THE POLITICS OF HEROIN

CIA COMPLICITY IN THE GLOBAL DRUG TRADE
Afghanistan  |  Southeast Asia  |  Central America  |  Colombia

Alfred W. McCoy
Revised Edition
THE POLITICS OF HEROIN
For Robert Cluett,
teacher and mentor
# Contents

Preface ix

Introduction: A History of Heroin 1

1 Sicily: Home of the Mafia 24
2 Marseille: America’s Heroin Laboratory 46
3 Opium for the Natives 77
4 Cold War Opium Boom 127
5 South Vietnam’s Heroin Traffic 193
6 Hong Kong: Asia’s Heroin Laboratory 262
7 The Golden Triangle 283
8 War on Drugs 387
9 The CIA’s Covert Wars 461

Notes 533

Bibliography 649

Index 681
Maps

1 World Illicit Opium Production 12–13
2 Saigon and Vicinity in 1965 147
3 Expansion of Nationalist Chinese (KMT) Control Over the Shan States, 1950–1954 164
4 The Southeast Asia Opium Trail, 1971 198
5 Heroin and Opium Smuggling into South Vietnam in 1971 199
6 The Hmong in Laos, 1971 314
7 The CIA's Secret Hmong Army in Retreat, 1960–1971 315
8 CIA and Nationalist Chinese Intelligence Operations in the Golden Triangle Area 340
9 The 1967 Opium War 358–359
10 The Shan States of Burma: Narcotics Situation, 1971 368
11 The Shan States of Burma: Opium Logistics, 1978 412
12 Golden Triangle Heroin Trade, 1990 433
13 Afghanistan's Opium Crop, 1996 513

Charts

1 French Intelligence and Paramilitary Organization During the First Indochina War, 1950–1954 136
3 President Nguyen Van Thieu's Political Power Organization, 1970–1971 232
4 Vietnamese Navy Organization Established During the Cambodia Invasion, spring 1970 233
5 Prime Minister Tran Thien Khiem's Family Political Power Organization, 1970–1971 245
WRITING THIS BOOK HAS BEEN A LONG JOURNEY, FROM AMERICA to Asia, from youth to middle age. In 1970, then twenty-five and in my second year at Yale Graduate School, I set out on a voyage around the world to study the politics of the global heroin trade, particularly the covert alliances between drug lords and intelligence agencies. Somehow I survived the unanticipated adventures that followed and, two years later, published *The Politics of Heroin in Southeast Asia*, a book that was more exposé than explanation. Over the next fifteen years, I returned to Southeast Asia several times to research articles on the drug trade and to gather material for a second book, titled *Drug Traffic*, a study of crime and corruption in Australia. Then, in the mid-1990s, I began working on the revisions for this edition, focusing on the U.S. drug wars fought in the decades since *The Politics of Heroin* was first published in 1972.

My work on the heroin trade began back in the fall of 1970 as an outgrowth of an academic book that I had edited on Laotian politics. Elisabeth Jakab, an editor at Harper & Row publishers in New York, suggested that I use my knowledge of Southeast Asia to write a quick analysis of the history behind the heroin epidemic then sweeping U.S. troops in South Vietnam. What began as a short book based on library research soon mushroomed into a much more ambitious project after four chance encounters in the first months of research.

During spring break 1971, I took time off from research in Yale's Sterling Library to fly to Paris for interviews with French officers about the opium trade during their Indochina War of the early 1950s. With brashness
beyond belief, I phoned the offices of a French aeronautics company for an interview with somebody named General Maurice Belleux. When I was ushered into an office with a panorama of a Parisian boulevard and Louis XVI furniture juxtaposed against helicopter photos, I realized that a French executive was sharing his time with an American graduate student. The general, it turned out, had once been head of French espionage in Indochina. But the war was a long time ago, and he looked back with an academic dispassion to explain, carefully and patiently, how he had used the opium trade to finance his cash-strapped covert operations. His drug traffic had also stitched together an anti-Communist coalition that ran from Laotian hill tribes to Saigon’s politicians, police, and gangsters. What happened, I asked, to his apparatus after the French quit Saigon in 1955. The general said that “your CIA” had taken over the whole thing, drugs included. A trip to Saigon, he advised, would confirm this information.

Another French veteran confirmed the general’s information and his suggestion. As a career paratrooper, Colonel Roger Trinquier was part of a military generation that moved from defeat in Vietnam, to the tortures of dirty war in the casbah of Algiers, to white mercenary armies in Black Africa. The colonel invited me to his elegant apartment, decorated with Vietnamese porcelains and Chinese rosewood, where he explained, in great detail, how his command had expropriated the colonial opium monopoly in 1950 and used it to finance covert operations among the hill tribes of Tonkin and Laos. His paratroopers collected the opium from the tribes, shipped it south to Saigon on secret air force flights, and sold it through opium dens run by the Binh Xuyen bandits. This was the first time I had ever sat opposite a covert warrior. His will was overwhelming. As he leaned forward to make points quietly and precisely, he unleashed a surge of energy that seemed to strike me across the face. I emerged from his apartment more knowledgeable about opium than I could have imagined. But I was shaken, intimidated, drained of energy. Looking back, I had crossed from the politesse of the academy into a world of covert warfare with unlimited cruelty and untrammeled will.

A few weeks later, I was back in New Haven at a street demonstration for Black Panther leader Bobby Seale, where I met the beat-generation poet Allen Ginsberg. Over coffee at the bus station, he spun out a dark poetic vision of CIA involvement in the Southeast Asian heroin trade, one that he recorded a few months later in a wryly angry poem, CIA Dope Calypso, and one that anthologists have since excised from his corpus.

Touby Lyfong he worked for the French
A big fat man liked to dine & wench
Prince of the Meos he grew black mud
Till opium flowed through the land like a flood
Preface

Communists came and chased the French away
So Touby took a job with the CIA...

And his best friend General Vang Pao
Ran the Meo army like a sacred cow
Helicopter smugglers filled Long Cheng’s bars
In Xieng Quang province on the Plain of Jars

It started in secret they were fighting yesterday
Clandestine secret army of the CIA

All through the Sixties the dope flew free
Thru Tan Son Nhut Saigon to Marshall Ky
Air America followed through
Transporting confiture for President Thieu

All these Dealers were decades and yesterday
The Indochinese mob of the U.S. CIA

To ground these imaginings in fact, Ginsberg later mailed me a carton stuffed with years of unpublished *Time/Life* dispatches that he had purloined from their files, documenting the involvement of America’s allies in the Asian opium traffic.

The last chance encounter was the most unlikely of all. At a society wedding in New York City for the sister of a Columbia fraternity brother, I was astonished to hear a group of Marine officers, guests of the groom, tell stories of North Vietnamese soldiers found dead with syringes in their arms on the slopes of Khe Sanh, of Communist truck convoys rolling down the Ho Chi Minh trail loaded with heroin for GIs. By now, I had questions the millions of books in Yale’s Sterling Library could not answer.

After submitting overdue term papers to my Yale professors, Karl Pelzer and John Whitmore, I started for Southeast Asia in the summer of 1971. On the way, I stopped in Washington, D.C. to interview the legendary CIA operative Edward Lansdale, General Belleux’s successor in Saigon. Both Lansdale and his former CIA aide Lucien Conein received me in their modest suburban homes not far from the CIA’s Langley headquarters and told stories about drug trafficking in Saigon by the French, the Corsicans, and intimates of President Ngo Dinh Diem. Another member of Lansdale’s old Saigon team, Bernard Yoh, drove me to darkened streets for long, late-night interviews about that city’s netherworld of opium trafficking, Chinese commerce, and political intrigue. The Washington bureau of Dispatch News Service, a fledgling agency known for its exposé of the My Lai massacre, told me that one of its stringers, an Australian named John Everingham, was writing about CIA helicopters carrying opium in Laos. How could I find him? Easy. Everingham was the
only white man in Saigon who wore a blond ponytail and Viet Cong-style “black pajamas.”

During one of my last interviews in the States, I received the first of the death threats that accompanied this research. Moving west, I stopped at a restored nineteenth-century flour mill on the banks of a stream in Readyville, Tennessee to interview its owner, a young man named Joe Flipse recently returned from refugee work in Laos. Over coffee at his kitchen table, he finished the interview by threatening to kill me if I sourced any information to him.

