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OPERATIONS COORDINATING BOARD  
Washington 25, D. C.~~CONFIDENTIAL~~

July 15, 1954

MEMORANDUM FOR: Mr. James S. Lay, Jr.  
Executive Secretary  
National Security Council

SUBJECT : Special Report on Thailand

REFERENCE: NSC 5405 (approved by the President and referred to OCB as coordinating agency on January 16, 1954), especially paragraphs 44, 45 and 46. NSC Action Nos. 1011, 1019a., 1066, and 1106a.

1. NSC 5405 includes a statement of U.S. policy "to conduct military, economic and technical assistance programs, and strengthen cultural and propaganda programs and covert operations" in South-east Asia. The policy also requires that the U.S. "take whatever measures, including increased aid to Thailand, may be determined as feasible to forestall an invasion of Thailand or a seizure of power by local Thai Communists", "if a serious deterioration of the situation in either Indochina or Burma appears imminent".

2. In response to this policy requirement, the U.S. Government has now committed or is considering military and economic aid to the Thais designed to effect the following:

- a. The construction of the Saraburi-Ban Phai highway.
- b. The improvement of certain air navigation facilities in Thailand and the improvement and construction of air base facilities therein.
- c. The inclusion of substantially the entire present Thai army strength under MDAP for the purpose of creating a reinforced corps of three divisions plus an additional independent division and support arms.
- d. Aid and training in the development of an improved Volunteer Defense Corps.
- e. Certain assistance to the operating costs and improvement of the Thai Navy.

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f. The improvement of and assistance in certain intelligence  capabilities of Thailand. (These matters will be reported on separately to the NSC by the Director of Central Intelligence.)

3. In addition to the above programs, the Thai military delegation has indicated its desire for increased economic assistance on the basis that Thailand's economy cannot support a substantial enlargement of the armed forces without such assistance, particularly in the absence of expanded markets for Thai exports.

4. These actions clearly fall within the existing policy as stated in NSC 5405 and may be expected to have a salutary psychological effect in Thailand. Certainly they will contribute to the belief of the Thais that their future lies in orientation with the free world.

5. From a strategic point of view, however, these actions do not and cannot produce an effective military force in Thailand capable of withstanding the pressures which might be imposed by Chinese Communist intervention or by Chinese Communist support of Southeast Asian Communist aggressors in the Associated States.

6. Furthermore, the present limits on the program are derived not only from the military infeasibility of developing Thailand as a bastion in Southeast Asia by the foregoing means, but are also limited by other U.S. world-wide commitments which under present policy limit the diversion of more substantial funds or allied military forces to the area.

7. It should also be noted that Thailand's budgetary and foreign exchange position has continued to deteriorate as a result of the decline in the value and volume of Thai exports, particularly rice. Although effective implementation of remedial measures by the Thai Government could significantly improve Thailand's financial position, the likelihood of the need for budgetary support from the U.S. must be considered in connection with any programs which would require large additional expenditures by the Thai Government in the current year.

8. The OCB, therefore, recommends that the National Security Council review the existing policy with respect to NSC 5405 with particular reference to Thailand in light of these considerations:

a. Presently feasible programs consistent with existing policy will not serve to "guarantee" the defensibility of Thailand or the remainder of Southeast Asia in the event that

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a political partition of Viet Nam and the effective neutralization of Laos and Cambodia become a fact.

b. Within existing policy even the diversion of supplementary assistance beyond that presently contemplated would appear to require a policy affirmation of the priority which is to be assigned to Thailand as distinguished from other U.S. world-wide strategic commitments.

c. Policy affirmation would appear to be required to the extent of a U.S. or U.S.-allied effort to hold Thailand against every threat, recognizing that this effort may require the direct utilization of forces other than those which can be generated in Thailand alone.

9. The attention of the NSC is also invited to the problem of an International Volunteer Air Group, which is somewhat separate from, but related to the questions raised above. In response to the NSC requirement formulated in connection with IVAG at its 195th Meeting on May 6, 1954 (NSC Action No. 1106e), the OCB submits the plan attached as Tab 3 and recommends:

a. That the plan be held for possible future use not only in Southeast Asia but in any part of the world where required.

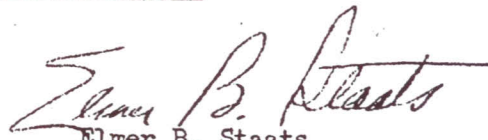
b. That the National Security Council consider the formation of an International Volunteer Air Group for utilization in Southeast Asia in light of the requirements therefor which might emerge from the context of the overall policy requirements in the area when formulated.

