

MEMORANDUM

C O N F I D E N T I A L

TO : President
 FROM : VP-GA
 SUBJECT:

DATE: 15 September 1964

REF. No. VPGA-64-050

REC'D WAS SEP 22 1964

The subject of the B908 crash appeared prominently in all the local papers once more on the morning after MGDR's departure, through the submittal by the two members of the Control Yuan who were delegated to investigate the B908 accident of their draft proposal to a full session of Control Yuan. The meeting actually took place on the 10th, but due to a premature press release the newspaper stories were published in advance on the same morning. The indiscretion by one of the two members to whom the leak was readily traced caused quite a commotion at the meeting which nearly led to a rejection of the draft. You have no doubt seen by now an accurate translation of the full text of the draft in its original form, which touched on a number of questions quite unrelated to the subject of the accident. When the meeting eventually quieted down the meeting passed the "proposal" in principle but conditional on a revision to be made to its wording. I might explain here that the term "proposal" used here represents one of three courses of official action, the mildest one, which the Control Yuan is empowered by the Constitution to take against the executive branch of the Government. The official name of this action is "Proposal of Corrective Measures", the other two courses being the Censure and the Impeachment. The agency concerned of the executive branch of the Government in receipt of a Proposal of Corrective Measures is obligated to report back within a specified period on what actions have been taken and normally the matter is then closed. In this case the object of any "corrective measures" to be taken by CAA and/or MOC is of course CATCL, and probably AACL as well. How the "proposal" will be finally worded and what actions CAA/MOC will take remain to be seen. The one point of importance is that the cause of crash is generally agreed in the Control Yuan to be the conclusion given in CAA's "Salient Points" - improper maintenance and pilot error. The eight words in Chinese expressing this have by now become an idiomatic expression. It is eloquent, rhythmical, and quite catching.

I might mention that Mr. Y. C. Chen, CATCL Director, telephoned me on the morning of the 10th to enquire what official action the Company had taken since the consultation the management had with him and Dr. Twanmoh on the 24th of last month, and seemed quite surprised and upset when told that no action had been taken.

At this point I think it may be useful to review the developments which have taken place here during the past month and attempt an assessment on the way matters stand now and how they will probably develop in the future within the range of predictability. In undertaking this, I am responsible for stating what events have happened or are known to me to have happened, but as to what will happen later, any assessment I make is of course subject to

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errors in judgement. In any case I am not trying any more to influence you or MGDR in making decisions which are only yours or his to make as to what to do or what not to do in the best interests of the companies.

1. The letter proposed to be addressed to CAA (actually meant for the Legislative Yuan's consumption) and its attachments were ready for issue about the 20th of August. Its issue is still being withheld, I understand pending MGDR's final clearance.
2. Admiral Stump had his talk with the top couple here on August 24th, exactly 10 days after his arrival in Taipei. He gave an oral presentation on what, in his personal opinion, might have been the circumstances leading to the B908 crash. I understand that (1) the couple were not startled, (2) she made some cryptic remark about CAT's failure to defend itself, and (3) he thought it would be difficult for the CAA findings to be retracted.
3. The full Accident Investigation Report has been finalized after several processes of edit and revision made between Minister Shen and Col. Lai personally. Nothing is known of its contents but it may be safely assumed that they will be consistent with the "Salient Points". However we learn privately that the Minister is hesitant about releasing it, has locked it up personally, and rather hopes to keep it locked up, unless pressure forces the Ministry's hands. The impression prevailing among lesser MOC officials is that he is withholding the release out of consideration for CAT.
4. Mr. Grundy attended a conference with General Chen Ta-Ching, Commander-in-Chief of the Taiwan Garrison General Headquarters, on August 31st. Owing to poor interpretation, a failing recognized by both sides, the exchange of views was not clearly expressed. Mr. Grundy noted however that, contrary to CID's attitude, General Chen did not consider the case of the air crash, in its security aspect, as closed, and suggested that an exchange of concrete opinions might be useful. Mr. Grundy also remembers hearing some mention of a tripartite conference being considered advisable TGGH-CAA-CAT, but Dr. Cheng, the other CAT official invited to the meeting, does not seem to have heard this.
5. The Control Yuan meeting, mentioned earlier herein, took place on Sept. 10.
6. The Legislative Yuan which is currently in recess is scheduled to start its new biannual session on Sept. 18th. It has already been agreed

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among the convenors of the Communications Committee that among the first things the Committee will do is to address separate demands to MOC for the full Accident Investigation Report on B908 and to CAT, following up a mailgram already sent us in July, for submittal of its information and data concerning the accident. A time limit will probably be set this time. The Committee estimates that the subject of the CAT air crash will be taken up by the plenary session of the Legislative Yuan some time in October.

