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UNITED STATES GOVERNMENT

Memorandum

- 1 - DATE 09-30-2013 ADG F85M26K45
- 1 - Mr. Bishop
- 1 - Mr. Sullivan

Casper _____
Callahan _____
Conrad _____
Felt _____
Gale _____

TO : Mr. W. C. Sullivan ~~CONFIDENTIAL~~

DATE: 3/22/68

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HEREIN IS UNCLASSIFIED EXCEPT
WHERE SHOWN OTHERWISE

FROM : R. D. Cotter *RDC*

- 1 - Mr. Cotter
- 1 - Liaison
- 1 - Mr. Cregar
- 1 - Mr. Rachner
- 1 - Mr. Manning

Tele. Room _____
Holmes _____
Gandy _____

SUBJECT: JACK ANDERSON
ARTICLE IN "WASHINGTON POST," 3/20/68
ESPIONAGE - X

This memorandum reports extreme concern of top Defense Department officials and the apparent concern of the Chinese Nationalist Embassy over disclosure of highly sensitive information by Jack Anderson, Drew Pearson's legman, in 3/20/68 column which appeared in the "Washington Post," (attached). Defense Department plans to initiate investigation.

Anderson reported that the U.S. in strictest secrecy was preparing to ask CHIANG Kai-shek to withdraw his troops from Quemoy and Matsu, the two Chinese Nationalist occupied islands just off the Chinese Mainland. Anderson pointed out that the proposed change in U.S. policy concerning the U.S. commitment to furnish military assistance to defend these islands was predicated upon desire to cut defense expenditures. Anderson goes on to set forth in some detail the position of the military assistance group in Taiwan which is unalterably opposed to the proposed change in policy.

Close liaison contacts in the Air Force and the Office of the Joint Chiefs of Staff confided on 3/22/68 that the Joint Chiefs and other top Defense officials are incensed over the disclosures in Anderson's column. Defense has determined that the column is generally accurate and many of the details reported unquestionably taken almost verbatim from two "~~secret~~" documents relating to the matter. It is noted that Anderson makes references to two "~~secret~~" documents. Some Defense officials reportedly feel that copies of the documents or information therein was leaked to Anderson by some officer or official with the military assistance group in Taiwan who possibly felt the disclosure would embarrass the U.S. into denying the proposed policy change and thus result in continuance of military assistance for defense of the islands. It was pointed out that the U.S. has not previously discussed this matter with the Chinese Nationalists.

Enclosure (S)

1 - Bureau file

BCR:JRW:scr (10)

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DATE 05-23-2007

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66 APR 3 1968

Manning

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Memorandum to Mr. W. C. Sullivan
RE: JACK ANDERSON

b1
b3

Liaison contacts confided further that General Earle Wheeler, Chairman of the Joint Chiefs of Staff, plans to order an "in house" investigation of the leak. There is no indication that Defense Department will make any requests of Bureau for investigation.

(S)



(S)



ACTION:

For information. You will be kept advised of any further pertinent developments.

W.C. Sullivan

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The Washington Merry-Go-Round

THE WASHINGTON POST *Wednesday, March 20, 1968*

B7

U.S. Will Ask Chiang to Quit 2 Isles



By
**Jack
 Anderson**

TAIPEI—In the strictest of secrecy, the United States is preparing to ask Chiang Kai-shek to withdraw his troops from the two offshore islands, Quemoy and Matsu, only 3 and 12 miles off the Chinese mainland.

Chiang still dreams that some day these islands could also become springboards for an invasion of the mainland. While many Westerners don't agree with him, this threat at least has tied up Communist troops across the straits from Taiwan and has helped to deter Red China from intervening in the Vietnam war.

The U.S. is firmly opposed to any adventures on the mainland but is officially committed to helping Chiang defend the islands, as proclaimed in a secret State Department national policy paper, dated Sept. 11, 1964.

Today, however, our strategists would like to change the policy. They are compelled by the demands of the Vietnam war to put the squeeze on military expenditures in other

areas and have decided that millions could be saved by pulling back from the offshore islands.

This possibility first came up at a secret strategy meeting in Honolulu on Jan. 11. Robert Barnett, speaking for the State Department, complained that the cost of defending the islands was too great a drain.

Saving Money

Samuel Berger, presiding, warned that "a major U.S. policy change is involved in view of the heavy defense cuts."

Following up this meeting, the Defense Department prepared a systems analysis on how to cut Chiang's forces and save money. The secret analysis, which considered only the defensive uses of the offshore islands, concluded that they could be written off without jeopardizing the defense of Taiwan.

"Several substantial reductions could be made in GRC (Government of the Republic of China) naval forces were it to negotiate with the CPR (Chinese Peoples' Republic) an offshore island settlement," the analysis declared.

Naval savings alone, according to the analysis, would amount to \$5.2 million in fiscal years 1969-73. Even more money could be saved in ground and air forces.

The two divisions on the

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- The Washington Post _____
- Times Herald _____
- The Washington Daily News _____
- The Evening Star (Washington) _____
- The Sunday Star (Washington) _____
- Daily News (New York) _____
- Sunday News (New York) _____
- New York Post _____
- The New York Times _____
- World Journal Tribune _____
- (New York) _____
- The Sun (Baltimore) _____
- The Worker _____
- The New Leader _____
- The Wall Street Journal _____
- The National Observer _____
- People's World _____

Date 3/20/68

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 ENCLOSURE

Peng-hus in the Taiwan Straits could also be withdrawn, the analysis suggested.

"The ability to land 5000 Marines on the Peng-hus as reinforcements," contended the secret analysis, "would be more than adequate for defense of that area."

The U. S. "country team," representing both the American Embassy and our military at Taipei, has taken vigorous exception to the analysis.

U.S. Military Opposed

In a secret response, the country team declared that "the GRC will not 'negotiate with the CPR' for an offshore island settlement. Removal of established personnel from Kinmen (Quemoy) and Matsu would:

"a. Eliminate an invaluable source of intelligence on CPR coastal movements to and from the major ports of Amoy and Foochow . . .

"b. Increase USN patrol requirements along mainland China routes . . .

"c. Release several hundred thousand CPR troops presently positioned in the coastal area immediately opposite Kinmen and Matsu because of the GRC presence on these islands."

The country team also raised the political and psychological importance of the offshore islands.

"Several statements in the DOD (Department of Defense)

study," pleaded the secret response, "reflect a need to review the importance of the OSI (offshore islands). It is highly impractical to consider the OSI groups of Kinmen and Matsu from purely a military point of view. These islands must also be evaluated for their political and psychological impact on the GRC. From a military point of view these islands serve to:

"a. Block the significant seaports of Amoy and Foochow from a commercial as well as an offensive amphibious military standpoint.

"b. Deny effective use of over 200 miles of China coastal waters by coastal traffic.

"c. Provide early warning for air defense.

"d. Provide an excellent advance electronic monitoring point.

"e. Provide the much needed additional depth to the defense of Taiwan and the Peng-hus.

"From the viewpoint of the GRC, these islands are the last vestiges of the GRC's influence over the mainland. They serve as a daily reminder to the Asiatic free nations, as well as to the CPR that they do not dominate the entire Chinese world. The fact that these islands have not fallen to the Communists adds prestige to the GRC forces."

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