

17 JAN 1964

MEMORANDUM FOR THE RECORD

SUBJECT: DCI Briefing of CIA Subcommittees of Senate Armed Services and Senate Appropriations Committees - Friday, 10 January 1964 - 3:00 P. M.

1. The Director met with the combined CIA Subcommittees of Senate Armed Services and Senate Appropriations Committees on Friday, 10 January 1964, at 3:00 P. M. Senators present were:

Russell, Richard B. (D., Ga.)
Hayden, Carl (D., Ariz.)
Saltonstall, Leverett (R., Mass.)
Stennis, John (D., Miss.)
Young, Milton R. (R., N. Dak.)
Aiken, George D. (R., Vt.)

Present from the Committee staff was William Darden.
Accompanying the Director were:

Richard Helms, Deputy Director (Plans)
John S. Warner, Legislative Counsel

There was a technical sweep of the room and no transcript was taken.
The meeting consumed approximately two hours.

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PANAMA

2. The Director was asked immediately about the Panama situation. He pointed out that at his last meeting with the Subcommittee on 29 October 1963, he had reported that according to [redacted] reports which had been received last August, Castro had told a revolutionary leader from Panama that militants in Panama should launch a campaign like that being waged in Venezuela. It was also indicated in October that the Panamanians had been getting guerrilla training in Cuba and it was further reported that in September we had received reports that the elements in Panama with whom Castro deals planned to start such a campaign in December. [redacted]

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3. The Director stated that the situation has been followed very closely and we have received continuing reports concerning trans-shipment of arms to Panama. [redacted]

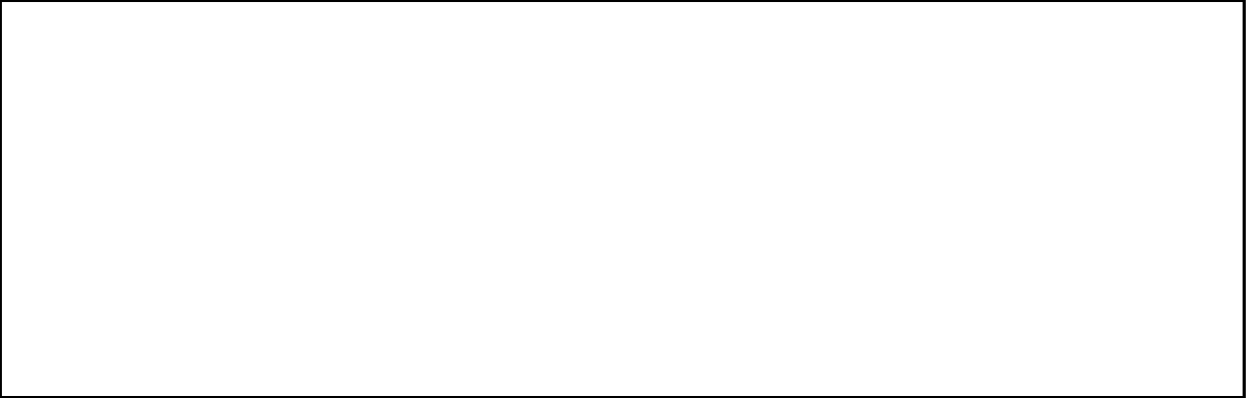
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[redacted] It was pointed out that the riots there could not be considered simply student activities but may be assumed to have been organized and directed riots. The flag incident was not the real cause of the riots but was simply the spark that led to the other activities which would have occurred in any event utilizing some other incident.

4. It was pointed out that President Johnson has talked by telephone with President Chiari of Panama urging him to keep control of his people. The Director then utilized a map to discuss the actual physical situation pointing out the slums along the border of the zone. As to the flag situation, it was pointed out that U. S. students had raised the U. S. flag which the school authorities immediately took down. However, the students on Tuesday, 7 January, again put the flag up and attempted to guard it. There were agreements concerning the question of flying the U. S. flag at certain areas but this school was not one of the areas. Thereafter, events got out of control with six Panamanians being killed and also three Americans were killed by gunfire and some thirty injured but not seriously.

