

~~EYES ONLY~~

DDP 1-1697

8 APR 1971

MEMORANDUM FOR: Executive Director-Comptroller

VIA : Deputy Director for Plans

SUBJECT : Defense Department Correspondence on Laos
Funding ProblemsREFERENCE : CIA Memorandum of 26 March 1971 to Brigadier
General Manor Entitled "Funding and Equipping
the Thai Special Guerrilla Unit Forces in Laos"

1. You will recall that we sent a memorandum on 26 March 1971 to Brigadier General Manor entitled "Funding and Equipping the Thai Special Guerrilla Unit Forces in Laos." The point of the memorandum was to ask the Defense Department to make available specific materiel or funds to replace a [] shortfall which has occurred because of (b)(1) a drawdown on CIA stocks in Laos to equip various battalions which were (b)(3) programmed to be equipped and funded by DOD. In Attachment A, Dennis Doolin, Deputy Assistant Secretary of Defense, replies to this request with a refusal to make such a funds or equipment transfer. Doolin's memorandum states that the problem lies with the Country Team in Laos which has failed to program up to the authorized [] (b)(1) special project ceiling already authorized. Doolin claims only [] (b)(3)(1) [] has been programmed to date. He concludes that when the Country (b)(3) Team "enters the equipment into the program, replacement supply action can proceed." It would appear, therefore, that our request has come to naught and that the Defense Department does not intend to pull our chest-nuts out of the fire by alternative action in Washington. Thus our PRA crisis, which was temporarily stayed when you released [] addi- (b)(1) tional PRA, is still with us and may be expected to be a problem through (b)(3) the remainder of FY 71. This problem may, however, be solved by alternative actions now underway.

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2. As you know, a Committee has now been asked to examine all joint CIA/military problems in detail and make action recommendations by April 19th. The DOD is aware of the inadequacy of the RO and of its inability to adequately program for the requirements which have been thrust upon it. There is some conversation among the military of a need to build a separate logistics framework in Laos to handle the entire problem. Whatever the results of the Committee study may be, however, we can hardly expect additional funding releases to take place much before the end of this fiscal year. As I see it, therefore, FE Division will continue to be in fiscal difficulty since the field will continue to arm the Thai SGU's coming off the training line. At this stage we must turn to you and ask you to take such action as you deem advisable to help resolve this problem.

3. The second attachment is a memorandum for the Deputy Secretary of Defense from DOD/ISA which discusses FY 72 funding for special units in Laos. This memorandum is dated April 5th and was sent to us electrically on 6 April. As you can see, the memorandum gives Deputy Secretary Packard a review of the funding problem for the Thai irregular units in Laos and makes five recommendations. In the first three, ISA asks that Packard approve logistic support to CIA for 22 Thai infantry battalions, two Thai artillery batteries, and four (b)(1) infantry battalions. ISA also recommends funding for pay and allowances (b)(3) for these 28 battalions. In addition ISA asks that Packard approve DOD programming in FY 72 for 15,870 M-16 rifles and associated ammunition which will be given to the Lao battalions in our CIA-supported Lao irregulars program. If the Deputy Secretary approves these recommendations, we will have to take action to amend our FY 72 funding for CYTRUST in terms of the current programmed rifle and ammunition costs. Perhaps you would prefer not to identify this potential surplus to the Bureau of the Budget at this stage and merely accept that we will meet some extraordinary program costs in FY 72 for which these additional funds can be used.

4. In this memorandum ISA recommends that Deputy Secretary Packard not approve providing CIA 187 M-60 machine guns for our Lao irregular battalions and continue DOD funding in FY 72 of the former regular Thai army troops now deployed in northern Laos. ISA also

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~~EYES ONLY~~

recommends disapproval of a proposal to fund the Thai regular army troops for 60 days in FY 72. FE Division is prepared to accept the ISA ruling on the machine guns because the weapon is extraordinary to the Laos inventory and its provision appears to pose unnecessary difficulties for DOD. We expect Secretary Packard will disapprove this item. On the other hand the issue of whether Thai regular troops will remain in the Long Tieng area in FY 72 will probably need referral to the White House, and we believe that Secretary Packard will go to higher authority with this problem.

