

~~SECRET~~

CS Historical Paper
No. 87

Volume III of IV

CLANDESTINE SERVICES HISTORY

(TITLE OF PAPER)

CIVIL AIR TRANSPORT (CAT)

A PROPRIETARY AIRLINE

(PERIOD)

1946 - 1955

DO NOT DESTROY

Date published: April 1969

Copy #2 of 2 copies

Controlled by : SO Division

Date prepared : April 1967

Written by : Alfred T. Cox

~~SECRET~~

NOTICE

1. *This historical paper is a permanent part of the Clandestine Services History, and may not be destroyed.*
2. *It is included in the "Catalog of CS Histories" maintained by the Clandestine Services Group of the Historical Staff (HS/CSG), O/DCI.*
3. *If this document is moved from the office of control appearing on the front of this cover, the DD/P Representative, Historical Staff, O/DCI, should be immediately notified of the new office of control.*

~~SECRET~~

CS Historical Paper
No. 87

VOLUME III of IV

CLANDESTINE SERVICES HISTORY

CIVIL AIR TRANSPORT (CAT)

A PROPRIETARY AIRLINE

1946 - 1955

Copy No. 1 of 2: SOD

Copy No. 2 of 2: DDP

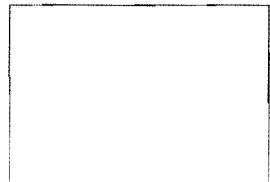
Controlled by : SO Division

Date written : April 1967

Date published: May 1969

Written by : Alfred T. Cox

~~SECRET~~



~~S E C R E T~~

Volume III

PRINCIPAL CAT/CIA PROJECTS AND ACTIVITIES

THE PICKUP OPERATION	TAB J
INDOCHINA - LIMITED VICTORY IN 1953 - DIEN BIEN PHU AND DISASTER IN 1954	TAB K
THE CATHAY-PACIFIC (CPA) INCIDENT . : . . .	TAB L

CAT INTERNATIONAL AND DOMESTIC OPERATIONS - SCHEDULED AND NON-SCHEDULED	TAB O
ENGINEERING AND MAINTENANCE	TAB P
PERSONNEL AND TRAINING	TAB Q

Note: Reference bibliographies, when used,
are at the end of each tab.

~~S E C R E T~~

~~SECRET~~

Volume IV

REPORTS OF INTERVIEWS

I.	INTERVIEW WITH MR. [REDACTED]	1
II.	INTERVIEW WITH MAJOR GENERAL W. RAY PEERS .	13
III.	INTERVIEWS WITH MRS. LOUISE WILLAUER	25
IV.	INTERVIEWS WITH MR. THOMAS G. CORCORAN . .	35
V.	INTERVIEW WITH MAJOR GENERAL WILLIAM E. DEPUY, USA	70

~~SECRET~~

~~SECRET~~

VOLUME III

PRINCIPAL CAT/CIA PROJECTS AND ACTIVITIES

~~SECRET~~

Tab A

~~SECRET~~

TAB A

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

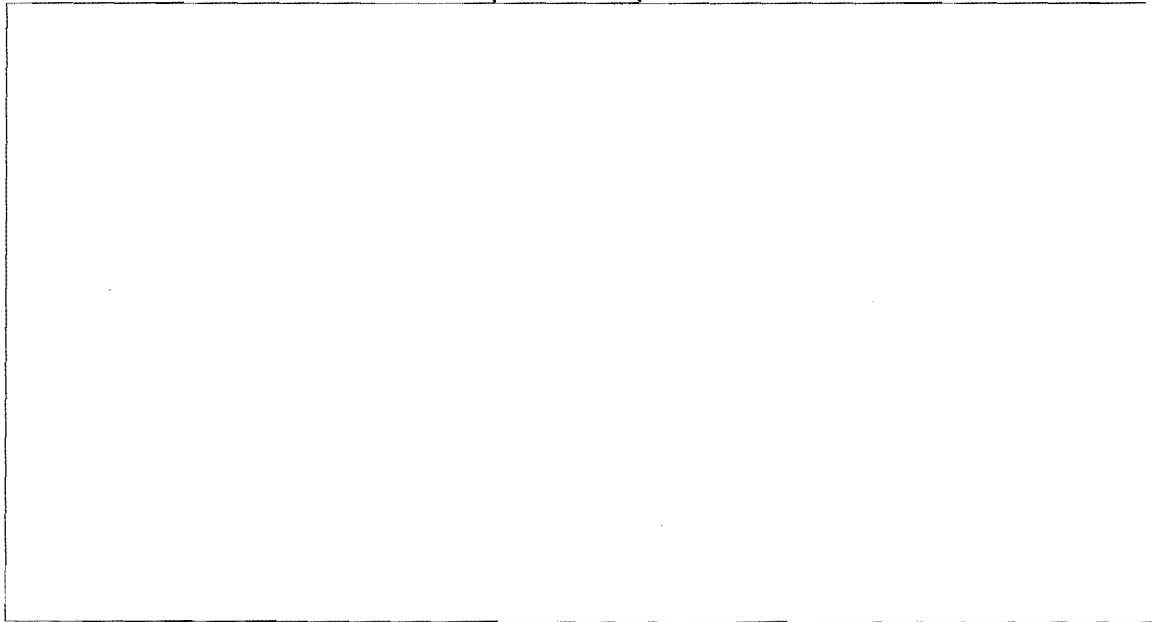
~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

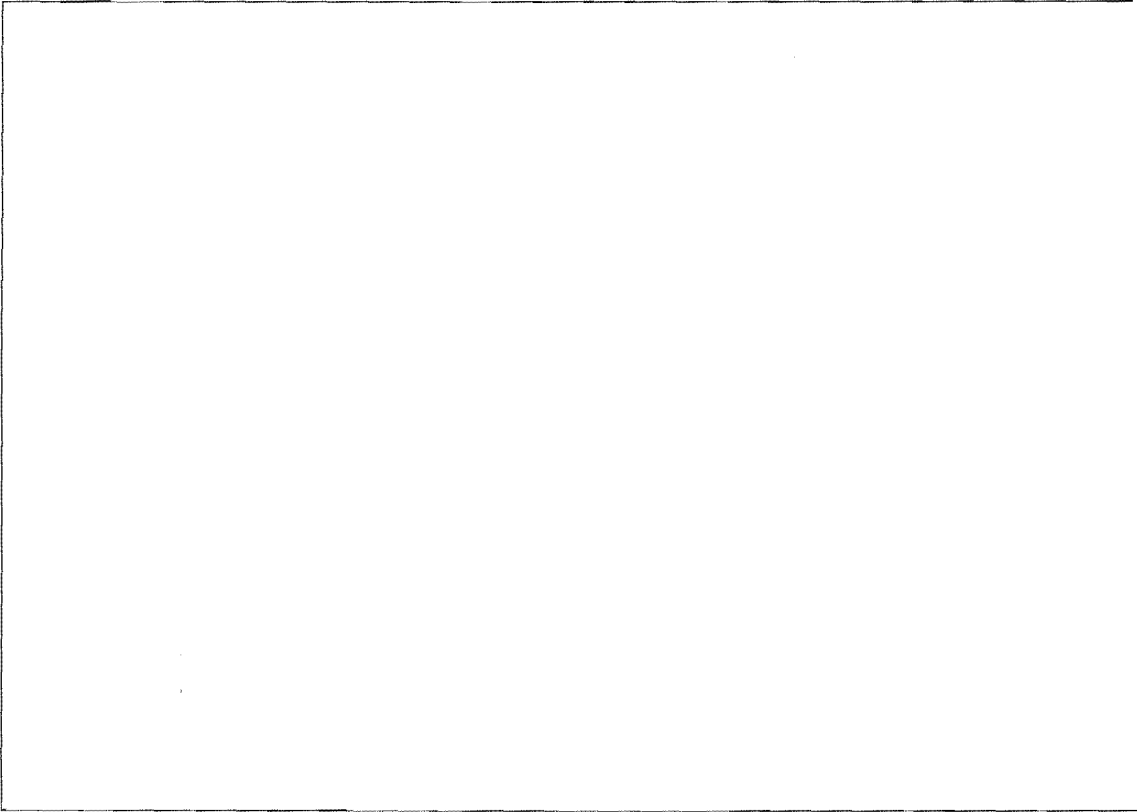


~~SECRET~~

~~SECRET~~

LIST OF REFERENCES

TAB A



~~SECRET~~

Tab T

~~SECRET~~

TAB B

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

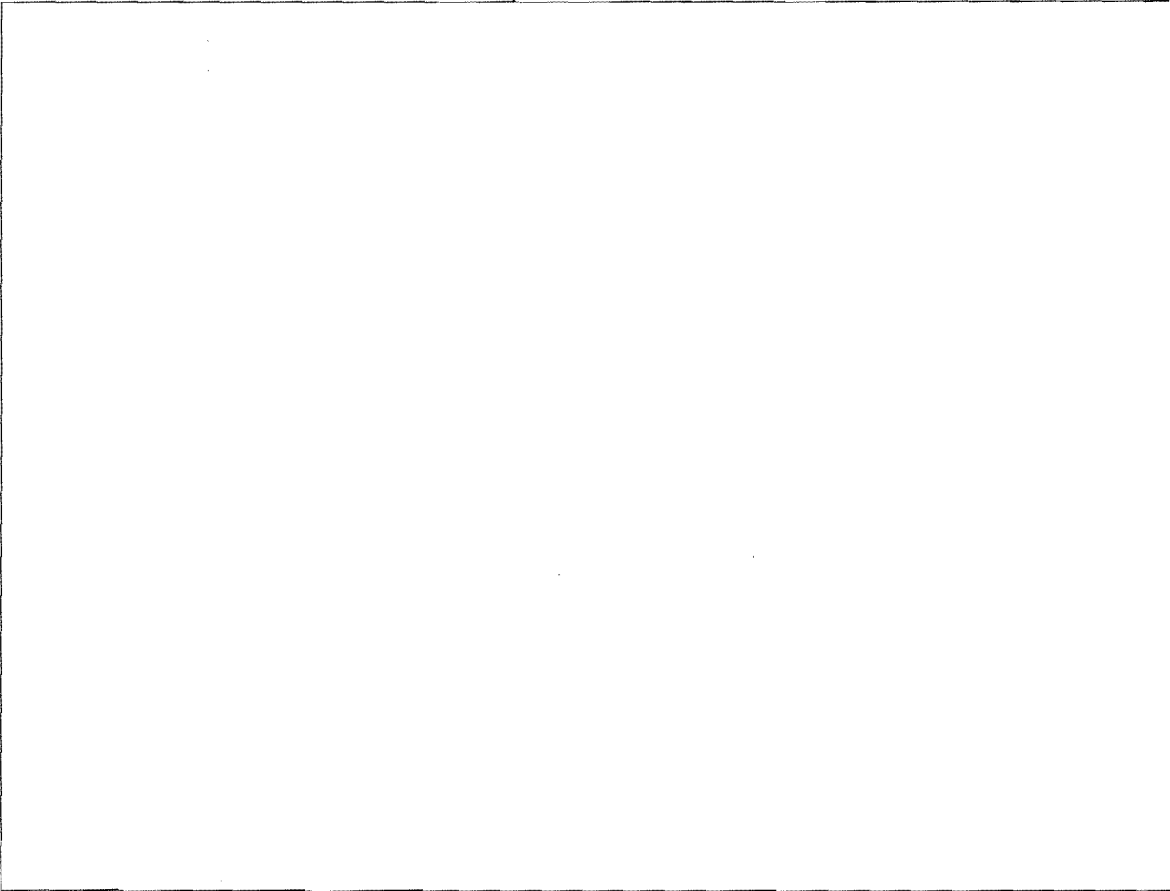
~~SECRET~~

~~SECRET~~



~~SECRET~~

~~SECRET~~

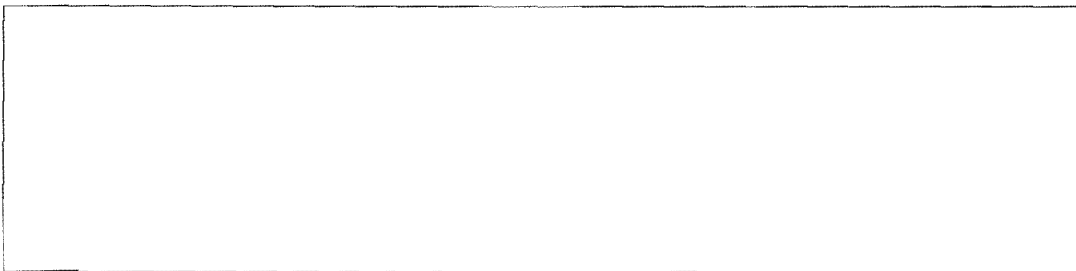


~~SECRET~~

~~SECRET~~

LIST OF REFERENCES

TAB B



~~SECRET~~

Tab (

~~SECRET~~

TAB C

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

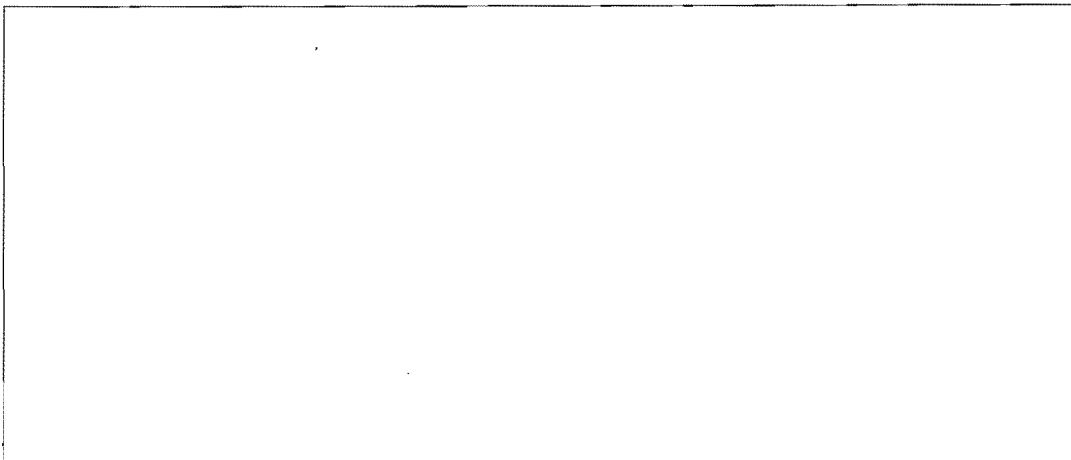


~~SECRET~~

~~S E C R E T~~

LIST OF REFERENCES

TAB C



~~S E C R E T~~

Tab D

~~SECRET~~

TAB D

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

4
~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~S E C R E T~~

~~S E C R E T~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

37
~~SECRET~~

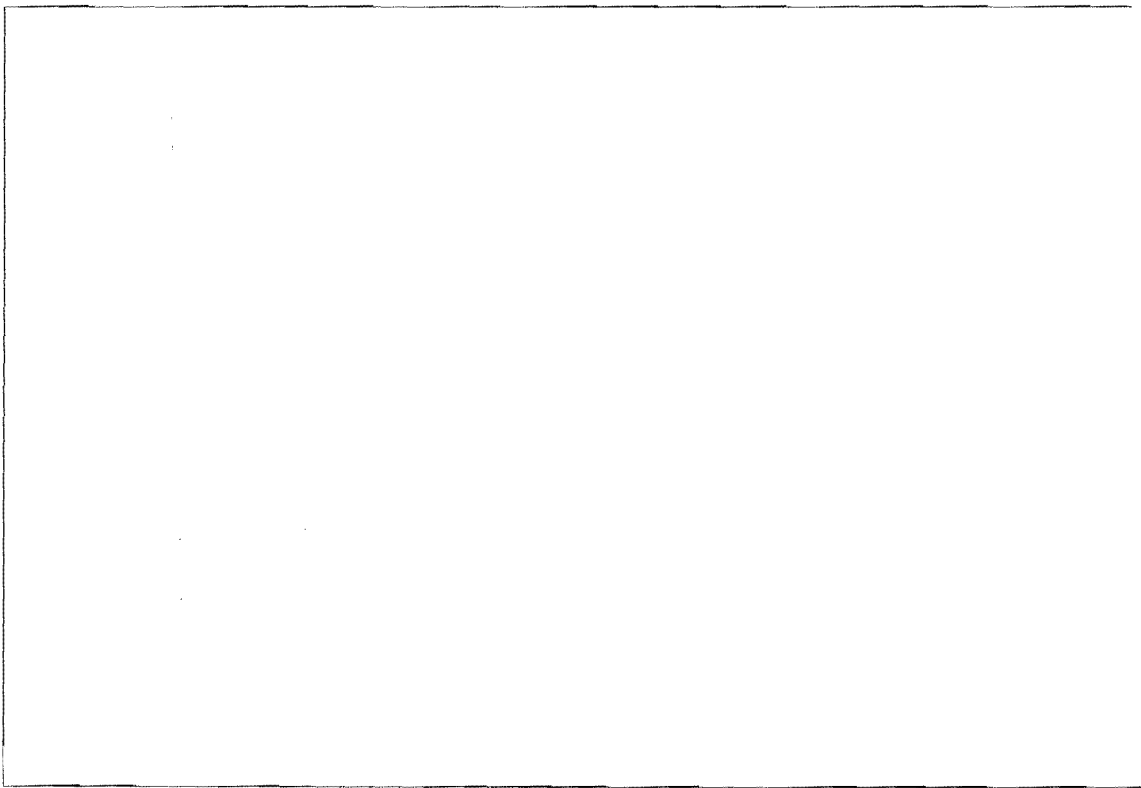
~~SECRET~~

LIST OF REFERENCES

TAB D

~~SECRET~~

~~SECRET~~



~~SECRET~~

Tab

~~SECRET~~

TAB E

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~S E C R E T~~

~~S E C R E T~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~S E C R E T~~

It might be pertinent at this time to record a few remarks with regard to the Madame. ADPC and ADSO had

~~S E C R E T~~

~~S E C R E T~~

made an inspection trip throughout the Far East in early 1952, and ADPC had reported on the Madame as follows:^{6/}

"7. Formosa.

a. Madame is 'something' to see and hear. She could charm 'a bird out of a bush.' She apparently dominates Chiang. But she is living in a dream world in which she is the Empress of loyal millions who would spring to her side were Chiang's banner only raised on the mainland."

