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31 July 1951

SECURITY INFORMATION

MEMORANDUM FOR RECORD

SUBJECT: Meeting Held in Office of H. Freeman Matthews, Department of State
2:30 p.m., 30 July 1951

REFERENCES: Memorandum from Robert Joyce, dated 25 July 1951, regarding Agenda.
Reports prepared by OPC Divisions regarding Agenda items.
Memorandum for the Record, dated 28 July 1951 entitled "Policy Conference on U.S. Covert Support to Third-Force Groups."

PRESENT: Messrs. Matthews, Wisner, Krentz, Joyce, Merchant,
and [] []

NOTE: Mr. Livingston Merchant remained only for those portions of the discussion pertaining to China and Southeast Asia.

1. Actions Designed to Organize a Third Force in South China.

Mr. Wisner outlined in detail the previous discussions and decisions taken in the meeting held 28 July 1951 in the office of Mr. Rusk, reading Paragraphs 8/15 of the Memorandum for the Record pertaining to such meeting. Mr. Matthews concurred in the conclusions taken in the previous meeting (as summarized in Para 15 of Memorandum for the Record referred to above).

2. Report on Activities of General Li Mi in the Yunnan-Burma Border Area.

Mr. Wisner summarized the discussion and decision taken at the meeting held on 28 July 1951 in Mr. Rusk's office, stating that until Li Mi and the American team are debriefed and estimates of future potential of the Li Mi forces are made, judgment will be reserved and the matter reviewed at that time. Mr. Wisner stated that Li Mi had been advised that he could expect no OPC support as long as he remained in Burma with the exception of rice drops made to avoid foraging and to induce Li Mi to return to Yunnan. Mr. Merchant stated that the presence of the Li Mi forces in Burma could create difficulties but that if the estimated potential of the Li Mi forces was sufficiently great, OPC could take the calculated risk of remaining engaged in the operation; otherwise, OPC should probably disengage. Mr. Wisner stated that OPC was in a position to deny official American responsibility in connection with the operation. An

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inquiry was addressed to Mr. Wisner as to a possible course of action by the British if the latter should obtain official knowledge of the operation. Mr. Wisner stated that it was impossible to forecast just what action the British might take, although it was possible that it might be brought up in the United Nations. Mr. Wisner stated that OPC and the British Service have agreed to go their own way in Southeast Asia except for a small coordinated effort in the psychological warfare field.

3. Situation in Thailand Brought to the Department's Attention by a Dispatch Received One Month ago from the Charge d'Affaires at Bangkok.

Mr. Wisner gave a full report on the background factors involved in the report by the Charge d'Affaires that CIA was at fault in building up the Security Police as a possible power force in Thailand. Reference was made to the previous discussion in the Rusk meeting, and Mr. Merchant stated that he was convinced that the decision to undertake the training program was correct and a proper calculated risk. Mr. Merchant said that he was not disturbed over the program itself but was disturbed over the type of dispatch reporting it and the lack of security in its transmittal to the Department in Washington. Mr. Merchant stated that he would undertake to discuss the matter with Ambassador Stanton, who will be in Washington in the near future to the end that if such reports are written, they will be dispatched with due regard to the security factors involved.

4. Report on the Situation in French Indo China. (not on the agenda)

Mr. Wisner reported on the following developments:

a. Boursicot, the Chief of the SDECE, now has charge of guerrilla warfare in Indo-China and, in return for certain materiel furnished the French Service by OPC, has invited OP observers to Indo-China.

b. Senator Cabot Lodge, who is a close friend of General de Lattre, has been generally briefed on the poor American relationships with the General. Senator Lodge has gone to Paris to accompany the General to the United States and during the course of this trip will use his best efforts to bring about a less intransigent attitude on the part of the General.

c. OPC will maintain a hard attitude toward the French Service and as supplies are furnished, will seek a quid pro quo, including presence of OPC observers on the scene.

5. OPC Activities

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5. OPC Activities Based on Formosa.

Mr. Wisner stated that progress in general was in the phase expected and in accord with the pre-determined timetable. Mr. Wisner then read the report prepared by the Division and it was accepted without comment.

