

TAB

June 2, 1971

CONGRESSIONAL RECORD — Extensions of Remarks

E5805

The objective of the Act is to induce foreign concern in antidumping Act into account engage in sales to the United States.

The 25 Percent Rule

The Antidumping Act provides that in normal situations fair value shall be determined by comparing the ex factory home market price of the merchandise under investigation with the ex factory price at which the merchandise is sold in the United States. If the price in the United States is less than the home market price, then there are "sales at less than fair value" within the meaning of the statute.

The Act also states that in situations where quantity of merchandise sold in the home market is so small in relation to the quantity sold for exportation to countries other than the United States as to form an inadequate basis for comparison, then third country price should be used as the basis for comparison.

The Antidumping Regulations provide that generally for purposes of determining what constitutes an "inadequate basis of comparison" for fair value purposes, home market sales will be considered to be inadequate if less than 25 percent of the non-U.S. sales of the merchandise are sold in the home market.

The selection of home market or third country price for fair value comparison can easily be crucial to the results of antidumping investigations, for frequently home market price tends to be higher than third country price. This is particularly true where merchandise is sold in a protected home market and, when sold in third countries, is exposed to the vagaries of world competition.

It has been Treasury's experience that cases arise where sales in the home market are adequate as a basis for fair value comparison, even though less than 25 percent of the non-U.S. sales are sold in the home market. From a technical standpoint, the existing regulations provide for this situation, since the 25 percent rule is introduced by the adverb "Generally." Examination of the precedents, however, revealed that the Treasury has not, in recent years at least, made an exception in applying the 25 percent rule.

This left the Treasury with two alternatives. It could have ignored the previous interpretations of the Antidumping Regulations which had, in effect, applied the regulations as if the word "Generally" were not there, or it could propose a change in the Antidumping Regulations to eliminate the 25 percent rule. We chose the latter course. The proposal was published in the Federal Register of April 27, and is currently open for comment by interested persons. Any comments received will be carefully considered before we take final action on this proposal.

A LOOK INTO THE FUTURE

In my judgment, we have only come to the end of the beginning of the rejuvenation process. But, I believe we have made a solid start.

Let me take a final brief moment to touch upon what I see happening in the future. We have taken steps to initiate a fresh examination of the Treasury's antidumping procedures and regulations to see what more can be done. The regulations were substantially revised in mid-1968 after a broad review, with the dual objectives of conforming the Treasury's procedures to the requirements of the International Anti-Dumping Code, and also of having the regulations implemented in clear and precise language the objectives of the Antidumping Act. With almost three additional years of experience under the regulations, as then revised, it is now appropriate to stop and take a new look to see whether additional changes may be appropriate. A Notice of Proposed Rule Making to this effect was published in the Federal Register of April 13, 1971.

Sixty days are being allowed for the submission of comments. I would assume that many persons present here today—if you are not already aware of the Treasury's invitation to submit comments—may wish to do so.

Let me emphasize that the Treasury Department continues, as always, to adhere to its policy of equitable administration of the Antidumping Act. With the increased personnel assigned to this field and modernized procedures and policies, we shall speed up antidumping investigations, thereby making administration of the law more effective—all this without sacrificing equity.

Let me also emphasize that the Treasury Department and the Administration are strongly opposed to having the Antidumping Act transformed into an instrument of protectionism. On the other hand, we are equally strongly opposed to allowing foreign firms to injure U.S. industry by unfair price discrimination. It is with the latter objective in mind that the Treasury Department introduced the changes in the administration of the Antidumping law, which I have discussed with you today. To the extent that we succeed in our objective, the Treasury's rejuvenation of the Antidumping Act will become an increasingly important influence in favor of a freer international trade policy.

In conclusion, I would like to repeat a statement made by Secretary Connally on May 17 before the Subcommittee on International Trade of the Senate Committee on Finance:

"The efforts to foster increased competitiveness in our economy must be actively pursued in the context of fair and liberal trading arrangements."

RAMPARTS MAGAZINE MISREPRESENTS ROLE OF CENTRAL INTELLIGENCE AGENCY IN FIGHTING AGAINST IMPORTATION OF DANGEROUS DRUGS

HON. CHARLES S. GUBSER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 2, 1971

Mr. GUBSER. Mr. Speaker, recently Ramparts magazine published an article which, like so many other articles which appear in new left publications, attempted to discredit established agencies of the Government, including the Central Intelligence Agency. Unfortunately, the Stanford Daily, the newspaper published by students at Stanford University, saw fit to lend credibility to this article by reprinting it.

A tearsheet from the Stanford Daily was sent to me by a constituent and I submitted it to the Bureau of Narcotics and Dangerous Drugs with a request for comment. Under date of May 27 I received a reply from Mr. John E. Ingersoll, director of the Bureau of Narcotics and Dangerous Drugs. His letter should be brought to the attention of all responsible Members of Congress and the press since it certainly contradicts the implications contained in the Ramparts magazine article. Mr. Ingersoll's response follows:

HON. CHARLES S. GUBSER
U.S. House of Representatives
Washington, D.C.

DEAR CONGRESSMAN GUBSER: This is in response to your letter of May 21, 1971, which enclosed a tearsheet from the "Stanford Daily" a publication of Stanford University

of the article entitled, "The New Opium War," as reprinted from "Ramparts Magazine."

Charges made in the article appear to be a part of a continuing effort to discredit agencies of the U.S. Government, such as the U.S. Military, the FBI, the CIA, and the Department of State, all of which are, in point of fact, working actively with the Bureau of Narcotics and Dangerous Drugs (BNDD) in our worldwide effort to curtail international drug traffic.

Actually, CIA has for sometime been this Bureau's strongest partner in identifying foreign sources and routes of illegal trade in narcotics. Their help has included both direct support in intelligence collection, as well as in intelligence analysis and production. Liaison between our two agencies is close and constant in matters of mutual interest. Much of the progress we are now making in identifying overseas narcotics traffic can, in fact, be attributed to CIA cooperation.

In Burma, Laos, and Thailand, opium is produced by tribal peoples, some of whom lead a marginal existence beyond the political reach of their national governments. Since the 1950's, this Southeast Asian area has become a massive producer of illicit opium and is the source of 500 to 700 metric tons annually, which is about half of the world's illegal supply. Up to now, however, less than ten percent of the heroin entering the United States comes from Far Eastern production.

The dimensions of the drug problem and the absence of any strong political base for control purposes has been a dilemma for United Nations opium control bodies operating in Southeast Asia for many years. Drug traffic, use, and addiction appears to have become accepted as a fact of life in this area and, on the whole, public attitudes are not conducive to change.

The U.S. Government has been concerned that Southeast Asia could become the major source of illicit narcotics for U.S. addicts after the Turkish production is brought under control. The Bureau of Narcotics and Dangerous Drugs, with the help of CIA, DOD, and the Department of State, has been working to define and characterize the problem so that suitable programs to suppress the illicit traffic and eliminate illegal opium production, such as the proposed United Nations pilot project in Thailand, can be implemented.

It is probable that opium production in Southeast Asia will be brought under effective control only with further political development in these countries. Nevertheless, in consideration of U.S. Military personnel in the area, as well as the possibility that opium from this area may become a source for domestic consumption, concerned U.S. Agencies, including CIA, Bureau of Customs, DoD, and State, are cooperating with BNDD to work out programs to meet the immediate problem as well as provide longer term solutions.

Since the subject matter of your letter concerns CIA, I have taken the liberty of furnishing a copy along with my reply to Director Richard Helms.

Sincerely,

JOHN E. INGERSOLL,
Director.

As an enclosure to his letter, Mr. Ingersoll included a paper entitled "Recent Trends in the Illicit Narcotics Market in Southeast Asia." This should also be of interest to every person who is concerned about this problem and I therefore include the text herewith:

RECENT TRENDS IN THE ILLICIT NARCOTICS MARKET IN SOUTHEAST ASIA

1. The reported increasing incidence of heroin addiction among U.S. servicemen in Vietnam and recent intelligence indicating that heroin traffic between Southeast Asia

and the United States may also be increasing suggest that Southeast Asia is growing in importance as a producer of heroin. While this phenomenon in part reflects improvement in information available in recent months to the U.S. Government, there are also good indications that production of illicit narcotics in Southeast Asia has indeed risen in 1971.

BACKGROUND

2. The Burma, Laos, Thailand border area, known also as the "Golden Triangle," is considered one of the world's largest opium producing regions. This region normally accounts for about 700 tons of opium annually or about one-half of the world's total illicit output. A substantial proportion is consumed within the region. Burma, by far the largest producer of opium in this region, accounts for about 400 tons annually.

BURMA

3. Production in Burma is concentrated in the Eastern and Northern parts of Shan State and in the Southwestern part of Kachin State. Poppy fields cover the rugged slopes in Eastern Shan State around Keng Tung and in Northern Shan State from Lashio east and north to the China border. The latter territory, comprised of the former Wa and Kokang feudal states, is now a center of insurgency directed against the Burmese government, with much of the area under insurgent control.

4. The growing season varies with the altitude, but the planting season generally falls during the months of August and September, with the harvest some seven months later during February and March. At harvest time the women of the hill tribes slit the popples and collect the raw opium by hand. The opium plants themselves are ground into a compound for smoking. In Northeast Burma, the raw opium is packed by the growers and traded to itinerant Chinese merchants who transport it to major collection points, particularly around Lashio and Keng Tung. Agents of the major entrepreneurs circulate through the hill country shortly after harvest time arranging for payment and pickup. Payment is often in the form of weapons and ammunition, although gold and silver rupees are also used.

5. The opium harvested in Shan, Wa, and Kokang areas is picked up by caravans that are put together by the major insurgent leaders in these areas. The caravans, which can include up to 600 horses and donkeys and 300 to 400 men, take the opium on the southeasterly journey to the processing plants that lie along the Mekong River in the Tachilek (Burma)-Mae Sai (Thailand)-Ban Houei Sai (Laos) area. Caravans carrying in excess of 16 metric tons have been reported.

THAILAND

6. Opium-growing areas in northern Thailand are located in the upland tracts occupied by various tribal groups. The provinces of Chiang Mai, Chiang Rai, and Nan, which have the largest concentration of Meos, produce most Thai opium. Illicit opium production in Thailand is estimated at 200 tons.

LAOS

7. Another, less productive, opium growing area is along the 2,500 to 4,500 foot high mountainsides of Northwest Laos. The opium cultivated by the Meo in this area is of a relatively lower grade and thus less suitable for refinement into morphine base or heroin. In these areas where the tribesmen have been encouraged to grow corn, the popples are planted among the corn. When the corn is out, the popples continue to grow until they too can be harvested.

8. Major producing areas include Phong Saly Province in the North, Houa Phan (Samsoua) Province in the Northeast, and the Plaine de Jarres area of Xiang Khoang Province in the East-central part of the

country. However, large areas of production in Phong Saly, Houa Phan, and Xiang Khoang have fallen under the control of the Pathet Lao and North Vietnamese.

9. The trade in Northwest Laos is less well structured and organized for significant commercial exploitation. There are no advance purchasing agents or pick-up caravans. The harvested opium and the poppy plants which are ground up for smoking are transported to nearby village markets by the growers themselves. In highland market places the raw opium and its by-product are used openly as currency. Ethnic Chinese merchants are the traditional purchasers of the opium products throughout Laos. The products they collect are transported to population centers and also to processing plants along the Mekong River by travelers, particularly government soldiers, who have the most mobility and access to air travel in the area, and refugees. Opium produced in the Communist-controlled areas also find its way into the regular marketing channels.

DISTRIBUTION AND REFINERIES

10. The KMT irregular "armies" and the Burmese Self Defense Forces (KKY) are the most important trafficking syndicates in Northern Southeast Asia. The KMT irregulars—formerly the remnants of the Chinese Nationalist forces which retreated across the Chinese border in 1949—now composed largely of recruits from the local population, have a combined strength of between 4,000 and 6,000 well-armed men. The largest force, with an estimated strength of 1,400 to 1,900, is the Fifth Army. The second largest with a troop strength of between 1,200 and 1,700 is the Third Army. The headquarters of both armies are located in a remote part of Northern Thailand between Fang and Mae Sai. It is estimated that these two KMT irregular forces control more than 80 percent of the opium traffic from the Shan State.

11. The KKY have been major competitors of the KMT irregulars in the opium trade. The KKY are comprised of former Shan State insurgents and bandits who have allied themselves with the Burmese government against both the KMT and Chinese Communist-backed insurgents. In return the government of Burma allowed them to pursue their opium trafficking activities.

12. The Shan States Army, an insurgent group, is also heavily involved in the opium business. It maintains several camps in Northern Thailand where opium is marketed for weapons and military supplies.

13. About 140 tons of raw opium is normally transported annually out of Northeast Burma to foreign markets. Most of this opium is stored or processed in the Mekong River tri-border area before transiting Thailand and Laos. Tachilek, Burma, is probably the most important transshipment point in the border area. In 1970, out of a total of 123 tons reportedly shipped out of Northeast Burma, 45 tons was received in the Tachilek area. In the first two months of 1971, 58 out of a total of 67 tons had Tachilek as its destination. Other important transshipment points appear to be located in the vicinity of Ban Houei Sai, Laos, and Mae Salong, Thailand.

14. There appear to be at least 21 opium refineries of various sizes and capacities located in the tri-border area, of which about 7 are believed to be able to process to the heroin stage. The most important are located in the areas around Tachilek, Burma, Ban Houei Sai and Nam Keung, Laos, and Mae Salong, Thailand. The best known, if not largest of these refineries is the one at Ban Houei Tap, Laos, near Ban Houei Sai which is believed capable of processing some 100 kilos of raw opium per day. The 14 refineries in the Tachilek area apparently process the largest volume of raw opium in the region. In 1970, about 30 tons was converted by the Tachilek refineries into refined opium, morphine base, and heroin.

15. The typical refinery is on a small tributary of the Mekong River in an isolated area with a military defense perimeter guarding all ground approaches. Most of these refineries operate under the protection of the various military organizations in the region, or are owned or managed by the leaders of these military groups. The KKY units protect and operate most of the refineries in Burma. Leaders of these groups also hold an ownership interest in many of these facilities. In Thailand, the refineries appear to be operated by units of the KMT irregulars, whereas in Laos, most of the refineries operate under the protection of elements of the Royal Laotian Armed Forces (FAR). While the management and ownership of the Laotian refineries appear to be primarily in the hands of a consortium of Chinese, some reports suggest that a senior FAR officer may hold an ownership interest in a few of these facilities.

16. Most of the narcotics buyers in the tri-border area are ethnic Chinese. While many of these buyers pool their purchases, no large syndicate appears to be involved. The opium, morphine base, and heroin purchased in this area eventually finds its way into Bangkok, Vientiane, and Luang Prabang, where additional processing may take place before delivery to Saigon, Hong Kong, and other international markets.

17. Much of the opium and its derivatives transiting Thailand from Burma moves out of such Northern Thai towns as Chiang Rai, Chiang Mai, Lampang, or Tak by various modes of ground and water transport. These narcotics, along with those produced in Thailand, are smuggled into Bangkok for further refinement into morphine or heroin. A considerable quantity of the raw opium and morphine base is sent by fishing trawler from Bangkok to Hong Kong during a period from about 1 January to 1 May. During this period, approximately one fishing trawler a day—carrying one to three tons of opium and/or quantities of morphine base—leaves Bangkok for Hong Kong. The boats proceed to the vicinity of the Chinese Communist-controlled Lema Islands—15 miles south of Hong Kong—where the goods are loaded into Hong Kong junks.

18. Opium and its derivatives which move through Laos are transferred from the Mekong River refineries by river craft and FAR vehicles to Ban Houei Sai, further downstream on the Mekong in Laos, from where it is transported on Royal Laotian Air Force (RLAF) aircraft to Luang Prabang or Vientiane. From Vientiane narcotics are usually sent via RLAF aircraft, as well as Air Laos, to other cities in Laos such as Savannakhet or Pakse or to international markets. A considerable portion of the Laotian produced narcotics is smuggled into Saigon on military and commercial air flights, particularly on Royal Air Laos and Air Vietnam. Although collusion between crew members and air line agents on one hand and individual narcotics smugglers on the other has been reported, poor handling of commercial cargo and the laxity of Lao customs control in Vientiane and other surreptitious loading of narcotics aboard commercial flights.

RECENT CHANGES IN THE AREA

19. There are tentative indications that larger quantities of raw opium may now be moving into the tri-border area for refining and that larger quantities of this raw opium are now being refined into morphine base and heroin in this area. As suggested in paragraph 13 above, data on the first two months of 1971 indicate that the Tachilek transshipment and refining area may be receiving and processing sizable larger amounts of raw opium than was the case in 1970. As for changes in the type of refined narcotics produced, the processing plants at Mae Hui in Thailand and Houei Tap in Laos now appear

to be converting most of their opium into No. 4 or 06 percent pure white heroin. Previously, these refineries tended to produce refined opium, morphine base and No. 3 smoking heroin. An increased demand for No. 4 heroin also appears to be reflected in the steady rise in its price. For example, the mid-April 1971 price in the Tachilek area for a kilo of No. 4 heroin was reported to be U.S. \$1,780 as compared to U.S. \$1,240 in September 1970. Some of this increase may also reflect a tight supply situation in the area because of a shortage of chemicals used in the processing of heroin. Rising prices for opium and its derivatives can also be seen in other areas of Southeast Asia.

20. The establishment of new refineries since 1969 in the tri-border area, many with a capability for producing 06 percent pure heroin, appears to be due to the sudden increase in demand by a large and relatively affluent market in South Vietnam. A recent report pertaining to the production of morphine base in the Northern Shan States would indicate a possible trend toward vertical integrations—producing areas establishing their own refineries—in the production of narcotics. Such a development would significantly facilitate transportation and distribution of refined narcotics to the market places.

HOW FAIR THE FARE?

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 2, 1971

Mr. ROSENTHAL. Mr. Speaker, representatives of U.S. transatlantic airlines are going to Montreal later this month to negotiate air fares—actually the word should be to “fix” air fares, for the competing carriers meet in private to decide the rates they all will charge.

The prices are fixed by the International Air Transport Association. Frances Cerra, *Newsday's* consumer writer, has aptly described IATA as “a cartel which operates without the participation of consumers and above the laws of the United States and any international organization.”

The position of the American carriers is thrashed out by the airlines and the Civil Aeronautics Board in secret sessions. The people who must pay the fares will be given no opportunity to participate or express their views; after all, they have little choice: only one or two transatlantic airlines land in the United States that are not IATA members.

The Aviation Consumer Action Project has written to CAB Chairman Secor D. Browne protesting the lack of public participation in these proceedings. That letter said, in part:

Such practices on the part of a federal regulatory agency are hostile to elementary notions of due process and deprive citizens of basic participatory rights assured in the First Amendment.

I would like at this time to join them in urging an end to these secret meetings with the airlines in the course of fare negotiations.

So that all my colleagues may be aware of this situation, I am inserting in the RECORD at this point the Aviation Consumer Action Project's letter to CAB Chairman Browne, and Miss Cerra's very

fine article on the setting of international air fares:

AVIATION CONSUMER ACTION PROJECT,

Washington, D.C., May 25, 1971.

Hon. Secor D. Browne,
Chairman,
Civil Aeronautics Board,
Washington, D.C.

DEAR CHAIRMAN BROWNE: The traffic conference of the International Air Transport Association (IATA) is scheduled to meet at Montreal on June 28, 1971, to negotiate transatlantic air fares. The Presidents of the transatlantic IATA carriers will meet in New York on May 27, 1971, to discuss the Montreal fares conference. And the Board, in accordance with its customary practice, will probably meet with the representatives of the U.S. carriers and discuss with them the various views and positions which they will adopt in the IATA negotiations at Montreal. All these meetings will, as usual, be held in secret. Members of the public and farepayers will not be given an opportunity to present their views and opinions in any of those meetings.

The Aviation Consumer Action Project (ACAP), is writing to express its deep resentment and disapproval of the restrictive price-fixing practices of IATA, and the Board's complicity in those practices.

ACAP is a non-profit consumer organization which has been founded for the purpose of providing an independent voice for the advocacy of consumer and environmental interests in matters and proceedings before the Board and other regulatory agencies.

Whatever may be the underlying reasons for the Board's approval of U.S. carriers' participation in IATA meetings, ACAP is of the opinion that there cannot be any justification for the Board's secret meeting with airline executives on the eve of the IATA conference. The issues raised by such a meeting are rendered all the more serious when the Board, on the exclusive basis of the airlines' *in camera* presentations, formulates policies and opinions with respect to the appropriate and permissible fare levels for various international routes and traffic regions. Such policies and opinions are communicated to the carriers by the Board in the form of “directives.” For all practical purposes these directives are informal decisions of the Board which tentatively set forth the fares that the Board considers reasonable and legal.

The Federal Aviation Act and the regulatory scheme outlined therein do not permit the Board to make *ex parte* decisions after hearing the airlines in closed sessions. Such practices on the part of a federal regulatory agency are hostile to elementary notions of due process and deprive citizens of basic participatory rights assured in the First Amendment. They are wholly inconsistent with the procedural principles embodied in the Administrative Procedure Act.

ACAP urges the Board not to engage in secret or private audiences with the airlines concerning fares or other matters to be negotiated in the IATA conference, except in open proceedings of record, in which all interested and affected parties would have the right to attend and lawfully participate. We urge the Board to abstain from convening any secret meeting with the airlines whether prior to or in the course of IATA fare negotiations.

Sincerely,

K. G. J. PILLAI,
REUBEN B. ROBERTSON III.

INTERNATIONAL FARES: ARE THEY SET FAIRLY? (By Frances Cerra)

Unless you really dig bazouki music or care about the color scheme of a plane's interior, it doesn't pay to shop around for the cheapest flight to Athens. Whatever air-

line you choose, the flight will cost you \$555 round trip for a 17- to 28-day stay.

The same is true for Rome or Cairo or any other international destination except Luxembourg. (Icelandic, a maverick airline, flies there.) The prices are fixed by the International Air Transport Association, a cartel which operates without the participation of consumers and above the laws of the U.S. and any international organization. This year the price of international travel increased from eight to 12 per cent as a result of IATA agreements. Next month, the process of fixing the 1972 prices will begin, but a new element may be added: A new consumer group backed by Ralph Nader promises to challenge the IATA system in the courts.

Since its formation in 1929, IATA has been involved in the complicated maneuvers of international politics. Many governments in the world subsidize their own airlines and therefore want to be protected from true competition on air fares. These governments therefore adopt the IATA agreements as law and threaten to prosecute any foreign airline which tries to charge lower fares. Great Britain, which subsidizes BOAC, actually made such a threat against the U.S. airlines in 1963 when the Civil Aeronautics Board opposed a five per cent increase in air fares. Faced with this threat and an international incident, the CAB backed down.

Foreign governments also enforce the IATA agreements by another simple measure: They refuse to allow an airline that is not a member of the cartel to land in their countries. That is why Icelandic Airlines, the only non-member of IATA, can land only in Luxembourg. No other European country will give it landing rights.

A spokesman for Pan American, whose president, Najeeb E. Halaby, is on the executive committee of IATA, said that he would not call IATA agreements “price fixing,” but “an area of cooperation.”

“If there were not an area of cooperation,” he said, “many airlines would not be able to exist. The U.S. airlines in particular would have a hard time because they are not subsidized by the government. IATA makes for fair play, and without it there would be chaos.”

Herb Aswall, the acting chief of the IATA rates and fares section of the Civil Aeronautics Board, which sets domestic air fare rates, echoed Pan American's concern. “With 20 carriers flying the Atlantic alone,” he said, “to not have IATA would result in chaos because we would have to deal with each individual foreign government to establish fares. And because the CAB has no authority to regulate international fares, we might have to accept an uneconomic fares, which would drive an American carrier out of business.”

Dr. K. G. J. Pillai, author of a book on IATA called “Air Net,” and head of the new Aviation Consumer Action Project, calls such arguments illogical. “The private airlines are now at a disadvantage in IATA because they are negotiating as private concerns with government-owned airlines. That is exactly why we say IATA should not exist. If there were competition in air fares I personally don't think it would be very destructive because the efficient airlines would survive. But the alternative is for the U.S. government to directly represent the private airlines in these conferences.”

Pillai said that such negotiations would not be unusual for the government which now makes tariff and excise duty agreements on thousands of products like oil and textiles, and even airmail rates. “I can't understand why air fares should be different,” he said. Pillai said that if the government was involved in fixing the international air fares, the consumer would have a better chance of influencing the negotiations. Right now, he charges, the consumer has no chance of influencing IATA.

STAT

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In the end, millions of Americans go without adequate medical care. They cannot afford it. They are afraid it will break them. Or they cannot find a doctor. Some of them die. Others are left destitute. And most of them fall victim to needless pain and needless suffering. They are your parents or mine—your children or mine—our friends and our fellow citizens.

The disaster we call medical services makes most Americans forgotten Americans. It betrays each of them and all of us. Our system of medical care is in fact a system of medical neglect. It is in the deepest sense un-American.

Despite our power and our strength, despite our trillion dollar G.N.P., we have let young people die before their time and old people die when there was some precious time left. How will history judge us, a country which was first in the wealth of its resources, but far from first in the health of its people? And more importantly, how will we judge ourselves in those quiet, inner moments, when we remember that what finally counts is not how much we have, but what we are?

It is time for us to do more until we have done enough to sustain and enhance the health of our nation.

Countless medical students and some doctors have already answered the call to a new kind of service. In the early 1960s, student health organizations from Los Angeles to Boston pioneered concepts for comprehensive health care. In the summer of 1967, students like you joined together in New York City to found the student health project of the South Bronx. Their historic initiative was a sign of a new generation's determination to make medicine work for people.

But the young and the concerned in the medical profession cannot do the whole job alone. Your voices have been heard—and sometimes even heeded. But your own efforts will take too long. And the results will be too uncertain. The only certainty is that entrenched and established forces will oppose you every step of the way. We cannot wait or gamble on the outcome. Human life and human health hang in the balance.

Four decades after organized medicine almost adopted a report favoring uniform financing for medical services—four decades and a hundred million illnesses too late—we must enact a medical bill of rights for all Americans. The Constitution commits our country to protect political freedom. Now, by legislation, the Congress must commit America to protect the physical health which alone makes possible the exercise of liberty.

The first medical right of all Americans is care within their means. Admission to a hospital or a doctor's office should depend on the state of an individual's health, not the size of his wallet. And we cannot depend on reform on half-way measures and half-hearted compromise. A right to medical care which left the burden of cost on the poor and the near poor would mock its own purpose. The only sure security is federally funded universal health insurance. That is our best hope for the future—and a priority goal in 1971.

We must take the dollar sign out of medical care. We must destroy the financial barrier between deprived people and essential medical services. We must end the terrible choice so many Americans face between losing their health and losing their savings.

The second medical right of all Americans is care within their reach. Even if we guaranteed the payment of health costs, millions of our citizens could not find sufficient medical services. The system is not only inequitable—it is also undermanned and inefficient. It is on the verge of collapse. The Nation must now respond with Federal financial incentives that will insure real reform.

There are not enough doctors. But Federal

incentives can persuade medical schools to follow Einstein's lead and expand their enrollment. New schools can be created and sustained by Federal loans and grants. And Federal funds must also be provided to help medical students who should have something better than money to worry about. A program of scholarship aid must include all who are in need—and it must encourage minority students who intend to return to the old neighborhoods.

Yet the number of doctors is not the whole answer. If we produce 50,000 additional physicians and plug them into the current structure, our efforts for reform will certainly fail. Some of the health manpower legislation now before the Congress would do just that—and the result would be too many more doctors serving too few people at too high a cost.

Here, too, Congress must set up financial incentives that can move medicine in a new direction. We must encourage a shift from a system dependent on the individual doctor to a system built around the concept of the health team, composed of primary care physicians and other medical professionals. Teams would allow us to allocate medical resources with maximum efficiency and to maximum effect. They would employ paraprofessionals to relieve nurses and doctors from routine, time-consuming tasks. They would gather together diverse skills—from internists to pediatricians—and patients would deal with the team, not just a single physician. Einstein has experimented with the health team concept. The Federal Government must make Einstein's experiment national policy.

And health teams must be sufficient in distribution as well as in number. Federal bonuses must make it worthwhile to practice in the inner city and in rural America. Medical care cannot reach people unless people can reach doctors. And people must have more than geographic reach. A health team should also be subject to the reach of local influence.

Location incentives for health services must be designed to create responsive, personal structures. It was never right—and it is no longer possible—to satisfy Americans with distant, impersonal medical care. The system must respect everyone's identity—and sacrifice no one's dignity. And we must always remember that it is easier for a patient to reach a health team that he knows—than a shining new medical center walled off from surrounding rural poverty or a nearby urban ghetto.

The third medical right of all Americans is care within their needs. The present health insurance system is heavily biased toward high-cost hospital treatment and against preventive health care. That is incredibly expensive—and incredibly insensitive to the real needs of people. It has filled hospitals with patients who should not be there and would be better off elsewhere. A new national health program must reverse the old priorities. It must guarantee a range of medical services, comprehensive in scope, preventive in emphasis, and restricted only by the scope of scientific knowledge.

America's concern over the quality of health care has reached a high water mark in 1971. You are graduating from medical school at a time when the whole medical profession may be profoundly altered. You should welcome change—and work for change. Only in the context of a medical bill of rights for every American, can each of you truly and in the most literal sense profess your profession—which is nothing more and nothing less than the protection of human life.

And that requires not just a medical bill of rights, but a social bill of rights. The real cure for lead poisoning is not hospital care, but decent housing. The most effective treatment for malnutrition is adequate food.

And the best guarantee of good health is a physically and emotionally health environment.

As health professionals, you must commit yourselves to total health care. And total care includes virtually everything that determines whether we are sick or well. You cannot confine yourselves to the technical skills you have learned here. You must also practice the fundamental human concern of a school like Einstein.

You must speak out for a fair and sensible medical care system.

You must stand up for social progress and for people—whether they are your patients or migrant workers two thousand miles away.

You can cure individuals—and you must help America build a compassionate society.

It will take time. There will be setbacks and frustrations and defeats. But men and women who come from Einstein have good reason to believe that we can finally fashion a country that is great enough to be good. You have seen in your own lives what a difference one school can make. Now all of you have a chance to make a real difference in the lives of others.

The practice you choose and the practices you follow may not change our country overnight. But you can remind us by example of Aristotle's ancient truth: "Health of mind and body is so fundamental to the good life that if we believe men have any personal rights at all as human beings, they have an absolute moral right to the measure of good health that society is able to give them."

That is our challenge and our chance. Two thousand years after Aristotle wrote, we must secure a medical bill of rights for our own people. We can wait no longer—in health care or in society. In our individual lives and in our national life, whatever we can do, and whatever we dream we can do, we must begin now.

THE CIA FIGHTS ILLEGAL DRUG TRAFFIC

Mr. HANSEN. Mr. President, earlier this year I had the pleasure of addressing an ROTC group who was in the audience, questioned me in regard to certain allegations made in Ramparts magazine that the Central Intelligence Agency encouraged the opium traffickers of Indochina.

I doubt that such allegations have been given credence by many Americans, but apparently Mr. Ginsberg either believed them to be true, or chose to pretend that he believed them. But because I do not take such serious charges against our Government lightly, and believe that none of us should allow unjust criticism of our Government to stand unchallenged, I recently asked the Bureau of Narcotics and Dangerous Drugs to set the record straight on these accusations.

Bureau Director John Ingersoll replied this week, and his remarks are timely in view of the major initiatives President Nixon is expected to announce today to help deal with the illegal drug problem.

Mr. President, Mr. Ingersoll has reported to me that the CIA is his Bureau's strongest ally in identifying foreign sources and routes of illegal trade in narcotics. I ask unanimous consent that his letter of June 15 be printed in the Record, followed by a report on recent trends in the illicit narcotics market in Southeast Asia, and my telegram of May 11 which was printed in the final spring semester edition of the University of Wyoming student newspaper, the Branding Iron.

15. The typical refinery is on a small tributary of the Mekong River in an isolated area with a military defense perimeter guarding all ground approaches. Most of these refineries operate under the protection of the various military organizations in the region, or are owned or managed by the leaders of these military groups. The KKY units protect and operate most of the refineries in Burma. Leaders of these groups also hold an ownership interest in many of these facilities. In Thailand, the refineries appear to be operated by units of the KMT irregulars, whereas in Laos, most of the refineries operate under the protection of elements of the Royal Laotian Armed Forces (FAR). While the management and ownership of the Laotian refineries appear to be primarily in the hands of a consortium of Chinese, some reports suggest that a senior FAR officer may hold an ownership interest in a few of these facilities.

16. Most of the narcotics buyers in the tri-border area are ethnic Chinese. While many of these buyers pool their purchases, no large syndicate appears to be involved. The opium, morphine base, and heroin purchased in this area eventually finds its way into Bangkok, Vientiane, and Luang Prabang, where additional processing may take place before delivery to Saigon, Hong Kong, and other international markets.

17. Much of the opium and its derivatives transiting Thailand from Burma moves out of such Northern Thai towns as Chiang Rai, Chiang Mai, Lampang, or Tak by various modes of ground and water transport. These narcotics, along with those produced in Thailand, are smuggled into Bangkok for further refinement into morphine or heroin. A considerable quantity of the raw opium and morphine base is sent by fishing trawler from Bangkok to Hong Kong during a period from about 1 January to 1 May. During this period, approximately one fishing trawler a day—carrying one to three tons of opium and/or quantities of morphine base—leaves Bangkok for Hong Kong. The boats proceed to the vicinity of the Chinese Communist-controlled Lema Islands—15 miles south of Hong Kong—where the goods are loaded into Hong Kong junks.

18. Opium and its derivatives which move through Laos are transferred from the Mekong River refineries by river craft and FAR vehicles to Ban Houei Sal, farther downstream on the Mekong in Laos, from where it is transported on Royal Laotian Air Force (RLAF) aircraft to Luang Prabang or Vientiane. From Vientiane narcotics are usually sent via RLAF aircraft, as well as Air Laos, to other cities in Laos such as Savannakhet or Pakse or to international markets. A considerable portion of the Laotian produced narcotics is smuggled into Saigon on military and commercial air flights, particularly on Royal Air Laos and Air Vietnam. Although collusion between crew members and air line agents on one hand and individual narcotics smugglers on the other has been reported, poor handling of commercial cargo and the laxity of Lao customs control in Vientiane and other surreptitious loading of narcotics aboard commercial flights.