As far as ADPC's observations went, they were probably reasonably accurate but by no means complete. The Madame, who had benefited from both an education in the United States and an extensive Chinese education, was a communications link between the Oriental and the Occidental worlds. She could understand whatever Chennault or Cox, or any other American, meant by what he said and, in turn, she could translate it in Chinese terms that were understandable to the Generalissimo and to other high Chinese dignitaries. This, to CAT and to the OPC mission in CAT, was the most important contribution that she made to the Sino-American working relationships.

Normally our meetings with the Madame followed a fairly set pattern. The meeting would be arranged easily by Mrs. Sue Buol, Chennault's secretary, and almost invariably be set for around 1600 hours just before tea time. Chennault and Cox usually went

~~SECRET~~

together when these meetings contained either important CAT business or occasionally Agency business [redacted]

[redacted] On arrival we would be given the usual cup of tea, the Madame would enter the room and there would be a considerable exchange of polite conversation, the Madame would display her latest Chinese paintings or her most recent acquisitions of jade or other forms of Chinese art, and then we would all sit down to apple pie a la mode. For some reason, the Madame considered that all Americans loved apple pie a la mode, and that this was the biggest treat or sign of respect that she could show to us. Of course this always happened to be about the time that Chennault was accustomed to return to his residence to be boisterously greeted by his dachshund "Old Joe" and his two daughters. His wife, Anna, would have his slippers ready, and a bottle of "Old Grand Dad" and some cold water would be ready at the side table next to his chair. But, with good grace, he always ate his apple pie a la mode, as did Cox.

Having concluded these formalities, the Madame would look at us as if to say, "Well boys, what is your problem now?" And we would start getting to the real purpose of our visit, the reasons and the importance of

~~SECRET~~

~~S E C R E T~~

obtaining a favorable result for what we were asking. She was extremely quick at grasping the nature of the problem. If she had any questions, they were direct and of a nature that would enable her to understand the point that we wished to make, so that she could present it more lucidly in whatever quarter of government the point had to be made. Quite often, of course, it involved explaining our viewpoint to the Generalissimo. After a few minutes of polite conversation, we would express our appreciation and make our departure, fervently hoping that the weather would stay good, so that the Madame would be able to have her usual evening walk in the garden with the Generalissimo, which was always undisturbed and unrecorded, but during which the Madame, at the right time and in the right way, was able to explain to the Generalissimo, in terms that he could understand, the nature and importance of our problem.

This was most helpful to CAT in a number of ways, as indicated previously, in such matters as the renewal of the franchise, when the confusion and to some extent the anger of the Generalissimo over the CATI handling of its obligations inevitably rebounded against CAT. It also helped finally to obtain a favorable foreign

~~S E C R E T~~

~~SECRET~~

investment law. [REDACTED]

[REDACTED] and to his successors because, through Chennault, they were able to obtain access to the Madame and bring to her attention various problems with which they were having difficulty at lower Chinese Government levels.

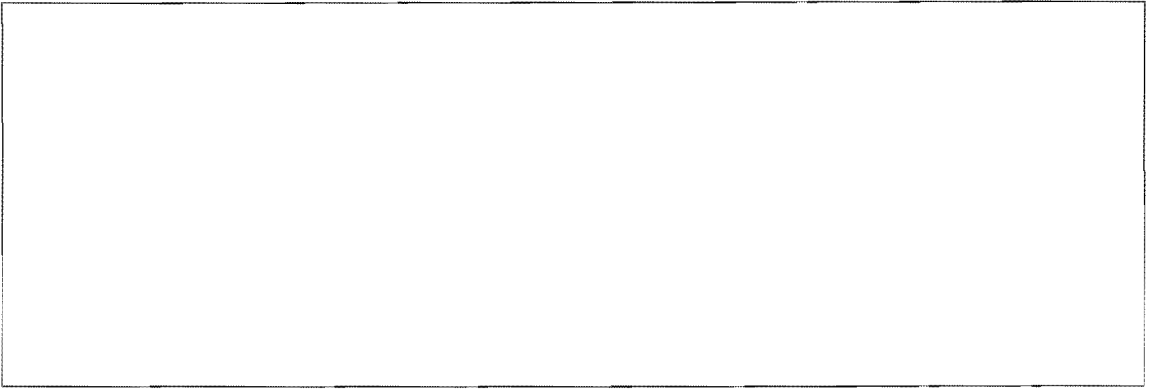
The relationship between CAT and the Madame was by no means a one-way street. In late 1949, living conditions and the economy of Taiwan were at an extremely low ebb, and the Madame was disturbed that there was little inducement for correspondents to come to Taiwan and report favorably on any reform. At her request CAT undertook, mainly under the supervision of Mrs. Sue Buol, to rehabilitate the only available hostel, a former CNAC property, in order to provide adequate living conditions and meals for foreign visitors. At a later date, CAT was of general assistance in the development of the Grand Hotel, which today ranks as one of the finest hotels in the Far East. CAT wives assisted in many charitable and educational activities with the Chinese people, and their efforts were greatly appreciated. This aspect of the development of an airline for support of Agency operations will be noted later.

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~



~~SECRET~~

TAB F

~~SECRET~~

TAB F

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

LIST OF REFERENCES

TAB F



~~SECRET~~

Tab G

~~SECRET~~

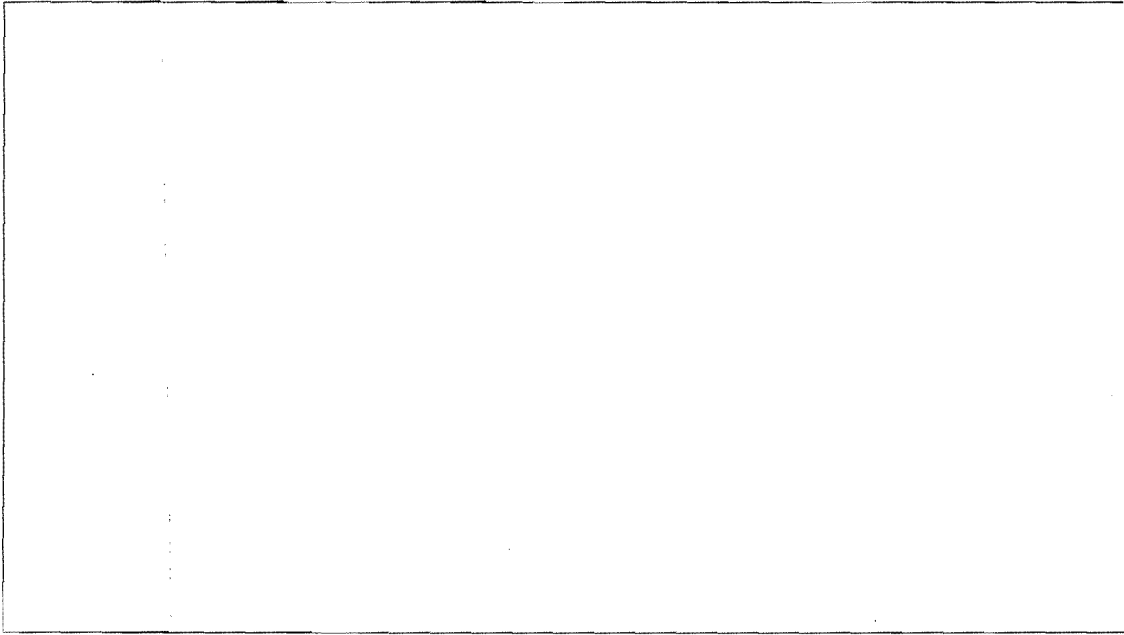
TAB G

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~



~~SECRET~~

Tab 1

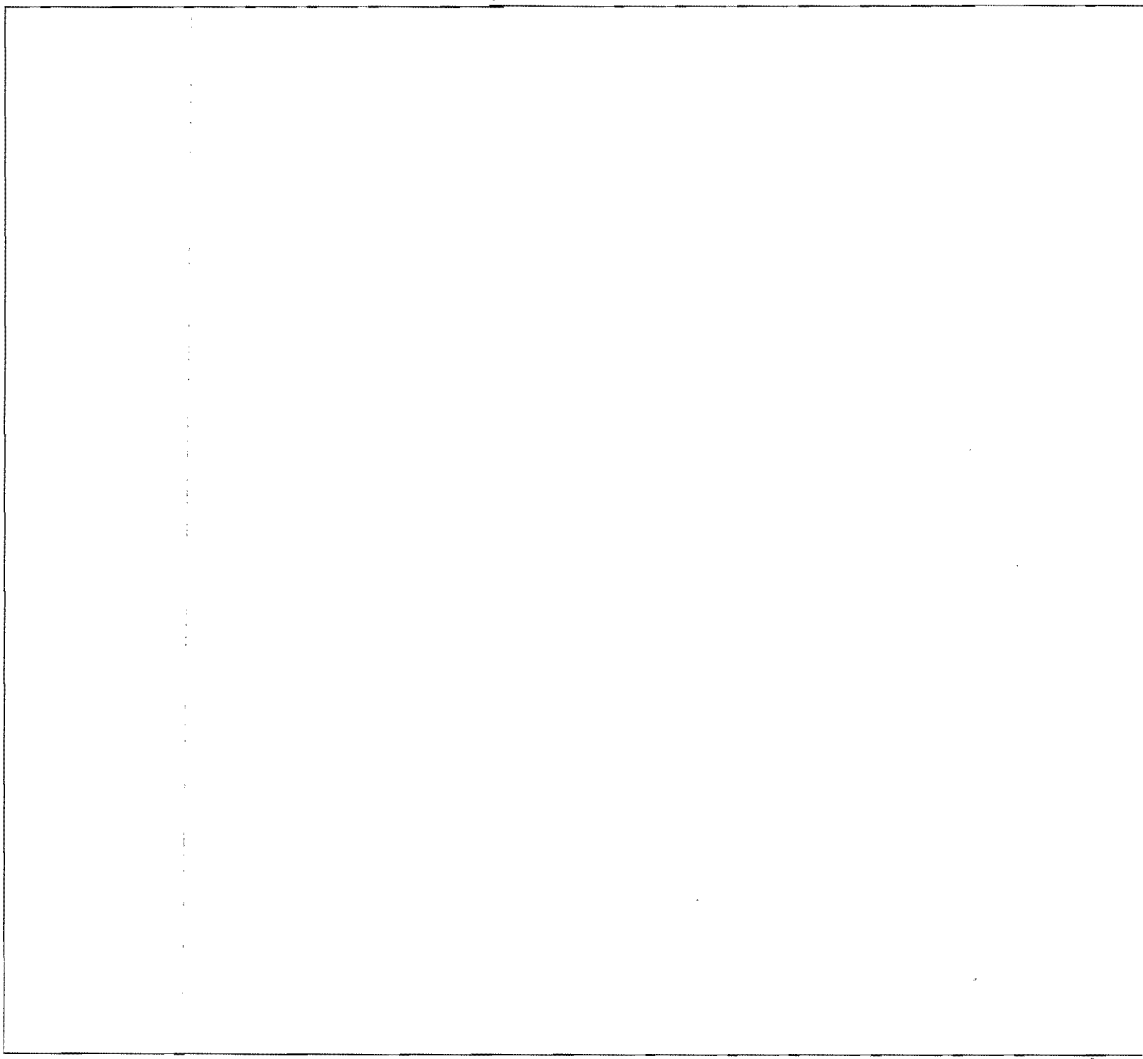
~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~



~~SECRET~~

~~SECRET~~

LIST OF REVERENCES

TAB H



~~SECRET~~

Tab I

~~SECRET~~

TAB I

~~SECRET~~

~~SECRET~~

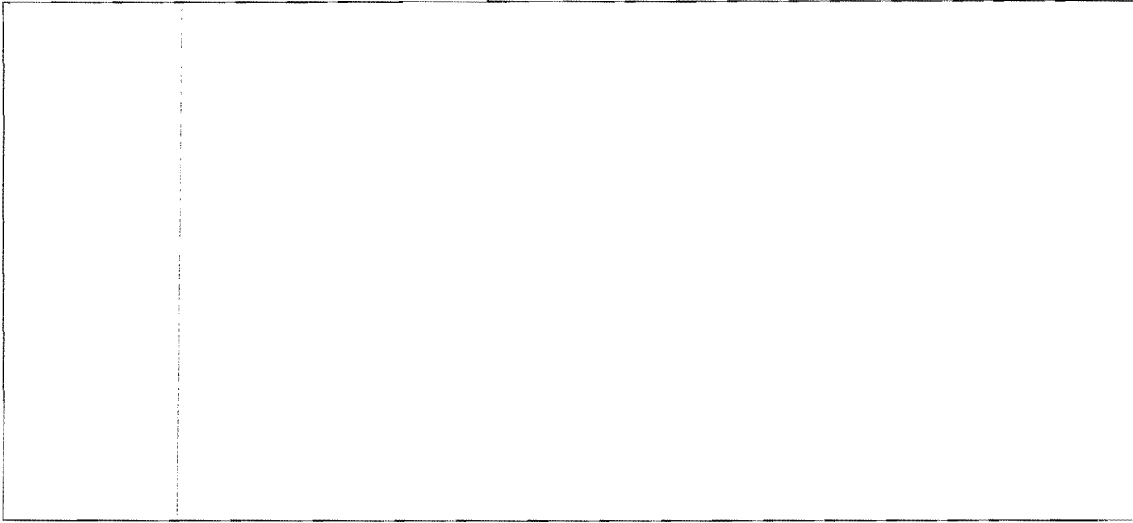
~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~



~~SECRET~~

~~SECRET~~

LIST OF REFERENCES

TAB I

~~SECRET~~

Tab J

~~SECRET~~

TAB J

THE PICKUP OPERATION

During the summer of 1952, [REDACTED]

[REDACTED] discussed with CAT the possibility of developing a capability for successfully exfiltrating an agent or agents by an aerial pickup or "snatch" operation at night. It was decided to introduce a test program to determine whether such operations were feasible.

It was decided initially to try out a system that had been developed and successfully employed in tests during the latter part of World War II and immediately thereafter. This called for a line stretched between two poles, with both ends of the line hooked into a special harness that was tightly worn by the individual who was to be picked up. The aircraft, coming in at low altitude, picked up the part of the line running between the two poles, by means of a hook lowered from the aircraft. The aircraft immediately ascended, and the man in the harness being pulled into the air was reeled up and into the aircraft by means of a winch installed near the rear side door. After practicing first by day and then by night, it was determined that the system was practical, and that selected CAT crews

~~SECRET~~

~~SECRET~~

had the capability to perform such missions successfully.