After crisscrossing the country on 707s, I landed in San Francisco for a stay with poet and Berkeley professor Peter Dale Scott. He put me in touch with an ex-Green Beret, just back from covert operations in Laos, who told me, over the phone, of seeing CIA aircraft loading opium. He agreed to be interviewed on the record. The next morning, we knocked at his door in an East Palo Alto apartment complex. We never got inside. He was visibly upset, saying he “had gotten the message.” What happened? “Follow me,” he said, leading us across the parking lot to his MG sportscar. He pointed at something on the passenger door and named a chemical explosive that could melt a hole in sheet metal. It was, he said, a signal to shut up. I looked but cannot recall seeing. The next day, I flew to Los Angeles, visited my mother, and then flew on to Saigon, forgetting the incident. I refused to recognize the reality of this threat until, twenty years later, I came across a passage in Professor Scott’s poem, *Coming to Jakarta*:

inconsiderable death threats
but that clean morning in Palo Alto
the former Green Beret
who just the night before
had said he would talk to us
about opium in Laos
showing us the sharp black hole
in his M.G.’s red steel door
the floorboards hardly scorched
and saying that hot
an imploded thermal charge
must have come from my old unit
and if from such terror
we each acknowledge
we are not normal
in this world where
we live by forgetting

By the time I landed at Saigon’s Tan Son Nhut airport in July, I was armed with some introductions and an idea for a new way to ask hard
questions. Clearly, blundering about Saigon calling for the names of top
drug dealers was not going to work. Instead, I would start in the French
colonial past when the trade was legal and noncontroversial. Year by
year, I would work my way forward, noting the underlying, unchanging
logistics of drug production, distribution, and consumption. As I reached
the present, where the trade was illegal and dangerously controversial, I
would use pieces from this past to assemble the puzzle slowly, until the
names of contemporary dealers fell into place. Instead of confronting
these principals with direct accusations, a dubious method, I would try
circumspect, apparently unrelated questions, seeking to confirm the pat­
terns extracted from this history. In short, I would use historical meth­
ods to probe the present instead of the past.

During my first days in Saigon, several chance introductions opened
the door to the home of Colonel Pham Van Lieu, a classic French villa in
the heart of the old city. While tropical birds screeched in cages outside,
the colonel, a crew-cut former Marine commandant, quickly sensed my
mission from a few oblique questions. As the former chief of the national
police, he knew the drug rackets and understood the implications of
naming names. Over the next few weeks, the colonel arranged a series
of formal briefings with senior South Vietnamese officers who outlined
the heroin traffic in their service or sector. In one memorable interview,
a uniformed Vietnamese Navy captain saluted stiffly, presented his cre­
dentials, and laid out charts detailing the movement of heroin from Laos
into Phnom Penh on aircraft and then down the Mekong River to Saigon
on Vietnamese Navy ships.

A number of young Americans working in Saigon as stringers and re­
searchers for famous by-line reporters helped me check this informa­
tion. Mark Lynch, now a Washington lawyer, gave me access to the files
in Newsweek's office, where he worked as a researcher. A Cornell grad­
uate student, D. Gareth Porter, was in Saigon researching his doctoral
dissertation and shared information.

These young Americans also taught me the dos and don'ts of Saigon
journalism. One night, a friend introduced me to John Steinbeck V, the
son of the author, hanging out in Saigon to gather material for his first
novel. He invited me to his apartment overlooking Tu Do Street, sup­
posedly Graham Greene's old flat, the one the British novelist had rented
for his Saigon sojourn of the 1950s, featured in his novel about America's
entry into Vietnam, *The Quiet American*. This apartment is the novel's
vantage point where the narrator, a jaded Englishman, retreats to watch
the city below, the war beyond, as a fictionalized Ed Lansdale steals his
stunning, metaphoric Vietnamese lover. That night, after the midnight
curfew, some of the street's bargirls drifted upstairs to join their Ameri­
can boyfriends, back from the battlefields. As we sat at his bar and Stein­
beck played the old Vietnam hand sharing tips and contacts, I glanced
over my shoulder at the dozen couples sprawled across the floor. Pretty
Vietnamese, the mix of every race France had used to fight its imperial
war. Handsome young Americans, who had come to Saigon with plans
for a war novel, combat photography, journalism. They had stayed for
the drugs. Combat adrenaline like no other. Heroin so strong one snort
did it. Novels and prize-winning photos going up their noses.

A friend from Yale Graduate School, Tom Fox, now editor of the Na­tional Catholic Reporter, was then in Saigon stringing for The New York
Times. One night he took me on a six-hour odyssey from the flashy neon
bars at Saigon’s center to the tin-shed brothels at the fringe of Cholon’s
shantytowns, rebuffing prostitutes and calling for heroin at every stop.
For an outlay of twenty dollars, I returned to my hotel room pockets
bulging with vials of high-grade heroin worth maybe five thousand dol­

During my last week in Saigon, I was walking down Tu Do Street at
Saigon’s center looking for the Dispatch News stringer when I spotted a
tall white man in black pajamas striding down the other side of the street.
I screamed out “Everingham, Everingham” above the roar of the rock
music spilling from the bars and the revs of the Saigon-cowboy motor­
cycles. He paused. Over coffee, we agreed to meet at 5:00 P.M. two weeks
later at the bar of the Constellation Hotel in Vientiane, Laos. Yes, he had
been in tribal villages where CIA helicopters had flown out the opium.
He could take me to those villages to see for myself. He was trying to get
a start as a photographer and asked that I use his pictures in my book.

Two weeks later, I was sitting at the bar of the Constellation Hotel nurs­ing a Coca-Cola when John Everingham walked in with Phin Manivong,
our young Lao interpreter. Next day at dawn, we took a taxi out of Vien­tiane, hitched a ride north on a USAID highway truck for most of the day,
and then started up a steep path from road’s edge into the hills. By night­
fall we were sleeping in a Yao hill tribe village near the peak of a mile-high
mountain. After a few days spent watching the women plant opium in the
valleys around the village, we trekked north through mountains with the
misty look of Chinese scroll paintings to Long Pot village, a Hmong settle­
ment at the edge of an air war that spread east to the Plain of Jars. Ap­
proaching just before dark, we were escorted to the house of the district
officer, Ger Su Yang, the local Hmong leader.

Over a dinner of pig fat and sticky rice, Ger Su Yang asked Everingham,
through our interpreter, what we were doing in his village. Knowing the
Hmong leader from earlier visits, Everingham was frank and told him that
I was writing about opium. For a man who did not read a newspaper, Ger
Su Yang proposed a bargain that showed an appreciation of the power of the press. He could give us armed men to go anywhere in his district, ask anything we wanted about opium. But could I get an article in a Washington newspaper saying that the CIA had broken its promise? For ten years, he explained, the men of his village had died fighting in the CIA's army until only the fourteen-year-old boys were left. When he refused to send these boys to certain death in this endless war, the CIA had stopped dropping the rice that fed his village of women and children. Young and old were growing weak from hunger. Once the Americans in Washington knew about this broken promise, surely, said Ger Su Yang, they would send the rice. I would try.

Over the next five days, we conducted our opium survey, door-to-door, at every house in the village. Do you grow opium? Yes. After the harvest, how do you market the opium? We take it over to that hill, the farmers replied, and the American helicopters come with Hmong soldiers who buy the opium and take it away in the helicopters to Long Tieng.

We also learned that we were being watched. A Hmong captain in the CIA's secret army was radioing reports to the agency's secret base at Long Tieng. On our fourth day in Long Pot, a helicopter marked “Air America,” the CIA's airline, was taking off for Long Tieng when it spotted us on a nearby hill. It hovered just above our heads, pilot and copilot staring for a long minute, before flying off. On the fifth day, we were hiking to the next village with an escort of five Hmong with carbines when a shot rang out. The escort went ahead to the next ridge and waited momentarily before motioning for us to proceed. As we slipped down the face of a slope wet from the monsoon rains, several automatic weapons opened up from the next ridge, spraying the hillside with bullets. We fell back into a small hollow. While our escorts gave us a covering fire, we slithered away on our bellies through the elephant grass. Overweight and out of shape from months in the Yale library, I rose to my knees. Everingham slammed my face into the mud. Somehow we all made it to safety behind the ridge and assembled, laughing at our luck to escape from the “Communist guerrillas” who were, we assumed, the authors of our ambush.

The next day, when we were interviewing in a nearby village, a tribesman whispered to our interpreter that it had not been the Communists. Later, Ger Su Yang confirmed that we had been ambushed by the Hmong soldiers of General Vang Pao, commander of the CIA's secret army. The next morning, we cut short our research and fled down the path toward the highway. Since floods had cut the road south to the capital, we started trudging north up the unpaved highway, wondering how we would ever make it back to Vientiane.

An hour or two later, we rounded a bend to find hundreds of Royal Lao soldiers milling about the ruins of an old French inn. On a nearby hilltop,
a U.S. Army major was loading these unwilling soldiers into a helicopter for a flight into the Communist zone. Worried about what might be waiting for us further north along the road, I decided that a story was in order. I told the major that I was an adviser to the U.S. embassy on tribal matters and needed to borrow his helicopter for an urgent trip south to Vientiane. He was, he said, going back to the capital and offered us a lift. When we landed at the city's airport later that afternoon, two unshaven Americans in white shirts approached us with light machine guns slung over their shoulders. They demanded that we go with them, claiming that they were U.S. embassy security officers. We refused and took a taxi instead.

The next day, I told The Washington Post's Vientiane stringer about the rice situation in Long Pot village. Ger Su Yang had been right. When the story appeared in the paper's back pages a few days later, the U.S. embassy bombarded the village with sacks of rice.

