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General Linked To Drug Ring In S. Vietnam

By George C. Wilson
Washington Post Staff Writer

Thieu, Ky Linked to Drug Trade

WASHINGTON (AP

Saigon Leaders Linked to Heroin

LAWRENCE L. KNUTSON
Associated Press

Pepsi-Cola Plant Used As Front

heroin traffic in southeast asia

To judge from yet another study of the uncommonly unpleasant subject, there seems to be about as much chance of getting the drug business out of Indochina as there is of getting the officials of Indochina out of the drug business.

The prospects for reform are seemingly limited—at a time when the U. S. military is having mixed results in trying to detoxify addicted American GIs—and the situation is one more deadly, degrading element associated with U. S. involvement in Southeast Asia.

Some of the latest facts have been presented by Yale graduate student Alfred W. McCoy, who testified before a Senate foreign aid appropriations subcommittee that a flourishing narcotics trade in South Vietnam, Cambodia, Laos and Thailand is carried on with the direct, active support of the highest government officials—and that U. S. officials make virtually no effort to intervene.

Perhaps such attempts would be ineffectual. The "Vietnamization" of the drug trade may be out of our hands as long as we remain resolved to "see it through with Thieu."

NEW YORK POST, 6/3/72

A-10 THE EVENING STAR
Washington, D. C., Friday, June 2, 1972

Heroin: Viet Chiefs Linked to Trade

S. Viet officials heroin racket ch

Saigon's Drug Merchants Is CIA linked to dope?

U.S. Aides Rapped in Drug Study He Calls Us Guilty For Asian Dope

Associated Press

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

NINETY-SECOND CONGRESS

SECOND SESSION

ON

AN ACT MAKING APPROPRIATIONS FOR FOREIGN ASSISTANCE AND RELATED PROGRAMS FOR THE FISCAL YEAR ENDING JUNE 30, 1973, AND FOR OTHER PURPOSES

DEPARTMENT OF STATE

NONDEPARTMENTAL WITNESSES

STATEMENT OF ALFRED W. McCOY, NEW HAVEN, CONN., PH. D. STUDENT IN SOUTHEAST ASIAN HISTORY, YALE UNIVERSITY

INTERNATIONAL NARCOTICS CONTROL

Senator PROXMIRE. The committee will come to order.

We have a difficult situation this afternoon because we have a very, very stringent time limit and we are going to have to hold every witness to 10 minutes, including questions.

We do have an exception with the first witness because two other witnesses have graciously yielded 5 minutes of their time so we can have 20 minutes with our first witness who is Mr. Alfred W. McCoy, who is a student for his doctorate.

Mr. McCoy, if you would like to brief your statement in any way, the entire statement will be printed in full in the record, and you can proceed.

Mr. McCOY. Thank you, Mr. Chairman.

I would like to be able to read my statement.

Senator PROXMIRE. All right; go ahead.

Mr. McCOY. Thank you very much.

First of all, I would like to thank you and the committee for inviting me here today and giving me this opportunity to present some of the fruits of my research into evidence.

I will begin my statement now.

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 1960's, 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 triborder 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 by our Southeast Asian allies in the narcotics traffic. 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; and

(3) Active involvement in certain aspects of the region's narcotics traffic by the U.S. Government.

In 1967–68, the 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 to 1972 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—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 most of 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.

One thousand kilos of pure heroin is equivalent to 10 to 20 percent of our estimated total annual heroin consumption. Since all of Hong Kong's morphine base comes from Southeast Asia's golden triangle, this case alone 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 Vietiane report that the Ambassador's French connection was arranged by Michel Theodas, manager of the Lane 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 3-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. General Ouane also controlled the largest heroin laboratory in Laos.

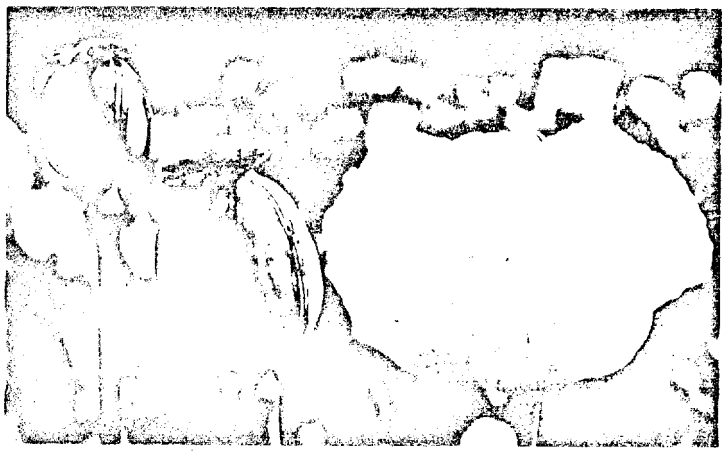
This laboratory produced a high grade of heroin for the GI market in South Vietnam and, according to the CIA, was capable of producing over 3,000 kilos of heroin a year. With the withdrawal of U.S. troops, the market for such heroin has shifted directly to the United States. Most of the opium traffic 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. agents working in Thailand claim that every major narcotics dealer in Thailand has a high-ranking "adviser" 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 entourage.

An examination of General 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.



Opium poppy. *John Everingham DNSI*

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 General Ky's sister, Mrs. Nguyen Thi Ly. Although a resident of Pakse, Laos from 1962 to 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 5th Air Division, and flown to Saigon.

The commander of the 5th Air Division, Col. Phan Phung Tien, has been publicly attacked by the director general of Vietnam customs for his interference in antinarcotics efforts and is believed to have extensive contacts with Saigon's Corsican underworld.

Vietnamese military officers have identified Colonel Tien as General Ky's strongest political supporter inside the Air Force, and one senior U.S. Air Force adviser called him General 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 strongest 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 advisers, have been implicated in other smuggling cases.

Some of President Thieu's stanchest supporters inside the Vietnamese Army control the distribution and sale of heroin to American GI's fighting in Indochina. President Thieu's most important military adviser, 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 General 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 General Quang.

Another of President Thieu's staunch Army supporters, General Ngo Dzu, II Corps Commander until several weeks ago, has been identified as one of the major drug traffickers in Central Vietnam by the U.S. AID 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, rightwing 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 to 90 percent 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, Senator Gruening came forward with well-founded allegations about General 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 General Dang Van Quang was the "biggest pusher" in South Vietnam. Prior to this broadcast, I had received independent reports of General Quang's narcotics dealings from high-ranking Vietnamese sources. The U.S. Embassy again issued a vigorous denial.

In July 1971, U.S. Congressman Robert Steele claimed to have received classified documents showing that II Corps Commander, General Ngo Dzu, was trafficking in heroin. The U.S. Embassy deferred to Senior II Corps Adviser John Paul Vann who denied that such documents existed. I have one of those documents in my possession today.

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 GI's 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 2 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 CIA and USAID have been transporting opium harvested by the agency's tribal mercenaries on a regular basis.

After spending 18 months researching, traveling 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 percent of the world's illicit opium supply. There is enough opium in Southeast Asia to fuel our heroin plague for 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 our silent acquiescence to the traffic in drugs that is ruining the fabric of our Nation.

The domestic social 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.

Thank you.

Senator PROXMIRE. Thank you, Mr. McCoy.

You have made some very serious and disturbing charges.

This committee has been assured by Secretary of State William Rogers and also by the head of the Bureau of Narcotics and Dangerous Drugs, John Ingersoll, that the Southeast Asia countries are making genuine efforts to stop heroin traffic and, of course, your testimony contradicts that.

Are you telling us now that the Congress has been deceived by the administration?

Mr. MCCOY. I suppose that is the conclusion you could draw from my remarks.

I simply state that the U.S. officials on an operational level admit that, as far as a few days ago, there has been no effort on the part of the Southeast Asian governments to deal with the problem and no effort on the part of the U.S. Government to comply.

Senator PROXMIRE. We are spending money in Turkey to reduce the production of opium as you know, and we seem to have gotten some results in Turkey.

Mr. MCCOY. As far as I can tell from my interviews——

Senator PROXMIRE. Apparently at one time, 2 years ago, it was said to account for 50 percent of our source of opium for heroin.

Mr. McCoy. The figure was given several years ago as 80 percent and as U.S. narcotic officials have admitted before congressional committees and I have admitted to me those were figures that were based largely on ignorance.

John Ingersoll, I believe, told—I am not sure; I think it was this committee—that he, himself, was unable to obtain the source of that figure and has not been able to corroborate it.

Senator PROXMIRE. I didn't say 80; I said 50 percent.

Now let me get into some of the documentation.

You give us some documentation and I know in the short statement we are limiting you to it is hard to give all of it and I don't expect you to give it now because there is not time, but I would like you to give your documentation on page 3 where you say:

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.

Mr. McCoy. Yes.

Senator PROXMIRE. We would like to know what you mean by the Thai Government. Who in the Thai Government? Give the names; give the times; give the places, to the extent that you can do that. I think that would be very helpful.

Mr. McCoy. My evidence is based on travels in northern Thailand. I spent a good deal of time interviewing officers and rebels.

Senator PROXMIRE. I am not trying to refute what you have said; I just say we would like to have the specific documentation.

Then also, on page 4, where you refer to the South Vietnamese Government, you say two of President Thieu's staunchest supporters in the lower house of the national assembly have been arrested trying to smuggle heroin into South Vietnam.

We would like to know the names of those gentlemen, the dates of their arrest.

Mr. McCoy. That is a matter of public record. The first deputy implicated was Rep. Vo Van Mau, a member of the pro-Thieu Independent Bloc. He was implicated in the smuggling of 9.6 kilos of pure Laotian heroin which was seized at Tan Son Nhut Airport on March 10, 1971. He was never officially charged and quietly faded from view when he failed to stand for reelection several months later.

On March 17, 1971, another pro-Thieu representative, Pham Chi Thien, was caught smuggling four kilos of pure heroin into Tan Son Nhut. He was prosecuted and sent to jail.

It is important to note that both seizures were made by Vietnamese Customs officials. The Customs Office is controlled by Prime Minister Khiem's political apparatus which is in competition with Thieu's organization for the narcotics traffic. Khiem's brother, Tran Thien Khoi, was appointed as Chief of Customs' Fraud Repression Division, the enforcement arm of the Customs Office. Khoi was responsible for enforcement at Tan Son Nhut Airport. The U.S. Army Provost Marshal in a 1971 report entitled *The Drug Abuse Problem in Vietnam* described Khoi as "a principal in the opium traffic." Khoi was finally removed from his position last summer, but he was not punished. Instead, he was simply transferred to a lucrative customs post in Cholon.

Senator PROXMIRE. Then you also say:

"Some of President Thieu's closest supporters inside the Vietnamese Army control the distribution and sale of heroin to American GI's fighting in Indochina."

Mr. McCoy. Right.

DOCUMENT REVEALING CONTROLLER OF HEROIN IN VIETNAM

Mr. McCoy. The one document I have in my possession today informed U.S. intelligence personnel of II Corps commander General Ngo Dzu's involvement in the heroin traffic. The document is a memorandum for the record dated June 10, 1971, by Michael G. McCann, Public Safety Director, CORDS, the top U.S. police advisor in Vietnam. I also have summaries of three U.S. Army Criminal Investigation Division (CID) reports dated in 1971 on Gen. Ngo Dzu's involvement in the drug traffic. The CID reported that "Gen. Dzu and his father were involved in narcotics trafficking," and that Gen. Dzu was cooperating with the "ARVN provost marshal in Qui Nhon * * * Gen. Dzu's father, Ngo Khoung, was trafficking in heroin with an ethnic Chinese," and "working with a former special assistant to Pres. Thieu." Gen. Dzu is one of President Thieu's staunchest political supporters and that is why he was not punished for his traffic in heroin.

I have been able to talk to U.S. narcotics officials, Customs officials, and they have no doubt that the document is correct and they have their own.

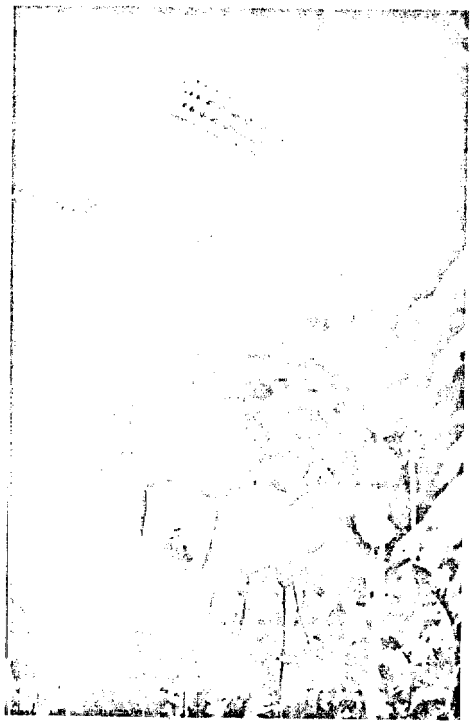
Senator PROXMIRE. Will you submit that document for the committee?

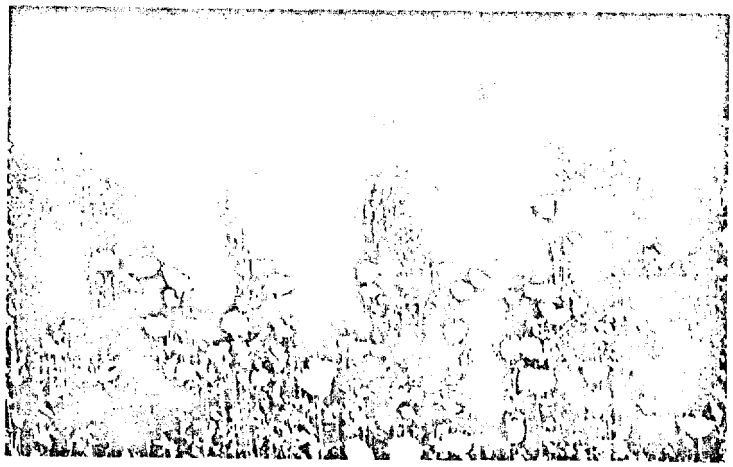
Mr. McCoy. Yes.

Senator PROXMIRE. We would like to have that.

Mr. McCoy. Yes, sir.

(STAFF NOTE.—Among the supporting data subsequently provided by Mr. McCoy for the hearing record was a classified document which is not reproduced. Other information provided by Mr. McCoy follows:)





Above: Meo musicians in poppy field.
Left: Meo woman scoring opium bulb.

