the Viet Minh forces. (Paragraph 5)

- 3 -

SECRET

CENTRAL INTELLIGENCE AGENCY
 OFFICIAL ROUTING SLIP

TO		INITIALS	DATE
1	OCI		
2			
3			
4			
5			
FROM		INITIALS	DATE
1	DDI	RAF	5 June
2			
3			

- | | | |
|--------------------------------------|---|------------------------------------|
| <input type="checkbox"/> APPROVAL | <input type="checkbox"/> INFORMATION | <input type="checkbox"/> SIGNATURE |
| <input type="checkbox"/> ACTION | <input type="checkbox"/> DIRECT REPLY | <input type="checkbox"/> RETURN |
| <input type="checkbox"/> COMMENT | <input type="checkbox"/> PREPARATION OF REPLY | <input type="checkbox"/> DISPATCH |
| <input type="checkbox"/> CONCURRENCE | <input type="checkbox"/> RECOMMENDATION | <input type="checkbox"/> FILE |

Remarks: we (i.e. g-2) does not look too good on the first Estimate but we couldn't have been "righter" in the second one which really focused on the problems of redeployment.

SECRET CONFIDENTIAL RESTRICTED UNCLASSIFIED

FORM NO. 30-4
 SEP1947

16-68548-1 U. S. GOVERNMENT PRINTING OFFICE

DOCUMENT SEPARATOR SHEET

CONFIDENTIAL

Approved For Release 2004/03/12 : CIA-RDP80B01676R004100110001-6

22 December 1954

MEMORANDUM FOR THE DIRECTOR:

Mr. Kirkpatrick said that you thought I should telephone Bill Costello and invite Ed Murrow and Costello to meet with you together and go over the proposed radio broadcast by Costello, a copy of which he sent to us. I checked with your appointment clerk and learned that Monday or Tuesday of next week, 27 or 28 December, at 3:30 p.m., was the most desirable time due to your other engagements.

I phoned Costello, and he said Tuesday was out of the question because he has to be in New York on Tuesday to work on a New Year's program, that he would phone Ed Murrow who, he said, rarely comes to Washington. Costello called me back at 1:30 p.m. today to say that he had located Ed Murrow at his country place in Pauling, New York and that Murrow had not received the copy that Costello had sent to him. Costello then read the copy to him over the phone, and Murrow said that he could not be in Washington next week, but to say for him that he likes the copy very much and he would like to have Costello use it on the air tomorrow, Thursday night. He said that if there is anything in it that really bears on national security, they would not use such part if we would point it out. I told him that this was something that was difficult to do by telephone. Mr. Murrow is a reasonable man, Mr. Costello said, and Mr. Costello suggested that perhaps Mr. Dulles might want to telephone to Murrow [redacted]

25X1

I told Costello I would pass on his message and would call him back.

Recommendation: (1) That you not telephone Murrow thus going over Costello's head, particularly since Murrow has approved the copy. (2) That you authorize me to invite Costello over to see you today and go over the copy with him pointing out where national security is involved.

[redacted]

STANLEY J. GROGAN

25X1

cc. to Mr. Kirkpatrick

CONFIDENTIAL

Approved For Release 2004/03/12 : CIA-RDP80B01676R004100110001-6

410338

25X1
Approved For Release 2004/03/12 : CIA-RDP80B01676R004100110001-6

Approved For Release 2004/03/12 : CIA-RDP80B01676R004100110001-6



CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

Mr. Bill Costello
Broadcast House
40th and Brandywine Sts., N. W.
Washington 16, D. C.

Dear Mr. Costello:

Your letter of December 17 enclosing a copy of the script you have sent to Ed Murrow for his consideration has been received. I note that you invite any suggestions we may have for national security reasons.

We believe the over-all tenor of the article is not in the national interest, and in addition there are some statements which are not completely accurate. For example, you say, "Democratic Senator Mike Mansfield of Montana has twice protested against the present system of letting the CIA operate without any kind of check from the legislative branch." We deal with certain members of the Appropriations Committees and of the Armed Services Committees of both the House and the Senate, who do know in general what our activities are; but the number who know is kept small for good national security reasons. So there is in fact some check by the legislative branch. We are, as you know, an agency that operates under the National Security Council, which is part of the executive branch of the government, but our relations with the committees of Congress vitally concerned in our operations are close and highly secret.

Your reference to the Western Enterprises, Incorporated, on Formosa, to Ajax Plumbing in Japan, and to the Southeast Asia Supply in Thailand brings up the question of whether a public information medium does not have a national security responsibility equal to that of a loyal American citizen. In implementing the National Security Act of 1947 the Congress determined "that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure", and that the Agency will not disclose its "organization, functions, names, official titles, salaries, or numbers of personnel employed." It therefore would be improper to comment upon your allegations. But were these organizations ours, it would seem that the public interest

- 2 -

would best be served by your bringing to our attention the allegations that you make, rather than giving them publicity, which will confirm in some cases Communist accusations and in other cases may give them confirmation of beliefs because they are expressed by a reputable American broadcasting company announcer.