10. A more detailed treatment of the problems outlined above is contained in the attachments consisting of:

Tab 1. Special Report to the National Security Council

Tab 2. Annex to Special Report to the National Security Council

Tab 3. DRAFT - Memorandum for the Operations Coordinating Board, An International Volunteer Air Group, dated 7 July 1954, attaching Appendix - Detailed Organization and Cost Estimate of an IVAG.

  
Elmer B. Staats  
Executive Officer

Attachments:

As listed above in para. 10.

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TAB I

SPECIAL REPORT TO THE NATIONAL SECURITY COUNCIL

NSC 5405, paragraphs 44 and 45 read:

"Continue to assist the Government of Thailand in creating conditions of internal security, in becoming a stabilizing force in Southeast Asia, in better withstanding communist pressures in the area, and in maintaining its alignment with the free world; and, as appropriate to support these ends, conduct military, economic and technical assistance programs, and strengthen cultural and propaganda programs and covert operations."

"If a serious deterioration of the situation in either Indochina or Burma appears imminent, take whatever measures, including increased aid to Thailand, may be determined as feasible to forestall an invasion of Thailand or a seizure of power by local Thai Communists."

Under the foregoing policy directive a number of diverse projects involving military and economic assistance, as described in PSB D-23 (Thailand) were either carried out or initiated. In addition, certain projects initiated by Ambassador Donovan, which were in conformity with the above policy, were launched. The MAAG was strengthened and transformed into JUSMAAG. The scale and nature of the assistance was planned in relation to the problem of enabling the Thai Government and people to maintain internal peace and security in the midst of nations disturbed by Communism, Thailand not yet being under direct attack and the adjacent areas not yet lost to the forces of Communism.

Among the projects recently launched or approved were the enlargement of the training facilities for the military, the provision of air operational equipment and the construction of the Saraburi-Ban Phai Highway connecting the central plains highway system with that of the north-eastern plateau.

Military developments in the Indochina area and negotiations at Geneva have punctuated the transition from Phase I of PSB-23 to one approaching Phase II which visualized the loss of Indochina to the Communists.

A twelve-man military mission headed by the Commanding General of the Thai Armies, General Srisdi, assisted by the Thai Chief of Defense Staff General Jira Vichit, arrived in Washington July 1 for discussions with the Department of Defense. The Chief of JUSMAAG, General Gillmore, accompanied the mission. Shortly before the mission departed from Bangkok the Thai Government presented far reaching requests for the expansion and diversification of the Thai military services which would involve very substantial sums of money, the totals of which have not yet been ascertained. The Thai Ambassador, Pote Sarasin, has mentioned a round sum of \$400 million. Some indication of the extent of the requests

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TAB I

is shown by the following items which were under discussion before the arrival of the Thai Military mission:

1. The development of an air base in northeastern Thailand at Korat, at the terminus of the proposed Saraburi-Ban Phai highway, and possibly the deploying of a U. S. fighter wing on a TDY basis. The development of such an air base and the presence of a U. S. fighter wing would be both an element in the containment of Communism and a threat of massive retaliation if Communist Chinese forces moved south.

2. The effective development of present MDAP forces in Thailand, together with certain non-MDAP units to an approximate equivalent of four U. S. divisions, should be carried out. The total cost of this program is estimated at \$52.3 million of which about \$1.6 million would be used in the first year for expanded officer training.

3. The augmentation of the Thai armed forces by seven additional light infantry divisions with a minimum of motor transport and electronic equipment and a maximum of automatic weapons and mortars should be planned and carried out. There is no estimated total cost available but it would be much cheaper per division than equivalent U. S. divisions.

4. The development and training of a militia or volunteer Home Guard force is desirable. These would be village forces aimed to cope with small roving bands of Communist guerrillas or propaganda agents. Their equipment would be of a light police nature

In a discussion between the Thai military mission and the Department of Defense on July 3, 1954, the Thai Commander-in-Chief, General Srisdi, sketched out a broad three-year program for developing an amplified military program for Thailand. As described by General Srisdi these were in summary as follows:

1. Army - Reorganization of existing units into one complete Army corps (including three infantry divisions, corps artillery and other corps troops), one separate infantry division, and four horse cavalry squadrons. The divisions to be about 3/4 U.S. strength and otherwise patterned along U. S. lines except lighter in tanks and motor vehicles.

2. Navy - Re-establishment of naval forces of 66 ships of various types, and 6 Marine battalions (including 2 infantry-type battalions; 2 AA battalions, MP security elements, and 1 amph-trac company).

3. Air Force - 12 Fighter-Bomber squadrons, several transport and training squadrons, 12 helicopters, and security forces consisting of 8 infantry-type battalions, 2 AAA battalions. The Air Force now has a security force but it is not organized into battalions and not at the strength desired. The Thai Air Force is also concerned with acquiring

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TAB I

[ radar equipment and with creating an air defense system.

c. Thailand desires that all existing and projected Thai forces be placed under U. S. MDAP support.

d. Thailand desires to establish with U. S. assistance, a small arms ammunition factory.