As to what the course of the Company's action should be, the immediate question before us which calls for a timely and positive decision one way or the other is whether it should send its paper to CAA, with copies to the Communications Committee of the Legislative Yuan and TGGH, and of course MOC. It must be borne in mind that up to now the Company has made no statement of its own anywhere or any time on the subject of the air crash or its related subjects. If the letter to CAA is sent it will be the first time the Company takes a position in its own defense. As things are developing, the last week of this month may well be the last propitious and effective opportunity for making a stand. Our silence, during the initial period of clamor and confusion, was a sign of reserve and dignity. Now that the Company has been wantonly charged with the responsibility, at least a moral one, of the loss of 57 lives and the case is coming to a close in the eyes of the public, a permanent silence will be taken as a sign of surrender and self-reproachment.

- A. If the decision is positive, in which case steps must be taken in advance to see that the Company's statement is not suppressed, abridged, or tampered with; appropriate letters to the Legislative Yuan and TGGH must be sent at the same time:
 1. On the good side:
 - a. The need to set the record straight on general principles is fulfilled.
 - b. The Company's name is cleared of the shadow of guilt for 57 deaths. Its image is improved in the conscious and subconscious minds of the public. Respect is restored. There is nothing more damaging than a subconscious prejudice which knows no bounds in range and directions against everything one does or is associated with. The terms of the draft Proposal of Corrective Measures serve as a typical example.
 - c. The CAA and MOC, with whom we must live peacefully, will not like our presentation, but in the long run our relations

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with them will probably be healthier than otherwise. What is happening now is that CAA set off the open season for CAT to begin with, but instead of regretting it Col. Lai himself is getting into the spirit of the chase. I am told he has sent a number of proposals to MOC for corrective measures of his own making and is still thinking up new ones every now and then. No doubt some of these proposals will make you cringe. This prejudice might in time spread to other areas in the Government.

- d. It is good for the employees themselves and a good antidote against an exaggerated picture prevailing in some quarters of the state of their morale.

2. On the bad side:

- a. Assuming that a leak will occur from the Legislative Yuan, it may not go down so well with the security authorities. What the repercussions may be it is impossible for me to foretell. I take it that this is the one predominant consideration which concerns us all. It no doubt outweighs many other pros and cons which seem to be of secondary importance alongside, but are we sure it outweighs everything which the case involves?
- b. The Government itself might find it embarrassing internationally, although the embarrassment could be avoided if the hand was played right.

- B. If the decision is negative, in which case the Company will be forced to tell the Legislature either that it chooses not to furnish the data demanded or that there are no data to furnish:

1. On the good side:

- a. Time will slowly cure our wounds and, as things often go in this community, people in time will forget all about the affair. Except for the recent Control Yuan story and no doubt more publicity to come when the Legislative Yuan takes up the subject next month, the B908 affair itself is becoming unnewsworthy.
- b. The CAA and MOC may in time become easier to live with once more, although in the first year or two their attitude will be that of a dutiful parent who, having spanked an

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unlovable child enough times, is showing forgiveness and tolerance.

c. The security authorities will stay friendly,

2. On the bad side:

- a. Continued silence on our part, which up to now has been complete, will be interpreted as an admission of the charges of bad maintenance and pilot incompetency, not mentioning the fatal consequences. Unless something quite unexpected turns up to rectify the gross injustice, it may well become a permanent stigma we will have to learn to bear and like.
- b. Any little incident the least unfavorable to CAT, with the right amount of garnishments, will be newsworthy in the local press, and probably be frowned upon by the Government as well. The indignity of the tax raid may well be a case in point.
- c. At the very top of the Government, the impression may be that Admiral Stump has been made a dupe of by Air Asia's management, making wild allegations which cannot be supported by evidence. This may be quite damaging to his personal prestige, and in turn to Air Asia.
- d. It will be easier than ever before for our competitors (not confined to Chinese) to take bites or nibbles at us when it comes to routes, traffic rights, and other business advantages. This may go on indefinitely so long as there are our shrewd adversaries about, ever ready to seize an opportunity offering, while CAA is always willing to oblige.