Resting at the Constellation Hotel a few days after our return, I got a telephone call from a legend, Edgar "Pop" Buell, an Indiana corn farmer who had played a key role in building the CIA's secret army of 30,000 Hmong guerrillas. He wanted to show me what was really happening in Laos. The next morning, I took a helicopter to the hub of his Hmong refugee operations at Sam Thong in an upland valley. After touring hospital and schools, Pop Buell and his assistant George Cosgrove took me on an Air America flight to a mountaintop village for the funeral of a Hmong commander killed in an air crash. As the rice wine flowed and Hmong crossbows shot the soul of the deceased toward heaven, Cosgrove, a social worker with the body of a linebacker, leaned over and told me the correct name and address of my interpreter Phin. "If you keep going the way you are," George warned, "he will be dead before long."

The next day, I called at the office of Ambassador Charles Mann, director of USAID, and extracted his personal promise that Phin would live. Ambassador Mann kept his word and Phin survived to flee Laos after 1975 when the Communists took power.

By now I was certain that the CIA's Air America was transporting opium for its Hmong hill tribe allies. I knew too that somebody in the CIA station had good reason to stop my research. After all, if it were just a matter of a few soldiers smuggling tribal opium on a few flights, why the ambush? Why the death threats? Clearly, I had to look beyond the villages to explore involvement in the upper echelons of the Lao military. One source, an American police adviser, hinted that the chief-of-staff of the Royal Lao army, General Ouane Rattikone, owned the laboratory that was producing the "Double U-O Globe" heroin brand then flooding U.S. Army camps in South Vietnam. But I needed confirmation. And it could only come from one source, General Ouane himself.

One afternoon, I hailed a taxi in downtown Vientiane and asked the
driver to take me to General Ouane's house. I did not know the address. I did not have an appointment. After the driver dropped me at a suburban bungalow, I knocked at the door and young woman, who turned out to be the general's daughter, let me in and told me to wait. About a half hour later, a beige Mercedes pulled into the drive and General Ouane's inimitably large figure entered. Sweating heavily as he sank into a couch, the general whispered with his daughter before motioning me to approach. He asked what I wanted. Presenting my card as a correspondent for Harper's magazine, I said that I was in Indochina to profile America's allies and their war against communism. For an hour, the general chatted about the mix of luck and pluck that elevated him from obscurity to command. I thanked him for this useful information. But, regrettably, there were some questions I had to ask. What about those allegations by your enemies that you stole money from the opium syndicate when you were managing it a few years back?

The general's geniality evaporated. "Merde! That bastard Phoumi is gossiping again. I am going to stop these rumors for good," General Ouane grumbled, referring to his old rival General Phoumi Nosavan, then exiled in Bangkok. Suddenly, that elephantine figure leapt up the stairs with a catlike grace. After some banging, he returned a few minutes later with a heavy, leather-bound ledger, with gold print embossed on the cover reading "Contrôle du Opium au Laos" (Laotian Opium Control). The general took me through every page, showing what he had paid the tribes for their opium, how many kilograms he exported to Vietnam, and the profits he had deposited in the syndicate's bank accounts. I was impressed, particularly since all the transactions took place after 1961, when Laos had abolished its state opium monopoly and made drug dealing illegal. With the general's encouragement, I copied down sample transactions, which appear in the footnotes of this book.

Just to test the American position on drugs, I called on the press attaché at the U.S. embassy in Vientiane, saying that "a reliable source" had told me that General Ouane, commander of an army funded entirely by U.S. military aid, had once run an opium smuggling syndicate. Next day, the embassy's press officer informed me that my source was not reliable. America's ally General Ouane was not now nor had he ever been in any way involved in drugs. Could I quote him? Yes, he was speaking on the record. I made a mental note: the U.S. embassy had just lied to an American correspondent to cover for a Lao general who was shipping heroin to American soldiers fighting in South Vietnam.

My method seemed to be working. The past was proving a reliable guide to the present. By going back to a point where documents were available and facts firm, I could move forward toward the present, slowly but relatively safely, by knowing where to look and what sort of questions to ask.
But my success also made me wildly overconfident. After surviving my encounters with the CIA, I abandoned caution and became aggressive in my search for the heroin trail from Vientiane to Saigon. Learning that General Ouane's partner in the Double U-O Globe heroin factory was a Chinese merchant named Huu Tim-heng, I decided to tear away the paper façades of his front corporations, Esso and Pepsi-Cola. I called at his home in downtown Vientiane, demanding an interview. Fortunately, he was out. I took a taxi to a soft-drink bottling plant outside the city that served as Huu's front for the import of acetic anhydride, the chemical used to make heroin. I broke into the abandoned factory and prowled the premises for some evidence of illegal activity, which, of course, was not there.

Moving on to northwestern Laos, I eluded the U.S. diplomat assigned to monitor my movements and sped up the Mekong River in a sleek dragon boat to meet the CIA's Yao tribal leader, Chao La, reputedly a heroin manufacturer. A polite man, Chao La entertained me at his armed camp in a kindly fashion and handled my questions about opium without a flicker of irritation, evading some and answering others. Opium was the only profitable business in these hills. Tribal leaders in the Golden Triangle seemed nonplussed when I asked about the progress of the current crop.

From Laos, I traced a month-long circle around the Golden Triangle. First to northern Thailand, where former CIA agent William Young spent days recounting his experiences as a hill tribe guerrilla leader. Then to the Burma-Thai border, where Shan rebel commanders spun fantasies of revolutionary victory. Finally, through Rangoon to the old Shan capital at Taunggyi in northeastern Burma. At each point, I collected data on drug caravans and stories about a rising young warlord named Khun Sa, then battling for control of the opium trade. Pressed for time, I could not trek into the Shan states to meet this intriguing figure. Consoling myself with a promise about next time, I flew south to Singapore, where I drank for days in the bar at the Shangri-La Hotel with an aging Australian blonde named Norma "Silky" Sullivan, once an intimate of Saigon's Corsican gangsters, now a bag lady for its generals. She gave me the Paris phone number for one Lars Bugatti, whom she described as an ex-Gestapo officer and major drug dealer.

Landing at Paris only twenty-two hours after my last meeting with Norma, I made a stupid mistake. From my hotel, I rang Mr. Bugatti, gave Norma's name, and took a taxi to his apartment in a fashionable area. The door opened to a lavish foyer where five well-muscled young men lounged about, chatting and chain-smoking. In the privacy of Mr. Bugatti's manicured study, I said that Norma had told me that he "knew something" about drugs. "Elle est mythomane," he growled. That instant, I realized where I was. I was no longer in the Golden Triangle where everyone from tribal farmers to generals talked openly about opium. I was back in the
First World, where even powerful men went to jail for drugs. "What does mythomane mean?" I asked, suddenly unsure of my French. He rose from his desk and pulled me forward to a giant Larousse dictionary with a motion of his fat finger. "Mythomane," it read, "a compulsive or habitual liar." Yes, of course, so she was. After apologizing for such a silly question, I excused myself, exited past the five young men, and changed taxis before returning to my hotel.

September was almost over. Classes at Yale had started. It was time to cross the Atlantic to reality. An unfinished Ph.D., an unwritten book, a failing marriage. Instead of helicopters, dive bombers, and dragon boats, it was to be eight months of eighteen-hour days in an attic study overlooking the New Haven ghetto. I had never written a book before. In fact, I had never written anything longer than a term paper. So I started writing it out by hand through a long New Haven winter. By the time spring came and the first draft was done, I had hit rock bottom. A few days after she finished typing the first draft, my wife moved in with somebody else, and I couldn't really blame her. Marriage failed, Ph.D. failing, book about to fail.

As I plodded through rewrites, an agent named Tom Tripodi phoned from DEA headquarters in Washington, D.C. His agency, he said, had followed my progress around the globe. He wanted to drop by for a chat. A few days later, Tom appeared at my door, a massive, middle-aged, pistol-packing guy. He had grown up with mafia families in north Jersey, joined the CIA in the early 1960s, and then transferred to the DEA. At first, I was suspicious. Was he DEA or CIA? Or both? But we had more in common than covert operations. His marriage had just broken up. We talked.

On his second visit, he admitted the DEA was worried about my book. He was on assignment to find out what it said. Since I liked him, I showed him a few pages, albeit tentatively. He disappeared into the living room for a while, and came back saying, "Pretty good stuff. You got your ducks in a row." But, he added, there were some things not quite right, some things he could help me fix. Tom was my first reader. In his later visits, I handed him whole chapters. Tom sat near my desk in a rocking chair, shirtsleeves rolled up, sipping coffee, scribbling corrections in the margins, and telling fabulous stories—about the time "Bayonne Joe" Zicarelli tried to buy a thousand guns to overthrow Castro, the time some CIA covert-war gorilla came home for a vacation and had to be escorted everywhere to make sure he didn't kill somebody in a supermarket aisle, the time the DEA found that French intelligence was connected to the Corsican syndicates. Some of his stories, sometimes unacknowledged, appear below.

Once I finished the book's final draft, I began to face other kinds of problems. President Richard Nixon had just declared his "war on drugs," making the global drug traffic a major domestic political issue for the first time in U.S. history. Evidently, the Nixon administration was not about to
be embarrassed by a political issue of its own making. In early June, I testified before Senator William Proxmire’s Appropriations Committee about the politics that supplied heroin to our troops in South Vietnam. After I finished my statement, Senator Gale McGee (Republican, Wyoming) rushed into the room for some hostile questions, challenging my credibility by noting that he had finished his history Ph.D. before appearing in the Senate. “Come back and see us when you have that Ph.D., candidate McCoy,” he said mockingly. That night, the CBS Evening News carried a full report on my testimony. In the days of just three channels, it was coverage beyond anything I could have imagined at the start of this journey.