John Everingham
DNSI

FURTHER INFORMATION SUBMITTED BY ALFRED W. McCOY

Since my testimony, both the State Department and the Bureau of Narcotics and Dangerous Drugs (BNDD) have publicly attacked my findings. I stand fully behind my testimony and I will cooperate with this committee, the State Department and the BNDD to stop the flow of Southeast Asian heroin into this country. But first we must admit there is a problem, learn as much as we can about it, and move towards its solution.

In my testimony, I charged that U.S. officials are covering up the massive drug traffic from Southeast Asia and concealing evidence of the involvement of our Southeast Asian allies. Below I offer some documentation to substantiate these charges.

I. DRUG TRAFFIC FROM SOUTHEAST ASIA

Nelson Gross, Senior Advisor to the Secretary of State and Coordinator for International Narcotics Matters, tried to cover up the drug traffic from Southeast Asia, by telling a Congressional Inquiry on June 9, 1972 that, "Southeast Asia is not a major source of heroin on our market * * * We estimate that probably only five percent, certainly no more than 10 percent of the heroin presently flowing to the United States originates in Southeast Asia."

The available evidence shows that this is untrue. John Ingersoll, Director of BNDD, told this committee last year that, "Our addict population could be satisfied by some 50 to 60 tons of opium." There is a 10 to 1 reduction in the refinement of opium to heroin; 50 to 60 tons of opium yields 5 to 6 tons of heroin. The BNDD broke up a Filipino courier ring in 1970 which had smuggled 1,000 kilos (2,200 pounds) of Hong Kong heroin into the U.S. during the preceding 12 months. This one ring, working for one of the five major heroin dealers in Hong Kong, accounted for approximately 20 percent of the BNDD's estimate of total annual U.S. consumption. Additionally, Gross is contradicting the General Accounting Office which said:

> The Far East is the second principal source of heroin entering the U.S. * * *
>
> In the past, heroin produced in the Far East was consumed in Hong Kong and elsewhere, but recently significant quantities were reported to be smuggled into the United States via the Philippines and Canada. (*Observations and Data Concerning Illegal Entry of Narcotics*, staff paper of the GAO, May 21, 1971)

II. INVOLVEMENT OF SOUTHEAST ASIAN GOVERNMENTS

State Department spokesman Gross also tried to conceal the involvement of our Southeast Asian allies in his statement to the Congressional Inquiry:

> 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.

The State Department, however, should be aware that the U.S. Army Provost Marshal reported that high ranking members of South Vietnam's government were in the top "zone" of a four-tiered heroin trafficking pyramid:

> Zone 1, located at the top or apex of the pyramid, contains the financiers, or backers of the illicit drug traffic in all its forms. The people comprising this group may be high level, influential political figures, government leaders, or moneyed ethnic Chinese members of the criminal syndicates now flourishing in the Cholon sector of the City of Saigon. The members comprising this group are the powers behind the scene who can manipulate, foster, protect, and promote the illicit traffic in drugs. (Office of the Provost Marshal, U.S. Military Assistance Command Vietnam, *The Drug Abuse Problem in Vietnam*, 1971, p. 6)

Again Gross is contradicting the findings of other government agencies. *Newsweek* of July 19, 1971 reported that, "Attorney General John Mitchell agreed that government officials have been involved in the Southeast Asian heroin trade." John Warner, Chief of the Strategic Intelligence Office of the BNDD, in an interview with the *Washington Evening Star*, June 19, 1972, acknowledged that, "Corruption is a way of life in Southeast Asia. It reaches to all levels." The article continued, "The weeding out of Asian officials heavily involved in the dope traffic, as well as the strikes against the traffickers themselves are all fairly recent."

Gross also said, "As for Ouan Rathikoun (Ouane Rattikone) * * * we are not aware of anything more than unsubstantiated allegations concerning his past and present complicity. With regard to his 'control' of the 'largest heroin laboratory in Laos,' once again, all we have is allegation."

However, John Warner confirmed my charges by admitting for the first time Gen. Ouane's involvement.

Gen. Ouane Rattikone, former chief of staff of the Royal Laotian Army, had consolidated several opium refineries into one, and with his army, controlled and protected [illegible] said.

(*Washington Evening Star*, June 19, 1972)

III. U.S. EMBASSY IN LAOS

John Warner countered my testimony by calling U.S. Ambassador to Laos, G. McMurtrie Godley, "one of the staunchest supporters of the anti-narcotics program in Laos." However, in December, 1970, while American troops in Vietnam were being decimated by Laotian heroin; while Gen. Rattikone was Laotian chief staff and his involvement as well as the location of the heroin laboratories was common knowledge among even the most junior U.S. officials; Godley wrote to an American journalist who had complained that Laotian officials were involved in the drug traffic:

> Regarding your information about opium traffic between Laos and the United States, the purchase of opium in Southeast Asia is certainly less difficult than in other parts of the world, but I believe the Royal Laotian Government takes its responsibility seriously to prohibit international opium traffic. (James Hamilton-Patterson, *The Greedy War* [David McKay Co., Inc., New York, 1971], pp. 275–276.

Warner also claimed that Gen. Rattikone "was forced to retire in July, 1971. We have political clout in the area and Ambassador Godley exerted it." This directly contradicts the State Department. The July 21, 1971 *Newsweek* reported that the State Department said the timing of the retirement of Gen. Rattikone was "sheer coincidence." *Newsweek's* Vientiane correspondent and diplomatic sources told me that Ouane's retirement had been planned for over a year, and Gen. Rattikone, who admitted his involvement in the narcotics traffic, flatly denied that there had been any pressure on him to retire.

IV. CIA AND AIR AMERICA INVOLVEMENT

Nelson Gross quoted the Managing Director of Air America, who called my charge that Air America aircraft have been transporting opium "utterly and absolutely false." Air America's involvement has been confirmed by Gen. Ouane and by Gen. Thao Ma, former commander of the Laotian Air Force, who refused to carry opium for Gen. Ouane.

I spent six days in August, 1971 in the opium-growing Meo village of Long Pot, Laos. Ger Su Yang, the District officer, told me:

> Meo officers with three or four stripes [captain or more] came from Long Tieng to buy our opium. They came in American helicopters, perhaps two or three men at one time. The helicopter leaves them here for a few days and they walk to villages over there, then come back here and radioed Long Tieng send another helicopter for them. They take the opium back to Long Tieng.

This account was verified by everyone I talked with. Ger Su Yang also reported that the helicopter pilots were always Americans.

V. SOUTHEAST ASIAN HEROIN THROUGH LATIN AMERICA

John Warner contradicted his superior, John Ingersoll: "Despite some testimony on Capitol Hill that much of the massive flow of heroin moving through Latin America on its way to the United States comes from Southeast Asia, Warner said there is no indication yet that any Southeast Asian heroin has been transshipped through Latin America." (*Washington Evening Star*, June 18, 1972).

Ingersoll told this committee last year that "Intelligence on the flow of heroin from Southeast Asia through South America and Latin America is inconclusive, but indications are that it may be considerable." (Ingersoll, letter to Senator Proxmire, Chairman, Subcommittee on Foreign Operations, Senate Committee on Appropriations, July 12, 1971, reprinted in *Foreign Assistance and Related Programs Appropriations FY 1972*, Committee on Appropriations, U.S. Senate, p. 614)

VI. NO EVIDENCE

The *Star* reported that "John Warner said he had seen nothing of an evidentiary nature from McCoy 'other than gossip, rumors, conjecture and old history.'"

I have given this committee a copy of a U.S. government document implicating Gen. Ngo Dzu. Mr. Warner is well aware of this evidence. He should also be aware of the U.S. Army Criminal Investigation Division (CID) reports dated January 6, May 12, and July 10, 1971 which provide ample details on Gen. Ngo Dzu's involvement in the heroin traffic.

The U.S. government knows who is trafficking in drugs in Southeast Asia, but does not act. It says it lacks the hard evidence to crack down. I say the problem is a lack of will rather than a lack of evidence. The Phoenix program with its gigantic intelligence apparatus was carried out by the U.S. in Vietnam to kill and imprison suspected enemy agents. Suspects were not given trials, hard evidence was not required. I do not condone the Phoenix program, but it does indicate what the U.S. can and will do to keep friendly generals in power. The fact that there is no comparable effort to stop heroin trafficking shows that the U.S. puts political and military goals in Southeast Asia far ahead of stopping the drug trade.

Meo mother and child.
John Everingham, DNSI

Senator PROXMIRE. Then you say, "Ambassador Godley did his best to prevent the assignment of U.S. Bureau of Narcotics agents to Laos."

What did he do, specifically?

Mr. MCCOY. According to U.S. narcotics agents I interviewed in Southeast Asia and some of the Ambassador's own assistants, essentially he is trying to apply pressure on the Laotian Government to perform political tasks to allow our bombing to continue, to allow our clandestine operations to continue inside Laos. They have been involved ever since there has been a Laotian Government.

The Laotian government is applying countervailing pressure on the U.S. Embassy not to crack down on the narcotics traffic.

Ambassador Godley simply passed these pressures on to American officials and did his best to frustrate the efforts of the Bureau of Narcotics to send agents into Laos.

Senator PROXMIRE. Now, supposing you were in a position to change our policy in this respect, recognizing what Secretary Rogers has told us that, No. 1, we are dealing with sovereign countries; No. 2, these countries don't have complete control over their peasantry that perhaps Turkey has, that they are dealing with a very difficult situation, recognizing, I am sure, that our Government earnestly wants to stop this kind of traffic and the President does properly recognize we have to stop it at the source; you tell us what you would do?

Mr. MCCOY. First of all, perhaps officials in Washington are earnestly concerned about stopping the drug traffic in Southeast Asia but other officials there have priorities they consider higher. They have been fighting a war there for a decade and they have higher priorities. Drug traffic they would rather not deal with.

So, in fact, pressure has not been applied.

My own feeling is that stopping the drug traffic is not a very difficult problem. It requires the will to stop it. The governments of Southeast Asia do not have the will because they, themselves, are involved. It would simply require a decision on their part to get out of the traffic and to crack down on known syndicates and racketeers.

Senator PROXMIRE. You say they can do it. How would we persuade them to do it?

Mr. MCCOY. Simply giving them the political will to do so.

Senator PROXMIRE. How do we do that?

Mr. MCCOY. The drug traffic could be stopped by the administration, the State Department, and the CIA, but they are not in a position to do so because of their commitment to ongoing policies and programs which are of a political and military nature. Therefore, I feel it is the responsibility of the Congress of the United States to intervene in the situation. I think that if the average American citizen had a right to choose between standing four-square for the present Laotian Government or getting heroin off our streets, he would choose heroin.

Senator PROXMIRE. He would choose heroin—you mean he would let the Laotian Government go?

Mr. MCCOY. He would let the Laotian Government go.

What I am saying is that somehow the Congress of the United States has to communicate the seriousness of its intent to do something about it. I would suggest an aid cutoff.

Senator PROXMIRE. Before I yield to Senator McGee, let me just indicate what you are suggesting now.

You are suggesting that in order to stop the heroin problem here, in order to solve this problem you are talking about, it would be necessary for us to get out of Southeast Asia. I would like to do it. I would like to do it and I have a lot of colleagues in the Senate who would like it, too, and there are millions of Americans who would like to do it.

Suppose the President and the majority in the Senate and the House prevail and we stay in Southeast Asia: Short of just abandoning these governments what can we do, if anything?

Mr. MCCOY. For years now, we have been soft-pedaling the issue of drugs for these reasons. If we want to continue to make military objectives our No. 1 priority, then we cannot deal with drugs. We have to make drugs No. 1.

Senator PROXMIRE. You are saying that in our best judgment—and I should have qualified you are a man who studied this; you are working on your doctorate at Yale University. The record shows you have interviewed many of the outstanding experts in these various countries on this. I think you have established a considerable amount of expertise here.

You are saying that the one answer you see is to end the Vietnam war and get out of Southeast Asia; not only end the Vietnam war but end our support for the governments of Laos and Thailand. That has to be the threat. Maybe it won't be necessary but say it and mean we will do it.

Mr. MCCOY. Exactly.

For example, if this committee or, more particularly, the Senate, merely said that in 6 months we will cut off aid unless we get definite reports from the U.S. officials and agencies, and from your Government saying the traffic is cleared up, I guarantee that you will have positive reports.

I also guarantee you that nothing will have to be done of any serious nature.

What I am saying is that you should cut off the aid and make the restoration of aid contingent upon the cessation of drug trafficking. You could rely on the United Nations Opium Commission and other independent agencies for verification.

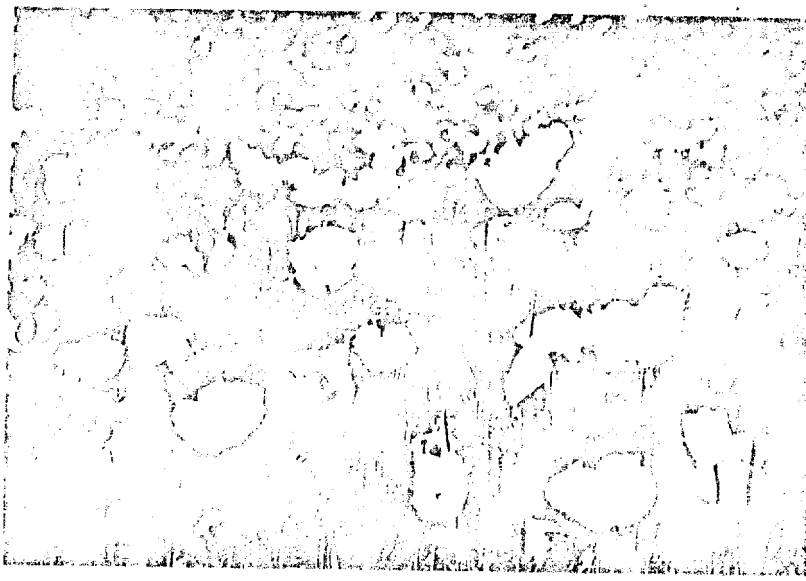
Senator PROXMIRE. We can do this in Turkey because cutting off aid as far as Turkey is concerned does not involve our most significant military policies.

Mr. MCCOY. Right.

Senator PROXMIRE. Cutting off aid in Southeast Asia means, of course, very severe and drastic change in our military policy, one I would like to see but one which the administration is very unlikely to follow. You say that is it.

Mr. MCCOY. I would like to see it come down to a decision.