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6. Mr. Helms stated that a 2:15 communication indicates the President was attempting to be conciliatory and is asking the people to be calm. On the other hand, there are crowds forming and there exists the possibility of further trouble in connection with the funeral of the six Panamanians who are to be buried today. In response to a question, Mr. McCone said there were no rioters brought in from outside of Panama. The incident of the United Fruit boat at Puerto Armuelles, Panama, was discussed. It was pointed out that last night, 9 January 1964, a mob of approximately 1500 people milled through the town destroying property. The United Fruit was loading a ship at the time and were prevented from loading and thereafter moved the ship out from shore. This incident was discussed as an example of the organized rioting although there were no riots outside of Panama City and this Puerto Armuelles. In response to Senator Russell's question, it was stated that it is not known whether all of the Castro men involved in the invasion of Panama in 1959 were rounded up but certainly he has put more men in and there is good information on this.

7. As to the make up of the students, it was pointed out that some of these are "perennial students" running up to 35 years of age. When asked a question, it was indicated that the President of Panama is not known to have any Communist leanings but he is not known as a strong man and does have a difficult political situation. It was stated that damage to American owned or occupied property was quite serious, mentioning the gutting of the USIA building and the new facilities occupied by Pan American Airways. In response to a question, it was stated that it was not known what damage had been done to property of other countries but this was qualified by saying that our information is fragmentary.

8. It was pointed out that Panama has no standing army as such but has a force of something less than 4,000 gendarmes. Mr. Helms answered a question about arms saying mostly small arms were utilized in the riots, that is .22 rifles and pistols. It was indicated that the U. S. has exhorted the President of Panama to take action to quiet his own people. Senator Russell inquired about General O'Meara's authority and it was stated that all efforts are being taken to avoid U. S. military forces going into Panama City and that there was no authority for O'Meara to move troops out of the zone.

9. The coming election was mentioned indicating that this is early in May but our source is not up for election although anti-American attitudes will be prevalent for all candidates. The Director stated the President is sending down a mission which left at 12 o'clock today (10 January 1964) which includes the Secretary of the Army, Cyrus Vance; Assistant Secretary Edwin Martin; Assistant Secretary for Inter-American Affairs, Thomas C. Mann; and Ralph Dungan of the White House.



CUBA

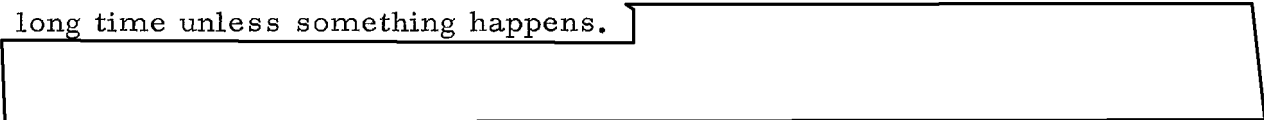
10. Senator Stennis inquired about Russian strength in Cuba. The Director indicated that we estimate there are between 4,000 and 7,000 Soviet troops in Cuba and that we have noted no reduction in the last three months. There has been some turnover, i. e., replacements. It was further pointed out that these troops are not in organized units. Their purpose is a training mission to assist the Cubans in learning how to use the equipment and care for it. With respect to the SAM sites, it was pointed out that we have U-2s over Cuba every day. In a sense, we feel better with the Soviets in control since they are not interfering with the U-2s. A turnover of the SAMs to the Cubans might bring different results since the SAMs are lethal with respect to the U-2s. It was pointed out that some of the training in the past has been in training centers but there is some deployment for training at operational centers. However, control of the SAMs and control over the command communication channels remains with the Soviets.

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11. Later, Senator Stennis returned to the Cuban situation asking was it the Director's view that it was to the advantage of the U. S. or CIA for the Russians to remain in Cuba. The Director said he did not advocate that the Soviets remain and his previous statement had merely pointed up that while Russia controlled the SAMs they had refrained from firing on the U-2s but it was not known what the Cubans would do. The Director made it clear that it was not to the advantage of the U. S. for the Russians to remain and that if the SAM sites were turned over to the Cubans we would have to simply accept the risk and if they did fire on the U-2s this would bring the matter to a head and undoubtedly appropriate action would be taken.

12. The Director also reiterated that all of the combat troops have gone or else have been dissolved as units. He said this evidence was based on photography, clandestine sources, and liaison reports. He pointed out that the sites of the four armored combat groups had been turned over to the Cubans. Mr. McCone said he was not optimistic about Castro and Cuba and indicated that he believed Castro would be there a long time unless something happens.



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13. It was pointed out that the economy is worse than a year ago but on the other hand Cuba is a fertile land and the peasants at least can eat. It was also pointed out that with the rising price of sugar Cuba had offset its decreased production and in fact had sold some sugar futures at very high world prices and utilizing these funds had made its deal with England for purchase of the busses.