For the rest of the week, I circulated through the halls of Congress. In the House, the Congressional Black Caucus met me for a two-hour briefing, with Representative Charles Rangel of Harlem and Representative John Conyers of Detroit pressing for details. Then the call came from Senator William Fulbright—the people’s tribune, the chair of the powerful Foreign Relations Committee famous for hauling White House apologists before televised hearings to expose the failings of their war policy. At 6:00 P.M., an aide ushered me into a darkened hearing room beneath the Capitol dome, the gold leaf on the walls glittering in faint light. As I summarized my findings, the senator, face shrouded in darkness, cut me off with a tired, tremulous voice, saying that he had known about the CIA complicity in drug trafficking for years, years. But it was hopeless, hopeless. Nobody, nobody, he said, could do anything.

A few days later, my editor Elisabeth Jakab rang from New York, summoning me from Washington for a meeting with the president and vice-president of Harper & Row. Receiving us in the executive suite overlooking the groves of Gothic spires on the roof of St. Patrick’s Cathedral, the company’s carefully manicured president, Winthrop Knowlton, announced that Mr. Cord Meyer, Jr., the CIA’s deputy director for plans (actually, covert operations), had recently visited the company’s president-emeritus Cass Canfield, Sr., an old friend from New York social circles. Claiming that my book was a threat to national security, the CIA official had asked Harper & Row to suppress it. To his credit, Mr. Canfield had refused. But he had agreed to allow the agency to review the manuscript prior to publication. Showing little patience for any discussion of press freedom, Mr. Knowlton demanded my immediate consent. If not, they would not publish my book. When I asked for time to consider the constitutional issues involved, he gave me a day.

I spent the next twenty-four hours on my feet. My friend David Obst, a literary agent in Washington, contacted Hal Dutton of the publishing house E. P. Dutton, who was outraged by Harper’s decision to grant the CIA prior review of my manuscript, any manuscript. Dutton was willing to publish the book but warned that editorial work and legal battles with Harper & Row could mean a six-month delay.
Rather than slow publication of timely material, I opted for a compromise with Harper & Row. After a midnight-to-dawn negotiating session in my editor's West Side apartment, we created a procedure for giving CIA a prior review that would preserve some semblance of editorial independence.

Tipped off to a potential story by our mutual friend David Obst, Seymour Hersh, then an investigative reporter for *The New York Times*, swept through Harper & Row's offices like a tropical storm, pelting staff with questions and publishing his exposé of the CIA's attempt to suppress the book on page one. That same week, *The Washington Post* weighed in with an editorial attacking the agency's infringement of freedom of the press. NBC's *Chronolog* program televised an hour-long report on CIA complicity in the Laotian drug trade by veteran correspondent Garrick Utley.

Faced with a barrage of negative coverage, the CIA gave Harper & Row a review full of undocumented, unconvincing denials. The CIA's reply was, frankly, a dishonest document. To counter my argument that its alliance with Nationalist Chinese irregulars in Burma had expanded opium production, the CIA simply denied that these troops had ever been involved in drug dealing. But, as I later learned, just five months earlier the CIA had spent $2 million to buy and burn the "last" 26 tons of opium that these same Nationalist Chinese mercenaries had hauled out of northern Burma.

After comparing the CIA's critique to my field notes and manuscript, the publisher's lawyers concluded that the agency's complaints had no foundation. In August 1972, Harper & Row ran a quarter-page advertisement in *The New York Times* announcing publication of my book—complete and unchanged.

Defeated in the public arena, the CIA turned to covert means, tugging at every thread in the threadbare life of a graduate student. Over the coming months, CIA agents in Laos intimidated my sources. HEW investigated my graduate school fellowship. The FBI tapped my phone. The IRS audited my poverty-level income. During these difficult days, New York Congressman Ogden Reid, a ranking member of the House Foreign Relations Committee, telephoned to say that he was sending his investigators to Laos to look into the opium situation. Several weeks later, a helicopter landed in Long Pot village and a CIA man ordered Ger Su Yang aboard for a flight to the agency's base at Long Tieng. As they looked down at the rugged terrain far below, the American told the Hmong leader that he had better deny what he had said about the opium. Speaking to congressional investigators, Ger Su Yang lied and denied it all. Not long after the Hmong leader landed back in Long Pot, John Everingham hiked into the village on one of his periodic mountain treks. Ger Su Yang recounted his experience with these Americans and apologized for having to lie.

Although I had won the first battle with a media blitz, the CIA won the longer bureaucratic war. By silencing my sources and protesting its
abhorrance of drugs, the agency convinced Congress that it had been innocent of any wrongdoing. During its hearings into CIA assassinations three years later, Congress accepted the agency’s assurance that none of its operatives had been involved in the drug trade—an accusation that nobody had made. But Congress did not question the CIA about its alliances with leading drug lords—the key aspect, in my view, of the agency’s complicity in the traffic. As the flow of drugs into America slowed and the number of addicts declined during the mid-1970s, the heroin problem receded into the inner cities. The media moved on to new sensations, and the issue was largely forgotten.

If the CIA had not interfered in the congressional investigations, legislative restraints on future covert operations might have prevented the agency’s complicity in the disastrous heroin and cocaine epidemics of the 1980s. Denied CIA logistical support and political protection, the drug lords of Pakistan and Central America might not have been able to deliver such limitless supplies of heroin and cocaine, perhaps slowing the spread of America’s drug epidemics. As it was, the CIA convinced Congress of its integrity on the drug issue, thus preventing a full appraisal of the problem and blocking any chance of reform.

The DEA’s enforcement shield that had allowed America’s brief respite from drugs during the 1970s simply deflected the Golden Triangle’s heroin exports to new markets in Europe and Australia. For the first time in over a half-century, both continents suffered mass narcotics abuse. To follow this new heroin trail, I returned to Southeast Asia to update this book for a French translation and to gather material for a new book on Australian organized crime titled Drug Traffic.

After a decade in Australia, I returned to America for a job at the University of Wisconsin, arriving only a few months before President George H. W. Bush declared his “war on drugs.” Simultaneously, a New York publisher, Shirley Cloyes of Lawrence Hill Books, suggested a revised edition. I did not have to risk my life to update this book for the second edition in 1990. Once an obscure subject with few sources, the spreading traffic had spawned a substantial literature in the twenty years that intervened between this book’s first and second editions. In this first round of revisions, I was helped by many who shared documents and expertise.

My work on this current edition started eight years ago when an unplanned juxtaposition of experiences took me beyond cold war issues of CIA complicity to a critique of the current U.S. war on drugs. In March 1994, work as a consultant for an Australian television documentary brought me back to the Golden Triangle after two decades away. During a gap in our shooting schedule in northern Thailand, director Chris Hilton, in the laconic manner of his countrymen, asked if I couldn’t rustle up an
interview with a Burmese drug lord. After a call to journalist Bertil Lintner in Bangkok, I dialed the satellite phone base of "heroin king" Khun Sa at Homong, the bastion of his drug empire in the Burma-Thai borderlands.

A few days later, a cameraman and I were climbing four thousand feet through a Thai forest towards a meeting that had eluded me twenty years before. Crossing an unmarked border and dropping down into a rebel village inside Burma, we presented ourselves to the local commander of Khun Sa's Mong Tai Army. He glanced at our papers and hailed a passing truck. After an hour's drive through dust and smoke from fires burning forest for poppy planting, the truck crested a hill and stopped at a guard post. Like some lost Incan city hidden high in the Andes, there it was. Spreading down a valley before us, carved from this jungle just a few years before, was Homong, a city of ten thousand people, the capital of a national revolution.

For the better part of an hour, the truck twisted its way along the valley floor, past the hydroelectric dam, the light industrial zone, and the training camp for thousands of new recruits. The truck stopped at Khun Sa's headquarters in front of a blue billboard that read, "The Man's Rule is Discipline." Trenches lined the valley floor. Each bluff was honeycombed with bomb shelters. SAM-7 missiles, so lethal against U.S. B-52s over Hanoi in 1972, spiked the tallest peaks. Unlike the sleepy towns of northern Thailand, Homong was alive with activity—soldiers marching, earthmovers cutting roads. Such prosperity in these remote mountains seemed both eerie and extraordinary. For heroin, much of it destined for America, paid for every bullet, brick, and board.

Khun Sa was then at the peak of his power. He commanded twenty thousand troops in a war with three Burmese Army divisions. He ruled a rebel government that claimed eight million citizens. He controlled half the world's heroin supply. He was the world's most powerful drug lord, with a market share never equaled before or since. He bought Burmese and Thai generals, allowing him to mock a U.S. warrant and a later price on his head of two million dollars. He had just slaughtered the population of several nearby villages that had dared sell their opium to his rivals.