5. In summary:

a. The PRA problem for FY 71 is still with us and we will leave further appropriate advice and action on this to you.

b. There may be surplus monies available out of the FY 72 program for Laos if the issuance of the M-16's is approved by DOD.



(b)(1)
(b)(3)

Chief, Far East Division

Attachments: A/S

cc: ~~DDS~~
D/L

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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301



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R
6 APR 1971

INTERNATIONAL SECURITY AFFAIRS

In reply refer to:
I-22490/71

[redacted]
Director for Far East, DDP
Central Intelligence Agency
Washington, D. C. 20505

(b)(1)
(b)(3)

Dear [redacted]

(b)(1)
(b)(3)

I have your memorandum of March 26 to Brigadier General Manor concerning funding and equipping Thai SGU's. We are now attempting to identify the exact problems involved in DOD support and then, of course, to resolve them. In the interim, you may be interested in the following related matters.

As you pointed out, agreement now exists for Defense to support the 24 Thai SGU's programmed for activity in Laos. The Deputy Secretary of Defense approved allocation of Fiscal Year 1971 defense funds to support of 14 of these units. Accordingly, we have raised the so-called Special Projects ceiling in the Laos Military Assistance Service Funded (MASF) Program from [redacted] in order to accommodate this change in the structure of the overall program.

(b)(1)
(b)(3)

My staff has been working closely with yours in identifying the Fiscal Year 1972 DOD budget implications not only for the additional ten Thai SGU's but for the 14 approved for Fiscal Year 1971. I expect an early decision on this matter. However, given the costs involved--over [redacted] largely unprogrammed--as well as the legal and political hazards, the preparations for the decision have been extensive.

(b)(1)
(b)(3)

The difficulties encountered by the Requirements Office in provisioning the first 14 Thai SGU's have been especially difficult to isolate. While several months may be required to have a smoothly functioning pipeline for logistical support of these units, theater stocks should be available for drawdown now and replenishment later. It should be noted in this connection that within the Laos MASF ceiling the Country Team must establish priorities and allocate resources. Requirements must be programmed within the ceiling in order to activate the defense logistic system. While that may be an obvious matter, it is pertinent because the Country Team has not programmed up to the authorized Special Projects ceiling. Only [redacted] has been programmed and that was funded as soon as the program was received. In effect, the field has not levied us for support of the Thai SGU's beyond the [redacted] level.

(b)(1)
(b)(3)

(b)(1)
(b)(3)

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INTERNATIONAL SECURITY AFFAIRS
APR 1971

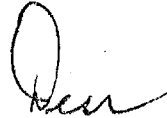
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As was explained by Mr. Brazier in his meeting of March 31 with Mr. Clarke and others, it does not appear that a [] transfer of funds from (b)(1) DOD FY 1971 appropriations is feasible. Additionally, since this money (b)(3) is for military assistance to Laos, it should be in the Laos MASF Program. Thus, when the Country Team enters the equipment into the program, replacement supply action can proceed.

I hope that we can continue to work closely in resolving the problems which arise in Defense assistance to Laos.

Sincerely,



Dennis J. Doolin
Deputy Assistant Secretary

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~~SENSITIVE~~
 ASSISTANT SECRETARY OF DEFENSE
 WASHINGTON, D. C. 20301

4/5/71

In reply refer to:
 I-35364/71

INTERNATIONAL SECURITY AFFAIRS

MEMORANDUM FOR THE DEPUTY SECRETARY OF DEFENSE

THROUGH: The Assistant Secretary of Defense (Comptroller)

SUBJECT: FY 72 Funding for Special Units in Laos

CIA directs the operation of certain third-country guerrilla groups called Battalion Commando (BDs formerly SGUs) in Laos, specifically Thais [redacted] which are fully funded by the Department of Defense. Except for certain special support such as Special Forces training and tactical air support which is provided directly, DOD provides logistical and air transport support for these forces via CIA in SEA. All other requirements such as troop payments, subsistence, and other operational expenses are met by having DOD transfer funds to CIA in Washington through the SWITCHBACK procedure utilizing the 50 USC 403f(a)-403j authority. (b)(1)(b)(3)

On 18 December 1970, you approved a revision of PBD No. 13 (13C) which deleted all DOD funds for pay and allowances of paramilitary units in Laos and Cambodia during FY 72. Your decision to eliminate DOD funding for pay and allowances of these units in FY 72 was based on the assumption that funds for these programs should be budgeted by CIA rather than DOD. At the time, there was no Washington Special Action Group (WSAG) or other requirement for DOD to budget for such requirements. Accordingly, only logistical support for a limited number of these guerrilla units was provided for in the FY 72 DOD budget. Your decision was communicated to the CIA promptly, but we understand that they did not budget for these costs.