In the month of November 1952, [] advised that one of his operations had reached the point where it was highly desirable to exfiltrate one of the agents in north China by such an operation. The writer and the chief pilot, Captain Robert Rousselot, discussed this with one of the crews we deemed most highly proficient, Captains Norman Schwartz and Robert Snoddy. Both advised that, in addition to having the requisite proficiency, they were willing to undertake the mission.

This type of operation requires two men in the rear of the aircraft to operate the winch, and to assist the agent into the aircraft. Several CAT ground personnel had been checked out on the procedures required in the rear of the aircraft. Our chief of operations at Tachikawa Air Force Base, "Doc" Lewis, and an operations officer, James Stewart, also volunteered for the mission. (Stewart had accompanied Li Mi into southern Yunnan in an earlier operation and, although without military training except as a Naval noncom during World War II, had performed excellently.) []

[] was then notified that CAT was prepared

~~SECRET~~

to accept the mission.

The necessary operational planning proceeded, and a tentative date was set for the operation. At a very late stage in the planning, [] notified CAT that it had been decided to withdraw Lewis and Stewart from the operation and replace them with two U.S. Army (CIA) civilian employees, John T. Downey and Richard Fecteau; both were hurriedly trained in carrying out the duties involved in the rear of the aircraft for such an operation. Weather conditions on that date, 28-29 November 1952, were favorable and the aircraft was dispatched. As the estimated time of arrival came and passed, it became more and more painfully clear that the mission had run into difficulties, and that the aircraft was not returning. [] Rousselot, and the writer quickly assembled in Tokyo

~~SECRET~~

CAT Captain Hugh Marsh made the [] flight as planned and without incident. A short press release was then issued indicating that a CAT aircraft had been lost in flight over the sea of Japan while en route from Korea to Japan. The announcement created little undue attention although, of course, it created some problems for CAT, in that the two pilots were extremely popular. [] was, of course, responsible for handling the notification of next-of-kin and other matters with regard to Downey and Fecteau.

~~SECRET~~

~~SECRET~~

Norm Schwartz was single, and no particular problems were encountered in notifying his next-of-kin in the States. However, this was not the case with regard to Bob Snoddy. His wife, Charlotte, was very attractive and popular; also, she was due to give birth within a week. The other CAT wives in the area rallied around to assist her and comfort her. Her father, a former Air Force officer, hurried to Tokyo as rapidly as possible. After only a day or so, it became obvious to Rousselot and Cox that her father was beginning to suspect strongly that there was more to the story than met the eye, and that there might be additional problems unless action was taken to forestall him. We were impressed by him and decided that, within the bounds of good reason, it would be best to tell him frankly that Bob had been on a classified mission in support of the U.S. Forces in Korea, without in any way identifying the Agency as being the actual sponsor. We did this and from then on he gave us complete cooperation. The baby was born without incident, and Mrs. Snoddy and the family returned to the States.

It developed that, without the knowledge of Cox, [] had taken out life insurance policies for \$20,000 on each of the pilots. It was

~~SECRET~~

~~SECRET~~

obvious that the insurance company would not make payment without making at least some kind of an investigation, and that this was more of a risk than could be taken. The policies were quickly cancelled, and the Agency made good to the proper beneficiaries.

As matters stood at that time, therefore, although deeply regretted, the unfortunate incident seemed to be laid at rest.

Suddenly, two years later, the Communists announced that they had the two Americans, Downey and Fecteau, as prisoners. They had been involved in a flight into ChiCom territory, their plane had been shot down and, although both had been injured, they had survived. At a public showing in Peking, pictures of the wreckage were displayed to foreign correspondents. There was no indication that Schwartz and Snoddy had survived.

The New York Times in all of its editions of 24 November 1954 fully covered the Peiping radio announcements and followed these up with dispatches from London and Washington, as well as with formal statements released by the Departments of State and Defense.^{1/} The announcement of the capture and sentencing of Downey and Fecteau was accompanied by the announcement of the capture and sentencing of 11 other

~~SECRET~~

airmen, the survivors of an aircraft piloted by Colonel John Knox Arnold. Arnold commanded the 581st Aerial Re-supply and Communication Wing. [REDACTED]

[REDACTED] CAT was not in any way involved. Downey and Fecteau were labelled as "Special agents of the Central Intelligence Agency, a U.S. espionage organization." CAT was not mentioned, either in terms of ownership of the aircraft or identification of the crew, although it can be reasonably assumed that this information had been extracted from Downey and Fecteau.

By and large, CAT escaped with comparatively little publicity in this incident. It was not referred to in any way in the monthly magazine put out by the public relations office of the airline, the CAT BULLETIN. In a book on the history of the 315th Air Division in Korea, one chapter is devoted to the support provided by CAT to the Korean Airlift. In Chapter 48, entitled "CAT on the Airlift" the following paragraph appears:^{2/}

"Although possessing no status in the military, CAT pilots took their own chances on being captured by the enemy, and on crashing their planes in dangerous military combat operations. On at least three occasions, this actually happened. The first was on December 8, 1950, when a CAT C-46 en route to Korea crashed into Mount Fuji. Three crew members were killed. The next day, another CAT C-46 crashed while

~~SECRET~~

~~SECRET~~

making a hazardous landing at Chinese-encircled Yonpo airstrip in North Korea. One of the five passengers, an 801st Squadron medic en route to care for some wounded, was killed, and the three civilian crew members were seriously injured. Whether the C-46 was hit by enemy ground fire as it circled the field is not known. On another occasion, a CAT C-47 disappeared while returning from Korea after delivering a Combat Cargo load."

With the limited information available, it has been the opinion of CAT officers knowledgeable of the operation that the aircraft, coming in at low altitude for the pickup, ran into a hail of ground fire, was badly hit, that the crew attempted to gain altitude, that this apparently gave Downey and Fecteau the opportunity to parachute out of the rear door, and that the aircraft then plunged to the ground killing the crew.

From the viewpoint of an officer of the airline, and based on the information available thus far, Cox cannot fault the operation. The crew was highly trained and capable, courageous, and motivated. The flight plan must have been accurate and must have been flown with exactitude, as it is assumed that the plane had located the pickup point, received the proper ground reception signals, and descended to low altitude. (This assumption can probably be verified only after the release of one or both of the prisoners.) Refinements can probably be made to

~~SECRET~~

insure its more prompt execution, and to foresee possible slip-ups that might affect security; i.e., curiosity among personnel at the Korean air base, faulty logging in the flight records in the tower and operations room, etc. Perhaps consideration should have been given to the current status of the Snoddy family, but then this was a kind of luxury that neither the military nor the Agency could afford during a time of active military hostilities.

As an officer of the Agency, Cox had no knowledge of the nature of the clandestine operations, and was responsible only for providing the necessary air support for the pickup of the agent. It is probably certain that there has been a thorough reexamination of the operation in order to determine what, if anything, might have been a prior indication that things had gone amiss in the field. However, there are a couple of points affecting the air support aspects of the operation that might be noted.

First, the late change of assignments in the rear of the aircraft meant that two Agency employees, knowledgeable of many aspects of Agency operations, including locations and personnel, were exposed to possible capture and risk of being forced to divulge

~~SECRET~~

such information to the ChiComs. Lewis and Stewart were very good personal friends of the writer, but from a purely realistic Agency point of view, they offered much less of a security risk for the Agency than did Downey and Fecteau.

All of the foregoing has been written entirely from information that was available to the writer, who was acting president of CAT at the time. Recent research efforts have picked up additional bits of information which are worthy of mention. On 22 December 1952, the Air Force notified the acting vice-president of CAT, Inc., who was stationed in Tokyo, that negative results had been obtained in the land/sea search for B-813. It concluded that the plane crashed in the water between the K-3 airfield and Miho with no survivors.^{3/}

On 22 December 1953, Mr. Var Green, General Manager CAT Japan/Korea wrote to Major General Jacob

~~SECRET~~

E. Smart, Deputy for Operations FEAF. The letter advised that some official proof of death or assumed death was required for the proper settling of the estates of Captains Schwartz and Snoddy. It requested that USAF or FEAF issue the proper certification.^{4/}

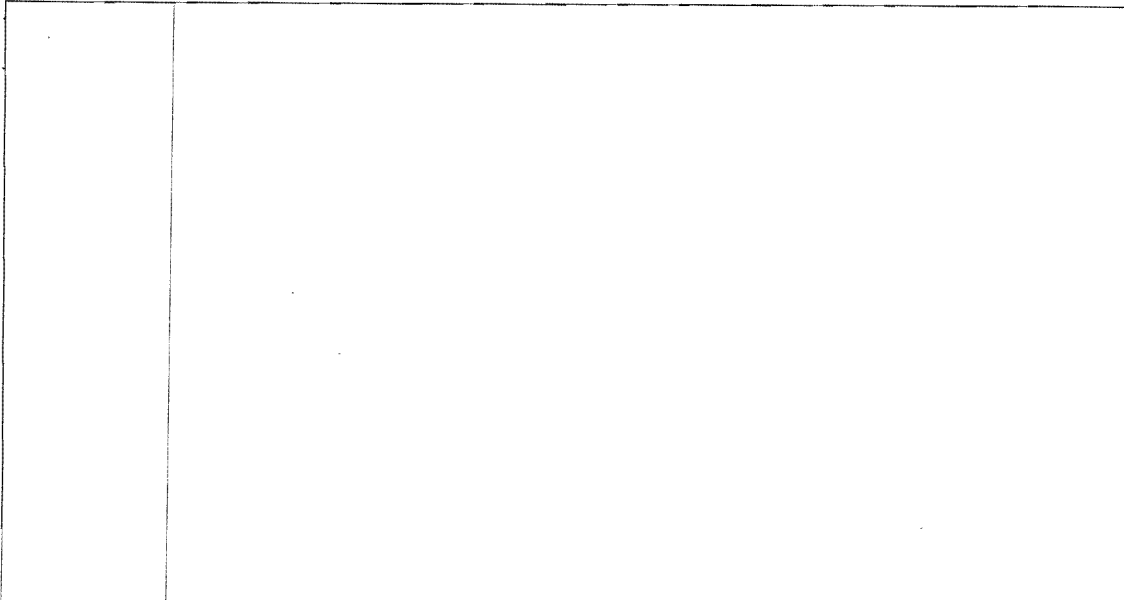
On 6 January 1954, the Senior Representative of the North Asian Command sent a dispatch to Chief, FE Division, covering a conversation with FEAF regarding the issuances of the necessary certificates. Attached was a proposed letter from FEAF Headquarters requesting that the Secretary of the Air Force make a presumptive finding of death, and that the death certificates be forwarded to FEAF for delivery to CAT, Inc.^{5/}


As yet, further documents covering responses to the two memoranda noted above have not been located.

On 2 December 1954, at the request of the DCI, Chief of FE Division, wrote to the DCI a complete chronological summary of all significant correspondence and communications, including various regulations and changes of regulations with detailed procedural instructions as to the conduct of both flights. This file is quite complete, although it does not indicate the problems that arose when the Chinese Communists announced that Downey and Fecteau

~~SECRET~~

were prisoners. It includes all the significant cables,



 Also included in this file is an air chart showing the flight plan for the plane, B-813, indicating the exact location of the DZ, and an Air Force report of a wreckage sighting dated 1 February 1953.^{6/} (This was some 30 miles from the DZ.)

Additional documents that have just come to light are as follows:

a. A special Report - PP, PM to the DCI via the DDP from AC/FE, on the subject of the missing aircraft. This was a crash memorandum to advise the Director that the plane was missing, and that steps were being taken with regard to handling any publicity or press

~~SECRET~~

releases; it describes the nature of the operation, giving the locations of coordinates of the DZ (which was some 40 miles north of the Korea/Manchuria border in the vicinity of the town of Antu). It also gave a brief description of the snatch gear that had been used operationally on the mission.^{7/}

b. In the memorandum from the Chief, FE to the DDCI on 8 October 1953, the DDCI was advised that certain changes in a previous memorandum should be made to show precision and uniformity of all details contained therein. It specifically recommended that the section concerning the two Department of Army civilians, who initially were reported as hitchhiking a ride on the aircraft, should be changed to read that they were engaged on an official mission. It recommended against notifying relatives and dependents in advance of the placement of the names of enlisted personnel on the POW list, as this might lead to additional queries and could cause legal complications arising from claims on the estate of Richard Fecteau following the

~~SECRET~~

recent death of his second wife. It also recommended that it was considered advisable to make an approach to the Communist combatants in the form of a name trace, and without any assertion as to knowledge of detention of the missing personnel. It recommended that placement of the two names on the POW list be effected by the Department of Defense, and that all inquiries be directed to the Department of Defense. It closes with a conclusion that the Communists missed their best opportunity for making propaganda by not having done so at the time the incident occurred. (All this, of course, took place before the ChiComs announced that they were holding the two as prisoners. All during this period the ChiComs had made it clear that Allied personnel captured in Manchuria were not subject to the same POW treatment that was in effect at the time in North Korea.)^{8/}

The writer has not been able to locate what was probably voluminous correspondence between the Agency, DOD, and the Department of State on what must have been a hurried exchange of cables and memoranda, immediately

~~SECRET~~

~~SECRET~~

after the announcement of the detention of Downey and Fecteau.

The main points to be learned from the immediately preceding paragraphs covering Headquarters internal correspondence are that the Agency must develop a series of procedures that would cover any kind of eventuality, including death or presumption of death, known POW or possible POW, and be prepared to act accordingly. This is most important, not only for the protection of Agency interest, but also to insure the proper handling of the estate of an individual who might be in one of the four categories listed above, but with no real proof on the part of the Agency as to which category the individual actually should be placed. In this particular incident, it appears that the crew was killed and the two DAC's (Department of the Army Civilian) were taken prisoners. Both the Agency and CAT believed that all four were dead, and were taking steps accordingly in order to settle estates. There is still a minor possibility that Schwartz and Snoddy could still be alive, but that would seem to be extremely doubtful.

In one aspect, despite the loss of the crew and the aircraft, CAT was fortunate in that as a privately owned and operated airline it could more readily handle

~~SECRET~~

a great deal of the legal aspects of settling the pilots' estates. As indicated in some of the above correspondence, it was necessary to obtain a certificate of presumption of death, but it was also indicated that the Department of Defense would be willing to issue such certificates.

In any event, any procedures developed by the Agency should probably be carefully checked out with the appropriate offices of Defense and the Department of State.

~~SECRET~~

~~SECRET~~

LIST OF REFERENCES

TAB J

THE PICKUP OPERATION

1. The New York Times, 24 November 1954, First Section, page 1 and succeeding pages.
2. The Greatest Airlift - The Story of Combat Cargo, Captain Annis G. Thompson, First Edition, May 1954, Dai-Nippon Printing Company, Tokyo, Japan, page 449.
3. Memo from Colonel Robert E. Warren, Assistant Deputy for Operations, FEAF to Mr. A.L. Burrige, Acting Vice President CAT, Inc., Subject: Negative Report of Land and Sea Search for B-813, dated 22 December 1952. Unclassified. It is an attachment to TS 98133.
4. Memo to Major General J.E. Smart, Deputy for Operations, FEAF from Var Green, General Manager CAT Japan/Korea, dated 22 December 1953. Unclassified.
5. Dispatch from Representative, Far East Command to Chief, FE Division, Subject: Conversation with FEAF Re: Issuance of Death Certificates, dated 6 January 1954, FJTA to 600 TS 98133.
6. Memo for DCI from Chief, FE Division, Subject: FE Overflights, dated 2 December 1954, TS 106136.
7. Special Report - PP, PM to DCI via DDP from Acting Chief, FE Division, dated 1 December 1952, Secret Security Information.
8. Memo for DDCI From Chief, FE Division, Subject: CIA Personnel Missing in Action, dated 8 October 1952. TS 91080. Refers to Memo for the DCI, dated 1 October 1952, Subject: As above. TS 90984.