During the lengthy discussion General Srisdi emphasized a number of times that the main problem is financing; that Thailand's budget is already overburdened and that Thailand would like to have direct U. S. financial assistance. He implied that the amount would be substantial.

The proposed program had been developed by the Thai in view of the deteriorating situation in Indochina and the expectation that if the situation deteriorates further Thailand would be attacked by Communist forces from China either by armed force or by subversive activities.

NSC 5405, paragraph 46 states:

"In the event of overt Chinese or other Communist major aggression against Thailand:

"a. Support an appeal to the UN by the Thai Government.

"b. Consistent with world-wide U.S. commitments take appropriate military action against Communist China as part of a UN collective action or in conjunction with France and the United Kingdom and any other friendly governments.

"c. Employ as desirable and feasible anti-communist Chinese forces, including Chinese Nationalist forces, in military operations in Southeast Asia, Korea, or China proper."

The foregoing courses of action (NSC 5405), (paragraphs 44, 45, 46), are not regarded by the Department of Defense as adequate authority for the build-up of Thailand's military strength along the lines currently under discussion between the Thai and U. S. Governments.

Recommendation:

That the National Security Council examine the courses of action in NSC 5405 with a view to relating them to current U. S. objectives in the area.

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TAB II

ANNEX TO SPECIAL REPORT TO THE NATIONAL SECURITY COUNCIL

Discussions with General Gillmore and members of the Thai Military Mission brought out the following additional information:

1. The proposed augmentation of the Thai Armed Forces by seven additional light infantry divisions, mentioned in the first paragraph on page 3, was an idea developed by General Gillmore and not by the Thai. The idea was that such additional divisions should be developed in case of emergency if Thailand were actually threatened with military attack. This item, therefore, has no substantial status although it is on the records of the Department of Defense as a possible additional course of action.

2. The present Thai request, as indicated in the summary of General Srisdi's remarks at the bottom of page 3 and the top of page 4, coincides in general and in pattern with General Gillmore's recommendations under items 1 and 2 on page 2, with the essential difference that in the Thai request the personnel strength listed in the full scheme seems to be out of proportion with the numbers of Divisions involved. Further discussion with General Gillmore and with the Thai indicated that the Thai have a three-year program in mind; that the preliminary preparation of forces in the pattern outlined should be achieved by July 1, 1955 and that the Thai would not expect to achieve full strength, which would roughly double their Armed Forces, until the end of the three-year program.

On page 3 of the Thai proposal the statement is made: "Neither an increase in the yearly revenue nor a greater allotment than at present from the revenue for military purposes can be foreseen".

The Thai have made it abundantly clear that any increase in their Armed Forces must be made possible by United States subsidy of the additional budget required. In order to emphasize their point in conversation the Thai military have argued that their financial position has deteriorated so that they are actually unable to carry even their present military program. It is believed, however, that this is an argument to strengthen their position in requesting financial assistance for the increase in the Armed Forces and that the Thai Government will continue to allocate present allotments for military purposes.

It is understood that the Department of Defense will inform the Thai that the U.S. Government will:

1. Finance the construction of the Saraburi-Ban Phai Highway;
2. Enable the Thai Government to develop three suitable airbases at Korat, Tha-Pli and Songkhla;

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TAB II

3. Undertake the development of the reinforced military corps, in the pattern described as recommended by General Gillmore. The most important of these three items is the last, as it is the most expensive and far-reaching in its implications. It is understood, however, that agreement to develop the reinforced corps does not envisage the manpower build-up for the three-year Thai program which would involve a grand total for all three Services of 181,728 men, which would include Army 148,654, Navy 10,662, and Air Force 22,412. In other words, the present commitment is to carry out only the first year of the three-year program, which is comparable to the recommendations of General Gillmore, the cost being about \$52.3 million of which about \$1.6 million would be used in the first year for expanded officer training. The Department of Defense apparently feels that the larger program of doubling the Armed Forces should await more specific instructions, perhaps through NSC channels.



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TAB III

D R A F T - 7 July 1954

## MEMORANDUM FOR THE OPERATIONS COORDINATING BOARD

SUBJECT: An International Volunteer Air Group

1. In compliance with decisions made at the Operations Coordinating Board meeting of 28 April 1954, the attached plan which was developed by the Joint Chiefs of Staff is submitted for the consideration of the Board.

2. In the light of the Joint Chiefs' comments and of the current situation in Southeast Asia, it is considered inadvisable to proceed with the formation of an International Volunteer Air Group until such time as an over-all national policy for Southeast Asia is formulated for the United States along the lines indicated in the State Department special report on NSC 5405.