I found meeting the warlord more exhausting than climbing his mountain. After keeping us waiting for three hours, Khun Sa roared up at top speed in a Japanese truck, six soldiers braced in the back, their M-16 rifles bolt upright. At the sudden stop, his riflemen leaped off and formed an armed cordon to our tea table. Dressed in a khaki uniform without insignia, the general marched straight up, shoving his face into mine, shaking my hand with a forceful grip. In every encounter, no matter how insignificant, he is determined to dominate with the will that lifted him from boy soldier to heroin king. Opening with an offer to buy my services as an author, Khun Sa took control, narrating his life and reconstructing him-
self as a Shan nationalist, a freedom fighter. Realizing that he would, if left to ramble, engulf us in platitudes, I struggled to shift the ground to the realpolitik of guns, drugs, and dollars.

After what seemed endless psychological sparring, Khun Sa yielded grudgingly to the authority of the video camera. As my questions took him into the uncomfortable terrain of drugs and money, he counterattacked by pressing his thigh against mine, bumping his shoulder into my chest, and squeezing my knee firmly to make his points. Standing for photos after my last question, Khun Sa leaned against me and said to his bodyguards, with marked irritation, "This guy is taller than I am." Then he pressed his cheek hard against mine. I could see the malaria yellow in his eyes, tobacco stains on his teeth, black nose hairs against pale skin. He manipulated our parting handshake, his hand twisting mine, rolling my knuckles and cracking the bones. Suddenly, he broke the painful grip, shouting "Go!" The guards jumped on the truck and he roared off, hitting fifty miles an hour down the dirt road. Instead of photographing his departure, I collapsed in my chair, arms jerking outward in a spasm of fear that sent my camera flying across the room, breaking open, spoil ing the film.

Three months later, back at my university office at Madison, I got an unexpected phone call that started me thinking about the meaning of my meeting with Khun Sa. A researcher in the applied physics unit at the Battelle Institute, the research arm of Ohio State University, rang to ask if I could help him with an impossibly difficult Defense Department contract. The Clinton administration was conducting a searching review of U.S. narcotics policy, and the Pentagon's drug war unit, the Office of Drug Enforcement Policy and Support, had contracted his think tank to read my book and extract policy recommendations. As physicists accustomed to a rational universe and solvable problems, Battelle's researchers found U.S. drug policy and my book almost incomprehensible.

So, in July 1994, Dr. Vince Puglieli, the chief of applied physics at the Battelle Institute, escorted me into the Pentagon for lunch and a briefing with Mr. Brian Sheridan, a former CIA analyst who was now Deputy Assistant Secretary of Defense. About sixty people crowded into the briefing room for my presentation on the "History of Opium Production and Implications for U.S. Narcotics Policy." An inner circle of mid-ranking military officers with name tags. An outer circle of analysts in anonymous suits. With Brian Sheridan leading off with some sharp questions, the discussion turned into a wide-ranging critique of U.S. narcotics policy, indicating that many in the Pentagon had doubts about our chances of winning this endless war against an invisible enemy.

As I rode the Metro to National Airport for the flight home, I couldn't avoid savoring the personal irony. And I had to admire the suppleness of the American state—one decade trying to crush me like a bug for subver-
sive ideas, the next buying me lunch to discuss their implications for policy reform. A few weeks later, Dr. Puglieli called, pleased with my final report and saying they had received an unprecedented order of seventy-five copies from the Clinton White House. But November’s elections gave Republican conservatives control of the House. President Clinton veered hard right on crime, opting for the Omnibus Crime Bill, appointing General Barry McCaffrey as drug czar, and jettisoning drug law reform.

But it was Khun Sa’s sudden surrender, two years later, that really forced me to start thinking about the meaning of America’s drug war. With Rangoon’s army closing in and Washington pressing for his capture, General Khun Sa just lined up five thousand soldiers for a televised surrender and retired to become a legitimate financier. As if to mock all the diplomatic and military resources arrayed against him, the downfall of history’s most powerful drug lord barely slowed the flow of heroin out of the Golden Triangle. Yet the capture of criminals like Khun Sa remains, even today, a major aim of the U.S. war on drugs. From 1981 to the present, the ultimate objective of America’s drug war has been to crush the cartels and capture their leaders, whether Pablo Escobar, Manuel Noriega, or Khun Sa. Within the logic of this metaphorical war, Khun Sa’s downfall, like Pablo Escobar’s, should have been occasion for a victory parade. But nobody in Washington was marching. Why not?

While still central to the global traffic, drug lords like Khun Sa remain impervious to pressure. They can only be arrested when the traffic shifts in ways that strip them of power, profits, and protection—rendering them redundant and their capture irrelevant. In sum, we only capture a drug lord when he is no longer a drug lord. Thinking about this paradox raised questions about the effectiveness of our war on drugs that are explored in the last chapters of this book. If capturing Khun Sa, the lord of drug lords, is meaningless, then how do we win this war on drugs? If we cannot win, then why are we still fighting after thirty years? Should we continue fighting for another thirty years?

In looking back on the last thirty years, this book moves beyond exposé to explanation of the two central questions left unresolved in earlier editions—the roles of prohibition and protection in stimulating the global drug trade. The original 1972 edition stirred controversy with its exploration of the protection that the CIA gave its drug lord allies during the cold war, then still at midpoint in its history. Since America’s war on drugs started about the time this book first appeared in 1972, an exploration of prohibition had to wait until the second edition twenty years later. Even then, in 1991, the drug war was fighting its first battles and the evidence for my critique was limited. But now, a decade later, both prohibition and protection have reached one of those watersheds that historians seem to require. Economists and political scientists can somehow read the future in the statistical
tea leaves of the present. But historians like myself seem to work best when
events exhaust themselves, reaching a watershed that turns present into
past. Then, from the commanding heights of the present, we can survey this
past to explain, with magisterial authority, not only what happened but
why. This book's study of prohibition revolves, at every turn, around the
person of General Khun Sa, tracking his half-century rise from boy soldier
to lord of drug lords in command of 20,000 soldiers and half the world's
heroin supply. Khun Sa's downfall in 1996, and its utter lack of impact on
the drug traffic, suddenly allowed me to see starkly, clearly the self-defeat­
ing dynamic of America's attempt at prohibition. Two years later, a bitter
controversy over agency protection of cocaine smugglers during its
Nicaragua operation prompted an investigation by the CIA's Inspector Gen­
eral. With its quotations from internal documents and interviews, this re­
port corroborated the CIA protection for drug lords that I had described,
from external observations, in this book's first edition. Adding to this fund
of corroborating evidence, the pattern of CIA protection for its drug lord al­
lies that the original edition had observed in Burma and Laos was later re­
peated with striking similarity in its Afghan operations of 1979–1989 and
the drug trade has been corroborated by the agency's own sources and,
more importantly, by history itself. To the ghost of Cord Meyer, Jr. and the
other CIA officials who tried to suppress this book as a lie, I can now say
simply: This is, within the bounds of human frailty, an objective, accurate
portrayal of the past. For all these reasons, this is both the third and final
edition of this work.

In making the changes for this edition, I benefited from the generous
assistance of my editor Linda Matthews, my research assistants Matthew
Gildner and Ellen Jarosz, Judith L. Tuohy at the University of Wiscon­
sin's Memorial Library, and Onno Brouwer of the University's Cartogra­
phy Laboratory. I am particularly indebted to those who read earlier
drafts and contributed insightful comments—including Brian Fegan of
Sydney, Alain Labrousse of Paris, John Roosa of Jakarta, John Leake of
Adelaide, Paul Cohen of Macquarie University, Dreux Montgomery of
Madison, and Jeremy Suri of the University of Wisconsin. Years ago at a
small Connecticut boarding school, I had the good fortune to take En­
glish with Dr. Robert Cluett, who taught me the skills of clear prose and
critical thinking, a debt that I acknowledge with this dedication. But,
above all, I am indebted, beyond words, to my wife Mary McCoy for her
thoughtful support in helping me articulate and then question many of
these ideas. Although I am grateful for all this assistance so generously
given, I remain, as always, solely responsible for any errors of fact or in­
terpretation.

Alfred W. McCoy
Madison, Wisconsin
August 2002
Introduction: A History of Heroin

On March 15, 1990, U.S. Attorney General Richard Thornburgh called a press conference to announce a major initiative in America's war on drugs. Speaking at the Justice Department in downtown Washington, the attorney general told reporters that prosecutors in Brooklyn had filed a sealed indictment against the "prince of death"—an obscure opium warlord named Khun Sa then living half a world away in the jungles of northern Burma. The indictment accused Khun Sa of importing 3,500 pounds of heroin into New York City over an eighteen-month period, including a 2,400-pound shipment intercepted at Bangkok in 1988—then the world's largest single heroin seizure. Justice Department officials claimed that the Burmese warlord was New York City's leading heroin supplier. The head of the Drug Enforcement Administration (DEA), John Lawn, called Khun Sa "the self-proclaimed king of opium," and federal prosecutors labeled him "the most powerful drug trafficker in the Golden Triangle."1

The charges of heroin smuggling against Khun Sa, filed just a few months after President George H. W. Bush declared "war on drugs," seemed to promise a second front in this global crusade. In December 1989, some 24,000 U.S. combat forces had invaded Panama to arrest "drug lord" General Manuel Noriega and bring him back to Miami to face trial for cocaine smuggling. Would the United States now be equally aggressive in its pursuit of Khun Sa and send troops to track him down? "We do have an extradition treaty with Burma," answered the attorney general. "It has never been utilized, but we will follow whatever avenues are open to secure the cooperation of the Burmese government."2

1

2
After these dramatic claims about Khun Sa's power, the attorney general's appeal to a corrupt Rangoon regime for assistance was, to say the least, anticlimactic. For thirty years, Rangoon had played politics with its opium trade, protecting favored drug lords like Khun Sa. If Burma's cooperation were not forthcoming, would U.S. troops now fly around the world to storm Khun Sa's opium kingdom, scattered across 100,000 square miles of the rugged Southeast Asian mountains? And even if the opium king were brought before a Brooklyn judge, the Rangoon military regime was already grooming a successor.