RECENT CHANGES IN THE AREA

19. There are tentative indications that larger quantities of raw opium may now be moving into the tri-border area for refining and that larger quantities of this raw opium are now being refined into morphine base and heroin in this area. As suggested in paragraph 13 above, data on the first two months of 1971 indicate that the Tachilek transshipment and refining area may be receiving and processing sizable larger amounts of raw opium than was the case in 1970. As for changes in the type of refined narcotics produced, the processing plants at Mao Hw in Thailand and Houei Tap in Laos now appear to be converting most of their opium into #4 or #6 percent pure white heroin. Previously,

these refineries tended to produce refined opium, morphine base and #3 smoking heroin. An increased demand for #4 heroin also appears to be reflected in the steady rise in its price. For example the mid-April 1971 price in the Tachilek area for a kilo of #4 heroin was reported to be U.S. \$1,780 as compared to U.S. \$1,240 in September 1970. Some of this increase may also reflect a tight supply situation in the area because of a shortage of chemicals used in the processing of heroin. Rising prices for opium and its derivatives can also be seen in other areas of Southeast Asia.

20. The establishment of new refineries since 1969 in the tri-border area, many with a capability for producing 96 percent pure heroin, appears to be due to the sudden increase in demand by a large and relatively affluent market in South Vietnam. A recent report pertaining to the production of morphine base in the Northern Shan States would indicate a possible trend toward vertical integrations—producing areas establishing their own refineries—in the production of narcotics. Such a development would significantly facilitate transportation and distribution of refined narcotics to the market places.

May 11, 1971.

Miss Vicki Whitehorn,
Editor, % The Branding Iron, University of Wyoming, Laramie, Wyo.

Dear Miss Whitehorn: In a letter to the editor, published in *The Branding Iron* of April 23, 1971, Mr. Allen Ginsberg asked my comments on some allegations contained in a recent issue of *Ramparts Magazine* which, in Mr. Ginsberg's words allege "that our government's Central Intelligence Agency has been for decades subsidizing the marijuana traffickers of 89 per cent of the world's illegal supply in Indochina," and "that the CIA did actually subsidize main opium traffickers in Indochina as part of our political policy."

I do not take such serious charges against our government lightly, nor do I feel the students at our University can afford to take such charges lightly. None of us should allow unjust criticism of our government to go unchallenged. Therefore, I have sought the facts and hope you are able to print this in its entirety.

Having thoroughly investigated these allegations, I can state categorically that they are completely unfounded. As recently as April 14 of this year, the Director of Central Intelligence stated in an address to the American Society of Newspaper Editors: "There is the arrant nonsense, for example, that the Central Intelligence Agency is somehow involved in the world drug traffic. We are not. As fathers, we are as concerned about the lives of our children and grandchildren as are all of you. As an agency, in fact, we are heavily engaged in tracing the foreign roots of the drug traffic for the Bureau of Narcotics and Dangerous Drugs. We hope we are helping with a solution; we know we are not contributing to the problem."

The Central Intelligence Agency is directly accountable to the President, through the National Security Council which is privy to all of its activities; it is subject to the scrutiny of the Office of Management and Budget, which oversees its expenditures; to the President's Foreign Intelligence Advisory Board, made up of distinguished private citizens; and to four Committees of the Congress, to whom it reports on all its activities. To suppose that in these circumstances the Agency could conduct the activities alleged in the *Ramparts* article without the knowledge or approval of any of these authorities to which it is responsible, or that any of these authorities would sanction such activity, is the ultimate in absurdity.

Turning to some of the more specific allegations in the *Ramparts* article, it is worth noting that:

So far as opium entering the U.S. is concerned, recent studies indicate that perhaps only about 5 per cent of the illegal imports come from all of Southeast Asia, the remainder originating mainly in the Middle East;

Roland Paul, a former investigator for the Senate Foreign Relations Committee who made a study of the area last year, writes in the April issue of *Foreign Affairs* that "in passing it may be interesting to note that because of their long association with the American agency (CIA), the hill tribes have shifted their agricultural emphasis from opium to rice," a conclusion which can be solidly documented from other authoritative sources.

In fact, efforts of American agencies to discourage opium growing among these hill tribes has produced a North Vietnamese propaganda campaign encouraging and applauding the raising of opium poppies. This campaign contrasts the Communist-controlled areas where the population can "make our living as we wish" by raising opium to the lot of those under "imperialist domination" who are restrained from doing so. (In view of his concern, perhaps Mr. Ginsberg would like to raise the matter with the authorities in Hanoi.)

In summation, I can assure you that the allegations in question are completely false and that no U.S. Government agency operating in Southeast Asia has approved, supported, or condoned illegal drug production or traffic. On the contrary, these U.S. Government agencies are all cooperating in efforts to discourage opium production and distribution and these efforts have had at least some success.

Sincerely,

CLIFFORD P. HANSEN.

STEP BACKWARD--PSYCHIATRIC TRAINING CUTS UNWARRANTED

Mr. HUMPHREY, Mr. President, the administration's proposed cutback in psychiatric training is a cruel and unwarranted step backward in the field of mental health.

President Nixon has proposed a \$6.7 million cut in funds for the National Institute of Mental Health's training support for fiscal 1972 and a planned phase-out of the entire \$34 million program for psychiatric residency training.

This cutback would mean the loss of more than 1,000 hospital residency positions and severe curtailment of mental health services to the poor.

For example, the Presbyterian Hospital in the Bronx, N.Y., treats about 5,000 emotionally disturbed persons a year from the black and Puerto Rican communities.

If the President's cutbacks go into effect, the number of psychiatric residents would drop from 30 to 18 and the number of patients served would be reduced by an estimated 2,000.

It is important to emphasize that almost all of the patients seen at this facility are poor people, and there is no other psychiatric service available to them.

At a time when we are trying to upgrade health care and do more to help those with mental problems, we cannot afford to be cutting back.

Drug use, alcoholism, crime, and delinquency are creating severe emotional problems and increasing the demand for mental health services. The growing drug crisis among Vietnam veterans and soldiers is further compounding the situa-

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OLC 71-0368
14 May 1971

Westside Drug Planning Council
Westside Community Mental Health
Center, Inc.
2201 Sutter Street
San Francisco, California 94115

Gentlemen:

The Director has sent me his copy of your letter to Senator Alan Cranston and Senator John V. Tunney concerning the Ramparts magazine article entitled, "The New Opium War." I am glad of this opportunity to deny to you officially and categorically that the Central Intelligence Agency in any way participates in, contributes to, or condones opium traffic in Southeast Asia or in any other part of the world.

Particularly in recent years, we have been reporting information we have obtained on drug traffic to the policy-makers of our Government and to the enforcement agencies. We cooperate closely with the Bureau of Narcotics and Dangerous Drugs, Department of Justice, in its efforts to take action against the drug traffic. No proof has been brought to our attention that the Agency or any of its personnel are involved in drug traffic. If such proof were brought, the individuals concerned would be summarily terminated and reported to the proper enforcement authorities.

I hope this letter will encourage you to continue your drug abuse programs, which I know are difficult and frustrating enough without being hampered by vicious and untrue rumors of United States Government support to any drug traffic.

Sincerely,

[Redacted Signature]

cc: DDP
Asst to DCI-Mr. Goodwin
OLC
CI Staff- [Redacted]
ER
General Counsel w/basic
OS

Lawrence R. Houston
General Counsel

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Jack Anderson

Thais Continue Dope Hustling

SOME of Thailand's top officials are operating a fleet of 11 trawlers which move dozens of tons of opium a year to Hong Kong for shipment to American addicts.

The names of the Thai-registered ships, each capable of hauling 3.3 tons of opium a voyage, are known to American officials in Southeast Asia. So are the Thai officials' names.

But despite a joint understanding signed in September by Secretary of State William Rogers and then Thai Foreign Minister Thanat Khoman on ending the narcotics traffic, the dope hustling by Thai officials goes on.

These are the findings of a heretofore secret report being prepared for the House Foreign Affairs committee by Rep. Lester Wolff, (D-N.Y.)

Wolff gathered his data from disgruntled U.S. narcotics agents, who feel their hands are tied for political reasons; from customs men; from foreign officials, and from State Department officers themselves.

The Congressman's report says that Thai officials in the smuggling racket are so well organized that they have prepared formal contingency plans for shifting their terminal point to Manila if Hong Kong is closed.

In fact, the Thai officials have already established ties with corrupt Philippine authorities, and have picked unloading spots along the island's jigsaw shoreline.

At present, much of the 750 tons of opium produced in Laos, Thailand and Burma is trucked down to Bangkok under the very noses of the Thai government. More than 50 tons a year of this raw opium, plus an unknown amount of processed opium, is then loaded aboard the ships.

The trawlers carry it into Red Chinese waters where it is loaded into junks which slip into Hong Kong's numerous harbors. The raw opium is then processed and smuggled as heroin into the United States.

Wolff is drafting a letter to President Nixon urging him to cut off aid to Thailand unless the Thais live up to the September agreement. The Foreign Affairs committee man is also introducing a "sense of the House" resolution to request Mr. Nixon to suspend the aid.

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STATEMENT BY

NELSON CROSS
SENIOR ADVISER TO THE SECRETARY OF STATE
AND COORDINATOR FOR INTERNATIONAL NARCOTICS MATTERS

BEFORE THE
CONGRESSIONAL INQUIRY REGARDING
INTERNATIONAL NARCOTICS TRAFFIC

JUNE 9, 1972

NEW YORK CITY

I welcome the opportunity of appearing today and setting the record straight on the progress and the integrity of the United States Government's anti-narcotics program in Southeast Asia. I shall address my statement essentially to the recent allegations regarding that program made by Mr. Alfred W. McCoy, a student at Yale, and then answer your questions.

With all due respect to Mr. McCoy's obvious interest in seeing the scourge of drug abuse brought to an end, our official information reveals that much of what he has reported is out of date and thus must be labelled misleading and inaccurate. The problem of drug abuse is an emotionally-charged issue. While it may well make good copy in the eyes of a book publisher to charge -- as Mr. McCoy has done in sensational fashion -- that the Government of the United States "is aiding and abetting the

- 2 -

influx of heroin into our nation," nothing could be further from the truth. Equally sensational and, as far as we can ascertain, unsubstantiated, is the charge by Mr. McCoy that high government officials in Thailand, Laos and South Vietnam "are actively engaged in the heroin traffic and are protecting the region's powerful narcotics syndicates."

Mr. McCoy somehow missed the name of the kingpin of the heroin traffic in Southeast Asia. The man is LO Hsing Han of Burma. His control of the area opium runs the gamut from opium poppy fields, along the smuggling routes, to his heroin refineries.

LO has a virtual monopoly on heroin refining in the section. Many of the refineries driven out of Laos and Thailand have come under LO's control in Burma.

We have discussed the urgent problem posed by LO's operation with the Burmese. But LO operates within insurgent-controlled territory and is beyond the control of the Burmese Government.

I now turn to the three major allegations made by Mr. McCoy in his June 2 statement before the Foreign Operations Subcommittee of the Appropriations Committee, U.S. Senate.

-2a-

1. "Much of the heroin entering the United States now originates in Southeast Asia."

Southeast Asia is not a major source of heroin on our market. While the "Golden Triangle" area of Burma, Laos, and Thailand yields an estimated two-thirds of the world's illicit opium supply, most of that output is consumed in traditional Asian markets. The overwhelming

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majority of the heroin coming to the United States originates in the Middle East and is processed in European labs before being smuggled into our country. We estimate that probably only five percent, certainly no more than ten percent, of the heroin presently flowing to the United States originates in Southeast Asia. Whatever the figure, we are obviously concerned. We are further concerned about the prospect of a swing in international traffickers' interest from the Middle East to Southeast Asia, particularly as the Turkish Government's ban on opium poppy cultivation results in diminished supplies.

2. "The governments of South Viet-Nam, Laos, and Thailand are actively engaged in the heroin traffic."

It so happens that Mr. McCoy selected three of the countries with which we are working very closely. Perhaps progress has not been as rapid as one would like, but drugs have been tolerated over many generations in these countries, and the solution is far from an overnight solution. Trafficking in drugs in Thailand was legal until 1958, and not until last November did the Lao Government move to prohibit drug trafficking. At the moment in Laos, we have two BNDD agents with an additional one expected

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to arrive, four permanent Customs agents and five additional ones on TDY, two Public Safety Officers with three more scheduled to arrive in the near future, and one AID official.

In Thailand, we have ten BNDD agents, two Customs agents, and one Foreign Service Officer.

And in Viet-Nam, there are ten Public Safety Officers, two Customs agents, and one BNDD agent.

I should like to provide additional comments on each of the three countries:

South Viet-Nam -- The U.S. troop withdrawal and suppression efforts have knocked the bottom out of the heroin market in Viet-Nam, causing prices to plummet from \$8,000 per kilo last year to \$3,000 or less at present. All indications are that heroin sellers have had little success in building an alternative market among the Vietnamese to replace their lost G.I. consumers. In such a situation, it is logical that suppliers will be tempted to seek channels to other markets, including the United States. For this reason, our authorities in Viet-Nam have been watching intently for signs of such a development. Our most recent intelligence indicates that there is no

organized apparatus smuggling heroin from Viet-Nam to the U.S. Without exception, those implicated in such activities have been low level, individual entrepreneurs who lack an organized distribution system. With the disappearance of the G.I. market, many traffickers in the region appear to be abandoning heroin to return to the traditional opium trade.

The Government of Viet-Nam with the cooperation of the U.S. Mission has made considerable progress in reducing narcotics traffic and drug abuse. The U.S. Mission has been intensely aware of the heroin traffic in Viet-Nam since the drug first appeared in late 1969 and first became available to U.S. servicemen during the first half of 1970. In March 1970 the Bureau of Narcotics and Dangerous Drugs (BNDD) initiated a survey to define the role of Asia in the world's narcotics traffic which laid the groundwork for addressing the basic problems in Southeast Asia of production, distribution, suppression, and rehabilitation. As evidence of the Mission's concern over increasing drug abuse, MACV carried out a nationwide drug survey in July 1970 which indicated that heroin was being introduced in Viet-Nam in considerable quantity. As a

result, a MACV drug abuse task force was formed in August 1970, and a comprehensive drug suppression program was developed and carried into effect. Under the program Combined Anti-narcotics Enforcement Committees were established in each military region. A joint American and Vietnamese Narcotics Investigation Detachment was to gather drug intelligence and provide a coordinated investigative capability to eradicate large supply sources of narcotics. Another important feature was the establishment of a joint U.S. Service Customs Group.

On the civil side, the Mission developed a narcotics control action plan which calls for the involvement of all elements concerned with the suppression of drug abuse and trafficking.

As soon as the narcotics problem began to assume serious proportions, high level coordination and planning efforts began between the Mission and the Government of Viet-Nam. Prime Minister Khiem initiated a program to reduce the use of and traffic in drugs throughout the country. Ambassador Bunker and General Abrams met with President Thieu to discuss specific measures, and as a result President Thieu designated a team of experienced intelligence and police officials to develop and carry

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out an effective action program. He also set up inter-ministerial drug suppression committees at the national and provincial levels, replaced key personnel in the police and other areas affecting narcotics activities, and dictated a nationwide customs crackdown to seal off all airports and harbors through South Viet-Nam. A tax-free reward system was established and a drug education campaign was begun. Prime Minister Khiem was given direct supervision of the national campaign and was instructed to use the coordinating machinery of the pacification program to carry it out.

As a result of these combined U.S. Mission/Vietnamese Government efforts, the number of arrests on narcotics charges went from 2,911 in 1969 to 6,464 in 1971. Heroin seizures throughout Viet-Nam rose from 12 pounds in 1969 to 271 pounds in 1971 and opium seizures increased from 11 pounds in 1969 to 1,071 pounds in 1971. Most important, the big time traffickers no longer find it profitable or safe to operate in the country. Even now, under existing conditions of martial law and the requirements of national defense against the North Vietnamese invasion, joint U.S./South Vietnamese narcotics operations continue.

The arrest last year of two pro-Thieu members of the

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Lower House is an indication the Vietnamese Government is actively engaged against the heroin traffic. One was dismissed and the other was sentenced to seven years.

Laos -- The Narcotics Control Law implemented last November makes any commercial transaction involving opium or its derivatives illegal and for the first time gives the Lao Government a legal basis for interdicting illicit traffic. Strict controls have also been placed on the importation and distribution of acetic anhydride, a chemical required in the heroin refining process. Last November 7, 730 gallons of acetic anhydride -- enough to make three tons of heroin -- were seized. Also several seizures of opium and heroin have been made. The most recent seizures were 28 kilos of opium on May 26 and 30 kilos of opium and 9 kilos of #4 heroin on June 7. Inspection procedures on domestic and international air routes have been tightened up.

In the absence of laws forbidding narcotics trafficking, Lao law enforcement agencies had not been staffed, trained or equipped to interdict the traffic. Therefore, since passage of the law, the Government has concentrated on establishing an equivalent of the BNDD to lead and coordinate narcotics control. It is headed by a military

officer who reports directly to the Prime Minister and has jurisdiction over civilian and military enforcement efforts. The Lao national police and customs agency have also established special narcotics control units.

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The U.S. Mission was most effective in encouraging the passage of the Lao law. Our narcotics enforcement advisers from the BNDD, Customs, and USAID's Public Safety Division are hard at work advising and training their Lao counterparts in Vientiane and other key points, including Ban Houei Sai in the Golden Triangle. Specialized equipment will be provided to the new narcotics agencies as their personnel are trained to use it.

The production of opium in Laos, which may have been as high as 100 tons a year, has been sharply curtailed, and our intelligence indicates that the flow of opium and heroin through the country have also decreased considerably.

In Mr. McCoy's statement of June 2, he indicated that most of the opium traffic in northeast Laos is controlled by Vang Pao. This statement ignores the fact that most of northeast Laos is controlled by the North Vietnamese. Opium production in those areas of northeast Laos still under Lao Government control could not exceed more than a few tons a year, and these are consumed by the hill tribesmen. As for Vang Pao, he has taken a strong public position against opium cultivation and trafficking by the Meo. He considers opium addiction a serious problem among his people and wishes to

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prevent further addiction and to rehabilitate those already addicted.

As for Ouan Rathikoun, it may be that he was involved in the opium traffic before it was illegal, but we are not aware of anything more than unsubstantiated allegations concerning his past or present complicity. With regard to his "control" of the "largest heroin laboratory in Laos," once again, all we have is allegation. Mr. McCoy was apparently referring to a refinery at Ban Houie Tap which was abandoned last summer. Equipment and chemicals were discovered in the jungle and seized by a team of Lao narcotics agents. Mr. McCoy quoted a CIA source in stating that this refinery had a capacity of 3,000 kilos of heroin per year. Members of our Mission have examined the site and have estimated that it could have produced less than 1,000 kilos assuming a 24-hour-a-day operation.

With regard to Mr. McCoy's allegation concerning Air America, I should like to quote the following statement released in Washington on June 2 by the Managing Director of Air America:

"Mr. Alfred W. McCoy today told the Senate Foreign Operations Committee: 'In Northern Laos, Air America aircraft and helicopters chartered by the U.S. CIA and USAID have been transporting opium harvested by the agency's tribal mercenaries on a regular basis.'

"This statement is utterly and absolutely false. AA and USAID have cooperated in a security program which effectively prevents the carriage of drugs on any of the airline's equipment. This program is constantly being reviewed to make sure that drug smugglers cannot misuse the company's facilities. There is an intensive program of inspection of both passengers and cargo carried out in close collaboration with local and U.S. authorities. At up-country sites, inspectors inspect all baggage of passengers and crew members departing from their stations. All cargo placed aboard up-country sites is inspected by members of the inspection service. All baggage of persons departing Vientiane on AA, CASI and Lao air development are inspected. Where boarding passengers refuse to submit to inspection or are found to have contraband in their possession, they are denied the right to board the aircraft and their names are turned over to local Lao authorities. Through these and related measures, attempts by individuals to carry opium on company airplanes have been detected and prevented. These small time

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smugglers and users are the greatest threat and the security inspection service has constituted an effective deterrent.

"Through its many years in the Far East, AA and its employees have been well aware of the dangers of drug use and the drug traffic. It has been the policy of the company and its many loyal employees to do everything in their power to oppose any traffic in drugs. To this end there has been close cooperation between the company and U.S. and local authorities concerned with the drug problem.

"If Mr. McCoy or any other individual can bring any proof that any Air America employee has been connected in any manner with the drug traffic appropriate disciplinary action will be taken and the matter referred to the proper authorities."

Thailand -- For some years the Thai Government has been engaged in a major effort to settle the Meo hill peoples and to bring them under control. Unfortunately, these RTG efforts have been a major source of Meo resentment toward the Thai and have helped make the Meo receptive to Communist anti-government propaganda and insurgency. In addition to military efforts to put down the Communist rebellion, the Thai

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are trying to improve hill tribe welfare. Particularly noteworthy is the interest of the King of Thailand in the welfare of the hill peoples: he is assisting in the development of other cash crops as alternatives to the opium poppy.

Enforcement efforts by the Thai Government are hindered by the impossibility of controlling adequately a long and mountainous border and the complexities of controlling passenger and commercial traffic inside Thailand. In its efforts to control narcotics trafficking, the RTG has initiated a resettlement program for the Chinese Irregular Forces (CIF) under which the CIFs would turn over all their opium stocks to the RTG and cease their involvement with narcotics in return to land upon which to settle. Twenty-six tons of CIF opium were burned by the RTG in March 1972.

During the past year, the Thai have increased their efforts in the drug field with U.S. and UN assistance. A US/Thai Memorandum of Understanding was signed in September 1971 providing for increased Thai enforcement capability through U.S. assistance to Thai police and customs officials. The Thai also signed an agreement with the UN in December 1971 establishing a program to deal with the long-range aspects of the drug abuse problem through crop substitution

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and addict rehabilitation.

After the US/Thai Memorandum of Understanding was signed, a planning group was formed and has been negotiating specific programs for implementation of the agreement. BNDD has assigned agents in Bangkok and Chiang Mai while U.S. Customs Service personnel are serving in Bangkok. Thai police have recently moved to crack down on local traffickers and several major Thai and American traffickers have been arrested. A promising start has been made and programs begun which have the potential to bring the drug problem under increasing control.

Based on all intelligence information available, the leaders of the Thai Government are not engaged in the opium or heroin traffic, nor are they extending protection to traffickers. There have been reports of corruption among some working level narcotics officials. Police General Prasert, head of the Thai National Police and a member of the ruling National Executive Council, has stated publicly that he would punish any corrupt official.

3. "The U.S. Government is aware of this traffic, but has not moved to stop it and has consciously concealed

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evidence of the involvement of our Southeast Asian Allies." Clearly, the U. S. Government is aware of narcotics trafficking in Southeast Asia, but to say we have done nothing to counter it is patently inaccurate. Since the President's message to Congress on June 17, 1971, we have moved urgently to commit Customs, BNDD, CIA, AID, and State Department personnel and resources to the fight against international drug trafficking. Moreover, far from concealing involvement of persons involved in pushing drugs, our Government has been sharing intelligence with friendly governments in a concentrated effort to uncover the various persons and systems which are operating in the area.

We feel that the drug problem is a major facet in our bilateral relations with many countries throughout the world. We have made that point clear to those countries and we are asking them to join with us in the fight. The Governments of Thailand, Laos, and Vietnam have already joined us in the fight and, while we have a long way to go, we feel that during the past year some real progress has been achieved.

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Testimony to be delivered before Senator Proxmire's Subcommittee at 2:30 pm, Friday, June 2 in 1224 New Senate Office Building.

Statement by Alfred W. McCoy
before the Foreign Operations Subcommittee
of the Appropriations Committee, U.S. Senate
June 2, 1972

THE HEROIN TRAFFIC IN SOUTHEAST ASIA

Abstract

1. Much of the heroin entering the U.S. now originates in Southeast Asia.
2. The governments of South Vietnam, Laos, and Thailand are actively engaged in the heroin traffic.
3. The U.S. government is aware of this traffic, but has not moved to stop it and has consciously concealed evidence of the involvement of our Southeast Asian allies.

Alfred W. McCoy is presently a Ph.D. student in Southeast Asian History at Yale University. He has spent the last 18 months researching the international drug traffic and his findings will be published in a book entitled The Politics of Heroin in Southeast Asia, Harper & Row, July 1972. Mr. McCoy's findings are based on research, documents, and more than 250 personal interviews conducted in the U.S., Europe, and Southeast Asia. Sources of information include U.S. military, intelligence, and Embassy reports on narcotics, as well as interviews with U.S. Embassy, USAID, military, and CIA personnel. Mr. McCoy also interviewed the Chief of the Narcotics Bureau of the Vietnamese National Police, Vietnamese intelligence, military, and customs officials, Gen. Ouane Rattikone (former Chief of Staff of the Royal Laotian Army), Touby Lyfoung (a Laotian Meo leader), U Ba Thien (former commander-in-chief of the Shan National Army in Burma), an officer of the KMT (Nationalist Chinese) irregular army in Thailand, and other persons in South Vietnam, Laos, Thailand, Hong Kong and Singapore. Mr. McCoy spent a week living with an opium growing Meo tribe in Laos. He has briefed the U.S. Bureau of Narcotics and Dangerous Drugs on his findings, and they corroborate much of his evidence. Mr. McCoy can be contacted at (202) 785-3114.

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THE HEROIN TRAFFIC IN SOUTHEAST ASIA

Statement by Alfred W. McCoy

By ignoring, covering up, and failing to counteract the massive drug traffic from Southeast Asia, our government is aiding and abetting the influx of heroin into our nation.

Southeast Asia is fast becoming the major supplier of illicit narcotics for America's growing population of heroin addicts. Since the late 1960s international criminal syndicates have responded to mounting law enforcement efforts in Europe and the Middle East by shifting their major sources of supply to Southeast Asia. The opium poppy fields of Southeast Asia's Golden Triangle Region supply raw materials for clandestine heroin laboratories in Europe, Hong Kong, and the Tri-border area where Burma, Thailand and Laos converge.

High government officials in Thailand, Laos and South Vietnam are actively engaged in the heroin traffic and are protecting the region's powerful narcotics syndicates. Because the corruption in these countries is so systematic and the narcotics traffic so lucrative, our political commitments to these governments inhibit and prevent any effective action to cut the flow of these illicit narcotics into the United States.

U.S. diplomatic, military, and intelligence officials have always tolerated governmental corruption in Southeast Asia, and narcotics trafficking has not been treated differently. U.S. officials in Southeast Asia have been implicated in the traffic on three levels: 1) providing political and military support for officials and political factions actively engaged in the drug traffic without pressuring them to deal with the problem; 2) consciously concealing evidence of involvement in the narcotics traffic by our Southeast Asian allies. Whenever the U.S. Congress or the media have made accurate allegations about the involvement of our allies, U.S. diplomatic personnel have repeatedly issued categorical, fallacious denials; 3) active involvement in certain aspects of the region's narcotics traffic.

In 1967-68 American diplomatic initiatives convinced the Turkish government to drastically reduce its total opium production and expand its enforcement efforts. Significantly, the sharp reduction of Turkey's opium production from 1968-72 coincided with a massive increase in the amount of heroin entering the United States; between 1969 and 1972 America's estimated addict population practically doubled, increasing from 315,000 to 560,000. As late as 1965 a seizure of only 15 kilos of pure heroin produced a street panic in New York City; by 1971 seizures totalling almost 400 kilos within a period of several weeks did not have even a minor impact on the street supply. The question is, of course, where is all this heroin coming from.

Informed Federal narcotics officials and diplomats are virtually unanimous in their response--more and more heroin comes from Southeast Asia.

Beginning in 1965 members of the Florida-based Trafficante family of American organized crime began appearing in Southeast Asia. Santo Trafficante, Jr., heir to the international criminal syndicate established by Lucky Luciano and Meyer Lansky, traveled to Saigon and Hong Kong himself in 1968. U.S. Embassy sources state that Trafficante met with prominent members of Saigon's Corsican syndicates. These syndicates have been regularly supplying the international narcotics markets since the First Indochina War.

In 1967-68 there was evidence of increased activity on the part of Indochina's Corsican gangsters. U.S. agents observed Corsican heroin traffickers commuting between Saigon and Marseille where the Corsicans control the clandestine heroin laboratories. A former, high ranking CIA agent in Saigon told me in an interview that in 1969 there was a summit meeting of Corsican criminals from Marseille, Vientiane, and Phnom Penh at Saigon's Continental Palace Hotel.

In the wake of these high level meetings, increased quantities of Asian heroin have begun entering the United States. In 1970 the U.S. Bureau of Narcotics broke up a Filipino courier ring which had smuggled over 1,000 kilos of pure Hong Kong heroin into the United States in the preceding 12 months. 1,000

kilos of pure heroin is equivalent to 10 to 20% of our estimated total annual heroin consumption. Since all of Hong Kong's morphine base comes from Southeast Asia's Golden Triangle, this case provided ample evidence of the growing importance of Southeast Asia in America's drug crisis. Unfortunately, the U.S. Bureau of Narcotics has only one agent in Hong Kong and so further seizures have not been forthcoming. In 1971 French Customs seized 60 kilos of pure Laotian heroin at Orly Airport in Paris in the suitcases of Prince Sopsaisana, the newly appointed Laotian Ambassador to France. The U.S. Bureau of Narcotics and diplomatic sources in Vientiane report that the Ambassador's French connection was arranged by Michel Theodas, manager of the Lang Xang Hotel in Vientiane and a high ranking member of the French-Corsican underworld. Finally, the Director of the U.S. Bureau of Narcotics reports that his intelligence sources indicate that much of the massive flow of heroin moving through Latin America on its way to the United States is coming from Southeast Asia. Ironically, our Southeast Asian allies are profiting from this heroin bonanza. In a three hour interview with me, Gen. Ouane Rattikone, former chief-of-staff of the Royal Laotian Army, admitted that he controlled the opium traffic in northwestern Laos since 1962. Gen. Ouane also controlled the largest heroin laboratory in Laos. This laboratory produced a high grade of heroin for the GI market in South Vietnam, and, according to the CIA, was capable of producing over 3,000 kilos of heroin a year. With the withdrawal of U.S. troops, the market for such heroin has shifted directly to the United States. Most of the opium traffic in northeastern Laos is controlled by Vang Pao, the Laotian general who commands the CIA's mercenary army. The Thai government allows Burmese rebels, Nationalist Chinese irregulars, and mercenary armies to move enormous mule caravans loaded with hundreds of tons of Burmese opium across Thailand's northern border. U.S. narcotics agents working in Thailand claim that every major narcotics dealer in Thailand has a high ranking

"advisor" on the Thai police force. In South Vietnam, the opium and heroin traffic is divided among the nation's three dominant military factions: President Thieu's political apparatus, Prime Minister Khiem's political organization, and General Ky's political apparatus.

An examination of Gen. Ky's political apparatus demonstrates the importance of official corruption in Southeast Asia's drug traffic and shows how Southeast Asia's narcotics move from the poppy fields into the international smuggling circuits. Located in the Vientiane region of Laos until recently was a large heroin laboratory managed by an overseas Chinese racketeer named Huu Tim Heng. Mr. Heng was the silent partner in Pepsi Cola's Vientiane bottling plant and used this operation as a cover to import acetic anhydride, a chemical necessary for the manufacture of heroin. Mr. Heng purchased raw opium and morphine base from Gen. Ouane Rattikone, and then sold the finished product to Gen. Ky's sister, Mrs. Nguyen Thi Ly. Although a resident of Pakse, Laos from 1962-1967, Mrs. Ly now lives in Saigon and travels to Vientiane about once a month to arrange for shipment of the packaged heroin to Pakse or Phnom Penh, Cambodia where it is picked up by transport aircraft belonging to the Vietnamese Fifth Air Division and flown to Saigon. The commander of the Fifth Air Division, Col. Phan Phung Tien, has been publicly attacked by the Director General of Vietnam Customs for his interference in anti-narcotics efforts and is believed to have extensive contacts with Saigon's Corsican underworld. Vietnamese military officers have identified Col. Tien as Gen. Ky's strongest political supporter inside the Air Force, and one senior U.S. Air Force advisor called him Gen. Ky's "revolutionary plotter."

There is overwhelming evidence of systematic corruption extending all the way to the top of President Thieu's political apparatus. Two of his staunchest supporters in the Lower House of the National Assembly have been arrested trying to smuggle heroin into South Vietnam, and other pro-Thieu deputies, including one of the president's legislative advisors have been implicated in other smuggling cases. Some of Pres. Thieu's closest supporters inside the Vietnamese Army control the distribution and sale of heroin to American GIs fighting in Indochina. President Thieu's most important military advisor, Gen. Dang Van Quang, has been publicly accused by NBC of being the "biggest pusher" in South Vietnam. It is a matter of public record that Gen. Quang was removed from command of IV Corps for outrageous corruption in 1967-68, and reliable sources in the Vietnamese military have confirmed NBC's report. Finally, U.S. military commanders report that the narcotics traffic in the Mekong Delta is controlled by colonels and low ranking generals loyal to Gen. Quang. Another of President Thieu's staunch Army supporters, Gen. Ngo Dzu, II Corps Commander until several weeks ago when he was removed for military incompetence, has been identified as one of the major drug traffickers in Central Vietnam by the USAID Public Safety Directorate, U.S. Bureau of Narcotics and Dangerous Drugs, and the U.S. Army Criminal Investigation Division.

American officials serving in Southeast Asia have a great deal of responsibility for the growth of the region's illicit drug traffic. American diplomats and intelligence agents have allied themselves with corrupt, indigenous groups without pressuring them to get out of the drug business. Throughout the mountainous Golden Triangle region, the CIA has provided substantial military support for mercenaries, right-wing rebels, and tribal warlords who are actively engaged in the narcotics traffic. And in Thailand the CIA has worked closely with nationalist Chinese paramilitary units which control 80-90% of northern Burma's vast opium exports and manufacture high grade heroin for export to the American market.