3. It is considered that recent discussions with the British and recent changes in the French Government have so altered the situation in this area that previous recommendations to form the International Volunteer Air Group without delay should be reconsidered.

4. It is therefore recommended that the Operations Coordinating Board respond to the NSC requirement formulated in this connection at its 195th meeting on 6 May 1954 by submitting the enclosed plan and recommending action as follows:

a. That the plan be held for possible future use not only in Southeast Asia, but in any part of the world where required.

b. That the National Security Council consider the formation of an International Volunteer Air Group for utilization in Southeast Asia in light of the requirements therefor which might emerge from the context of the over-all policy requirements in the area when formulated.

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of Defense, 7/12/54.

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TAB III

A P P E N D I XDETAILED ORGANIZATION AND COST ESTIMATE OF AN IVAGSECTION I - MISSION

1. The IVAG would have as its mission:
  - a. Establish and maintain air superiority in its area of operations.
  - b. Attack upon hostile air installations, LOCs and supply concentrations.
  - c. Tactical support of friendly ground troops.

SECTION II - COMPOSITION

2. The IVAG, in order to have a minimum balanced capability to carry out the above mission, should be composed of:
  - a. Three fighter squadrons (75 F-86F a/c).
  - b. One light bombardment squadron (25 B-26 a/c).
  - c. Two transport squadrons (32 C-119 a/c).
  - d. One composite photo reconnaissance squadron (12 RF-80 and 6 RB-26 a/c).
  - e. One AC&W squadron.
3. The internal support echelon should consist of the Group Headquarters including the following:
  - a. Command and Administration Section.
  - b. Air Base Support Section.
  - c. Medical Section.
  - d. Supply and Maintenance Section.
  - e. Communications Section (less radar).
  - f. Motor Transport Section (less chauffeurs).

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TAB III

- g. Meteorological Section.
- h. Air Control Parties.

SECTION III - COST ESTIMATE

4. A broad estimate of the cost, in millions, of organizing, equipping, and operating the proposed IVAG is \$161.1 for the initial outlay of material, equipment and construction, plus \$59.4 per year for peacetime operations, or \$124.7 per year for wartime operations. This estimate was developed for planning purposes only and should not be used for budgetary purposes since phasing, build-up, lead-time, and other factors influencing budget estimates were not considered in the computations. For a detailed breakdown pertaining to above cost see the attached table. The cost estimates were developed on the information and assumptions contained in the subsequent paragraphs.

5. Aircraft organization cost estimates were based on "Cost of Flying Organizations" study, dated 21 July 1953. AC&W cost was based on "Estimated Initial and Annual Operation Cost of Fixed AC&W Site", dated 12 February 1954. Both of the above studies were prepared by the Directorate of Management Analysis, Deputy Chief of Staff, Comptroller, U. S. Air Force.

6. The annual operational cost estimates were based on "Revised U. S. Air Force War Time Planning Data (Budget)", dated December 1953, compiled by Director of Plans, U. S. Air Force, and experience gained from the Korean War.

7. Construction cost estimate represents a minimum approximation for a 20-year life peacetime base built in the United States. A similar facility to accommodate the IVAG overseas is dependent upon local conditions, urgency, and time of year, and cost could easily double. Should an existing base be utilized, a minimum improvement program to accommodate the IVAG according to U. S. Air Force standards would be not less than \$10,000,000.

8. POL estimates are based on the use of drum fuel. If bulk storage is available and bulk fuel is used POL costs will be cut by 50 per cent.

9. Payroll costs are based on U. S. standards and does not take into consideration bonuses or incentive pay of any type.

10. Costs not included in computations because of insufficient available information are:

- a. Base and depot stocks of POL, supplies, and ammunition.

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TAB III

- b. War reserves and pipeline supplies.
- c. Depot support equipment.
- d. Cost of command headquarters and support echelon.

DETAILED COST  
(In Millions)

	<u>Initial Cost</u>	<u>Yearly Operating Cost</u>	
		<u>Peace</u>	<u>War</u>
3 Sqn. F-86F (75 A/C & Equip)	32.		
2 Sqn. C-119 (32 A/C & Equip)	41.2		
1 Sqn. B-26 (25 A/C & Equip)	10.5		
1 Composite (12 RF-80 A/C & Equip) Sqn: (6 RB-26 A/C & Equip)	3.5		
1 AC&W Sqn	10.		
Formal Personnel Training	23.9		
Cost of Construction of Base Facilities	40.		
POL		13.6	11.3
Ammunition		2.8	27.7
Replacement A/C		18.1	51.7
Supplies, Contr. & Misc. Cost		5.9	11.8
Transportation to S. E. Asia		6.8	10.
Payroll		<u>12.2</u>	<u>12.2</u>
TOTAL	161.1	59.4	124.7

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