OTHER LATIN AMERICAN SITUATIONS

14. The Director, in response to Senator Saltonstall, ran through very quickly a few high spots on other Latin American countries. He stated that while Venezuela is quieter now there had been some 15 events since the elections with one serious burning of a warehouse of some \$700,000 to \$800,000 damage. He stated there were noticeable guerrilla activities in Honduras and unrest continues in Colombia. While Peru remains under control, there are three distinct groups of guerrillas which if they united could create a serious problem. As to Bolivia, the situation remains serious but is relatively quiet at this time.

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ANTI-BALLISTIC MISSILE

16. In response to a question on development of the anti-ballistic missile in Russia, the Director stated that while the Soviets have spent a considerable amount of funds and effort they have not developed an effective and reliable anti-ballistic missile system. It was stated that we believe they will not approve large expenditures or widespread deployment of the present system which has been observed at Sary Shagan and Leningrad.

SOVIET ECONOMIC ANALYSIS

17. Senator Russell stated he would like to turn to an unpleasant task and referred to the recent release of information by CIA concerning the Soviet economy. His comments included:

"Not a function of CIA."

"Leaves us with no defense against a joint committee."

"Frankly a mistake."

"Probably should be released but not by CIA."

"Bad practice to start this type of thing."

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Senator Stennis then said he agreed with Senator Russell and each pointed out that they had not discussed it with one another or with the members of the Committee. Mr. McCone then stated that he also agreed and had taken steps to see that this did not happen again and that it would not happen again.

18. Mr. McCone then gave some of the background on this mentioning briefing of the NSC and congressional chairmen and subsequent discussions of the desirability of the information itself becoming known for two reasons - (a) the question of long-term credits to the Soviet Union, and (b) the effect on certain people who are on the fence. There were further discussions with President Johnson and Secretary Rusk and consideration of the DCI briefing the heads of state in Europe. It was hoped that there would be some way of bringing this information out covertly. Mr. McCone stated that subsequently some of this information began getting around and the press was directed to CIA. He stated attribution to the Agency was unfortunate and that this would not happen again.

CIA BUDGET

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20. Senator Russell said that since the Agency has a flat promise from DOD this should be worked out with them. The Director stated that what would resolve the problem would be for Russell to sign an appropriate letter. Senator Russell indicated that he had previously prepared a letter which would reduce our budget about \$10 million to \$12 million and that he thought the Agency would have to take some reduction, adding "just to let you know that the Congress is around." Russell said he had discussed this with Mr. Cannon on occasion as well as with Mahon and Ford.

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21. Senator Russell commented that the Agency has certainly hypnotized Mr. Cannon. He pointed out that we were the only Agency in Government that Cannon would give anything it wanted. He added that Cannon regards the Agency as his pet. The Director pressed again for a solution and Senator Russell repeated that he thought the Agency could take some cut mentioning that half the year has passed and he thought the Agency could well get along on the Reserve of [redacted] adding that if the Agency needed any more it could be secured from DOD, using words that implied the Committee would see to it that it did. Senator Russell concluded by saying he would work on this.

SOUTH VIETNAM

22. The Director then discussed his recent trip with McNamara to South Vietnam and briefed on the basis of the attached paper dated 21 December 1963. He first touched on the reporting situation, i. e., reporting on the conduct of the war indicating this had not been good and that both AID and the military were misled. The weakness stems from the fact that the reporting organization was in control of the province chiefs. He indicated that he and McNamara had gotten people in from the field and gone into this in detail. He pointed out that the Military Revolutionary Committee has recognized this situation and is replacing a number of the province chiefs and district chiefs.

23. The Director discussed the Hoa Hao and Cao Dai province situation and the hope for utilization of the sects in these provinces as covered in more detail in the briefing paper. He also mentioned the indigenous support in the Delta area for the Viet Cong and the resistance to the strategic hamlet program in that area and the reasons for it. Also discussed were the flow of arms and cadres from North Vietnam. He mentioned the appearance of major weapons such as recoilless rifles, mortars, and anti-aircraft guns in the Delta area in recent months.

