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<p>FYI - Col White has suggested Bob Bannerman might briefly note at the morning meeting.</p> <p>Bannerman mines the point - AA is a "fool of Wall Street." This is patently a CP story.</p>				
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18 August 1970

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

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OFFICER'S INITIALS

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

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1. Assistant to the Director
Mr. Goodwin

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PRIVATE WAR ENTERPRISE IN ASIA: AIR AMERICA, THE BROOK CLUB

AND THE KUOMINTANG

by PETER DALE SCOTT FOR RAW PAPER (9)

It is common practice to speak of the U.S. involvement in Indochina as a chaotic muddle into which America stumbled, as Richard Goodwin has put it, "almost by accident". A chief source for this soothing notion has been those who were once in the White House under President Kennedy, and who, understandably, have been quick to tell us that an Asian ground war was never what they intended. Yet the patterns underlying the confusion are, when studied more closely, all too prevalent: America has not "blundered" erratically forwards like one who is drunk or absent-minded, but has inched inexorably down a road which many observers could foresee. At the end of that road, of course, is an ultimate confrontation with either China, the Soviet Union, or both countries together.

To speak of a society's designs or intentions is I think a false metaphor; but in our pluralistic society there have been for two decades powerful individuals whose explicit design was just such an ultimate confrontation. Many more have accepted it as a risk worth running for a U.S. presence in Asia. Few of the former have held high office, and some of the most prominent have not held public office at all. Within the government, proposals for "rolling back" Communism on the Chinese mainland have come chiefly from dissident minorities in the CIA -- men like Chiang Ching-kuo's close personal friend Ray Cline, who was in effect "exiled" to a quiet post in Germany after proposing a Chinese Bay of Pigs operation in 1962. For years the cause of rollback has

been advocated more energetically by General Claire Chennault and Admiral Felix Stump, the Board Chairmen of the "private" airline CAT Inc., since March 31, 1959, known as Air America. These men, however, were probably less influential than their backers, the owners of Air America. For two decades these private activists have been working to break down governmental inertia. No one of their successes in this campaign has been spectacular. Cumulatively, however, they have landed us in the third largest war of America's history.

One clear recurrent pattern in Southeast Asia has been the continuous provocations by the CIA and/or CAT/Air America, from the flying of Kuomintang guerillas into Burma in 1951 to the ^{recent} training of Khmer Serai guerillas and the defoliation of Cambodian rubber plantations, two major factors in the successful overthrow of Prince Sihanouk. Roger Hilsman, citing the CIA's "fiascoes" in Indochina, Burma, and Laos, admitted that by 1961 there was a recurring "problem of CIA", a problem which -- from the three examples he cited -- might equally well be labelled "the problem of Air America". Hilsman suggests that the problem was one of inadequate control, just as Schlesinger criticizes the actions in Laos of irresponsible CIA agents "in the field". But the CIA continues to have as large a responsibility as ever for our billion-dollar covert war in Laos. Still more surprising, air support for this and other covert activities in Asia continues to be supplied by Air America, a "private" and hence uncontrollable airline whose capital, as we shall show, is derived in large part from Kuomintang sources on Taiwan.

Worse still, though it is commonly hinted in the U.S. press that the CIA "uses" the KMT-linked Air America, I shall argue that the truth is at least as much the opposite way around. Air America is a powerful

agent for expanded war in Asia precisely because it is private, and hence not responsive to Congressional or even Presidential control. Its power, at least until recently, has been ~~that~~ derived from that of its financial backers: a strange coalition of KMT wealth in Taiwan and the inherited Wall Street wealth of Manhattan bankers to be found in the New York Social Register. Air America is admittedly a marginal instrument in the present expanded Indochina war; yet it has been from the margins, the covert operations in inaccessible places like Laos and Cambodia, that escalations have proven likely to arise. In Nixon's projected "low profile" for U.S. actions in Asia, the role of the "private" airline will almost certainly increase; and today Air America is indeed taking steps to increase its roster of pilots.

The important point is that Air America's "privateness" does not make it remote from the sources of power in this capitalistic society; it makes it close to them. And Washington's desire for peace in Asia will not have been demonstrated until such time as it ceases its contracts with an airline over which it is convenient to have no control. For example, it is true that, in January 1970, Nixon terminated the unmanned "drone" reconnaissance overflights which had been secretly resumed in October 1969 by the intelligence community, a few days after the return ^{from} ~~from~~ Germany of Ray Cline. Yet this constructive step is more than nullified by the actions reported on April 13, 1970 in the Dallas Morning News:

American pilots working with the Central Intelligence Agency (CIA) are making low-level, night-time flights over Communist China to further dissension and eventual revolution, the Dallas News has been told by a former government flier. "Our boys are doing quite a bit of flying into China," said John Wiren in an interview.

"They fly upriver at night in old PBY's. They drop (Chinese Nationalist) guerillas and supplies put in there to stir things up." Wiren...who spent much of the 1960's flying for the CIA-sponsored airline "Air America" in Laos... said the clandestine flights are made into China as part of a long-range strategic plan. "The big plan is for revolution in China," he said.

Today the excesses of Indochina, and particularly of America's recent Cambodian adventure, may well have weakened the status of those in America who still harbor such fantasies. It can however be shown that, in the genesis of the Second Indochina War, such individuals, even though "private" rather than "public", played a role that was central, carefully deliberate, and recurrent. Take for example Joe Alsop, the man who in the not wholly playful words of Townsend Hoopes, "seemed at times to have invented the Vietnam War".¹ "Unexpected" crises in Indochina are not infrequently preceded by Joe Alsop's ominous visits. The last was to Vietnam in April of this year, when he wrote from Saigon to attack "the possibility that hawering and wavering in Washington can cause us to lose the golden opportunity in Cambodia," to pacify at least half of South Vietnam.²

This timely visit recalls others. Alsop visited Taiwan and Indochina in late 1953, as the French were making their fateful buildup at Dienbienphu; he was the first to report USAF support for Dienbienphu before announcing his conversion to Chiang's and MacArthur's

¹Townsend Hoopes, The Limits of Intervention (New York, David McKay, 1969), p.149.

²Washington Post, Apr. 24, 1970, A23. This column of Alsop's appeared the day that the National Security Council was scheduled to discuss Cambodian proposals from the Special Action Group that had been convened on April 22, and four days before the intervention was finally approved. A column by Evans and Novak on the same day, written from Phnom Penh, also spoke of a "golden opportunity".

view that "there was no substitute for victory" in Asia.¹ He visited Laos and Vietnam in April 1961, in time to witness "Operation Noel", the first U.S.-advised paratroop operation in Indochina (with transports piloted by Nationalist Chinese and/or American pilots of Air America)² and to "discover" a colonel in Vietnam's Kien Hoa Province named Pham Ligoc Thao, who for the next two years was primed by an activist CIA faction as a candidate to displace the increasingly untrustworthy Ngo Dinh Nhu. This Alsop visit preceded by one month the fateful tour in May 1961 of Vice-President Johnson, which led in turn to Kennedy's Vietnam commitments. In May 1964, finally, Alsop returned to Indochina and advocated the bombing of North Vietnam, on the eve of the June 1 Honolulu Conference which in turn preceded the Tonkin Gulf Incidents.³

But the most productive of Alsop's visits was undoubtedly that of August-September 1959, when, as we saw in an earlier issue of Ramparts (February, 1970), America's covert war in Indochina can be said to have begun. On that occasion two cargo planes of the Taiwan commercial airline Civil Air Transport (i.e. two Air America planes) arrived in Vientiane on August 22, four days before an emergency aid program to pay for them was signed in Washington on August 26, and a

¹Washington Post, June , 1954, ; reprinted in Congressional Record Appendix, June 14, 1954, A4366. Cf. Alsop's report (Washington Post, Nov. 2, 1953, p.8) of an interview with Chiang Kai-shek: "If the United States remains on the defensive in Asia for another two years, it will be needless to talk about Free China being in danger, for the U.S. and the whole free world will then be in deadly danger." It must be added that every fact of the situation in Asia appears to support and confirm this grim forecast by the Generalissimo."