Meo caravan carrying opium to market. *John Everingham DNSI*



Alfred W. McCoy

FLOWERS OF EVIL

The CIA and the heroin trade

Ladies and gentlemen," announced the genteel British diplomat, raising his glass to offer a toast, "I give you Prince Sopsaisana, the uplifter of Laotian youth."

The toast brought an appreciative smile from the guest of honor, cheers and applause from the luminaries of Vientiane's diplomatic corps, assembled at the farewell banquet for the Laotian ambassador-designate to France, Prince Sopsaisana. A member of the royal house of Xieng Khouang, the Plain of Jars region, the Prince was vice-president of the National Assembly, chairman of the Lao Bar Association, president of the Lao Press Association, president of the *Alliance Française*, and a member in good standing of the Asian People's Anti-Communist League. After receiving his credentials from the King in a private audience at the Luang Prabang Royal Palace on April 8, 1971, he was treated to an unprecedented round of cocktail parties, dinners, and banquets. For Sopsai, as his friends call him, was not just any ambassador; the Americans considered him an outstanding example of a new generation of honest, dynamic national leaders, and it was widely rumored in Vientiane that Sopsai was destined for high office some day.

The final send-off party at Vientiane's Wattay Airport on April 23 was one of the gayest affairs of the season. Everybody was there; the champagne bubbled, the canapés were flawlessly French, and Mr. Ivan Bastouil, chargé d'affaires at the French Embassy, gave the nicest speech. Only after the plane had soared off into the clouds did anybody notice that Sopsai had forgotten to pay for his share of the reception.

His arrival at Paris's Orly Airport on the morning of April 25 was the occasion for another reception. The French ambassador to Laos, home for a brief visit, and the entire staff of the Laotian Embassy had turned out to welcome the new ambassador. There were warm embraces, kissing on both cheeks, and more effusive speeches. Curiously, the Prince insisted on waiting for his luggage like any ordinary tourist, and when his many suitcases finally appeared after an unexplained delay, he immediately noticed that a particular one was missing. Sopsai angrily insisted that his suitcase be delivered at once, and French authorities promised, most apologetically, that it would be sent to the Laotian Embassy as soon as it was found. Sopsai departed reluctantly for yet another reception at the Embassy, and while he drank the ceremonial champagne with his newfound retinue of admirers, French customs officials were examining one of the biggest heroin seizures in French history.

The Ambassador's suitcase contained sixty kilos of high-grade Laotian heroin — worth $13.5 million on the streets of New York, its probable destination. A week later, a smiling French official presented himself at the Embassy with the suitcase in hand. Although Sopsaisana had been bombarding the airport with outraged telephone calls for several days, he suddenly realized that accepting the suitcase was tantamount to an admission of guilt and so, contrary to his righteous indignation, he flatly denied that it was his. Ignoring his declaration of innocence, the French government refused to accept his diplomatic credentials, and Sopsai remained in Paris for no more than two months before he was recalled to Vientiane.

Fragile flower, cash crop

Despite its resemblance to comic opera, the Prince Sopsaisana affair offered a rare glimpse into the workings of the Laotian drug trade. That trade is the principal business of Laos, and to a certain extent it depends on the support (money, guns, aircraft, etc.) of the CIA. Unfortunately, the questions raised by the Prince's disgrace were never asked, much less answered. The French government overlooked the em-

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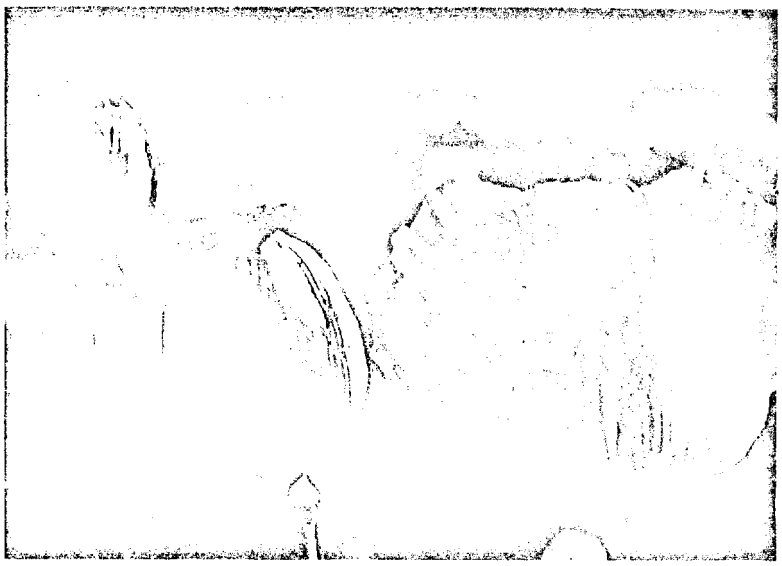
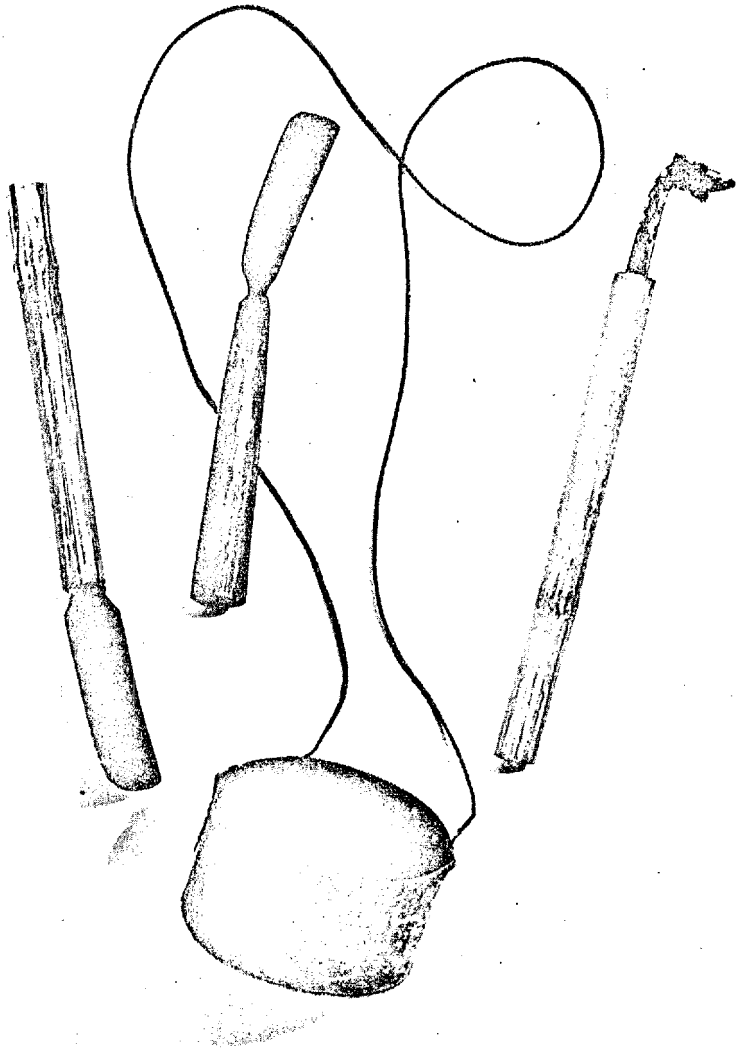
Adapted from a chapter in The Politics of Heroin in Southeast Asia, *by Alfred W. McCoy with Cathleen B. Read, to be published by Harper & Row, Publishers, Inc., in September.*



The harvesting of the opium crop takes place between January and early March. When the opium is ready, the petals fall away, leaving the bare bulb. In late afternoon or early evening the Meo women cut striations in the bulb with the three-pronged knife shown below. The following morning the congealed opium sap is collected from the bulb's surface with a small shovel-like tool and carried in a small container worn around the neck.



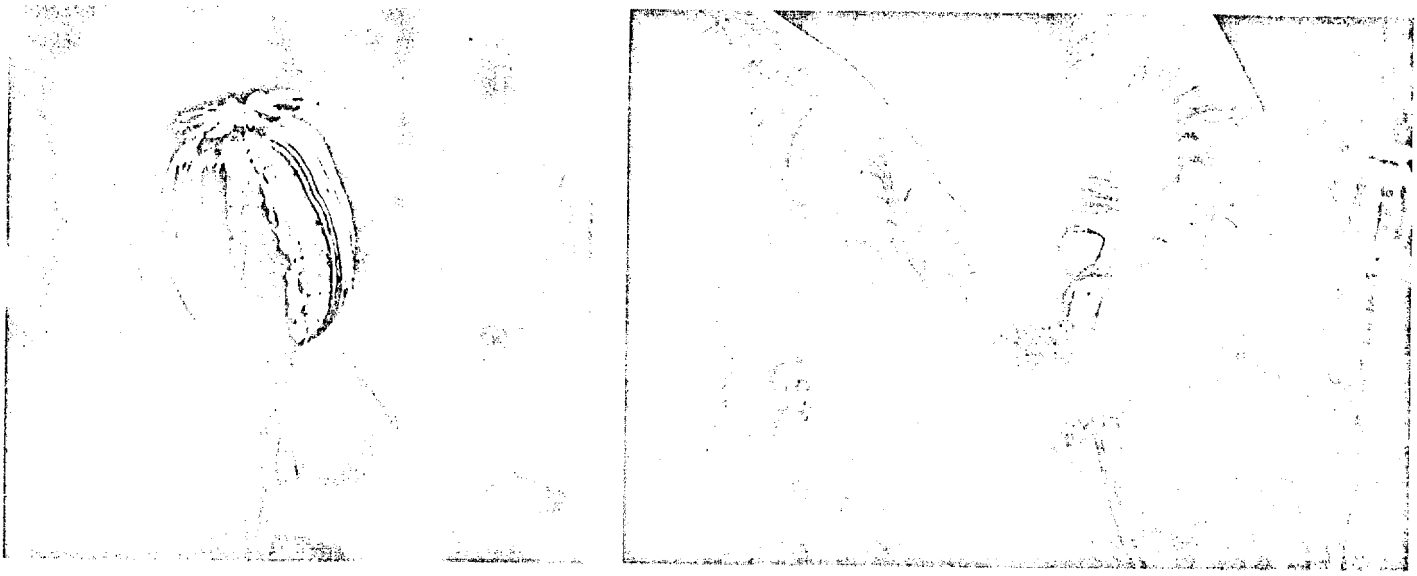
barrassment for diplomatic reasons, the international press ignored the story, and the United States Embassy demonstrated a remarkable disinterest in the entire subject.

Over the past fifty years, Laos has become something of a free port for opium. The delicate opium poppy grows abundantly at high elevations in the northern mountains, and under a sequence of different regimes (French, American, Laotian), the hill tribesmen have been encouraged to cultivate the poppy as the principal cash crop. Opium dens can be found in every quarter of Vientiane, and the whereabouts of the opium refineries are a matter of common knowledge. The leading citizens, whether princes, generals, or politicians, zealously control the drug traffic and regard it, with good reason, as a strategic industry.

The Laotian indifference to Prince Sopsaisana's misfortune therefore becomes easily understandable. The reticence of the American Embassy, however, requires a few words of explanation. Sopsai had allegedly received his sixty kilos of heroin through the kind offices of a particularly aggressive Laotian general named Vang Pao. Vang Pao also happens to be the commander of the CIA secret army in northeastern Laos. He has commanded that army since 1961, and during the past eleven years he has become an increasingly notorious entrepreneur in the Laotian drug trade.

But the American Embassy remains curiously unaware of his involvement in the narcotics traffic. Nobody has any information on the operation of the Laotian drug business, and Embassy officials appear to have adopted an attitude of benign neglect. That attitude was characteristically expressed in a letter written in December 1970 by Ambassador G. McMurtie Godley to a journalist inquiring about the opium traffic. Godley wrote:

> *The purchase of opium in Southeast Asia is certainly less difficult than in other parts of the world, but I believe the Royal Laotian Government takes its responsibility seriously to prohibit international opium traffic... However, latest information available to me indicated*



John Everingham

that all of Southeast Asia produces only 5% of narcotics which are, unfortunately, illegally imported to Great Britain and the U.S. As you undoubtedly are already aware, our government is making every effort to contain this traffic and I believe the Narcotics Bureau in Washington D.C. can give you additional information if you have some other inquiries.

Ambassador Godley did not deem it worthy of mention that the latest information available to him should have indicated that the great majority of heroin being used by American GIs in Vietnam was coming from Laotian laboratories. Nor did he deem it necessary to mention two other facts:

• In 1967 the United Nations reported that poppy farmers in northeastern Burma, northern Thailand, and northern Laos — a region known as "the Golden Triangle" — were producing 1,000 tons of raw opium annually, which was then about 70 per cent of the world's supply. The available evidence indicates that the exports have increased, and that heroin from the Golden Triangle is now being shipped into the United States through Europe and South America.

• During the last several months of 1970 more American soldiers were evacuated as casualties from South Vietnam for drug-related reasons than for reasons having to do with war wounds.

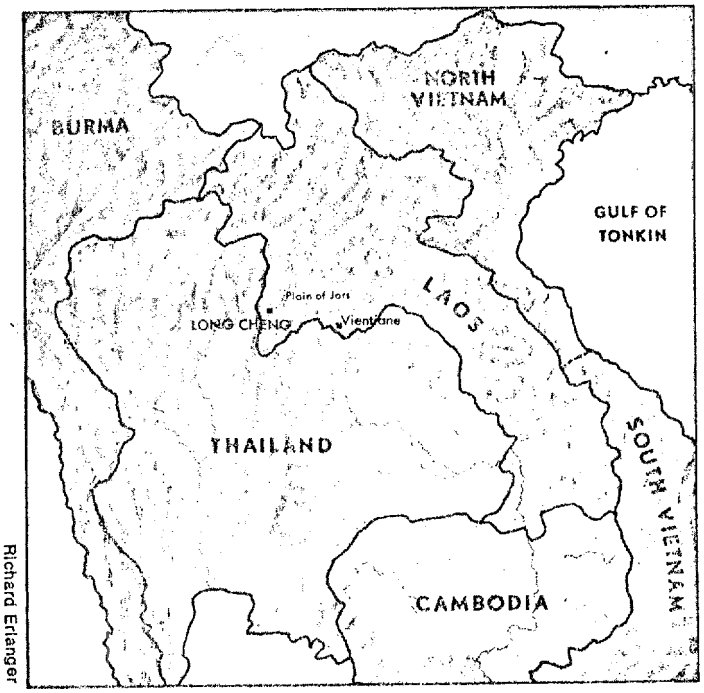
To Americans living in cities plagued by heroin, it may seem controversial, even shocking, that any U.S. Government agency would ignore the international drug traffic. But when considered in the perspective of historical precedent, and conceding the demands of mountain warfare in northern Laos, the U.S. Embassy's tolerant attitude seems almost inevitable.