Your comment that in Thailand agents of SEA Supp assigned to train leaders of the Siamese police force sive activity also may not be given official answer. You ask why CIA should carry on such an operation instead of leaving it to the military or Point Four, and you say, "The CIA will offer two arguments." This is completely inaccurate. The CIA will offer no arguments and no explanation. We do not comment upon anything that is published regarding the Agency, regardless of whether it is accurate or inaccurate.

25X1

Your later statements that the CIA was created solely as an intelligence agency, and that CIA should not "be engaged in fighting communism or anything else" may not completely jibe with the National Security Act of 1947, Section 102, which states that the CIA will "perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct."

Thank you for inviting our comments on your proposed talk, and be assured of our good will toward CBS and you, with our most sincere belief that your talk as now written would not be in the national interest, and would give some aid and much comfort to the enemy.

Sincerely,

Allen W. Dulles
Director

1/25/55: 4cc's which were marked for ER, AWD Reading, IG, & Col Grogan were destroyed this date as letter was not sent.

CBS RADIO

A Division of Columbia Broadcasting System, Inc.

BROADCAST HOUSE

40TH AND BRANDYWINE STS., N. W., WASHINGTON 16, D. C. · EMERSON 2-9300

Dec. 17, 1954

Dear Mr. Dulles:

Here is a copy of the script I have sent Ed Murrow for his consideration. We may revise it -- probably will in fact -- and I certainly want to make any revisions you might care to suggest for national security reasons. I have discussed the matter with Senator Mansfield, and feel that I am on reasonably solid grounds so far as policy is concerned. I am, believe me, most grateful for having had the opportunity to discuss the problem with you; and I assure you that you may count on my fullest cooperation in any matter affecting your fundamental intelligence operations. I might add, in passing, that I omitted all reference to you by name because I suspect you inherited some policy and were saddled with more. I assure you of my sincere respect for you personally.

Yours,

Bill Costello

Bill Costello

Here in Washington, the Central Intelligence agency is seldom discussed publicly, and then only in the vaguest kind of generalities. Even congressional committees receive only partial and secret briefings on the activities of CIA; and congress annually is asked to appropriate substantial sums of money on faith. The argument for this procedure is that the CIA is ~~the~~ Uncle Sam's clearing house for the topmost secrets of the cold war; and an intelligence agency cannot function properly if it has to do its work in the glare of the public spotlight. One member of congress ~~has~~ -- Democratic Senator Mike Mansfield of Montana -- has twice protested against the present system of letting the CIA operate without any kind of check from the legislative branch; he has introduced bills to provide for a monitoring committee of some kind; and he is preparing to introduce a third bill in January calling for the creation of a joint house-senate committee ~~is~~ somewhat similar to the joint committee dealing with atomic energy matters.

It is considered likely that Senator Mansfield's proposal will get more serious attention next year than it has previously. Reason is that the CIA has ceased to be what it was originally -- a non-controversial intelligence agency. With the passage of time, basic policy has been modified; and the CIA has accumulated certain operational aspects having nothing to do with intelligence. This correspondent, on a recent survey trip through Asia was made aware of ~~the~~ the CIA's activities repeatedly. In certain areas the agency has made itself so conspicuous that it cannot be ignored.

Probably the most conspicuous of all the CIA operations overseas is a setup known as Western Enterprises, incorporated, on the island of Formosa. Ostensibly it's a business concern, but how anybody ~~is~~ 29X1

imagines it could be mistaken for a legitimate business is hard to understand. Everybody talks about it -- including the communist radio in Peiping. Political sophisticates are making it the butt of political jokes. As one British correspondent put it in a dispatch, the activity is an open top secret. The agents are flippantly referred to as "the ~~spooks~~ and their wives and children, ~~spooks~~." They have a cozy compound covering a hilltop near Taipei; they have their own transport planes shuttling agents back and forth; they have a private bar in Taipei to prevent convivial spooks from talking too much to strangers. The spooks are so carefully insulated from all contamination that they have their own supply system; you can see their warehouses any day ~~spooks~~ alongside the road to Keelung where I made inquiries in September.