²Washington Post, Apr. 6, 1961, A9; Apr. 7, 1961, A8, A17.

³Washington Post, May 22, 1964, A19.

week before "proof" of an August 30 North Vietnamese invasion was first brought forward. Written "En Route to Vientiane", Joe Alsop's column of August 26 predicted "that the key city of Sam Neua will soon turn into another Dienbienphu", an absurd charge that was nonetheless echoed almost immediately by the CIA's protege General Phoumi Nosavan and by the U.S. press. Alsop arrived barely in time to interview the pretended survivors of a non-existent North Vietnamese "invasion" on August 30; his alarmist report of September 2 contributed to a secret U.S. Executive Order of September 4, under which, among other things, the first U.S. ground troops (an Army Signal unit) were apparently dispatched to "neutral" Laos.¹

Denis Warner, another anti-Communist reporter, heard the same "survivors" as Alsop and was contemptuous: "General Amkha accepted as fact what the most junior Western staff officer would have rejected as fiction."² Bernard Fall goes further, and suggests that the evidence was not only false, but deliberately staged. But those who swallowed the bait included not only Joe Alsop, who as Warner must have known had been a U.S. staff officer under Chennault in China during the war, but Alsop's willing believers in Washington who despatched the undisclosed secret order of September 4. Apparently the latter did not include President Eisenhower, who on the crucial day of September 4

¹Washington Post, Sept. 10, 1959, A9; London Times, Sept. 11, 1959, p. 12. An official DOD spokesman said only that a signal corps unit had been assigned to Admiral Felt, CINCPAC, for use "in that area" as he saw fit. However, the Bangkok Post reported the next day that the unit "actually was en route to Laos".

²Denis Warner, The Last Confucian (New York: Macmillan, 1963), p. 210.

was isolated on a one-day golfing holiday at the secluded Culzean Castle in Scotland. ^PThe full content of the secret order is unknown (a later column by Alsop is our only source), but may well have authorized the immediate recruiting of pilots by the "American Fliers for Laos", a "volunteer" group "said to be negotiating with the Laotian Government for a contract to run an operation like that of the Flying Tigers."¹ Such authorization was necessary to avoid prosecution under Section 959 of the U.S. Criminal Code, which penalizes anyone who hires or retains another within the United States to enlist himself in any foreign military service. Congress should ask for the publication of this secret order, to see what it authorized, whether Alsop's misrepresentations were incorporated into it, and how and by whom it was signed, and why it was dated on the day of Eisenhower's seclusion in Scotland rather than awaiting his return to America three days later. It is possible that talk of a high-level limited war conspiracy in Washington, perhaps even involving members of the present administration, is not as paranoid as writers like Schlesinger would have us think.

One fact is certain: Joe Alsop, along with his Washington friend Tommy "the Cork" Corcoran, was in on the planning for an earlier secret Executive Order, that of April 15, 1941, which authorized Chennault's American Volunteer Group or "Flying Tigers". Nor was Alsop the only link between the two Executive Orders: behind both was the shadowy presence of Pan Am, America's largest airline in the Far East and a frequent "private"

¹NYT, Sept. 25, 1959, p.4. Nine of the fliers were soon reported to be in Laos, including one active USAF officer (NYT, Sept. 27, 1959, p.16).

cover for U.S. military preparations before World War II. In 1941 a former President of Pan Am's Chinese subsidiary CNAC, William Pawley, was President of the "Central Aviation Manufacturing Company" which "hired" reserve officers as Flying Tigers pilots. In 1959 as today the former Pan Am Regional Director for the Middle East and India, George Arntzen Doole, was Chief Executive Officer of Air America, where he was assisted by two other former Pan Am Executives (Amos Hiatt, Air America's Treasurer, and Hugh Grundy of CNAC, now President of Air America's Taiwan operation Air Asia). More specifically, the pilots for the "American Fliers for Laos" were recruited by a veteran USAF combat pilot, Clifford L. Speer. Speer was described as a "major in the Air Force Reserve and civilian employee at Fort Huachuca, Arizona".¹ where Pan Am has a contract to conduct highly secret "electronics weapons" research for the USAF.

Pan Am's links with the Flying Tigers and CAT/Air America were both intimate and profitable, since Pan Am has always picked up a major share of the supporting charter airlift behind Chennault's wartime and postwar operations. During the war Pan Am's huge Chinese subsidiary, China National Aviation Co. (CNAC), flew the bulk of what was then the world's largest airlift "over the hump" into China, using many former pilots with the Flying Tigers. Madame Chennault identifies Gordon Tweedy, a former lawyer with Sullivan and Cromwell who served from 1941 to 1948 with CNAC, as a leading member of Chennault's "Washington Squadron", the group organized by Corcoran and Alsop to mount lend-lease for China. Meanwhile Merian Cooper, one of the many

¹NYT, Sept. 27, 1959, p. 16.

Pan Am directors who at one time or another have belonged to New York's wealthy and exclusive Brook Club, flew out to China in 1942 to become chief of staff of what was by then Chennault's China Air Task Force. Thus paradoxically Chennault, a man born in Commerce, Texas, who was never popular with the hierarchies of the War and State Departments, had personal links to the Brook Club and to Pan Am, whose other directors in those days included a Vanderbilt, a Mellon, and two Whitneys.

In the 1950's and 1960's Pan Am again supplied a trans-Pacific back-up to various CAT/Air America operations, starting with the Korean War. For example, it was on May 5, 1953, that Civil Air Transport, using planes and pilots "loaned" by the USAF, arrived in Hanoi to begin its airlift to Dienbienphu. Seventeen days later, on May 22, Pan Am began its "commercial service" ^{to Hanoi,} a service opened with the assistance of the U.S. government "in the national interest", and a service which became a chief money-earner for Pan Am during the accelerated Vietnam War buildup.

The Wall Street interest in CAT, however, altogether transcended the profits to be reaped from military airlift contracts alone: CAT was the logistical backbone for the new post-Korean formula to stop Communism in Asia. As Eisenhower put it, "If there must be a war there, let it be Asians against Asians, with our support on the side of freedom." The world had been simpler before the war. As the U.S. Navy recorded then in its pamphlet, The United States Navy as an Industrial Asset -- What the Navy Has Done for Industry and Commerce,

In the Asiatic area a force of gunboats is kept on constant patrol in the Yangtse River. These boats are able to patrol from the mouth of the river up nearly

2,000 miles into the very heart of China. American businessmen have freely stated that should the United States withdraw this patrol they would have to leave at the same time.