~~SECRET~~

Tab K

~~SECRET~~

TAB K

INDOCHINA. LIMITED VICTORY IN 1953 - DIEN BIEN PHU
AND DISASTER IN 1954

In early 1953 the Viet Minh, under Ho Chi Minh, were exerting increasingly heavy pressure on the French and loyal Indochinese forces; it was apparent that unless major assistance were furnished to the French, Indochina would fall under Communist control. The Viet Minh had launched a major offensive directed toward the Plaine des Jarres, and, if successful, this would pose a major threat for the country as a whole. President Dwight D. Eisenhower was faced with the momentous decision of entering the conflict with American military forces, or of seeking other means of providing effective assistance. The writer has not been able to locate the documentation for a fully factual report. Some of what has been written will be hearsay; most of it will be factual.

President Eisenhower called an urgent meeting of the Cabinet to consider the problem. The question arose as to whether it would be helpful to provide cargo aircraft to the French to assist them in their airlift. It was generally agreed that the French did not have

~~SECRET~~

~~SECRET~~

trained personnel for the operation of such aircraft as the C-119, and probably could not train aircrews in time to be effective. The President turned to Mr. Allen Dulles, who was attending the Cabinet meeting in his capacity as Director of Central Intelligence, and asked whether or not CIA could furnish crews for C-119's. The Director immediately replied in the affirmative. Lt. General Cabell, Deputy Director of Central Intelligence, much later informed Cox that he tried desperately to catch the Director's attention, as he was positive that this was an impossible undertaking.

On Wednesday, 29 April 1953, an urgent cable was received in Hong Kong which somewhat apologetically explained that Headquarters understood that CAT was heavily committed in several areas of operations, but which asked whether the organization could almost immediately provide aircrews for the operation of six C-119's. These aircraft were to be furnished to the French, who would then contract with CAT for the provision of aircrews for their operations. The writer hurriedly met with the chief pilot, Captain Robert E. Rousselot, and the vice president for operations, Mr. C. Joseph Rosbert. After a rapid but thorough assessment, it was decided to undertake the task, and

~~SECRET~~

~~SECRET~~

the perhaps somewhat overambitious reply was sent to Headquarters to the effect of, "can do; no sweat." Cabell stated that his immediate reaction was simply, "Who the hell is this guy Cox?" (Cox had never met General Cabell, and did not do so until some two years later.) Twelve of our better pilots were selected, and messages were sent ordering them to rendezvous in Taipei as rapidly as possible.

Cox contacted Colonel John Lackey, USAF Attache in Hong Kong, who was a personal friend, and with whom he had had a completely cooperative relationship in the past. Cox advised him of the nature of the task, without revealing the Agency interest, intimating only that the request had been received from an official U.S. source, and that the requirement was in support of U.S. national objectives.

Headquarters had advised that arrangements were being made with the 13th Air Force at Clark Field, the Philippines, for the provision of the aircraft and the training of the aircrews. Colonel Lackey knew the Commanding General of the 13th Air Force, Major General John Sessums, and immediately volunteered to proceed to Clark, in order to consult with the general and his staff, and to make sure that everything was in readiness

~~SECRET~~

~~SECRET~~

for our arrival. By the evening of Friday, 1 May 1953, the entire group had assembled in Taipei, and early on Saturday they departed for Clark Field aboard a CAT C-46, piloted by Captain Rousselot. The writer accompanied the flight.

On arrival at Clark shortly before noon, we were met at the ramp by an Air Force lieutenant colonel and by Colonel Lackey. The lieutenant colonel introduced himself, saying that he had been assigned the responsibility for the training of the CAT crews, and that a three-week training course had been drawn up on which he was prepared to commence immediately after lunch. The writer told him that the job had to be done in three days, which was the requirement established by Headquarters. His response was that this was impossible. At this point, Colonel Lackey and Cox departed to call on General Sessums. They located the general at his residence and received a very courteous welcome. He stated he did not know fully what this was all about, but he had gathered from the general tenor of the instructions he was receiving from Washington that, if the writer said three days, it was going to be three days, and he promised that this would be passed on to the lieutenant colonel and his staff.

~~SECRET~~

~~S E C R E T~~

After a quick lunch, the pilots assembled in a classroom and began their training. The C-119 is distinguished by a very high degree of electrical operation of major and minor components, whereas the C-46, with which our flight personnel were most intimately expert, ran very heavily towards hydraulic operations. It was our concern that this factor might be the one major stumbling block in the training of the crews. The aircrews continued their classroom study until late that night.

Early Sunday morning Rousselot and Cox departed with the CAT aircraft for Saigon, in order to insure that adequate preparations were being made for the reception of the aircraft and crews. Clark Field was asked to file the necessary cable to Saigon to arrange for clearance to land. As we taxied out to the runway, we had to pause in order to permit the first landing of a C-119 by a CAT pilot, in this case Captain Felix Smith. Very frankly, Cox thought it was one of the lousiest landings he had ever seen -- the aircraft was all over the place -- but the plane landed successfully, straightened itself out, and then we breathed a sigh of relief.

~~S E C R E T~~

~~SECRET~~

When about half-way between Clark and Saigon, Rousselot radioed ahead to Saigon, in order to advise them of the ETA. Cox was sitting in the rear of the aircraft at the time, and a few minutes later the radio operator, in a rather agitated condition, came back with the reply from Saigon. It stated that the plane had not been cleared for entry over Indochina and for landing at Saigon and should return to Clark Field. If it continued on its course, it would be shot down. Messages were immediately dispatched in the clear to Clark Field and to Taipei, outlining the situation and urgently requesting that Clark obtain the necessary clearances as rapidly as possible, and saying that in the meantime the plane was continuing on course. If it was going to be shot down, the crew at least were going to be sure that people knew and would do something about it.

It was a clear day and, as the plane approached the Indochina coast the crew quickly spotted two French fighters coming up to intercept. The fighters pulled up on our wing tips, and our plane was told that if it persisted in proceeding to Saigon, it would be permitted to land, but the aircraft would be impounded and all personnel aboard taken into custody. The plane landed

~~SECRET~~

~~SECRET~~

in Saigon in midafternoon and was immediately met by Lt. General Thomas J. Trapnell, Chief of the U.S. MAAG in Vietnam. He had been advised of the problem by Clark, and had rushed to the airport to insure that we received proper treatment. We were permitted to leave the airport without incident; after some discussion with General Trapnell, we went to a hotel, agreeing to meet with the general at his headquarters early Monday morning.

At the morning meeting, arrangements for the reception of the aircraft, billeting of the aircrews, and the operational concept for the utilization of C-119's were reviewed with General Trapnell. The initial landing of the aircraft was to be at Nha Trang, a major military base on the east coast. Billeting was readily available for the crews. Maintenance of the aircraft was to be provided for by a detachment from the 315th Air Division sent down from their base at Tachikawa in Japan. The meeting broke up with the understanding that General Trapnell would contact the CAT men as soon as word was received that the first plane was en route.

The CAT men were at lunch at a small French cafe when a hot and perspiring Air Force sergeant appeared.

7
~~SECRET~~

~~SECRET~~

Apparently he had been scouting the neighborhood trying to locate them. The first C-119 was reported by Clark to be on its way. General Trapnell was proceeding to the airfield and asked that the CAT men meet him there, which, of course, they promptly did. The CAT C-46 had developed minor engine trouble, so it was decided to use the Air Force Attache's plane for the flight to Nha Trang. Despite the urgencies of the emergency in Indochina, French officialdom refused to give up their beloved siesta, which usually lasted for about two hours after a heavy lunch. It took almost two hours for General Trapnell to track down an official authorized to grant clearance for the aircraft to take off. This afforded one of several opportunities that Cox has had to witness and enjoy the strong and forceful language which our senior generals can employ when the occasion requires.

The party arrived at Nha Trang in the late afternoon, and the first C-119 landed shortly before dusk. The other five planes followed at fairly regular intervals; by the next morning all six aircraft and aircrews were in position and ready to go.

General Cabell and many other experienced Air Force officers still insisted that this could not be

~~SECRET~~

done within the time reference permitted for training aircrews on a totally unfamiliar sophisticated aircraft. It was done, and Cox believes it was one of the finest of many fine performances put forward by CAT in response to national requirements.

On 1 May 1953, a personal cable was received from Mr. Dulles and General Cabell, which in part read as follows:

"We wish to congratulate Cox and CAT organization for their superior performance in meeting emergency requirements in French Indo-China. State, Defense and others concerned in this operation have been greatly impressed by the motivation, organizational flexibility and "Can Do" spirit which has been displayed by CAT. We wish you the best of luck in carrying out this assignment."¹/₁

The planes were integrated smoothly into the French aerial support operations and flew continuously throughout the spring. Flights were made all over Indochina, with the aircraft landing when conditions permitted and a suitable airstrip was available. Otherwise, delivery was made by airdrop. There were occasional instances of light ground fire, and a few hits by small caliber ammunition, which did little or no damage. By the end of the summer the Viet Minh offensive towards the Plaine des Jarres had been stopped and turned back. This represented a victory,

~~SECRET~~

albeit a limited one, because everyone knew that the Viet Minh would be back in 1954, and probably in stronger and more effective force than they had available in 1953.

As anticipated, and as soon as weather and ground conditions permitted, the Viet Minh did come on ever more strongly in early 1954. In March, a cable from Headquarters asked whether CAT could undertake to operate 12 C-119's, which meant doubling the effort put forward in 1953. Fortunately, we had assigned 12 first-rate pilots for the operation of the 6 aircraft in 1953, which meant that we had qualified and experienced captains available for 12 planes, and had the much more simple task of coming up with 12 adequate copilots. Some recruitment of copilots had been going on during the winter, and we were able to provide 12 crews on relatively short notice and without the strain encountered the previous year.

Initially, the aircraft were deployed in very much the same operational pattern that had been used in 1953. As the ground campaign began to develop, however, it became apparent that the major objective of the Viet Minh was the seizure of Dien Bien Phu. This was a French airbase consisting of two major air strips.

~~SECRET~~

However, the ground routes of communication were extremely vulnerable and were rather quickly severed by the Viet Minh, leaving Dien Bien Phu isolated and completely dependent on aerial supply of personnel and material. As the situation grew worse, all 12 of the C-119's were concentrated at CAT Bi Airport in Haiphong and operated continuously in support of Dien Bien Phu.

The Viet Minh completely encircled the two airstrips, and by early April were able to place such heavy artillery fire on the airstrips as to make further landing of aircraft impossible. From then, until the fortress fell, all resupply was by airdrop. The maintenance being provided by the 315th Air Division Detachment was good; on any given day, the French could plan that 11 of the 12 aircraft would be available for one sortie per day per aircraft. The pattern of operation that developed was caused by the prevailing weather conditions. Normally, drops could be made only from perhaps 1100 to 1400 hours local time. The drops were preceded by strafing and bombing runs by the French Air Force in an effort to drive the Viet Minh gunnery crews away from their weapons. This would be followed quickly by the first C-119, with the remaining planes in the air coming in at five-minute intervals.

~~SECRET~~

~~SECRET~~

The fighters and bombers would remain in the area looking for targets of opportunity. However, this tactic never really proved effective. In effect, the first plane over the DZ was in the safest position, as the Viet Minh, who had taken cover, had not yet been able to get their weapons into operation. The toughest assignment fell to the planes at the end of the line, which would catch the brunt of ground fire.

With General Trapnell's assistance, numerous discussions were held with the French High Command and with the commanding general of the French Air Forces in Indochina, in an effort to devise more effective tactics for the suppression of ground fire while the aircraft were over the DZ. The USAF was also queried as to any suggestions that they might have to offer. But, although we felt that the French Air Force was doing its best to provide adequate air support, nothing was developed that materially improved the situation.

As the defense perimeter of the garrison steadily shrank in size, the intensity of ground fire increased. There were reports in various newspapers at the time that the Viet Minh were using radar controlled AA artillery against the C-119's. Neither the aircraft crews involved, nor Rousselot or Cox believed that this

~~SECRET~~

~~SECRET~~

was true. With the DZ rapidly assuming the relative proportions of a postage stamp, and with the wind direction and velocity easily determinable, it was relatively easy to determine the point in the air at which the cargo must be released if it were to strike within the French lines. Release at other points would simply mean a free gift of supplies to the Viet Minh. The Viet Minh, by setting up a cone of fire, could concentrate that fire in the area through which the plane must pass.

As, day after day, the flight crews were called on to fly against ever-increasing opposition, it was necessary to watch their health and morale closely, and to provide as much time off for rest and recreation as possible. All in all, their morale stood up surprisingly well. More grumbling, if any, was voiced against the operations of the French commercial airlines, which were also participating in the aerial resupply, and which persisted in releasing their cargoes at an altitude thousands of feet above that at which our planes operated. Our aircrews considered the risk of being hit by a heavy container was as great as that of being hit by flak.

~~SECRET~~

~~SECRET~~

On 17 April 1954, [redacted] repeated back to [redacted] from the U.S. Air Attache, Taipei, to the Department of the Air Force. The attache's cable noted factors adversely affecting the morale of the CAT aircrews, as learned from discussions with Rousselot, and recommended the assignment of an Air Force officer as a member of the CAT crews for the purpose of collecting air intelligence. Headquarters requested that Cox investigate the adverse morale factors noted by the attache and report fully on them, with recommendations for any action that might be beneficial.

Cox immediately proceeded to Saigon, pausing en route at Haiphong for discussions with the pilots, in order to insure that he was fully aware of the nature and seriousness of the grievances. One complaint was that, due to the inefficiency of the French loading procedures, the aircraft were limited to one sortie per day. With efficient procedures, the number of sorties per day could be readily doubled. Their major complaint still remained that the inordinately high altitude, scattered dropping by the French commercial aircraft presented more of a threat than did the flak.

~~SECRET~~

~~SECRET~~

In Saigon, Trapnell and Cox met again with the French High Command and reviewed all of the known grievances. There was no doubt that the French were doing all that they could to try to improve air support for the drop operations, but they just did not have the equipment or the skilled flight crews to resolutely press for flak-suppression efforts.

Cox reported fully on the discussions to Headquarters, noting that even the USAF officers consulted were unable to come forth with any really meaningful answers. General Cabell, in a memorandum^{3/} to the Chairman, Joint Chiefs of Staff, advised of the Saigon discussions, and quoted the personal observations of the president of the airline as follows:

"It is believed that the effective accomplishment of the French promises has considerably improved pilot morale; however, cases of combat fatigue and losses must be expected. To counter this possibility somewhat, an immediate rotation system to try to give a well earned rest to the pilots who are carrying the major effort will be instituted. However, there is a shortage of crews and it is planned to hire additional personnel in order to make such rotation effective.

The living conditions of the pilots are adequate and the flying hours are not out of reason except in terms of minutes over drop zones. The majority of the missions have been to carry military supplies. The importance of fulfilling these contracts has been explained to all CAT pilots. Although these pilots are

~~SECRET~~

of high caliber, the strain on them is tremendous and a major effort on the part of CAT management will be needed to keep them going.

It should be noted that the Far East Air Force Detachment under Major Yarborough has been cooperating very closely with CAT, and is doing a good job. However, Major Yarborough is handicapped by a lack of orders from Washington authorizing an increase of supply levels and night maintenance."

As the operation continued, bullet holes began to appear with increasing regularity on the fuselages of the aircraft. On 24 April, a C-119 piloted by chief pilot Paul Holden (Captain Rousselot had been promoted to a position as chief of operations) was hit by a burst of flak in the area immediately behind the seats of the pilot and copilot. A number of fragments lodged in Holden's right arm, side, and buttocks. First Officer Wallace Buford took over control of the aircraft, which was almost unmanageable, and he landed safely at the Haiphong Airport. French doctors wanted to amputate Holden's arm, but he insisted on transfer to the USAF hospital at Clark Field, Manila. After many days of observation and treatment, his arm was pronounced salvageable and he was transferred to medical facilities in Japan, where he began to recuperate faster than at first thought possible. In about four months, he was fully recovered and restored to flight duty.

~~SECRET~~

On 6 May 1954, the writer received word in Hong Kong that a C-119 had been seriously damaged by flak over Dien Bien Phu and that, although the plane had been able to leave the immediate area, it had crashed while trying to make its way back to Haiphong. The crew were Captain James B. McGovern and First Officer Wallace Buford and they, as well as the French dispatchers in the rear of the aircraft, were presumed to have been killed in the crash. Cox immediately proceeded by CAT C-46 to Haiphong. In the meantime, the French had agreed to a 24-hour standdown of C-119 operations.