Rather than sending U.S. combat troops into Laos, four successive American Presidents and their foreign-policy advisers worked through the CIA to build the Meo guerrillas of northern Laos into the only effective army in Laos. The fundamental reason for American involvement in any aspect of the Laotian opium traffic lies in these policy decisions, and they can be understood only in the context of the secret war in Laos, a war in which Vang Pao emerged as one of the principal figures.

CIA operations with Meo guerrillas began in 1959 as part of a regional intelligence-gathering program. Noting with alarm renewed guerrilla activity in South Vietnam and Laos in the late 1950s, American intelligence analysts interpreted these reports as the first signs of communist plans for the "subversion and conquest" of Southeast Asia. General Edward G. Lansdale, who directed much of the Defense Department's strategic planning on Indochina during the early years of the Kennedy Administration, recalls that these hill-tribe operations were set up to monitor communist infiltration: "The main thought was to have an early warning, trip-wire sort of thing with these tribes in the mountains getting intelligence on North Vietnamese movement. This would be a part of a defensive strategy of saving the rice-producing lowlands of Thailand and Vietnam by sealing off the mountain-infiltration routes from China and North Vietnam."

While the U.S. military sent half a million troops to fight in South Vietnam, the mountain war has required only a handful of U.S. personnel. "I always felt," General Lansdale told me, "that a small group of Americans organizing the local population was the way to counter communist wars of national liberation." In South Vietnam, computerized command decisions and automated firepower dehumanized the fighting, while the rapid rotation of U.S. personnel made military commanders seem like replaceable parts in a giant machine. However, American paramilitary personnel serving in Laos have tended to serve long tours of duty, some a decade or more, and have been given an enormous amount of personal power.

Since there were too few U.S. operatives to assume complete responsibility for daily operations in the hills of Laos, the CIA usually selected one leader from every hill tribe as its surrogate commander. The CIA's chosen ally recruited his fellow tribesmen as mercenaries, paid their salaries with CIA money, and led them in battle. Because the CIA had only as much influence with each tribe as its surrogate commander, it was in the agency's interest to make these men local despots by concentrating military and economic power in their hands.



Richard Erlanger

In the Meo region of northern Laos, the CIA had the good fortune to find, in Vang Pao, a man with unlimited ambitions and a willingness to take battlefield casualties. For Vang Pao, peace is a distant, childhood memory. He saw battle for the first time in 1945 at the age of thirteen, while working as an interpreter for French commandos who had parachuted onto the Plain of Jars to organize anti-Japanese resistance. In April 1954 he led 850 hill-tribe commandos through the rugged mountains of Sam Neua Province in a vain attempt to relieve the doomed French garrison at Dienbienphu.

When the first Indochina war ended that same year, Vang Pao returned to regular duty in the Laotian Army. He advanced quickly to the rank of major and was appointed commander of the Tenth Infantry Battalion, which was assigned to the mountains east of the Plain of Jars. While he had a good record as a wartime commando leader, it was in his new command that Vang Pao first displayed the personal corruption that would later make him such a despotic warlord.

In addition to his regular battalion, Vang Pao was also commander of Meo self-defense forces in the Plain of Jars region. Volunteers had been promised regular allotments of food and money, but Vang Pao pocketed these salaries, and most volunteers went unpaid for months at a time. When one Meo lieutenant demanded that the irregulars be given their back pay, Vang Pao shot him in the leg. That settled the matter for the moment, but several months later the rising chorus of complaints finally came to the attention of the provincial army commander, Col. Kham Hou Boussarath. In early 1959 Colonel Kham Hou called Vang Pao to his headquarters in Xieng Khouang, confronted him with the accusations, and ordered him to pay up. Several days later Colonel Kham Hou was driving back from an inspection tour of the frontier areas and was approaching the village of Lat Houang, when a burst of machine-gun fire shattered his windshield. More than thirty of Vang Pao's soldiers hidden in the brush alongside the road were shooting frantically at the automobile. But it was twilight, and most of the shots went wild. Kham Hou floored the accelerator and emerged from the gauntlet unscathed.

As soon as he reached his headquarters, Colonel Kham Hou radioed a full report to Vientiane. The next morning Army Chief of Staff Ouan Rathikun arrived in Xieng Khouang and summoned Vang Pao.* Weeping profusely, Vang Pao prostrated himself before Ouan and begged for forgiveness. Perhaps touched by this display of emotion or influenced by the wishes of U.S. Green Beret officers working with the Meo, Ouan decided not to punish Vang Pao. However, most of the Laotian high command seemed to feel that his career was finished.

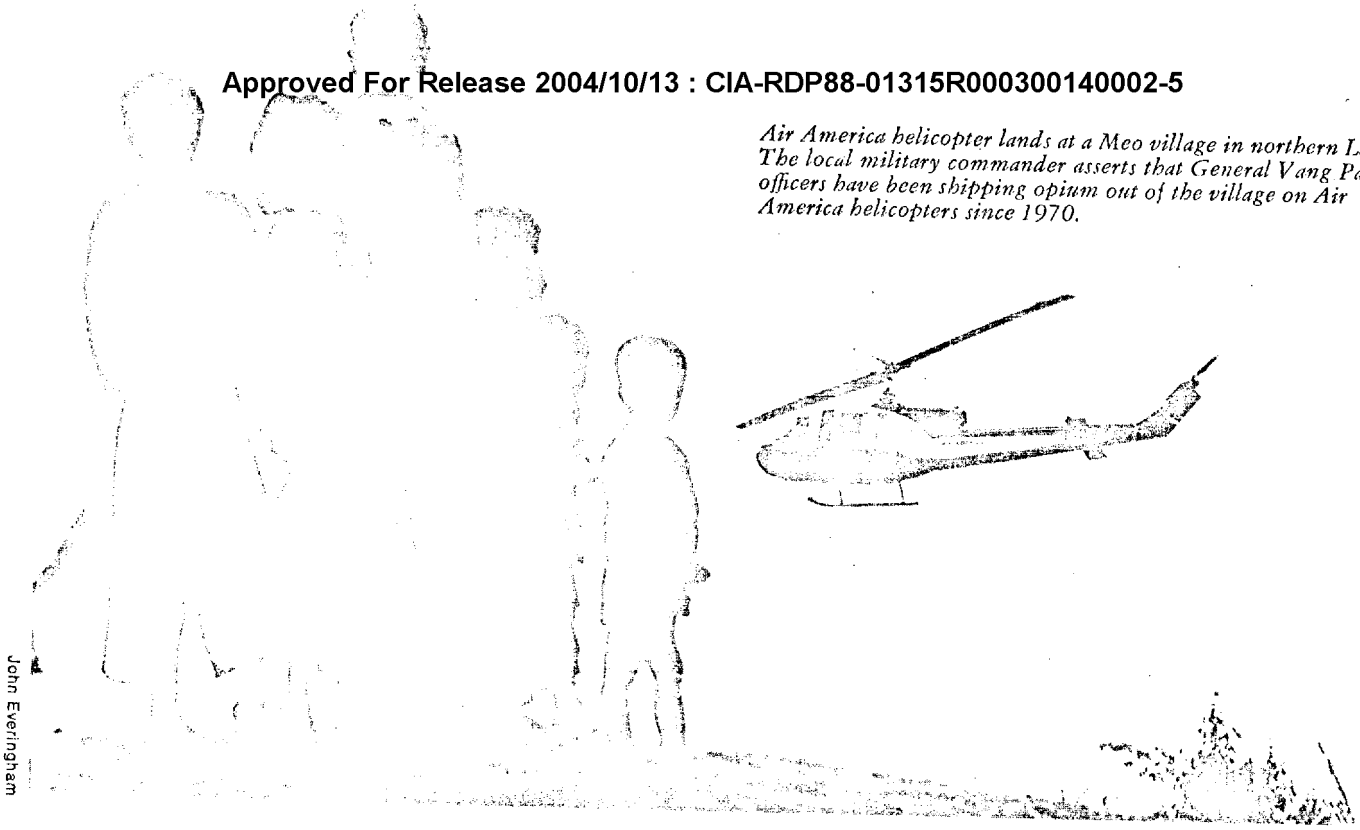
But Vang Pao was to be rescued from obscurity by unforeseen circumstances that made his services invaluable to the Laotian right wing and the CIA. In the weeks that followed, Laos blundered into one of its chronic civil wars. Vang Pao volunteered his Meo irregulars to the cause of the tottering regime, and, as a reward, he was pardoned and promoted.

In January 1961 the CIA began sending Green Berets, CIA-financed Thai police commandos, and a handful of its own agents to Vang Pao's headquarters at Padong, a 4,000-foot mountain due south of the Plain of Jars. The object was to build up an effective secret army that would keep the Pathet Lao bottled up on the Plain of Jars by recruiting all of the eligible young Meo in the surrounding mountains as commandos. Using Padong as a base of operations, Vang Pao's officers and CIA operatives flew to scattered Meo villages in helicopters and light Helio Courier aircraft. Offering guns, rice, and money in exchange for recruits, these advance men leapfrogged from village to village around the western and northern perimeter of the Plain. Under their supervision, dozens of crude landing strips for Air America aircraft were hacked out of the mountain forests, and scattered villages were linked with CIA headquarters at Padong. Within several months, Vang Pao's influence extended from Padong north to Phou Fa and east as far as Bouam Long.

One local Meo leader in the Long Pot region west of the Plain of Jars says that Meo officers who visited his village following General Kong Le's capture of the Plain used threats as well as inducements to win a declaration of loyalty. "Vang Pao sent us guns," he recalled. "If we did not accept his guns, he would call us Pathet Lao. We had no choice. Vang Pao's officers came to the village and warned that if we did not join him he would regard us as Pathet Lao, and his soldiers would attack our village."

By 1964 Vang Pao had extended his authority northward into Sam Neua Province, openly attacking Pathet Lao

*Gen. Ouan Rathikun deserves passing memorialization in this account. A former commanding officer of the Royal Laotian Army — the only army in the world apart from our own that is wholly financed by the American taxpayer — he so brilliantly acquitted himself in that post to earn his country's highest decoration, the Grand Cross of the Million Elephants and the White Parasol. A round and genial man, the General has also controlled, since 1962, an elephant's share of that part of the opium traffic through Laos that originates in Thailand and the Shan states of northern Burma. Tithing this traffic has been immensely profitable to the various right wing governments that Ouan has served so faithfully over the years, yielding revenues of almost $100,000 a month even as early as 1962. And, like his subordinate Vang Pao, General Ouan also readily perceived the splendid opportunities available to entrepreneurs of opium refining. By 1970 he allegedly controlled the largest laboratory in Southeast Asia, refining some of the purest heroin in the world.



Air America helicopter lands at a Meo village in northern Laos. The local military commander asserts that General Vang Pao's Meo officers have been shipping opium out of the village on Air America helicopters since 1970.

John Everingham

strongholds with the continued assistance of the CIA. (His offensives took place after the United States had signed the Geneva agreements whereby it promised not to interfere in Laotian military affairs.) As soon as a village was captured and Pathet Lao cadres eliminated, the inhabitants were put to work building a crude landing strip, usually 500 to 800 feet long, to receive the airplanes that followed in the conqueror's wake, carrying "refugee" supplies of rice and guns. These goods were given away in an attempt to buy the hearts and minds of the Meo and eliminate any remaining loyalty to the Pathet Lao. Within a matter of months a fifty-mile-long strip of territory — stretching from the northeastern rim of the Plain of Jars to Phou Pha Thi mountain, only fifteen miles from the North Vietnamese border — had been added to Vang Pao's domain. More than twenty new aircraft landing strips dotted the conquered corridor, linking Meo villages with the new CIA headquarters at Long Cheng. Most of these Meo villages were perched on steep mountain ridges overlooking valleys and towns controlled by the Pathet Lao. The Air America landing strip at Hong Non, for example, was only twelve miles from the limestone caverns near Sam Neua City where the Pathet Lao later housed their national headquarters, a munitions factory, and a cadre training school.

Airlining opium

As might be expected, the fighting on the Plain of Jars and the opening of these landing strips produced changes in northeastern Laos's opium traffic. For over sixty years the Plain of Jars had been the hub of the opium trade there. After every winter's opium harvest, Chinese merchants would leave their stores on the Plain and ride into the surrounding hills to barter for Meo opium. During the colonial era, Chinese traders sold opium to the French Opium Monopoly or to smugglers headed for northern Vietnam. When the French military became involved in the opium traffic in the early 1950s, the Chinese sold opium to French commandos for shipment to Saigon on military transports. After the French departure in 1954, Chinese merchants dealt with Corsican charter airlines, which made regular flights to Vietnam and the Gulf of Siam.

No longer able to land on the Plain of Jars, the Corsican airlines began using Air America's mountain landing strips to pick up raw opium. As Vang Pao circled around the Plain and advanced into Sam Neua Province, the Corsicans were right behind in their Beechcrafts and Cessnas, paying Meo farmers and Chinese traders a top price. Rather than deliver their opium to trading centers on the Plain, most traders brought it to Air America landing strips serviced by the Corsican charter lines.

But when the Laotian government forced the Corsicans out of business in 1965, a serious economic crisis loomed in the Meo highlands. The war had in no way reduced Meo dependence on opium as a cash crop and may have actually increased production. Assured of food supplies from the CIA, the Meo had given up growing rice so that they could allot more land to the growing of opium.

While Meo villages on the southern and western edges of the Plain were little affected by the transport problem, the end of the Corsican flights made it impossible for villages on the northern perimeter and in Sam Neua Province to market their opium. Air America was the only form of air transport available, and, according to Gen. Ouan Rathikun and Gen. Thal Ma, then commander of the Laotian Air Force, it began flying Meo opium to markets in Long Cheng and Vientiane.

Air logistics for the opium trade were further improved in 1967 when the CIA and USAID (United States Agency for International Development) gave Vang Pao financial assistance in forming his own private airline, Xieng Khouang Air Transport. The company's president, Mr. Lo Kham Thy, says the airline was formed in late 1967 when two C47s were acquired from Air America and Continental Air Services. The company's schedule is limited to shuttle flights between Long Cheng and Vientiane that carry relief supplies and an occasional handful of passengers. Financial control is shared by Vang Pao, his brother, his cousin, and his father-in-law. According to one former AID employee, AID supported the

project because officials hoped it would make Long Cheng the commercial center of the northeast and, thereby, reinforce Vang Pao's political position. The USAID officials involved apparently realized that any commercial activity at Long Cheng would involve opium, but decided to support the project anyway.