After World War II gunboat diplomacy was no longer respectable. Overt intervention was given way to covert, just as the warship was being replaced by the airplane. In China above all there were numerous reasons why the United States wished to avoid too conspicuous an identification with the moribund regime of Chiang Kai-shek. Yet the demands of U.S. businessmen for protection in Asia were as great as ever.

All of these factors must have influenced the decision of the U.S. State Department indirectly to subsidize General Chennault in the establishment of his post-war "private" Chinese airline, Civil Air Transport (at first called Chennault Air Transport). Kuomintang capital was undoubtedly involved as well, reportedly that of T.V. Soong and his sister Madame Chiang, and assuredly that of the Chinese industrialists Wang Yuan-ling, Hsu Kuo-mo, and Wang Wen-san (today's CAT Chairman), then Manager of the Kincheng Bank which also invested in CAT.¹ But CAT's 47 U.S. Army Air Force transports were supplied by the U.S. relief agency UNRRA, for less than a tenth of their original cost, and for no cash. UNRRA gave Chennault contracts for Chennault and his men, including former OSS Officers under Chennault such as Malcolm Rosholt

to fly relief supplies into the interior. When his bill

¹NYT, Nov. 11, 1949, p.14; Free China Review (Nov. 1963), p.31. Air America pilots still repeat the rumor that "Madam Chiang owns the planes and we leased them from her" (San Francisco Chronicle, April 2, 1970, p.31).

for flying the supplies at high emergency rates equalled

UNRRA's low charge for the surplus planes, they became his.¹

At first UNRRA Director LaGuardia turned down this proposal, after he and all other responsible UNRRA officials opposed it as wasteful and unnecessary. However LaGuardia¹¹ was called in for consultation by the State Department and told that both Soong and Madame Chiang had insisted on the need for the airline. LaGuardia reversed himself.¹² The Kuomintang clearly wanted Chennault to stay on to support its widely scattered armies; and indeed when Chennault "got full support of the line, he used it in semi-military support of the Kuomintang."³

But the U.S. Government was also represented in CAT through Chennault's partner Whiting Willauer, a graduate of Exeter, Princeton and Harvard, ^{Willauer} ~~who~~ had first been used as a trouble-shooter to fight Communists in the Criminal Division of the U.S. Justice Department in the 1930's (when he worked with Benjamin Mandel of the Dies HUAC Committee) and went on to help overthrow Arbenz in Guatemala in 1954 and to represent the State Department in the 1960 planning for the Bay of Pigs. Willauer was until then a representative of the Foreign Economic Administration engaged in "economic intelligence" in the Far East; during the war he had worked with Chennault as an employee of the Delaware corporation China Defense Supplies Inc. (and Special Assistant to its President, Tommy Corcoran's postwar partner W.S. Youngman.² (The Chairmen of China Defense Supplies had been T.V. Soong

¹Paul Frillman and Graham Peck, China: The Remembered Life (Boston: Houghton Mifflin, 1968), pp. 288-89.

²Charles Wertenbaker, "The China Lobby," Reporter (April 15, 1952), p.9.

³Graham Peck, Two Kinds of Time (Boston: Houghton Mifflin, 1950), p.

and Frederic Delano, uncle of Pan Am director Lyman Delano). Another important member of CAT was its treasurer James J. Brennan, wartime member of Chennault's Washington squadron, who after the war became a personal secretary to T.V. Soong in China.

CAT in other words, like the Flying Tigers before it, represented a covert alliance between Soong KMT elements and key elements around Tommy Corcoran in the Democratic Administration. This "private" arrangement left Chennault free in 1948 and 1949 to lobby against the State Department in favor of greater aid and airlift to China -- particularly to the Chinese Moslem armies of General Ma Pu-fang in the northwestern Chinghai Province which CAT was then supplying through Lanchow. By 1949 Chennault's views and activities were visibly much closer to Chiang's than to the State Department's. For example in November 1949, Chennault, shortly after a similar visit by Chiang, flew up to Syngman Rhee in Korea, "to give him a plan for the Korean military air force": at this time it was still U.S. official policy to deny Rhee planes and to arm his men with light defensive weapons only, to remove any temptation to invade North Korea.¹

Yet, beginning in this same month of November 1949, covert U.S. government links with Chennault's Chinese-backed airline began to be markedly increased. At first this new U.S. support was for ad hoc rather than long-term strategic purposes. The State Department feared that China's civil air fleet, if it continued to serve under the new Chinese People's Republic, would soon be used to mount an invasion against Taiwan. Thus on November 30, 1949, on the day of the fall of

¹U.S. Cong., House, Committee on Un-American Activities, International Communism: Consultation with Major General Claire Lee Chennault, 80th Cong., 2nd Sess., Apr. 23, 1958, pp. 9-10; U.S. State Dept., U.S. Policy in the Korean Crisis (Washington, 1950), pp. 21-22.

Chungking, a dummy Delaware Corporation, Civil Air Transport, Inc., was set up to "buy" over 70 planes of China's two government airlines then taking refuge in Hong Kong; and thus deny them (by a process which Madame Chennault has since frankly called a "legal kidnapping") to the newly constituted Chinese Peoples' Republic. The State Department could now exert pressure upon the Hong Kong and British authorities on behalf of "an American company"; and it did so energetically. Meanwhile former OSS Chief William J. Donovan flew out to Hong Kong with Chennault's old lawyer Tommy Corcoran, who was now CAT Counsel as well. The U.S. Consulate in Hong Kong (and its air force attache, Col. Leroy G. Heston, who had served with Chennault in China) played a particularly active role on CAT's behalf.

One by-product of the deal was that Pan Am, unlike the other U.S. companies in China, secured compensation for its 20% investment in the airline CNAC. In fact Civil Air Transport Inc.'s action in writing a check directly to Pan Am in New York, rather than to the CNAC offices in China, was one of the weakest links in its rather transparent case (or what Madame Chennault called "one last anti-Communist 'miracle'")¹

Legally the new Delaware corporation, which supplied \$4.8 million for the deal, issued only two of an authorized 2,000 shares -- not to Chennault, but to former T.V. Soong employees Willauer and Brennan. It is possible that the \$4.8 million really came from the CIA; for when the British Privy Council finally awarded the planes to Civil Air Transport, Inc. (overruling the Hong Kong courts), the seventy planes, which had been "bought" for a fraction of their real value, came home to the United States for repairs on the U.S. Navy aircraft carrier *Windham Bay*.²

¹Congressional Record, Senate, Mar. 28, 1950, p. 4226.

²Aviation Week (Feb. 2, 1953), p. 64.