(NOTE: The late Mr. Fall, highly regarded as an expert on Southeast Asia, stated in one of his recent publications that the CAT crews had gone on strike immediately after the McGovern crash. This was not true. The 24-hour standdown was by order of the president of CAT. The writer was intending to correspond with Mr. Fall on this when the newspapers announced that Mr. Fall had been killed by the explosion of a land mine.)

The details of the crash were as follows:
McGovern's plane was in approximately the fifth position in the line of C-119's that were in operation

~~SECRET~~

that day. His plane had taken severe hits by flak, with one engine disabled. He had managed to leave the area, but the plane became increasingly unmanageable and was not able to maintain altitude. Two of the other C-119's fell in alongside of the crippled plane, hoping to help McGovern by at least, if necessary, spotting a suitable place for a crash landing. Captain Steve Kusak, in one of the planes, had a camera with him with which he took several pictures of the C-119 in flight and eventually of its crash. The crews of the two escorting planes apparently kept up a stream of radio contact with McGovern, until he asked them to please shut up, that he was having enough difficulty just trying to manage the aircraft without responding to them at the same time. The plane narrowly cleared an extended ridge, and McGovern spotted a sand spit in the middle of a small river similar to the one on which he had made a successful crash landing in China in December 1949, and he decided to make a similar attempt. Coming within a few feet of the ground, the left wing of the aircraft caught the side of the steep bank, and the plane immediately crashed and burst into flame. The two escorting planes circled the wrecked ship looking for any sign of survivors. In the meantime,

~~SECRET~~

Haiphong was hurriedly gearing up a helicopter operation for a possible rescue mission. After a hurried debriefing of the crews of the escorting planes, who had seen no sign of survivors and who doubted that anyone could have survived, the helicopter operation was cancelled.

Kusak reported that McGovern's last words were, "Looks like this is it, son."

McGovern, known throughout the Far East as "Earthquake McGoon," was one of the truly fabulous characters in the area. His weight ranged from close to 300 pounds down to the 185 pounds, which is what he weighed when he emerged from Communist China in 1950, after having been held a prisoner for six months. His zest for life and his vitality were as enormous as his physical frame, and probably no one will ever know in full the unpublicized wide range of his activities in behalf of penniless Chinese orphans and other works of good will. First Officer Buford had been with the airline for only a few months, but was already very highly regarded by his associates. It would be hard to imagine any single event that could have been as bitter a blow to the morale of everyone in the airline, as well as the shock to innumerable persons on the

~~SECRET~~

~~SECRET~~

outside who had come to know McGovern.

Immediately upon Cox's arrival in Haiphong, he met with all the flight personnel at the CAT billet. Their morale was understandably at a very low level, and at first it was doubtful that they would be willing to continue with the operations. The writer reviewed with them in detail the reasons for our participation in the effort in Indochina and its importance in the national interest of the United States, and said that, although the men were operating as private individuals for a commercial company, they were in actuality flying for the U.S. Government in support of the French. Cox told them that it would be perfectly understandable if any one of them decided that he could no longer continue, but Cox stipulated that anyone who reached that decision must be prepared to leave the area immediately, for Cox did not think it appropriate or fair for them to remain in Haiphong while others continued with the mission. At the time, Cox did not indicate whether any individual so deciding would have continued employment with CAT in other areas, as Cox had not yet made up his own mind on that point. Cox then closed the meeting by stating that he would be in his room, in order to meet privately with any individual who so desired. During

~~SECRET~~

~~SECRET~~

the long afternoon that followed, only one officer called on him. He was an old captain, married, and with a family. He told Cox he felt, particularly in view of his family obligations, that he could not bring himself to continue. He also stated he felt that, in fairness to the others, he should sever his connections with the airline completely, and not accept an easier assignment elsewhere. Cox thanked him for his honest expression of his convictions and for his valued efforts on behalf of the airline during his years of association with it. The officer said he was prepared to leave immediately on the next aircraft out. Ironically, this officer later accepted employment with the Korean National Airways and, while on a routine domestic flight in South Korea, had his plane hijacked by two armed passengers and forced to land in North Korea, where the crew and passengers were promptly interned by the North Koreans. Fortunately, the release of the plane and its personnel were negotiated through the truce committee.

All the remaining flight personnel indicated their willingness to continue with the operation, and late that evening all assembled at CAT Bi Airport for pre-flight briefing. Cox had determined that, in all

~~SECRET~~

fairness but not in all eagerness, he would accompany one of the aircraft, since he felt that CAT management had to show on occasion that it was willing to accept a little of the risk so routinely imposed on the crews. As the flight was assembling, a French lieutenant colonel, weeping, came over and told us that Dien Bien Phu had just fallen.

Solemn memorial services were held at every CAT installation throughout the Far East, and were liberally attended by many of the friends of CAT and of the deceased. And thus ended one of the most gallant operations in the long and varied history of CAT.

~~SECRET~~

~~S E C R E T~~

LIST OF REFERENCES

TAB K

INDOCHINA. LIMITED VICTORY IN 1953 - DIEN BIEN PHU
AND DISASTER IN 1954

1. Cable to [] Cite DIR, Secret, dated 1 May 1953. OUT 58165.
2. Cable to [] Info DIR, [] Secret, dated 17 April 1954. IN 38136.
3. Memorandum for Chairman, Joint Chiefs of Staff from DDCI, Subject: Operating Conditions of Civil Air Transport Pilots in Indochina, dated 12 April 1954, Secret, DD/p 9882.

~~S E C R E T~~

Tab L

~~SECRET~~

TAB L

THE CATHAY-PACIFIC (CPA) INCIDENT

On the morning of 23 July 1954, Cox and Rousselot flew in a CAT C-46 from Hong Kong to Haiphong. The plane passed five or six miles to the south of Hainan Island and, as was customary, both the Sanya Airport and Yulin Harbor were checked for unusual activity. It was noted that there were two planes on the strip at Sanya and no unusual activity at Yulin. Approximately two hours later, a CPA Skymaster bound for Hong Kong from Singapore and Bangkok was deliberately shot down by two Chinese fighter planes about ten miles east of the International Air Corridor line off Hainan Island. The bullet-riddled plane carried ten persons to their death, including three Americans and two crew members, when it was ditched in a rough sea after two of its engines caught fire. Eight wounded survivors, including three Americans [redacted] were flown to Hong Kong by a USAF rescue plane, which had been dispatched from a USAF carrier force in the vicinity. During the rescue operation, two U.S. carrier planes shot down two Chinese Communist fighters while the Americans were searching for survivors of the CPA aircraft.

~~SECRET~~

~~SECRET~~

In Haiphong, Cox was advised of the tragic incident, and that the Hong Kong authorities requested his immediate return to Hong Kong for talks with regard to the Communist attack. Cox and Rousselot immediately flew back to Hong Kong, again passing just a few miles south of Hainan Island, and again noting no signs of unusual activity. In retrospect, this was probably due to the presence of the Navy Task Force in the area.

--	--

On arrival in Hong Kong, Cox, as the president of the airline, immediately met with Commissioner of Police, Mr. MacIntosh, and with the Director of Civil Aviation, Mr. Muspratt-Williams. It was obvious that the entire Hong Kong Government could not understand why a British CPA airline had had a plane shot down when CAT, a ChiNat airline, was flying identical routes day after day. Cox was asked to produce a model of his

~~SECRET~~

~~S E C R E T~~

aircraft flying the route, in order to determine whether or not the shooting down of the plane had been one of mistaken aircraft identification. Fortunately, the Traffic and Sales Department of CAT in Hong Kong had such a model immediately available, and it was studied in detail by the Commissioner and Mr. Muspratt-Williams. It was evident that the coloring and lettering on the CAT and CPA planes were entirely dissimilar and, with the exception of the fact that CPA began with the three letters C-A-T, there was no reason for assuming that the Chinese Communists thought they were attacking a CAT instead of a CPA plane. The British authorities, extremely anxious to avoid incidents with the Chinese Communists, did their best to try to prove that the attack was meant to be against a CAT aircraft, rather than against a CPA aircraft.

It was a matter of common knowledge at the time that Ambassador William Donovan, the U.S. Ambassador to Thailand, was expected to come to Hong Kong on that date, 23 July 1954. As a matter of fact, he arrived two days later via CAT aircraft. The British authorities searched for every possible excuse to show that the attack might have been meant to be against CAT, or against a CAT passenger such as Ambassador Donovan,

~~S E C R E T~~

~~S E C R E T~~

but finally had to conclude that there was no such basis in fact. The Communists expressed regret at the shooting, and said they were considering paying damages and compensation for the loss of lives. In the meantime, Cox announced that scheduled flights would continue as usual.

The incident was not without its repercussions. One of the Americans who had been killed in the crash, trying to save his daughters, was a Captain Maupin, a former CNAC pilot who, with a few others, had been instrumental in training the Indonesian Air Force in the Indonesian struggle for independence.

Shortly after the shooting down of the CPA aircraft, a former CNAC pilot, Captain Perry "Moe" Cutburth, who had been involved in the training of the Indonesian Air Force, returned to Hong Kong determined to fly to Hainan Island, in order to ascertain whether or not Captain Maupin had been killed. The consul general, Mr. Julian Harrington, did his best to convince Cutburth that such an adventure would be fruitless. Harrington called Cox and requested that he also try to dissuade Cutburth. Cox and Rosbert met for lunch with Cutburth and, after the problem was discussed in detail Cutburth agreed to abandon his proposal.

4
~~S E C R E T~~

~~SECRET~~

Unknown to Cox at the time, and not until he undertook the research for this paper, the consul general requested [REDACTED] to send a cable to the DCI in which he expressed his appreciation for the efforts and assistance of Cox, specifically in the CPA incident, and also on many other occasions. The Director replied with a very polite cable indicating that he was happy to know that his representatives in the field were of service to the State Department and other U.S. agencies. Cox was never aware of this until recently, but he is grateful to Mr. Harrington.

~~SECRET~~

~~SECRET~~

LIST OF REFERENCES

TAB L

THE CATHAY-PACIFIC (CPA) INCIDENT

1. Cable, [] to DIR, dated 3 August 1954,
Routine, Secret.

Cable DIR to []
12700, dated 11 August 1954, Routine, Secret.

~~SECRET~~

Tab M

~~SECRET~~

TAB M

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

[REDACTED]

[REDACTED]

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

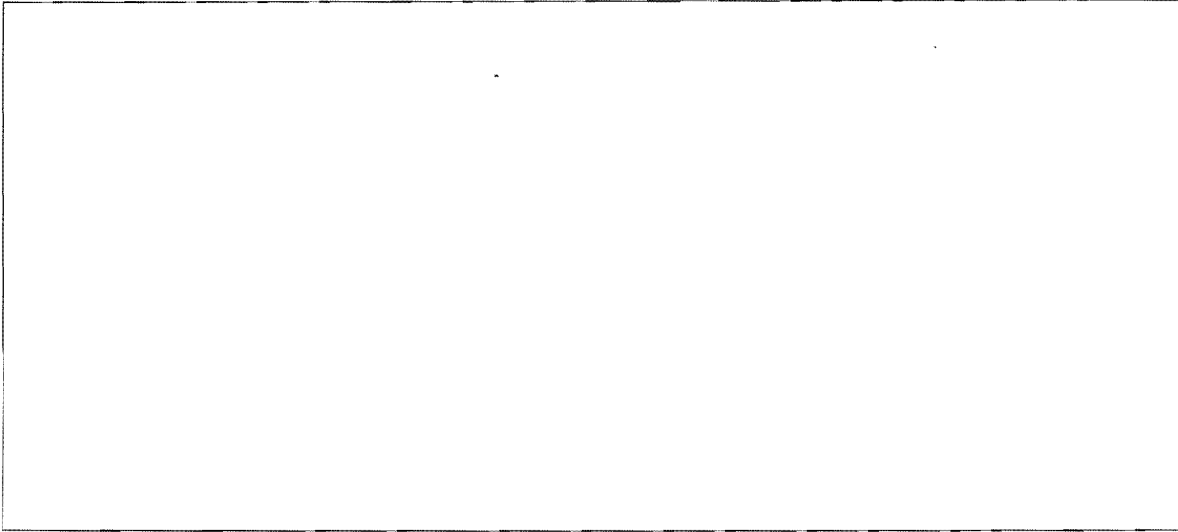


~~SECRET~~

~~SECRET~~

LIST OF REFERENCES

TAB M



~~SECRET~~

Tab N

~~SECRET~~

TAB N

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

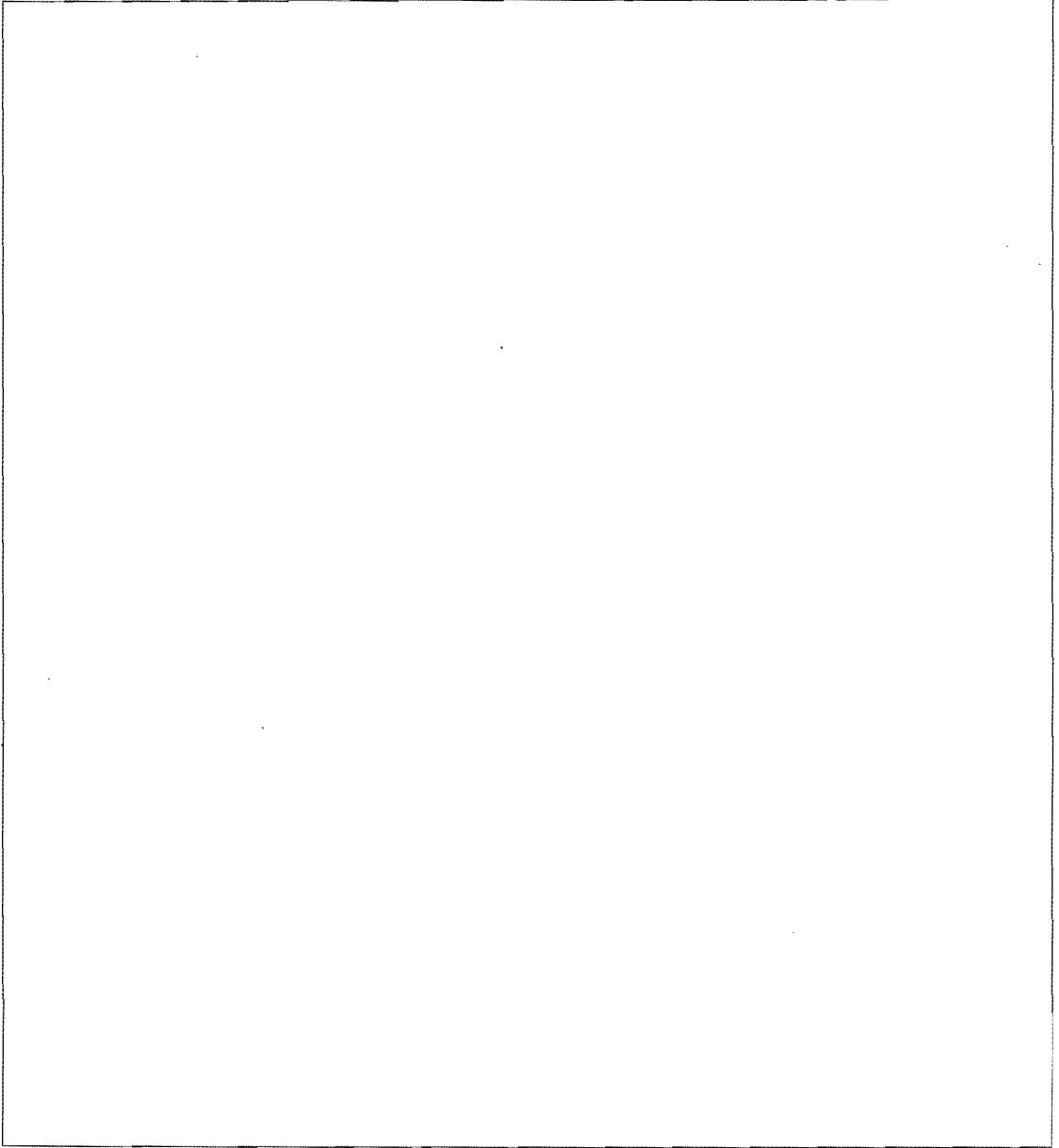
~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~



~~SECRET~~

~~SECRET~~

LIST OF REFERENCES

TAB N



8
~~SECRET~~

Tab C

~~SECRET~~

TAB O

CAT INTERNATIONAL AND DOMESTIC OPERATIONS -- SCHEDULED
AND NON-SCHEDULED

International Operations--Scheduled

In the immediate post-World War II era, Shanghai had occupied a position as the center of the international aviation activities in the Far Eastern area. With its fall, followed by the complete collapse of mainland China, a new pattern of international activity had to develop. For various reasons, no single air center was able to fully take over the role previously held by Shanghai. Hong Kong was handicapped by the lack of a suitable airport and by restrictions which limited use of the airport to daylight hours only. As a result of this and other circumstances, three air centers emerged to take over the central role once played by Shanghai. These were Tokyo, Manila, and Bangkok.