Everybody continued to profit from the various arrangements until early 1968, when the Pathet Lao began the first of the dry-season offensives that eventually, by late 1971, forced Vang Pao's army into a narrow stretch of hill country within a relatively few miles of Vientiane. But the only people who lost by the military retreat were the Meo hill tribesmen. According to reliable Laotian sources, despite the drop in Meo opium production after 1968, Vang Pao was able to continue his role in Laos's narcotics trade by opening a heroin laboratory at Long Cheng, the CIA headquarters town.

The loss of Sam Neua Province in 1968 signaled the first of the massive Meo migrations that transformed much of northeastern Laos into a depopulated free-fire zone and drastically reduced hill-tribe opium production. Before the CIA initiated Meo guerrilla operations in 1960, northeastern Laos had had a hill-tribe population of about 250,000 people, most of whom were Meo opium farmers scattered evenly across the rugged highlands.

General Vang Pao, commander of the CIA's mercenary Meo army in Laos's Military Region II.

When Vang Pao began to lose control of Sam Neua in early 1968, the CIA decided to deny the population to the Pathet Lao by evacuating all the Meo tribesmen under his control. By 1967 U.S. Air Force bombing in northeastern Laos was already heavy, and Meo tribesmen were willing to leave their villages rather than face the daily horror of life under the bombs. By early 1970 an estimated 50,000 hill tribesmen were living in Sam Thong and Long Cheng while 100,000 more were crowded into a crescent-shaped piece of territory lying between these two cities and the Plain of Jars.

During their 1970 offensive, North Vietnamese and Pathet Lao troops jumped off from the Plain of Jars, drove across the Meo "refugee" areas, and by March were on the heights overlooking Sam Thong. As the attacks gained momentum, Meo living west of the Plain fled south, and eventually more than 100,000 were relocated in a forty-mile-wide strip of territory between Long Cheng and the Vientiane Plain. When the Pathet Lao and the North Vietnamese attacked Long Cheng during the 1971 dry season, the CIA was forced to evacuate some 50,000 mercenary dependents from Long Cheng valley into this overcrowded resettlement area. By mid 1971, USAID estimated that almost 150,000 hill-tribe refugees, of whom 60 per cent were Meo, had been resettled in the Ban Son area south of Long Cheng.

After three years of constant retreat, Vang Pao's Meo followers were at the end of the line. Once a prosperous people living in small villages surrounded by miles of fertile, uninhabited mountains, 90,000 Meo, almost a third of all the Meo in Laos, were now packed into a forty-mile-long dead end perched above the sweltering Vientiane Plain. Traditionally the Meo have built their villages on mountain ridges more than 3,000 feet in elevation where the temperate climate is conducive to poppy cultivation, the air is free of malarial mosquitoes, and the water is pure. Since most refugee villages in the Ban Son resettlement area are less than 2,500 feet in elevation, many Meo, lacking normal immunities, have been stricken with malaria and have become seriously ill. The lower elevation and crowded conditions make opium cultivation almost impossible, and the Meo are totally dependent on Air America's rice drops. If the North Vietnamese and Pathet Lao capture Long Cheng and advance on Vientiane, the Meo will probably be forced down onto the Vientiane Plain where their extreme vulnerability to tropical disease might result in a major medical disaster.

The Ban Son resettlement area is the guardian at the gate, blocking any enemy advance on Vientiane. If the Pathet Lao and North Vietnamese choose to attack the Laotian administrative capital after they have taken Long Cheng, they will have to fight their way through the resettlement area. Meo leaders are well aware of the danger and have pleaded with USAID to either begin resettling the Meo on the Vientiane Plain on a gradual, controlled basis or shift the resettlement area to the east or west, out of the probable line of an enemy advance. Knowing that the Meo fight better when their families are threatened, USAID had refused to accept either alternative and seems intent on keeping them in the present

area for a final, bloody stand against the North Vietnamese and Pathet Lao. Most of the Meo have no desire to continue fighting for Vang Pao. They bitterly resent his more flamboyant excesses—his habit of personally executing his own soldiers, his willingness to take excessive casualties, and his massive grafting from the military payroll—and regard him as a corrupt warlord who has grown rich from their suffering. But since USAID decides where the rice is dropped, the Meo have no choice but to stand and fight.

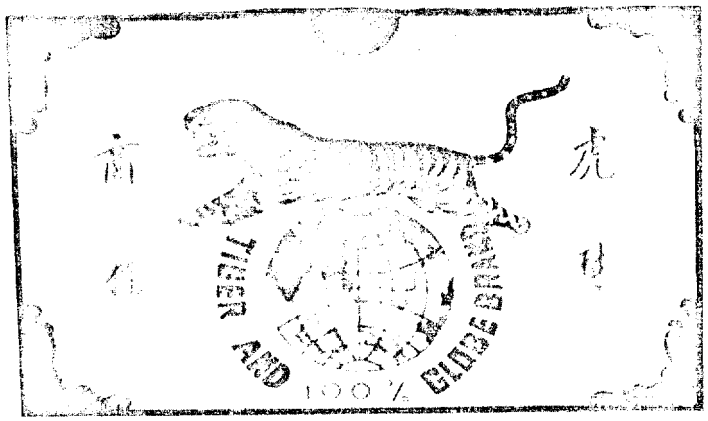
Deranged priorities

The chronicle of American complicity in the Laotian drug trade ends with one final irony. When President Nixon issued his declaration of war on the international heroin traffic in mid-1971, the U.S. Embassy in Vientiane was finally forced to take action. Instead of trying to break up drug syndicates and purge the government leaders involved, however, the Embassy introduced legal reforms and urged a police crackdown on opium addicts. A new opium law submitted to government ministries for consideration on June 8 went into effect on November 15. As a result of the new law, U.S. narcotics agents were allowed to open an office in early November—two full years after GIs started using Laotian heroin in Vietnam and six months after the first large seizures were made in the United States. Only a few days after their arrival, U.S. agents received a tip that a Filipino diplomat and a Chinese businessman were going to smuggle heroin directly into the United States. U.S. agents boarded the plane with them in Vientiane, flew halfway around the world, and arrested them with 15.5 kilos of high-grade heroin in New York City. Even though these men were carrying a large quantity of heroin, they were still only messenger boys for the powerful Laotian drug merchants. But, so far, political expediency has been the order of the day, and the U.S. Embassy has made absolutely no effort to go after the men at the top.

In the long run, the American effort seems to be aimed at closing Vientiane's hundreds of wide-open opium dens and making life difficult for the average Laotian drug user (most of whom are opium smokers). The Americans are pressuring the Laotian police into launching a massive crackdown on opium smoking, and there is evidence that the campaign is getting under way. Since almost no money is being made available for detoxification centers or outpatient clinics, most of Vientiane's opium smokers will be forced to become heroin users. (Opium's cumbersome smoking paraphernalia and strong smell make its addicts much more vulnerable to arrest.) Vientiane's brand of low-grade heroin seems to be particularly high in acid content and has produced some horribly debilitated zombie addicts. No less an authority than General Ouan believes that Vientiane's brand of low-grade heroin can kill a healthy man in less than a year. It would indeed be ironic if America's antidrug campaign drove Laos's opium smokers to a heroin death while it left the manufacturers and international traffickers untouched.

After pouring billions of dollars into Southeast Asia for over twenty years, the United States has acquired enormous power in the region. And it has used this power to create new nations where none existed, to handpick prime ministers, to topple governments, and to crush revolutions. But U.S. officials in Southeast Asia have always considered the opium traffic a quaint local custom and have generally turned a blind eye to official involvement. A Laotian or Vietnamese general who whispers the word "neutralism" is likely to find himself on the next plane out of the country, but one who tells the international press about his role in the opium trade does not even merit a raised eyebrow. However, American involvement has gone far beyond coincidental complicity; embassies have consciously covered up involvement by client governments, CIA contract airlines have reportedly carried opium, and individual CIA men have abetted the opium traffic.

As a result of direct and indirect American involvement opium production has steadily increased, high-grade heroin production is flourishing, and the Golden Triangle's poppy fields have become linked to markets in Europe and the United States. Southeast Asia's Golden Triangle already grows 70 per cent of the world's illicit opium and is capable of supplying the U.S. with unlimited quantities of heroin for generations to come. Unless something is done to change America's policies and priorities in Southeast Asia, the drug crisis will deepen and the heroin plague will continue to spread. □



Above: *Label for Tiger and the Globe brand No. 4 heroin (90 to 99 per cent pure) manufactured in the Golden Triangle region. Each package contains 7/10 of a kilogram. Both this brand and the Double U-O Globe brand are purchased for export to the United States and for sale to American GIs serving in South Vietnam.*

Below: *Label for Double U-O Globe, also No. 4 heroin manufactured in the Golden Triangle region. Almost all bulk heroin seizures in South Vietnam are of this brand. On November 11, 1971, the U.S. Bureau of Narcotics seized $13 million worth of Double U-O Globe brand heroin at the Lexington Hotel in New York City.*

The Evening Star THURSDAY, JUNE 29, 1972

WASHINGTON CLOSE-UP

Homage to CIA Drug Fight Ironic

By JUDITH RANDAL

The American Medical Association, which predictably offers few surprises at its annual meeting, achieved the unexpected this year.

As one entered the convention's exhibition hall in San Francisco's Civic Center, one's nostrils were assailed by an odor more appropriate to that city's Haight-Ashbury district — an aroma strongly suggestive of the burning leaves and blossoms of the female Cannabis sativa plant.

The scent fired the curiosity of all in the hall who had ever sampled marijuana and drew from the wife of one physician attending the meeting the remark that she had smelled that odor many times in the back of the school bus she drives.

That was only the beginning of the surprise. Following one's nose, one soon came upon a booth housing an exhibit on drug abuse which featured a display about many drugs, including pot, and a device that generated a synthetic smoke that was close to, if not identical with the real thing.

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There was still more surpise to come in this display, which — it turned out—had won the gold medal in the AMA's coveted Billings Prize competition as one of the outstanding scientific exhibits of the meeting. The exhibitor was no mere doctor or pharmaceutical firm, or even your average, run-of-the-mill science-oriented government bureau. It was that most unlikely of contenders for an AMA award: The Central Intelligence Agency.

Dr. Donald Borcherding of the CIA was on hand to explain the exhibit's origins. Like most agencies, he said, the CIA has an occupational health division whose job it is to promote the well-being of its personnel. When CIA officials at the agency's Langley, Va., headquarters became worried about pot, LSD, speed, heroin and the like, Borcherding and his colleagues assembled the display.

According to the CIA medic, it was an immediate hit, not only at the Langley "Spook Farm" but also among groups in the community, such as Knights of Columbus lodges and parent-teacher associations. The CIA is thinking about putting together "how-to-do-it" instructions so that other groups can build their own replicas.

★

Granted, the crusade against drug abuse needs all the help it can get. But the trouble with the CIA exhibit is that it does not tell things strictly as they are. For example, it implies that the use of marijuana sets the stage for later use of heroin. This issue is by no means settled and, as a matter of fact, there is a good deal of evidence to suggest that alcohol, rather than marijuana, is the first drug to be abused by most people who subsequently become heroin addicts.

In any case, many experts believe that if there is any connection whatever between pot and heroin, it is their illegal status and that if the former were "decriminalized," its link with the latter would tend to disappear.

More important to this discussion than an argument about the casual relationship of the two drugs is the point that the CIA does not come into the campaign with completely clean hands. Reporters have been hearing for more than a year that the agency has been supporting the heroin traffic in the Golden Triangle region of Laos, Thailand and Burma, and that this opium byproduct has been one of the more important cargoes carried by Air America, an airline operating in Southeast Asia whose charter business is almost exclusively with the CIA. The Golden Triangle region, incidentally, is said to grow 70 percent of the world's illicit opium from which morphine base, morphine and eventually heroin are derived.

For more details on the CIA's complicity in the heroin mess, one might consult an article entitled "Flowers of Evil" by historian Alfred W. McCoy, in the July issue of Harper's magazine. Part of a forthcoming book called "The Politics of Heroin in Southeast Asia," the article spells out in detail how Vag Pao, long the leader of a CIA secret army in Laos, has become even more deeply involved in the drug traffic and what role this traffic has played in the importation of heorin into the United States and its use by our troops in South Vietnam.

★

Writes McCoy of the situation: "As a result of direct and indirect American involvement, opium production has steadily increased, high-grade heroin production is flourishing and the Golden Triangle's poppy fields have become linked to markets in Europe and the U.S."

The CIA went away from the San Francisco meeting with a gold medal and, no doubt, a good many doctors who saw the exhibit went away impressed. Some of them probably learned for the first time what pot smells like.

But for others there was a bitter incongruity in the government's super-secret spy arm winning a medal for an exhibit on the horrors of drug abuse. To some it was a little like the Mafia getting a top award for a display of the evils of extortion, prostitution and gambling — and a few of the more socially aware physicians present did not hesitate to say so.

The Evening Star

Letters to the Editor

WEDNESDAY, JULY 5, 1972

The CIA Responds

SIR: As you are aware, the Central Intelligence Agency seldom responds to criticism of any sort. It cannot remain silent, however, when a newspaper with The Star's reputation prints an article alleging that this agency supports the heroin traffic in Southeast Asia. I refer to the column by Judith Randal in The Star of 29 June.

So serious a charge should be made only on the basis of the most convincing evidence. Miss Randal states only that "reporters have been hearing for more than a year" and then refers to an article in Harper's magazine by a graduate student, Alfred W. McCoy.

Charges of this nature have been made previously and each time have been most carefully investigated and found to be unsubstantiated. The public record on this subject is clear. There is, for instance, a report by Roland Paul investigator for the Senate Foreign Relations Committee, in the April 1971 issue of Foreign Affairs, which states: ". . . due to the long association with the CIA, the Meo tribesmen in Laos were shifting from opium to rice and other crops."

The Congressional Record of June 2, 1971, printed a letter from John E. Ingersoll, director of the Bureau of Narcotics and Dangerous Drugs, to Representative Charles S. Gubser of California, which states: "Actually, CIA has for some time 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."