But the legal work on the dummy corporation was handled by Tommy Corcoran's law firm, whose business address was that reported over the next seven years by all of Civil Air Transport Inc.'s Washington directors: Tommy Corcoran, his law partner W.S. Youngman, whom Willauer had served as Special Assistant in China Defense Supplies, Corcoran's brother Howard F. Corcoran, Duncan C. Lee who had flown out to China for OSS during the war,¹ and Annetta M. Behan, the Notary Public who notarized the company's annual reports filled out by herself.

Neither Corcoran nor the CIA seems to have done anything at this stage to help CAT solve its own financial and operating problems. In early 1950 Chennault had to advise his pilots that they would be put on half-pay, and were free to look for jobs elsewhere. The outbreak of the Korean War on June 25, 1950, saved CAT, which promptly began to fly the bulk of the U.S. military airlift inside Korea. On July 10 a second Delaware corporation was chartered: CAT, Inc., later renamed Air America Inc. (The older Civil Air Transport Inc., having served its limited purpose of "kidnapping", was quietly dissolved in 1956).

Control of the new corporation remained with the officers of the Chinese airline Civil Air Transport, who held four out of seven directorships. The remaining three went to the officer-directors of the holding

¹Ironically, Duncan Lee, who was OSS Assistant General Counsel and before that in General Donovan's Wall Street law firm, was denounced by Elizabeth Bentley as a Communist Party member and informer in the celebrated HUAC Hearings of 1948. Her testimony seems to have been intended to discredit in that election year not only the Democratic Administration, but also the OSS elements who were returning to it in the infant CIA (despite the bitter opposition of FBI Director J. Edgar Hoover) and the so-called "liberal" or "Rockefeller" faction of the Republican Party (opposed by the Chicago or "Taft" faction, who for a while were able to help Hoover block the formation of the CIA).

re friends
V. Young
at
John Currie

company Airdale Corp., also chartered on July 10, 1950, allegedly as a pass-through for CIA funds. Airdale Corp. (in 1957 renamed Pacific Corp has ever since held 100% of CAT Inc./Air America's stock. With fresh capital, specially-recruited pilots, and its Korean charter contracts, CAT was soon prospering, ~~with~~^{possessing} assets of some \$5.5 million, and income in the order of some \$6 to \$12 million a year.¹ But CAT's new American backing did nothing to change its status as the sole flag air carrier of Chiang's Republic. On the contrary, from as early as October 1950, the Taiwan Foreign Ministry exchanged notes with various Asian countries to confirm the landing and loading rights of the burgeoning commercial airline CAT.

At some point in the 1950's, at the insistence of the Chiang Government, a 60% controlling interest in the commercial airline (CAT Co., Ltd., or CATCL, a Taiwan company) was granted or returned to the KMT interests who had originally invested in it. Thus Wang Wen-sen, who had been Chairman of CAT's Policy Board in 1949, replaced Chennault as Chairman of CAT's Board, a post he holds today. He was joined by Henry K. Yuan, a CAT employee, and by Y.C. Chen, apparently a former section chief in the KMT Ministry of Information and Director of the KMT's Overseas Affairs Division. A 40% interest was retained in the name of the Airdale Corp., which in 1957 was renamed the Pacific Corporation. Legally speaking, CAT Inc./Air America Inc. (the Delaware corporation) and CATCL (the Taiwan company) are separate entities. In practice it is difficult to distinguish between Air America's Taiwan subsidiary Air Asia and CATCL: the two operations share directors, officers, facilities, pilots and above all planes.

¹Colliers, Aug. 11, 1951, p. 35.

In the typical year 1963, for example, the World Aviation Directory attributed 4600 employees and 300 pilots to Air Asia, 4600 employees and 300 pilots to CATCL at the same address. According to ^aformer CATCL publicist, Air Asia "holds a service contract with CAT, which is the way the Americans operate the 'Chinese-owned' airline."¹ CAT's commercial "Mandarin Jet", which crashed in 1968, was leased from the CIA-front "Southern Air Transport" in Miami, which flew in the Caribbean at the time of the Bay of Pigs and also worked with Air America in Laos and Vietnam. Southern Air Transport's attorney, Alex E. Carlson, also represented the Double-Chek Corporation (same address) which hired American pilots to fly at the Bay of Pigs.² And Whiting Willauer, who in 1960 was the State Department's senior representative on the Bay of Pigs Operation, later testified that CAT pilots trained the Cuban pilots involved.³

Meanwhile it would appear that, in February-March 1952, the CIA ended the anomaly of its direct subsidy to a prospering commercial Taiwan airline, whose officers were lobbying against State Department policy in the hopes of overthrowing ~~the~~ ^{Mao;} for it seems to have sold its financial interest in Airdale Corp. and CAT Inc. to a closely allied group of New York businessmen, of whom two (later three) were Joe Alsop's clubmates in the Brook Club: Samuel Sloan Walker and William A. Read, Jr., joined in 1958 by Robert Guestier Goelet. Walker, Read and Goelet are still the controlling directors of Pacific Corp. and of Air America.

¹Arnold Dibble, "The Nine Lives of CAT-II," Saturday Review (May 18, 1968), p. 50.

²David Wise and Thomas B. Ross, The Invisible Government (New York: Bantam, 1965), p. 156.

³U.S. Cong., Senate, Committee on the Judiciary, Communist Threat to the United States through the Caribbean, Hearings, July 27, 1962, p. 875.

It is possible of course that the data in the companies' annual reports is misleading, that the Walker-Brook Club group are merely a front, and that the Airdale Corp. continued to be what is technically known as a "proprietary" directly owned by the CIA. But the support given by the CIA to Air America, such as the recruitment and security clearance of pilots from the military for covert operations, seems overall to reflect a contractual rather than a proprietary relationship, like the links between CIA and Lockheed in the development of the U-2 Program.¹ For Air America, like CATOL, is clearly also engaged in private business for profit, and is said to make in the order of \$10 million a year. According to the New York Times, it

flies prospectors looking for copper and geologists searching for oil in Indochina, and provides pilots for commercial airlines such as Air Vietnam and Thai Airways and for China Airlines [Taiwan's new Chinese-owned flag airline which since 1968 has taken over CAT's passenger services].²

It is the practice of the CIA to disengage itself from embarrassingly distasteful covert war enterprises it has helped to establish, such as Interarmco, the huge small-arms purchasing firm headed by former CIA agent Samuel Cummings (which imported inter alia the Mannlicher-Carcano said to have been used in the assassination of J.F. Kennedy).³ In the case of CAT Inc., the divestment seems to have been handled by Walter Reid Wolf, the CIA's Deputy Director for Administration between 1951

¹ Air America pilots, like U-2 pilots, are mostly recruited from the USAF, and are said to have the same rights of return into the USAF at the end of their "civilian" tour.

²NYT, Apr. 5, 1970, ppl, 22.

