

*file DCI*  
MEMORANDUM FOR: Messrs. Proctor/Walsh

*OKed*  
Re the Henry J. Taylor article on Burma.

I checked with OCI, and the analyst there was mystified as to Taylor's source. He saw no possibility it was even a garbled version of any of our reports. On learning [redacted] had done a study on the subject, I checked with [redacted] Same result. You may want to send the DCI a note to that effect (see attached blue slip).

19 Dec 74  
(DATE)

FORM NO. 101 REPLACES FORM 10-101  
1 AUG 54 WHICH MAY BE USED.

(47)

MEMORANDUM FOR:

The Director

*abc*  
Executive Registry

*74-6852/2*

We have no idea where Taylor got the material he attributes to "CIA." It bears no resemblance to anything OCI or OPR have said in print, or to the views of our analysts.

[redacted]  
Ed Proctor

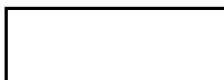
*Thanks*  
19 Dec 74  
(DATE)

FORM NO. 101 REPLACES FORM 10-101  
1 AUG 54 WHICH MAY BE USED.

(47)

MEMORANDUM FOR: Lew Lapham, OPR

OCI thinks this is strange stuff indeed, but can't see how any of its reporting could have served as the basis for this article. Any thoughts or suggestions as to how we should respond to the DCI? *Can you let me know by 23 Dec?*



18 Dec 74  
(DATE)

FORM NO. 101 REPLACES FORM 10-101  
1 AUG 54 WHICH MAY BE USED.

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MEMORANDUM FOR: D/OCI

Any idea where the thoughts attributed  
to CIA might have come from? Can you give us  
a response (or negative report) for the DCI?



16 Dec 74  
(DATE)

FORM NO. 101  
1 AUG 54

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9 DEC 1974



HENRY J. TAYLOR

## The Reds Want Burma

Behind the scenes, our Central Intelligence Agency sees Burma as Red China's next take-over victim.

Burma, about the size of Texas, has a wild, mountainous frontier 1,200 miles long — a third as long as our Canadian border — with Red China. And, until now, Red China has adopted a restrained role toward neighboring Burma. But the CIA agents in Peking find that this has changed.

In fact, they find that 20,000 China-armed insurgents are now battling Burma's forces in a major engagement near Lashio, close to Red China's border. Moreover, 3,000 North Vietnamese are heading into Burma's Shan Province.

The nation (29 million people) is correctly the Pyee-Daung-Su Myanma-Naingan-Daw Union of Burma. Kipling immortalized its city of Mandalay where "the dawn comes up like thunder" but the capital is Rangoon.

It is one of Southeast Asia's most inaccessible and mysterious nations. Burma largely prohibits visitors; it is utterly provincial, totally fatalistic, neutralism is a fixation, isolationism a creed.

The chief-of-state is Gen. Ne Win, 63. This is the country of the late U Thant, for 10 years Secretary General of the United Nations, who died in New York Nov. 25. Ne Win booted out U Thant in a military-managed power play. U Thant never returned to Burma.

Ne Win thinks like a sewer rat; instinctively, probing smells, his strength is his suspicions and his varying estimates of his enemies. He is always wily and his fatalism is a constant convenience.

He has made this into a racket. Ne Win once told me in Burma: "Only Buddha can help anyone. Only Buddha can help the Burmese."

Ne Win told me that he prefers Mandalay to Rangoon, and it was there that I saw him, his lidded eyes as rich as jade in a face as pale as bread. But he is, in simple truth, a venial playboy who travels abroad incessantly — and always flamboyantly. He plays golf and hobnobs with world dignitaries whenever possible and, like Tito in Yugoslavia, lives in lavish splendor always and anywhere.

Meanwhile, and not surprisingly, Bur-

ma's Marxist economy approaches absolute thrombosis. The economic failure of Marxist economies is notorious, but there it is in all but total collapse.

In June the workers in the patchwork of state-owned enterprises staged wildcat strikes (27 workers killed) against the rocketing price of rice. The CIA finds that, to this day, normal production — such as it was — has never been restored.

The government cannot afford the spare parts and raw materials to keep factories and transports going. A bus driver is forbidden to lift the hood when his bus breaks down for fear that he may sell in the black market the engine parts — such is the black marketeering.

The CIA finds that Ne Win's armed forces total 135,000 in the army, 6,000 in the navy and 7,000 in a totally meaningless air force. In July most of the jets were wiped out when five hit a mountainside in low monsoon clouds while attempting to bomb insurgents. It now has only three of the T-33 trainers the United States supplied 10 years ago.

Red China's Yunnan-Kwang-si area and certain Burma territories dominate today's ghastly narcotics operation. The Burma-Thailand-Laos so-called Golden Triangle annually produces about 700 of an estimated 1,400 tons of illicit opium. And venal Ne Win's crony is powerful Lo Hsing Han, born in Yunnan Province, China.

Lo is the kingpin of Southeast Asia's heroin traffic. He has his own private army, amazingly well equipped. His fields are the largest in the world. Opium is the sap — the tears — of a ripened poppy seed. The latex is refined into the morphine base and then made into diacetylmorphine, which we call heroin. Lo has the world's largest heroin laboratories and plants. He operates the world's largest system of carriers.

Ne Win's association with Lo is a magnificently profitable association for Burma's chief-of-state.

The CIA opinion is that Mao Tse-tung and Chou en-Lai felt that they can wait until Ne Win dies or is booted out as he booted out predecessor U Thant, and then Burma will be sucked into Red China. But now the Chinese-equipped insurgents and the North Vietnamese guerrillas revise all previous secret CIA estimates.