Miss Randal's article is also in contrast to the two articles by your staff writer, Miriam Ottenberg, on June 18 and 19, 1972, in which she pointed out: "U.S. narcotics agents are making a sizable dent in the Southeast Asian dope traffic and—despite reports to the contrary — America's Asian allies and the CIA are helping them do it." And she quoted John Warner of the Bureau of Narcotics and Dangerous Drugs as saying, "he had seen nothing of an evidentiary nature from Mr. McCoy 'other than gossip, conjecture and old history'."

Narcotics addiction is one of this country's most serious social problems. The Central Intelligence Agency is dedicated to eradicating this menace and, specifically, to interdicting the flow of narcotics entering this country.

It is difficult to understand why a writer would publish material tending to undermine confidence in this effort without the most convincing proof. More than one year ago, in an address before the American Society of Newspaper Editors, Richard Helms, director of Central Intelligence, stated: "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."

This statement remains valid today.

W. E. Colby,
Executive Director,
Central Intelligence Agency.

THURSDAY, JULY 20, 1972

Reply on CIA Drug Charges

SIR: On July 5, W. E. Colby, executive director of the Central Intelligence Agency, responded to a June 29 column by Judith Randal in a letter. He stated that charges of CIA involvement in the narcotics traffic from Southeast Asia were "unsubstantiated." Since I am one of the persons who have made such charges, I would like to give the basis for my findings.

The specific charge is that Air America aircraft chartered by the CIA have been transporting opium harvested by the CIA-supported Meo tribesmen in Laos. I have three sources for this information:

(1) This was told to me by Gen. Ouane Rattikone, former chief of staff of the Royal Laotian Army, who also admitted to me that he had controlled the opium traffic in northwestern Laos since 1962.

(2) Air America's involvement was confirmed by Gen. Thao Ma, former commander of the Laotian Air Force, who refused to carry opium for Gen. Ouane.

(3) I spent six days in August 1971 in the opium-growing Meo village of Long Pot, Laos. *(The writer assures us that that is, in fact its name—Ed.)* Ger Su Yang, the district officer, told me:

"Meo officers with three or four stripes (captain or more) came from Long Tieng to buy our opium. They came in American helicopters, perhaps two or three men at one time. The helicopter leaves them here for a few days and they walk to villages over there, then come back here and radioed Long Tieng to send another helicopter for them. They take the opium back to Long Tieng."

Verified by Others

This account was verified by other officials, farmers and soldiers in Long Pot. Ger Su Yang also reported that the helicopter pilots were always Americans. Long Pot harvests weighed approximately 700 kilos (1,543 pounds) and could not have been carried without the pilot's knowledge.

In my June 2 testimony before the Senate Foreign Operations Subcommittee. I charged that "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." I stand by this charge. The U.S. has put top priority on its military and political goals in fighting the war in Indochina. As long as our Asian allies have fought the war, U.S. officials have tolerated governmental corruption. Narcotics trafficking has not been treated differently from stealing U.S. aid, currency manipulation or black marketeering, all of which are rampant.

The CIA has organized a mercenary army of mostly Meo tribesmen in Laos under Gen. Vang Pao. The Meos' cash crop has been opium, and the CIA merely followed their French colonial predecessors' dictum: "In order to have the Meo, one must buy their opium." The CIA may not have bought their opium, but did ship it to market.

Ignored Involvement

More importantly, the CIA, the U.S. Embassy and the whole U.S. apparatus in Laos ignored Gen. Ouane Rattikone's involvement in the narcotics traffic, even while American troops in Vietnam were being decimated by Laotian heroin. His involvement, as well as the location of the heroin laboratories, was common

knowledge among even the most junior U.S. officials. As late as June 9, 1972, Nelson Gross, the State Department's drug coordinator, called my charges of Gen. Ouane's involvement "unsubstantiated allegations." However, John Warner of the Bureau of Narcotics and Dangerous Drugs in a June 19 interview in The Star admitted for the first time that Gen. Ouane controlled and protected the Laotian narcotics traffic for years. Colby quoted Warner in his letter to try to discredit my charges, but conveniently omitted mention that the former chief of staff of the Royal Laotian Army was also the chief narcotics trafficker.

Southeast Asia is fast becoming the major source of heroin for the U.S. market, and high government officials in Laos and South Vietnam are involved in the narcotics traffic. The U.S. government knows this but ignores and covers it up.

The time has come when we 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.

Alfred W. McCoy.

New Haven, Conn.

Editor's Note: McCoy is the author of the Harper's Magazine article, "Flowers of Evil," appearing in its July, 1972, issue, quoted by Miss Randal.

SIR: I refer to the letter of W. E. Colby, executive director of the Central Intelligence Agency, who rebutted the charges made by some American newspapermen that the CIA was involved in opium trafficking. I do not question Colby's good faith, neither do I say that the CIA, as an entity, traffics in opium; but, I am sorry to say that there is more to these charges than mere "gossip, conjecture and old history."

I also know what I am talking about because I was involved in security matters for the South Vietnamese government under President Ngo Dinh Diem. In effect, one day, the President told me to investigate into the activities of our chief of secret police, chief of our own "CIA" and chief of military security, and to report directly to him, because, as he put it: "I cannot ask my own chiefs of police, 'CIA,' and military security to investigate into themselves."

I found out the corruption of two chiefs, and the President took very drastic measures against them. I have kept the contact with my security agents ever since. They firmly confirm that a few CIA agents in Indochina are involved in opium trafficking. But above all, a line must be drawn between Indochina and the rest of the world, because, due to the fact of the counter-insurgency warfare, the operations of the American CIA in Vietnam, Laos and Cambodia are extremely important when they are compared to operations of the same agency in other countries. In Indochina, the CIA is a real army with his own aerial fleet. A number of CIA operatives deal directly with Vietnamese, Lao, or Meo warlords or officials at the highest level, with whom they share the proceeds of the opium traffic. For good American citizens in the United States, it is very difficult to imagine the influence and power of these operatives in Indochina. Their power, in fact, is unlimited—they are the true rulers of Indochina; their desires are orders—no Vietnamese, Laotian or Cambodian official would dare resist their orders. Corruption growing from a de facto power affects some of these CIA operatives.

The traffic of opium involves a relatively large number of persons. Outside a few Americans, there are Vietnamese, Laotians and Meo who are involved. Since these persons have their clans, families and friends who live from this traffic, the total number of persons concerned become so great that it is impossible to keep secret the operations.

I also do not question the good faith of CIA Director Richard Helms when he said that "os 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 . . . " However, as I said previously, a line must be drawn and a distinction must be made; for circumstances are not the same—there is not the vaguest resemblance between CIA operatives in Indochina and their colleagues operating in other countries.

In conclusion, CIA Director Helms and Colby, Miss Randal, and McCoy said the truth and did not contradict one another; they perhaps did not talk about the same country.

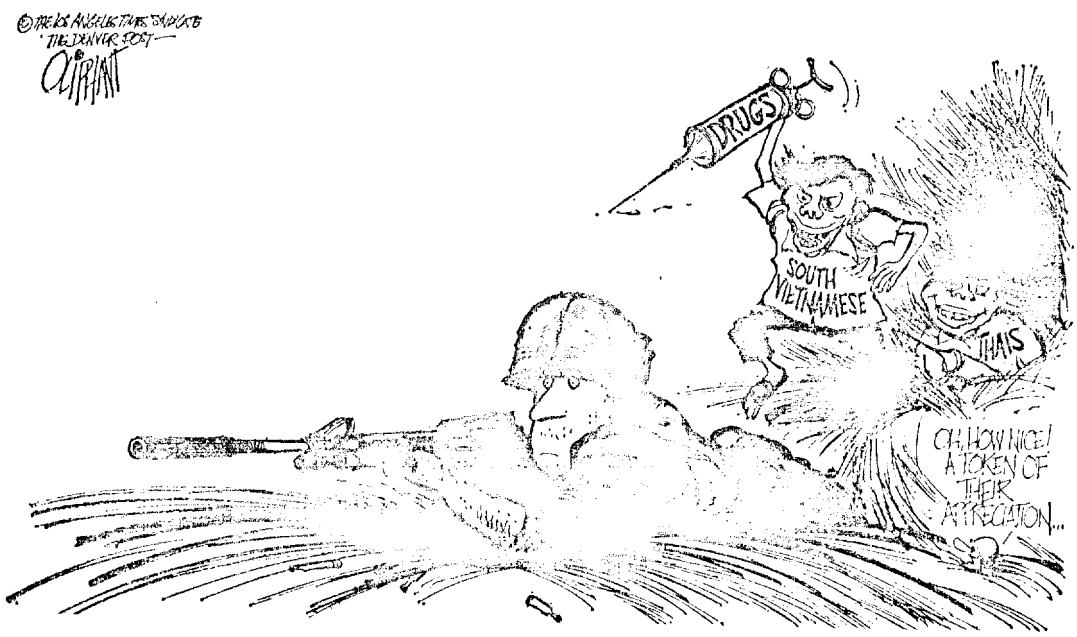
Tran Van Khiem,
Attorney, Former Deputy,
Vietnamese National Assembly.

Chevy Chase, Md.

Indochina Ca... key to drug traffic

BY WALTER R. GORDON
Washington Bureau of The Sun

Rear Guard



Note: This cartoon implies that all Vietnamese and Thais are involved in the drug traffic, but most evidence indicates only certain military personnel and government officials are trafficking.

The New York Times

—NEW YORK, SATURDAY, JULY 22, 1972—

C.I.A. AIDES ASSAIL ASIA DRUG CHARGE

Agency Fights Reports That It Ignored Heroin Traffic Among Allies of U.S.

By SEYMOUR M. HERSH
Special to The New York Times

WASHINGTON, July 21 — The Central Intelligence Agency has begun a public battle against accusations that it knew of but failed to stem the heroin traffic of United States allies in Southeast Asia.

In recent weeks, high-ranking officials of the C.I.A. have signed letters for publication to a newspaper and magazine, granted a rare on-the-record interview at the agency's headquarters in McLean, Va., and — most significantly — persuaded the publishers of a forthcoming expose on the C.I.A. and the drug traffic to permit it to review the manuscript prior to publication.

The target of all these measures has been the recent writ-

Continued on Page 19

Similarly, Nelson G. Gross, Senior Adviser to the Secretary of State and Coordinator for International Narcotics Matters, testified before Congress in June on the subject of narcotics smuggling that "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."

All officials concerned with the drug problem acknowledge that the United States agencies, under personal prodding from President Nixon, have begun an intensive effort to stem the international narcotics traffic. But critics contend that the effort is far less effective today than Administration officials say it is.

Critics' Charges Backed

Two leading critics of what they allege to be the Government's laxness in stopping the flow of narcotics are Representative Robert H. Steele, Republican of Connecticut, and Alfred W. McCoy, a 26-year-old Yale graduate student who has written a book on narcotics in Southeast Asia. The New York Times reported Saturday that Mr. McCoy's allegations concerning the C.I.A. and the drug traffic had been the subject of an intense and unusually public rebuttal by the agency.

The Cabinet-level report, made available to The Times, buttressed many of the charges made by the two critics, particularly about the pivotal importance of Thailand to the international drug smugglers. Thailand is also a major Air Force staging area for the United States.

In a report on the world heroin problem, Mr. Steele wrote that "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."

Mr. Steele's report, filed with the House Committee on Foreign Affairs, noted that many American citizens had established residence in Bangkok, and had moved into the narcotics trade. The report added that the inability of the United States to have a few notorious smugglers deported had led some intelligence officials to conclude that the men were paying Thai officials for protection.

Mr. McCoy said in testimony before Congressional committees last month that hundreds of tons of Burmese opium passed through Thailand every year to international markets in Europe and the United States and that 80 to 90 per cent of the opium was carried by Chinese Nationalist paramilitary teams that were at one time paid by the C.I.A.

There are a number of opium refineries along the northern Thai border, he said, and much of the processed high-quality heroin is shipped by trawler to Hong Kong.

"Even though they are heavily involved in the narcotics traffic," Mr. McCoy testified, "these Nationalist Chinese irregulars units are closely allied with the Thai Government." He said that Thai Government police units patrol the northern border area and collect an "import" of [illegible] pound of raw opium entering Thailand. All this activity, he said, is monitored by United States intelligence agencies.

Thai-U.S. Agreements Cited

Mr. Gross, the State Department's adviser on international narcotics, said in his Congressional testimony that "during the past year the Thais have increased their efforts in the drug field with United States and United Nations assistance." He cited two agreements, signed in late 1971, calling for more cooperation and more long-range planning between Thai and United States officials to stamp out the trade.

"Based on all intelligence information available," Mr. Gross testified, "the leaders of the Thai Government are not engaged in the opium or heroin traffic, nor are they extending protection to traffickers." He added that the top police official in Thailand had publicly stated that he would punish any corrupt official.

The cabinet-level report, submitted to the Cabinet Committee on International Narcotics Control, asked "highest priority" for suppression of the traffic by Thai trawlers, noting that each trawler "would represent something like 6 per cent of annual United States consumption of heroin."

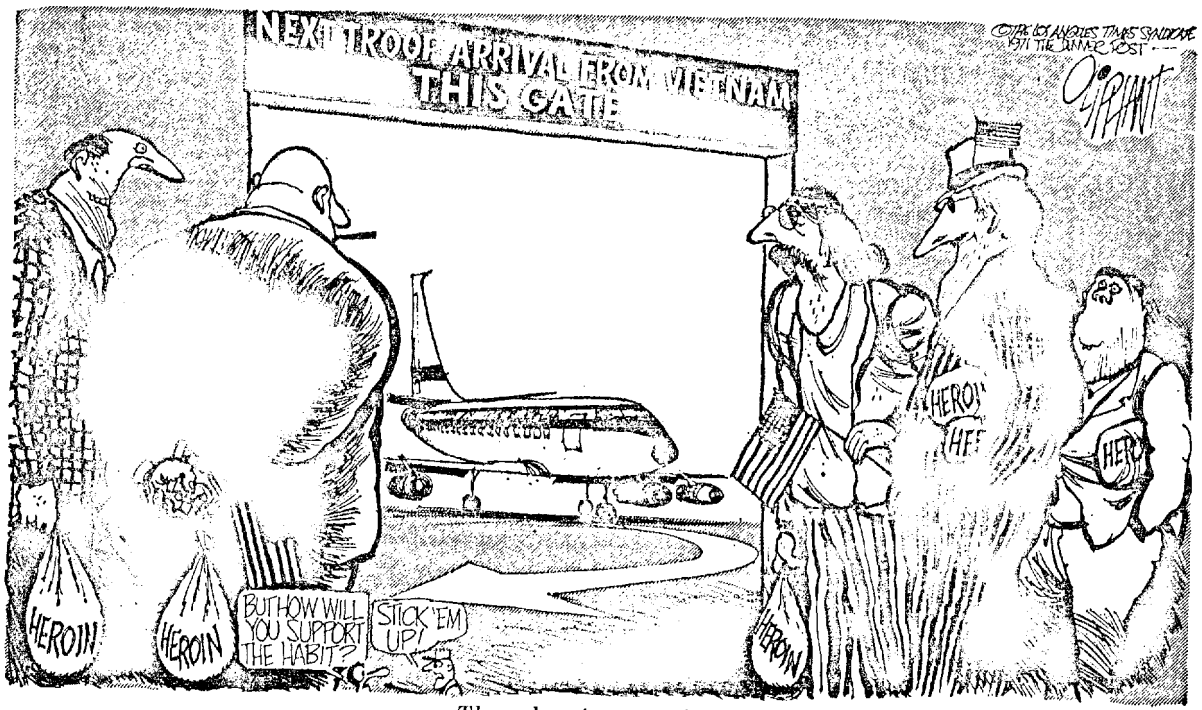
The report said that the trawler traffic should have priority because "it is possible to attack the Thai trawler traffic without seeking the cooperation of Thai authorities and running the attendant risks of leaks, tip-offs and betrayals."