In the meantime, the paper we have prepared but not released has in many respects become out of date. To meet the requirements in paper work and, what is more important, time, I have brought it up to date and in doing so have rubbed off a few corners to further minimize hurt feelings. See copies enclosed. My preliminary impression of the resultant document is that our stand seems stronger in justification but our approach is more objective, but I don't know if yours is the same. You mentioned a desire to make some improvements on the attachments. While I heartily agree with whatever improvements that can be made, I must remind you that they must be accomplished in time. My estimate is that the latest day for all papers to be readied is September 25. To miss the deadline this time will be as final as missing the last trans-Pacific plane.

H. K. YUAN

Encls. as stated

DRAFT PETITION

TO : Civil Aeronautics Administration
FROM : Civil Air Transport Company Limited
SUBJECT : CONFIDENTIAL

1 1. On the subject of the crash of this Company's aircraft B908 on
2 June 20th last, the Communications Committee of the Legislative Yuan sent us
3 a letter telegram on July 27th last instructing us to submit, under confidential
4 cover and in specified number of copies, all data we have, without concealment,
5 pertinent to the accident in question. We have not as yet complied with these
6 instructions for several reasons. First, we feel that the graveness of this
7 painful subject calls for the maximum degree of caution in its study and complete
8 objectivity of viewpoint in the search for truth, which were hardly possible
9 during the months closely following the accident because of the public excitement
10 which prevailed. Secondly, it was by MOC's order that this Company's responsible
11 personnel went to the meetings of the Communications Committee of the Legislative
12 Yuan as subordinates to the Minister to meet interpellation requirements. At
13 the 8th meeting of that Committee held on July 15, we found that the reports
14 rendered by the authorities concerned were not in complete agreement with the
15 information and data we had collected from accessible sources, and for this
16 reason a reservation was made by the Company, the primary purpose being to point
17 out that in the Company's opinion the conclusions made from the crash investiga-
18 tions were of doubtful validity inasmuch as the true cause of the accident had
19 not yet been found. We feel that since our air transport business is conducted
20 under the supervision of and in all respects in compliance with the directions of
21 your Administration, so that even on occasions that we address the Ministry of
22 Communications we do so only via your Administration and seldom direct, it does not

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1 seem proper that we should communicate with the Legislative Yuan direct in this
2 particular instance. Thirdly, we have been waiting patiently to read the official
3 Investigations Report compiled by the Investigation Board with the hope of gaining
4 a fuller knowledge of the official findings than that imparted under the cryptic
5 Salient Points of Investigations released by the Board on July 15th. From your
6 Notification No. FEI-AN-4-53-04795 dated August 4 we have respectfully noted
7 that a copy of the report will be furnished us in due course, but as yet we have
8 not received it.

9 Be that as it may, we have operated commercial air services in Taiwan
10 for well over 10 years without a previous accident, and have held a safety record
11 known all over the world. This record has now been shattered by this most de-
12 plorable disaster in which the aircraft was completely destroyed and over 50
13 passengers, plus a number of experienced personnel, met their untimely death. The
14 public has been shocked by it and the Company has been the target of severe
15 criticism from all directions, while the Company itself has suffered, tangibly
16 and intangibly, not counting the loss of the aircraft, inestimable damages from
17 which it will never fully recover. In view of the seriousness of this catastrophe,
18 one which has been made the conspicuous object of nation-wide attention, the
19 responsibility for its occurrence is naturally the one question of topmost
20 importance. We feel that so long as any information or data exist, every effort
21 should be made to conduct thorough investigations and careful research on them,
22 and should continue unceasingly, until the responsibility can be established from
23 truth to be uncovered from them. Failing this, we should never be at peace with
24 ourselves and our conscience would forever wail in shame at the mere thought of
25 those who so tragically lost their lives. For these considerations, therefore,
26 we feel at the same time that whatever knowledge we have and whatever data we