The gap between the attorney general's strong rhetoric and impotent action demonstrates the limitations of America's global drug war. Despite all its drama, the invasion of Panama was only a limited strike against a downstream finance center with little impact on the Colombian cocaine trade. Unlike conventional combat, where the capture of a great general is tantamount to victory, the war on drugs is fighting a global commodity—led not by men but by invisible market forces.

The capture of General Noriega and the indictment of Khun Sa were the culmination of a U.S. drug policy that has refused, for nearly a century, to recognize the limits of repression. Driven by a myopic moralism, American policy has ignored the underlying market dynamics of the global drug traffic. For over two centuries, narcotics—opium, coca, and their derivatives—have been traded like major global commodities, operating on fluid laws of supply and demand not susceptible to simple repression. In the last thirty years, every attempt at interdiction has not only failed to eradicate this global trade, it has contributed, quite directly, to an expansion of both production and consumption.

Although opium is a commodity like any other, prohibition gives its trade some peculiar properties. Its very illegality allows the opium trade unequaled profit margins, producing the vast cash flow that links tribal opium lords in Third World mountains with criminal syndicates in First World cities. This illicit traffic allows heroin traders at all levels enormous incomes that they can use to insulate themselves from any attempt at suppression.

Narcotics are not simply illegal and immoral. They are the source of extraordinary profits and power. Opium and coca products are global commodities with a politics and economics that cannot be ignored. To understand the dynamics of the global heroin trade, we must probe the history of these peculiar commodities in a way that America's policy makers have not.

A Social History of Heroin
Most societies, regardless of locale or level of development, have used drugs for both medication and recreation. Alcohol is used across Europe and Asia, kava leaf is common in the Pacific, and the pre-Colombian so-
Introduction: A History of Heroin

Cocaine from the Americas chewed peyote and coca leaf. But among the world's many natural drugs—alcohol, tobacco, marijuana, betel, kava, qat, and peyote—only opium and coca have been promoted and then prohibited in ways that have made them, over the past two centuries, the source of profit and power, corruption and collusion.

Reflecting Asia's venerable commercial history, opium, an extract from the poppy plant (*Papaver somniferum*), has been cultivated and traded across Asia for over a millennium—first as a legal drug and then, in the twentieth century, as an illicit narcotic. Opium appears in ancient Assyrian, Egyptian, Greek, and Roman pharmacopoeia dating back to the Bronze Age. From its origins in the eastern Mediterranean, opium spread through long-distance trade to China by the eighth century A.D., slowly forming a distinctive Asian "opium zone" that stretched for 5,000 miles across the continent's mountain rim. In 1996, over 96 percent of the world's 280,000 hectares of illicit opium was still found in this zone, now concentrated around the "Golden Triangle" (Burma, Thailand, Laos) and the "Golden Crescent" (Afghanistan, Pakistan, Iran). These two regions, supplemented by much smaller harvests in Mexico and Colombia, produced 5,000 tons of raw opium, of which one-third was consumed locally and the balance transformed into some 300 tons of illicit heroin for the international traffic.

The coca bush also has a venerable history of domestication in pre-Colombian South America. But the narcotic properties of its leaf were little known beyond the Andes until its listing in Lamarck's 1786 botanical encyclopedia as *Erythroxyylon coca*. In contrast to opium's three centuries as a global commodity, coca’s commercial extract, cocaine, has been traded for little more than a century—first as a legal pharmaceutical since the late 1800s and then, since the early 1980s, as a major illicit narcotic. In 1996, over 98 percent of the world’s 220,000 hectares of coca was still concentrated in the Andes (Colombia, Peru, Bolivia) where a harvest of 300,000 tons of coca leaf yielded 1,000 tons of illicit cocaine. In effect, the patterns set in the Asian opium trade, both its legal and illicit phases, have been repeated, years or even decades later, in the Andes coca zone.

In the last decade, synthetic drugs have suddenly emerged as a major force in the illicit market. Like heroin and cocaine, synthetic stimulants were a creation of the modern pharmaceutical industry. Amphetamine was first synthesized in 1887; "ecstasy" (MDMA) in 1914; and methamphetamine in 1919. As amphetamine abuse spread in the 1960s, the United Nations (UN) enacted its 1971 Convention on Psychotropic Substances, extending the prohibition of natural drugs to these synthetics. Since the mid-1980s, the illicit manufacture of amphetamine-type substances has produced what the UN called "a wave of synthetic abuse." Like cocaine in the 1980s, amphetamines became "the key growth sector in the global drug market" during the 1990s, with the traffic spreading rapidly across Asia, Europe, and North America.
Among all these illicit drugs, opium was the progenitor. Its commodification laid the foundations for the modern drug trade, commercial and criminal. Its later prohibition created the enforcement agencies and criminal networks whose interaction shaped the traffic in other illicit drugs.

Opium, morphine, and heroin are all made from the opium poppy, a hardy annual flowering plant that sheds its petals to expose an egg-shaped bulb filled with a narcotic sap. Ancient humans ate its seeds. Medieval farmers incised its bulb to extract the sap. Modern pharmacists boiled its sap to extract the narcotic morphine and later bonded it with a common chemical to make heroin. Surveying the spread of opium across Asia, we can discern three distinct phases in its history—first among ancient societies, as folk and formal medicine, traded locally for little profit; then, starting in the seventeenth century, as a recreational drug and global commodity; and, finally, in the twentieth century, as the prohibited narcotic heroin smuggled long distances for great profit.

Opium's early history as a medicine thus spans nearly 5,000 years. Discovered and domesticated during prehistoric times in the eastern Mediterranean, opium appears in Greek pharmacopoeia during the fifth century B.C. and in Chinese texts during the seventh century A.D. Described in Homer's *Odyssey* as a drug that will "hush all pain and anger, and bring forgetfulness of every sorrow," opium's healing properties were first described in the works of the Greek physician Hippocrates (466–377 B.C.) and later explored by the Roman-era physician Galen (130–200 A.D.). From the eastern Mediterranean, the opium poppy, a temperate plant that will grow only in the cool highlands of tropical Asia, spread along trade routes into the mountains of India and China. In the *Herbalist's Treasury* of 973 A.D., a commission of nine Chinese scholars wrote that the poppy's "seeds have healing power" and recommended a cure by "mixing these seeds with bamboo juice boiled into gruel." The first reference to the modern method of harvesting the poppy's narcotic sap comes from the work of Wang Hsi in the fifteenth century: "Opium is produced in Arabia from poppies with red flowers... [A]fter the flower has faded the capsule while still fresh is pricked for the juice." By the sixteenth century, residents of Persia and India had begun eating and drinking opium mixtures as a purely recreational euphoric, a practice that soon made opium an important item in intra-Asian trade.

But it was European merchants who discovered opium's commercial potential. Starting in the seventeenth century, European shipments of smoking opium between India and China created one of the world's most lucrative trade triangles. In the sixteenth century, Portuguese merchant captains carried growing cargoes of opium from India to China. The Dutch who succeeded them in the seventeenth century increased the scale of these shipments to over 50 tons annually after 1650. Of equal importance, the Dutch introduced the practice of smoking opium in a tobacco pipe,
Introduction: A History of Heroin

thus popularizing the drug among the Chinese. Reacting to the rapid spread of opium smoking, the emperor ordered the prohibition of opium use in 1729, the first of many failed Chinese attempts at its suppression.

Starting in the late eighteenth century, the opium trade accelerated. Under the doctrine of mercantilism, all early European colonial ventures in Asia promoted and profited from the commercialization of drugs—whether caffeine, nicotine, or opiates. The Dutch controlled Java's coffee exports. The Spanish established a tobacco monopoly in the Philippines. The British dominated the Bengal opium trade. European trade thus transformed these drugs from luxury goods into commodities of mass consumption, making them, over time, integral to the economies and lifestyles of both Asian and Atlantic nations.

Opium's modern era began in 1773, when the British East India Company, as the colonial ruler of Bengal in northeast India, imposed a monopoly over the production and sale of opium. By bartering India's opium for China's tea, British merchants controlled a profitable triangular trade among India, China, and Europe that drove India's opium exports to China upward from 75 tons in 1776 to 3,200 tons in 1850. Although China's emperor banned opium completely in the 1790s, making the trade illegal, the law failed to slow British smuggling. In 1839 and 1858, Britain fought two successful wars to force the Chinese empire to rescind its opium ban, allowing an unrestricted growth in both imports and addiction. By 1900, China's population of 400 million included an estimated 13.5 million opium addicts who consumed 38,000 tons of smoking opium annually. Not only was China the world's largest consumer, it harvested over 35,000 tons of opium, over 85 percent of the world's total.