³George Thayer, The War Business (New York: Simon and Schuster, 1969), pp. 43-112.

and 1953. Wolf was a trustee of the small Empire City Savings Bank in New York, of which Samuel Sloan Walker was Chairman and Arthur Barry Richardson a third trustee. (A fourth trustee, Samuel Meek, was a director of Time, in those days strongly pro-Chiang, and later served on the CIA-front "Cuban Freedom Committee"). In early 1952 Walker and Richardson became directors (and presumably owners) of Airdale (now Pacific Corp.) and ^{CAT} ~~CAT~~ Inc. (now Air America) along with a third director, William A. Read, who was Walker's wife's former brother-in-law. Wolf was also a Vice-President of the National City Bank, and Senior Vice-President of its investment affiliate City Bank Farmers' Trust along with Walker's cousin, Samuel Sloan Duryee. (In addition Wolf and Duryee sat on the American boards of Zurich Insurance and related Swiss companies). About the time that Wolf became CIA Deputy Director, Desmond FitzGerald, a member of Duryee's law firm, joined the CIA and became for years in charge of its covert Indochina operations, working in conjunction with Air America. (FitzGerald is said to have spent much of his time in Asia, yet he apparently never condescended to become a lowly CIA desk officer or station chief. Instead his cover was that of a private lawyer with a downtown Washington address.)

The 1952 Airdale changeover was, in short, a hand-over by Wall Street men inside the CIA to Wall Street men outside of it, a convenient arrangement in which the profits afforded the outside bankers probably counted for less than the non-accountability afforded the CIA. As a mark of Wall Street's control over the CIA in this period, one has only to note that, of the six civilian Deputy Directors known to have been named by CIA Director Walter Bedell Smith between 1950 and 1952, all six came from New York legal and financial circles; no less than five

of them were (like wealthy inheritors Walker, Read and Coelet) listed in New York's restricted Social Register which indicated New York's hereditary upper class. All of them, furthermore, were directly linked to the New York financial interests which profited not only from oil and other investments abroad, but also from the new defence industries which were being developed for their protection.

Wolf, for example, was a Vice-President of National City Bank, the New York bank with the oldest and largest Oriental business (it had seventeen branches there before World War II). It was also, along with Chase Manhattan, perhaps the leading bank behind the aircraft industry in general and Pan Am in particular. (James Stillman Rockefeller has been ^{since 1953} ~~from 1953~~ a director of both Pan Am and National City, which voted of Pan Am's stock in 1967.)¹

Behind the National City Bank stood its largest shareholder, the Giannini family's Transamerica Corporation, whose more famous affiliate the Bank of America was at this time opening up new branches in the Far East and participating actively in China Lobby activities. In 1948, for example, Tommy Corcoran's law partner, D. Worth Clark, flew to China as part of a special lobbying mission with Russell Smith, a Bank of America vice-president, and former Time employee Edward B. Lockett, a ghost-writer for Chennault. Clark is said to have recalled later that the idea for the mission, which was paid for in part by the Nationalist Government, "popped up at a cocktail party at the Chinese

¹ Soon after he joined the board of CAT, Arthur Berry Richardson was named a member of Chase Manhattan's Advisory Board. From 1955 to 1957 another CAT director was Harper Woodward, then an employee of Lawrence Rockefeller who represented the interests of the Rockefeller brothers (leading shareholders in Chase Manhattan) in various defense and CIA-linked industries.

Embassy."¹ And one director of Transamerica, James F. Cavagnaro, had already (through the World Commerce Corporation) been involved in one illegal private war enterprise in support of Chiang (Commerce International China, or CIC).

In other words it is misleading to describe Samuel Walker's Air America as (in the words of the New York Times) "the Central Intelligence Agency's private air subsidiary".² In fronting for the CIA, Air America fronts even more significantly for the powers which brought both agencies into being: the New York financial interests into whose milieu Air America's controlling directors were born. Thus it is no accident that Walker, Read and Goelet are all inheritors, wholly respectable but otherwise undistinguished, of significant nineteenth-century fortunes; and thus more "reliable" than self-made entrepreneurs. Walker's uncles and first cousins, for example, included directors at one time or another of Chase National (Gordon Auchincloss), National City (Samuel Sloan), City Bank Farmers' Trust (Samuel Sloan Duryee), Bankers' Trust and Pan Am (Samuel Sloan Colt); other cousins are married to a du Pont, a Tiffany, two Milburns, and William Bundy's sister.

Thus the creation of Air America, like that of the CIA itself, is an exercise in what I have elsewhere called parapolitics -- the generation of political results for which accountability is consciously diminished. Parapolitics has been Wall Street's preferred mode of foreign intervention since World War II. Gunboats are no longer used to overthrow foreign governments which threaten the nationalization of oil

¹Ross Y. Koen, The China Lobby in American Politics (New York: MacMillan, 1960), p. 108; Reporter, Apr. 15, 1952, p. 19.

²NYT, June 13, 1966, p. 4.

companies, but until recently (with rare exceptions such as Cuba) gunboats have not been needed. "Private" arrangements, with or without CIA backing, have usually sufficed to do the job.

The first example of CIA parapolitics, in 1948, is a paradigm, illustrating the true relationship between "private" and "public" power (the Brook Club and the White House) then prevailing in America. Truman has since told us that "I never had any thought...when I set up the CIA that it would be injected into peacetime cloak-and-dagger operations".¹ His intentions, unfortunately, counted for less than those of Allen Dulles, then a New York corporation lawyer and President of the Council on Foreign Relations. The Administration became concerned that the Communists might shortly win the Italian elections:

Forrestal felt that a secret counteraction was vital, but his initial assessment was that the Italian operation would have to be private. The wealthy industrialists in Milan were hesitant to provide the money, fearing reprisals if the Communists won, and so that hat was passed at the Brook Club in New York. But Allen Dulles felt the problem could not be handled effectively in private hands. He urged strongly that the government establish a covert organization with unvouchered funds, the decision was made to create it under the National Security Council.²

This fateful essay in non-accountability is instructive: the Defense Secretary felt the operation should be private, but a private corporation determined it should be public. By this arrangement, presumably, the men in the Brook Club even got their money back; since then the funds (unvouchered) have been ours.

¹Washington Post, Dec. 22, 1963; quoted in Hilsman, p. 63.

²David Wise and Thomas B. Ross, The Espionage Establishment (New York: Random House, 1967), p. 166.

It is interesting now to consider Alsop's phony "invasion" of 1959 from the perspective, not of Laos, but of New York's Brook Club, which Cleveland Amory described in Who Killed Society as "perhaps clubdom's richest from the point of view of inherited wealth." The club has only some 400 members in all, of whom only a handful condescend to become "in-and-outers" in temporary government service, or even to join the Rockefeller-sponsored but more elite-oriented Council on Foreign Relations.¹ Yet the Brook Club was well-represented in the background to Alsop's "invasion". Joe Alsop himself was a member of the Brook Club, as were two directors of Pan Am and three of the five directors of the Pacific Corporation, whose wholly-owned subsidiary, Air America, began in 1959 to violate Laotian neutrality (and the U.S. neutrality laws) more and more openly.