6. Difficulties of Defining the CIA Status in China and Korea.

Mr. Wisner made the following Comments:

a. A working relationship between CIA and General McClure's organization within the Department of the Army has not been defined. Consequently, there is a considerable overlapping area.

b. The relationship of CIA to General Ridgeway, as Theater Commander, is awaiting clarification from the JCS. In response to an inquiry, Mr. Wisner stated that Brig. Gen. Baumer will hereafter represent the JSPD in its relations with OPC. Mr. Matthews stated that he was well acquainted with Gen. Baumer.

Mr. Wisner made the following additional points:

a. OPC is continuing its building up in North Korea and will leave it in operating position even if there is an armistice.

b. In response to Mr. Merchant's inquiry as to whether Mr. Brayton Wilbur could properly proceed to Singapore in connection with the advancement of Asia trade, Mr. Wisner stated there would be no objection if his journey or activities in connection therewith bear no direct government sponsorship.

c. In response to an inquiry regarding the health of the brother of the Dalai Lama, Mr. Wisner stated that he would investigate and determine his need for drastic medical attention.

7. Present Status of OPC Activities Aimed at Bulgaria.

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Mr. Wisner read the report prepared for the meeting which was accepted with the suggestion that OPC check the feasibility of setting the Bulgarian Officers Group as a specific target.

Mr. Wisner mentioned the continuing difficulties with Georgi Dimitrov revolving around the latter's personal ambitions and personality traits.

8. The Albanian

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8. The Albanian Situation and Its Relation to Present Activities in Plans of OPC.

Mr. Wisner read the report for the meeting which was accepted with the following comments:

a. Mr. Wisner stated that the Department's ban on leaflet drops continued and that in his opinion the matter should be reexamined. Mr. Matthews agreed to review the Department's position and respond in about a week.

b. Mr. Wisner stated that American policy toward Albania remains undetermined and that consequently, OPC lacks overall guidance in relation to its operations directed toward Albania.

9. Present Activities and Plans for the Future in Italy as a Result of the Altered Political Situation Resulting from the Recent Italian Elections.

[] reported on certain operations working toward the split of the left-wing Nenni Socialists from their alliance with the Communists, pointing out that if such a defection were accomplished, it would create a new power force on the Italian Political scene. Mr. Matthews suggested that the matter be discussed with Mr. Byington for policy guidance. Mr. Joyce pointed that the Italian Services had substantial dossiers on Nenni and that it might be possible to have access to this material if it would be helpful to OPC.

[] : also reported on a recent statement by Luigi Gedda to OPC that De Gasperi no longer appeared the man for the position of Premier in Italy. While the field interpreted this statement as representing a difference in attitude between Gedda and De Gasperi's treatment of the Communists, [] pointed out that this might be a "fishing expedition" to determine the current attitude of the American Government toward De Gasperi, possibly inspired by the Vatican. Mr. Matthews suggested that this might also be discussed with Mr. Byington in order that the field might be advised of the current position of the United States toward De Gasperi.

NOTE: Mr. Wisner made a brief report to Mr. Matthews on a sensitive operation after all other parties had left the room.

Mr. Wisner and [] agreed to forward certain messages from the field to Mr. Matthews on an "Eyes Only" basis.

10. The following items appearing on the Agenda were not discussed:

a. OPC activities.

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- a. OPC activities and plans for activities in the other satellite countries with particular reference to Czechoslovakia.
- b. A brief report on the arrangements recently made with the Turkish General Staff for OPC activities to assist the Turks in setting up guerrilla resistance and stay behind mechanisms.
- c. A report on the operation which was approved three months ago for certain activities in France looking forward to a stay behind organization.
- d. A report on the recent merging on the Washington level of OPC and OSO operations in Latin America.
- e. A brief report on OPC activities relating to the NSC 26 series.
- f. A brief report on OPC activities in Iran.
- g. A brief report on the present status of CIA efforts to obtain a working relationship with the Yugoslavs.
- h. A statement on the present status of the "Size and Scope" paper.

[]
Acting Deputy Assistant Director
for Policy Coordination

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