After such a seizure, the report said, the United States Embassy in Bangkok could "repeat with still greater force and insistence the representations it has already often made to the Government of Thailand" for more effective efforts "to interdict traffic from the north of Thailand to Bangkok and also the loading of narcotics on ships in Thai harbors."

At another point in the report, a general complaint was voiced. "It should surely be possible to convey to the right Thai or Vietnamese officials the mood of the Congress and the Administration on the subject of drugs," the report said. "No real progress can be made on the problem of illicit traffic until and unless the local governments concerned make it a matter of highest priority."

Representatives Steele, Lester L. Wolff, Democrat of Nassau County, and Morgan F. Murphy, Democrat of Illinois, have sponsored legislation that would cut off more than $100-million in foreign aid to Thailand unless she took more action to halt the production and traffic of heroin. Their measure cleared the House Foreign Affairs Committee on June 21 and is included in the Foreign Assistance Act, now pending.

During a Congressional hearing into drug traffic last month, Representative Wolff disputed the Administration's contention that it was making "real progress" in stemming the narcotics flow and said, "we think the trade has got so much protection in high places in Thailand that the Administration is afraid they'll tell us to take our air bases out if we put too much pressure on them."



The welcoming committee.

ings and Congressional testimony of Alfred W. McCoy, a 26-year-old Yale graduate student who spent 18 months investigating the narcotics operations in Southeast Asia. His book, "The Politics of Heroin in Southeast Asia," is scheduled to be published by Harper & Row in mid-September—barring delays caused by the intelligence agency's review.

In his book, Mr. McCoy alleged that both C.I.A. and State Department officials have provided political and military support for America's Indochinese allies actively engaged in the drug traffic, have consciously covered up evidence of such involvement, and have been actively involved themselves in narcotic trade.

C.I.A. officials said they had reason to believe that Mr. McCoy's book contained many unwarranted, unproven and fallacious accusations. They acknowledged that the public stance in opposition to such allegations was a departure from the usual "low profile" of the agency, but they insisted that there was no evidence linking the C.I.A. to the drug traffic in Southeast Asia. One well-informed Government official directly responsible for monitoring the illegal flow of narcotics complained in an interview that many of Mr. McCoy's charges "are out of date."

"Go back three or four years," he said, "and no one was concerned about this. It wasn't until our own troops started to get addicted, until 1968 or '69, that anyone was aware" of the narcotics problems in Southeast Asia.

This official said that in the eyes of the C.I.A., the charges were "unfair." He said of the C.I.A., "they think they're taking the heat for being unaware and not doing anything about something that was going on two or three years ago."

Based on 250 Interviews

During two Congressional appearances last month, Mr. McCoy testified that his accusations were based on more than 250 interviews, some of them with past and present officials of the C.I.A. He said that top-level South Vietnamese officials, including President Nguyen Van Thieu and Premier Iran Van Khiem, were specifically involved.

In July, 1971, Representative Robert H. Steele, Republican of Connecticut, said during a House Foreign Affairs subcommittee hearing that the United States Government possessed "hard intelligence" linking a number of high-ranking Southeast Asian officials, including Maj. Gen. Ngo Dzu, then commander of the South Vietnamese II Corps, with involvement in the narcotics trade. Mr. Steele's accusations were denied and mostly ignored.

Mr. McCoy also alleged that Corsican and American syndicate gangsters had become involved in the narcotics trade. He said that such information was known to the C.I.A. In a chapter of his book published in this month's Harper's Magazine, Mr. McCoy further charged that in 1967 the infamous "Golden Triangle" — an opium-producing area embracing parts of northeastern Burma, northern Thailand and northern Laos—was producing about 1,000 tons of raw opium annually, then about 70 per cent of the world's supply.

The bulk of Mr. McCoy's accusations—both in the magazine and during the Congressional hearings—failed to gain much national attention. Nonetheless, the C.I.A. began its unusual public defense after a Washington Star reporter cited some of Mr. McCoy's allegations in a column.

Letter Sent to Paper

Two letters were sent to the newspaper for publication. One was signed by W. E. Colby, the executive director of the C.I.A., and the other by Paul C. Velte Jr. a Washington-based official with Air America, a charter airline that flies missions for the C.I.A. in Southeast Asia. Both categorically denied the allegations linking C.I.A. personnel to any knowledge of or activity in the drug traffic.

A similar letter of disavowal, signed by Mr. Colby, was sent for publication to the publisher of Harper's Magazine within the last week. Robert Schnayerson, the magazine's editor, said that the letter would be published as soon as possible.

The C.I.A. began its approach to Harper & Row in early June, apparently after learning of Mr. McCoy's appearance before the Senate subcommittee. Cord Meyer Jr., described as a senior agency official, met with officials of the publishing concern and informally asked for a copy of the manuscript for review prior to publication.

On July 5, a formal letter making the request, signed by Lawrence R. Houston, general counsel of the C.I.A. was sent to Harper & Row.

Mr. Houston's request was not based on national security, but on the thesis that "allegations concerning involvement of the U.S. Government [in drug traffic] or the participation of American citizens should be made only if based on hard evidence."

The letter continued: "It is our belief that no reputable publishing house would wish to publish such allegations without being assured that the supporting evidence was valid." If the manuscript were handed over, the letter said, "we believe we could demonstrate to you that a considerable number of Mr. McCoy's claims about this agency's alleged involvement are totally false and without foundation, a number are distorted beyond recognition, and none is based on convincing evidence." A copy of the letter was made available to The New York Times.

Mr.McCoy, in an interview, said that the book had been commissioned by Harper & Row and carefully and totally reviewed by its attorneys with no complaint until the C.I.A. request was made.

B. Brooks Thomas, vice president and general counsel of the publishing house, said in an interview in New York, "We don't have nay doubts about the book at all. We've had it reviewed by others and we're persuaded that the work is amply documented and scholarly."

"We're not submitting to censorship or anything like that," Mr. Thomas said. "We're taking a responsible middle position. I just believe that the C.I.A. should have the chance to review it." If Mr. McCoy did not agree, he added, Harper & Row would not publish the book.

In a subsequent interview, Robert L. Bernstein, president of Random House and president of the Association of American Publishers, Inc., said that his concern had twice refused official C.I.A. requests for permission to revise manuscripts.

"In general," Mr. Bernstein said, "our opinion would be that we would not publish a book endangering the life of anybody working for the C.I.A. or an other Government agency. Short of that, we would publish any valid criticism."

In a series of interviews with The New York Times, a number of present and former officials of the C.I.A. acknowledged that smuggling and "looking the other way" was common throughout Southeast Asia during the nineteen-sixties. But many noted that the agency had since taken strong steps to curb such practices.

One official, who spent many years in Southeast Asia, said, "I don't believe that agency staff personnel were dealing in opium. But if you're talking about Air America hauling the stuff around, then I'll bet my bottom dollar that they were in it."

Another former C.I.A. agent described Mr. McCoy's published writings as "1 per cent tendentious and 90 per cent of [illegible] uable contribution I can think of."

—NEW YORK, MONDAY, JULY 24, 1972—

Report to U.S. Sees No Hope of Halting Asian Drug Traffic

By SEYMOUR M. HERSH

Special to The New York Times

WASHINGTON, July 23—A Cabinet-level report has concluded that, contrary to the Nixon Administration's public optimism, "there is no prospect" of stemming the smuggling of narcotics by air and sea in Southeast Asia "under any conditions that can realistically be projected."

"This is so," the report, dated Feb. 21, 1972, said, "because the governments in the region are unable and, in some cases, unwilling to do those things that would have to be done by them if a truly effective effort were to be made."

The report, prepared by officials of the Central Intelligence Agency, the State Department and the Defense Department, noted that "the most basic problem, and the one that unfortunately appears least likely of any early solution, is the corruption, collusion and indifference at some places in some governments, particularly Thailand and South Vietnam, that precludes more effective supression of traffic by the governments on whose territory it takes place."

The report sharply contradicted the official Administration position and Government intelligence sources say its conclusions are still valid today. In May, Secretary of State William P. Rogers told a Senate subcommittee that "we think all the countries are cooperating with us and we are quite satsified with that cooperation."

Continued on Page 20

The Washington Post

AN INDEPENDENT NEWSPAPER WEDNESDAY, JULY 26, 1972 PAGE A20

Heroin and the War

Alfred McCoy, a Yale graduate student who interviewed 250 people, charges that the Central Intelligence Agency has known of Thai and South Vietnamese official involvement in heroin traffic, has covered up their involvement and has participated in aspects of the traffic itself. The CIA has publicly denied these charges, in the process even persuading Mr. McCoy's publisher, Harper & Row, to let it review his book manuscript before publication. But now there comes an internal government report—done by the CIA and other agencies—on the difficulties of controlling the narcotics trade in Southeast Asia. The report states:

> *"the most basic problem, and the one that unfortunately appears least likely of any early solution, is the corruption, collusion, and indifference at some places in some governments, particularly Thailand and South Vietnam, that precludes more effective suppression of traffic by the governments on whose territory it takes place."*

That is to say, a private report by agencies including the CIA confirms the thrust of charges which the CIA publicly denies. The White House contends the report, completed in February, is "out of date."

Now, we are aware that the Nixon administration has worked with great vigor and much effectiveness to curb the international narcotics trade. The fact remains that the largest supplies of the filthiest poison of them all apparently come from or through Thailand and South Vietnam, if one is to take the CIA's private word—as against its public word—on the matter. Nor should it stretch any reasonable man's credulity to understand that the United States has had to accept certain limitations on its efforts to get those governments to stop drug dealing because it has wanted to ensure their cooperation in the war against North Vietnam. In the final human analysis there is simply no place in the pursuit of honor and a just peace in Southeast Asia for an all-out honest effort to control traffic in heroin. This is the infinitely tragic fact flowing from continued American involvement in the war.

Would heroin addiction among Americans have swollen to its current dimensions and would the amount of heroin reaching the United States from South Vietnam and Thailand have reached its current levels if the war—and power politics—had not gotten in the way of effective American pressure upon the governments in Saigon and Bangkok? If President Nixon needs any further reason to make good his pledge to end the war, this is almost reason enough by itself for what it says about the character of regimes this country has gotten into the habit of supporting—lavishly and indiscriminately—in the name of our "national security" and "world peace."

heroin, opium, and the little man

by John Everingham

VIENTIANE (DNSI)—Leading families of Laos' ruling class are believed to be behind the distribution of opium and heroin here, but so far they have been considered "off limits" by a growing team of U.S. narcotic agents in Laos.

Opium and heroin, the country's most valuable exports, first became illegal in the tiny Asian kingdom last September after a history of easy availability and legal use.

Agents of the U.S. Bureau of [illegible] Dangerous Drugs organized a system of policing the drug traffic in Laos along the same lines as in the United States. The surveillance operation is called the Bureau of Narcotics. Four U.S. advisers are training 43 Lao agents to track down heroin distributors and carriers.

But spying on suspected leaders of the big operations is not part of the surveillance work. As one Lao Government official in Vientiane admits, "It's too dangerous."

The 43 agents of the Bureau of Narcotics and their four U.S.

Asian Drug Inflow Found Greater Than Realized'

FRIDAY, JULY 28, 1972

By SEYMOUR M. HERSH
Special to The New York Times

WASHINGTON, July 27—A secret analysis by the Government's top narcotics enforcement agency has concluded that the amount of high-quality heroin being smuggled into the United States from Southeast Asia "is greater than previously realized."

The new Government report, compiled last month by the Strategic Intelligence Office of the Bureau of Narcotics and Dangerous Drugs, further showed that narcotics-control personnel was beginning to accumulate evidence linking organized crime to the Southeast Asian drug market.

Another Government study, reported on in The New York Times on Monday, concluded that there was "no prospect" of halting the drug flow from Southeast Asia into the United States. This Cabinet-level study was later discounted by the man who commissioned it—Egil M. Krogh Jr., a special White House aide for narcotics matters.

Mr. Krogh said "these has been substantial progress" in reducing the influx of drugs from Southeast Asia.

The Narcotics Bureau report stated that "the traffic at present relatively unorganized, but has definite potential for expansion as a replacement for Turkish-French heroin."

Officials from the Central Intelligence Agency, State Department, Narcotics Bureau and Defense Department "are presently reviewing the international trade," the report added, "with particular focus on Southeast Asia as an alternate to the Middle East as a source of supply."

White House Thinks Otherwise

Nixon Administration spokesmen have repeatedly maintained publicly, in opposition to statements of critics, that heroin smugled from Southeast Asia makes up only a small fraction of the total United States annual supply.

Last month Nelson G. Gross, the State Department's senior adviser for international narcotics matters, told a Congressional hearing that "the overwhelming majority of the heroin coming to the United States originates in the Middle East and is processed in European laboratories before being smuggled into our country. We estimate tha probably 5 per cent and certainly no more than 10 per cent of the heroin presently flowing into the United States originates in Southeast Asia."

The Cabinet-level study, while completed last February, was at odds with Administration thinking in its conclusions that there was "no prospect under any conditions that can realistically be projected, of stopping the drug flow from Southeast Asia. It was immediately assailed by Mr. Krogh.