Air America worked closely with the CIA in this period. For many years the CIA operation in Laos had been controlled by Brook Club member Desmond Fitzgerald, a former liaison officer with the Nationalist Chinese New Sixth Army who in 1951 went into the CIA from the law firm of Samuel Sloan Walker's cousin, Samuel Sloan Duryee. (Another former member of Duryee's firm was Harper Woodward, a director of the Taiwan commercial airline Civil Air Transport from 1955 to 1957 as an employee representing the interests of Laurance Rockefeller -- the only Rockefeller to belong to the Brook Club.) And while Brook Club member Walter S. Robertson, for six years a leading friend of

¹Though my figures undoubtedly fall short of the true count, I have located only two Brook Club members in high government office during the 1950's, Undersecretary of State David K.E. Bruce (1952), and Assistant Secretary of State for Far Eastern Affairs Walter S. Robertson (1953-59). Out of a total Council on Foreign Relations membership of 1383 in 1960-61, I have found eleven from the Brook Club: Norman Armour, Robert Woods Bliss, David K.E. Bruce (who married a Mellon), James Bruce, W.A.M. Burden, Henry S. Morgan, Crayson M.P. Murphy, William H. Osborn (a Dodge heir), Paul G. Penneyer (Morgan's brother-in-law), Warren Lee Pierson, and Robert Strausz-Mape. The information in the New York Social Register alone shows at least 57 CFR members from the Rockefeller brothers' University Club,

Chiang Kai-shek as Assistant Secretary of State for Far Eastern Affairs, had just resigned (as of July 1, 1959) for reasons of illness, his place had been taken by his good friend James Graham Parsons, another New York socialite who had served for years as the personal secretary of Brook Club member and former Ambassador Joseph Grew (the cousin of J.P. Morgan). Grew had been best man at Parsons' wedding in 1936, when one of the ushers was Winthrop Brown of the Brown Brothers Harriman family (major investors in Pan Am), who became Ambassador to Laos in 1960.

Finally, in 1959 the leading proponent of what he called "A Forward Strategy for America" in Asia -- confronting China at its very borders -- was Viennese-born Brook Club member Robert Strausz-Hupe, a former New York investment banker married to the first wife of Samuel Sloan Walker's brother Joseph. Strausz-Hupe's Foreign Policy Research Institute, financed in part by CIA funds, was then in the forefront of a highly-organized campaign by right-wing military and business circles against the more limited policy of merely "containing" communism ("This strategy allows the communists to devote full time to the job of aggression...defensive measures themselves can never assure victory.")

These facts do not suggest a clubroom or genealogical conspiracy. They are symptomatic of a common right-wing milieu, not narrowly restricted to the Brook Club, whose members no doubt differed in their opinions as much as other human beings, but who collectively exercised far greater influence -- because of their participation in this privileged milieu -- than the "private" status of some individuals might indicate. The reality of this milieu helps us to understand the alleged uncontrollability in Laos of what Schlesinger called "CIA men in the field

Deamond Fitzgerald was assuredly in as good a position to influence U.S. policy as U.S. policy was to influence Deamond Fitzgerald. (Nor was such influence confined to Laos -- for example, it is recorded that in 1960, John F. Kennedy, two days before his nomination, received Joe Alsop and his publisher Phil Graham, and agreed to their arguments that he should accept Tommy Corcoran's old protege Lyndon Johnson as his running mate.¹)

The reality of the milieu further suggests that it is wrong to analyze American militarism as the consequence of rampant and unmanageable bureaucracies. On the contrary, the determining decisions in our Far Eastern policy have repeatedly been made, not by the career bureaucrats, but by the "in-and-outers" who descend upon Washington from Wall Street for brief energetic periods and then return. The swollen and unmanageable bureaucracy itself appears, at least in the 1950's, more like a passive instrument to be activated by the concatenated efforts of whatever milieu can bring sufficient energies to bear upon it, from inside and outside simultaneously. If any single group in America can be said to have a particular responsibility for the Indochina war, it is that concert of political activists and publicists whose names are to be found in the pages of the New York Social Register.

The existence of a milieu is not in itself culpable, nor is the natural consequence that men who possess influence will seek to use it. But the concentration of public power in restricted circles encourages collusion outside of formal channels and review, a tendency reinforced by the prevailing listlessness of public agencies; and when this collusion

¹Alfred Steinberg, Sam Johnson's Boy (New York: MacMillan, 1968), p. 528.

reaches such extremes as the reporting of falsehoods or the timing of submissions so as to preclude review, then this collusion may be said to be conspiratorial. What is especially culpable in the present instance is that Air America -- the instrument selected for covert intervention in Laos -- was not even securely American. Despite its name and the recorded legal facts of its ownership, the capital, plant, officers and pilots of the Air America operation were in large part Chinese.

That both Brook Club members and the Kuomintang should be behind a CIA-linked airline may be surprising to some. But there are many instances of active collaboration between New York wealth and the KMT. For example, Brook Club member Richard C. Patterson, a former Ambassador to Guatemala who founded the China-American (later the Far East-American) Council of Commerce and Industry, was also a director (along with Brook Club member Warren Lee Pierson) of the Nationalist Chinese Li family's Wah Chang Corporation, a prominent U.S. tungsten firm with Chinese shareholders. ^{Wah Chang} ~~Wah Chang~~ had long enjoyed special political favors from Lyndon Johnson, and ~~Wah Chang~~ owned an important trading subsidiary, the Tai Wah Trading Company, in Thailand. (Patterson, incidentally, was also a director of another firm, the successful conglomerate City Investing Co., with Air America director Robert G. Goelet.)

Joe Alsop's own brother-in-law, Percy Chubb II (whose family

insurance firm did business in Cuba and the Philippines) became in 1947 Board Chairman of the newly-incorporated Cathay Insurance Company, most of whose capital was KMT money in flight from China. One of Chubb's fellow-directors was K.P. Chen (Chen Kuo-fu), a relative of Chiang, a key figure in the KMT "CC clique", and a director of the Bank of China along with Madame Chiang's brother T.V. Soong, her brother-in-law H.H. Kung (a fourth director was ~~and~~ Reignson Chen from the Wah Chang Trading Corp. and China Defense Supplies). From their residences in New York, K.P. Chen, Soong and the Kungs, were at this time channeling funds into domestic U.S. "ChinaLobby" activities, such as financial support for Richard Nixon's Senate campaign of 1950.¹

Such financial collaboration between the KMT and Wall Street was paralleled by another that was ideological. Archibald Roosevelt, a cousin of Joe Alsop's, joined the "social circle" (better known as the "China Lobby") of Alfred Kohlberg, H.H. Kung, and Archbishop Paul Yu-pin, at about the time his nephew Quentin Roosevelt of OSS succeeded Gordon Tweedy in China as a director of CNAC. (Others in this social circle ranged from Senator McCarthy, Walter Judd, William F. Buckley, and Louis Budenz, to Representative Clare Booth Luce and Roy Howard, later a director of Pan Am). In the same period three members of the Pan Am lobby in Congress became key figures in the emerging "China Lobby" in Washington: Senator McCarran (who had first become famous as author of the 1938 Civil Aeronautics Act), Senator Brewster (the so-called "Senator from Pan Am") and Clare Booth Luce, whose husband Henry Luce was not only a leading publicist for Chiang but an old Yale schoolmate and Connecticut neighbor of Pan Am President Trippe.

¹Ross Y. Koen, The China Lobby in American Politics (New York: MacMillan, 1960), p.42; Reporter (Apr. 15, 1952), p.10.