During the nineteenth century, British commerce transformed opium from a luxury good into a bulk commodity similar to other stimulants—coffee and tea. With an annual harvest of 35,000 tons in 1900, China's opium crop was comparable in bulk to Japan's tea production of 31,000 tons or Colombia's coffee crop of 55,000 tons. Although China's opium tonnage was less than its tea harvest of 90,000 tons, opium's value was far higher. By any standard, opium had become a major commodity in world trade.

In the late nineteenth century, opium use spread beyond China to Southeast Asia and Europe. All the European colonial governments in Southeast Asia generated tax revenues by selling imported Indian opium to local populations through state opium dens. At their peak, Southeast Asia's state opium monopolies accounted for close to 20 percent of total tax revenues in Siam and over 50 percent in British Malaya.

In the West, opium use spread through patent medicines and medical practice, particularly after the pharmaceutical industry began mass-producing morphine and heroin. In 1805, medical science first learned to extract morphine, opium's active narcotic, from the poppy's dried sap. Germany's E. Merck & Company began commercial manufacture of mor-
phine in 1827, but it did not become a popular anesthetic until the 1860s, when injection by hypodermic syringe allowed easy, reliable dosage. In 1874, an English researcher, C. R. Wright, synthesized heroin, or diacetylmorphine, by boiling morphine and a common chemical, acetic anhydride, over a stove. After testing on dogs showed that the new drug induced “great prostration, fear, sleepiness speedily following the administration,” the English researcher discontinued his experiments.12

In 1898, however, the Bayer Company of Elberfeld, Germany began mass production of diacetylmorphine and coined the trade name heroin to market the new remedy. A year later, Bayer discovered a milder pain reliever, which it advertised as aspirin. In its global marketing campaign, Bayer promoted heroin as a nonaddictive panacea for adult ailments and infant respiratory diseases. The drug’s popularity encouraged imitators, and scores of patent medicine manufacturers soon appeared in Europe, America and Australia, claiming near-miraculous properties in mass-circulation newspapers. In 1906, the American Medical Association approved heroin for general use “in place of morphine in various painful injections,” as did its counterparts in Europe and Australia. In short, physicians believed that heroin was an effective, nonaddictive substitute for morphine, whose dependency-inducing properties were by then, after painful experience, well understood.13

During the late nineteenth century, pharmaceutical manufacturers also promoted more recent discoveries, coca and its chemical derivative cocaine. During the 1830s, the Swiss naturalist J. J. von Tschudi published an account of coca leaf chewing among the Andean Indians in his book Travels in Peru, claiming that his porters could travel for five nights on no food and little sleep while chewing the leaf. European medical experiments with the coca leaf began in the 1850s, and Merck became the first to manufacture cocaine in concentrated crystal form. Although Dr. Sigmund Freud published three articles in the 1880s ascribing beneficial, if not miraculous, effects of regular dosage, other researchers found its prolonged use had a negative effect on the nerves and produced a strong craving.14 With the qualified approval of medical science, drug manufacturers sold massive quantities of cocaine in popular remedies and daily tonics. Until 1903, for example, the soft drink Coca-Cola contained a small dose of cocaine. The Parke-Davis pharmaceutical company of Detroit produced a line of coca cordials, cocaine cigarettes, hypodermic capsules, ointments, and sprays.15 Such successful marketing made mass addiction to cocaine and heroin a significant feature of life in the late nineteenth century.

Although aggressive advertising helped popularize the new narcotic remedies, they could not have achieved such spectacular growth without meeting basic consumer needs. In retrospect, mass narcotics abuse was part of a larger transformation of life and diet in the industrial age. In the eighteenth century, American and European workers were em-
ployed in farms or small firms where they could work according to their own biorythms. But, as population shifted from country to city and from farm to factory, the worker's diet changed through global trade that brought exotic dietary supplements—sugar, beef, eggs, coffee, and tea—to their tables at affordable prices. Bound to an industrial regimen that required a constant level of performance throughout the twelve-hour day, the modern factory worker used stimulants that accelerated the body's rhythms to match the merciless pace of the machine.

After a century of unchanging diet, England's per capita consumption of sugar, a quick energy source, jumped fourfold from 20 pounds in 1850 to 80 pounds in 1900, while tea consumption increased threefold from two to six pounds. By the late 1800s, the ordinary English worker stoked the body at breakfast with Argentine beef sausages, eggs from China, and a cup of Indian tea spiked with Caribbean sugar. In the United States the change in diet was just as dramatic. Between 1865 and 1903, coffee consumption increased nearly threefold from 4.7 to 13.3 pounds per person, while sugar jumped fourfold from 18.2 to 78.8 pounds. The simple eighteenth-century diet of milled grains had given way to one spiced with large quantities of protein (eggs and beef), glucose (sugar), and caffeine (coffee and tea).

If an energized diet could stimulate the body through a long working day, then narcotic-based medicines could relax it during the short hours of rest. By the 1890s, patent medicine manufacturers were producing legal drugs to assist every bodily function and induce any desired state of mind. Cocaine preparations overcame fatigue. Morphine remedies soothed worn nerves. Heroin medications calmed an agitated mind. Paralleling the rise in sugar and coffee use, American consumption of opium grew fourfold from 12 grains per person in the 1840s to 52 grains in the 1890s. Narcotics addiction followed this rising curve, peaking at about 313,000 addicts in 1896. In the United Kingdom, sales of patent medicines, most of them opium-based, increased sevenfold between 1850 and 1905.

In an era when medical practice was still crude, self-medication encouraged opium abuse. The boom in patent medicines coincided with medicine's long transition from the eighteenth century's heroic remedies of bleeding and blistering to the effective therapeutic treatments that first appeared in the early twentieth century. During this transition, medical doctors were enthusiastic advocates of opium, injecting morphine to cure adults and prescribing opium tonics for ailing children. In crowded cities with poor sanitation, dehydrating diseases such as cholera and diarrhea were epidemic, and opium was a genuinely effective remedy. "Opium," explains historian Terry Parssinen, "was the Victorian's aspirin, Lomotil, Valium and Nyquil, which could be bought at the local chemist for as little as a penny."

There were significant gender differences in drug abuse. Although everyone used opium when ill, women abused the drug more frequently
than men. In the custom of the day, women were banned from the American barroom or English pub where men met to maintain their alcohol addiction. At home, women were introduced to opium through the patent medicines they used to treat their families. Both the anecdotal and statistical evidence indicates that most American, English, and Australian addicts were middle-class women—like Mary Tyrone, the mother in Eugene O'Neill's drama of addiction, *Long Day's Journey into Night.*

In a word, opium had become a commodity—not merely a trade good, but a building block of modern material life. As the anthropologist Sidney Mintz argued in his study of sugar, “The first sweetened cup of hot tea to be drunk by an English worker was a significant historical event because it prefigured the transformation of an entire society, a total remaking of its economic and social basis.” To this insight we might add that, from the eighteenth century onward, tea and opium became integral to world trade—embedding their production in the highland economies of Asia and their consumption within the urban cultures of Asia and the West. By the time drug prohibition began in the early twentieth century, opium had achieved the economic scale and social ramifications needed to resist suppression.

After 1900, medical awareness of addiction and a global temperance movement combined to win laws prohibiting narcotics use. Medical science was aware of the addictive properties of narcotics by the 1890s, and that knowledge lent force to later legislative reforms. Patent medicine dealers were the largest newspaper advertisers in the United States, Britain, and Australia, and the press had good reason for reticence. In his famous muckraking articles for *Colliers* magazine in 1905, Samuel Hopkins Adams reported that leading newspapers had long-term advertising contracts with these advertisers containing a single escape clause—the drug companies could break the contract if state legislation restricted their sales. Protected from criticism, the patent medicine trade grew into a $250 million industry by 1900.

Despite strong resistance, U.S. religious movements won legislative reforms. In 1897, Illinois banned cocaine without prescription and in 1906 the U.S. Pure Food and Drug Act required that patent medicines show their contents. Within two years, sales of the once-secret remedies had dropped by one-third. Pressed by further state and federal legislation, manufacturers reduced and then removed their alcoholic and narcotic ingredients. The manufacturers of one popular nostrum, Mrs. Winslow’s Soothing Syrup, a child’s sedative, reduced its morphine content by three-quarters in a three-year period.

The U.S. move to regulate narcotics was a part of a larger global movement. Pushed and prodded by religious reformers, the world powers moved, with surprising speed, to prohibit all narcotics use. In the early twentieth century, the international community went through several cycles of negotiation, diplomatic convention, and domestic legislation to
create a prohibition regime of such power that it simultaneously spanned
the globe and enveloped the human body.