Western Enterprises and the Spooks still talk in figurative whispers, but that doesn't prevent the Chinese from snickering at the United States and its cumbersome system of intelligence. Actually, there is probably no reason to snicker at the American ~~spooks~~ intelligence system; it operates ~~xx~~ just as secretly and efficiently as any in the world. What people are laughing at, ~~spooks~~ (to the serious detriment of American prestige, ~~spooks~~ is an awkward cold war operation being conducted with a pretense of secrecy. On October 21 this year, the Peiping radio broadcast a complete description of the manner in which Western Enterprises has been recruiting, training and arming Chinese nationalist guerrillas for work on the mainland. Anyone visiting Taipei for two weeks would know that the communist account was substantially correct. That being the case, it is unrealistic to pretend Western Enterprises is a secret operation.

Officially, in both Taipei and Washington, American authorities still refuse to discuss Western Enterprises. But it is possible to determine that the operation has its defenders. Privately, officials

say it is not fair to condemn an operation just because its cover has been exposed. They say, sooner or later all covers wear off, and have to be abandoned; in some cases, even if a cover is exposed, it is still possible to complete a mission.

Despite this rationalization, there is good reason to believe that CIA is ready to abandon Western Enterprises as rapidly as its personnel can be reassigned. Even if the operation in Formosa is discontinued, the really fundamental issue raised by Senator Mansfield has not been resolved. For, in Japan there is a similar phoney business setup known as Ajax Plumbing; and in Thailand there is another called Southeast Asia Supply and abbreviated SEA Supply. The fact that the pattern of the cover is so similar in all three countries is explained by the fact that westerners with white skins cannot easily be concealed in Asia; but no one seriously contends that the stragegem is really deceptive. The minute you assemble three or four dozen Americans, with no visible means of support, and put them in contact with foreign officials on a footing of diplomatic privilege, then anyone can identify them as secret agents. In Thailand, for example, the agents in SEA Supply have been assigned the task of training leaders of the Siamese police force in anti-subversive activity.

If you ask why CIA should carry on such an operation -- instead of leaving it to the military or Point Four -- the CIA will offer two arguments. First, they will say, foreign governments don't want to have Americans coming in openly to engage in training police or guerrillas, and the CIA is able and willing to work sub-rosa. Second, they say, this is just one more way of fighting communism.

It is this last argument that gets close to the heart of congressional uneasiness. The CIA was established as an intelligence agency; its job was to gather information of all kinds and be ready at

all times with an informed estimate of conditions in friendly and enemy countries. The terms under which the CIA was created did not provide that the CIA would be engaged in fighting communism or anything else. There are other fighting agencies in the government. The CIA was envisaged as a highly skilled watch-dog, capable in the last extremity of preventing another Pearl Harbor. In the view of Senator Mansfield and others who agree with him, CIA has strayed into the operational field because it is not accountable to congress for the manner in which its funds are spent, and it is not subject to congressional review of policy.

With the Democrats taking control in the next congress, a showdown seems to be in the making. Unless the CIA voluntarily relinquishes its extra-curricular activities, congress may insist on a housecleaning, and a reassertion of CIA's original mandate.

--

December 23, 1954

SAYS CIA OPERATIONS NO SECRET IN ASIA

Edward R. Murrow at 7:45 P.M. over WGBH (N.Y.) and CBS Network:

"This fall my colleague, Bill Costello, made a general survey of conditions in Asia. Among other things he observed the activities of our Central Intelligence Agency. Tonight I've asked him to report to you from Washington on the CIA."

COSTELLO: "Here in Washington the Central Intelligence Agency is seldom discussed publicly, and then only in the vaguest kind of generalities. It was a distinct shock therefore to this correspondent on a recent survey trip through Asia to discover that the CIA is not nearly so anonymous in foreign parts as it is right here at home.

"Without my making the slightest effort to look for evidences of CIA activities, the subject was repeatedly brought to my attention. In fact, in certain areas the agency made itself so conspicuous that it was a common topic of bar room gossip. And it would be a disservice now to suppress that fact.

"The argument for the CIA's elaborate policy of secrecy in dealing with Congress and the public is that the agency is Uncle Sam's clearing house for the topmost secrets of the cold war. And an intelligence agency cannot function properly if it has to do its work in the glare of the public spotlight.

"One member of Congress, Democratic Senator Mike Mansfield of Montana, has protested against the present system of letting the CIA operate without adequate Congressional liaison. He has twice introduced bills to provide for a monitoring committee of some kind. And he is preparing now to introduce a third bill in January calling for the creation of a joint House-Senate committee somewhat similar to the committee handling atomic energy matters.

- 2 -

"It is considered likely that Senator Mansfield's proposal next year will get more serious attention than it has previously. The reason is that CIA is not altogether what it appears to be and there is a growing realization that it might wisely subject itself to a more formalized Congressional review.

"Immediately after the war Congress and the Democratic administration justified the agency as a non-political, non-controversial storehouse of information. The emphasis was almost wholly on intelligence work. And on that score there is every reason to believe today that the CIA has become one of the world's most skillful and efficient intelligence organizations.

