

Pub. file
6 January 1972

MEMORANDUM FOR THE RECORD

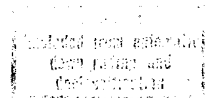
SUBJECT: References to CIA in GAO Reports on Medical Support and Refugee Programs in Laos

1. On 29 December, Mr. Roy Jenny of the General Accounting Office (GAO) showed me the final draft reports which the GAO has prepared on medical support and refugee programs in Laos. Both reports were prepared in response to a specific request from Senator Kennedy in his capacity as Chairman of the Judiciary Subcommittee to Investigate Problems Connected with Refugees and Escapees. The information was compiled by a GAO survey team which visited Laos in August and September 1971. The Deputy Director of Support has had an informal working relationship with GAO for some time and it was through this channel that GAO made known its willingness to let us review the draft reports.

2. Jenny said that at the request of Senator Kennedy, GAO did not follow its usual practice of submitting the reports to AID, State, CIA, etc., for review and coordination. These agencies are being permitted to review the reports informally and only from the standpoint of security classification. GAO is taking the position that neither AID nor CIA can retain copies of the reports at this time. Senator Kennedy's approval will be required before any distribution of the drafts or final report can be made.

3. GAO asked that I read the drafts with a view towards correcting any inaccuracies, identifying references to CIA that we might be willing to declassify, and suggesting higher classifications for some references to CIA. I have compiled all the references in both reports and included them as Attachments A and B to this memorandum. Attachment C is a copy of the AID/CIA Working Fund Agreement. This agreement is referred to several

State, USAID reviews completed



times in both reports and appears as Appendix II of the report on medical support.

4. The reports are concerned primarily with AID administration of medical support and refugee programs. AID will therefore be agonizing over the reports at some length. Thus far, AID has seen only the report on medical support. In general AID has no problem with the security classifications in that report although they might take exception to some of the criticisms therein.

5. Since GAO no longer has any major complaints about Agency contributions to the medical and refugee programs and there are no inaccuracies in the draft reports as far as the references to CIA are concerned, the question which these GAO reports pose for us is the extent (if any) to which we should ask GAO to upgrade classifications, remove references to CIA entirely, or make wording changes that would reduce the visibility of CIA participation in these AID programs. The following options seem to apply:

Option A: Tell GAO that CIA has no difficulty with any of these references or their classifications. This option is not as far out as it might seem. There is nothing in the GAO reports which goes as far as the unclassified Mosse-Lowenstein report in acknowledging or describing CIA activities in Laos. (In other words the GAO reports give us more protection [read classification] than the Moose Lowenstein report but GAO believes that Senator Kennedy may eventually press for full declassification of all information.) Senator Kennedy's staff is undoubtedly in possession of the Moose-Lowenstein report and might therefore feel that we are insulting his intelligence if we try to protect or overclassify information that is much less sensitive than that which is already in the public domain. I realize that we have taken the position, in response to press inquiries, that the press is not entitled to the same degree of candor we have shown with the Congress but we have to

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assume that Kennedy's staff will expect as much candor as we have shown with the other committees of Congress and that consistencies or other readily apparent obfuscation on our part will be counterproductive.

Option B: Insist that GAO remove all references to CIA from unclassified sections of the reports, e. g., the table of contents, the list of abbreviations and page seven of the refugee report. The closely related alternative to this option would be to classify the table of contents, the list of abbreviations and page seven of the refugee report.

6. Request Chief, FE guidance on the response to be made to GAO. Recommend that the response be made orally.



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Attachments

A, B, C (as stated above)

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM: Director of Finance 1212 Key Building		EXTENSION <input type="checkbox"/>	NO. 25X1
TO: (Officer designation, room number, and building) 1. D-275 100 ✓		RECEIVED	DATE
1. C/Far East Division 5-D-3107 Headquarters		23 SEP 1971	
2.			
3. D/Planning, Programming and Budgeting 6-E-08 Headquarters			
4.			
5. Executive Director-Comptroller 7-D-59 Headquarters		24 SEP 1971	
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7. Director of Finance 1212 Key Building		9/27	B
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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

APR 19 1971

Mr. John H. Clarke
Director of Planning, Programming,
and Budgeting
Central Intelligence Agency
Washington, D. C. 20505

Dear John:

As requested in your recent letter, we have considered the problem of funding medical assistance to refugees in Laos.

We agree that that portion of the AID program, about 92.7%, now used to provide medical care to irregulars and their families in Laos, would more appropriately be funded by G7A. We therefore will approve a reserve release in this amount during 1972 to fund a program of medical assistance for these refugees.

Beyond this specific problem, however, we are concerned about the adequacy of existing organizational arrangements for U.S. support of medical programs in Laos. We therefore request that you undertake a study of the entire U.S. medical effort in Laos, with the active participation of the Department of Defense and AID as appropriate, to examine the adequacy of present organizational and funding arrangements in meeting medical needs resulting from hostilities there. We believe that this study should be completed prior to our consideration of a reserve release request.

Sincerely,

(signed) Edward W. Stepien,
Deputy

for James M. Frey
Chief
International Programs Division

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DD/S 72-0236

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19 JAN 1972

MEMORANDUM FOR: Assistant Deputy Director for Support
SUBJECT : References to CIA in GAO Reports on Medical Support and Refugee Programs in Laos

1. This memorandum recommends action; such action is contained in paragraph 4.

2. In response to your request, we have reviewed the references to CIA in the two GAO reports on medical support and refugee programs in Laos.

3. We feel that the Agency should not interpose any objections to the references or classifications in the cited reports. We do feel that a request will be received at some time in the future to declassify all of the reports. If this happens, we should be prepared to take the necessary action with the appropriate parties to insure that our most sensitive information is protected.

4. It is recommended that you concur in the memorandum of the Chief, Far East Division. The Director of Medical Services concurs in this action.



Howard J. Osborn
Director of Security

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Attachment

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