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U.S. Embassies in Indochina have repeatedly tried to cover-up the involvement of our local allies in the drug traffic. In 1968 Sen. Gruening came forward with well-founded allegations about Gen. Ky's opium smuggling activities. The U.S. Embassy in Saigon issued a categorical denial. In July 1971, NBC's senior Saigon correspondent charged that Gen. Dang Van Quang, Pres. Thieu's chief military advisor, was the "biggest pusher" in South Vietnam. Prior to this broadcast, I had received independent reports of Gen. Quang's narcotics dealings from high ranking Vietnamese sources. The U.S. Embassy again issued a vigorous denial. In July 1971, Congressman Robert Steele claimed to have received classified documents showing that II Corps Commander, Gen. Ngo Dzu, was trafficking in heroin. The U.S. Embassy deferred to Senior II Corps Advisor John Paul Vann who denied that such documents existed. I have one of those documents in my possession.

The record of the U.S. Embassy in Laos is even worse. All U.S. officials in Indochina know that the vast majority of the high grade heroin sold to GIs fighting in South Vietnam is manufactured in Laotian laboratories. Yet in December 1970, the U.S. Ambassador to Laos, G. McMurtrie Godley, told an American writer, "I believe the Royal Laotian Government takes its responsibility seriously to prohibit international opium traffic." Ambassador Godley did his best to prevent the assignment of U.S. Bureau of Narcotics agents to Laos. It was not until November 1971--a full two years after Laotian heroin had decimated U.S. troops in South Vietnam--that the Bureau of Narcotics was allowed to send its agents into Laos.

Finally, U.S. agencies have been actually involved in certain aspects of the region's drug traffic. In northern Laos, Air America aircraft and helicopters chartered by the U.S. Central Intelligence Agency and USAID have been transporting opium harvested by the agency's tribal mercenaries on a regular basis.

After spending 18 months researching, travelling and conducting hundreds of interviews, I have reached one firm conclusion--if we are going to deal seriously with the heroin problem in this country we will have to consider our pri-

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orities and commitments in Southeast Asia. President Nixon has told us that we cannot solve the drug problem unless we deal with it at its source and eliminate illicit opium production. The source is now Southeast Asia, and that area accounts for some 70% of the world's illicit opium supply. There is enough opium in Southeast Asia to fuel our heroin plague for countless generations to come. In the past and present we have let our military and political goals in Southeast Asia dictate our priorities. As a result, our officials have tried to prop up corrupt regimes there at all costs, including silent acquiescence to the traffic in drugs that is ruining the fabric of our nation. The problem of crime in our streets is largely a heroin problem which would disappear if the drug traffic were brought under control. The drugs now flowing from Southeast Asia in effect make all the funds and effort expended reducing Turkey's opium production totally irrelevant as a final solution to our problem.

We now have to decide which is more important to our country--propping up corrupt governments in Southeast Asia or getting heroin out of our high schools.

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EARTH

March 1972

Heroin traffic:

Some amazing
coincidences linking
the CIA, the Mafia,
Air America,
several
members of
the Brook Club,
Chiang
Kai-Shek,
the Kuomintang,
Prince Puchartra
of Thailand,
many banks and
insurance companies
— practically
everyone except
Richard Nixon.

Wasn't he asked?

by Peter Dale Scott

Professor Samuel Eliot Morison has written how in 1903 Theodore Roosevelt, "in the face of international law and morality" secretly ordered the US Navy to support the "revolutionary" secession of Panama from Colombia. The secession, which led swiftly to the Canal Zone treaty, is described by him as a plan by "Panama businessmen, agents of the French company [which stood to gain \$40 million in compensation under the treaty] and United States army officers."¹ He neglects to add that the "agents" of the French Panama Canal Company were New York investment bankers J. & W. Seligman and their Washington lobbyist Buneau-Varilla, who organized and financed the "revolution" out of a suite in the Waldorf-Astoria.

In some ways, the Panama exercise in "big stick" partition is an instructive precedent for the post-war US involvement in Indochina.² Legally, the picture appears to be different today; for many of the bankers' activities in preparing for revolution and war would today be outlawed, under sections 956-60 of the US Criminal Code. In theory, at least, responsibility for this kind of defense of American "interests" is now a monopoly of the CIA. But in fact, the CIA still maintains close contact with J. & W. Seligman and similar Wall Street institutions.

These contacts have been powerful; it was pressure from Wall Street which succeeded in pushing the infant CIA into its first covert operations. President Truman, who created the CIA in 1948, has since declared his unhappiness at the deflection of the CIA from its intelligence function: "I never had any thought . . . when I set up the CIA that it would be injected into peacetime cloak-and-dagger operations."³ His intentions, however, counted for less than those of Allen Dulles, then a New York corporation lawyer and President of the Council on Foreign Relations. The Administration became concerned that the Communists might shortly win the Italian elections:

Forrestal felt that a secret counteraction was vital, but his initial assessment was that the Italian operation would have to be private. The wealthy industrialists in Milan were hesitant to provide the money, fearing reprisals if the Communists won, and so that hat was passed at the Brook Club in New York. But Allen Dulles felt the problem could not be handled effectively in private hands. He urged strongly that the government establish a covert organization with un-vouchered funds, the decision was made to create it under the National Security Council.⁴

continued

should be private, but a private corporation lawyer determined it should be public. By this arrangement, presumably, the men in the Brook Club even got their money back out of the hat; since then the funds—unvouchered—have come from us, the public taxpayers.

Truman's lack of sympathy for the way the CIA was being "diverted" into covert operations did not result in any measures to curb the control of the CIA by Wall Street Republicans. On the contrary, as the CIA began to burgeon under Bedell Smith, *all seven* persons who are known to have served as Deputy Directors of the CIA



Harry S. Truman

under Smith and Truman came from New York legal and financial circles.⁵ These men used their corporate experience and connections to set up a number of dummy private enterprises, as "proprietaries" or wholly-owned fronts for the CIA, particularly for Far Eastern operations. The capital came from government sources, but profits, if any, are said to have been retained by the "companies" themselves.

Thus William Ray Peers (an Office of Secret Services hand from Burma and China, later the Army Chief of Staff's Special Assistant for Special Warfare Activities); headed up Western Enterprises, Inc., in Taiwan, a cover for the launching of Kuomintang—Nationalist Chinese—mando raids from the islands of Quemoy and Matsu

(China) headed a Bangkok "trading company" called Sea Supply, Inc., which supplied arms and other supplies to the Kuomintang troops of General Li Mi in Burma,⁷ and later trained the Thai border police under Thai Interior Minister Phao Sriyanon.⁸

But by far the largest CIA proprietary in Asia was Civil Air Transport—CAT Inc.—chartered in 1950 and known since 1959 as Air America. In 1961, General Edward Lansdale wrote a memorandum to Maxwell Taylor on unconventional warfare, published as part of the Pentagon Papers, confirming Air America's link with the CIA:

CAT. Civil Air Transport (Chinese Nationalist)

CAT is a commercial airline engaged in scheduled and non-scheduled air operations throughout the Far East, with headquarters and large maintenance facilities located in Taiwan. CAT, a CIA proprietary, provides air logistical support under commercial cover to most CIA and other US Government agencies' requirements. . . . During the past ten years, it has had some notable achievements, including support of the Chinese Nationalist withdrawal from the mainland, air drop support to the French at Dien Bien Phu, complete logistical and tactical air support for the [1958] Indonesian operation, airlifts of refugees from North Vietnam, more than 200 overflights of Mainland China and Tibet, and extensive support in Laos during the current [1961] crisis.⁹

General Lansdale erred, however, in failing to distinguish between the Taiwan commercial airline CAT Co., Ltd. (alias Civil Air Transport, or CATCL), and the American operating firm CAT, Inc., the CIA proprietary which supplied CATCL with pilots and other personnel. Sixty percent of the capital and control of CATCL was Chinese Nationalist, represented by officers of the former Kin-cheng Bank in Shanghai, who allegedly fronted for T. V. Soong, the brother of Madame Chiang Kai-shek.¹⁰ Soong is one of the most important figures in this history.

CATCL had been set up by General Chennault in 1946. Chennault's partner in CAT was Whiting Willauer, a US "economic intelligence" officer who during World War II supplied the Flying Tigers as an officer of China Defense Supplies under T. V. Soong. CAT's treasurer in the 1940's was James J. Brennan, who after the war served as T. V. Soong's personal secretary in China. And the lawyer for CAT, as for the Flying Tigers, was Tommy Corcoran, who after the war was rumored to be handling T. V. Soong's multi-million dollar investments in the United States.¹¹

In the late 1940's, CAT flew military support missions for the Kuomintang against the Communists, while Chennault lobbied openly from a Washington office against the more cautious China policy of the Truman-Acheson State Department. In November, 1949, Chennault, after a similar visit by Chiang, flew to Syngman Rhee in Korea, "to give him a plan for the Korean military air force"; even though at this time it was still US official policy to deny Rhee planes, to discourage him from invading North Korea.¹² In December, 1949, *Time* later claimed, Dean Acheson told one of its correspondents that "What we must do now is shake loose from the

Chinese Nationalists"; while in January, 1949, George Kennan predicted that "by next year at this time we will have recognized the Chinese Communists."¹³

All such thoughts were frustrated by the sudden outbreak of the Korean War in June, 1950—an event still imperfectly understood, but which may have been anticipated by certain Kuomintang speculators; who, because of the war, "cleared an estimated profit of about \$30,000,000" in soybeans.¹⁴

Shortly after the outbreak of the Korean War, the CIA proprietary, CAT Inc., was chartered in Delaware. The American CAT promptly supplied planes, pilots and US airlift contracts to the Taiwan's CATCL, which in this period was the sole flag air carrier of Chiang's new Republic.¹⁵ While Tommy Corcoran continued to represent Soong, Chennault, and CATCL, the aviation law firm of Pogue and Neal handled the incorporation of CAT Inc. During this period of formation, a vice-president of the National City Bank of New York, Walter Reid Wolf, was recruited briefly as a CIA Deputy Director from 1951 to 1953; soon afterwards, two of Wolf's fellow-directors in the small Empire City Savings Bank, Samuel Sloan Walker and Arthur B. Richardson, were named to the board of CAT, Inc. At the same time, Desmond Fitzgerald entered the CIA. He was a cousin of Walker's and a close business associate of Wolf's and, like them, a member of New York's 400-member Brook Club, "perhaps clubdom's richest from the point of view of inherited wealth."¹⁶ Other Brook Club members included three directors of CAT, Inc., two directors of Pan Am, and Chiang Kai-shek's promoters Walter S. Robertson, who for six years was Eisenhower's Assistant Secretary of State for Far Eastern Affairs, and journalist Joe Alsop.

In this pyramid, the CIA's official control over CATCL was remote and unreliable. While it owned 100 percent of CAT, Inc., and of CAT's Asian subsidiary, the CIA only owned 40 percent of CATCL, and thus could hardly be called to account when (as frequently occurred) CAT planes flew in support of operations conforming to Taiwan and Kuomintang foreign policy, but at odds with the official foreign policy of the United States. Even the CIA's control over the Airdale/Pacific Corp., which is said to clear profits in the order of \$10 million a year, is open to question: it is possible that the proprietary relationship is as useful in supplying an "official" cover for private profit as it is in supplying a "private" cover for the CIA.¹⁷

Air America itself has a private stake in Southeast Asia's burgeoning oil economy, for it

Flies prospectors looking for copper and geologists searching for oil in Indonesia, and provides pilots for commercial airlines such as Air Vietnam and Thai Airways and for China Airlines [Taiwan's new Chinese-owned flag airline which since 1968 has taken over CAT's passenger services].¹⁸

Much larger has been the economic stake of the financial interests represented on the boards of Pacific Corp. and CAT Inc. over the years (such as Dillon Read, represented by William A. Read, Jr., and the Rockefellers, represented by Laurance Rockefeller's employee Harper Woodward.)

Perhaps the most obvious stake has been that of Pan Am (on whose board sit Robert Lehman of Lehman Brothers and James Sterling Rockefeller of the National City Bank). Like the National City Bank itself, and the larger Bank of America which in the early post-war period was still allied with it,¹⁹ so also Pan Am was particularly oriented towards development of a "Pacific rim community," as opposed to an "Atlantic community." It has been shown that Pan Am's staggering profits in the 1960's were built on its early monopoly of commercial air service to Thailand and Indo-China. Pan Am's Indo-China service was opened, with the assistance of the US Government "in the national interest," on May 22nd,



Walter Spencer Robertson

1953, 17 days after CAT, using planes and pilots "loaned" by the USAF, began its military airlift to Dien Bien Phu.

The inauguration of CAT's airlift to Laos in September 1959, which has continued with little interruption ever since, was likewise a godsend to Pan Am and the other big US airlines, at a time when they were suffering badly. Laos generated a need for additional military airlift which, after considerable lobbying and threats of quitting international service, was awarded by contract to the commercial carriers.²⁰ Thanks to its Pacific operations, Pan Am saw its charter revenues soar almost 300 percent in four years, and showed a profit in 1961 for the first time since 1956, even though its Atlantic service continued to operate at a loss.²¹

the so-called China Lobby in Congress in the early 1950's was to be found the heart of the Pan Am lobby. Senator Pat McCarran of Nevada, who chaired the Congressional inquiry into Owen Lattimore and the Institute of Pacific Relations, had first achieved fame as author of the 1938 Civil Aeronautics Act, and later as an oil lobbyist. In his heyday as a China Lobbyist, McCarran was also known as "the gamblers' senator"; and is said to have held court at the Riverside Hotel in Reno, making deals with syndicate men to obtain casino licenses despite the law.²² Nevertheless, one cannot call lobbying a *conspiracy*, any more than one can discern anything illegal in the fact that Air America's top operating personnel were also recruited from Pan Am.²³ But when one looks beyond the Washington offices of Air America to the Asian field operations of CAT, with its 60 percent Chinese Nationalist control, the possibility of Kuomintang-criminal connections and activity demands to be explored.

The most questionable of CAT's activities was its sustained supply of arms and other supplies to Kuomintang (KMT) General Li Mi and his successors in Burma and North Thailand, between 1949 and 1961. Li Mi is probably the only major opium-dealer in the world to have been honored with the US Legion of Merit and Medal of Freedom; his 93rd Division began collecting opium from the Meos of northern Laos as early as 1946.²⁴ Faced with a public scandal after Burma complained about these foreign intruders on its soil, the US hired CAT Inc. to fly them out in 1954. Nevertheless, the bulk of the troops refused to move, and CATCL continued to supply them, possibly using some of the very

Senator Pat McCarran



according to an informed source, "the CIA saw these troops as a thorn in Mao's side and continued to supply them with arms *and money*," even though they had "decided to settle down and become rich by growing opium."²⁵

The decision to finance and supply the remnants of Li Mi's troops had grave consequences for the world opium and heroin traffic, and also for that part of it handled by the so-called National Crime Syndicate in the United States. The new right-wing Thai Government of Phibum Songgram, having seized power in a 1948 coup (over the issue of controlling the local Chinese),²⁶ legalized the sale of opium and established an official Thai Government Opium Monopoly, on September 17, 1949. This happened just as the Chinese Communists were expelling the last of the KMT-linked warlords who had supplied the Far East and America with opium before World War II. Shortly thereafter, prepared opium in the containers of the Thai Government Monopoly was seized in a raid in Boston, Massachusetts, an event not noted in the US press but duly reported by the US Government to the United Nations Commission on Narcotic Drugs.²⁷ Throughout the 1950's, US Government representatives continued to notice quietly that Thailand was a source for the opium and heroin imported into the United States, though this relative candor waned in the 1960's with the escalation of the war in Vietnam.²⁸ They also reported the rapid increase in both opium-trading and opium-growing in northern Thailand, where the KMT troops were established; and noted that most of this opium was exported out of Thailand for illicit traffic abroad.²⁹

Up until about 1964, however, the United States also complained officially and ostentatiously to the UN Narcotics Commission about "Yunnan opium," brand "999" morphine, and heroin from "the Chinese mainland," as part of Peking's "twenty-year plan to finance political activities and spread addiction."³⁰ In 1958, for example, the US reported the smuggling into the United States of 154 pounds of heroin "from mainland China"; and in 1960 that "the principal sources of the diacetylmorphine [heroin] seized in the United States were Hong Kong, Mexico, and communist China."³¹ But other delegates and the Commission itself would complete this misleading picture: "Yunnan opium" was opium which came from anywhere in the "fertile triangle" (the Burma-Thai-Laos-Yunnan border area). The Hong Kong authorities "were not aware of a traffic in narcotics from the mainland of China through Hong Kong"; but "quantities of narcotics reached Hong Kong via Thailand."³² The bulk of "Yunnan opium," and the "999" morphine in particular, were in fact trafficked under the protection of the KMT troops in Burma and north Thailand supplied by CAT. In 1960, the UN Commission discreetly noted the presence in the Burmese sector of the "fertile triangle" of "remnants of KMT troops who were maintaining themselves largely on the profits of the opium trade. It was reported that they received their supplies periodically by air."³³

Why did CAT planes continue until 1961 to support the suppliers of heroin which was flooding, via Thailand and Hong Kong, into the United States? One reason was indeed military, to use the KMT troops and raids "as a



Madame Chiang Kai-shek

thorn in Mao's side," especially during the CIA/CAT-supported operation in Tibet from 1956-60, for which the CIA agent Tony Poe (later stationed in the Laotian opium center of Ban Houei Sai) trained Tibetan guerrillas in the mountains of Colorado.³⁴

But a second reason was political: to maintain contact with the elaborate fabric of Chinese secret societies or "Triads" throughout Southeast Asia. The profits and relationships of the opium trade, in other words, would help to preserve the pre-war Nationalist influence among the Chinese middle class of these countries, and thus challenge their allegiance to the new Chinese People's Republic. This question of Chinese allegiance was particularly acute in the early 1950's in Malaya, where the farming of the opium franchise among Chinese "Triads" had been resorted to by the British authorities since at least the 1870's.³⁵ Organized opium traffic, in other words, had become a well-established accommodation and control mechanism; and after World War II the opium was supplied by the "fertile triangle."³⁶

Although the British by and large resisted Triad-KMT offers to mobilize against the Chinese insurgency in Malaya, they also found it difficult to crack down on the opium and gambling activities of the Wa Kei secret society, "without disrupting the fabric" of the Wa Kei and leaving a vacuum for the Communists to fill.³⁷ Meanwhile the wealthy Chinese owners of tin-mines in the more exposed countryside found it expedient to subsidize a Wa Kei-Triad private army "with strong KMT

guerrillas. This "Kinta Valley Home Guard" is given credit for restoring security to the Malayan tin industry by 1954.³⁸

In Thailand, also, the farming of the opium franchise has been used by the government for over a century as a means of controlling the local Chinese population; and the enormous profits from the opium traffic have been a traditional source of corruption inside the Siamese Government.³⁹ In the 1950's, the Thai police Interior Minister General, after an initial phase of anti-Chinese administration, "showed every willingness to co-operate with Kuomintang Chinese in the campaign against Communism."⁴⁰ At the same time, his police, and in particular his border police, collaborated with Li Mi's KMT troops in Burma by officially "confiscating" their contraband opium in return for a reward to KMT "informers." (As early as 1950, a US Government representative noted cynical reports that it was profitable for the opium-trader to be seized and to share the reward with police).⁴¹

It seems indisputable that some elements in the KMT used opium as a means to organize and finance KMT links with and control over the important Chinese communities of Southeast Asia. This is not surprising: the KMT had relied on the Triads and gangs involved in the opium traffic as early as 1927, when Chiang Kai-shek, encouraged by foreign bankers, used the "Green Gang" of Tu Yueh-sheng to break the Communist insurrection in Shanghai.⁴²

After the remnants of the Shanghai "Green" and "Red Gangs" had relocated in Hong Kong, one finds increasing references in UN Reports to the narcotics trafficking of Triad societies in Hong Kong and indeed throughout the world. In 1963, for example, the US representative to the UN Narcotics Commission "observed that the problem of the Triad organizations (Chinese groups involved in the illicit traffic in the Far East and Europe) appeared to be significant in recent trafficking developments." Other delegates, confirming that "many heroin traffickers . . . had Triad backgrounds," noted the activities of Hong Kong Triad representatives in Germany, Spain, and Switzerland.⁴³

This world-wide network of Chinese secret societies in the opium traffic extended both before and after World War II to the Hip Sings, one of the Chinese tongs in the United States, and also to the Bing Kong and other American tongs. In the 1930's, the national president of the Hip Sings, Yee On Li, was convicted for a Mafia-linked narcotics operation involving the wife of Lucky Luciano's partner, Thomas Pennachio; Yee was also involved with "Hip Sing dope dealers in Chicago, San Francisco, Pittsburgh, New York, Cleveland, Dallas, and other important cities."⁴⁴ In January, 1959, a new generation of Hip Sing officials, including San Francisco president George W. Yee, were again indicted for narcotics smuggling. A US Government report on the indictments noted that the tong's activities possibly paralleled "the operations of the Triad societies in Hong Kong."⁴⁵

It has been claimed that profits from narcotics smuggling in the United States have been channeled into Chiang Kai-shek's lobby in the US Congress, thus helping to keep open the opium supply lines through Laos and

... *activities*, wrote that

There is . . . considerable evidence that a number of [Nationalist] Chinese officials engaged in the illegal smuggling of narcotics into the United States with the full knowledge and connivance of the Nationalist Chinese Government. The evidence indicates that several prominent Americans have participated in and profited from these transactions. It indicates further that the narcotics business has been an important factor in the activities and permutations of the China Lobby.⁴⁶

Professor Koen expressed the hope that his charges would lead to a fuller legal investigation; they led, instead, after a denial from Narcotics Commissioner Anslinger, to his book's being suppressed by the publisher. But Anslinger's denial, recently published, does not touch upon Mr. Koen's charge about the China Lobby:

I can give you an unqualified statement that this is manufactured out of the whole cloth: that there is no scintilla of evidence that any Chinese officials have engaged in illegal smuggling of narcotics into the United States *with the full knowledge and connivance of the Chinese Nationalist Government.*⁴⁷

And, without the italicized qualification, Mr. Anslinger's refutation is hard to believe. For Chiang's Consul General to San Francisco at the time of the Hip Sing arrests in the late 1930's, Huang Chao-chin, himself "narrowly escaped conviction . . . on charges of smuggling narcotics in the US."⁴⁸ Since 1952, Huang has been a member of the KMT Central Committee, and today he is Chairman of the First Commercial Bank of Taiwan.

The KMT's stake in the CAT airlift to its troops in the "fertile triangle" became obvious in 1961, when Fang Chih, a member of the KMT Central Supervisory Committee and Secretary-General of the Free China Relief Agency (FCRA), admitted responsibility for an unlisted CAT plane that had just been shot down over Thailand by the Burmese Air Force.⁴⁹ The Asian Peoples' Anti-Communist League (APACL), of which the FCRA at the same address was a member agency, was itself an organization through which the KMT maintained overt contact with right-wing political and financial interests in Europe and America, as well as with overseas Chinese communities.

The Chairman of the APACL's secret liaison group in America (in effect the heart of the American China Lobby) was in 1959 Charles Edison, yet another right-wing member of the Brook Club.⁵⁰ The APACL also wrote of its collaboration with psychological-warfare experts in the Department of Defense, and with the John Birch Society. The unpublicized visit to Laos of Fang Chih, in the weeks immediately preceding the phony Laos "invasion" of 1959, suggests that the narcotics traffic, as well as Pathet Lao activity, may have been a reason why CAT's planes inaugurated their flights in that year into the opium-growing Meo areas of Sam Neua province. This, in turn, would explain the extraordinary rumors, reported in the *Christian Science Monitor*, that the Laotian Air Force's "opium runs are made with CIA 'protection.'"⁵¹

... *to go with North Vietnam and the non-existent "invasion" of Laos, reported by Brook Club member Joe Alsop, than with opium? The US Government itself, commenting on the nearby rebellion of the same year in the Shan states of Burma, called it "an instance of a rebellion precipitated by the opium traffic."*⁵² The KMT-sponsored Shan rebellion followed a crack-down in the summer of 1959 by the Burmese Government, after Pai Che-jen and some 2,000 KMT troops had been driven from Sanskyin Mountain in Yunnan into Burma in 1958.⁵³

By March, 1959, according to Bernard Fall, "Some of the Nationalist guerrillas operating in the Shan states of neighboring Burma had crossed into Laotian territory and were being supplied by an airlift of 'unknown planes'."⁵⁴ Their old opium routes were being threatened to the south as well. In July, 1959, the Thai Government, in response to years of US Government pressure, ended its opium monopoly and announced it would clamp down on the narcotics traffic.⁵⁵ Shortly after this prohibition, heroin, in the place of the bulkier opium, "came to be regarded as the major problem" in Thailand.⁵⁶ By September, 1959, CAT had commenced charter airlift in Laos at the expense of the American taxpayer.

Meanwhile, in May and June of 1959, Fang Chih of the Asian Peoples' Anti-Communist League (APACL) visited KMT camps in Laos, Burma, and Thailand, as he did again in 1960. On August 18, 1959, five days before the arrival of the two CAT planes in Vientiane, and 12 days before the alleged "invasion," Ku Cheng-kang, who was President of the FCRA as well as of the Taiwan APACL, received in Taiwan the mysterious but influential Colonel Oudone Sananikone, a member of what was then the ruling Laotian family and nephew of the Laotian Premier Phoui Sananikone.⁵⁷ On August 26th, 1959, in Washington, Oudone's father, Ngon Sananikone, signed the US-Laos emergency aid agreement which would pay to charter the CAT planes, eight days after their arrival. This was only a few hours after Eisenhower had left for Europe on the same day, not having had time to study the aid request, for Ngon had only submitted it on August 25. On August 27, Col. Oudone Sananikone attended the founding in Taiwan of a Sino-Laotian friendship society, whose trustees included Ku Cheng-kang and Fang Chih.⁵⁸

Oudone Sananikone headed a "Laotian" paramilitary airline, Veba Akhat, which in those days serviced the opium-growing areas north of the Plaine des Jarres with Chinese Nationalist planes and personnel (CAT had not yet begun its operations to the Meos in this region, which offered such profitable opportunities for smuggling as a sideline for enterprising pilots.)⁵⁹ Colonel Oudone Sananikone also figured prominently in the secret three-way talks between officers of Laos, South Vietnam, and Taiwan, which preceded the Laotian coup and resulting crisis of April 19th, 1964, a coup which was reported two days in advance by Taiwan Radio.⁶⁰

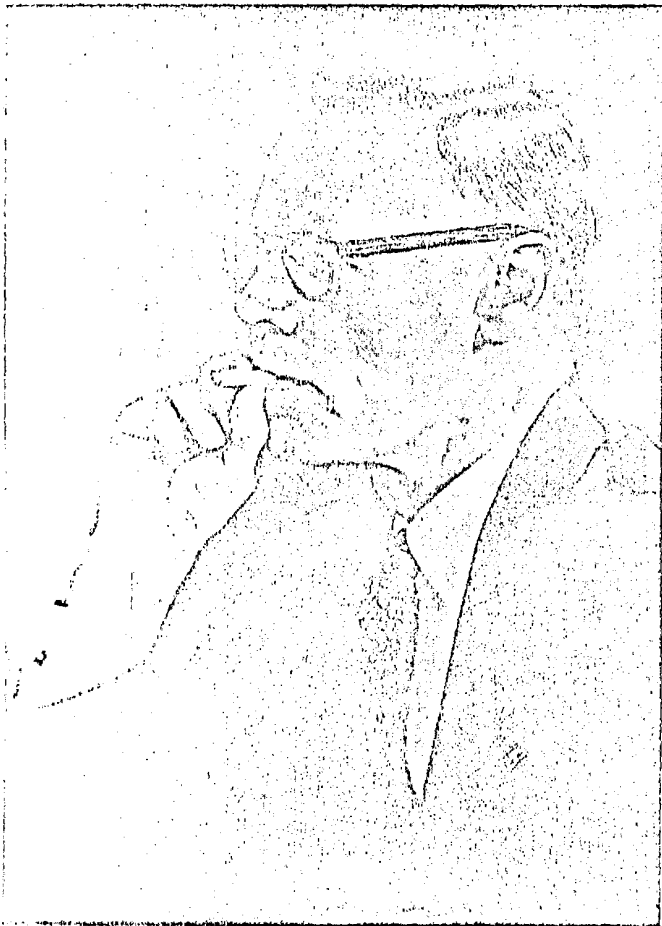
Another major figure in the 1959 and 1964 Laotian plots was General Ouane Rathikoune, who flew with Joe Alsop to Sam Neua and showed him the staged evidence of the 1959 "invasion." General Ouane is said to have admitted in a recent interview that he was "the real boss" of opium operations in Laos.⁶¹

What is extraordinary, and quite possibly criminal under US law, is not the involvement in narcotics of the KMT, nor that of the Taiwan airline CATCL which it controls, but of Americans exercising the authority of the CIA.

The CIA as an agency, it is true, cannot be identified with the narcotics trade any more than can the whole of the Kuomintang. In 1955, for example, while the CIA was running its airlift to the opium trade in Thailand, General Lansdale in Vietnam used CIA funds to smash a pro-French organization, which controlled the dope and gambling activities of Saigon and its Chinese suburb, much as the Triads operated in Malaya.⁶² In 1971, Air America planes are reported to have taken part in the growing US crackdown on the narcotics traffic.

But while General Lansdale was cracking down on narcotics in Vietnam, William H. Bird, the CAT representative in Bangkok, is said to have co-ordinated CAT air-drops to Li Mi's troops in the "fertile triangle." In 1960, after CAT began flying in Laos through "the great Laos fraud," his private engineering firm began the construction of short airstrips in Meo territory which were soon used for the collection of Laos opium, some of it destined to be manufactured into heroin in Marseilles, and forwarded to the National Crime Syndicate in the United States.⁶³ Soon Bird and Son had its own airline of 50 planes flying US contract airlift to the opium-growing tribesmen, and rumors soon arose that

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these planes, like Air America's in the same area, were not infrequently used for smuggling.⁶⁴

Willis Bird, William Bird's brother or cousin in Bangkok, headed the Bangkok office of a "trading company" called Sea Supply, Inc. As I noted earlier, Sea Supply first supplied arms to the KMT troops of General Li Mi, and later trained Phao Sriyanon's Thai border police who were also implicated in KMT opium-smuggling activities. Like William, Willis Bird also branched into the construction business on his own. In 1959, as Vice-President of the "Universal Construction Company," Bird was said by a Congressional committee investigating corruption in Laos to have bribed an ICA aid official in Vientiane.⁶⁵ In 1962, when President Kennedy was struggling to bring the CIA hawks in Thailand under control, his brother the Attorney General belatedly returned an indictment against Willis Bird, who has never returned to this country to stand trial.⁶⁶

What particularly concerns us is of course not the personal venality of a US construction official or of pilots dabbling in opium on the side, so much as the sustained support by CIA proprietaries of narcotics-smuggling activities which affected the continental United States. It is not at all clear that this policy had official sanction: Eisenhower seems to have been unaware of the airlift operations of Air America and Bird and Son in Laos, which were apparently only authorized by an elaborate conspiracy of deceit. By all accounts, the Kennedy Administration was exerting pressure to remove the "estimated 4,000 Chinese Nationalists" who "were reportedly operating in western Laos in 1961," having been "flown from Taiwan into bases in northern Thailand."⁶⁷ Even the Johnson Administration announced in February 1964 that it would withdraw Air America from Laos: this announcement came to naught after the organizer of CAT's American replacement, John Davidson of Seaboard World Services, was "accidentally" killed in a dubious and controversial explosion of a CAT plane.⁶⁸

How could the objectives of a US president be at odds with those of a CIA proprietary? The obvious stake of KMT interests in CATCL is a partial explanation, to which one can perhaps add the stake of private American interests as well. For it is a striking fact that the law firm of Tommy Corcoran, the Washington lawyer for CATCL and T. V. Soong, has had its own links to the interlocking worlds of the China Lobby and of organized crime. His partner, W. S. Youngman, joined the board of US Life and other domestic insurance companies, controlled by C. V. Starr (OSS, China) with the help of Philippine and other Asian capital. Youngman's fellow-directors of Starr's companies have included John S. Woodbridge of Pan Am, Francis F. Randolph of J. & W. Seligman, W. Palmer Dixon of Loeb Rhoades, Charles Edison of the post-war China Lobby, and Alfred B. Jones of the Nationalist Chinese Government's registered lobby, the Universal Trading Corporation. The McClellan Committee heard that in 1950 US Life (with Edison a director) and a much smaller company (Union Casualty of New York) were allotted a major Teamsters insurance contract, after a lower bid from a larger and safer company had been rejected. Hoffa was accused by a fellow-trustee, testifying under oath before another committee, of intervening on behalf of US Life and Union Casualty, whose agents were

...business associates ... Miami.