"But with the onset of the cold war both the Truman and the Eisenhower administrations have used the CIA to perform another mission, to carry on in many parts of the world certain secret, underground operations against the Communist Party's conspiratorial apparatus. The law, in effect, permits the President and the National Security Council to use the CIA as a fighting agency as well as a collector of information.

"For the most part the public is not kept informed of these activities. Guesses are made from time to time on the size of the CIA's secret budget and these guesses range all the way from \$300,000,000 a year up as high as \$800,000,000. No one in authority has ever announced a definite figure. And everything possible is done to create the impression that every aspect of the agency's work is veiled in super-secrecy.

"But out in Asia this veil of secrecy is pretty flimsy. Probably the most conspicuous of all the CIA operations in Asia is a set-up known as Western Enterprises, Incorporated, on the island of Formosa. Ostensibly it's a business concern. But no one is deceived. Everybody talks about the outfit, including the Communist radio at Peiping. Political sophisticates are making it the butt of political jokes. As one British correspondent put it in a dispatch, the activity is an open top secret.

"The agents are flippantly referred to as the spooks. They and their wives and children have a cozy compound covering a hill top near Taipei. They have their own transport plane shuttling agents back and forth. They have a private bar in Taipei to prevent convivial spooks from talking out of turn with strangers. The spooks are so carefully insulated from all contamination that they have their own supply system. You can see their warehouses any day along the road to Kiirun where I inadvertently made inquiries in September.

- 3 -

"Western Enterprises and its spokes still talk in figurative whispers. But that doesn't prevent the Chinese from snickering out loud at what they regard as a crude American intelligence system. Actually they are not seeing the intelligence system at all. For that operates as secretly as any in the world. What people are laughing at, to the serious detriment of American prestige, is an awkward cold war operation being conducted with a pretense of secrecy.

"Our method of operation gave the Peiping radio this fall a propaganda windfall. The Reds, it happened, captured a Chinese nationalist guerrilla who spilled everything. Then Peiping went on the air with a broadcast describing fully the manner in which Western Enterprises has helped in recruiting, training and arming Chinese guerrillas for work on the mainland. Any one visiting Taipei for two weeks would know that the Communist account was substantially correct.

"Unofficially Western Enterprises, of course, has its defendents. Officials say privately that it's not fair to condemn an operation just because its cover has been exposed. They say sooner or later all covers wear off and have to be abandoned. In some cases even if a cover is exposed it is still possible to complete a mission.

"Well, despite this rationalization there is good reason to believe that CIA is ready to abandon Western Enterprises as rapidly as its personnel can be reassigned. But even if the operation on Formosa is discontinued there remains two phony business set-ups in Japan and Indo-China whose identities are well known to the Communists, and another in Thailand. In all four cases the pattern chosen as a cover is practically identical. And, of course, the minute you assemble in Asia three or four dozen white skinned Westerners with no visible means of support and put them in contact with foreign officials on a footing of diplomatic privilege then anyone can identify them as secret agents.

"If you ask why CIA should carry on such operations, why the agency should not limit itself to intelligence, the answer comes in the form of a question. They ask, who else is there to do it? In 1948 the ease with which the Communist coup was carried out in Czechoslovakia convinced Washington authorities that a counter apparatus must be created to head off any future Red seizure of power. No one either in or out of Congress assails the logic of this contention. But it is a question whether the operations being carried out in Asia today are properly designed for that part of the world.

"A closer Congressional scrutiny may bring changes in addition to those already contemplated by Administration leaders. Now back to Edward R. Murrow."

MURROW: "That was Bill Costello reporting from Washington."

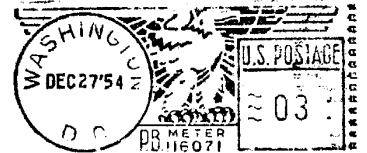
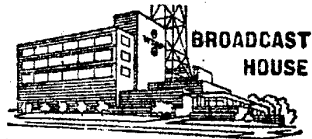
24 January 1955

Executive Registry:

Please file the attached under "Bill Costello." There is a possibility we will be calling for it again. Thanks.

Alice

Approved For Release 2004/03/12 : CIA-RDP80B01676R004100110001-6



Mr. Allan Dulles
CIA Director
2430 E St. N.W.
Washington, D.C.

Personal

Approved For Release 2004/03/12 : CIA-RDP80B01676R004100110001-6

Approved For Release 2004/03/12 : CIA-RDP80B01676R004100110001-6

BILL COSTELLO

COLUMBIA BROADCASTING SYSTEM, Inc.
BROADCAST HOUSE, WASHINGTON 16, D. C.

Approved For Release 2004/03/12 : CIA-RDP80B01676R004100110001-6