During the period from its first flights in January 1947 until the defection of CNAC/CATC in November 1949, CAT had been concerned entirely with non-scheduled operations, mainly domestic flights within the geographic confines of China. There had been occasional international charter activities, such as the airlift of

~~SECRET~~

~~SECRET~~

tin ore from Meng-tze to Hanoi and Haiphong.

With CNAC/CATC out of operation and their assets (although purchased by the Chennault, Willauer, Corcoran interests) frozen pending the outcome of litigation, CAT became the only airline capable of flying scheduled international operations and carrying the Nationalist flag. CAT was urged by the Nationalist Government to undertake to build up international rights into other countries, which under normal circumstances would more probably have been turned over to CNAC or to CATC. In trying to develop a scheduled international operation, it was found that each country or area involved presented differing problems, largely of a political nature.

Hong Kong

It was considered, quite properly, that the initial step toward development of international routes would be to establish landing rights in Hong Kong. The aviation situation in Hong Kong was a peculiar one. There were two major British companies that were interested in international aviation. One was Jardine-Matheson, and the other Butterfield and Swire. Jardine-Matheson owned a relatively small airline known as Hong Kong Airways. Butterfield and Swire owned a slightly

~~S E C R E T~~

larger airline, with more modern equipment, known as Cathay-Pacific Airways. Amongst themselves, the British aviation interests decided that Hong Kong Airways would have franchise rights from Hong Kong to the north; that is to Taiwan, Okinawa, Japan, and Korea. Cathay-Pacific Airways would have the rights for operating from Hong Kong to the south; that is, to Manila, Saigon, Bangkok, and Singapore, with the right to continue on to Indonesia, if justified by the volume of business, and if agreement could be reached with the Indonesian Government.

Technically, when the British Government recognized the Chinese Communist Government on 6 January 1950 and withdrew recognition from the Nationalist Government, there was no diplomatic machinery available with which to pursue the subject of reciprocal landing rights between Taipei and Hong Kong. As a matter of political expediency, negotiation of these rights was placed by the Chinese Nationalist Government in the hands of Chennault and Willauer, and by the Hong Kong Government in the hands of Sir John Keswick, one of the larger stockholders in the Jardine-Matheson Company. There was, therefore, a rather unusual situation, in which diplomatic negotiations were being conducted by

~~S E C R E T~~

~~SECRET~~

private businessmen with the tacit approval of their respective governments. Since there was a considerable amount of passenger and cargo traffic between Taipei and Hong Kong, an exchange of mutual rights for CAT and Hong Kong Airways was not difficult to arrange. From the business point of view, CAT obtained a far greater volume of business between Taipei and Hong Kong than did Hong Kong Airways. From time to time, the British authorities and Jardine-Matheson made motions indicating that they would insist that the available traffic between the two points be equally shared between the two airlines, thereby requiring CAT to turn over some of their considerable business to Hong Kong Airways. These motions were more of a harassing nature than anything else, and since, fortunately, CAT management enjoyed excellent relationships with the Hong Kong civil aviation authorities, and since Willauer had excellent relationships with the two Keswick brothers, the problem was one with more of a nuisance value than with any real threat against CAT's legitimate business efforts.

Japan

Under the terms of the Potsdam Agreement of World War II, which prevented Japan from operating its own

~~S E C R E T~~

airline, the occupation authorities, Supreme Command Allies Pacific (SCAP), had granted international rights into Tokyo to several major airlines and countries, including China. With the defection of the CNAC Airline, CAT inherited the air rights to operate into Tokyo. At the end of the occupation, the Japanese Government immediately set about negotiating air agreements with various countries and, at the same time, established their own domestic and international airline, Japan Airline (JAL). A Sino-Japanese air agreement was rather speedily negotiated, and CAT continued its air operations into Tokyo without interruption. CAT was also able to negotiate for additional landing rights at Kagashima, and at Iwakuni, on one of the southern islands of Japan.

Bangkok

With excellent relationships existing between the ChiNat and Thai Governments, informal traffic rights between Taipei and Bangkok were not difficult to arrange. The Thai Government desired that their international airline, at that time (1950) known as Pacific Overseas Airways of Siam (POAS), include Taipei on their scheduled flights between Bangkok and Tokyo.

~~S E C R E T~~

~~SECRET~~

In early 1951 CAT, designated as the authorized agent of the Chinese Nationalist Government under the Sino-Thailand Civil Air Agreement, began negotiating with officials of the Thai Government for formal recognition of CAT's scheduled rights. On 4 November 1951, CAT made an inaugural flight to Bangkok, with a number of newspaper correspondents as invited guests. The first fully regularized schedule flight was made into Bangkok on 2 December 1951.

Since CAT could not onload passengers and cargo at Hong Kong for Bangkok, reliance had to be placed on generating traffic at points north of Hong Kong, such as Taipei and Tokyo. The scheduled flights into Bangkok made on a one-a-week basis, were not profitable ones for the company; they were continued, with some urging by the ChiNat Government, mainly to show their flag in Southeast Asia.

Korea

When the CATI interests purchased CNAC and CATC in late 1949, they automatically became possessors of all of the assets of the two companies, including all international scheduled rights that they held. CATI was not in a position to operate any franchise;

~~SECRET~~

~~SECRET~~

therefore, in return for services rendered to it by CAT, all of the physical assets on Taiwan, and all franchises held by CNAC and CATC were transferred to CAT. Among these franchises were the scheduled operating rights into Korea formerly held by CNAC. CAT planned to make their first scheduled flight into Seoul on 28 June 1950. However, on 25 June 1950, the North Korean Communists crossed the 38th Parallel, and Seoul's International Airport, Kimpo, fell on the night of 29 June. In effect, the conflict cancelled all existing franchises.

In 1952 CAT resumed negotiations for rights into Korea, and an interline arrangement was made with Korean National Airways which permitted CAT to operate into Pusan on a scheduled basis. The airline agreement between the Chinese and South Korean Governments was signed on 26 March 1952, and CAT made its initial flight to Pusan on 30 March. In September 1954, Seoul was designated by the South Korean Government as an international port of entry, and CAT's scheduled rights into Pusan were shifted to Seoul. The inaugural flight to Seoul was made on 8 September 1954.

~~SECRET~~

~~SECRET~~

Manila

At the urging of CAT, the Chinese Nationalist Government concluded an air agreement with the Government of the Philippines for the operation of a Taipei-Manila route. CAT was designated by the Chinese Government as the authorized airline to operate this route, and the Philippine Government designated the international carrier, the Philippine Airlines (PAL), as their carrier to operate on the route. A survey flight was made from Taipei to Manila on 26 June 1952, and shortly thereafter regularly scheduled operations were begun.

Okinawa

While the Allied Occupation of Japan and the Ryukyu Islands was in effect, CAT had little difficulty in operating in and out of Naha, the international port of entry for Okinawa. (All Booklift operated in and out of Kadena Air Force Base.) When the Occupation was lifted, negotiations were speedily undertaken with the local government, and CAT was granted scheduled rights in and out of Okinawa, a logical stopping point between Taipei and Japan. A considerable amount of revenue was generated by the CAT

~~SECRET~~

~~S E C R E T~~

station there, particularly from American military personnel and their families going to Hong Kong on R&R.

Singapore

Very little thought or attention was given to the possibility of establishing CAT's rights into Singapore, since the restriction on picking up passengers out of Hong Kong to the south would have made such scheduled flights quite unprofitable.

Indochina

Efforts to establish reciprocal rights between Saigon and Taipei were constantly negated by the French. In the first place, their regional airlines operating out of Saigon were not particularly interested in rights into Taipei, since the volume of traffic between the two points was not considered sufficient to justify such scheduled flights. Also the French, in view of the political situation and the military threat, with the Chinese Communists right on their northern border, were not willing to have an airline bearing the Nationalist Chinese flag operating in and out of Saigon on a scheduled basis.

Several attempts were made to obtain the active interest of Ambassador Donald R. Heath in CAT's behalf,

~~S E C R E T~~

~~S E C R E T~~

but to little avail. It appeared to the CAT officials that the Ambassador was unwilling actively to support anything which might endanger his relationship with the French. It was noted that during the periods in which the Ambassador was absent from his post, the counselor of the Embassy, Mr. Robert McClintock, was much more interested and active in CAT affairs.

With the armistice and cease-fire in July 1954, and the subsequent division of Indochina into the four independent states of North Vietnam, South Vietnam, Cambodia, and Laos, the field recommended strongly to Headquarters that they be given permission to explore the possibilities of entering the aviation picture in the new countries of Cambodia and Laos. Headquarters checked this out with the Department of State, and then advised the field that they were authorized to make such exploratory contacts. The field was also advised that the newly appointed Ambassador to Cambodia, Ambassador Robert McClintock, who had previously been Counselor of the Embassy in Saigon, had been briefed in Washington as to the U.S. Government interest in CAT's behalf.

On 4 October 1954, a delegation of CAT officials, consisting of Messrs. George Doole, John Mason,

~~SECRET~~

Var Green, and Cox met with Ambassador McClintock in Pnom Penh. Through the Ambassador, arrangements were made to informally call on Mr. Kim Tit, the Privy Councilor to the King. The Ambassador accompanied Doole and Cox to the meeting. Tit was receptive to the general proposals, and advised that he would contact the Prime Minister. The Ambassador arranged for a meeting and, after an initial discussion, the Prime Minister requested that a general letter of proposal be submitted. It was prepared and submitted as soon as possible. It expressed the following:

a. CAT's interest in the furtherance of Cambodian civil aviation.

b. An offer by CAT to provide all physical assets, personnel and capital required to establish a small airline to operate domestic routes initially and then international routes to Saigon, Bangkok and Laos. The letter explained why Cambodian capital should not participate initially, due to the unquestionable losses to be incurred during the period of establishment of the airlines. A loophole was left open for possible Cambodian participation when the airline was considered at a break-even or profitable point.

~~S E C R E T~~

c. The letter closed with an invitation to Cambodian capital to establish travel services in Asia, and with polite congratulations on Cambodia's attainment of independence.

The CAT officials discussed with Ambassador McClintock the possible impact of Mr. Moe Cutburth's attempt to establish a foothold in Cambodia. Cutburth was President of Aviation International Ltd. The Ambassador stated that he would insure that proper Cambodian officials were aware of the proposals submitted by CAT, and that the U.S. feeling was that they should support CAT rather than Aviation International.

Headquarters instructed CAT to amend its earlier proposals by making further specific statements concerning CAT's willingness to train Cambodian aircrews, technicians, communications specialists, etc.

On 7 October 1954, Doole and Cox met with Minister Charles W. Yost and his staff in Vientiane. They were advised that Air Laos (49 percent owned by Aigle Azur, a Paris company with Laotians owning majority control) had been formally granted a monopoly for both domestic and international air operations several months earlier. The only exception was that the Government of Laos could permit another airline to provide any services

~~SECRET~~

that Air Laos was unwilling or unable to provide. Minister Yost indicated that there had been certain requirements for transportation, particularly for members of the Tripartite Peace Commission, which thus far had not been made available. He indicated that he would watch this situation and that, if it seemed that an offer to fill any such gap might be accepted, he would promptly notify CAT management.

The CAT group then returned to Saigon^{1/}, where Cox and Mason met with Colonel Edward G. Lansdale (on assignment to CIA) at his residence. Lansdale, who had done an outstanding job with President Magsaysay of the Philippines, had recently come to South Vietnam in an effort to establish a similar relationship with President Diem. His possible needs for [] transportation were discussed, and arrangements made so that all of his requirements would be promptly serviced. []

[]

At the end of 1954, there was little in the way of progress that could be reported. It seemed more and more evident that the French had a firm foothold in the aviation picture in both Cambodia and Laos. It was Cox's

~~SECRET~~

feeling that the only possibility that might open up would be if Lansdale were able to establish himself as firmly with President Diem as he had with President Magsaysay. If Diem became more and more disillusioned with the French, there might be a possibility for CAT to move into the picture.

International Operations--Non-Scheduled

A considerable amount of CAT's revenue was gained from contract and charter operations conducted on a non-scheduled basis. These varied from long-range contracts involving many aircraft and crews, to a single plane operation that might last only a few hours. Significant examples of such contracts or charters are as follows:

1. BOOKLIFT: This was a crash contract with the USAF entered into in September 1950, at a time when the fortunes of the UN forces in Korea were going very badly. Although it had leveled off to a considerable extent as time passed, it continued in being and provided a very valuable asset to CAT, [redacted] in terms of the revenue involved, [redacted]
- [redacted]

~~SECRET~~

~~SECRET~~

2. OPERATION RAILHEAD:^{3/} The two main islands of New Zealand, North and South Islands, are separated by Cook Strait, approximately 70 miles wide. Water traffic between the two islands was subject to frequent delays, often caused by waterfront strikes. The New Zealand Government Railways decided to overcome these delays by using air cargo carriers, and contracted with Straits Air Freight Express, Ltd. (SAFE) for such service. SAFE placed orders in England for specially modified Bristol freighters, but delivery could not be made for several months. SAFE then contracted with CAT to furnish three, later four, C-46 aircraft to provide the service.^{4/}

The flights commenced in May 1951, and operated between Paraparamu Airport on North Island and Woodbourne Airport, the base on South Island. Both airbases were near railheads. In three months of operations, CAT planes flew 17 million pounds of cargo across Cook Strait, flying 96,000 miles in 1300 crossings.^{5/}

Outstanding features of this charter operation were the extraordinarily warm relationship

~~SECRET~~

that developed between CAT personnel and the New Zealand people, as attested to by letters and newspaper articles;^{6/} and the fact that on all flights between Taiwan and New Zealand revenue cargoes were located that helped to cover the costs of what would have otherwise been non-revenue flights.

Consideration was given to trying further to develop this relationship, but the idea was dropped because of the great distance between the home base at Tainan and New Zealand, the fact that SAFE was obtaining its own aircraft, and the small operational interest in New Zealand.

3. The HADJ PILGRIMAGE: Hundreds of thousands of Moslems make the annual pilgrimage to Mecca for religious ceremonies held between 28 August and 1 September. They come from all parts of the globe and use all means of transportation. In July 1953, a ship carrying hundreds of Moslems from Indonesia caught fire, leaving the pilgrims stranded. The Indonesian Government, fearing wholesale suicides, particularly by the older people who might never have

~~S E C R E T~~

another opportunity to make the Hadj, negotiated with CAT to provide air transport for the pilgrims from Djakarta to Jidda.^{7/} Four C-46's were provided for the round trip.^{8/}

Since the aircraft would be idle for several weeks, while awaiting the return trip, CAT management decided to use this time to explore possible aviation opportunities in the Mideast. As German nationals have excellent acceptance in the Arab countries, Mr. Max Springweiler of CAT Traffic and Sales was selected to accompany the aircraft and to report in detail on his observations. He was later joined by Mr. Saul Marias, Assistant General Counsel of CAT.

A number of charter opportunities were developed. In the first three weeks of August, 450 passengers and 99,000 pounds of cargo were airlifted from Damascus-Beirut to the Persian Gulf. Between 28 July and 13 September, 16 charter flights were made for the Sheik Prince of Kuwait: The large oil installations appeared to have considerable requirements for airlift, and there were demands throughout the desert areas for fresh fruit and vegetables.^{9/}

~~S E C R E T~~

~~SECRET~~

The report prepared by Springweiller and Marias was studied by the CAT Executive Committee in Washington and by the board of directors. A decision was made against any CAT expansion into the Mideast, mainly based again on the distance from the main CAT operational area in the Far East, although it was admitted that an aviation opportunity appeared to exist in the Mideast, and that operational requirements in the area were quite possibly forthcoming.