The National City Bank itself had once leased its racetrack in Havana (and also, through a subsidiary, the Hotel Nationale de Cuba's casino) to Meyer Lansky of the Organized Crime Syndicate.⁷⁰ In 1950, Citibank's largest shareholder, Transamerica Corporation, was represented through James F. Cavagnaro, in the shadowy "World Commerce Corporation" organized by several OSS veterans. In 1950, the World Commerce Corporation was involved in dubious soybean operations⁷¹ while its subsidiary, Commerce International (China), sponsored the unauthorized Pawley-Cooke military assistance mission to Taiwan,⁷² and the illegal smuggling of airplanes from California to the government of Chiang Kai-shek.⁷³ Satiris "Sonny" Fassoulis, accused of passing bribes as the vice-president of Commerce International (China), was under indictment ten years later when he surfaced in the Syndicate-linked Guterma scandals.⁷⁴

A director of Air America through the years has been Robert Guestier Goelet of the City Investing Co., where his fellow-directors through the years have included Joseph Binns of the aforementioned US Life (Binns was involved in Bahamas and other land speculations with Meyer Lansky's business associate Lou Chesler),⁷⁵ and John W. Houser (an intelligence veteran from the Pacific who negotiated the lease of the Havana Hilton hotel casino to Cuban associates of the Syndicate).⁷⁶

We find the same network linking CIA proprietaries, war lobbies, and organized crime, when we turn our attention from CAT to the other identified supporter of activities, Sea Supply Inc. Sea Supply Inc. was organized in Miami, Florida, where its counsel, Paul L. E. Helliwell, doubled after 1951 as the counsel for C. V. Starr insurance interests, and also as His Thai Majesty's Consul in Miami. It would be hard to say whether Helliwell (the former OSS Chief of Special Intelligence in China) was more active in representing US or Thai government interests: in 1955 and 1956, for example, the Thai Consulate in Miami (operating out of Helliwell's office as secretary for the American Bankers' Insurance Company of Florida) passed over \$30,000 to its registered foreign lobbyist in Washington, Tommy Corcoran's law partner James Rowe. Inasmuch as Corcoran and Rowe were two of the closest personal advisers to Lyndon Baines Johnson, then the rapidly rising Senate Majority Leader, Helliwell's lobbying activities for the opium-dealing Government of Phibun and Phao Sriyanon may well have had a more powerful impact on US policy than his legal activities for the CIA.

Miami, of course, has been frequently identified as "a point where many of the more important United States and Canadian and even the French [narcotics] traffickers congregate."⁷⁷ American Bankers' Insurance, the company from whose office Helliwell doubled as Thai Consul General and counsel for Sea Supply, Inc., appears to have maintained its own marginal links with the institutions servicing the world of organized crime and narcotics.⁷⁸ The most striking interlock is that of its director, Jack L. King, who in 1964 was also a director of the Miami National Bank. The Miami National Bank was identified in 1969 as having served between 1963 and 1967 as a conduit through which "the" Syndicate money was ex-

...Meyer Lansky's ... through the interlocking Exchange and Investment Bank in Geneva.⁷⁹ Lou Poller, King's fellow-director of the Miami National Bank and a director also of the Swiss Exchange and Investment Bank, was investigated by the McClellan committee about his use of Teamster capital to acquire the Miami National Bank, and subsequently indicted for perjury.⁸⁰

It is said that rich Thai and other Asian capitalists, as well as wealthy Syndicate gangsters such as "Trigger Mike" Coppola, have invested heavily in Florida's post-war land boom, through companies such as the General Development Corporation of Meyer Lansky's business associate Lou Chesler.⁸¹ Such business associations might help explain why, for example, Prince Puchartra of Thailand became the only royal representative at the 1966 opening of Caesar's Palace in Las Vegas, a hotel-casino said to be controlled by Jimmy Hoffa.⁸² The same associations, if they were exposed, might cast light on the unexplained 1968 business trip to Hong Kong and Southeast Asia of Santo Trafficante, an old Lansky associate named in narcotics investigations.⁸³ Trafficante had been preceded in 1965 by John Pullman, Meyer Lansky's courier to the Miami National Bank. In April, 1965, Pullman visited "the Peninsula Hotel in Hong Kong, where the syndicate had casinos and obtained much of its narcotics."⁸⁴

The apparent involvement of CIA proprietaries with foreign narcotics operations is paralleled by their apparent interlock with the domestic institutions involved with organized crime. The need to understand such involvements more fully may well become more urgent in the future, as the Indochina war is "Vietnamized" and handed over increasingly to CIA proprietaries such as Air America. For the thrust of this admittedly sketchy inquiry has been to suggest that, with the maturation of both capitalism and third-world nationalism, and with the outlawing of private war operations like those financed by the Seligmans in 1903, wealthy US interests (using the secret authorities delegated to the CIA) have resorted systematically to organized outlaws to pursue their operations.

It is true that the embarrassing links between Air America and CATCL have been diminished in the last five years. But the opium-based economy of Laos is still being protected by a coalition of opium-growing CIA mercenaries, Air America planes, and Thai troops.⁸⁵ The recent crackdown on Turkish opium production handled by Corsicans in France can, of course, only increase the importance of heroin deriving from (and refined in) the "fertile triangle," which is already estimated to supply possibly 25 percent of American heroin consumption.⁸⁶

Official US doubletalk about the domestic heroin problem, and the reluctance since about 1963 to recognize the "fertile triangle" as a source for it, is only one further symptom that the public sanctions of law and the constitution have yielded ground to private interests and the secret sanctions provided by the CIA. More specifically, the use of illegal narcotics networks to fight communism, resorted to by capitalists in Shanghai in 1927 and in Southeast Asia in the 1950's, seems without our knowledge to have been sanctioned inside the United States.

Footnotes from *Heroin Traffic: Some Amazing Coincidences...*, appearing on page 45.

1. Samuel Eliot Morison, *The Oxford History of the American People* (New York: O.U.P., 1965), pp. 825-26. Pointing to the subsequent impact on all Latin America, Morison concludes that "The United States is paying dear today for Roosevelt's impetuosity in 1903."

2. For example the "nation-building" activities in Vietnam of the immigrant European liberal Joseph Buttinger can be compared to those of the French liberal Buneau-Varilla, "who had first caught the attention of the Seligmans through his activities in the Dreyfus case."

3. *Washington Post*, Dec. 22, 1963; quoted in Roger Hilsman, *To Move a Nation* (Garden City, N.Y.: Doubleday, 1967), p. 63.

4. David Wise and Thomas B. Ross, *The Espionage Establishment* (New York: Random House, 1967), p. 166.

5. Frank G. Wisner (OSS) came to the government in 1948 from the Wall Street legal firm of Carter, Ledyard and Milburn, which represented various Rockefeller, Whitney, and Standard Oil interests. As Director of the "Office of Policy Co-ordination," which became the CIA's Plans Division on Jan. 4, 1951, Wisner was in charge of the CIA's covert operations.

William Harding Jackson (Republican), Smith's Deputy Director in 1950-51, had been with Carter, Ledyard and Milburn from 1934 to 1947, and was now an investment partner of John Hay Whitney on the board of Bankers' Trust.

Allen Welsh Dulles (OSS, Republican), a war-time director of J. Henry Schroder Banking Corporation and long-time partner of Sullivan and Cromwell (linked with various Rockefeller and Schroder interests), succeeded Jackson as Deputy Director in August 1951.

Murray McConnell, President of the Manufacturers Capital Corporation on Wall Street, was the CIA's Deputy Director for Administration in 1950 and 1951.

Walter Reid Wolf (Republican), a Vice-President of the National City Bank of New York and of its investment affiliate City Bank Farmers' Trust, was a CIA Deputy Director (presumably McConnell's successor) from 1951 to 1953.

Robert Amory, Jr., son of a New York manufacturer who was a co-director of at least three Boston firms with directors of United Fruit, came to the CIA as Deputy Director for Intelligence from the Harvard Law School in 1952 (according to *Who's Who*).

Loftus E. Becker, of the Wall Street law firm Cahill, Gordon, Reindel and Ohl (representing the investment firms of Dillon Read and Stone and Webster) went on leave to the CIA in April 1951 and was named Deputy Director "for Intelligence" (according to the Martindale-Hubbard Law Directory, 1965, p. 4707) for a year beginning January 21, 1952.

All of these seven men except Becker were also listed in the select *New York Social Register*, and thus were members not only of New York's financial-legal elite but of its hereditary upper class. The known links between the CIA and Civil Air Transport-Air America date from this period, when New York finance enjoyed a monopoly over the CIA's top civilian appointments.

6. David Wise and Thomas B. Ross, *The Invisible Government* (New York: Bantam, 1965), pp. 115-16; *New Republic*, April 12, 1969, p. 8.

7. Wise and Ross, *Invisible Government*, p. 140.

8. *New York Times*, 20 September 1957, p. 7.

9. *The Pentagon Papers* (New York: Bantam, 1971), p. 137.

10. Arnold Dibble, "The Nine Lives of Cat-II," *Saturday Evening Post*, 18 May 1968, p. 50. *New York Times*, 11 November 1949, p. 14; 5 April 1970, p. 22; *Free China Review*, November 1963, p. 31. In 1949 the Kincheng Bank ostensibly severed its connections with CAT, in the vain hope of continuing to operate on the mainland. But Wang Wen-san, then Manager of the Kincheng Bank, is still Chairman of CATCL's Board, on which the KMT-Chinese Nationalists have three of the five seats. Air America pilots still circulate the rumor that "Madam Chiang owns the

San Francisco Chronicle, 2 April 1970, p. 51).

11. John R. Beal, *Marshall in China* (New York: Doubleday, 1970), p. 00.

12. US Congress, House, Committee on Un-American Activities, *International Communism: Consultation with Major-General Claire Lee Chennault*, 85th Cong., 2nd Sess., 23 April 1958, pp. 9-10; US Department of State, *US Policy in the Korean Crisis* (Washington: G.P.O., 1950), pp. 21-22.

13. *Time*, 15 October 1951, p. 23.

14. *New York Times*, 6 July 1951, p. 9; cf. June 9, 1951, p. 6; I. F. Stone, *The Hidden History of the Korean War* (New York: Monthly Review Press, 1969), p. xi. *The New York Times* wrote that "the soybean is expected to come under any Congressional inquiry of the China Lobby"; but no such inquiry ever took place. It may be relevant that Joe McCarthy himself took part in the profitable soybean speculations, on the advice of a Pepsi-Cola lobbyist.

15. The build up of US military airlift inside Korea was flown by CATCL, which soon boasted assets of some \$5.5 million, and income in the order of from \$6 to \$12 million a year (*Colliers*, 11 August 1951, p. 35).

16. Cleveland Amory, *Who Killed Society?* (New York: Pocket Books, 1960), p. 202.

17. One indication of this mutual advantage between political and economic concerns is the later convergence in the board of one enterprise (Cuno Engineering) of former CIA Director Bedell Smith, of his deputy director Murray McConnell, and of McConnell's successor Walter Reid Wolf who was involved in setting up CAT Inc.

18. *New York Times*, 5 April 1970, pp. 1, 22. Air America pilots, like Lockheed's U-2 pilots, are mostly recruited from the USAF, and are said to have the same rights of return into the USAF at the end of their "civilian" tour.

19. Transamerica Corp., the Giannini holding corporation, was in the late 1940's the largest stockholder in both banks, owning about 9 percent of Citibank, and 22 percent of the Bank of America.

20. *New York Times*, 8 April 1960, p. 62; US Congress, House, Committee on Armed Services, Special Subcommittee on National Airlift, *Hearings*, 86th Cong., 2nd Sess. (Washington: G.P.O., 1960), pp. 4616-50, 4730-34. The President of Pan Am testified that his company would have to release 300 pilots during the next six months "if traffic—other than normal civil traffic—doesn't become available." It has been noted that the Congressional compromise between the Pentagon and the commercial airlines contained "no recommendation about what to do if the combination of more strategic airlift and continuing guarantees to the (airlines) industry produced too much airlift in nonwar situations" (Frederick C. Thayer, *Air Transport Policy and National Security*, Chapel Hill, N.C.: University of North Carolina Press, 1965, p. 225). Thanks to the Laotian airlift and war, that problem was not faced.

21. Angus McDonald and Al McCoy, "Pan Am Makes the Going Great," *Scanlan's* (April 1970), p. 53. In 1961 Pan Am's Atlantic competitor, TWA, lost \$38 million. In 1962 Pan Am's total air cargo load rose 500 percent, thanks in part to the airlift in that year of US troops to Thailand.

22. Ed Reid, *The Grim Reapers* (Chicago: Henry Regnery, 1969), p. 219; Wallace Turner, *Gamblers' Money: The New Force in American Life* (Cambridge, Mass.: Houghton Mifflin, 1965), pp. 10, 274.

23. George A. Dole, Chief Executive Officer of Air America, Amos Hiatt, Treasurer, and Hugh Grundy, President of Air Asia, all were recruited from Pan Am and its foreign subsidiaries; just as William Pawley had worked for Pan Am's China subsidiary CATAC before setting up the Flying Tigers in 1941. One also notes that the "American Plans for Laos" who volunteered in response to the 1959 Laos "invitation" were recruited by Clifford L. Spear, a "major in the Air Force Reserve and civilian employee at Fort Huachuca, Arizona" (*New York Times*, 27 September 1959, p. 16).

continued

- Pan Am has a contract at Fort Huachuca to conduct highly secret "electronics weapons" research for the USAF.
24. J. T. McAlister, *Vietnam: The Origins of a Revolution* (New York: Knopf, 1969), p. 228; cited in David Feingold, "Opium and Politics in Laos," in Nina Adams and Al McCoy (eds.) *Laos: War and Revolution* (New York: Harper, 1970), p. 335.
 25. George Thayer, *The War Business* (New York: Simon and Schuster, 1969), p. 158, emphasis added. Even the US Government *Area Book for Thailand* (Washington: G.P.O., 1968), records of the KMT troops that "Their principal income allegedly comes from serving as armed escort for the opium caravans moving southward" (to Bangkok) (p. 454).
 26. G. William Skinner, *Chinese Society in Thailand: an Analytical History* (Ithaca, N.Y.: Cornell U.P., 1957), p. 289.
 27. UN Document E/CN.7/213 (communicated by the US Representative), 17 November 1950, p. 9.
 28. E.g., statement of Harry J. Anslinger, then US Commissioner of Narcotics, before the Senate Committee on the Judiciary, *Illicit Narcotics Traffic, Hearings, 84th Cong., 2nd Sess.* (Washington: Government Printing Office, 1955), p. 13; U.N. Document E/CN.7/394, 29 April 1960, p. 2.
 29. US Congress, Senate, Committee on the Judiciary, *Narcotic Control Act of 1956, Hearing, 84th Cong., 2nd Sess., 4 May 1956*, p. 34. Before the Tenth (1955) session of the UN Narcotics Commission, the US representative noted that from 200 to 400 tons of opium were imported annually south into Thailand across the Burma-Laos border, of which only 100 tons were consumed in Thailand itself (UN Document E/CN.7/303/Rev. 1, p. 34).
 30. UN commission on Narcotics Drugs, *Report of the Ninth Session* (1954), E/CN.7/283, p. 22.
 31. UN Commission on Narcotic Drugs, *Report of the Thirteenth Session* (1958), E/CN.7/354, p. 26, cf. p. 22; *Report of the Fifteenth Session* (1960), E/CN.7/395, p. 19, cf. p. 18.
 32. UN Commission on Narcotic Drugs, *Report of the Fifteenth Session* (1960), E/CN.7/395, p. 18.
 33. UN Commission on Narcotic Drugs, *Report of the Fifteenth Session* (1960), E/CN.7/395, p. 15.
 34. *San Francisco Chronicle*, 4 September 1970, p. 1. *Free China and Asia*, a journal published by the KMT agency responsible for chartering the CAT flights, gave details of Yunnan military operations and wrote of "plans to rise up in coordination with the efforts of the Tibetans against the Communist rule, particularly those in Yunnan and Sikang" (*Free China and Asia*, June 1959, p. 21; cf. January 1959, p. 10).
 35. Wilfred Blythe, *Impact of Chinese Secret Societies in Malaya* (London: Oxford U.P., 1969), pp. 190, 250.
 36. Cf. (e.g.) UN, Committee on Narcotic Drugs, *Report of the Seventeenth Session*, E/CN.7/432, p. 15.
 37. Blythe, pp. 449, 441.
 38. Blythe, pp. 441-42.
 39. William Skinner, *Chinese Society in Thailand, An Analytical History* (Ithaca, N.Y.: Cornell U.P., 1957), pp. 120-21.
 40. Skinner, p. 337.
 41. UN Document E/CN.7/210, 3 November 1950, p. 3.
 42. H. R. Isaacs, *The Tragedy of the Chinese Revolution* (Stanford, Cal.: Stanford U.P., 1951), pp. 81, 142-46; Y. C. Wang, *Journal of Asia Studies*, May 1967, p. 437; Blythe, pp. 28-29, 21.
 43. UN, Commission on Narcotic Drugs, *Report of the Eighteenth Session*, E/CN.7/455, p. 10.
 44. Will Oursler and L. D. Smith, *Narcotics: America's Peril* (Garden City, N.Y.: Doubleday, 1952), p. 87.
 45. E/CN.7/394, 29 April 1960, p. 8.
 46. Ross Y. Koen, *The China Lobby in American Politics* (New York: Macmillan, 1960), p. 18.
 47. Joseph Keady, *The China Lobby Man* (Westchester, Ill.: Arlington House, 1960), p. 111, emphasis added.
 48. Michael Straight, "Corruption and Chiang Keeshuk," *New Republic*, 8 October 1954, p. 12.
 49. *New York Times*, 16 February 1961, p. 9; *Singapore Straits-*
- Times*, 20 February, 1961, p. 1.
50. APACL—*Its Growth and Outlook* (Taipei: APACL, 1960).
 51. *Christian Science Monitor*, 16 June 1970, p. 8; cf. 29 May 1970, p. 14; "Clearly the CIA is cognisant of, if not party to, the extensive movement of opium out of Laos. One charter pilot told me that 'friendly' opium shipments get special CIA clearance and monitoring on their flights southward out of the country. The same source alleged two or three flights without this 'protection' crashed under mysterious circumstances."
 52. US Note of 29 April 1960 to UN Commission on Narcotic Drugs, E/CN.7/394, p. 2.
 53. E/CN.7/394, p. 1; *Free China and Asia*, January 1959, p. 10.
 54. Bernard Fall, *Anatomy of a Crisis* (Garden City, New York: Doubleday, 1969), p. 99.
 55. The Thai police favoritism shown the KMT during 1952-1954 had been disavowed in 1956; and Prime Minister Phibun stated at a public press conference, "The Kuomintang causes too much trouble: they trade in opium and cause Thailand to be blamed in the United Nations" (Skinner, p. 343). The next year Phao was ousted from power by the present military rulers of Thailand, amid reports that Phao, "a sort of local Beria... ran the gold exchange and opium trade" (*New York Times*, 6 November 1957, p. 34).
 56. UN Commission on Narcotic Drugs: *Report of the Seventeenth Session* (1962), E/CN.7/432, p. 11.
 57. APACL, *Free China and Asia* (October, 1959), p. 14.
 58. *Free China and Asia*, October 1959, p. 31.
 59. In fact Veba Akhat was little more than a front for the Nationalist Chinese airlines from which it chartered six planes and pilots. On 19 February 1961, four days after the CAT/FCRA plane was shot down by the Burmese, a Veba Akhat C-47 leased from a Taiwan company was shot down over Laos; four of the six personnel aboard were said to be Nationalist Chinese officers. (*Bangkok Post*, 22 February 1961, p. 1; *Singapore Straits Times*, 22 February 1961, p. 3). The same year Taiwan's second airline, Foshing, reported a decrease in its air fleet from three C-47's to two. Foshing Airlines was headed by Moon Chin, a former Assistant Operating Manager of Pan Am's China subsidiary, CNAC, under William Pawley.
 60. *Bangkok Post*, 18 April 1964.
 61. *San Francisco Chronicle*, 16 August 1971, p. 12.
 62. It is striking that in 1961, when the CIA inaugurated covert air operations from Saigon against North Vietnam, it spurned the available planes and facilities of CAT at Saigon's Tan Son Nhut airport and set up a new, unrelated "prop-letary," "Aviation Investors, Inc.," d/b/a/ Vietnam Air Transport. Vietnam Air Transport is said to have hired Nguyen Cao Ky, then fired him after learning that he used his "Operation Haylift" flights as a cover for opium-smuggling from Laos to Saigon.
 63. Stanley Karnow once named a "debonaire, pencil-moustached Corsican by the name of Bonaventure Francisci" as one of the top opium-runners in Laos ("The Opium Must Go Through," *Life*, 30 August 1963, p. 12). The Francisci family has been linked to the Spirito-Venturi arm of the Corsican mafia in Marseilles, which in turn reaches to America through Syndicate associate Vincent Cotroni of Montreal (US Congress, Senate, Committee on Government Operations, *Organized Crime and Illicit Traffic in Narcotics, Hearings, 88th Cong., 2nd Sess., Washington, G.P.O., 1964*, pp. 956, 961; cited hereafter as *Narcotics Hearings*.) This

Pan Am has a contract at Fort Huachuca to conduct highly secret "electronics weapons" research for the USAF.

24. J. T. McAlister, *Vietnam: The Origins of a Revolution* (New York: Knopf, 1969), p. 228; cited in David Feingold, "Opium and Politics in Laos," in Nina Adams and Al McCoy (eds.) *Laos: War and Revolution* (New York: Harper, 1970), p. 335.

25. George Thayer, *The War Business* (New York: Simon and Schuster, 1969), p. 158, emphasis added. Even the US Government *Area Book for Thailand* (Washington: G.P.O., 1968), records of the KMT troops that "Their principal income allegedly comes from serving as armed escort for the opium caravans moving southward" (to Bangkok) (p. 454).

26. G. William Skinner, *Chinese Society in Thailand: an Analytical History* (Ithaca, N.Y.: Cornell U.P., 1957), p. 289.

27. UN Document E/CN.7/213 (communicated by the US Representative), 17 November 1950, p. 9.

28. E.g., statement of Harry J. Anslinger, then US Commissioner of Narcotics, before the Senate Committee on the Judiciary, *Illicit Narcotics Traffic, Hearings*, 84th Cong., 2nd Sess. (Washington: Government Printing Office, 1955), p. 13; U.N. Document E/CN.7/394, 29 April 1960, p. 2.

29. US Congress, Senate, Committee on the Judiciary, *Narcotic Control Act of 1956, Hearing*, 84th Cong., 2nd Sess., 4 May 1956, p. 34. Before the Tenth (1955) session of the UN Narcotics Commission, the US representative noted that from 200 to 400 tons of opium were imported annually south into Thailand across the Burma-Laos border, of which only 100 tons were consumed in Thailand itself (UN Document E/CN.7/303/Rev. 1, p. 34).

30. UN commission on Narcotics Drugs, *Report of the Ninth Session* (1954), E/CN.7/283, p. 22.

31. UN Commission on Narcotic Drugs, *Report of the Thirteenth Session* (1958), E/CN.7/354, p. 26, cf. p. 22; *Report of the Fifteenth Session* (1960), E/CN.7/395, p. 19, cf. p. 18.

32. UN Commission on Narcotic Drugs, *Report of the Fifteenth Session* (1960), E/CN.7/395, p. 18.

33. UN Commission on Narcotic Drugs, *Report of the Fifteenth Session* (1960), E/CN.7/395, p. 15.

34. *San Francisco Chronicle*, 4 September 1970, p. 1. *Free China and Asia*, a journal published by the KMT agency responsible for chartering the CAT flights, gave details of Yunnan military operations and wrote of "plans to rise up in coordination with the efforts of the Tibetans against the Communist rule, particularly those in Yunnan and Sikang" (*Free China and Asia*, June 1959, p. 21; cf. January 1959, p. 10).

35. Wilfred Blythe, *Impact of Chinese Secret Societies in Malaya* (London: Oxford U.P., 1969), pp. 190, 250.

36. Cf. (e.g.) UN, Committee on Narcotic Drugs, *Report of the Seventeenth Session*, E/CN.7/432, p. 15.

37. Blythe, pp. 449, 441.

38. Blythe, pp. 441-42.

39. William Skinner, *Chinese Society in Thailand, An Analytical History* (Ithaca, N.Y.: Cornell U.P., 1957), pp. 120-21.

40. Skinner, p. 337.

41. UN Document E/CN.7/210, 3 November 1950, p. 3.

42. H. R. Isaacs, *The Tragedy of the Chinese Revolution* (Stanford, Cal.: Stanford U.P., 1951), pp. 81, 142-46; Y. C. Wang, *Journal of Asia Studies*, May 1967, p. 437; Blythe, pp. 28-29, 21.

43. UN, Commission on Narcotic Drugs, *Report of the Eighteenth Session*, E/CN.7/455, p. 10.

44. Will Oursler and L. D. Smith, *Narcotics: America's Peril* (Garden City, N.Y.: Doubleday, 1952), p. 87.

45. E/CN.7/394, 29 April 1960, p. 8.

46. Ross Y. Koen, *The China Lobby in American Politics* (New York: Macmillan, 1960), p. 18.

47. Joseph Koenig, *The China Lobby Man* (New York: Atheneum, 1960), p. 110, emphasis added.

48. Michael Straight, "Corruption and Chinese Warlords," *New Republic*, 8 October 1954, p. 12.

49. *New York Times*, 16 February 1961, p. 9; *Singapore Straits*

Times, 20 February, 1961, p. 1.

50. APACL—*Its Growth and Outlook* (Taipei: APACL, 1960).

51. *Christian Science Monitor*, 16 June 1970, p. 8; cf. 29 May 1970, p. 14: "Clearly the CIA is cognizant of, if not party to, the extensive movement of opium out of Laos. One charter pilot told me that 'friendly' opium shipments get special CIA clearance and monitoring on their flights southward out of the country. The same source alleged two or three flights without this 'protection' crashed under mysterious circumstances."

52. US Note of 29 April 1960 to UN Commission on Narcotic Drugs, E/CN.7/394, p. 2.

53. E/CN.7/394, p. 1; *Free China and Asia*, January 1959, p. 10.

54. Bernard Fall, *Anatomy of a Crisis* (Garden City, New York: Doubleday, 1969), p. 99.

55. The Thai police favoritism shown the KMT during 1952-1954 had been disavowed in 1956; and Prime Minister Phibun stated at a public press conference, "The Kuomintang causes too much trouble; they trade in opium and cause Thailand to be blamed in the United Nations" (Skinner, p. 343). The next year Phao was ousted from power by the present military rulers of Thailand, amid reports that Phao, "a sort of local Beria . . . ran the gold exchange and opium trade" (*New York Times*, 6 November 1957, p. 34).

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Corsican traffic dates back at least to the 1950's, according to Martin Pera, a senior Narcotics Bureau official: "When French Indochina existed, there were quantities of opium that were shipped to the labs . . . around Marseilles, France, to the Corsican underworld there, and then transhipped to the United States" (US Congress, Senate, Select Committee on Improper Activities in the Labor or Management Field, *Hearings*, 85th Cong., 2nd Sess. (Washington: G.P.O., 1959), p. 12225 (cited hereafter as *McClellan Hearings*)).

continued

64. In 1965 Bird's air fleet was sold to Continental Air Services, a newly created subsidiary of Continental Air Lines headed by Robert Rousselot, a CAT and Air America veteran. The sale price was said to have been over \$1 million (*Wall Street Journal*, 23 August 1965, p. 20; Continental Airlines, *Annual Report, 1965*, p. 13; *New York Times*, 27 August 1964, p. 6).
65. US Congress, House, Committee on Government Operations, *US Aid Operations in Laos*, House Report No. 546, 86th Cong., 1st Sess. (Washington: Government Printing Office, p. 1959), p. 2; *Hearings*, p. 327; *New York Times*, 24 March 1959, p. 19.
66. *New York Times*, 2 February 1962, p. 8.
67. Stanley Karnow, *Washington Post*, 16 March 1970, A10. Theodore Sorenson records that "Chiang was . . . vexed with Kennedy . . . over our quiet pressure for the removal of his foraging force from Burma" (*Kennedy*, New York: Harper, 1965, p. 661.) The KMT lobbied publicly for these troops to be given the job of stopping communism as a "volunteer force" in Laos (*Free China and Asia*, December 1960, pp. 5-6); and were supported in the USA by elements in the Pentagon and American Security Council (including Admiral Felix Stump, Air America's Board Chairman). Western Laos was the area of the celebrated "opium battle" of July 1967, between 800 KMT troops and the forces of the opium-smuggling Laotian general Ouane Rathikoune, who also figures prominently in the Laotian invasion fraud of September 1959; *San Francisco Chronicle*, 16 August 1971, p. 12; Feingold, in Adams and McCoy, *Conflict in Laos*, p. 323; Frank Browning and Banning Garrett, "The New Opium War," *Ramparts*, May 1971, p. 34.
68. *New York Times*, 19 March 1964, p. 4; *Bangkok Post*, 20 March 1964; *New York Times*, 27 August 1964, p. 6; *South China Morning Post*, 22 June 1964, p. 1; *Saturday Review*, 11 May 1968, p. 44.
69. *McClellan Hearings*, pp. 15262-72.
70. Hank Messick, *Lansky* (New York: G. P. Putnam's, 1971), p. 89. In 1968 Citibank refused to produce a \$200,000 certificate of deposit which had been subpoenaed in an investigation of stock fraud. (*New York Times*, 1 December 1969, p. 42).
71. *New York Times*, 13 May 1950, p. 34.
72. Pawley, on the advice of President Roosevelt and Tommy Corcoran, set up the Flying Tigers under a secret presidential executive order, exempting him from the neutrality provisions of the US code (Anna Chan Chennault, *Chennault and the Flying Tigers*, New York, P. S. Eriksson, 1963, pp. 76-83). In 1949 Pawley petitioned the State Department to secure similar authorization for the Commerce International (China) mission, but was turned down (US Congress, Senate, Committee on Judiciary, *Communist Threat to the United States through the Caribbean, Hearings*, 86th Cong., 2nd Sess., testimony of William D. Pawley, 2 September 1960, p. 729). Admiral Charles Cooke, later a member of the American Security Council, proceeded anyway.
73. *Washington Post*, 9 September 1951, A1, AS; reprinted in Congressional Record, Senate, 10 September 1951, p. 11066-67; *Reporter*, 29 April 1952, pp. 10-11; Koen, p. 50.
74. T. A. Wise, "The World of Alexander Guterma," *Fortune*, December 1959, p. 160. Also figuring in the Guterma scandals were Matthew Fox, a former registered lobbyist for Indonesia with possible CIA connections (Chester Cooper, *The Lost Crusade*, New York, Dodd Mead, 1970, p. 52), and William Brann, a former intelligence agent. Guterma himself came from Shanghai and the Philippines, and used Philippine capital to launch himself into Florida land development.
75. Through Chesler's Seven Arts Productions, Ltd.; of Messick, *Lansky*, p. 228; Ed Reid, *The Grim Reapers*, p. 107.
76. Messick, *Lansky*, p. 211.
77. *McClellan Hearings*, p. 12246.
78. The company's president was an officer for the realty investment interests of Lindsey Hopkins, Jr., himself an officer of CIA proprietaries in Miami (e.g. Zenith Enterprises and Melmar, Inc. in the 1960's). As a director of Sperry Corp. and its subsidiaries, Hopkins had been linked to William Pawley's establishment of the Flying Tigers in 1941 (through a Sperry subsidiary, Intercontinent Corp.). Through the Carl G. Fisher Corporation, Hopkins inherited a fortune in Miami Beach hotels, and took part in the post-war land boom in the Bahamas. One of his business associates, the former singer Morton Downey, was also involved in a Las Vegas casino.
79. *New York Times*, 1 December 1969, p. 42.
80. *New York Times*, 14 August 1959, p. 11; Messick, *Lansky*, p. 268. Allan Dorfman, whose friendship with Hoffa helped win the Teamsters' insurance contract for US Life in 1950, has recently been indicted for accepting kickbacks on Teamster loan to the Neisco Corp. (*San Francisco Chronicle*, 15 July 1971, p. 5). Neisco's Chairman G. A. Horvath was Board Chairman and principal owner of the Miami National Bank in 1964.
81. The Thai King's general counsel in New York from 1945 to 1950, Carl O. Hoffmann of OSS, is today Board Chairman of the First Florida Resource Corp.
82. Reid, *Grim Reapers*, pp. 225-26.
83. Reid, *Grim Reapers*, p. 296.
84. Messick, *Lansky*, p. 241.
85. In March 1970, for example, Air America flew in several hundred Thai troops to defend the CIA's Muu outpost at Camp Chuan (*New York Times*, 5 April 1970, p. 22; *United Internationalist*, 10 July 1970); see also Marshall, "Operation 'The Battle of Supply' Open to Public," 29 and 31 July 1971, p. 34. "Stopping down the Turkish opium route . . . is likely to do no more than drive the industry further east."

TAB

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92d Congress }
1st Session }

COMMITTEE PRINT

THE WORLD HEROIN PROBLEM

REPORT OF SPECIAL STUDY MISSION

COMPOSED OF

MORGAN F. MURPHY, Illinois, *Chairman*

ROBERT H. STEELE, Connecticut

PURSUANT TO

H. Res. 109

AUTHORIZING THE COMMITTEE ON FOREIGN AFFAIRS TO CONDUCT THOROUGH STUDIES AND INVESTIGATIONS OF ALL MATTERS COMING WITHIN THE JURISDICTION OF THE COMMITTEE



MAY 27, 1971

U.S. GOVERNMENT PRINTING OFFICE

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**ERRATUM SHEET
TO
COMMITTEE PRINT
ENTITLED
"THE WORLD HEROIN PROBLEM"**

On page 4, in the last line of the third paragraph under the heading "Heroin addiction and crime in the United States", the amount "\$2,737,500" should be "\$2,737,500,000".

FOREWORD

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., May 27, 1971.

This report has been submitted to the Committee on Foreign Affairs by a special study mission conducted between April 3 and 23, 1971.

The findings in this report are those of the special study mission and do not necessarily reflect the views of the membership of the full Committee on Foreign Affairs.

THOMAS E. MORGAN, *Chairman.*

(III)

LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., May 27, 1971.

HON. THOMAS E. MORGAN,
*Chairman, Committee on Foreign Affairs,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: There is transmitted herewith a report of a special study mission conducted between April 3 and April 23, 1971, by the undersigned, both members of the Committee on Foreign Affairs. We were accompanied by Dr. John J. Brady, Jr., staff consultant, Committee on Foreign Affairs. Mr. Fred Flott, Department of State, acted as escort officer.

The purpose of the study mission was to gather information pertaining to the illegal international traffic in heroin.

During the course of the trip, which took us around the world, we met with United States diplomatic and military officials, parliamentarians, foreign law enforcement officials responsible for narcotics control and other foreign governmental leaders responsible for narcotics matters in Switzerland, France, Italy, Turkey, Iran, Thailand, South Vietnam, Hong Kong, and Japan. Prior to our departure we met with officials from the Departments of State, Defense, Justice, and Treasury, concerning various aspects of this problem.

We would like to express our thanks and appreciation for the assistance, cooperation and hospitality extended to the members of the study mission by Departments of State and Defense personnel in the countries visited.