Asked in an interview today about the Narcotics Bureau's analysis, Mr. Krogh acknowledged that "from what I've learned so far, there has to be a strong likelihood" that organized crime is involved in the flow of heroin from Southeast Asia, but he added that the evidence was not yet conclusive.

'Statistics Are Fluid'

He empasized that the Administration set up its international narcotics program only 18 months ago. Because of this, he said, it would be "impossible" to estimate accurately which area in the world was responsible for which percentage of the heroin reaching the United States. "Statistics at this time are so fluid," he said.

Other officials said that content of the bureau's analysis had been approved by that agency's over-all intelligence board before its dissemination inside the Government.

The Narcotics Bureau, a Justice Department agency, indicated in its study, made available today, that much of the growing amount of heroin from Southeast Asia was being smuggled into the United States by "essentially a political Chinese entrepreneurs operating out of Laos, Thailand and Hong Kong. The heroin is sold to ethnic Chinese seamen, many of whom may be organized, who jump ship once their vessels dock in the United States.

Further intelligence may "reveal more precisely the role of Far East heroin in the United States," the document said, "and may reveal the substance of long-standing hitherto unverifiable reports of a 'Chinese-Corsican' connection between morphine base from the Orient and the chemical expertise of the Marseille area. Perhaps this preliminary report will stimulate interest in acquiring more data on the 'Chinese connection.'" Morphine is another product of opium, which is extracted from poppy seeds.

Intelligence reports "over the past year indicate an increase in the number of ethnic Chinese who illegally enter the United States and Canada," the document said, adding that the volume and the pattern of techniques used in the delivery of narcotics were not sufficiently known.

"However," the report said, the bureau "views the amount as a serious and increasing threat."

Eight Chinese Arrested

Government intelligence agencies recently set up a joint effort, known as Project Sea Wall, to stem the growing smuggling through United State and Canadian dock areas. Within a month of the program's initiation on April 7, the report said, eight ethnic Chinese were arrested, most of them carrying one to four pounds of high-quality heroin strapped to their bodies.

One seizure, on April 11, resulted in the arrest of seven Chinese seamen carrying a total of 11 pounds of heroin, the bureau's report said. It added that "further information developed that this 11 pounds was part of a 100-pound shipment which originated in Bangkok and was evidently delivered by a European diplomat assigned to Thailand. Sensitive sources have revealed that more shipments, sponsored by other groups, are on the way; arrests are anticipated in the near future."

Significantly, the report noted that "the smuggling activities of Chinese seamen imply a loose but rather extensive arrangement between the seamen and their United States contacts to carry out the movement of narcotics from Southeast Asia on a continuing basis. These arrangements appear to involve some degree of organization at the receiving end and possibly at the sending end."

The report listed docks in San Francisco, New York, Miami and Vancouver as areas with some degree of organized smuggling, but also said that high-quality Southeast Asian heroin had entered the United States through other ports—among them Seattle, Portland, New Orleans, Baltimore and Philadelphia.

The report contained a number of clues indicating that the amount of organized smuggling could be far higher than even now suspected.

It cited the arrest of a Philippine diplomat late last year in New York City with about 37 pounds of a brand of highly refined heroin known as "double uoglobe." It was the diplomat's third trip to the United States, the report said. "At least one previous time he was accompanied by a known Chinese heroin dealer in Bangkok."

The "double uoglobe" heroin, manufactured in Laos, was widely sold to United States servicemen in South Vietnam in 1970 and 1971.

Marketing Build-up Sifted

At another point, the bureau's analysis said that "sensitive sources also reveal frequent communications between Chinese heroin traffickers in New York, Seattle, San Francisco, Portland and Vancouver, suggesting that an extensive wholesale marketing mechanism exists or is being established."

In recent years, United States narcotics officials have repeatedly said that 80 per cent of all heroin known to be consumed in the United States comes via Marseilles refineries from Turkey's opium-growing areas. Ten to 15 per cent was said to come from Mexico.

The bureau's report tended to support the position of the opium-growing in Turkey and other areas a prime goal of its antinarcotics drive. Officials now expect the opium production in Turkey to end this year.

The Nixon Administration leading critics of the Administration's narcotics drive—Representative Robert H. Steel, Republican of Connecticut, and Alvin W. McCoy, a Yale graduhas made the curtailing of ate student who has written an exposé of the heroin traffic in Southeast Asia.

When told of the bureau's report, Mr. Steele commented: "Vietnam is truly coming home to haunt us. No matter what they say, this means that the first wave of this material is already on its way to our children in high school."

Mr. Steele, a first-term Representative who last year helped reveal the extent of heroin addiction among G.I.'s in Vietnam, asserted that Narcotics Bureau attempts to stop smugglers from jumping ship or otherwise getting into the United States were misguided.

"Instead of trying to put up this barrier," Mr. Steele said, "it would be much more economical if we just went to our allies in Southeast Asia—to Thailand, where most of this stuff comes from—and stopped the traffic there."

He specifically cited what he termed the Administration's inability to interfere with the known large-scale smuggling of opium via trawler from northern Thailand to refineries to Hong Kong and Malaysia.

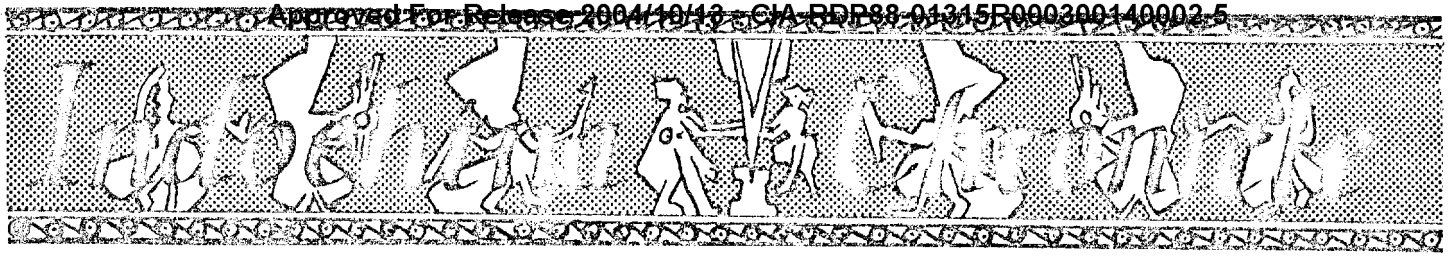
During testimony June 2 before a Senate subcommittee, Mr. McCoy, a Ph.D. candidate in Southeast Asian history, testified that beginning in 1965 "members of the Florida-based Trafficante family of American organized crime began appearing in Southeast Asia."

Mr. McCoy specifically named Santo Trafficante Jr., whom he described as the heir to the international criminal syndicate established by Lucky Luciano and Meyer Lansky, as having traveled to Hong Kong and Saigon in 1968.

"In 1967-68 there was evidence of increased activity on the part of Indochina's Corsican gangsters," he also stated. "United States agents observed Corsican hero" in traffickers commuting between Saigon and Marseilles, where the Corsicans control the clandestine heroin laboratories."

Mr. McCoy then told the subcommittee that a former high-ranking C.I.A. agent in Saigon—subsequently identified as retired Lieut. Col. Lucien Conein, who played a major role in South Vietnam for more than 10 years—"told me in an interview that in 1969 there was a summit meeting of Corsican criminals from Marseilles, Vientiane, and Pnompenh at Saigon's Continental hotel.

Intelligence sources acknowledged in subsequent interviews that the Government began studying the Southeast Asian narcotics trade ess than two years ago, primarily in response to the rapid increase of G.I. addiction. In early 1971, the White House reportedly ordered the C.I.A. to coordinate intelligence efforts in the area.



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Colonel Tran Thien Thanh, a first cousin, who in 1964 had been in charge of the ill-fated Saigon municipal bus company when it was disintegrating under the weight of massive corruption, was named in 1968 to the position of deputy commander of the Capital Military District and assistant to the military government of Saigon Gia Dinh. (Gia Dinh is a province outside of Saigon.)

In this post he has the authority over all transportation in and out of the capital. It is Thanh who signs all authorizations for travel on the roads during curfew hours and in other special circumstances.

Lieutenant Colonel Tran Thien Phuong, the second brother of Khiem placed in a key post in 1968, was named director of the port of Saigon. Possibilities for enrichment in such a position are enormous, according to political observers in Saigon, through collusion with smugglers. Former Premier Nguyen Cao Ky had named his brother-in-law to the post.

General Tran Thanh Phong, a relative of Khiem's wife, was minister of Rural Development from 1968 to early 1971, when he became head of the National Police. He was replaced in September, 1971, and Saigon newspapers reported that he had been accused of involvement in drug trafficking and had been removed under American pressure.

Colonel Do Kien Nhieu, Khiem's brother-in-law, was named mayor of Saigon-Cholon in 1968 and still remains in city hall. The Minister of Defense had protested his nomination on the grounds he had a past record of flagrant corruption. Mayor Nhieu was among 27 government officials on a list of those known to be involved in significant corruption, compiled by the Ky government in 1966 at the request of the U.S. mission.

With his grip on the administrative apparatus in Saigon-Cholon, Colonel Nhieu exercises extensive power over the enormous commerce, both legitimate and illegal, that is centered in the capital.

Do Kien Nhieu's brother, Do Kien Nuoi, has been chief of the Fraud Repression section of the National Police since 1968.

The unpublished Provost Marshal's report, after surveying the known facts about the drug traffic, concluded that "it is quite apparent... that the degree of sophistication with the traffic in drugs (especially heroin) has achieved could not exist without at least the tacit approval, if not active support, of senior officals of South Vietnam."

Those "senior officials" are members of Prime Minister Khiem's family.

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advisers hunt distributors and buyers, not the Army or the Government and the elite of Laotian society.

Sources of Heroin

Instead they concentrate on devious ways to cut the heroin trade off at its source. Meo hill tribesmen, whose economic mainstay has been opium poppy production, have now been encouraged to produce silk for profit. This project is also being carried out with U.S. funds.

But now, as in the past, pony caravans still haul annual tonnages of raw opium down from the east Himalayan peaks of north Burma. The supply is brought to the mutual border of Laos, Thailand, and Burma, known as the "Golden Triangle."

According to the Lao official who spoke to this reporter, ranking officers of his Government's Army send patrols across the Burmese frontier to escort the caravans of raw opium.

One heroin factory in the forest near the Burmese border was burned down by Government soldiers early this year. According to some sources, [illegible] was set by the drug producers.

As a result of spying by American-paid agents who had made movement difficult in this area, valuable equipment was moved by the producers to more remote territory inside Burma. But Government soldiers who were sent to burn the building claimed the heroin factory had been "destroyed."

Kickbacks for Collaborators

In order to remove themselves from the scene of dealings since the opium crackdown, yet receive profits in the form of "kickbacks," Army officers involved have left active control of operations in the hands of subordinate officers. Army aircraft are still believed to carry opium and heroin inside Laos and sometimes to South Viet Nam.

Battles fought over opium remind the Vientiane official who spoke to this reporter that anyone who has looked too carefully into the affairs of ringleaders is liable to be shot and dumped into the Mekong River. [illegible] insisted his identity not be revealed.

A $150 reward is paid by the U.S. Government for each kilogram of 95 percent pure heroin the Lao agents seize and turn in. The market value of a kilo of white heroin in Laos is $2,000 to $3,000. Salaries for Lao agents range from $13 to $34 per month, so reward bonuses are thought to be an attractive incentive.

A breach of the law, however, would bring agents "kickbacks" from the market price for heroin. There are indications that some agents prefer such a large sum of money obtained illegally to a small bonus gained legally.

A meticulously planned first strike by the agents with their American advisers was intended to nab operators of a known heroin distribution den. The Lao agents converged carefully at 12 noon, then swarmed in. The den was deserted.

Knowledge of the raid had been spread among the Lao agents only one hour before it occurred. Operators of the [illegible] had evacuated just minutes before the trap snapped shut. "The sellers have spies in the Bureau," confesses the Lao Government official in Vientiane. "But how can we know who they are?"

To catch the heroin traders, Lao agents have set up a spy network in the cities to penetrate the drug culture. When offered cash rewards, immunity from jail, and respectful treatment, addicts passing away their lives in the nation's countless opium dens become willing informers.

In most places only the "Little Men"—mostly Chinese, Vietnamese, Filipinos, and Europeans carrying a kilo or two—come to pick up supplies.

It is the main dealers who continue unnoticed, reaping profits from clandestine operations worth thousands of U.S. dollars. And for now, there seems little evidence they will be caught.

John Everingham has traveled in Laos and Thailand for the past three years and has done extensive research on the drug flow.

PREMIER KHIEM'S FAMILY MAFIA

BY D. GARETH PORTER

Vietnamese involvement in the drug traffic goes far beyond the well-publicized charges made last year by the Nixon administration, reaching all the way to South Vietnamese Prime Minister Tran Thien Khiem.

With United States help, the Saigon regime was able to conceal a major drug scandal implicating one of Khiem's brothers, Tran Thien Khoi. Nominated in 1968 to the position of director of the Office of Fraud Repression in the customs directorate, Khoi held official responsibility for stopping the smuggling of contraband-goods through Saigon's airport.

But American officials soon discovered that Khoi was one of the major reasons why smuggling narcotics through the airport had been so easy.

The Provost Marshal's office of the U.S. Military Assistance Command in an unpublished report on the problem of drug smuggling in the spring of 1971, pointed to Khoi as a principal in the opium traffic who had been charged with "serious irregularities" in 1969 but managed to have them dropped by "payoffs and political influence."

The report said that U.S. customs advisers had received Saigon government authorization to establish a narcotics squad within the Fraud Repression Office, but that they could not do so because the official in question was "in a position to sabotage our efforts."

The story never reached the American public.

Khoi, a former destitute tax official who now supports two or three wives, was said by U.S. officials to have become very wealthy in his three years in the Fraud Repression Office.

"He had two kids in Switzerland," one U.S. customs adviser told this reporter last August. "He just didn't have the motivation to turn down the bribes from drug smugglers."

Last July Khoi was finally removed from his position under strong American pressure. But Khoi was neither punished or kicked out of the customs service; instead he was made chief of the customs station in Cholon, another lucrative post.

Prime Minister Khiem has quietly established a family empire in the years since 1968, when he first emerged as Vietnam's second most powerful man. His relatives now control many of the most sensitive government positions dealing with smuggling.

Two relatives of Khiem still hold key posts guarding access to Saigon by land and by sea.