Consideration was also given to attempting to capitalize on the good will gained with the Indonesian Government as a result of CAT's prompt response to their call for assistance, but continued intransigence on the part of a few key Indonesian Government officials, coupled with foreign exchange difficulties, soon ruled out the idea. (Payment for the Hadj flights was long delayed.)

4. OPERATION REPAT: After the Li Mi forces failed in their attempt to fight their way back into China by moving from Thailand north across the Burma-China border, about two thousand troops

~~SECRET~~

settled on the Thai-Burma border, where they became a constant irritant to both countries.

In mid-1953 they were encouraged to indicate to the United Nations their willingness to be repatriated to Taiwan. A UN Commission contracted with CAT to provide airlift from a strip at Lampang in northern Thailand to Taipei. (Funds, of course, were provided by the United States, which caused considerable embarrassment because of the rather common knowledge of its participation in the abortive Li Mi drive.)^{10/}

In the first phase of the operation, 2200 troops and their dependents were evacuated by mid-December 1953.^{11/} The operation was resumed in mid-February 1954 with flights out of Chiang Rai airfield; by 1 March, the total number evacuated had reached 3100. The Chinese Government arranged for suitable welcoming ceremonies for the returnees and for their rehabilitation.^{12/}

Unfortunately, not all of the troops elected to repatriate -- it was more than suspected that they had become profitably involved in the opium trade. They have remained a thorn in the sides.

~~S E C R E T~~

of the Thai and Burmese Governments to this day. ^{13/}

5. OPERATION COGNAC: With the Cease-fire Agreement reached at Geneva after the fall of Dien Bien Phu in May 1954, the USAF withdrew the 12 C-119's which had been loaned to the French and operated by CAT crews. The Agreement left hundreds of thousands of Vietnamese who were unwilling to live under Communist domination in the newly established North Vietnam, and the French used every means of transportation available to assist their evacuation to South Vietnam. On 17 August 1954, the French signed a contract with CAT for the provision of airlift from Hanoi, and later Haiphong, to Saigon. ^{14/} Twelve C-46's were provided for this lift which ended on 4 October 1954. A total of 21,334 refugees were moved to the South. ^{15/}

There were approximately 40,000 Chinese living in North Vietnam, and they came under concentrated Communist propaganda campaigns to remain there. However, about 7,000 Chinese registered with the Nationalist Chinese consulates in the area, indicating their desire to move to the South. The Chinese Nationalist Government

~~S E C R E T~~

~~SECRET~~

chartered two C-46's from CAT, initially to fly refugees from Hanoi to Haiphong, and then to proceed by sea to Saigon.^{16/} By 22 August, one flight to Haiphong and 26 to Saigon had been made, evacuating 1,526 Chinese. At that point, the much larger French contract noted above took over, handling both Vietnamese and Chinese citizens.^{17/}

6. MISCELLANEOUS CONTRACTS: A great deal of the charter business developed was of the "one-shot" type, involving the movement of cargo or passengers from point to point. The secret of profitably accepting such charters lay in the ability to line-up return loads to prevent the loss involved in a non-revenue-producing return trip. CAT Traffic and Sales developed considerable expertise in this, often making inter-airline arrangements, and rarely did the planes fly back empty.

A great deal of business was generated in the movement of groups of all kinds -- tourists, athletic teams, governmental and business organizations, military R&R'ers and their dependents, etc. Ship-owners often found it more economical to fly a ship crew from one port

~~S E C R E T~~

to another, rather than to pay living costs while the ship sat idle waiting to be loaded. Charters took CAT far afield -- to Hamburg, Finland, the Mideast, Indonesia, New Zealand, etc. On a number of occasions, CAT participated in mercy flights, flood relief flights, and the like.

Any complete listing of cargoes would indicate that often they were rather strange. A partial listing of such would include flying tropical fish from Hong Kong to Taiwan and Japan, a baby elephant from Bangkok to Tokyo, day-old chicks from Hong Kong to Taiwan, hundreds of heads of oxen from Karachi to Bangkok, 795 canaries and budgerigars from Hong Kong to Tokyo, snakes, monkeys, etc.^{18/} Fumigation and cleansing of the aircraft sometimes presented a problem.

Domestic Operations--Scheduled

Shortly after evacuating completely from the mainland to Taiwan, the Chinese Nationalist Government requested that CAT establish a domestic schedule route which was normally referred to as the "around the island flight." The aircraft used was a C-47, since normally the volume of business generated in any particular day did not exceed a C-47's capacity. A

~~S E C R E T~~

daily flight was flown from Taipei to Hualien to T'aitung to Tainan to Makung (in the Pescadores Islands), and then returning to Taipei.

The two major stations on the route were Hualien, which had difficult access because of its location on the mountainous east coast of Taiwan, and Tainan because of the location of the CAT Maintenance Base there, and its proximity to one of the major ports on the island, Kaohsiung.

The "round the island flight" was not an economical one, and annually represented a loss of revenue to the company. However, it was considered imperative that the route be continued for two reasons: first, it was being flown at the request of the Chinese Nationalist Government, and noncompliance with the request would have endangered the good relations with many departments of the government; second, if CAT did not operate the route, it was quite probable that a competing organization would jump into the breach, thereby gaining a great deal of prestige with the Chinese Government which conceivably could lead it to competing with CAT for international rights.

The prospective competitor was known as Foshing, sometimes spelled Fushing, Airlines. It had been

~~S E C R E T~~

formed by a number of the former executives of CNAC and CATC who had remained loyal to the Nationalist Government. The principal officers of the company were: chairman of the board of directors of operations, Moon F. Chin (in 1949, at the time of the defection, he had been executive vice president of CATC); vice chairman, Ango Tai (in 1949 and early 1950, he had been manager of maintenance and engineering for CATC); business manager, Harvey Toy; and chief pilot, Arthur Hing (in 1949 he had been assistant chief pilot, CATC). The promoters of the airline were listed as Moon Chin, Ango Tai, Harvey Toy, Donald S. Wong, and Lester Chin. (Ango Tai was reputedly an illegitimate son of the Generalissimo -- a position of great prestige in the oriental culture.)

In June 1954, the Foshing owned three PBY's and had one C-46 on lease. Between 1952 and 1954, it had flown with its PBY's on 20 to 30 flights in support of Li Mi, carrying supplies and money (3,000 pounds per trip) non-stop from Tainan to Monghsat, Thailand, and return, without refueling. Their planes had also been chartered from time to time for flights to the off-shore islands.

~~S E C R E T~~

~~SECRET~~

The airline did not have the necessary capital with which to compete with CAT, although it did have considerable support at various levels in the government from Chinese who, for one reason or another, preferred to have a truly Chinese airline, rather than one such as CAT which was obviously American-owned and controlled. There is little question that if CAT had not been flying the "around the island flights," Foshing Airline would have been able to obtain enough capital to pick up the route and possibly, by encouraging external capital, to begin attempts to extend its scheduled operations into the international fields.

It should be noted that the daily link between Taipei and Tainan provided by the "around the island flight" was of considerable benefit to CAT in that it permitted the movement of personnel back and forth quite readily, as well as the movement of limited amounts of cargo and mail.

Domestic Operations--Non-Scheduled

This was a very minor activity and normally involved either groups of tourists, government officials, or organizations of one type or other. Occasionally it was used to move significant cargo loads, such as ship

~~SECRET~~

~~SECRET~~

engine parts from the ports of Keelung and Kaohsiung,
machine parts for various industries on Taiwan, etc.

~~SECRET~~

~~SECRET~~

LIST OF REFERENCES

TAB O

CAT INTERNATIONAL AND DOMESTIC OPERATIONS -- SCHEDULED
AND NON-SCHEDULED

1. Part I of Area Division Quarterly Report, FE Division, 17 December 1956.
2. The Greatest Airlift - The Story of Combat Cargo, Captain A.G. Thompson, USAF. See Chapter 48. "CAT on the Airlift". Page 449. Published by Dai-Nippon Printing Co., Tokyo, Japan. May 1954.
3. CAT Bulletin. June 1951. Page 4
4. CAT Bulletin. July 1951. Page 14.
5. CAT Bulletin. September 1951. Page 3
6. CAT Bulletin. September 1951. Page 5.
7. CAT Bulletin. September 1953. Page 1.
8. CAT Bulletin. October 1953. Page 5.
9. CAT Bulletin. November 1953. Page 5.
10. CAT Bulletin. December 1953. Page 4
11. CAT Bulletin. January 1954. Page 18.
12. CAT Bulletin. April 1954. Page 20
13.
14. CAT Bulletin. October 1954. Page 28.
15. CAT Bulletin. November 1954. Page 4.
16. CAT Bulletin. August 1954. Page 4.
17. CAT Bulletin. October 1954. Page 3.
18. CAT Bulletin. June 1953. Page 1.

~~SECRET~~

Tab F

~~SECRET~~

TAB P

ENGINEERING AND MAINTENANCE

When CAT first began operations in early 1947, two small engineering and maintenance shops were established, one at Shanghai and one at Canton. As of that time, there were only six or seven men assigned to each of these installations. As the CAT activity expanded, engineering and maintenance was consolidated at Shanghai. There were certain advantages that Shanghai held over Canton, in that it was closer to actual operations, and it was near the major CAF (Chinese Air Force) installations, and CAT was able to borrow hard-to-get spare parts and other equipment from them. It was also adjacent to the CNAC and CATC engineering installations, and since they were finding it just as hard to get parts for C-46's and C-47's as was CAT, there were mutual interchanges that were of benefit to both of the airlines.

As the situation on the mainland began to deteriorate, it became fairly obvious that CAT would have to move its shops out of Shanghai and retreat south, although it would stand to lose all of its equipment. Initially a charter was arranged for an LST, the

~~SECRET~~

~~SECRET~~

Chung 118, and later in 1949 this LST was purchased. At the same time a seagoing barge, "The Buddha," was purchased.

By May of 1949, various shops were being established aboard the LST, and equipment, particularly heavy equipment, was moved aboard the LST and the barge for storage. The LST, under its own power, proceeded shortly thereafter to Canton, while "The Buddha" was towed there by seagoing tugs. However, at about the same time, the decision was made to establish the main engineering and maintenance base at Kunming, which is in Yunnan Province and far away from adequate transportation to coastal areas. A good deal of equipment aboard the LST and the barge had to be shipped by air into Kunming.

As the ChiComs intensified their drive toward Canton, the LST and the barge moved down the Pearl River to Hong Kong. There were some incidents accompanying the move, as many of the Chinese crew members refused to accompany the ship into Hong Kong. On arrival in Hong Kong, there was no wharf space available, and the LST and the barge had to anchor in the Kowloon Typhoon Shelter area. In order to make available transportation to and from the ships, an LCM was

~~SECRET~~

~~SECRET~~

purchased in Hong Kong.

In November 1949, the Governor of Yunnan, Lu Han, and his troops defected to the Communists. However, true to an implied promise he had given a short while earlier, he permitted CAT personnel and their families, and other American personnel in Kunming to evacuate aboard CAT aircraft. A considerable quantity of spare parts and valuable shop equipment was also flown out to Sanya, an airfield located near the southern tip of Hainan Island.

CAT had been planning to establish a main base at Sanya if Kunming was not tenable. Sanya's airbase was quite close to Yulin, a port capable of handling considerable amounts of tonnage. With the situation deteriorating as rapidly as it had, however, it was decided that, despite certain disadvantages involved in moving to Taiwan, that was the only sensible thing to do. ~~The LST was~~ therefore sent to Sanya to pick up the equipment there and then move it to Taiwan.

Once again difficulties were encountered with the Chinese crewmen, who rebelled at the move to Sanya and partially sabotaged the steering mechanism of the LST. The entire crew was terminated and a new crew recruited in Hong Kong.

~~SECRET~~

~~SECRET~~

Arrangements were made between CAT and the ChiNat Government for wharf space to be provided for the LST and the barge at the Port of Kaohsiung, located 25 miles south of Tainan and a major CAF base. The CAF indicated that they would be willing to provide suitable space and some structures already in existence at Tainan. It was, therefore, decided that, despite the disadvantages of the distance involved, about the only solution available was to set up both Kaohsiung and Tainan as best possible. The LST moved from Hainan to Kaohsiung in January 1950. The LCM was put aboard the barge and again towed to Kaohsiung.

Although an LST is normally thought of in terms of running up onto a beachhead and discharging tanks, it has a great deal more available space, including space for erection of superstructure on the decks, than most people realize. The CAT LST was a standard Navy World War II vessel, 328 feet long and 2,500 tons. Some work had already been done in establishing shops aboard the LST, and initially a marine crew of 33 men and 250 workers was kept busy improving the shop facilities. The marine crew was required, not only for the purpose of keeping the LST, the barge, and the LCM in good condition, but also had to be available in case a

~~SECRET~~

~~SECRET~~

typhoon broke the LST loose. Whenever typhoons were in the vicinity, it was necessary to have the engines operable so that there would be some chance of controlling the vessel if it broke loose. Kaohsiung lies directly in the path of many of the seasonal typhoons of the area, and since it is located in very flat country, the harbor offers little or no protection. On one occasion the barge did break loose; but the captain and crew, having steam up, were able to maneuver it inside the harbor without incurring any significant damage.

In early 1950 CAT had had the very good fortune of procuring the services of Mr. Hugh Grundy as chief engineer. Grundy had been chief engineer of CNAC up until the time of the defection of that airline in November 1949. He was well known to CAT, which held his ability in very high regard. Grundy had had a great deal of experience. He was both a perfectionist and a disciplinarian, running what in Navy parlance would be called a tight ship. He immediately set about improving the facilities at both Hainan and on the LST. One of his more immediate problems was to try to establish an inventory of just what CAT did have in the way of equipment and spare parts, since the constant moving

~~SECRET~~

~~SECRET~~

had resulted in almost a complete breakdown of property records.

During the spring and summer of 1950, CAT flying activity fell off to some 400 flying hours per month. In September of that year, the Far Eastern Air Force (FEAF) urgently requested that CAT provide the maximum amount of flight support within its capability under the terms of a hurriedly drafted contract known as BOOKLIFT. CAT was then faced with two immediate problems: first, to gear up to a maximum activity in support of FEAF; second, to establish an engineering and maintenance facility at the Tachikawa Air Force Base in Japan, at which most of the CAT aircraft operating under the BOOKLIFT contract were based. Involved was the de-mothballing of a number of aircraft, and the reassembling of the same flight and maintenance personnel that had been placed on leave without pay because of the great decrease in activity during the earlier months. Within two months, CAT was able to gear up from the 400 hours per month to approximately 4,000 hours per month.

The second complicating factor was that the BOOKLIFT contract had to be performed by an American company, CAT Incorporated, which did not fly the Chinese

~~SECRET~~

~~SECRET~~

Nationalist flag. All of the normal activities radiating out of Taiwan were considered as CAT flights carrying the Nationalist flag. This fiction was maintained as well as possible. Very little difficulty was encountered in meeting the requirements sufficiently, so that neither the Japanese nor the Chinese Nationalists raised any material questions.

As CAT activities expanded, particularly with respect to international rights ranging from Korea to Bangkok, engineering personnel had to be assigned to the points at which CAT was landing regularly, in order to provide line maintenance. Also, a number of the larger special contracts had to be provided with requisite maintenance facilities. Despite the rather heavy drain on personnel, the CAT maintenance continued in all respects to meet the highest standards.

The FEAF officers who were observing the operation of CAT were very complimentary in terms of the engineering and maintenance standards that CAT demonstrated. They were invited to visit Tainan in order to inspect the CAT facilities. As a result of their interest and their appreciation of the job that was being done, CAT was able to procure the first overhaul contract ever granted by the USAF outside of the United States. At

~~SECRET~~

~~S E C R E T~~

any one given time, one might find USAF C-54's, C-119's, PBY-5A's, C-46's, and C-47's undergoing overhaul at the Tainan Base.

On 8 August 1954, CAT was awarded China's first Air Safety Citation for its perfect record of no passenger fatalities since establishment of scheduled services. The Director of the Civil Aviation Agency of the Chinese Government, Colonel H.Y. Lai, presented the certificate which read as follows:

"Whereas Civil Air Transport which has operated around the island and international routes for four years with flying safety excelling the average international safety record merits high commendation, this certificate of award is especially issued as encouragement."

