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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.

For further information contact:

John Marx  
Office of Senator Clifford Case  
225-3224

Wes Michaelson  
Office of Senator Mark Hatfield  
225-8310

Bill Broyderick  
Office of Cong. Les Aspin  
225-3031

THE HEROIN TRAFFIC IN SOUTHEAST ASIA

Statement by Alfred W. McCoy

①  
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.

JM  
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.

JM ②  
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. ILLEGIB

JM  
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.

JM  
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 ILLEGIB

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." ILLEGIB

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. ILLEGIB 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.

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 <sup>ILLEGIB</sup> 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 priorities 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.