More recently, you agreed to fund the pay and allowances for those guerrilla forces in FY 72, again using the SWITCHBACK procedure. Further, we understand that you agreed (on 20 February 1971) to finance 10 additional Thai BCs in Laos in FY 72. These 10 units would be in addition to the 14 Thai BCs currently programmed and funded by DOD in FY 71. Regarding other BCs which are funded exclusively by CIA, we have a request from Mr. Helms (Tab A) that DOD furnish, without CIA reimbursement, 15,870 M-16 rifles and 187 M-60 machine guns.

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Granting the request for M-16s would have the benefit of standardizing all Lao forces on the same basic weapon. If you approve this request, we would plan to approve the M-16 for all FAR/FAN units which do not now have this weapon. Approval of the M-60s, however, would constitute the introduction of an entirely new weapons system in Laos and will lead to additional costs in future years. The CIA has proposed that DOD bear the cost of these weapons in FY 71 and FY 72. However, in this paper we have included all of these costs as unbudgeted FY 72 increases that would have to be accommodated through reprogramming within resources available in FY 72 because earlier upgrading of these forces will not have an impact on the outcome during the current dry season. JCS views on M-16s and M-60s are at Tab B.

In addition to the support of BCs, it is our understanding that DOD is expected to continue to provide for the pay and allowances in FY 72 for the former regular Thai Army units (SIERRA ROMEO II and IX) which we consider to be BCs. These units are deployed in northern Laos until they can be replaced by newly recruited Thai Infantry and Artillery BCs, by end FY 71 if the schedule holds. If recruiting goes slowly, these units could be expected to remain in Laos during the first 60 days of FY 72. The risk associated with continuing DOD support of these forces is very high in light of the new legislation.

There are some significant ramifications to the approval of these additional programs, i. e.,

a. The [] will have to be accommodated within current DOD FY 72 totals through reprogramming. (b)(1)
(b)(3)

b. A large portion of the [] will show up as an increase in the Laos Military Assistance Service Funded Program--which is certain to raise questions on the Hill. (b)(1)
(b)(3)

(b)(1)
(b)(3) c. [] increase in FY 72 MASF against our ceiling of [] (MASF (b)(1) rently totals [] in the 72 budget.) (b)(1)
(b)(3)