An additional award followed two days later, on 10 August, when CAT received a U.S. CAA certificate for the quality and high standards of its maintenance facilities. The certificate made CAT the first and only U.S. CAA approved repair installation in the Far East with ratings for all of the following: Class IV Air Frame; Class II Propeller; Class I, II, and III Radio; Class I, II, III, and IV Instruments; Class I, II, and III Accessories. This was, of course, particularly gratifying to the personnel of Technical Services. (In September 1951, Grundy had been named as Director

~~S E C R E T~~

~~SECRET~~

of Maintenance, and in early 1954 as Vice President for Technical Services. He was named as President of CAT in January 1955.) At the time of these awards, there were more than 1,000 employees in the Technical Services Division. It would be difficult for any impartial observer to judge as to which activity CAT could be the more proud, its operational flying record or its high standards of engineering and maintenance.

~~SECRET~~

Tab C

~~SECRET~~

TAB Q

PERSONNEL AND TRAINING

Personnel

Any international airline that operates into and out of a number of countries is faced with complex personnel problems far beyond those which are normal to the operations of a domestic airline. Each country into which the airline operates has a different economy. There are varying degrees of governmental controls. In devising personnel procedures, each country must be studied carefully. Procedures must be worked out that blend in with those in force in other countries. During the early years when CAT operated almost entirely as a domestic airline in China, the personnel problems were relatively simple. The airline was operating under a single economy, although it was a false one, and the true value of the local currency varied greatly from that of the rate of exchange established by government regulations after the fall of the mainland, CAT was now (late 1949) confronted with all the varying problems which must be faced by any international airline. The Asian facets of these problems are described below:

~~SECRET~~

~~S E C R E T~~

Skills: When CAT first began operations in 1947, it was fortunate in that it found a considerable body of trained personnel of all types who were attracted to employment with the airline. Undoubtedly, a good deal of the attraction lay in the glamour of the name Chennault. A number of applicants had served under Chennault, either in the AVG (Flying Tigers), or in the 14th Air Force. Other U.S. servicemen who were on duty in the Far East requested discharge there so that they could accept immediate employment with CAT. (A number of Marine pilots based at Tientsin did this, and formed a hard core of qualified personnel who were familiar with the area.) In the fields of traffic and sales and accounting, the Chinese interests holding 40 percent of the ownership of the airline were helpful in locating suitable personnel for such positions. With the fall of the mainland, however, this pool dried up, and employees were much more difficult to find. A good deal of the recruiting of Americans was then shifted to the Washington office which handled applications, referred them to the field, and if an applicant was deemed suitable for employment, handled his processing and dispatch to the field. A good deal of indigenous recruiting in the area required that

~~S E C R E T~~

applicants be of sufficient intelligence, so that with training they could reach the skills that were required in the positions for which they were employed.

In a number of areas of skills, suitable employment could only be made by recruiting people of the nationality of the particular country in which the airline was operating. For Japan, of course, suitable Japanese had to be found, and similar requirements applied to Bangkok, Manila, Korea, and the other countries in which the airline operated. This recruitment created problems which are discussed later. Basically, of course, the company remained largely a Chinese-American company, with the Chinese forming by far the largest ethnic group within the company. However, a personnel survey made in 1953 indicated that among the employees of the airline there were Americans, Australians, Austrians, Belgians, Chinese, Costa Ricans, Danes, British, Filipinos, French, German, Indians (mainly Sikhs who were normally used as guards), Irish, Italians, Japanese, Koreans, New Zealanders, Polish, Portuguese, Thais, and Vietnamese. All these nationalities were intermixed and, at any given moment, one might find a varying number of nationalities working side by side. Under some conditions, this could be

~~SECRET~~

productive of a lack of harmony between individuals because of their varying cultures and, unfortunately, because of unavoidable differences in pay scales.

Adjustments of Salaries: It was obvious that, in the countries where the airline operated, salaries for any given skill had to be somewhat in line with the going pay in that country. A Chinese secretary, although perhaps equally well trained and capable as an American secretary, could not be paid according to American standards. There is no true formula for making proper adjustments in establishing a pay scale. The formula adopted by CAT, although of course there were exceptions, was that a rate of pay in U.S. Dollars was established for each position, if that position was to be filled by an American. If it was to be filled by a Chinese, he would normally be paid somewhere in the neighborhood of 52 percent of the equivalent American pay. Different percentages were applied to other nationalities. British employees, for instance, would be paid very close to the American rate of pay for any position. The same would not apply to other indigenous employees, particularly in the backward countries where, if the indigenous employees of that country were paid too far above the going rate, there would have been repercussions

~~SECRET~~

~~SECRET~~

in the government. When people of various nationalities with similar skills are working side by side, and it is known that the rates of pay are different, there is a very good chance of friction developing. As much as possible, such intermixing of too many nationalities of people was avoided; either by hook or by crook, the problem never became a really serious one.

One problem arose with regard to the payment to flight crews. Normally they were paid at a given rate for a set number of flying hours per month; for any hours flown in addition to that, they received overtime pay. Although the pilots were more than well motivated, there was no question that they hoped to earn enough money while they were out in the Far East to be able to have something in the form of savings when they decided to call it a day. They looked forward to flying as much overtime as possible, and during peak periods of activity, the number of hours that they flew was limited more by fatigue and medical considerations than by a lack of a requirement to fly. A percentage of flying involved could be considered to be of a hazardous nature, and most of this flying was on behalf of Agency operations. The pilots cleared and selected for such flights almost unavoidably lost out on flying hours per

~~SECRET~~

month because of requirements in terms of weather, reception, etc., that might be involved. They might have to stand-down for several days, losing all flight time in order to be immediately on tap when a particular Agency schedule involved indicated that all conditions were proper. This, of course, was not a fair arrangement. Agreement was worked out with the stations involved that the CAT chief pilot and the station would jointly assign a particular rating for a flight on behalf of the station, which would affect the payment that would be made for that flight. If the flight were of the milk-run variety, perhaps simply a logistics flight [redacted] there would be no added pay involved. On the other hand, if it were [redacted] agreement would be reached as to the degree of hazard involved. Flights dropping propaganda leaflets on the mainland near the coast would receive one rating, whereas a flight into Szechuan would be deemed much more hazardous and receive accordingly a greater rate of payment. The pilots accepted this, and the system appeared to work quite well.

At times, hazardous flying was involved for customers other than the Agency. The operation of the C-119's for the French, particularly in 1954, is an

~~SECRET~~

~~SECRET~~

excellent illustration. The number of flight hours of the flight crews assigned to the C-119 operation was limited by weather and by requirement for operating mainly during the daytime. Therefore, the flight crews had very little opportunity to accumulate flying time per month to receive any overtime pay, which, of course, all the other flight crews not assigned to the C-119 operation were amassing a considerable volume, because of the draining of pilots and copilots from the normal operations.

Governmental Reporting Requirements: Insofar as personnel were concerned, strict compliance by the company with various governmental reporting requirements would often have affected them adversely in terms of income taxes. If the American employees who had established residence in Taiwan had had their full salaries in American dollars reported to the local government, they could have been taxed at a very high rate. The normal procedure adopted by the company was to permit the employees to designate that such and such a percentage of their salary be handled as an allotment with payment made in the States, and only that amount of money that was drawn in the field be reported to the local government authorities. The flight crews quite

~~SECRET~~

~~SECRET~~

often, particularly in the case of single men, were able to avoid this problem by simply not establishing permanent residence in any country, whether it be Taiwan or Japan or Thailand or any other place. It is quite certain that the Taiwan authorities were aware of the fact that an American was being paid at a much higher level than was reported to them, but, in the writer's opinion, they recognized that the assistance being granted to their country by the American personnel would probably be lost if strict requirements were in force. Various other problems were handled in differing fashions. Cox had established residence in Hong Kong and, if his true salary had been reported, he would have been very heavily taxed. Since he was spending more than half his time in traveling back and forth throughout the Far East, an agreement was worked out with the British authorities that a percentage of his salary, roughly corresponding to the actual working time spent in the Colony, was acceptable to the government as a figure on which taxes would be paid.

For the Chinese residents in Taiwan, the problem was much more serious, since the Chinese Government was much more demanding of them than it was of the foreigners.

~~SECRET~~

~~SECRET~~

As an illustration, consider two Chinese secretaries of equal ability, one stationed in Taipei and the other in Hong Kong, the established pay scale of the company calling for each to be paid the equivalent of U.S. \$100. Since Hong Kong has a free money exchange market, the secretary in Hong Kong would receive the equivalent of U.S. \$100 in Hong Kong dollars. The secretary in Taipei, if paid the equivalent of U.S. \$100 at the established rate of exchange for new Taiwanese dollars, would receive in terms of true salary, perhaps \$50 or less because of the flourishing black market that existed in Taiwan. If, in order to be fair to the secretary, the company had paid her the equivalent of \$100 at the going black market rate in new Taiwan currency, and if the government authorities had known of this, it could have required accurate reporting with a consequent very heavy tax levy on the employee. These problems were almost impossible to solve in strict compliance with the law. It can only generally be said that the company, while careful not to undergo undue risks, did its best to see that employees received adequate compensation without facing too heavy a drain on the monetary position of the company.

~~SECRET~~

~~SECRET~~

Morale: Given the conditions under which CAT was forced to operate, the morale problems could have easily developed to a truly serious degree. Living conditions were often inadequate. The cost of living was exorbitantly high. Husbands were often separated from their wives and families for extended periods, because of their assignment to a particular activity. There were tax problems, etc. The company took a great interest and a number of steps to insure that morale in the company was kept as high as possible.

First of all, the management of the company consistently followed policies and practices which would hopefully assure the employees of the personal interest and concern of management in their problems. The various senior supervisors and officers of the company held themselves constantly available to the employees to discuss their problems with them and to try to find adequate solutions.

A fairly sizable medical staff was established, and care was taken to insure that every installation was receiving as much care and medical attention as could be justified by the size of the facility and the nature of the problems with which they were faced. In major facilities such as Taipei, Tainan, and Tachikawa,

~~SECRET~~

~~SECRET~~

clinics were established for the purpose of providing, not only medical attention to the employee, but to his family as well. In smaller installations, the medical staff might only be in a position to supply a nurse to be on full-time duty, but arrangements would be made with a local physician to be prepared to handle any medical problems which might arise among the CAT employees and their families. This was the procedure in Hong Kong and in other of the smaller installations.

The forming of clubs of various sorts was encouraged and, where possible, attempts were made to insure that such facilities as swimming pools, park areas, beaches, etc., were available.

It was found that encouraging competition of various kinds, ranging from contests for the best photography and the best art works to physical sports such as soccer, softball, golf, etc., was of great value in terms of morale. The employees were encouraged to form teams, not only to compete within the company, but also to enter various community leagues in order to compete with other teams not associated with the airline. It was found that such teams were greatly supported by those employees and their families who were not able to go out for such activities. Quite often the company

~~SECRET~~

furnished the required equipment, so that the teams could have adequate practice and make an attractive appearance when they appeared in competition.

The monthly company publication, The CAT Bulletin, was also of great value. It was printed in both English and Chinese, and contained a great many pictures. In addition to giving coverage to the activities of the company and to the prominent personnel who traveled with or were entertained by CAT, there were articles on both internal CAT activities and on such things as a certain temple and park in Japan, the ruins at Ankor Wat, or visits to Sun Moon Lake in Taiwan. A great deal of attention was paid to insuring that there was adequate coverage of the employees themselves. Weddings were highlighted, social gatherings, parties, etc., were written up with photographic coverage. The issuance of the monthly magazine was looked forward to by all employees of the company.

Where justified, it was found that the issuance of uniforms carrying the CAT insignia, particularly to the lower grade employees ranging from the coolies to the station personnel handling the aircraft luggage, etc., was a matter of great pride to the employees and gave them much face with their neighbors. The cost to the

~~S E C R E T~~

company was minimal, but the contribution that was gained from it was quite large.

There were, of course, occasional serious grievances that defied adequate resolution, but the writer is sure that anyone who was truly familiar with CAT and its employees would agree that the overall morale in the company was of the highest order.

Training

The training aspects of the airline operations were dual in nature. First of all, of course, there were the advantages to be gained by the airline by increasing the skills and productivity of its employees. Secondly, although never fully expressed as far as the writer is aware, there was the expectation on the part of the Chinese Nationalist Government that CAT would undertake training programs that in time would permit the Chinese employees to rise progressively within the company, thereby eliminating the need for a number of foreign supervisory personnel who were initially required by the company if it were going to be able to operate effectively. This desire on the part of governments, particularly in the backward countries, is only natural, and a considerable amount of good will can be

~~S E C R E T~~

~~SECRET~~

gained if it is made clear that adequate training programs are being undertaken.

The best training effort was probably that made in the fields of engineering and maintenance. The skills required in those fields are in many ways more tangible than those that might be required in other activities, and a considerable amount of effort was made at Tainan and in Kaohsiung to increase (sometimes by classes, sometimes by personal instruction) the skills of the Chinese employees involved in engineering and maintenance activities.

A considerable training effort was also put forth in the traffic and sales division. Much of this was accomplished by holding frequent seminars, and on occasions calling traffic and sales personnel from all installations into one large seminar. On other occasions, regional and local seminars were held. Guest speakers were often invited to give lectures on various aspects of traffic and sales, and considerable amounts of time were spent in insuring that the employees knew what lay behind the establishment of rate structures, or compliance with the laws and regulations of the country in which the airline was operating, and by pointing out to the employees the sales opportunities that might be

~~SECRET~~

~~SECRET~~

available by interline arrangements with other companies. They were instructed to be alert for possible charter opportunities, and to try to develop customer relationships that would pay off in continuing use by the customer of the airline's services.

In the operations division, a considerable effort was made to take advantage of training opportunities with regard to ground operations personnel and to the hostesses. Unfortunately, it cannot be said that the training program for flight crews was of the same order as the training program carried on for the rest of the company. It is certainly true that, after seven or eight years of airline operation, not a single Chinese had qualified as a flight captain. The company had a large number of qualified Chinese copilots, but they were never qualified as captains despite their many years of service.

The main reason underlying this was the simple fact that in international flight operations there is a noticeable passenger reluctance to fly with indigenous flight crews. An American or foreign captain was almost a requisite, in order to be competitive with other airlines. This was more felt than discussed, but led to a reluctance to qualify fully any of the Chinese copilots.

~~SECRET~~

Consideration was given to qualifying the best of the Chinese as flight captains and assigning them to the domestic "around the island operation," where there would be much less exposure to foreign passenger travel than there would be on the international routes. It is surprising, in a way, that more ill will was not engendered by this, not only among the copilots but with the Chinese Civil Aviation Agency and with the Chinese Air Force. A number of the copilots had been trained by the USAF while in the service, and had qualified as pilots. In the long run, it is quite probable that, unless Chinese copilots are qualified as captains, political difficulties on Taiwan will materially increase.

The medical staff gave a continuing series of courses in first aid for the injured, with particular stress on attendance by operations and engineering and maintenance employees who would be the most likely to be on the scene of any accident. Certificates were given to all employees who successfully completed these courses. Also under the direction of the chief pilot, continuing courses were given in life saving, and to the flight crews, including the hostesses, on the ditching procedures involved in any aircraft having to

~~SECRET~~

~~SECRET~~

land on the water. Here again certificates were given for successful completion of the courses.

Whenever possible, advantage was taken of the opportunities to send senior personnel for offshore training, often in the United States. The director of personnel, who had been forced to return to the States in order to recover from an illness, was enrolled in the training course of a major American airline, in order to become familiar with its personnel problems and procedures. One of the key Chinese traffic and sales employees was financed also on a trip to the States, in order to learn airline management procedures. Engineering personnel were also provided training opportunities in their field, as they became available. Many of the pilots held reserve officer status in one of the services, and they were encouraged, when taking their requisite active duty tours, to broaden their knowledge of various types of aircraft and to keep themselves current with advances in the aviation field.

Training, insofar as the fiscal side of the company was concerned, was largely of the on-the-job type under the personal supervision of one of the accountants. In the clerical fields, employees were encouraged to increase their skills in typing, dictation, and so on,

~~S E C R E T~~

but classes as such for this purpose were not conducted by the company.

In summary, it is felt that with the single exception of the problem of the Chinese copilots gaining captain status, the company did its best to increase the skills and the faculties of its employees, and granted promotion recognition to those employees who made the personal effort to increase their own skills.

~~S E C R E T~~