In particular, we would like to thank the agents of the Bureau of Narcotics and Dangerous Drugs, U.S. Department of Justice, with whom we met in the several countries. It was largely through their efforts that we were able to learn as much as we did concerning the illegal production of, and traffic in, heroin around the world.

It is hoped that the information contained in this report will be helpful to the members of the Foreign Affairs Committee and the Congress in their deliberations on the legislation pending on this subject.

MORGAN F. MURPHY, *Chairman,*
ROBERT H. STEELE,
*Special Study Mission on
the World Heroin Problem.*

(v)

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THE WORLD HEROIN PROBLEM

INTRODUCTION

Drug abuse around the world is increasing. Of particular concern is the alarming rise in the use of opium-based drugs, particularly heroin, in the United States, and the rapid increase in heroin addiction within the United States military forces in South Vietnam, where the best estimates are that as many as 10 to 15 percent of our servicemen are addicted to heroin in one form or another.

To combat this growing menace around the world and at home the United States must use every resource available. It must work through international organizations; it must exert pressure on its friends and allies to convince them of the need to take strong action either to control or eliminate the growing of opium poppies or to increase their efforts to stop the illegal traffic in narcotics. Our Nation must provide the leadership to make international cooperation to control the illegal traffic in narcotics and other dangerous drugs more effective.

The battle to stem the alarming increase in heroin addiction will not be easy, nor will victory come quickly. But the war against heroin must be sharply accelerated—now. Given the increasing use of heroin among our youth, immediate action is crucial. Unfortunately, time is not on our side, and as this report is being written more young Americans are becoming addicted to heroin.

Equally distressing is the fact that the United States alone cannot bring an end to the waste and devastation that drug abuse, particularly the use of opium and its derivatives, is causing among the youth of the Nation. We must have the cooperation of the entire world.

For example, only a small percentage of the illegal heroin that reaches the United States is confiscated by the authorities. There are simply too many ways of hiding heroin, from small containers secreted in various body orifices to hollow ski poles and food containers. There are literally thousands of places to hide illegal heroin on board ships entering U.S. ports. International air travel has complicated the problem even further for it enables the courier or trafficker to move quickly from continent to continent, arranging pickups and payoffs personally, in addition to providing places to secrete illegal shipments.

Once the poppy pod is cut and the opium gum extracted and sold on the illegal market, the battle to prevent the end product, heroin, from reaching the addict is lost. The problem must be attacked at the source—in the poppy fields of the Near and Far East, principally in Turkey, Thailand, Burma, and Laos.

(1)

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We must be willing to devote more resources, human and material, to fight the illegal international traffic in heroin, including the exercise of economic and political pressures where necessary. If that means the imposition of economic sanctions or the exercise of political initiatives, we must be willing to follow that course of action. We are fighting to save generations of young Americans from the scourge of heroin. As in any war, we must bring all of the weapons available to the point of decision.

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THE HEROIN PROBLEM IN THE UNITED STATES

The problem of heroin addiction in the United States

The National Institute of Mental Health estimates that there are 250,000 heroin addicts in the United States. One-half of these are located in the New York City area.

In 1970, 1,154 persons died as a result of drug addiction in the Nation's largest city. One half of these deaths occurred among young people 23 years of age, or less.

In a 1970 survey in the District of Columbia, heroin addiction was estimated at 10,400 persons. In 1971, this estimate had risen to 16,880, an increase of more than 60 percent.

There are approximately 9,000 heroin addicts in Chicago, according to the Narcotics Squad of that city.

Heroin addiction among U.S. military forces has reached alarming proportions. Reliable authorities estimate that as many as 10 to 15 percent of the troops in Vietnam are using heroin in one form or another. Some smoke it, some sniff or "snort," and approximately 5 to 10 percent inject.

Five years ago the heroin problem was restricted to the ghetto areas of our major cities. Now it is spreading to the suburbs and is found among the children of the wealthy and well-to-do as well as among the poor.

The heroin problem is also affecting U.S. industry. The Wall Street Journal, quoting from a study conducted by the New York Chamber of Commerce, reported last summer that "drug abuse in business—a problem which was rare, indeed, two years ago has overnight become—in qualitative terms—almost as serious as that of alcoholism."

"The increase in drug abuse on company premises stems partly from the spread of illegal drugs through high schools and college campuses and U.S. troops in Vietnam," the report concluded.

And the number of addicts is increasing rapidly. In a statement to the United Nations Commission on Narcotics at Geneva in September 1970, John E. Ingersoll, Director of the Bureau of Narcotics and Dangerous Drugs (BNDD) said that "the list of addicts is growing by several thousand each year and, in 1969, the number of new addicts doubled from the preceding year. Every time one addict is cured, more take his place because of the ever-increasing amounts of heroin available. Among the other debilitating consequences of the addiction problem is that in New York City alone, persons are dying of drug related causes at the rate of three per day."

Even these statistics, alarming as they are, may not tell the whole story. Unfortunately, the extent of the addiction problem is difficult to measure. There is no central agency in the United States which collects all of the intelligence on the number of drug users and the figures

provided by BNDD are minimal estimates since they are based only on reporting from law enforcement agencies.

The statistics that are available, therefore, are only educated guesses and the number of addicts may be greatly in excess of the estimated 250,000.

Consumption of heroin in the United States

Based on the estimates that there are at least 250,000 heroin addicts in the United States, it would take between 4 and 5 tons of heroin to support the addict population.

Estimates of the cost of the heroin that the average addict requires daily varies, however, from \$30 to \$100 per day.

Heroin addiction and crime in the United States

The habit of the narcotics addict is not only a danger to himself, but to society as a whole. Narcotics have been cited as a primary cause of the enormous increase in crimes committed over the past few years.

Whatever the price, the cost in property stolen by the addict to support the habit is tremendous.

The estimated amount of money spent by heroin addicts in the United States is \$7.5 million per day. This figure is based on the fact that there are 250,000 addicts, with an average habit (minimum) of \$30 daily. For this year, the estimated figure would be approximately \$2,737,500.

To support the habit, reliable authorities estimate that the addict would have to steal goods worth at least 4 or 5 times the cost of his habit per year.

If 75 percent of those addicted resorted to crime, using the above figures, then, the cost in crime committed to sustain the habit would be in excess of \$8 billion per year at a minimum.

The source of illicit heroin

Most world poppy cultivation takes place within a zone extending from the Plains of Anatolia in Turkey to Yunnan Province in China. The international illegal traffic in opium has two major production areas. The first area of importance for the United States is in the Near East where opium produced in Turkey for legitimate medical requirements is diverted to illegal channels. The opium is smuggled to Syria and Lebanon where it is processed into morphine base. (A certain amount of morphine base and heroin is also produced in Turkey.) The morphine base is then smuggled to the Marseilles area of France where it is refined into heroin in clandestine laboratories. The bulk of the heroin entering the United States is grown in Turkey and processed in Marseilles.

The second important area is in the Far East, particularly in Laos, Burma, and Thailand, and to a lesser degree, Yunnan Province in China.

At least 1,000 tons of raw opium are produced in the Shan states of Burma, the border area of Yunnan Province in China, northern Thailand, and northwestern Laos. This production is illicit and is grown in areas where there is little or no governmental control by either Burma, Laos, or Thailand.

The central collecting point for the majority of this opium is at a point where the borders of Thailand, Laos, and Burma meet. A large proportion of the opium is designated for Southeast Asian opium addicts. The remainder is either exported outside of Southeast Asia or is refined into morphine base, the basic ingredient of heroin, or heroin itself in laboratories located in the Burmese-Laotian-Thailand border area, in Vientiane, Laos, in Bangkok, Thailand, and at other points along the Mekong. The heroin labs manufacture both No. 3 purple smoking heroin, which is used by Asian addicts, and No. 4 white heroin, which is produced primarily for the U.S. market and for U.S. troops in South Vietnam.

The main flow of No. 4 heroin to U.S. troops in South Vietnam is through Laos and Thailand. In addition, large quantities of opium and morphine base are smuggled into Hong Kong, where it is both consumed locally and refined into No. 4 heroin for the U.S. market.¹ U.S. narcotics experts regard Hong Kong of increasing importance as a source of the heroin being smuggled to the United States from the Far East. Current estimates are that at least 10 percent of the heroin entering the United States comes from the Far East and that the percentage is growing. There is also evidence that some of the No. 4 heroin appearing in Saigon also has its source in Hong Kong.

A Chinese traveler from Hong Kong was arrested at Ton Son Nhut in April carrying 3.5 kilos of heroin. This could be the beginning of a trend. When the heroin dealers in Hong Kong realize that a lucrative market exists among the Americans in South Vietnam, they will undoubtedly attempt to get into the market.

There has recently been an increase in the amount of No. 4 heroin smuggled directly from Thailand to the United States. Narcotics experts attribute the increase primarily to the expanding activity of a number of ex-servicemen and U.S. nationals who have served in Southeast Asia and have set up smuggling operations in Thailand.

A certain amount of heroin is also produced from opium poppies grown in Mexico. It is estimated that Mexico accounts for about 15 percent of the heroin which is smuggled into the United States. There is no evidence available to suggest that the Chinese Communists are actively engaged in the illegal international traffic in opium or its derivatives.

The major sources and flow of illicit opium is shown in figure 1. *Profits from the production, processing, and sale of illegal opium*

One of the fundamental facts mitigating against solution of the heroin problem in both the United States and abroad is the tremendous profit involved. From the prices paid to the poppy grower to the

¹ Opium and morphine base are smuggled into Hong Kong primarily in Thai fishing boats. It is processed into heroin in four or five clandestine laboratories. The authorities in Hong Kong have a difficult time intercepting shipments from Thailand. The Thai fishing boats dump the opium into Chinese Communist waters where it is picked up by one of the 11,000 junks that ply the waters around Hong Kong. The job of policing and seizing is almost impossible. As in the case of Turkey, once the poppy is cut and the opium introduced into illegal channels, the battle to prevent the end product from falling into the hands of the addict is lost.

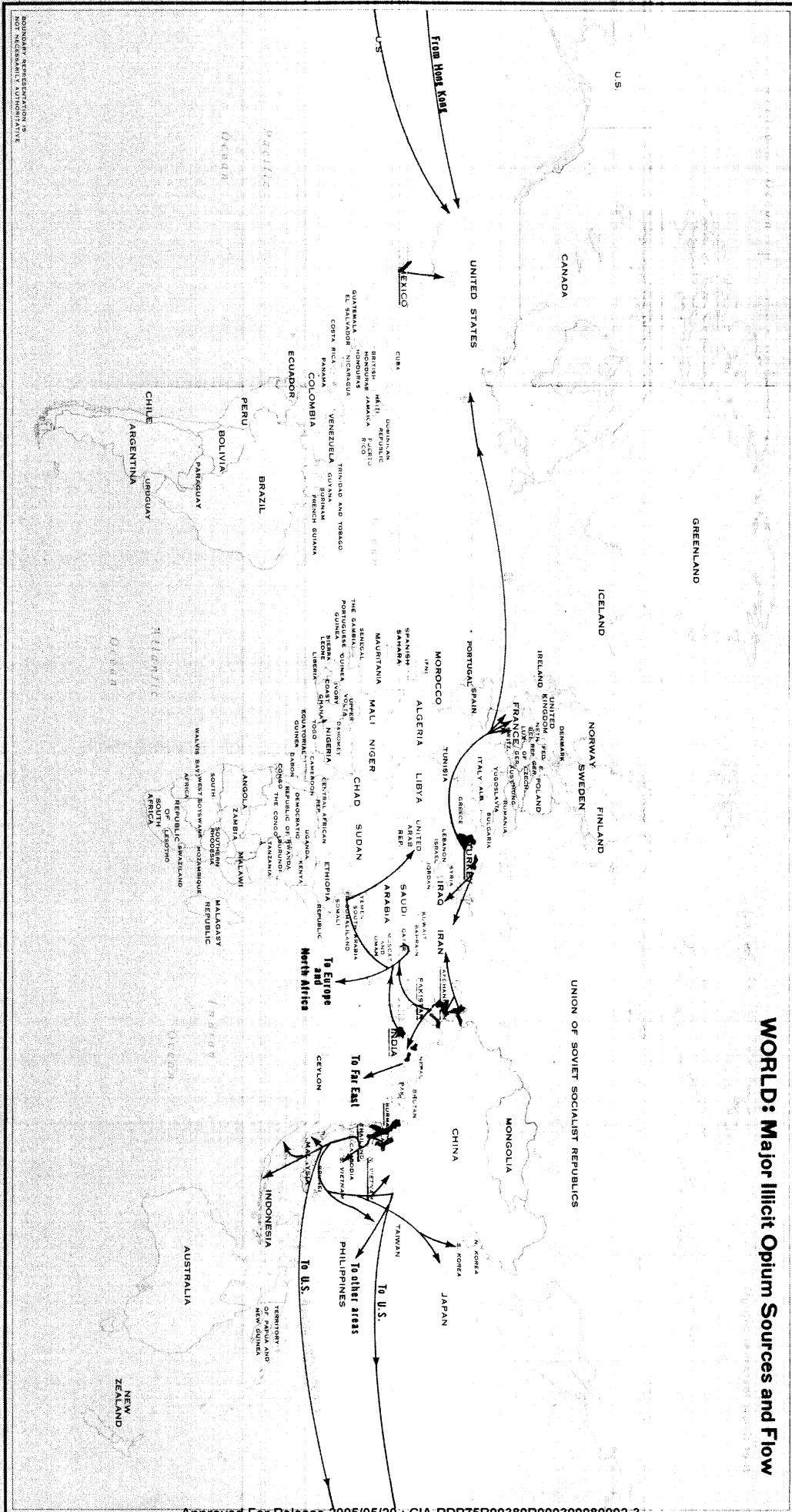
retail price for pure heroin sold in New York, there is a \$219,975 dollar mark-up as shown in the following table:

DEVELOPMENT OF RETAIL PRICE OF HEROIN IN THE UNITED STATES, 1969

United States	U.S. dollars per kilogram	U.S. dollars per kilogram of raw opium equivalent
Price to farmer for opium (in Turkey).....	\$25	
Wholesale price for heroin ¹ (Marseilles).....	5,000	\$500
Border price for heroin (New York).....	10,000	1,000
Wholesale price for heroin (New York).....	22,000	2,200
Retail price for heroin (New York).....	220,000	22,000

¹ When raw opium is converted to morphine and heroin the volume is reduced by a ratio of 10 to 1.

Because of the tremendous profits that are realized as a result of the illegal traffic in narcotics, there is always the possibility that governmental authorities and police at all levels "can be bought." Above all, some way must be found to take the profit out of heroin smuggling.



WORLD: Major Illicit Opium Sources and Flow

Figure 1

THE SITUATION IN FRANCE AND ITALY

FRANCE

Heroin production in France

Heroin is produced in illegal laboratories primarily in the Marseilles area although some may also be produced in Paris and Le Havre. The principal area is Marseilles because of the port facilities and the large criminal element located there. Marseilles is also closer to the source of supply, Turkey, than either Paris or Le Harve, although there is evidence that increasing amounts of morphine base are being smuggled into West Germany by Turkish nationals employed in that country. If this trend continues, other areas of Europe could be used to produce heroin. This will be particularly true if current efforts to close down the illicit laboratories in Marseilles prove successful.

It has been estimated that 80 percent of the heroin entering the United States originates in Turkish poppy fields and is processed in France. French authorities question this estimate. From the discussion which the study group has had with authorities in France, Turkey and the United States, this estimate is undoubtedly high. It is fair to say, however, that the bulk of the heroin entering the United States does originate in Turkish poppy fields and is processed in France. According to the experts, French heroin is among the best grade made due to the expertise of the French chemists who process the morphine into heroin. By the time it reaches the addict in the United States, it has been reduced to 4 to 6 percent purity.

The Marseilles heroin operation

Most of the illegal heroin producing laboratories are located on the southern coast of France, between Nice and Marseilles, and possibly in Corsica.

These laboratories are not large and a number are believed to be mobile. They do not operate continuously as it does not take long to process a shipment of morphine base into heroin. According to the best estimates, there are probably only 5 to 10 laboratories operating at any one time.

The poppy is grown in Turkey and the opium smuggled to Marseilles by sea, air, and overland. Once it arrives in Marseilles it is picked up by the purchaser and turned over to a chemist for processing.

The chemist usually operates his own laboratory, frequently on a free-lance basis. There is no one central organization commanding the entire operation although cooperation among groups is not unusual. If a shipment to one group is seized by the police, another group will help by loaning it some morphine base to tide the losing group over until it can arrange for another shipment from Turkey.

It is estimated that there are five, and possibly ten, groups operating at any one time with up to 100 individuals employed. Each group appears to have its own courier and trafficking and purchasing operations. Over the past 10 years every narcotics case in Marseilles has involved one or more of four Corsican families: the Venturi brothers (Jean and Dominic), Marcel Francisci, Antoine Guerini and Joseph Orsini. (Orsini himself served a prison term in the United States and was deported in 1958.) There are offshoots of these four families and ad hoc groups may appear from time to time, but these four families are the heart of illegal heroin production in Marseilles. The problem is that in France, as well as in the United States, the police must have evidence upon which to base a case. The police cannot put the finger on the families or people involved. French authorities are hampered by the secret Swiss bank accounts as much as are U.S. authorities.

French mechanism for control

Though France does not suffer to the same extent from heroin abuse as the United States, there is a problem developing in that country. This has been a major factor in prompting French authorities to increase their efforts to combat the availability of heroin in France. An indispensable element in this endeavor has been a growing willingness to cooperate with the United States in its efforts to fight heroin abuse.

A French-American agreement setting up close cooperation between the agencies specializing in the fight against the illegal traffic in drugs in France and the United States was signed on February 26, 1971, by Raymond Marcellin, French Minister of the Interior, and U.S. Attorney General John M. Mitchell. Under the terms of the agreement both governments have agreed to exchange narcotics agents in order to facilitate cooperation. Very considerable credit belongs to Mr. Marcellin for assigning high priority to the anti-heroin effort.

The fight against drug abuse in France is centralized in the Office of the Chief of National Narcotics and Dangerous Drugs Bureau.

There are three groups which deal with narcotics matters: the Central Office, the Marseilles Service, and the Narcotics Service in Paris.

In 1969 there were 40 agents assigned to narcotics duties; today there are 120 with the probability that this number will be increased shortly.

In addition, between 6,000 and 7,000 police and gendarmerie and others have been given training in narcotics control practices.

It was pointed out that under the centralized French system, numbers were not as important as emphasis.

If any information becomes available to any French authority, it will be transmitted to the Central Office, although at the present time French authorities are working largely from information provided by the United States.

The French authorities believe that the effort against drug traffickers must be secret. In their opinion the nature of the problem is such that the less known about police methods and tactics, the better the chances are for successful results. As a result, police throughout the country sometimes work on narcotics cases without being completely

aware of all the facts surrounding the case. This approach also serves to prevent police corruption.

French police do very little undercover work. Under French law even police officials are not permitted to get involved in narcotics traffic. If they do, they are liable to criminal prosecution. In addition, if it could be shown that the evidence was provoked by police activity the case would be thrown out of court. As a consequence, the French police depend upon U.S. personnel for their information.

Difficulties in controlling illegal heroin production in France

The French police have been able to locate and close only 13 laboratories over the past 20 years. Two were closed in 1969; one in 1964. One of those closed in 1969 was located in a villa approximately 25 kilometers outside of Marseilles. Finding this one was a result of fine police work by both the French police and United States BNDD agents working closely with the police. A man suspected of being implicated in the narcotics racket was released from arrest. He went directly to the villa and was followed by the authorities. When the police raided the villa, the laboratory was in full operation.

The study mission inspected another building in the suburbs of Marseilles which had housed the illicit laboratory that was closed in 1964. It was an innocent looking building, and if the authorities had not been told by an informer that a laboratory was located in that particular building it would not have been discovered.

As a result of visiting these two locations, it became evident to us that looking for an illegal heroin-producing laboratory is like looking for a needle in a haystack. They can be set up anywhere in a short period of time and they can be moved just as quickly.

At present, the only practical method by which they can be located is through the use of informers. This takes time and money. Money must also be available to pay the informer as well as for making a purchase of the heroin from illegal sources in order to develop leads.

Both French and American authorities voiced confidence that their efforts were progressing satisfactorily and that the Marseilles Service and the Central Office were developing a force capable of effective action in discovering and closing the illegal laboratories. There is a steadily increasing spirit of aggressiveness on the part of the French authorities in their efforts to stop the illegal production of heroin in France.

The French authorities were also hopeful that scientific and technological developments would greatly assist them in their investigations. For example, now in the process of development is a sensory device which, when perfected, will "smell" illegal laboratories in operation. These devices will be mounted in helicopters which will be used by the police to patrol the area. Unfortunately, the device must be in an area when a laboratory is in operation if it is to be useful to the police.

Helicopter-borne patrols are of considerable assistance to the police and should be used. If nothing else, they can increase the sense of police pressure that the narcotics manufacturer is beginning to feel in France. The authorities were emphatic in their belief that, because of French narcotics laws and police pressure, the laboratory oper-

ators are beginning to "panic." Police pressure should, therefore, be increased.

Consideration should be given to making helicopters and trained pilots available to the French until they develop their own capabilities. If arrangements can be made with French governmental officials it might be possible to place U.S. helicopter units assigned to U.S. Forces in Europe on temporary duty in the Marseilles area. While this would be only an interim solution to the problem, it would be useful and it would enable the authorities to utilize one more weapon in the struggle to stamp out illicit heroin production during the period when the French are developing their own airborne patrol capability.

ITALY

Italy is a transshipment point. It is estimated that 30 to 40 percent of the raw material used to produce heroin either passes through Italy or is hidden in vessels destined for France which stop at Italian ports.

There is also the probability that some of the heroin produced in France and elsewhere returns to Italy where it is then smuggled to the United States. There are no firm estimates on the amount involved, but it is considered to be substantial by knowledgeable experts. The number of known heroin traffickers seen in Italy, plus the deep involvement of a number of known Mafiosa in the United States form the basis for this judgment.

There is also the possibility that heroin is being produced in Sicily and Sardinia.

Italian efforts to control the illegal traffic in narcotics

Efforts by the Italian Government to control the illegal traffic in narcotics have not been successful. For example, it is estimated that the Italian authorities seize only about one-tenth of 1 percent of the narcotics which reach that country.

There appear to be a number of reasons for this.

First, the Italian police agencies are fragmented and cooperation depends upon personalities rather than institutional procedures. There are three distinct national police agencies: The Finance Police, the Public Security Forces, and the Carabinieri. Each is jealous of its prerogatives.

In addition, a Central Narcotics Office (CNO) has been set up in the Ministry of the Interior. Charged with the responsibility for coordinating efforts to control narcotics traffic, the CNO does not always get the cooperation of the police agencies or high-ranking government officials.

Second, the Mafia is deeply involved in the narcotics traffic, and high-ranking Italian Government officials aid that organization throughout Europe. A commission has been appointed to determine the extent of Mafia infiltration of the Italian Government. It will take some time, however, before the results of this study are known.

Third, the Italians do not recognize the seriousness of this problem. According to police authorities throughout Italy, there is no Italian heroin problem. Consequently, there is no feeling of urgency to take

immediate and effective action to coordinate their efforts to combat this problem.

Fourth, the Italians will not take action to improve international cooperation to stop the illegal traffic of heroin. They do not coordinate their activities with the International Criminal Police Organization (Interpol) in spite of the fact that that organization maintains complete files on all known international criminals. Nor will they pass information to Interpol. They have also refused to put any pressure on Turkey to do anything about this problem. Another indication of Italian attitudes is their refusal to participate in the Special Drug Abuse Control Fund established by the United Nations until at least three-fourths of the members have contributed.

Italian cooperation with the United States

There are BNDD agents in Italy working with the Italian authorities in an effort to interdict morphine passing through Italy and to stop heroin from returning. These efforts are hampered by the need to coordinate activities within the several Italian police agencies. Nevertheless, BNDD is helping and encouraging the Italians to improve their capability to halt the drug traffic while waiting for the Italian Government to centralize its operations in this area. Right now, there is little or no cooperation between the Central Narcotics Office and the several police agencies, including the local police. As a matter of fact, the only successful seizures and arrests made in Italy since 1962 have been made with BNDD assistance.

Ambassador Graham Martin has met with Italian Government officials on at least three occasions requesting more cooperation from the Italian Government, to no avail.

These efforts must be intensified. The United States must keep the pressure on the Government of Italy to take effective action and should be prepared, if necessary, to supply aircraft, helicopters, vehicles, communication and other equipment to help increase Italian capabilities to deal effectively with the illegal traffic in narcotics.

If there were no opium production in Turkey, however, the illegal laboratories in Marseilles could not exist. Nor could the illegal trafficker profit in Italy. Solution to the problem has to be found in Turkey. If efforts to close the illegal laboratories in Marseilles, or to stop the Italian trafficker are successful, the operation will move some place else. Without morphine base it is impossible to produce heroin. The Middle East-European aspect of the illegal international traffic in narcotics can only be stopped at the source—in the poppy fields of Turkey.

THE ROLE OF TURKEY

Background

Poppy cultivation is a tradition in the Anatolian region of Turkey dating back to about 1900 B.C. During the 19th century, as world trade greatly expanded, the demand for opium increased and between 1850 and 1900 cultivation spread and expanded throughout the entire country as a cash crop and an important export. In addition to opium gum, other important by-products include seeds for flavoring and oil, both of which have become a standard part of the Turkish farmer's diet.

Although by 1900 the addiction and abuse of opium and its derivatives had become a serious world health problem and the need for controls was recognized, the political, cultural, social and economic differences between nations made achievement possible only through a progression of treaties, culminating finally in their codification in a Single Convention in 1961. The Single Narcotics Convention which came into force in 1964 was ratified by Turkey in December 1966 and by the United States in 1967. Under this agreement Turkey is recognized as an opium exporter to the legal market.

Attempts to control opium production

Since 1967 Turkey has reduced the number of provinces legally permitted to cultivate poppies from 21 to 7 for the 1971 harvest. It has announced a further reduction to four provinces for 1972. During this same period the legal production of opium gum has been reduced from 368 tons to an estimated 100 tons in 1970. It is estimated by reliable authorities, however, that illegal production could be at least as much and possibly twice that amount—more than enough to satisfy the 4 to 5 tons of heroin required by the addict population in the United States.

Turkey has also tightened procedures for surveillance of poppy fields, purchase from farmers, and curbing of illegal traffic, and instituted efforts to encourage crop substitutions.

Under current practice, worldwide opium trade requirements are determined by the United Nations Control Board. Based upon this, the Turkish Government estimates how much opium Turkey should produce in the following year. The Ministry of Agriculture then determines how much acreage should be planted and in which provinces. The Cabinet then passes an approving decree. The Ministry does not tell the farmer how much land he can plant. Instead, the farmer declares to the village headman how much he intends to farm and the expected yield. These estimates are then passed to the Ministry of Agriculture. The farmer is expected to abide by his declaration, but under present law he is not required to obtain a license.

Control teams will be organized in each of the four provinces to monitor the growing of poppies. These teams will inspect the fields continually from the time of planting through the harvest. The con-

control team will also be responsible for inspecting those areas where poppy cultivation is not permitted. To insure that the provincial control teams are managing the program properly other inspection teams will be periodically sent from Ankara. To facilitate the inspection process the United States will probably loan an airplane to the Turkish Marketing Organization (TMO) to help in the surveillance. The control teams will also educate the farmer on the reasons for and the need to eradicate poppy growing in Turkey.

The Government of Turkey has also increased its efforts to purchase the total opium crop being produced this year. Special instructions have been given to the TMO which is the agency responsible for all purchases and sales of opium. In addition, the governors of the provinces currently harvesting opium have been instructed to assure the closest cooperation between TMO, Ministry of Agriculture, and law enforcement agencies in their provinces.

The basic problem in any collection system is to get an accurate measure of how much is actually planted and how much opium gum is produced. If the above system is effective, the illegal production of opium should be reduced. These procedures are not, however, a substitute for a licensing law. Under this procedure the only penalty is to deny the farmer the authorization to grow poppies. These steps, however, do represent an effort to bring poppy cultivation under control.

Hopefully, once poppy cultivation is brought under control, the next step should be a decision to stop growing poppies entirely. To do this, the farmer must be taught to grow other crops. This should not be an insurmountable problem. Poppy cultivation represents only a minor portion of the crop land. The poppy grower seldom devotes more than one hectare to poppies. The poppy takes so much out of the soil that there is a need to rotate crops. If modern farming methods could be introduced and crops that are easier on the soil developed, the incentive to grow poppies might be removed.

To encourage crop substitution, the Ministry of Agriculture has appointed at least one extension agent to each county in the poppy cultivation area. Depending upon soil and climatic conditions, farmers are being encouraged and assisted to switch to other cash crops, including fruits and vegetables, safflower, sunflower, alfalfa, vetch and wheat. A new high yielding winter wheat seed has been introduced on the Anatolia Plateau which includes some of the poppy growing provinces.

The matter of crop substitution is a long-term problem. The Government of Turkey has yet to develop any particular crop that would pay the farmer the same amount of income as that derived from the legal and illegal production of opium. While there are crops that would pay the farmer the same amount of money that he now derives from the legal cultivation of poppies, there is no other crop which would equal the total income from both legal and illegal production.

In an effort to induce the Turkish farmer to grow other crops, consideration should be given to discontinuing poppies as a cash crop. It is one of two crops grown in Turkey for which payment by the Government is immediate. The other is sugar beets.

If the Government were to increase the payments for sugar beets and encourage the substitution of wheat or some other crop for the poppy as a cash crop, the results might be encouraging. If necessary, the United States should help in this effort by vigorously pressing the Turkish Government to consider this alternative and by furnishing financial and technical assistance to implement such a program.

Consideration should also be given to the feasibility of increasing the price that the Government pays the farmer for opium gum. This action, combined with a strict licensing laws and other measures which would make possession of, and trafficking in, illegal opium or its derivatives a crime punishable by death, as in Iran, could produce positive results.

Economic factors involved in Turkish poppy growing

If Turkey stopped growing poppies completely there would be slight impact upon the Turkish economy. According to official Turkish Government statistics, Turkey's total export earnings in 1969 were 4.8 billion Turkish lira (TL) or approximately \$534 million, at the rate of 9 lira to the dollar. Legal exports of opium products—opium gum and poppy straw—in that year were valued at only TL 23.6 million or \$2,622,196.

Illegal sales of opium do not show up in these figures. If illegal opium sales netted the Turkish farmer even three times that amount or \$7,866,588 this is an insignificant item in a total export earning of approximately \$534 million.

There are now approximately 80,000 farmers engaged in growing poppies for opium production. In the late 1960's the average annual earnings per farm was between \$700 and \$800. Ten percent of this was derived from the sale, legal and illegal, of opium gum. This represents approximately one-half of the total annual cash income of the Turkish farmer. The Government pays between \$10 and \$15 per kilogram for legal opium. On the other hand, the farmer can sell opium on the illegal market for at least \$25 per kilogram. Thus, the incentive is to sell to the illegal purchaser.

There is another problem. At present the farmer takes the opium gum to the Government collector in his area who is supposed to weigh the gum and pay the farmer on the spot.

In practice, the farmer is very often cheated. The TMO representative responsible for the purchase of the opium gum from the farmer frequently waits 6 weeks before he weighs the opium gum. During this time moisture in the gum has evaporated and the weight reduced. As a consequence, the farmer gets less money and he feels cheated. Under the circumstances it is no wonder that the farmer is more interested in selling on the black market.

What Turkey has not done

In 1966 Turkey ratified the Single Convention on Narcotic Drugs.¹ Article 23 of the Convention requires that all parties enact licensing laws to control the growing of poppies. To date, Turkey has not passed a licensing law.

The principal reasons given are that domestic political realities (approximately 80,000 farmers grow poppies) do not permit passage, and that passage as a result of U.S. pressure would give the impression that the Government of Turkey is a "puppet of the United States."

¹ This is the basic document controlling the legal production of opium around the world.

The Committee on Foreign Affairs has been studying this problem since July 1970. At that time passage of the licensing laws was thought imminent, before the Turkish Parliament adjourned during the first week in August. No action was taken.

At the Geneva meeting of the United Nations Commission on Narcotics in September 1970 the Turkish representatives pledged passage of a licensing law shortly after Parliament convened early in November.

It is now May 1971 and no positive action has yet been taken by the Turkish Parliament. In response to questions by members of the study mission, a high-ranking Turkish official expressed strong belief that a licensing law would be passed this year.

The Demirel Cabinet fell in March 1971 and a new Cabinet has been installed under the leadership of Prime Minister Nihat Erim. This government is a non-Party government and is more broadly based than was the Demirel government. If it had the will to do so it could pass quickly a law licensing the growing of poppies.

And while there are indications that the Prime Minister intends to take action to control the growing of poppies, the study mission is of the opinion that there is no sense of immediacy on the part of the Turkish Government.

An extract from the Erim government's program fully illustrates this. "Our Government is of the opinion that opium smuggling, which has become a destructive disaster of the youth of the world, is hurting above all our humane feelings; therefore, due importance shall be attached to this problem. Opium producers shall be provided with a better field of occupation in farming."

Certain Turkish legislators questioned the inclusion in the program of remarks on opium. The full response of Prime Minister Erim is not available; however, observers present report that he took a strong position in favor of opium production controls and then explained that opium production would not be discontinued completely until the farmers engaged in poppy farming and opium production were provided with means of attaining a higher level of subsistence.

While it is reassuring to learn that the Government of Turkey is aware of the problem, it is well to remember that actions speak louder than words.

If the United States is to solve the problem of heroin addiction at home, it must have the active and effective cooperation of the Turkish Government, for only the Turks have the power and the authority to control the growing of poppies. And while the United States can't tell the Turks what to do in this matter, it must employ every available leverage to persuade the Turkish Government to take whatever steps are necessary to control and eventually discontinue the growing of poppies.