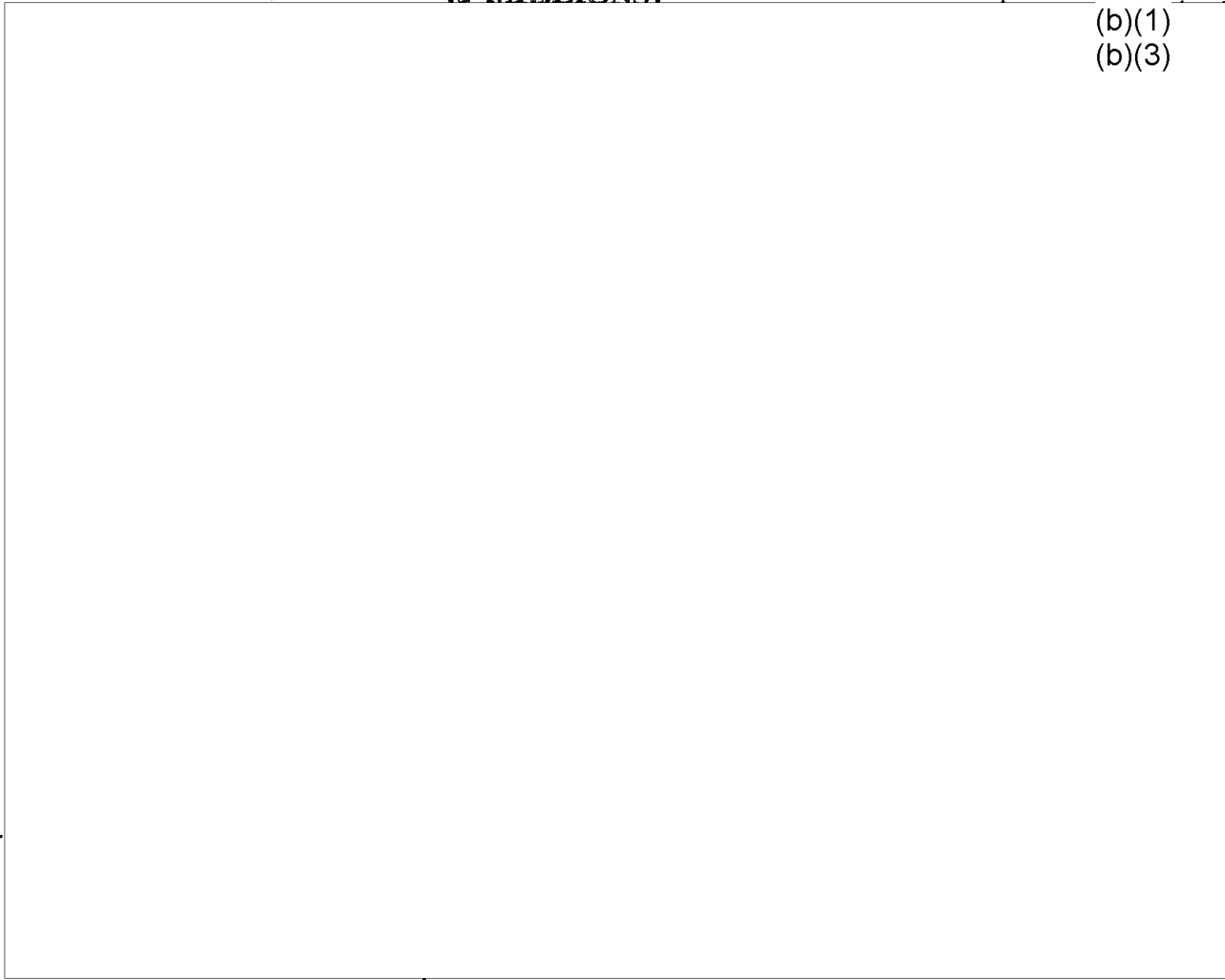
d. The possibility that there will be Congressional Hearings on the MASF Program. (Mr. Braswell, Senator Stennis' staff has indicated that such hearings are tentatively planned.)

Based on the current CIA prepared budget for this program, adjusted by OSD so as to avoid overcommitment at this time because of likely slippage in the recruitment of Thai BCs (recurring costs for new Thai infantry units were reduced by 10%), the estimated FY 72 cost to DOD would be:

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~~TOP SECRET SENSITIVE~~

(\$ MILLIONS)



(b)(1)
(b)(3)

Decisions

The General Counsel (Mr. Buzhardt) advises that all of the possible actions are within your legal authority.

1. Approve FY 72 BOD programming of up to [redacted] for cont (b)(1) logistical support via CIA in SEA of 22 Thai Infantry BCs, 2 Thai Ar (b)(3) ry BCs, [redacted] in Laos. Direct DA to accommo (b)(1) the increased cost of [redacted] currently b (b)(1) by reprogramming within resources available in FY 72. Recommend (b)(3) approval.

Approve _____

Disapprove _____

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~~TOP SECRET SENSITIVE~~

2. Approve FY 1972 funding for pay and allowances of 28 Thai (b)(1) BCs by transferring sufficient funds to the CIA under the (b)(1) SWITCHBACK procedure. Direct DA to accommodate the increase (b)(3) cost of by reprogramming within available resources (b)(1) in FY 72. Recommend approval. (b)(3)

Approve _____

Disapprove _____

3. Approve FY 72 DOD programming of 15,870 M-16 rifles and associated ammunition for Lao BCs. Direct DA to accommodate the increased cost of by reprogramming within resources available in FY 7 (b)(1) FY 72. Recommend approval. The CJCS (Admiral Moorer) wants ad (b)(3) funds made available to DA to cover this unbudgeted expense.

Approve _____

Disapprove _____

4. Approve FY 71 or FY 72 DOD programming of 187 M-60 machine guns and associated ammunition for Lao BCs. Direct DA to accommodate the increased cost of within available resources in FY 71 or F (b)(1). Recommend disapproval. The CJCS, (Admiral Moorer) concurs that (b)(3) M-60 system should not be provided to all forces in Laos.