In 1957 the pro-Chiang lobby in America was quietly but effectively re-organized as the American-Asian (later American Afro-Asian) Educational Exchange, Inc., with Marvin Liebman as Secretary-General and Brook Club member Joseph Grew as Chairman. By 1959 Grew had been succeeded as Chairman by Brook Club member Charles Edison (son of Thomas Alva), a former Vice-Chairman with General Donovan of the Committee to Defend America by Aiding Anti-Communist China.¹ Among the AAKE's 58 members were members of the old Kohlberg circle (including Mrs. Kohlberg) and the newer "American Friends of Vietnam" (Christopher Emmet) as well as the editor of the New Leader (Sol Levitas) and at least one publicist for the John Birch Society (George S. Schuyler).² The Exchange's name and avowed purpose ("the exchange of information, literature and personnel for the purposes of creating a broader understanding") were deceptive: in practice the Exchange was used to ^{channel Taiwan funds for} ~~subsidize~~ the publication of pro-Chiang propaganda in the New Leader and elsewhere.^{2a} Meanwhile its Chairman and Secretary-General, Charles Edison and Marvin Liebman, also served as Chairman and Secretary-General of a secret Steering Committee, wholly unpublicized in this country, to erect Chiang Kai-shek's Asian Peoples' Anti-Communist League (APACL), in alliance with East European emigres and right-wing industrialists from Europe and Latin America, into a World Anti-Communist League.³ The "Asian Advisory Board" of the AAKE, which included the globe-trotting APACL organizer Ku Cheng-kang,

¹ Edison (along with three members of the Kohlberg circle) was also one of the eight members of the American Committee for the Liberation of the Peoples of Russia, a group supporting the emigre NTS and ABN groups in West Germany.

² For a complete list as of 1960 see Suzanne Labin, The Unrelenting War (Intro. by Charles Edison) (New York: American-Asian Educational Exchange, Inc.), 1960

³ Asian Peoples' Anti-Communist League, APACL--Its Growth and Outlook (Taipeh: APACL, 1960). The Deputy Secretary-General of this secret Staff Committee was Francis J. McNamara, who by 1963 was staff director of the House Un-American Activities Committee.

was in fact composed almost exclusively of APACL delegates and associates.

Eaton's and Liebman's efforts were concerned with those in Europe of the International Committee for Information and Social Activities (CIAS): the CIAS President, Fritz Cramer, had been a German counter-intelligence officer during World War II, and its Secretary-General, Alfred Gielen, had before the war written anti-Semitic propaganda for Hitler's Anti-komintern under the imprint of a swastika.¹ The WACL, which can in effect be called the Second Anti-komintern, was in fact established in Taipei on September 7, 1967 -- another event not publicized in this country.

Personnel of the AAEE and APACL appear to have played a role along with CAT in the phony Laos "invasion" conspiracy of 1959 -- notably Ku Cheng-kang, who was also a KMT Central Committee member of the Chiang Ching-kuo faction, and a former Minister of the Interior. (He is now a member of the KMT Central Standing Committee, or Politburo). One has to recall that early 1959 was the time of the great Tibetan uprising, an uprising supported by a covert airlift from Taiwan. This uprising involved not only Tibetans but other ethnic minorities to the east in the contiguous provinces of Chinghai, Sikang and Yunnan which during the 1945-49 war had been supported by Chennault and CAT. In late 1958 China began to complain that American planes were flying over Yunnan Province (which borders on Laos) a charge which the authoritative

¹Alfred Gielen, Das Rotbuch ueber Spanien (Berlin: Nibelungen-Verlag, 1937). Another associate of the APACL and CIAS was Gen. Ferenc Farkas, chief military adviser to the AHN, who led the Hungarian "Arrow Cross" troops of quisling Ferenc Szalasi (executed after the war) with the Nazis against the Russians.

observer Arthur Dommen obliquely concedes.¹ This was shortly after the KMT leader Pai Che-jen had been driven with some 2,000 troops from Sanskyin Mountain in Yunnan into Burma in 1958, leaving what the APACL reported as a "growing" guerilla resistance movement behind him.²

By March 1959, according to Bernard Fall, "Some of the Nationalist guerillas operating in the Shan states of neighboring Burma had crossed into Laotian territory and were being supplied by an airlift of 'unknown planes'.³ As was revealed in 1961 when one of ~~the~~^{CAT's} planes from Taiwan was shot down by the Burmese Air Force, these guerillas were supported by the Free China Relief Association (FCRA), a member group of the Taiwan APACL with the same address and personnel.⁴ In May and June of 1959, FCRA Secretary-General Fang Chih, another member of the KMT and APACL, visited KMT camps in Laos, Burma, and Thailand, as he did again in 1960. On August 18, 1959, five days before ~~the~~^{the} arrival of two CAT planes in Vientiane, and twelve days before Alsop's "invasion", Ku Cheng-kang, who was President of the FCRA as well as of the Taiwan APACL, visited Vientiane and saw the mysterious but influential Col. Oudone Sananikone, a member of what was then the ruling Laotian family and nephew of the Laotian Premier Phoui Sananikone.⁵ On Aug. 26, 1959, in Washington, James Graham Parsons signed with Oudone's father, Ngon Sananikone, an emergency aid agreement which would pay to charter the CAT planes. This was only a few hours after Eisenhower had left for

¹Arthur J. Dommen, Conflict in Laos (New York: Praeger, 1964), p. 11

²APACL, Free China and Asia (Jan. 1959), p. 10.

³Bernard Fall, Anatomy of a Crisis (Garden City, New York: Doubleday, 1969), p. 99.

⁴NYT, Feb. 16, 1961, p. 9; Singapore Straits-Times, Feb. 20, 1961, p. 1.

⁵APACL, Free China and Asia (Oct. 1959), p. 14.

Europe on the same day, not having had time to study the aid request, for Ngou had only submitted it on August 25.

Oudone Sananikone headed a "Laotian" paramilitary airline, Veba Akhat, which in those days serviced the opium-growing areas north of the Plaine des Jarres -- CAT had not yet begun its operations to the Meos in this region, which offered such profitable opportunities for smuggling as a sideline for enterprising pilots.¹ In fact Veba Akhat was little more than a front for the Nationalist Chinese airlines from which it chartered six planes and pilots. On February 19, 1961, four days after the CAT/FCRA plane was shot down by the Burmese, a Veba Akhat C-47 leased from a Taiwan company was shot down over Laos; four of the six personnel aboard were said to be Nationalist Chinese officers.² Colonel Oudone Sananikone also figured prominently in the secret three-way talks between officers of Laos, South Vietnam, and Taiwan, which preceded the Vientiane coup and resulting crisis of April 19, 1964 -- a coup which was ~~announced~~ ^{reported} two days in advance by Taiwan Radio.³

The objective stake of Taiwan, the KMT, and the APACL in a Laotian confrontation was much more obvious than America's. The Tibetan and Yunnan guerilla movements of that time, like the Bay of Pigs Operation, were not capable of succeeding by themselves: their only hope lay in their inducing a massive U.S. intervention against China. Laos between 1959 and 1961 revived the hopes and clamor for such a confrontation,

¹For a recent report linking Air America and the CIA to opium-smuggling in Laos, see the Christian Science Monitor, June 16, 1970, p. 8: "The Lao A. is deep
^{the money spinning of business, a Lao Air Force planes transport opi}
^{Some private pilots say the Air Force's opium runs are made with CIA 'protection'."}
^{is deep}
^{the money spinning of business, a Lao Air Force planes transport opi}

²Cf. Bangkok Post, Feb. 22, 1961, p. 1; Singapore Straits Times, Feb. 22, 1961, p. 3. The same year Taiwan's second airline, Foshing, reported a decrease in its air fleet from three C-47's to two. Foshing Airlines was headed by Moon Chin, a former Assistant Operating Manager of CNAC under William Pawley.