As a measure of Turkish sincerity in acting on this problem, it is essential that legislation controlling the growing of poppies be enacted as a meaningful first step. While passage of a licensing law will not solve the problem, it is required if the Government of Turkey is to inhibit the flow of opium to the illegal market. Passage of this legislation would also demonstrate Turkey's desire to fulfill her treaty commitments under the provisions of the Single Convention—commitments that were made in December 1966.

United States-Turkish cooperation

In September 1966 the United States began discussions with the Government of Turkey to find ways to better control the production of opium in Turkey. At that time poppy cultivation was permitted in 21 provinces. Although production was prohibited throughout the rest of Turkey, enforcement agencies were poorly equipped and relatively untrained for this type of control, resulting in an estimated 200 tons available for the illegal market.

By 1967, as a result of U.S. efforts and decreasing world opium requirements, the Government of Turkey concluded that opium production would not be an economic crop in the future and that steps should be taken to reduce production. At the same time, the Government decided that it needed to upgrade its enforcement capabilities as well as to provide assistance to farmers to switch to other crops.

To assist in this effort, in 1968 the United States made \$3 million available from AID funds. Approximately \$1.5 million of the loan is being used to finance vehicles and equipment for enforcement agencies and the remainder to finance research to develop alternative crops and vehicles and equipment required by the Ministry of Agriculture to assist the farmer in switching to other crops.

All of the commodities programed under this loan have not been received in Turkey. Bureaucracy and redtape have held up the clearing of the commodities through Turkish customs, with the result that much of the equipment sits around on the dock for substantial periods of time. Steps are now being taken to insure that equipment and commodities shipped for the use of the National Police and gendarmerie will not be subjected to customs clearance.

In connection with this loan, the Government of Turkey has reorganized the Turkish National Police and the gendarmerie in order to develop a 750-man narcotic law enforcement group. The headquarters of this group is located in Ankara and when fully developed, it is expected that there will be 51 regional offices. At the present time it is estimated that half of the 750-man group has been trained and deployed in the field.

Cooperation between the U.S. Bureau of Narcotics and Dangerous Drugs and Turkish enforcement agencies has been excellent. BNDD agents are now in Turkey working with their counterparts on narcotics control. U.S. agents have reported little evidence of illicit production in provinces where poppy cultivation has been prohibited, and such crops, when found, have been immediately destroyed.

There have been suggestions that the United States make money available to Turkey to buy up the entire poppy crop. They have been rejected on the grounds that it would result in every farmer increasing the land that he devotes to poppy cultivation.

The suggestion has also been rejected by the Turkish Government on the grounds that the domestic political situation in Turkey made it impossible. If this obstacle could be overcome, it is estimated that it would cost about \$5 million to buy up the entire crop.

Another proposal worthy of consideration has been made that the U.S. attempt to purchase the entire illegal crop through the use of undercover agents. This would have the effect of drying up the source of morphine for the laboratories in Marseilles and if entirely success-

ful would dry up the heroin supply to the U.S. market, at least temporarily. Consideration might be given to this expedient as a stop gap measure while other programs, such as crop substitution, are being developed.

It was also suggested to the study mission by a leading Turkish parliamentarian that a parliamentary group be established between the Congress of the United States and the Turkish Parliament for the purpose of discussing mutual problems in the field of narcotics control. In the opinion of the study mission such a group would be beneficial and would provide a useful forum for a meaningful exchange of views on the subject. It should not, however, become merely a discussion panel.

It has been argued that if the supply of opium from Turkey is shut off completely, those engaged in the illegal production of heroin would transfer their operations someplace else, possibly to Afghanistan, India, Iran, Thailand, etc.

There are valid arguments against this line of reasoning. In the first place, the heroin obtained from poppies grown in Afghanistan is low quality and cannot be produced in the quantities needed by the international heroin dealer. Secondly, most of the opium grown in Afghanistan is consumed either in Afghanistan or in Iran.

Iran has strict licensing laws and efficient collection procedures, and most of what she produces is also consumed domestically.

India also has strict licensing laws and efficient collection procedures. There is little evidence of a leakage of opium gum to the illicit market from India.

Thailand, Burma, and Laos do present a problem. But it is a problem that will have to be faced under any circumstances, regardless of whether Turkey produces opium gum or not. If the source of illegal opium can be compressed, more resources can be applied to a smaller area. This would enable the United States and the international community to concentrate its effort in Southeast Asia.

THE PROBLEM IN SOUTHEAST ASIA

Heroin addiction in the military services in South Vietnam

Heroin addiction in the military forces of the United States is increasing rapidly, particularly in South Vietnam where the best estimates available are that 10 to 15 percent of all U.S. troops currently in South Vietnam are addicted to heroin in one form or another. It is estimated that in some units heroin addiction might be as high as 25 percent. Some smoke it; some sniff or "snort." From 5 to 10 percent of these inject. In the eloquent words of one concerned young American currently serving in Vietnam: "*It is ironic indeed that in the last two years of the war our biggest casualty figures will come from heroin addiction, not from combat.*"

Contributing to this epidemic use of heroin is its ready availability, the frustrations and boredom growing out of the war, and the fact that the drug culture in the Armed Forces reflects American society as a whole. It is realistic to assume that many young Americans have used heroin prior to induction into the military services.

However, most of the addicts in South Vietnam become addicted in that country—usually within the first 30 days after entry.

Because of the quality of the heroin available in South Vietnam, it is possible to become addicted through smoking or sniffing. The "high" does not develop as quickly as when injected, but smoking or sniffing does develop a physical need for heroin. Unfortunately, most of those who smoke or sniff are under the dangerous illusion that heroin taken in this manner is not addictive. Nothing could be further from the truth.

There is also a widespread belief among many American servicemen in Vietnam that this heroin is actually cocaine, a non-addictive drug. This, again, is not true.

Of the heroin users among the U.S. military in South Vietnam, it is estimated that 40 to 45 percent sniff, 50 percent smoke, and between 5 and 10 percent inject. Because of the purity of the heroin all are addictive, although according to medical authorities those who inject become physically dependent sooner than do those who sniff or smoke.

Those who have become addicted to the high quality heroin available in South Vietnam will have no choice but to inject the much more diluted heroin that is available in the United States. The military services should, therefore, make every effort to detect and rehabilitate addicts before returning them to civilian society.

U.S. deaths from heroin abuse

The rate of deaths resulting from drug abuse in South Vietnam is increasing. Between August and December 1970, there were 90 deaths which were suspected to have been drug related. Autopsy confirmed that 59 of these had died from an overdose of heroin.

In January 1971 there were 17 deaths which were suspected to have been drug related. In February there were 19 such deaths. Figures for March and April are not yet available, but if this trend continues over 200 young Americans will die of heroin addiction in 1971.

Ready availability of heroin in South Vietnam

Heroin is readily available to American servicemen in South Vietnam, particularly in Saigon. And it is cheap.

One quarter gram sells for as little as \$2.50 and as much as \$10, while an eighth of a gram will sell for as little as \$1.50 and as much as \$5. Most is purchased, but a large amount is obtained by military personnel who barter cigarettes and other post exchange items for the drugs.

Contributing to the availability of heroin in Saigon is the large number of U.S. military deserters who are engaged in every form of criminal activity, including the selling of heroin.

According to figures provided by United States Army Vietnam (USARV) there are 875 such deserters, although the figure varies.

Between 400 and 500 of these live in an area of Saigon which is called Soul Alley. This area is "off limits" to U.S. personnel and one enters at his own risk. Military police and others who have entered the area have been assaulted, robbed, stripped of their clothing and weapons and otherwise mistreated.

United States military efforts to conduct raids into Soul Alley have failed.

The intelligence gathering capability of the inhabitants of Soul Alley is excellent, and they are usually "tipped off" when a raid is being planned.

Nevertheless, U.S. authorities in South Vietnam should surround and raid Soul Alley and apprehend all U.S. deserters. While this would not solve the heroin problem in Vietnam, certainly it would help.

Heroin production in Southeast Asia

Virtually all of the heroin being used by United States military personnel in South Vietnam, and an increasing amount of the heroin entering the United States, is produced from poppies grown in the remote mountain areas of Burma, Laos, Thailand, and parts of Yunnan Province in Communist China.

Unfortunately, no government exercises effective administrative or political control over these areas.

Poppies are grown in areas occupied by hill tribesmen who have been growing poppies for centuries. Some of the areas of Laos and Thailand are infested with Communist guerrillas, if not actually controlled by them, while rebel bands and remnants of the Koumintang inhabit the poppy-producing areas in Burma and Thailand.

Burma, Laos, and Thailand produce an estimated 1,000 tons of raw opium, or more than one-half of the world illicit output. Most of this is consumed in the Far East and Southeast Asia. Practically all observers are agreed that the largest group of users and addicts consists of overseas Chinese. Burma, Laos, and Thailand may together account for three-quarters of a million users and addicts, with Burma having the largest share. Hong Kong may account for another 150,000.

Two different types of heroin are produced from the poppies grown in this area—white and purple. There is little or no indigenous requirement for white heroin in Southeast Asia—purple heroin is smoked there.

The production of white heroin in quantity is a comparatively recent development. There are no reliable statistics available to indicate what proportion of opium production is processed into heroin, but it

must be concluded that production is increasing in direct proportion to the growing demand among Americans in South Vietnam.

The major flow of illegal traffic

The major flow of the traffic from the producing areas of Burma, Laos, and Thailand is directed through the Mekong River Valley in the latter two countries. Major cities in these two countries, such as Luang Prabang, Vientiane, and Bangkok, serve as final markets, heroin processing centers, and transshipment points, principally to South Vietnam and Hong Kong.

The first major collections of the raw opium in Burma are made by Koumintang irregulars and guerrilla armies of the Shan tribal insurgents who themselves convoy the product southward for delivery to wholesale operators in the cities. The latter arrange for conversion to heroin and for the domestic and export distribution of both opium and heroin. Often these wholesalers are prominent local businessmen.

In Laos, Government armed forces are major wholesalers of opium and heroin and have been directly involved in large-scale smuggling activities.

The major conduit, however, is Thailand.

From the American viewpoint, Thailand is as important to the control of the illegal international traffic in narcotics as Turkey. While all of the opium produced in Southeast Asia is not grown in Thailand, most of it is smuggled through that country. Some of this is processed into heroin which is smuggled to the United States by couriers on commercial or military aircraft. Some is mailed to the United States by U.S. military personnel using both commercial and military postal services. Most, however, is smuggled into South Vietnam through both Laos and Thailand.

Recently American citizens, mostly ex-military, have moved to Thailand and have entered the business of smuggling heroin to the United States.

According to U.S. narcotics agents, the Bangkok operation is led by an ex-U.S. serviceman, William Henry Jackson. Jackson operates a place called the Five Star Bar in Bangkok, which is patronized chiefly by black U.S. servicemen. According to the narcotics agents, Jackson is assisted by other ex-military men, some of whom have moved from Europe to Bangkok. According to the agents, the Jackson group recruits patrons of the Five Star Bar as heroin couriers to the United States and utilizes other active duty military personnel to ship heroin to the United States through the Army and Air Force Postal System.¹

Jackson is now wanted in the United States in connection with a heroin seizure case, and American authorities are working with the Thai Government to have him deported.

BNDD agents in Bangkok are of the opinion that Jackson is probably paying a Thai legislator for protection.

Bangkok is also the source of heroin for another major system engaged in smuggling heroin into the United States—the Okinawa sys-

¹ The Bureau of Customs announced on May 6, that it made 248 seizures of narcotics through Army and Air Force post offices from the beginning of March through April 24, 1971. It also announced that it had seized 17 pounds of heroin in a piece of military mail from Bangkok, Thailand, on April 5. The package, seized at Fort Monmouth, N.J., contained heroin valued at an estimated \$1.75 million on the street.

tem. This system is composed of U.S. military and ex-military personnel allied with a few Okinawans. Efforts to contain this system are hampered by the inability of authorities on Okinawa to initiate adequate customs procedures at the civilian airports. Most U.S. authorities are convinced that this will change once Okinawa reverts to Japan and Japanese law enforcement officials assume customs responsibility for Okinawa.

These Americans who are engaged in this most despicable crime of modern times carry U.S. passports with all of the privileges attendant. They are enemies of the American people who do not deserve the rights accorded to law-abiding citizens, and serious consideration should be given to withdrawing the passports of these international criminals.

Above all, the United States Government should inform the Thai Government that a refusal to deport known U.S. heroin traffickers could prejudice Thai-American relations.

Smuggling into South Vietnam

Heroin is smuggled into South Vietnam in a variety of ways. Some is carried in commercial aircraft, some is air landed or air dropped. Some is probably carried overland by North Vietnamese or Vietcong using trail areas used for transporting supplies, and some is carried in South Vietnamese vehicles and aircraft.

It is believed that the Laotian and South Vietnamese Air Forces are deeply involved in this activity. Heroin has also been smuggled in Air America aircraft although there is no evidence that any official of a U.S. agency has ever been involved in the smuggling of heroin into South Vietnam.

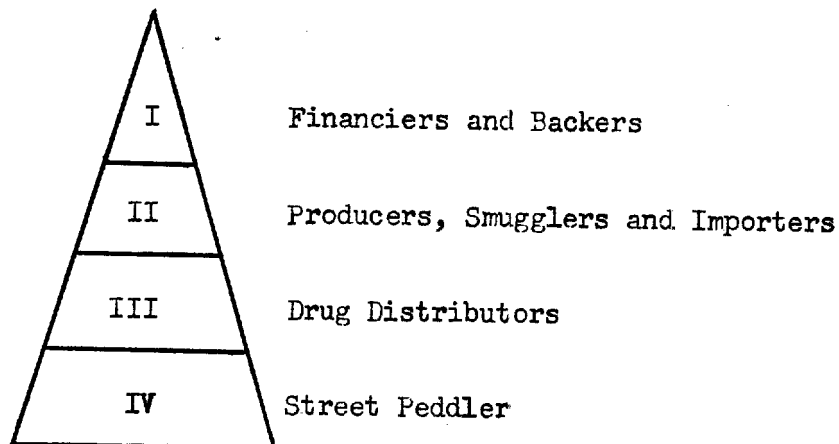
It is also possible to rent private aircraft in Southeast Asia and the use of private aircraft for smuggling purposes is increasing.

It is assumed by the U.S. military that this activity reaches high levels of command, to include the politicians, both in Laos and in South Vietnam. We were told that there is information available that high-ranking Vietnamese officials, including military, are mixed up in drug operations.

Heroin is smuggled into South Vietnam from Bangkok by Thai soldiers either returning from leave or those beginning a tour of duty in South Vietnam. Many of these soldiers travel in U.S. military aircraft. Unfortunately, there are no adequate customs procedures in effect and the Thai soldier enters South Vietnam unchecked. Some is also carried in Thai aircraft, both military and commercial, and some is thought to be mailed by Thai military personnel through the postal system which the United States operates for the Thai military serving in Vietnam. As one American official told us, "This is an ideal situation for shipping heroin to Vietnam." Finally, some heroin is thought to be carried in by American military personnel returning from R. and R. Recent evidence indicates that Hong Kong may be a limited source of the heroin reaching U.S. troops in South Vietnam.

Once the heroin reaches South Vietnam from these various sources, it becomes readily available in the streets of Saigon. The street peddler who sells heroin is the low man on the totem pole. The structure of

the illegal heroin market can be illustrated as a pyramid consisting of four tiers:



If the financiers and backers who finance the narcotics business can be uncovered and prosecuted, severe damage could be inflicted on the entire operation, especially if strong measures are taken to deal with the bottom three tiers of the pyramid simultaneously.

The problem of corruption

Official corruption plays an important part in the worldwide traffic in heroin. The extent of corruption in Southeast Asia is difficult to assess. Reliable sources report that at least two high-ranking Laotian officials, military and governmental, including the chief of the Laotian general staff, are deeply involved in the heroin business.

In Thailand, a former diplomat and member of one of the most respected Thai families is reputed to be one of the key figures in the opium, morphine base, and heroin operations in that country and throughout Southeast Asia.

Recently, a member of the South Vietnamese legislature, and friend of high-ranking governmental officials, was arrested smuggling heroin into Vietnam. The U.S. Military Command has supplied Ambassador Bunker with the names of high-ranking Vietnamese officials it suspects of involvement in the heroin trade, and believes that the corruption has reached the point where only forceful intervention by President Thieu can succeed in checking the traffic.

There have also been reports that Vice President Ky is implicated in the current heroin traffic. The study mission was unable to find any evidence to support this allegation.

In general the wholesale organizations trading in opium and opiates seek to involve government officials in their activities by corruption. Essentially, the wholesalers want both legal protection for themselves and insurance for the dependability of their business operations. In order to provide deliveries of contraband in large volumes and with regularity, the wholesalers seek to corrupt officialdom at fairly high levels if possible. At the same time, officialdom itself may be vulnerable to corruption because of the relatively large compensation it can get for collaborating with the major traders. For this reason, some officials are undoubtedly involved in illegal narcotics traffic.

The involvement in the traffic of individual officials and military officers in some other countries has also been reliably reported, as has the use of diplomatic pouches for smuggling opium and heroin. In no country, however, is there likely to be a flourishing illicit trade in opium or heroin without the complicity of at least a few key civil servants or police officers.

What the governments of Southeast Asia are doing

SOUTH VIETNAM

Most of the heroin in Southeast Asia is produced for Americans. Until recently this led many governments to look upon heroin usage as strictly an American problem and little was done to help stop the illegal traffic. Addiction, however, is being discovered among the indigenous population, and the various governments are responding to U.S. initiatives in order to begin to get some control over this problem.

This is particularly true in the South Vietnamese military forces. We were told that during the South Vietnamese invasion of Laos, that some South Vietnamese troops who had been transferred from other areas of Vietnam on short notice had to be treated for withdrawal symptoms. Some U.S. personnel supporting the operation were also treated for withdrawal pains. The theory is that these troops were moved so rapidly and on such short notice that it was not possible to obtain sufficient heroin to satisfy their needs. As a result, one high-ranking South Vietnamese official told the study mission that whereas he had formerly looked upon the drug problem as an American problem, he now realized that it was becoming a Vietnamese problem.

Proper enforcement of South Vietnamese law would put a stop to a large part of the illegal traffic in heroin in that country. Particular emphasis must be placed on ending corruption in the customs service, which has been responsible for large quantities of heroin entering South Vietnam.

The possession of and the sale of heroin in South Vietnam is illegal. Yet sales on the streets of Saigon are so blatant that several attempts were made to sell heroin to members of the study mission as they walked the streets of Saigon, accompanied by a uniformed member of the United States Army.

As a result of American pressure the national police are becoming more aware of the need to do something about this problem. The national police commander has promised to take action.

In this context, combined narcotics suppression committees have been established in each military region. The membership consists of two U.S. officers and two inspectors from the national police. The committee collects and evaluates information on narcotics smuggling and informs the national police agencies of the need to take action to arrest and prosecute offenders.

It is too early to measure the effectiveness of these committees. In spite of the fact that heroin addiction has been a growing problem for over a year, the committees were not established until February 1971.

The study mission was assured by U.S. Ambassador Ellsworth Bunker that both President Thieu and Vice President Ky were con-

cerned with the problem and are interested in stopping the illegal traffic in heroin.

Promises and interest are not enough, however. Strong action must be taken to stop the heroin traffic in South Vietnam. We are not optimistic that the Government is either willing or able to take such action.

One of the major reasons for pessimism is the internal political situation in South Vietnam, where differences between President Thieu and Vice President Ky inhibits effective action being taken.

Vice President Ky was especially critical of the efforts being taken by the Government of South Vietnam to solve the problem of heroin, and stated that if he were given the responsibility of cleaning up "the drug mess" in South Vietnam, he would produce concrete results within 2 or 3 months.

The implication of this statement is that the Government is not doing all that it can, or should. Some way must be found to convince the South Vietnamese of the urgency of this problem and the absolute necessity to solve it.

In the final analysis, neither South Vietnam nor the United States can solve this problem alone. Both need the cooperation of the producing countries: Burma, Laos, and Thailand. Of the three, Thailand is the most important, and the most able to take action.

THAILAND

According to United States officials in Bangkok, the Thai Government is taking some action to stem illicit heroin production.

Since producing opium is illegal in Thailand, there are projects aimed at encouraging the hill tribesmen to grow other crops. These programs consist of education and training in new farming techniques and improved enforcement of Thai law.

The study mission visited a tribal research center which is situated on the grounds of Chiang Mai University in Northern Thailand. The research center is the research branch of the Hill Tribe Division, Department of Public Welfare, Ministry of the Interior. One of the problems which led to the creation of the research center was the illegal cultivation of poppies in Northern Thailand. The Government was desirous of eliminating the growing of poppies, yet the economy of some of the hill societies is based upon the income derived from opium sales. Prohibition, without the promotion of alternative cash crops would have caused considerable hardships. In addition, the inability of the Government to exert effective administrative control over these areas would have doomed the project to failure.

In 1967 and again in 1970, the Thai Government requested the United Nations to help by conducting a study on the economic and social needs of the opium producing areas in Thailand.

There have also been efforts to resettle the hill tribes to other areas, but this program has not been overly successful.

The Thai Government has initiated efforts to destroy the poppy crops, but without great success. The areas are too remote and enforcement almost impossible because of the Communist inspired insurgency in the area.

In 1962, the Thai invited U.S. BNDD agents into Thailand to assist them in their efforts. Relations between BNDD agents and the Thai police are improving. The Thai now permit BNDD agents to operate undercover and to appear in court in narcotics cases.

BNDD efforts, at least until 1969, were hampered because funds needed to do an effective job were not available. This situation has also changed and sufficient funds are now being made available.

Much more cooperation on the part of the Thai government is required, however. The Thai must devote more resources to improvement of their capability to intercept illegal shipments of opium, morphine, and heroin.

The Thai Government must also institute adequate and effective customs inspection, especially in the case of Thai troops and aircraft going to and from South Vietnam.

The study mission was also of the opinion that the United States Mission in Thailand should be more forceful in convincing the Thai Government that the United States not only needs, but expects, rapidly increasing action to stop the illegal traffic in opium and its derivatives.

Strong and effective measures by the Thai Government, however, would not completely solve the problem. Poppies are also grown in Burma and Laos.

BURMA

Poppies are grown in Burma under uncontrolled conditions. Due to economic, social, and political factors, the Government is not able to apply control measures required to implement their policies or intentions of prohibiting, or to supervise and control the growing of poppies and the production of opium. While much of the opium produced in Burma is consumed locally, a considerable amount appears in the illicit traffic. It is bartered for goods or sold for cash. Opium is very often the principal cash crop.

Burma has few economic, political, or cultural contacts with the outside world as a result of the Government's acute sensitivity to foreign influence. Because of this, U.S. relations with Burma are not close, although they are "correct and friendly."

Any reduction in the amount of opium produced in Burma will take time. The Government must be strengthened and some way found to convince the opium producers to grow other crops.

There is little that the United States can do unilaterally to bring this about. It can, and must, however, urge the United Nations to help.

LAOS

The Laotians are deeply involved in the growing of poppies and in the production of heroin. Opium is the principal source of income of the ethnic minorities in Laos.

The possession of opium in Laos is not illegal at the present time. There is a law being considered which would make such possession illegal. Even if the law passes, enforcement will be next to impossible because of the inability of the Laotian Government to exercise effective political control over most of Laos. A copy of the proposed legislation, including the note of presentation, is included in the

appendix. This proposal, which was first drafted in 1963, will be presented to the National Assembly, hopefully in May 1971.

There are other steps that the Laotians can take to assert some control over the illegal traffic in opium and its derivatives. From the evidence available, there is no doubt that the Laotian military is deeply involved in the international traffic in heroin. Heroin is processed in laboratories located in Laos, and what is not smuggled through Thailand is smuggled through Laos, primarily by air in Laotian Air Force planes. While there is little likelihood that the Laotian Government will gain control over its territory in the near future, it can, and must, take action to reform its air force and eliminate the corruption which permits the drug traffic to flourish.

It should also be pointed out that tribesmen who grow poppies in the non-Communist part of Laos are some of the most effective resistance fighters against the North Vietnamese and the Pathet Lao. They depend for their livelihood upon opium production. The United States should consider the feasibility of buying up the opium crop each year, while encouraging and assisting the tribesmen to grow other crops. Such a program would probably cost at the most \$10 million annually. In 5 years, however, it would not equal the amount of military assistance that the United States gives to Laos annually to enable it to remain non-Communist. If it is in the national security interests of the United States to save 3 million Laotians from communism, it certainly is in the national security interest of the United States to spend whatever is necessary to save generations of young Americans from heroin addiction.

In summary, the heroin problem in Southeast Asia is a regional problem. It transcends national boundaries and the operations in one country are dependent upon the operations in the other. Efforts to combat it must, therefore, be regional in scope. And the United States must push the fight against heroin as vigorously as it has conducted the fight against Communist aggression in Southeast Asia.

For years the United States has been encouraging regional economic development in Southeast Asia. It is discouraging that the most successful regional commercial development has been the illicit production and sale of heroin.

What the United States is doing to attack the heroin problem in South Vietnam

Steps are being taken by the United States Government in South Vietnam at both the diplomatic level and the military level to combat the growing heroin problem.

The study mission learned that the United States has made a strong appeal to the Government of South Vietnam to take action in this area. In a strongly worded memorandum, the U.S. Ambassador pointed out that "continuation of illegal traffic in drugs, particularly heroin, will have a serious impact on American support of the national effort."

Because there has been criticism of U.S. diplomats for not pressing the narcotics issue forcefully enough with host governments, it is only fair to say that the study mission wholeheartedly supports the efforts of the Embassy in South Vietnam. Following is an extract from the paper:

DRUG ABUSE

GOALS

Accordingly it is suggested that the following goals be established:

1. Recognition by all Vietnamese officials and citizens of the magnitude of the drug problem and the serious impact that a continuation of illicit traffic in drugs, particularly heroin, will have on the American support of the national effort.
2. Development of a national will to eradicate trafficking in drugs.

RECOMMENDATIONS

To achieve these goals it is specifically recommended that the President of Vietnam:

1. Issue a circular in the immediate future, through both civilian and military components of the government, indicating your concern over the accelerating drug problem and the apparent involvement of large numbers of Vietnamese in drug trafficking. This circular should specifically mention the trafficking of heroin and the danger this highly addictive narcotic currently poses to the physical well-being of Americans as well as the future danger it poses to Vietnamese citizens. This circular should be followed by a decree which specifically legislates against trafficking in heroin and which imposes severe penalties for doing so.

2. Appoint a Presidential Task Force of highly qualified, dedicated and honest investigators to ferret out, investigate and prosecute the financiers and backers who comprise the powers behind drug trafficking. These men are responsible for manipulating, fostering, protecting and promoting the illicit traffic in drugs. They include influential political figures, government officials and moneyed ethnic Chinese members of the criminal syndicate now flourishing in the Cholon sector of Saigon.

3. Initiate action to establish a comprehensive drug training program for all law enforcement elements within the Republic of Vietnam, to include prosecutors. Such training would be directed primarily at heroin, its characteristics and the danger it poses to the physical well being of users.

4. Initiate immediate action to arrest all importers, distributors and street peddlers involved in the distribution and sale of drugs, especially heroin. Further, that stringent penalties be levied against these people to preclude their return to these activities.

5. Initiate action to form a specialized narcotics section within the Customs Fraud Repression Service. Such a section would devote its energy to combat the smuggling of drugs, especially heroin.

6. Take immediate action to have existing customs regulations enforced. Specific actions that must be taken are:

- (a) Unauthorized personnel must not be allowed to handle any items of cargo or baggage until such items have been properly cleared by customs officials.

- (b) Existing customs regulations pertaining to the actual processing and searching of individuals and all classes of cargo/personnel must be adhered to rigidly.

7. Initiate action to enforce existing health and welfare laws as they pertain to the sale of pharmaceutical products (dangerous drugs) throughout Vietnam. No such products should be sold to American servicemen without the required prescription.

U.S. military authorities in South Vietnam are also aware that the problem of heroin addiction has reached epidemic proportions and must be solved. To do this, a four-point program has been developed, consisting of education, amnesty, rehabilitation, and suppression.

Education programs have been expanded at all levels of command where the consequences of drug abuse are stressed. There are also programs aimed at educating noncommissioned and commissioned officers in the detection and control of drug abuse in their units.

An education program to be effective must stress the dangers inherent in the illegal use of drugs and the dangers it poses to the health and future of the user. It must be current, accurate, and hardhitting.

There has been criticism that material provided for use in Vietnam does not fit these requirements. According to one recognized authority, more use should be made of films which "tell it like it is." These films should be kept up to date and they should focus on the problem in South Vietnam.

Amnesty programs have been instituted. Basically, amnesty is a promise of freedom from punishment in exchange for accepting medical treatment and rehabilitation. Under this program when an addict requests rehabilitation treatment and medical assistance, he is admitted to a rehabilitation center where he undergoes treatment for his addiction. To prevent the amnesty program from being used as a vehicle to escape from combat and to discourage resumption of the habit, an individual is permitted to request amnesty only one time.

While there has been no success in curing those who inject, there have been some successes in curing those who sniff or smoke. There are very few statistics available concerning rehabilitation programs. They must, therefore, be used with caution.

For example, during the first quarter of 1971, 3,458 heroin users participated in the rehabilitation program. Of this number, there were at least 703 known unsuccessful participants. There are no figures available which estimate the rate of cure of those participating. From statistics that are available, the rate of cure is not encouraging. For instance, of 532 addicts treated at Pioneer House, an amnesty and rehabilitation center located in Long Binh, between October 1970 and March 1971, there were reported 149 successful cures, 94 failures, and 249 in the unsure category.

An important part of the rehabilitation program is the counseling received during the treatment period. Even here, the program is vulnerable. For instance, the week before the study mission visited Long Binh, two counsellors at Pioneer House were arrested, one for using LSD; the other for using heroin.

Another problem emanates from the requirement that the amnesty and rehabilitation program is entirely voluntary. The individual is free to leave the center at any time. In the past, people have walked out of the rehabilitation center before they were cured. They will probably do the same in the future.

But perhaps the most serious shortcoming of the drug rehabilitation program is that there is not a coordinated Vietnam-wide effort to establish rehabilitation centers. Responsibility is delegated to major commanders. Some commands support the effort fully. Some distrust the concept and take little or no interest in the program.

Several steps have also been taken to suppress the use of drugs, particularly heroin, in South Vietnam. Drug-abuse councils have been formed in every unit down to battalion/squadron level to provide analysis, evaluation, and monitoring of all aspects of narcotics and drug suppression. A combined antinarcotics enforcement committee, composed of Vietnamese and American forces, has also been established in each military region to eliminate the illicit traffic in narcotics within the civilian community of the Republic of Vietnam.

In addition, a Joint United States/Republic of Vietnam Narcotics Investigative Detachment will concentrate its efforts on the illegal

drug supply and trafficking problem to interdict and eradicate drug sources before the heroin reaches military personnel. This detachment is made up of representatives from the several U.S. military investigative organizations, the Vietnamese Military Police, and the Vietnamese National Police.

Simultaneously, a Joint U.S. Customs Group has been established to assume responsibility for all military customs operations in Vietnam to include postal, household goods, unaccompanied baggage, and the processing of accompanied baggage and personnel arriving or departing South Vietnam. This unit is responsible for all customs enforcement, including narcotics.

Hopefully, these steps will help reduce the availability and use of heroin by U.S. personnel in South Vietnam.

There is one other aspect of the problem which is of concern to military authorities in South Vietnam—they have no adequate and reliable procedures for detecting the heroin addict. As part of the drug-suppression program, new and more complete surveying techniques are to be employed and statistical data will be collected and compiled on a commandwide basis.

Measures must be taken to improve the reliability of addict detection procedures. If possible, the development of a simplified urinalysis test should become a matter of first priority for medical authorities. If this is not feasible, adequate laboratory facilities should be furnished down to battalion and squadron level. Every soldier should be required to undergo periodic urinalysis, especially before his return to the United States and absolutely before his separation from the military service. If the serviceman who has become addicted using 94- to 97-percent pure heroin in South Vietnam enters the drug scene in the United States where the heroin available is 4 to 6 percent pure, the ominous implications are obvious for himself, his family, and for American society. In the absence of the heroin available in South Vietnam, the only alternative for one who has become addicted through sniffing and snorting will be to inject.

Implementation of the above program must receive the highest priority at every level of command, and it must be pushed with a greater sense of urgency than has been the case. In spite of the fact that drug abuse has been a growing problem in South Vietnam for over 1 year, the directive setting out the program to combat it was not issued until December 1970.

While U.S. military and diplomatic personnel in Southeast Asia are concerned about the problem, the study mission is of the opinion that a greater sense of urgency is needed.

For example, when we arrived in Bangkok, we were told that there was a regional conference being held to discuss the problem of drug addiction among U.S. military personnel in Southeast Asia. All U.S. agencies responsible for the drug problem were represented at the meeting. This included military, Bureau of Customs, the Bureau of Narcotics and Dangerous Drugs, and U.S. diplomatic personnel.

While it was encouraging to note that this conference was finally held, such action should have been taken much sooner to mobilize the resources available to take strong coordinated action to stop the illegal traffic in heroin.

IRAN AND JAPAN

The study mission also traveled to Iran and Japan in an effort to determine what impact, if any, those countries had upon the heroin problem in the United States. We are happy to report that there is no evidence to suggest that either contributes in any way to the illegal production and smuggling of heroin into the United States.

What was of particular interest to us was the approach that the two countries have taken, and are taking, to control heroin addiction.

In both, these procedures are aimed at suppression of the illegal traffic, rehabilitation of the addicts when found, and strict justice for those convicted for illegal possession of, or trafficking in, heroin.

IRAN

Iran has one of the largest heroin using populations in the world—approximately 50,000. Unlike the United States, 90 percent of the heroin used in Iran is produced illegally in that country. The remaining 10 percent required by the Iranian heroin addict population originates in the poppy fields of Turkey.

In 1955, because opium addiction was undermining the health of the nation, Iran banned the growing of poppies.

By 1969, discouraged by the lack of movement on the part of Turkey and Afghanistan, and alarmed by the gold drain which covered the cost of illicitly imported opium, Iran authorized limited poppy cultivation under strictly controlled conditions.