Approve _____

Disapprove _____

5. Approve continued DOD funding in FY 72 of for pay (b)(1) allowances and programming of logistic support of the (b)(1) regular Thai Army units which we consider BCs that are deployed in (b)(3) Laos (SIERRA ROMEO II and IX) for 60 days only. Direct DA to accommodate the increased cost of the by reprogramming within res (b)(1) available in FY 72. Recommend disapproval. The General Counsel (b)(3) (Buzhardt) concurs that funding these units constitutes an unacceptable political risk.

Approve _____

Disapprove _____

The ASD/I&L (Mr. Shillito) concurs in all of the above recommendations.

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Handwritten initials

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

DD/P 1-1461

26 March 1971

MEMORANDUM FOR: Brigadier General Leroy J. Manor
Deputy Director for Operations (SACSA), J-3
Pentagon

SUBJECT : Funding and Equipping the Thai Special Guerrilla
Unit Forces in Laos

1. As you know, there is an agreement between the DOD and the CIA for the support of the 14 Thai Special Guerrilla Units (SGU's) programmed for activity in Laos. Simply stated, this agreement calls for the DOD to provide equipment for these 14 battalions, as well as funds for direct costs, while CIA undertakes to train, pay, and coordinate these Thai forces while they are in Laos. An additional 10 Thai SGU battalions were recently approved so that the program now contains 24 battalions. The newly approved Thai battalions are under recruitment and will begin training in the near future.

2. Implementation procedures for these agreements have been worked out under which the Requirements Office (RO) of the Deputy Chief, JUSMAG/Thailand programs for and provides materiel support to these battalions while the Department of Army provides the funds to CIA for the direct costs. The monies for the direct costs are being transferred to CIA on a quarterly basis. A problem, however, has arisen in the materiel flow. The RO has been unable to completely provision these battalions. Therefore under field agreement CIA has provided the short-fall materiel out of its own stocks which are programmed and funded to support Lao, as distinct from Thai, irregular forces. The CIA program is limited and the drawdown on CIA stocks, as of 26 March 1971, amounts to [redacted] We have reached a point where CIA requires immediate relief or we will be unable to adequately support those Lao irregular forces we are charged with supporting. (b)(1) (b)(3)

GROUP 1
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declassification

3. Therefore we ask that your office take immediate action to implement the earlier agreement by either:

a. Having the DOD issue the appropriate instructions to CINCPAC and the RO to make available to CIA immediate replacement of the materiel already issued, or

b. Making available to CIA, by funds transfer, the (b)(1)
 shortfall or by issuing materiel in the Continental U. S. (b)(3)
(b)(3)

4. At the same time we suggest you carefully review this problem with the appropriate military authorities. It has become clear that unless adequate instructions are issued to CINCPAC and RO there will be a continuing shortfall in materiel issue in subsequent months which should exceed per month. We ask that you arrange for adequate provisioning of materiel through military channels to avoid this anticipated shortfall. (b)(1)
(b)(3)

5. We suggest both the Defense Department and CIA appoint officers to a working group which would consider paragraph 3 alternatives and future problems as they arise. It would be useful if such a group could meet early next week.

FOR THE DEPUTY DIRECTOR FOR PLANS:

(b)(1)
(b)(3)

cc: Mr. Dennis Doolin
Deputy Assistant Secretary (East Asia & Pacific Affairs)
Pentagon

~~EYES ONLY~~

Memo to: BGen. Manor, SACS, Pentagon

Subject : Funding and Equipping the Thai SGU Forces in Laos

DDP/DCFE/[]:acl (26 March 71)

(b)(1)
(b)(3)

Distribution:

Orig - General Manor

- 1 - Mr. Doolin
- 1 - Ex. Dir. - Compt.
- 1 - DDP
- 1 - ADDP
- 2 - CFE
- 1 - CFE/TBL
- 1 - O/PPB (Mr. Sherman)
- 1 - ADCFE/Support
- 1 - Mr. Eichelberger (FE)
- 2 - DCFE

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

DD / S REGISTRY

FROM:

CFE

EXTENSION

NO.

FILE *Project Loss*

DATE

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

DDS

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