³Bangkok Post, Apr. 18, 1964.

shortly after it had been narrowly averted in the Quemoy crisis of 1958. In conjunction with right-wing groups inside the U.S.A. such as American Security Council (which included retired Admiral Felix Stump, a former CINCPAC who was now Board Chairman of Air America and a strong Diem lobbyist) the APACL lobbied for a "Volunteer Freedom Corps" of refugees from China, Korea, and Vietnam, with U.S. organizational support.

As well as Taiwan, Vietnam (the ~~base~~^{home} of the APACL Secretariat until Diem's overthrow) pressured America to consider such a path. As late as January 1963 Ngo dinh Nhu personally explained to Roger Hilsman his

grand strategy to defeat world Communism once and for all -- by having the United States lure Communist China into a war in Laos, which was 'an ideal theater and battleground.'¹ Hilsman suggests further that the CIA's basic assumption was that Laos would become such a major battleground;² and as late as 1965, according to Bernard Fall, there were those in Washington who believed

that the Vietnam 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.²

(The language as well as the philosophy reminds us of Joe Alsop's description of Cambodia this past April, as a "golden opportunity" to "end the war in half of South Vietnam.")

Thus it is not surprising that Air America, and those associated with it, have striven energetically to internationalize the Laotian

¹Hilsman, p. 115.

²Bernard Fall, Viet-Nam Witness (New York: Praeger, 1966), p. 203.

conflict. By 1961, according to Stanley Karnow, there were major interventions in Laos by KMT troops

flown from Taiwan into bases in northern Thailand. An estimated 4,000 Chinese Nationalists were reportedly operating in western Laos in 1961 despite attempts by the Kennedy Administration to keep them out.¹

An estimated two to six thousand KMT troops still support themselves (and possibly the KMT) from the opium traffic "in the no-man's land where Burma, Thailand, and Laos meet."²

Following the restoration of a coalition government in 1962, one of the first acts of Finance Minister Phoumi Nosavan, the pro-Thai protege of the CIA and Air America, was to sign in Peking an agreement whereby the Chinese would build roads into northwestern Laos. These two Chinese-built roads, one of which now hooks some fifty miles south from the border before turning northeast away from Thailand, are now used by the Thais as an excuse for their own covert interventions in Laos with the support of Air America. In March, 1970, for example, Air America flew in several hundred Thai troops to help defend the CIA's Meo outpost at Long Cheng against Communists, as well as allegedly putting U.S. Special Forces teams into Laos.³

The U.S. State Department under Nixon continues in the face of all such evidence to maintain that "the basic U.S. policy toward Laos is that of support for its independence and neutrality."⁴ If there is

¹Stanley Karnow, Washington Post, Mar. 16, 1970, p.A10.

²Bangkok Post, Dec. 2, 1969, p.1.

³Flight International, July 16, 1970; NYT, Apr. 5, 1970, p.22.

⁴Former Ambassador William H. Sullivan, in U.S. Cong., Senate, Committee on Foreign Relations, United States Security Agreements and Comm. Abroad: Kingdom of Laos, Hearings, Oct. 20, 1968, 91st Cong., 1st Sess., P p. 367.

any sincerity to such claims, one would think that Washington would seek as a matter of priority to extricate from Laos not only Thai and KMT troops, but also the CIA and Air America, all of which forces have clearly been working together against this policy. But one hardly expects to see their departure soon.

In early 1964, at the time of a renewed French peace initiative in Laos, the new Johnson Administration seems to have toyed briefly with the idea of withdrawing Air America from Laos, since Pathet Lao objections to its presence were among the principal obstacles to the restoration of peace. In March both the United States and Souvanna Phouma announced that Air America would terminate its operations in Laos, and be succeeded by a new U.S. airline subsidiary, as yet unformed, to be called Seaboard World Services.¹ The Pathet Lao at first objected to the idea that a new U.S. company would simply continue Air America's work, but later seems to have seen the advantage in at least getting rid of the airline with KMT connections. As late as May 1964, after the neutralists had been ousted from Vientiane in a right-wing coup and U.S. planes were now bombing the Pathet-Lao area, Pathet Lao Prince Souphanouvong^{still} suggested that five U.S. prisoners could soon be released, after Air America had departed the country. Unfortunatal both he and Seaboard World Airlines underestimated the tenacity of the KMT.

On August 27, 1964 the New York Times announced that the departure of Air America had been "delayed by the death in an airplane crash of

¹NYT, Mar. 19, 1964, p. 4; Bangkok Post, Mar 20, 1964. Air America officials confirmed the announcement, saying that their company intended to increase its operations in South Vietnam (NYT, Aug. 27, 1964, p. 6.)

the Seaboard official who was to have handled" the take-over. Suppressed from this terse report was the interesting fact that the official, John Davidson, was killed June 20, 1964, in the notorious crash of a Civil Air Transport plane over Taiwan. Despite the bland conclusion of a Taiwan Government inquiry that the CAT pilot lost control of his plane, the evidence presented to the Commission of Inquiry by a special U.S. investigating team confirmed the press's suspicions that the plane had been sabotaged: most of the planes aileron control cables had been recently cut. In the plane's wreckage were two pistols, concealed in the remains of two hollowed-out U.S. Navy Top Secret radar manuals.

For unexplained but not inscrutable reasons, Seaboard seems in the wake of this mysterious air crash to have lost all interest in the profits to be made from CIA private war business in Laos: one "accidental" death was enough to dissuade them from pursuing the contract further.¹ No doubt someday Air America (which at this moment is planning to step up its scale of operations) may indeed withdraw from Laos, but not before the Thais and Chinese Nationalists are fully prepared to take its place. Already the KMT is withdrawing its support from the Civil Air Transport/Air America complex, and has transferred its profitable civil passenger operations to the new Taiwan flag carrier China Air Lines. Perhaps someday China Air Lines will take over from Air America in Laos as well, just as the U.S. "civilian advisers" from the Special Forces may someday be replaced by private European

¹In 1965 their place was taken by the Johnson-linked airline Continental Air Lines. The new subsidiary Continental Air Services, which bought out the five-year-old covert air operations of Bird and Son, has however merely supplemented the activities of Air America in Laos, not replaced them.

mercenaries, like the Congo veterans said already to be converging upon Cambodia. The war will no doubt then continue under U.S. subsidy, but it will conform even more closely to the Nixon strategy of para-Imperialism, for it will then indeed be a war, in President Eisenhower's words, of "Asians against Asians."