Iran has strict opium collection procedures and the poppy crop is closely monitored from planting until the harvest of the opium gum. And whereas the Government of Turkey pays the farmer \$10 to \$15 for opium gum, the Government of Iran pays \$90. This, of course, explains in part why there is little or no leakage of opium gum from the licit to the illicit market in Iran.

There are other reasons. If the farmer in Iran violates the law, he forfeits his license to grow poppies. And if an individual in Iran is convicted of possession or trafficking in heroin, he is executed. (Since 1969, 86 people have been shot for offenses involving heroin.)

In the past, Turkish smugglers moved raw opium into Iran. As a result of strict enforcement of Iranian narcotics legislation and efforts by both Turkish and Iranian Governments to combat smuggling, the amount of opium introduced from Turkey has been reduced dramatically. Now, however, instead of smuggling raw opium, the Turks are smuggling morphine base and heroin. This is a new development.

It is easier to deal in morphine gum or heroin which has one-tenth the bulk of opium gum. In addition, opium gum has a distinctive odor and in hot weather is extremely difficult to conceal while morphine base or heroin is almost odorless.

This poses a potential problem of severe dimensions for the entire international effort to control the illegal traffic in narcotics.

The evidence suggests that the drug traffickers in the Marseilles area of France are becoming concerned at the increasing pressure being applied by the French authorities in cooperation with U.S. Bureau of Narcotics and Dangerous Drug agents. It is thought that they may be looking for other areas in which to operate their illicit laboratories. If heroin is produced in Turkey, at the source of the opium gum, it will remove the necessity to smuggle opium gum or morphine base to France. The long, circuitous route from Turkey to Marseilles provides an opportunity for law enforcement agencies to intercept the shipment at any step along the way and particularly in Marseilles where it is halted long enough to be turned into heroin. If, on the other hand, heroin production takes place in Turkey on a scale large enough to provide the illegal heroin formerly produced in Marseilles, interception will become much more difficult.

It is obvious that Turkey must introduce effective opium production controls and work toward a complete abolition of opium production. The heroin problem in Iran and the United States is fueled by the opium that originates in Turkey, and it is that country that can do the most toward helping to solve the heroin addiction problem.

JAPAN

The Japanese have been able to control heroin addiction. Since 1964 they have succeeded in reducing their heroin addict population from approximately 50,000 to only several thousand.

The success of Japanese efforts to control addiction is due to effective Japanese police work and to strict penalties dealing with the narcotics pusher.

The maximum penalty is 10 years in prison for smuggling or selling heroin.

If a man is arrested for heroin pushing, there is no bail permitted. He must be charged within 48 hours, however. The police can hold the suspect for 10 days during which preindictment investigations are conducted. At the end of 10 days, he is turned over to the prosecutor who has an additional 10 days to bring the accused to trial. If necessary, the prosecutor can request an additional 10 days before commencing trial. Therefore, an individual arrested for possession of heroin can be held for 30 days without bail.

It is the opinion of the study mission that law enforcement officials and legislators in the United States should study the methods used by Japan to deal with this problem.

INTERNATIONAL COOPERATION TO CONTROL ILLEGAL HEROIN TRAFFIC

It is obvious that if the illegal traffic in heroin is to be brought under control international cooperation is needed. The most immediate problem is to control the cultivation of poppies and the production of opium.

The production of legal opium is regulated by the International Narcotics Control Board (INCB) through the provisions of the Single Convention of 1961 which became internationally effective December 13, 1964.

The Board is entrusted with enforcing the provisions of the Single Convention. The Board asks both parties and non-parties to the Convention for estimates of drug requirements and existing stocks and statistics of production, consumption and seizures each year, and by article 12(3), if estimates are not forthcoming, the Board can fix them. Among the weapons which the Board has are requests for information and explanations, public declarations that a country has violated its obligations, and under article 14(2), a recommendation to parties that they impose embargoes on imports and exports against an offending country.

Member states are also required to license the growing of poppies and to control trade by granting export licenses only when the importer produces an import certificate from the importing country. A third country is not to allow drugs to pass through its territory without a copy of the export authorization.

The provisions of the Single Convention, however, apply only to the control of legal production of opium. They provide essentially voluntary restraints on parties with respect to cultivation of the opium poppy, production of opium, manufacture of opium-derived drugs and import and export of these substances. The United States has proposed amendments which, if adopted, would provide the INCB with authority to control production and illegal traffic in narcotic drugs.

It is hoped that a conference to consider the proposed amendments would meet early in 1972.

While the study mission fully supports U.S. efforts to strengthen the ability of the international community to restrict narcotics activity to legitimate medical and scientific purposes, it is of the opinion that such a conference should be convened as soon as possible and not wait until early in 1972. Time is essential and the United States should impress this fact on the international community at every opportunity.

The problem, however, is not the control of legal production, but to find ways to stop leakage of opium to the illegal market. Some countries such as India, Iran, the Soviet Union, and Yugoslavia have been relatively successful in accomplishing this. Others such as Turkey have not.

Complicating the problem are those areas of Afghanistan, Pakistan, Burma, Laos, and Thailand where opium poppies are grown illegally and under uncontrolled conditions.

Because of the amount and quality of heroin produced from the poppies grown in Burma, Laos, Thailand, and Turkey, international efforts to control the illegal traffic in heroin must be concentrated on those four countries.

Experience has demonstrated that the only way to control this problem is to control it at the source—in the poppy fields.

The United States can, and should, exercise what bilateral diplomatic and economic pressures it can to encourage its friends and allies to take action to stop opium production. It is also necessary to obtain the cooperation of the United Nations.

Acting upon the initiative of the United States the United Nations did agree to establish a Special Fund for Drug Abuse Controls, to be made up of voluntary contributions and used to develop short-term and long-term plans and programs to bring the problem of drug addiction under control.

The United States pledged \$2 million and on April 1, 1971, the Permanent U.S. Representative to the United Nations made the first \$1 million payment. Unfortunately, the United States is the only country to have pledged any money, although one other, West Germany, has announced unofficially that it will pay approximately \$350,000 into the fund.

This is disappointing. With addiction increasing around the world, particularly in the United States, there is an immediate need for effective action and cooperation.

According to the Secretary General, the purpose of the drug abuse fund will be to develop short-term and long-term plans and programs and to provide assistance in the execution of those plans and programs. During the initial stages of the Fund, pending the completion and submission of a proposed long-term policy and plan of action which would deal with all aspects of the problems related to drug abuse control, the voluntary contributions to the Fund will be used for specific projects to be included in a short-term program without prejudice to on-going projects. The short-term program will consist of projects to expand the research and information facilities of United Nations drug control bodies; to plan and implement programs of technical assistance in pilot projects for crop substitution purposes, the establishment and improvement of national drug control administrations and enforcement machinery, and training of personnel, and in setting up or expanding research and training centers which could serve national or regional needs; to enlarge the capabilities and extend the operations of United Nations drug control bodies and their secretariats; to promote facilities for the treatment, rehabilitation and social reintegration of drug addicts; and to develop educational material and programs suitable for use on high-risk populations.

While this is a commendable program and should be encouraged it does not go to the heart of the problem—how to stop the illegal traffic in heroin now or how to get Turkey to honor her international treaty obligations by passing a law licensing the growing of poppies; or what is to be done to control the growing of poppies and the production and smuggling of heroin in the Far East.

These are the basic problems and, if necessary, the United States should be willing to make funds available to the United Nations, or to the individual countries, so that they might begin to deal with them.

The United States also must convince the world community of the urgency of this problem.

International Criminal Police Organization (Interpol)

Essentially, the purpose of Interpol is to enable police forces in the different countries to coordinate their work effectively in the double aim of law enforcement and crime prevention.

Interpol is not an enforcement body, nor is it an investigating body. It collects, collates, stores and disseminates information on known international criminals.

It has a staff of 107, of which 12 devote full time to narcotics matters.

Interpol is hampered in its efforts to assist in the control of narcotics by—

- (1) Bad communications between police units in the member countries;
- (2) Corruption in the police units or on a higher national level; and
- (3) Poor administrative and police control over large parts of the country such as in Thailand, Laos and Burma.

Another problem is that Interpol does not receive a great amount of intelligence from member countries concerning the smuggling of narcotics. If a foreign national is arrested for a narcotics offense, the national police are required to provide Interpol with all of the information surrounding the case. This is not always done. Until January 1971 one of the greatest offenders was the United States.

The United States is also currently behind in its dues to Interpol. The dues were increased in 1969 from \$28,500 per year to \$48,780. The United States needed legislative authority to pay the difference—authority which has not yet been granted.

There have been a number of suggestions made that Interpol could increase its effectiveness by improving its communications facilities and by computerizing its operations. The Study mission discussed this with Interpol officials at some length. Although it was the considered opinion of those experts that such improvements would make Interpol operations more efficient, they pointed out that there were no funds available for this: Interpol operates on an annual budget of less than \$1 million and any additional equipment would require an increase in the annual dues.

It has been suggested that the United States should make money available to Interpol to introduce these modernization programs. This could be done but it should be done with caution and in such a way as to preclude the assumption that the United States is trying to "take over" Interpol.

The United States should consider ways to improve the communications capabilities of Interpol and the member countries, either on a bilateral basis or through the Interpol apparatus.

Other international organizations

In addition to action in the United Nations and increased cooperation with Interpol, the United States should also consider putting pressure on our allies in the North Atlantic Treaty Organization (NATO) and the Southeast Asia Treaty Organization (SEATO). Both are mutual security treaties and both pledge action against a common foe. Heroin addiction is an enemy of mankind and all the world's resources should be mobilized against it.

The United States furnishes approximately \$100 million military assistance to Turkey annually to enable that country to fulfill her commitment to the North Atlantic Treaty Organization (NATO). NATO was organized to protect the security of the North Atlantic area, including the United States. During the 22 years that NATO has been in existence, the United States has contributed well over \$20 billion to insure its survival. Money is no object when it comes to the defense of the free world. The U.S. defense budget in 1971 will be approximately \$79 billion, plus another \$2 billion for military assistance.

But how well will we have defended America, if we lose a generation of young Americans to heroin addiction in the process?

Europe depends upon the United States for its security. It should be willing to do what is necessary to help solve this problem, including putting pressure on Turkey to take effective action to first control and then to stop the growing of poppies.

The same situation applies in Southeast Asia. Thailand is a SEATO partner and Laos and South Vietnam fall under the U.S. security blanket. They must all be persuaded to join in the battle against heroin now.

CONCLUSIONS

1. As of May, 1971, there are an estimated 250,000 heroin addicts in the United States and an additional 30,000-40,000 addicts among U.S. troops in Southeast Asia.

2. The problem is how to stop heroin from reaching American addicts in the United States and in Southeast Asia. Once the poppy is cut and introduced into illegal channels, the battle to prevent the end product, heroin, from reaching the addict is virtually lost.

3. Heroin addiction is essentially an American problem and most countries view it as such. As a result, there is a great deal of talk about cooperation with the United States but there is very little action.

4. There is no sense of urgency on the part of most governments that action must be taken immediately to stop the illegal production of, and traffic in, heroin. U.S. diplomatic personnel must assign top priority to gaining the full cooperation of host governments in attempting to solve the heroin problem.

5. Turkey must stop growing opium poppies if this problem is to be brought under control. Most of the heroin entering the United States originates in the poppy fields of Turkey.

6. Prospects for stopping poppy cultivation and the production of heroin in Southeast Asia in the near future are dim. Efforts must be directed toward stopping the illegal flow of heroin into South Vietnam. If these efforts fail, the only solution is to withdraw American servicemen from Southeast Asia. Above all the U.S. diplomatic community in the several countries must be aware that their job is to represent United States interests rather than to appease the host government.

7. The United States can and should exert pressures on the Governments in Southeast Asia in order to gain their cooperation in the fight against heroin. The survival of Laos and South Vietnam depend upon continued military and economic assistance from the United States and the ability of Thailand to defend itself would be seriously weakened if the United States were to discontinue military assistance to that country. While the effectiveness of threats to cut off military and economic assistance are debatable, there can be no disagreement that because of this assistance the United States has a right to expect full cooperation from these countries in efforts to stop illegal traffic in heroin.

8. Corruption plays an important role in the illegal heroin traffic, particularly in Southeast Asia. Governmental and military officials at all levels are implicated. If graft and corruption are to be eliminated, some way must be found to take the profit out of the production and sale of heroin.

RECOMMENDATIONS

1. That the President take personal command of the struggle to eliminate the illegal international traffic in narcotics, particularly heroin, and commit the full resources of the country to that battle.

2. That every U.S. department and agency engaged in the conduct of foreign policy be instructed to participate in a broad-based diplomatic offensive to gain the full cooperation of foreign governments in eliminating the illegal traffic in opium and its derivatives. These instructions should require each U.S. country team to draw up a comprehensive and specific plan for gaining greater cooperation from the host government. Such plans should entail the escalating use of all available political and economic leverages and each foreign government should be put on notice that failure to cooperate would prejudice bilateral relations. To buttress the efforts made abroad, the Department of State should undertake a concerted campaign to impress on foreign ambassadors in Washington and at the United Nations the seriousness of the U.S. Government's concern.

3. That the U.S. Government immediately and forcefully exercise the special leverages it has with the South Vietnamese and Royal Laotian Governments by virtue of our enormous military, economic, and political support of those governments to gain their cooperation in cracking down on the illegal heroin trade in their countries and the official corruption that contributes to it.

4. That the U.S. Government underwrite an accelerated research program to find a nonaddictive substitute for opium, which continues to have important medicinal applications.

5. That the United States negotiate with other countries to better control and, where feasible, stop the cultivation of opium poppies. To help accomplish this, the United States must be prepared to undertake a multimillion-dollar bilateral program to assist those countries to develop substitute economic activities for their opium farmers.

6. That the permanent U.S. Representative to the United Nations continue his initiatives to gain greater U.N. participation in the fight against illicit narcotics and dangerous drugs, emphasizing efforts to:

(a) gain the strong support of the Secretary General in this struggle;

(b) push vigorously to insure adoption of amendments to the Single Convention which have been proposed by the United States;

(c) gain participation by all nations in the U.N. Special Fund for Drug Abuse Control; and

(d) initiate proposals designed to upgrade the capabilities of the United Nations Division on Narcotic Drugs and the International Narcotics Control Board in terms of personnel and funding. Special emphasis should be placed on the development of programs by the U.N. Division on Narcotic Drugs to provide alternate economic activities for opium farmers.

7. That U.S. military authorities in Southeast Asia undertake all appropriate policing measures to reduce the flow of heroin to U.S. troops in South Vietnam, including increasing the surveillance of mail entering South Vietnam through APO channels. Customs procedures must also be expanded to include inspection of Thai soldiers entering South Vietnam aboard U.S. military aircraft.

8. That the Department of Defense improve its capability to identify military heroin addicts by instituting an extensive program of urinalysis; that it provide acute care and detoxification for all military addicts; and that it provide basic rehabilitation services for those addicts. That in cases where military rehabilitation efforts prove unsuccessful, the unrehabilitated addict's commanding officer should be permitted and required, prior to the addict's discharge from the military, to civilly commit the addict to the Administrator of the Veterans' Administration for a period of 3 years for treatment and rehabilitation. That the Veterans' Administration in turn contract with civilian multimodality treatment centers at the community level with the purposes of utilizing the centers' expertise within the VA hospitals and ultimately turning the patient over to such centers for reintegration into society.

9. That the United States substantially speed up the withdrawal of military draftees from South Vietnam. The draftees have proven far more susceptible to heroin addiction than nondraftees and are estimated to have an addiction rate of over 15 percent.

10. That the Congress consider legislation which would provide for preventive detention, in the form of a nonbailable offense, for those arrested for the illegal possession of, or trafficking in, heroin, who are not addicted themselves. This legislation should also consist of a mandatory jail sentence of not less than 20 years upon conviction with no possibility of parole.

11. That the Congress consider legislation which would ban the manufacture, distribution, sale, or possession with intent to use, drug materials for illegal purposes.

12. That the United States consider canceling the passport of any American known to be engaged in the illegal traffic in heroin.

13. That U.S. customs authorities increase the surveillance of mail entering the United States through APO channels.

14. That the United States utilize its worldwide intelligence collection apparatus, including the use of satellite photography, to

gather information on all aspects of the illegal production of and traffic in heroin.

15. That substantial new funds be made available to the Bureau of Narcotics and Dangerous Drugs for discretionary expenditure.

16. That the United States consider making additional funds available to Interpol to improve its operations.

17. That the United States seek greater cooperation from the Government of Switzerland to identify individuals who utilize secret Swiss bank accounts to finance the traffic in heroin.

18. That Congress extend an invitation to the Parliament of Turkey to join in the creation of an interparliamentary group to consider ways and means of attacking the illegal production and sale of opium and its derivatives.

19. That the Committee on Foreign Affairs conduct an in-depth series of hearings to consider the several legislative proposals that have been made to deal with the illegal international traffic in narcotics.

JOURNAL

SCHEDULE OF MEETINGS, INTERVIEWS AND DISCUSSIONS

Washington, D.C.—March 30 and 31:

Mr. Frank A. Bartimo, Assistant General Counsel Manpower, Reserve Affairs, Health and Environment, Department of Defense.

Mr. Kenneth Giannoules, Interpol Bureau, Department of the Treasury.

Mr. Fred T. Dick, Chief, Saigon Office, Bureau of Narcotics and Dangerous Drugs.

Mr. Andrew C. Tartaglino, Assistant Director for Enforcement, Bureau of Narcotics and Dangerous Drugs.

Geneva, Switzerland—April 4-5:

United Nations:

Dr. Dale C. Cameron, Chief, Drug Dependence Unit, World Health Organization.¹

Mr. S. P. Sotiroff, Officer in Charge, U.N. Division of Narcotic Drugs.

Mr. Leon Steinig, U.S. Member, International Narcotics Control Board.

Mr. S. Stepczynski, Deputy Secretary, International Narcotics Control Board.

Dr. Braenden, Director of U.N. Narcotics Laboratory.

Dr. J. M. Chilov, Chemist from U.S.S.R., U.N. Narcotics Laboratory.

Dr. Carl Blood, World Health Organization.

U.S. Mission to the European Office of the United Nations:

Hon. Idar Rimestad (AEP), U.S. Representative.

Mr. Edward J. Gaumond, Counselor for Administration.

Mr. Edward G. Misey, Legal Officer, Control Officer.

Paris, France—April 6:

Mr. Jean Nepote, General Secretary, International Criminal Police Organization (Interpol) and staff.

Hon. Arthur K. Watson, U.S. Ambassador to France.

Hon. David K. E. Bruce, (AEP), U.S. Representative, Paris Peace Talks.

Mr. John Cusack, Chief, U.S. Bureau of Narcotics and Dangerous Drugs, Europe, and staff.

Mr. Marcell Carrere, Chief, French National Narcotics Squad, and staff.

Mr. Louis F. Janowski, Control Officer, Consular Officer, U.S. Embassy.

Marseilles, France—April 7-9:

Mr. Philip H. Chadbourn, Jr., Consul General.

Mr. Albert Habib, Chief, Bureau of Narcotics and Dangerous Drugs, Marseilles.

¹ Congressman Steele only.

Mr. Anthony J. Morelli, Special Agent, Bureau of Narcotics and Dangerous Drugs.

Mr. Stephen M. Swanson, Special Agent, Bureau of Narcotics and Dangerous Drugs.

Mr. Robert Mattei, Chief, Narcotics Division, Marseilles.

Mr. Francois Goujon; Asst. Chief, Commission Principal.

Mr. Antoine Comiti, Chief of Narcotics, Marseilles Regional Services.

M. Henri Arnaud, Member, French Chamber of Deputies.

M. Hubert Louis, Commission Division, Ministry of the Interior.

Mr. Herbert Moza, Dir. of American Studies, University of Aix, Aix, France, and selected students.

M. Jean Laporte, Regional Super. Prefect, Marseilles.

Rome, Italy—April 9-10:

Mr. Michael A. Antonelli, Chief, Bureau of Narcotics and Dangerous Drugs, Italy.

Mr. Wells Stabler, Deputy Chief of Mission,¹ U.S. Embassy.

Col. David Brown, Defense Attache Office, Control Officer, U.S. Embassy.

Bishop Paul C. Marcinkus, Vatican Diplomatic Corps.²

Mr. Mario Cozzi, U.S. Customs Liaison Representative, Rome.

Ankara, Turkey—April 10-12:

Hon. William J. Handley, U.S. Ambassador to Turkey.

Mr. Henry P. Schardt, Political Officers, U.S. Embassy.

Mr. Joseph S. Toner, Dir., U.S. Agency for International Development, Turkey.

Dr. Harry R. Varney, Agricultural Attache (visit to poppyfield in Afyon).

Mr. Morris Draper, Political Officer, Control Officer.

Mr. Leonard H. Otto, Agricultural Adviser, U.S. AID Mission.

Mr. James W. Spain, Principal Officer, Istanbul.

Mr. John Warner, Special Assistant to the Director, U.S. Bureau of Narcotics and Dangerous Drugs.

Mr. Bernard J. Rotklein, Mutual Security Affairs Officer, Control Officer.

Maj. General Dudley Faver, USAF, Commander, Turkish-U.S. Logistics Command (TUSLOG).

Mr. Robert A. Lincoln, Public Affairs Officer, USIA.

Hon. Kasim Gulek, Presidential Quota Senator.

Hon. Mahmut Vural, Justice Party Senator from Ankara.

Hon. Mustafa Ustundag, Republican Peoples Party Deputy from Konya.

Hon. Mukadder Oztekin, Republican Peoples Party Deputy from Adana.

Hon. Ali Ihsan Balim, Justice Party Deputy from Isparta.

Hon. Osman Meric, Under Secretary, Ministry of Interior.

Hon. Oral Karaosmanoglu, Justice Party Senator from Manisa.

¹ Congressman Steele only.

² Congressman Murphy only.

Mr. Altemur Kilic, Press and Publications Director General, Prime Ministry.

Mr. Ekren Gunay, Assistant General Director, Ministry of Agriculture.

Mr. Orhan Eralp, Secretary General of the Foreign Ministry.

Tehran, Iran—April 12-13:

Hon. Douglas MacArthur, U.S. Ambassador to Iran.

Mr. Douglas L. Heck, Dep. Chief of Mission.

Mr. Donald R. Toussaint, Political Officer.

Col. Warren Bovee, Chief of Mission to the Iranian Gendarmerie.

Mr. Arnold L. Raphel, Political Officer (Narcotics Reporting Officer), Control Officer.

CWO Danny Boyd, Genmish Narcotics Adviser.

Mr. James P. Cavanaugh, Regular Administration Specialist, Security Officer, U.S. Embassy.

Major James J. McGowan, Jr., U.S. Army Judge Advocate General's Office.

General Roohollah Amini, Chief, Narcotics Division, Iranian Gendarmerie.

Dr. Amini-Rad, Director General, Narcotics Control Administration.

Col. Naser Gholi Shirani, Chief, Narcotics Division, National Police.

Dr. Jahanshah Saleh, Iranian Senate.

Mr. Mohammad Saidi, Iranian Senate.

Mr. Hill, Community School, Tehran.

Mrs. Ertehfat, International School, Tehran.

Dr. Morrone, Tehran, American School.

Thailand—April 14-17:

Hon. Leonard Unger, U.S. Ambassador.

Mr. George S. Newman, Deputy Chief of Mission.

Mr. Rey M. Hill, Director, United States Operations Mission, Agency for International Development.

Mr. William Wanzeck, Chief of Bureau of Narcotics and Dangerous Drugs.

Mr. Keith S. Shostrom, Chief, Bureau of Narcotics and Dangerous Drugs, Hong Kong.

Maj. Gen. Louis T. Seith, USAF, Commander, Military Assistance Command.

Mr. Joseph Jenkins, Agent in Charge, United States Customs Bureau, Southeast Asia.

Mr. Laurence G. Pickering, Political Officer.

Mr. Michael A. Burns, Political Officer, Control Officer.

Brig Gen. John W. Vessey, Jr., USA, Commanding General, Support Command, Thailand.

Mr. Louis J. Lapham, Political Counselor.

Wever Gim, Consul General, Chiang Mai.

Mr. James Pettit, Bur. of Narcotics and Dangerous Drugs, Chiang Mai.

Hon. Rajawongse Thongthang Thongtaem, Director General, Customs Department.

H. S. H. Prince Bhisatej Rajani, His Majesty's Hilltribe Project.

Mr. Chit Posayanonda, former Director General, now Counselor, to the Bureau of Narcotics.

Police Maj. Gen. Surapol Chulabrahm, Police Department (Border Patrol Police).

Police Maj. Gen. (M. R.) Nilya Bhanumas, Secretary General, Thailand Central Bureau of Narcotics.

Mr. M. R. Chiravadee Kasemsri, Chief, U.N. Division, Department Technical and Economic Cooperation (participated in U.N. Narcotics Survey).

Mr. Sayom Ratanawichit, Chief, Social Studies & Planning Division, Dept. of Public Welfare.

Mr. Nikom Khamnuanmasok, Social Development Branch, Chief, Social Projects Div., National Economic Development Board.

Visit to Hilltribe Research Center, Chiang Mai University.

Visit to Border Patrol Police Hilltribe Handicraft Center.

Flyover Mae Kong Soon poppy-growing area.

Also participated in a Staff Conference on Control of Drug Abuse and Traffic with representatives from U.S. Mission in Southeast Asia.

Saigon—April 17-19:

Hon. Ellsworth Bunker, U.S. Ambassador, South Vietnam.

Mr. Samuel D. Berger, Deputy Ambassador.

Mr. John E. McGowan, Special Assistant.

Mr. Terrence G. Grant, Political/Military Affairs Officer, Control Officer.

Mr. Stephen Winship, Political/Military Affairs Officer.

Lt. Gen. William J. McCaffrey, Dep. Commanding General, U.S. Army, Vietnam.

Lt. Gen. Michael Davison, Commanding General, II Field Forces, Vietnam (II FFV).

Col. George Webb, Deputy Chief of Staff II FFV.

Col. James H. Hyndman, Provost Marshal General II FFV.

Lt. Col. Frank H. Chamberlin, Surgeon General, II FFV.

Specialist John Backoven, Coordinator, Pioneer House.

Sgt. Tim Jaqua, Coordinator, Pioneer House.

Lt. Col. Alfred R. Jefferson, Deputy Provost Marshal, MACV.

Lt. Col. James M. Parrack, Commanding Officer, Joint Narcotics Investigation Detachment, 8th MP Group (CI), 18th MP Brigade.

Maj. James J. Reilley, Control Officer, Drug Abuse Suppression Division, Provost Marshal Office, MACV.

Maj. Robert Schwartz, Joint Customs Section, Security and Investigations Division, Provost Marshal Office, MACV.

Hong Kong—April 19-20:

Mr. David L. Osborn, principal officer, U.S. consulate.

Mr. David Dean, International Relations Officer General.

Mr. J. Donald Blevins, Consular Officer, Control Officer.

Mr. Keith S. Shostrom, Chief, Bur. of Narcotics and Dangerous Drugs, Hong Kong.

Cdr. R. L. Vomies, Liaison Officer, 7th Fleet, Hong Kong.

Cdr. R. L. Stanford, Officer in Charge, Commander, U.S. Naval Forces Phil. Det. Hong Kong.

Mr. Wayne Crawford, Resident Agent, Naval Investigative Services.

Mr. Vincent E. Durant, U.S. Customs, Foreign Liaison Officer,
Hong Kong (TDY).

Tokyo—April 21-22:

Hon. Armin H. Meyer, U.S. Ambassador, Japan.

Mr. Lester E. Edmond, Economic/Commercial Officer.

Mr. Ronald A. Gaiduk, Consular Officer, Control Officer.

Mr. Rustam Aruslan, Bureau of Narcotics and Dangerous Drugs,
Tokyo.

Mr. William J. Cunningham, Political Officer.

Mr. Thomas C. Stave, Economic/Commercial Officer.

Mr. Segoro Usukura, Police Superintendent and Chief of Second
Vice Section,¹ Tokyo Metropolitan Police Dept.

Mr. Hiromasa Sato, Chief of Narcotics, Second Section, Ministry of
Health¹ and Welfare; Briefing by Office of Special Investigations,
US¹ Air Force, Naval Investigation Service Office, and Criminal In-
vestigation Detachment, US Army, Japan.

¹ Congressman Steele only.

A P P E N D I X

NOTE OF PRESENTATION (TRANSMITTAL SHEET TO LAO NATIONAL ASSEMBLY) CONCERNING THE DRAFT LAW ON THE PROHIBITION OF THE GROWING OF THE POPPY, OF THE MANUFACTURE, CONSUMPTION, SALE, PURCHASE, AND POSSESSION OF OPIUM

Importance of the opium problem is manifest equally from the domestic and the international point of view. On the domestic side, the economic aspect of the problem is tied to its political aspect by the fact that the culture of the opium poppy constitutes the principle source of revenue of our ethnic minorities.

However, it would be useless in the present state of affairs to think that we would be able to avoid international control of drugs. The idea of considering opium as an important source of revenue is best rejected.

Traffic in drugs in Laos was formerly an administrative offense governed by the Decree of Haussaire [High Commissioner] No. 247/3101 of 3 September 1948 which is no longer in effect.

The Royal Government, by letter No. 2595/PC/AG of December 10, 1958 addressed to the Ministry of Finance gave its agreement to the principle of the complete revision of their legislation concerning drugs to replace the Decree of 3 September 1948 of the High Commissioner of France in Indochina, regarding the establishment of the opium regulation.

Such is the draft text prepared by our experts and followed by an explanation of the rationale attached to this note.

In view of the events which continuously preoccupy us it would be appropriate to develop a clear policy concerning the campaign against illicit traffic in drugs. It is recalled that in 1963 the Royal Government decided to withdraw the membership of Laos in the Single Convention of 1961 regarding drugs.

DRAFT OF PROPOSED LEGISLATION CONCERNING THE PROHIBITION OF THE CULTIVATION OF THE POPPY, OF THE MANUFACTURE AND CONSUMPTION, SALE AND PURCHASE OF OPIUM

Article 1.—For a period of five years following the publication of this law the mountain dwelling population who traditionally devote themselves to the cultivation of the opium poppy may only continue to consume the opium which they produce.

Authorization to grow and consume may be granted by provincial governors only to men over thirty years of age.

The area of land to be cultivated will be determined in relation to the needs of the person requesting it by a provincial consultative commission chaired by the provincial governor and including a representative of the Ministry of National Education. This area will be reduced each year so that at the expiration of the five year period indicated above no authorization to cultivate the poppy and to consume the opium which may be drawn from it will be granted.

Article 2.—With the exception of the specific cases covered by the preceding Article, the culture of the opium poppy, the manufacture, possession, consumption and the vending of opium are forbidden throughout the territory of the Kingdom.

The sale and purchase of opium are forbidden to all persons including those exceptionally authorized to cultivate the opium poppy and who may consume only the product of their cultivation.

Article 3.—With the exception of medicinal products containing opium or such products intended for the manufacture of medicines which remain subject to regulations regarding the sale, conditions and use of poisonous substances, importation, even with the intention of reexportation, transit, storage and transshipment of opium are prohibited.

Article 4.—Any person who shall cultivate the poppy or shall consume opium without the authorization specified in Article 1 or who shall not respect the limits of such authorization as he shall have received, shall be punished by a fine from 5,000 to 200,000 kip and by imprisonment of three months to three years, or by one of these two penalties only.

In case of repetition of the offense, the maximum fine shall be applied.

Article 5.—Any person will be punished by a fine from 5,000 to 10,000 kip and by imprisonment from six months to five years or one of these two penalties only, who shall have :

1. Manufactured opium outside of the special cases covered in Article 1 ;
2. Transported or possessed or given opium either freely or for payment, or who will have bought or received free ;
3. Forged, false authorization to cultivate or to consume or who will have falsified authorization granted by provincial governors by the substitution of names, of photographs, or by false notification or false declarations of civil status ;
4. Participate in the preparation and the introduction into circulation of false authorization or falsified authorization ;
5. Sale of an authorization or who will have given such authorization free ;
6. Bought an authorization or will have received it free ;
7. Who will have obtained or tried to obtain more than one authorization ;
8. Who will have imported opium, stocked it, had it transshipped, or had it transited in Laos territory.

Further in the cases covered by sections 5, 6 and 7, the authorization will be withdrawn.

In case of repetition of the offense, the maximum fine will be applied.

Article 6.—Any keeper of an opium smoking den will be punished by a fine from 10,000 to 1 million kip and be imprisoned from six months to five years or by one of these two penalties only.

In case of repetition of the offense the maximum fine will be applied.

Article 7.—Infractions covered by this law will be prosecuted by the Department of the Public Prosecutor.

In every case opium seized will be confiscated and destroyed. Means of transportation will be seized and sold on behalf of the state if it is established that their owners are the perpetrators of the infraction, prosecutors or accomplices of such perpetrators.

Materiels, furniture and special objects such as beds, sofas, lamps, pipes, etc. . . . found in the possession of keepers of opium dens will be seized, confiscated and destroyed.

Opium found abandoned in Lao territory will be seized and destroyed on demand of the Public Prosecutor.

Article 8.—All previous dispositions contrary to the present law are annulled.

Certified that the present text is adopted by the National Assembly at its meeting of -----

THE PRESIDENT OF THE NATIONAL ASSEMBLY.



TAB

C. I. A. Identifies 21 Asian Opium Refineries

By FELIX BELAIR Jr.
Special to The New York Times

WASHINGTON, June 5—United States intelligence agents have identified at least 21 opium refineries in the border area of Burma, Laos, and Thailand that provide a constant flow of heroin to American troops in South Vietnam.

Operated and protected in Burma and Thailand by insurgent armies and their leaders and in Laos by elements of the royal Laotian armed forces, the refining and distributing have grown until white heroin rated 96 per cent pure is turning up in Pacific coast cities of the United States as well as in Saigon.

The Burma-Laos-Thailand border area, known as the "Golden Triangle," normally accounts for about 700 tons of opium annually, or about half the world's illicit production. Burma is the largest producer in the region, accounting for about 400 tons.