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24. The Director then read his conclusions as follows:

a. It is my conclusion that the coup came when there was a downward trend which was more serious than was reported and, therefore, more serious than realized.

b. The military government may be an improvement over the Diem-Nhu regime, but this is not as yet established and the future of the war remains in doubt.

c. The Viet Cong are receiving substantial support from North Vietnam and possibly elsewhere, and this support can be increased. Stopping this by sealing the borders, the extensive waterways, and the long coast line is difficult, if not impossible.

d. The VC appeal to the people of South Vietnam on political grounds has been effective, gained recruits for their armed forces, and neutralized resistance.

e. The ability of the GVN to reverse this trend remains to be proven. Much depends on the ability of the MRC to deploy their forces and pursue the conflict in a manner which will ensure the security of the people and provide them desired freedom, privileges, and some tangible benefits.

f. The lack of an outstanding individual to lead and absence of administrative experience within the MRC are ominous indicators.

g. The political stability of the new government under the MRC is subject to serious doubt. Conflicts of ambition, jealousy, differences of opinion over policy matters are all possible, could develop serious schisms, precipitate further dissensions and coup attempts all of which will affect the war effort against the VC.

h. Overcoming the VC movement by the GVN is formidable and difficult, but not impossible. The problems can be intensified by continuing increased support from NVN and political failures by the MRC. Hence, in my judgment, there are more reasons to doubt the future of the effort under present programs and moderate extensions to existing programs; (i. e., harrassing sabotage against NVN, border crossings, etc. ;) than there are reasons to be optimistic about the future of our cause in South Vietnam.

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The Director pointed out that Secretary McNamara's report to the President was somewhat more pessimistic stating that "current trends unless reversed in the next two to three months will lead to neutralization at best and more likely to a Communist-controlled state."

25. The Director indicated that actions in Cambodia are a result of their sensing the trend in South Vietnam. In response to a question, the Director indicated we cannot get out at this time but must find a means to settle the problem. He pointed out that not only at stake was the entire Southeast Asia area but Malaysia and Indonesia. Mr. McCone pointed out the curious situation where the Esso Corporation pays tribute to the Viet Cong to run their trucks in the area and the similar situation of a rubber plantation paying tribute to the Viet Cong to conduct its business.

26. Senator Saltonstall said he thought this last report by McNamara had not gotten across to the public and they still have in mind his previous more optimistic report. After some discussion, it was agreed the pessimistic tone of his report is tending to become known. Mr. McCone added that this trip was a real awakening to both McNamara and himself. In response to a question, Mr. McCone stated his view that taking U. S. divisions into South Vietnam to cope with the Viet Cong would not be effective.

SOVIET MILITARY FORCES

27. The Director discussed Soviet military forces in accord with the attached briefing paper of 8 January 1964. He listed the 60 to 75 divisions at combat strength (85% or more) and 50 to 55 divisions at reduced strength (60% to 70%) or at cadre strength (of 25% or less). Thus, the total military forces and strategic forces come to about 2,500,000 to 2,750,000 with 700,000 in the strategic defense and strategic attack forces. The Director listed satellite ground forces at 62 divisions comprising about 950,000 men.

28. It was pointed out that the Soviets could place 50 to 60 divisions including some satellite divisions on the line against Western Europe within about 30 days which would comprise a force of about one million men. The Director stated that considering this time factor he is

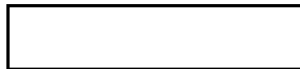
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less and less concerned about this threat as the satellites move on more independent lines. He mentioned the travel back and forth between Austria and Czechoslovakia, indicating 40,000 Austrians had travelled to Czechoslovakia in October and November and 1,000 Czechs had gone to Austria during December. He touched on the other satellites competing in exchange of travellers and trade efforts mentioning Hungary, Bulgaria and Poland. He commented on the recent purchase by Rumania of a steel mill although steel production was not provided for under the Soviet economic plan into which Rumania was integrated.

29. Mr. McCone stated he did not believe the Soviets could reverse this trend which will develop and grow and the Soviets cannot clamp down on it. The thought of Soviets supplying troops over satellite territory in the face of this situation reduces the danger of armed conflict. Mr. McCone agreed that the exchanges between East and West Berlin is another case in this pattern of movement. The Director concluded by saying that the Soviet Bloc is becoming less monolithic and more of a federation.

30. The Director commented on the sharp debates going on in the government and the military and as to what course to pursue. It seems that there have been compromises, although it is clear they will continue their ICBM program and the Director commented on the marked activity at Tyura Tam. He stated that he believed the Soviets will develop a large missile capable of carrying a 100 megaton warhead. He indicated we do not know of Soviet development of a solid fuel missile.



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