But a recent analysis by the Central Intelligence Agency suggests that production is expanding in the area, and there are indications that this year's output may reach 1,000 tons.

More High-Grade Heroin

The C.I.A. analysis made these major points about recent trends in the illicit narcotics business in Southeast Asia:

¶ Refineries in Laos and Thailand that used to produce only refined opium, morphine base and No. 3, heroin for smoking are now converting most of their opium supplies to No. 4, or 96 per cent pure white heroin. The change "appears to be due to the sudden increase in demand by a large and relatively affluent market in South Vietnam."

¶ "Most of the narcotics buyers in the tri-border area are ethnic Chinese who pool their purchases, but no large syndicate appears to be involved. The opium, morphine base and heroin purchased in this area eventually finds its way to Bangkok, Vientiane and Luang Prabang, where additional processing may take place before delivery to Saigon, Hong Kong and other international markets."

A "considerable quantity" of raw opium and morphine base from northeast Burma and Thailand was smuggled into Bangkok and sent from there to Hong Kong in fishing trawlers from Jan. 1 to May 1. Carrying one to three tons of opium and quantities of morphine base, "one trawler a day moves to the vicinity of the Chinese Communist-controlled Lema Islands—15 miles from Hong Kong—where the goods are loaded into Hong Kong junks."

¶ Opium and derivatives move through Laos and are transferred from the Mekong River refineries by river craft and vehicles to Ban Houei Sai, further downstream on the Mekong in Laos, and are transported from there to Luang Prabang or Vientiane. A considerable portion of the Laotian-produced narcotics is smuggled into Saigon.

¶ "An increased demand for No. 4 heroin also appears to be reflected in the steady rise in the price. For example, in mid-April, 1971, the price in the

Tachilek [Burma] area for a kilo of No. 4 heroin was reported to be \$1,780, as compared with \$1,240 in September, 1970." A kilogram is 2.2 pounds.

¶ "The reported increasing incidence of heroin addiction among U.S. servicemen in Vietnam and recent intelligence indicating that heroin traffic between Southeast Asia and the United States may also be increasing suggest that Southeast Asia is growing in importance as a producer of heroin."

U.S. Policy Criticized

This growth has been aided, according to one Congressional authority, by the lack—until recently—of a firm United States policy on heroin in Southeast Asia. The United States—which provides billions of dollars in military and economic foreign aid to Laos, Thailand and Cambodia—has directed its efforts intercepting the traffic at the Saigon end of the line rather than to stamping out production at the source, Representative Robert H. Steele, Republican of Connecticut, said today.

Mr. Steele is the principal

author of a recent report estimating the numbers of heroin addicts among American servicemen in South Vietnam at 25,000 to 30,000.

"Vietnam unquestionably proves that the availability of narcotics breeds users," he said. "Until we dry up the sources, we haven't got a prayer of combatting the problem."

While much of the opium producing and refining takes place in areas of Burma, Laos and Thailand now controlled by insurgents, narcotics enforcement officials say that a continuous flow of the drugs through government-controlled areas cannot be sustained without the involvement of corrupt officials.

The same view was expressed earlier in the week by John E. Ingersoll, director of the Bureau of Narcotics and Dangerous Drugs, in testimony before the House Select Committee on Crime.

He said that middle-level government officials and military men throughout Southeast Asia were deeply involved in the traffic in opium, the product from which morphine and heroin is refined.

Routes and Refineries Named

The analysis by the Central Intelligence Agency pinpointed major areas of cultivation, refineries and routes used in the traffic.

Northeast Burma was identified as the largest producer and processor of raw opium in the border area. The study said that Burma's 14 refineries, located in the Tachilek area, last year converted 30 tons of raw opium into refined opium, morphine base and heroin.

"The opium harvested in

Shan, Wa and Kokang area is picked together by caravans that are put together by the major insurgent leaders in these areas," the C.I.A. study said. "The caravans, which can include up to 600 horses and donkeys and 300 to 400 men, take the opium on the southeasterly journey to the processing plants that lie along the Mekong River in the Tachilek-Mae Sai, Thailand-Ban Houei Sai, Laos area."

The analysis said that caravans carrying more than 16 metric tons had been reported. A metric ton is about 2,200

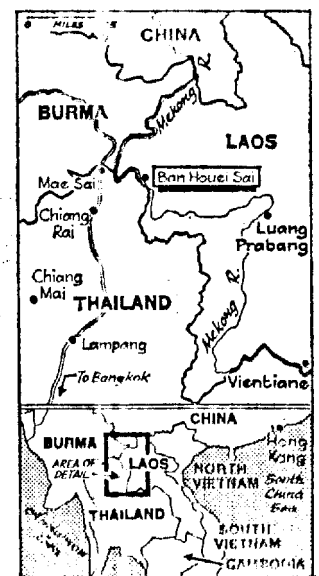
7 Important Refineries

Of the 21 refineries identified in the three countries, seven were described in the report as capable of processing raw opium to the heroin stage. "The most important are located in the areas around Techilek, Burma; Ban Houei Sai and Nam Keung in Laos, and Mae Salong in Thailand," it said.

"The best known, if not largest of these refineries is the one at Ban Houei Tap, Laos, near Ban Houei Sai, which is believed capable of processing some 100 kilos of raw opium per day," the report said.

The opium and derivatives crossing Thailand from Burma enroute to Bangkok was traced in the paper as moving out of such Northern Thai towns as Chiang Rai, Chiang Mai, Lamphang and Tak "by various modes of ground and water transport."

"The opium is packed by the growers and traded to itinerant Chinese merchants who transport it to major collection points, particularly around Lashio and Ken Tung," the study said.



The New York Times June 6, 1971

Opium products from the surrounding area, known as the 'Golden Triangle,' are said to be shipped through Ban Houei Sai.

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ANTI-NARCOTICS LAW

Kingdom of Laos
National Assembly

Law

No. 71/5 dated August 10, 1971, pertaining to prohibition from cultivation, flavoring, smoking or taking, purchase, sale and having in possession of opium or opium compound or opium tailing, including morphine and heroin, in the Kingdom of Laos.

The National Assembly has deliberated on and adopted a draft law pertaining to the prohibition from cultivation, flavoring, smoking or taking, purchase, sale and having in possession of opium or opium compound or opium tailing, including morphine and heroin, in the Kingdom of Laos, the provisions of which are the following:

Article 1: Absolute prohibition is imposed on the cultivation of opium poppy throughout the Kingdom of Laos.

On a temporary basis, however, members of the tribes whose native villages are located in the mountains and jungles where, for generations heretofore, opium poppy has been cultivated, and those who have been authorized to grow opium poppy may carry on this cultivation or smoke the opium grown and produced by themselves.

Authorization to grow opium poppy or to smoke opium thus produced shall be issued by the Chao Khoueng to individuals whose age is over 40 years, effective upon the promulgation of this Law.

The Provincial Advisory Committee, under the chairmanship of the Chao Khoueng, and the representatives of the Ministries of Public Health, of National Education and of Finance shall fix the amount of land for the cultivation of opium poppy in favor of the applicant as appropriate.

Article 2: Flavoring, possession, taking or smoking of opium and transportation of opium or opium compound or opium tailing, including morphine and heroin, in the Kingdom of Laos are absolutely prohibited.

Anti-Narcotics Law

Purchase and sale of opium or opium compound, including morphine and heroin, are prohibited to the general public and to those who have been issued special authorization to grow opium poppy and to smoke or use opium produce by themselves.

Article 3: Opium or the medicine which is mixed or flavored with opium for the purpose of treating disease and prepared for commercial purposes in whatever form, the importation or exportation, passage in transit, storage in transit, storage in warehouse and movement of opium or opium compound, either opium tailing or opium mixture, powdered opium or remainder of opium flavoring, including morphine and heroin, are also prohibited.

Article 4: Any person who grows opium poppy or takes or smokes opium or opium compound or opium tailing or opium mixture, powdered opium or remainder of opium flavoring, including morphine and heroin, without authorization as stipulated in Article 1, or encroaches on the border of the land area specified in the certificate authorizing him to grow opium poppy duly issued to him, shall be liable to a fine from 5,000 kip to 200,000 kip and an imprisonment from three months to three years, or either of the above.

In case of recurrence of the violation, the fine shall be increased to the maximum of the penalties set forth hereabove.

Article 5:

-a) A fine from 10,000 kip to 500,000 kip and an imprisonment from six months to five years, or either of the above, shall be imposed on any persons in the following cases:

-1) Illicit preparation of certificate or permit for the cultivation of opium poppy or for the smoking of opium, or falsification of the authorization already issued by the Chao Khoueng by changing name and surname or photograph or by giving false information in the certificate of birth;

-2) Acting as accomplice in the falsification of permit or authorization as stated above;

-3) Issuance of the certificate or permit free of charge or sale of the said certificate or permit;

-4) Free transfer or cession of the certificate or permit or purchase of the said certificate or permit.

-5) Having issued or having an intention to issue more than one certificate or permit.

In case of offense as stipulated in Items 1, 2, 3, 4 and 5 hereabove, the certificate or permit or authorization must be confiscated by the Court of Justice for disposal.

In case of recurrence of the violation, the fine shall be increased to the maximum of the penalties set forth hereabove.

-b) A fine equivalent to five times the price of the confiscated items, the assessment of price thereof being in conformity with the provisions of the Royal Decrees established in this regard, and an imprisonment with hard labor ranging from five years to 20 years shall be imposed on:

-1) Any persons who produce opium or opium compound or opium taling of any type whatsoever or compound made of opium taling or flavored with opium taling, including morphine and heroin, except the cases stipulated in the provisions of Article 1 hereabove;

-2) Any persons who grant to others free of charge or with payment, transport or possess or leave or purchase or accept opium or opium compound or opium taling of any type whatsoever or compound made of opium taling or flavored with opium taling, including morphine and heroin;

-3) Any persons who bring opium or opium compound or opium taling of any type whatsoever or compound made of opium taling or flavored with opium taling, including morphine and heroin, into Laos, or store it in any place or move it or transport it in transit in Laos.

The Court of Justice is prohibited from granting a reduction of the penalties. The penalty to a fine shall be in conformity with the provisions set forth in Item -b) hereabove.

In case of recurrence of the violation, the Court of Justice is prohibited from granting a reduction of the penalty to an imprisonment with hard labor; the sentence therefore shall conform to the provisions set forth in Item -b) hereabove.

Article 6: Any person who sets up an opium den shall be liable to a fine from 10,000 kip to 1,000,000 kip and an imprisonment from six months to five years, or either of the above.

In case of recurrence of the violation, the fine shall be increased to the maximum of the penalties set forth hereabove.

Article 7: The offenses with penalties therefore fixed in this Law shall be the subject of legal action in the Court of Justice by the Public Prosecutor.

In all cases shall the opium or opium derivatives or opium residue of any type or opium compound made of or flavored with opium residue, including morphine and heroin, be confiscated and destroyed. Likewise, the transportation means and containers used in this connection shall be confiscated and put on auction sale, and the proceeds obtained from such sale shall be deposited in the National Treasury, provided that it comes to light that the owner of said transportation means or containers is himself the offender or acts as an accomplice of the offender.

Opium, opium derivatives, opium residue of any type or opium compound made of or flavored with opium residue, including morphine and heroin, if found, shall be confiscated and destroyed upon request of the Public Prosecutor.

Materials and other items accessory to opium consumption found in the house of the owner of the opium or in the opium den, such as: bed, lamp, opium pipe and others, shall be confiscated and destroyed.

Article 8: all laws and regulations contrary to the present law are hereby abrogated.

It is hereby certified that this Law has been deliberated and adopted during the general meeting of the National Assembly on August 12, 1971.

Vientiane, August 12, 1971
President of the National Assembly
/s/ Phagna Houakhong
(Phoni Sananikone)

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Official Order

Ministry of Defense
RLAM HQ.

Commander of Transportation
No 10/1

SUBJECT : To subdue narcotic

REFER TC : 1075/Law, 2 dtd. 27 Oct. 1971 of Ministry of Interior.

In order to observe the law No 71/5 dtd. 10 Aug. 1971 concerning banning to plant opium, smcking, selling or buying.

According to the condition mentioned in the law indicated above, the National Army Force is to taking in part of greatly responsible to observe the policy of the government and World Organization to subdue narcotic which is being pressed to control narcotic which is greatly dangerous. So, the National Army Force has set up the following conditions :

1. The search of passengers on domestic and international flight will be submitted. Especially, for the first step, of passengers on board of AAM.
2. In order to show of unbiased, the search will be taken according to the universal rule, there will be no any exception at all. Only in case of absolutely special (The advise will be commended).
3. At the Traffic Terminal, there will be one authorized military police and one AAM officer searching passengers.

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Introductions	Ray Hart - Security Air America
Identification of the Program	Ty Harding - Security Air America
S I S	Emil Caska - Security Air America
	T. Morrelli - ENDD - Attache N/C
	M. McBee - Public Safety
	W. J. LaClair - U. S. Customs Advisor

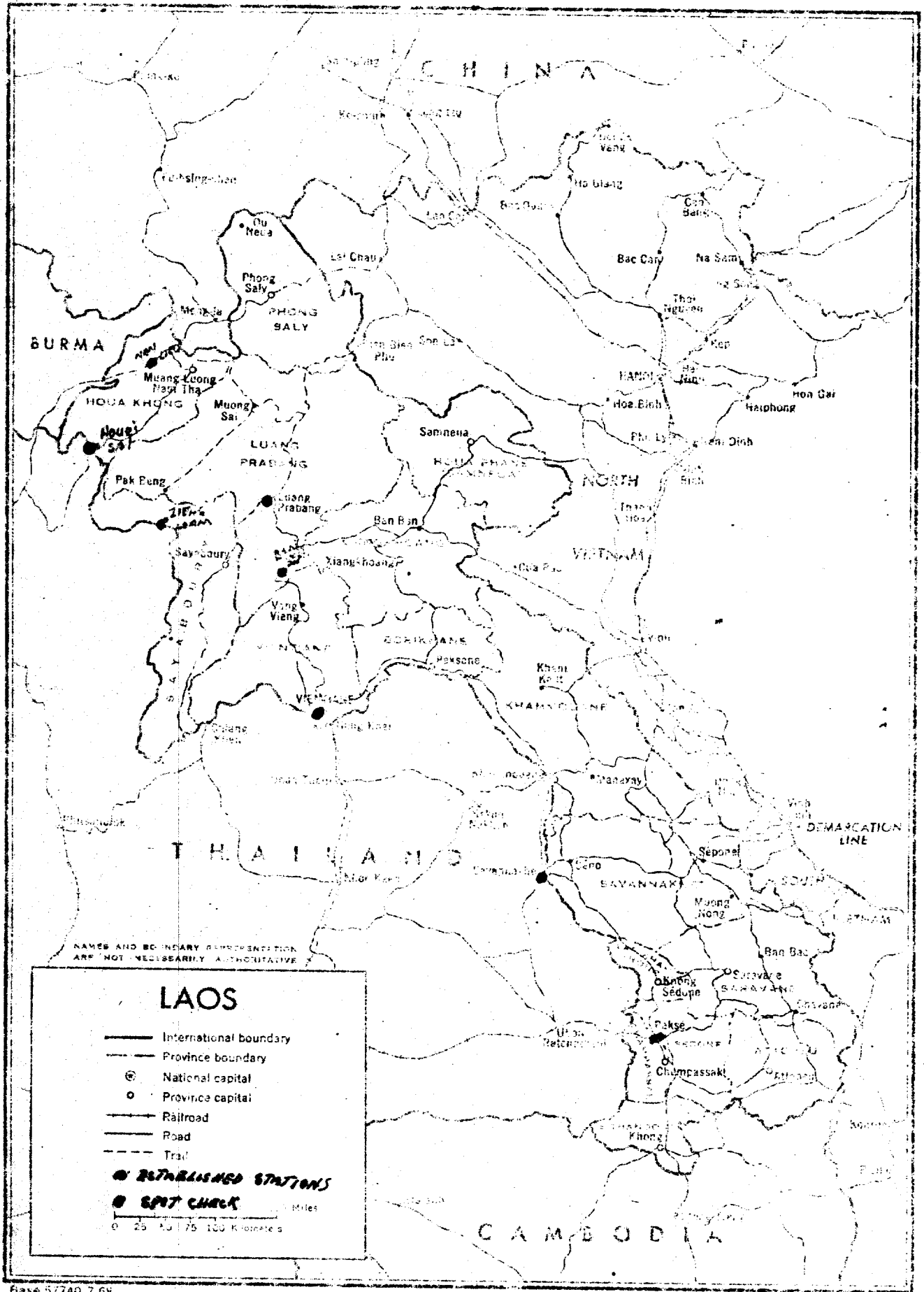
		<u>Instructors</u>
0800	New Narcotic Law	M. McBee
1000	Drug Identification - Test Kit	McBee/LaClair
1030-1230	Information, Reporting of, Reporting of Violations Action of SIS Personnel Question and Answer Period	T. Morrelli
1330	Identification of drug carrier Methods Possible Routes	McBee/LaClair
	Baggage Examination Evidence of contraband Places of concealment	LaClair
	Personal searches - frisking Ladies handbags Exceptions to search	LaClair
	Alert Observant	

EAD/Customs:WJLaClair;dfa:1/1/73

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General Linked To Drug Ring In S. Vietnam

By George C. Wilson
Washington Post Staff Writer

Secret U.S. government reports linking South Vietnam's Gen. Ngo Dzu to trafficking in heroin are slated to be examined today at a public hearing of the Senate Foreign Operations Subcommittee.

The documentary evidence could stiffen congressional resistance to voting aid money this year to Asian nations which do not crack down on the illegal drug trade—a resistance which manifested itself in narcotics control amendments in the Foreign Assistance Act of 1971. Similar amendments are in the works for this year's aid bill as well.

A confidential memo from the U.S. military command in Vietnam and reports from the Army's Criminal Investigation Division raise fresh challenges to previous U.S. government denials about drug trafficking by Thieu government officials.

John Paul Vann, director of pacification activities in Military Region 2, which includes Kontum, has repeatedly denied that there is any hard evidence implicating Dzu in heroin trafficking.

Alfred W. McCoy, author of a book entitled, "The Politics of Heroin in Southeast Asia," is slated to make the documents public today when he testifies at a hearing of Sen. William Proxmire's (D-Wis.) Foreign Operations Subcommittee of the Senate Appropriations Committee.

The Washington Post has obtained copies of the documents. The hitherto unpublished memo from the military command's assistant chief of staff for Civil Operations and Rural Development is dated June 10, 1971, and states:

"A confidential source has advised this directorate that the father of General Dzu, MR 2 (Military Region 2) commanding general, is traffick-

ing in heroin with Mr. Chanh, an ethnic Chinese from Cholon. . . (Gen. Dzu was recently relieved as commander of MR-2 after battlefield reverses there.)

"General Dzu's father lives in Quinhon. Mr. Chanh makes regular trips to Quinhon from Saigon, usually via Air Vietnam but sometimes by Gen. Dzu's private aircraft. . .

"The national police in Quinhon, especially those police assigned to the airport, are reportedly aware of the activity between General Dzu's father and Mr. Chanh, but are afraid to either report or investigate these alleged violations fearing that they will only be made the scapegoats should they act. . ."

The memo was signed by Michael G. McCann, director of CORD's public safety directorate.

These are quotes from the U.S. Army's Criminal Investigation Division reports, with the third one contributed by U.S. customs officials.

• Jan. 6, 1971 — "Source reported to CID that Gen. Dzu and his father were involved in narcotics trafficking. This source said that with a number of other individuals, including the ARVN (Army of the Republic of Vietnam) provost marshal in Quinhon, certain South Vietnamese navy officers and an officer in a South Korean division . . ."

• May 12, 1971 — " . . . According to this source, Gen. Dzu's father is working with a former special assistant to President Thieu."

• July 10, 1971 — "Source alleged that Gen. Dzu controlled a sizeable heroin ring through a number of associates, including his mistress, Mrs. Tran Thi Khahn."

Rep. Robert H. Steele (R-Conn.) said on July 7, 1971, before the House Foreign Affairs Committee that "U.S. military authorities have provided Ambassador Bunker with hard intelligence that one of the chief traffickers" of heroin is Dzu. Steele and Rep. Morgan F. Murphy (D-Ill.) in April, 1971, conducted a special study on heroin trafficking for the House Foreign Affairs Committee.

One of their recommendations to stem the heroin trafficking in Asia was to "forcefully exercise" the "special leverages" it has with the South Vietnamese and Laotian governments through "our enormous military, economic and political support . . ."

Rep. Lester L. Wolff (D-N.Y.) has 84 co-sponsors on his pending resolution to cut off economic and military aid to Thailand if the President determines that nation has not taken "adequate steps" to control narcotics trafficking. Wolff is drafting a stronger amendment along this same line for this year's foreign aid bill.

Vann, both in response to Steele's charges last summer and again in a letter to The Washington Post on Oct. 9, 1971, said, "There is no evidence available to me or to Gen. Abrams that would tend to substantiate Congressman Steele's charges."

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Testimony to be delivered before Senator Proxmire's
Subcommittee at 2:30 pm, Friday, June 2 in 1224 New
Senate Office Building.

Statement by Alfred W. McCoy
before the Foreign Operations Subcommittee
of the Appropriations Committee, U.S. Senate
June 2, 1972

THE HEROIN TRAFFIC IN SOUTHEAST ASIA
Abstract

1. Much of the heroin entering the U.S. now originates in Southeast Asia.
2. The governments of South Vietnam, Laos, and Thailand are actively engaged in the heroin traffic.
3. The U.S. government is aware of this traffic, but has not moved to stop it and has consciously concealed evidence of the involvement of our Southeast Asian allies.

Alfred W. McCoy is presently a Ph.D. student in Southeast Asian History at Yale University. He has spent the last 18 months researching the international drug traffic and his findings will be published in a book entitled The Politics of Heroin in Southeast Asia, Harper & Row, July 1972. Mr. McCoy's findings are based on research, documents, and more than 250 personal interviews conducted in the U.S., Europe, and Southeast Asia. Sources of information include U.S. military, intelligence, and Embassy reports on narcotics, as well as interviews with U.S. Embassy, USAID, military, and CIA personnel. Mr. McCoy also interviewed the Chief of the Narcotics Bureau of the Vietnamese National Police, Vietnamese intelligence, military, and customs officials, Gen. Ouane Rattikone (former Chief of Staff of the Royal Laotian Army), Touby Lyfoung (a Laotian Meo leader), U Ba Thien (former commander-in-chief of the Shan National Army in Burma), an officer of the KMT (Nationalist Chinese) irregular army in Thailand, and other persons in South Vietnam, Laos, Thailand, Hong Kong and Singapore. Mr. McCoy spent a week living with an opium growing Meo tribe in Laos. He has briefed the U.S. Bureau of Narcotics and Dangerous Drugs on his findings, and they corroborate much of his evidence. Mr. McCoy can be contacted at (202) 785-3114.

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THE HEROIN TRAFFIC IN SOUTHEAST ASIA

Statement by Alfred W. McCoy

By ignoring, covering up, and failing to counteract the massive drug traffic from Southeast Asia, our government is aiding and abetting the influx of heroin into our nation.

Southeast Asia is fast becoming the major supplier of illicit narcotics for America's growing population of heroin addicts. Since the late 1960s international criminal syndicates have responded to mounting law enforcement efforts in Europe and the Middle East by shifting their major sources of supply to Southeast Asia. The opium poppy fields of Southeast Asia's Golden Triangle Region supply raw materials for clandestine heroin laboratories in Europe, Hong Kong, and the Tri-border area where Burma, Thailand and Laos converge.

High government officials in Thailand, Laos and South Vietnam are actively engaged in the heroin traffic and are protecting the region's powerful narcotics syndicates. Because the corruption in these countries is so systematic and the narcotics traffic so lucrative, our political commitments to these governments inhibit and prevent any effective action to cut the flow of these illicit narcotics into the United States.

U.S. diplomatic, military, and intelligence officials have always tolerated governmental corruption in Southeast Asia, and narcotics trafficking has not been treated differently. U.S. officials in Southeast Asia have been implicated in the traffic on three levels: 1) providing political and military support for officials and political factions actively engaged in the drug traffic without pressuring them to deal with the problem; 2) consciously concealing evidence of involvement in the narcotics traffic by our Southeast Asian allies. Whenever the U.S. Congress or the media have made accurate allegations about the involvement of our allies, U.S. diplomatic personnel have repeatedly issued categorical, fallacious denials; 3) active involvement in certain aspects of the region's narcotics traffic.

In 1967-68 American diplomatic initiatives convinced the Turkish government

to drastically reduce its total opium production and expand its enforcement efforts. Significantly, the sharp reduction of Turkey's opium production from 1968-72 coincided with a massive increase in the amount of heroin entering the United States; between 1969 and 1972 America's estimated addict population practically doubled, increasing from 315,000 to 560,000. As late as 1965 a seizure of only 15 kilos of pure heroin produced a street panic in New York City; by 1971 seizures totalling almost 400 kilos within a period of several weeks did not have even a minor impact on the street supply. The question is, of course, where is all this heroin coming from.

Informed Federal narcotics officials and diplomats are virtually unanimous in their response--more and more heroin comes from Southeast Asia.

Beginning in 1965 members of the Florida-based Trafficante family of American organized crime began appearing in Southeast Asia. Santo Trafficante, Jr., heir to the international criminal syndicate established by Lucky Luciano and Meyer Lansky, traveled to Saigon and Hong Kong himself in 1968. U.S. Embassy sources state that Trafficante met with prominent members of Saigon's Corsican syndicates. These syndicates have been regularly supplying the international narcotics markets since the First Indochina War.

In 1967-68 there was evidence of increased activity on the part of Indochina's Corsican gangsters. U.S. agents observed Corsican heroin traffickers commuting between Saigon and Marseille where the Corsicans control the clandestine heroin laboratories. A former, high ranking CIA agent in Saigon told me in an interview that in 1969 there was a summit meeting of Corsican criminals from Marseille, Vientiane, and Phnom Penh at Saigon's Continental Palace Hotel.

In the wake of these high level meetings, increased quantities of Asian heroin have begun entering the United States. In 1970 the U.S. Bureau of Narcotics broke up a Filipino courier ring which had smuggled over 1,000 kilos of pure Hong Kong heroin into the United States in the preceding 12 months. 1,000

kilos of pure heroin is equivalent to 10 to 20% of our estimated total annual heroin consumption. Since all of Hong Kong's morphine base comes from Southeast Asia's Golden Triangle, this case provided ample evidence of the growing importance of Southeast Asia in America's drug crisis. Unfortunately, the U.S. Bureau of Narcotics has only one agent in Hong Kong and so further seizures have not been forthcoming. In 1971 French Customs seized 60 kilos of pure Laotian heroin at Orly Airport in Paris in the suitcases of Prince Sopsaisana, the newly appointed Laotian Ambassador to France. The U.S. Bureau of Narcotics and diplomatic sources in Vientiane report that the Ambassador's French connection was arranged by Michel Theodas, manager of the Lang Xang Hotel in Vientiane and a high ranking member of the French-Corsican underworld. Finally, the Director of the U.S. Bureau of Narcotics reports that his intelligence sources indicate that much of the massive flow of heroin moving through Latin America on its way to the United States is coming from Southeast Asia. Ironically, our Southeast Asian allies are profiting from this heroin bonanza. In a three hour interview with me, Gen. Ouane Rattikone, former chief-of-staff of the Royal Laotian Army, admitted that he controlled the opium traffic in northwestern Laos since 1962. Gen. Ouane also controlled the largest heroin laboratory in Laos. This laboratory produced a high grade of heroin for the GI market in South Vietnam, and, according to the CIA, was capable of producing over 3,000 kilos of heroin a year. With the withdrawal of U.S. troops, the market for such heroin has shifted directly to the United States. Most of the opium traffic in northeastern Laos is controlled by Vang Pao, the Laotian general who commands the CIA's mercenary army. The Thai government allows Burmese rebels, Nationalist Chinese irregulars, and mercenary armies to move enormous mule caravans loaded with hundreds of tons of Burmese opium across Thailand's northern border. U.S. narcotics agents working in Thailand claim that every major narcotics dealer in Thailand has a high ranking

"advisor" on the Thai police force. In South Vietnam, the opium and heroin traffic is divided among the nation's three dominant military factions: President Thieu's political apparatus, Prime Minister Khiem's political organization, and General Ky's political apparatus.

An examination of Gen. Ky's political apparatus demonstrates the importance of official corruption in Southeast Asia's drug traffic and shows how Southeast Asia's narcotics move from the poppy fields into the international smuggling circuits. Located in the Vientiane region of Laos until recently was a large heroin laboratory managed by an overseas Chinese racketeer named Huu Tim Heng. Mr. Heng was the silent partner in Pepsi Cola's Vientiane bottling plant and used this operation as a cover to import acetic anhydride, a chemical necessary for the manufacture of heroin. Mr. Heng purchased raw opium and morphine base from Gen. Ouane Rattikone, and then sold the finished product to Gen. Ky's sister, Mrs. Nguyen Thi Ly. Although a resident of Pakse, Laos from 1962-1967, Mrs. Ly now lives in Saigon and travels to Vientiane about once a month to arrange for shipment of the packaged heroin to Pakse or Phnom Penh, Cambodia where it is picked up by transport aircraft belonging to the Vietnamese Fifth Air Division and flown to Saigon. The commander of the Fifth Air Division, Col. Phan Phung Tien, has been publicly attacked by the Director General of Vietnam Customs for his interference in anti-narcotics efforts and is believed to have extensive contacts with Saigon's Corsican underworld. Vietnamese military officers have identified Col. Tien as Gen. Ky's strongest political supporter inside the Air Force, and one senior U.S. Air Force advisor called him Gen. Ky's "revolutionary plotter."

the way to the top of President Thieu's political apparatus. Two of his staunchest supporters in the Lower House of the National Assembly have been arrested trying to smuggle heroin into South Vietnam, and other pro-Thieu deputies, including one of the president's legislative advisors have been implicated in other smuggling cases. Some of Pres. Thieu's closest supporters inside the Vietnamese Army control the distribution and sale of heroin to American GIs fighting in Indochina. President Thieu's most important military advisor, Gen. Dang Van Quang, has been publicly accused by NBC of being the "biggest pusher" in South Vietnam. It is a matter of public record that Gen. Quang was removed from command of IV Corps for outrageous corruption in 1967-68, and reliable sources in the Vietnamese military have confirmed NBC's report. Finally, U.S. military commanders report that the narcotics traffic in the Mekong Delta is controlled by colonels and low ranking generals loyal to Gen. Quang. Another of President Thieu's staunch Army supporters, Gen. Ngo Dzu, II Corps Commander until several weeks ago when he was removed for military incompetence, has been identified as one of the major drug traffickers in Central Vietnam by the USAID Public Safety Directorate, U.S. Bureau of Narcotics and Dangerous Drugs, and the U.S. Army Criminal Investigation Division.

American officials serving in Southeast Asia have a great deal of responsibility for the growth of the region's illicit drug traffic. American diplomats and intelligence agents have allied themselves with corrupt, indigenous groups without pressuring them to get out of the drug business. Throughout the mountainous Golden Triangle region, the CIA has provided substantial military support for mercenaries, right-wing rebels, and tribal warlords who are actively engaged in the narcotics traffic. And in Thailand the CIA has worked closely with nationalist Chinese paramilitary units which control 80-90% of northern Burma's vast opium exports and manufacture high grade heroin for export to the American market.

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the involve-
ment of our local allies in the drug traffic. In 1968 Sen. Gruening came forward with well-founded allegations about Gen. Ky's opium smuggling activities. The U.S. Embassy in Saigon issued a categorical denial. In July 1971, NBC's senior Saigon correspondent charged that Gen. Dang Van Quang, Pres. Thieu's chief military advisor, was the "biggest pusher" in South Vietnam. Prior to this broadcast, I had received independent reports of Gen. Quang's narcotics dealings from high ranking Vietnamese sources. The U.S. Embassy again issued a vigorous denial. In July 1971, Congressman Robert Steele claimed to have received classified documents showing that II Corps Commander, Gen. Ngo Dzu, was trafficking in heroin. The U.S. Embassy deferred to Senior II Corps Advisor John Paul Vann who denied that such documents existed. I have one of those documents in my possession.

The record of the U.S. Embassy in Laos is even worse. All U.S. officials in Indochina know that the vast majority of the high grade heroin sold to GIs fighting in South Vietnam is manufactured in Laotian laboratories. Yet in December 1970, the U.S. Ambassador to Laos, G. McMurtrie Godley, told an American writer, "I believe the Royal Laotian Government takes its responsibility seriously to prohibit international opium traffic." Ambassador Godley did his best to prevent the assignment of U.S. Bureau of Narcotics agents to Laos. It was not until November 1971--a full two years after Laotian heroin had decimated U.S. troops in South Vietnam--that the Bureau of Narcotics was allowed to send its agents into Laos.

Finally, U.S. agencies have been actually involved in certain aspects of the region's drug traffic. In northern Laos, Air America aircraft and helicopters chartered by the U.S. Central Intelligence Agency and USAID have been transporting opium harvested by the agency's tribal mercenaries on a regular basis.

After spending 18 months researching, travelling and conducting hundreds of interviews, I have reached one firm conclusion--if we are going to deal seriously with the heroin problem in this country we will have to reorder our pri-

orities and commitments in Southeast Asia. President Nixon has told us that we cannot solve the drug problem unless we deal with it at its source and eliminate illicit opium production. The source is now Southeast Asia, and that area accounts for some 70% of the world's illicit opium supply. There is enough opium in Southeast Asia to fuel our heroin plague for countless generations to come. In the past and present we have let our military and political goals in Southeast Asia dictate our priorities. As a result, our officials have tried to prop up corrupt regimes there at all costs, including silent acquiescence to the traffic in drugs that is ruining the fabric of our nation. The problem of crime in our streets is largely a heroin problem which would disappear if the drug traffic were brought under control. The drugs now flowing from Southeast Asia in effect make all the funds and effort expended reducing Turkey's opium production totally irrelevant as a final solution to our problem.

We now have to decide which is more important to our country--propping up corrupt governments in Southeast Asia or getting heroin out of our high schools.