**Prohibition Regime**

The global movement for prohibition of narcotics began in the 1870s,
when the Protestant churches of England and America, reviving the tac­
tics of their earlier antislavery campaign, launched a crusade against the
opium trade.26 With a generous endowment from a British Quaker, the
Anglo-Oriental Society for the Suppression of the Opium Trade formed in
1874 and soon attracted the patronage of a Catholic cardinal and the Arch­
bishop of Canterbury.27 For thirty years, crusaders fought a campaign that
culminated in 1906 when the British Parliament passed a motion to end
India’s opium trade. Under the Anglo-Chinese opium treaty of 1907,
Britain reduced shipments of Indian opium to China, while China strug­
gled unsuccessfully to suppress smoking in the coastal cities and eradi­
cate cultivation in its inland provinces.28

While Britain negotiated bilaterally with China, the United States
sought a parallel solution through global drug diplomacy. After purchas­
ing the Philippine Islands from Spain in 1899, the United States discov­
ered that it had acquired, along with 7,000 islands and six million Fil­
ipinos, a state opium monopoly that sold, in 1902, 130 tons of opium
through 190 licensed dens to thousands of overseas Chinese smokers.29
In 1903, the colonial government appointed the Episcopal missionary
Bishop Charles Brent to an investigative Opium Commission that recom­
mended prohibition.30 Five years later, the U.S. administration outlawed
all opium smoking in the Philippines—an event that marks the start of
America’s century-long campaign of drug prohibition.31 When opium
smuggled from China threatened the Philippine prohibition, Bishop Brent
wrote President Theodore Roosevelt urging an international conference
to fight the drug trade. With the Bishop in the chair, delegations from thir­
ten countries met at Shanghai for a month in 1909.32 In unanimous non­
binding resolutions, the Shanghai Commission defended the colonial in­
terest by advising “the gradual suppression . . . of opium,” the drug its
members did sell; and urging “drastic measures” against the “grave dan­
ger” of morphine, the drug its members did not—the first of many con­
tradictions that would trouble the prohibition regime.33 Simultaneously,
the American delegate Hamilton Wright, a physician and moral crusader,
successfully lobbied the U.S. Congress for passage of the Smoking Opium
Exclusion Act of 1909 that banned imports of smoking opium.34

Two years later, the United States convened a second round of drug
diplomacy at the Hague, with Bishop Brent again in the chair, that drafted
the International Opium Convention of 1912 restricting all nonmedical use
of opium. As a party to these proceedings, the U.S. Congress enacted the
Harrison Narcotics Act in 1914—a modest measure requiring a doctor’s
prescription to purchase narcotics. Most clinics were responsible, but
some medical doctors ignored the act's intentions and sold prescriptions without restraint. In one month, for example, a single “dope doctor” in New York City wrote prescriptions for 68,282 grains of heroin, 54,091 grains of morphine, and 30,280 grains of cocaine. The U.S. Internal Revenue Bureau soon indicted these “dope doctors” for violating the Harrison Act, and, between 1919 and 1922, won several Supreme Court decisions supporting its strict interpretation—in effect, transforming regulation into prohibition. After Congress passed the Volstead Act prohibiting alcohol sales in 1919, the Treasury Department established a Prohibition Unit to implement the ban, with a separate Narcotic Division to enforce the Harrison Act. By 1923, the sum of these legislative, legal, and bureaucratic changes would launch the Narcotic Division, the first U.S. drug enforcement agency, in a campaign against drug doctors and the criminal dealers who soon replaced them.

After World War I, the new League of Nations convened a conference at Geneva in 1925 that approved a second International Opium Convention and created a system for registering legal narcotics shipments. Six years later, the League’s 1931 Convention for Limiting the Manufacture of Narcotic Drugs replaced voluntary registration with compulsory bans on manufacture beyond medical needs. Under the League’s leadership, drug controls moved from voluntary national laws toward mandatory controls over narcotics sales. Although none of Southeast Asia’s states abolished their monopolies, all made gestures that reduced the region’s opium sales by 65 percent in fifteen years. The Netherlands Indies, for example, cut its opium sales from 127 tons to only 15 tons. Multilateral controls thus reversed the century-long climb in drug abuse—reducing world opium production from 41,600 tons in 1907 to an estimated 16,000 tons in 1934. Similarly, legal heroin production dropped from 20,000 pounds in 1926 to only 2,200 in 1931.

Despite these successes, the high profits inherent in the opiates traffic encouraged the emergence of criminal syndicates—a market response that limited state control over the drug trade. Instead of eradicating drug abuse, prohibition drove it into an illicit economy eventually controlled by upland drug lords and urban crime syndicates. From the outset, each state action thus produced an equal and opposite criminal reaction. After the League’s opium ban in 1925, Shanghai emerged as a major center for illicit heroin, supplying a substantial share of the New York market. In 1931, the League of Nations imposed restrictions on the manufacture of heroin in Europe, and just three years later the U.S. Treasury attaché in Shanghai noted a “sudden shift of the traffic in narcotics from Europe to the Orient.” Similarly, in Southeast Asia the League’s efforts reduced legal opium sales but could not stop smugglers’ caravans moving south from China’s opium hills towards the unmet demand for low-cost opium in Bangkok and Saigon.

The sharp decline in legal sales did not end addiction in America. Unable
to buy from pharmacy or doctor, American addicts turned to criminal dealers. Although prohibition forced middle-class white women out of the market, working-class white males filled the void, leaving the United States with some 200,000 addicts in the mid-1920s.44 As prohibition drove the vast alcohol and narcotic trades into a new vice economy, organized crime expanded correspondingly from localized gangs into nationwide syndicates that won political power in cities such as New York and Chicago. Although alcohol prohibition was repealed after just thirteen years in 1933, the ban on narcotics became permanent, making heroin a constant source of income for organized crime and laying the foundations for a vast illicit economy that later took full form after World War II. Prohibition did not change the economic dependence of highland farmers in Asia and the Andes on the global drug trade. In remote, rugged regions with costly transport and poor roads, narcotics—with their light weight and sure markets—remained the most appropriate cash crops. In these zones, the rebels, warlords, or drug lords who controlled the opium crop were often respected tribal leaders who could mobilize arms and armies to defend their trade.

Once grown and processed, drugs entered international illicit networks through port cities where local entrepreneurs in vice and violence controlled this lucrative commerce. Indeed, the criminal syndicates of the 1920s were synonymous with the world’s great port and transport hubs—New York, Chicago, Marseille, Shanghai, Hong Kong, Bangkok, Saigon, and Sydney. With entrepôt economies dependent on volatile cycles of world trade, port cities spawn vice sectors whose powerful entrepreneurs control underclass employment in prostitution, gambling, extortion, and theft.

Thus, the events of the 1920s mark a major transition for the global drug trade. For two hundred years, opium had been traded legally in a global commerce that linked the highland poppy growers of Asia with urban consumers in Europe and America. After the prohibition regime formed in the 1920s, narcotics were driven from legal commerce to the illicit traffic, acquiring a distinctive politics and an elusive economics. In the decades after World War II, drug prohibition would foster a global illicit economy that funded criminals, warlords, rebels, terrorists, and covert operations. Failing to understand the character of these commodities, the international community would persist with a range of ineffective, ultimately counterproductive, policies in a self-defeating attempt at prohibition of all illicit drug use.

**Cold War Politics**

The half-century of global conflict from World War II through the cold war transformed the global opium trade. As the influence of the international community grew through the leadership of the United States and the United Nations, the prohibition regime finally eradicated the remnants of the legal opium trade. But the cold war was also fought with
covert operations that encouraged alliances with warlords and criminal syndicates at the flash points of global confrontation. In an invisible clash between competing forces, the international community's attempt at prohibition was slowed by informal state protection for traffickers useful to their security services. During the forty years of the cold war, international narcotics control was thus the sum of a subtle, and little understood, interaction between prohibition and protection. These contradictory forces, prohibition and protection, shaped the global drug trade for four decades after World War II.

The Communist bloc—with its puritanism, repression, and regulated trade—proved a powerful force for narcotics prohibition, closing much of the globe to the illicit traffic. After taking power in 1949, China's Communist regime launched an anti-opium campaign that culminated, in 1952, with the identification of 369,000 traffickers and then 82,000 arrests, 35,000 prison sentences, and 880 public executions. Through the next stage of mass mobilization and compulsory treatment, users quickly abandoned the habit, making China, once the world's largest producer and consumer of opium, drug-free by the mid-1950s. More broadly, Communism's victory in China extended authoritarian rule over much of the Eurasian land mass, closing this vast region to illicit opium production and diverting the traffic to new smuggling routes. Although Asia's opium zone thus contracted, geopolitics, combined with illicit market forces, stimulated a steady increase in production within the remaining area from Turkey to Laos.

Simultaneously, U.S. covert operations provided protection for major traffickers within the Asian opium zone. As Communism advanced in China and Eastern Europe during the late 1940s, Washington felt that it was faced with an immediate global threat. Needing new weapons for a new kind of war, the Truman administration created the Central Intelligence Agency (CIA) in 1947 with two main missions—espionage and covert action. Practicing a radical pragmatism, its agents made alliances with any group, drug merchants included, useful in the fight against Communism.

During the cold war, Asia's opium trade became concentrated in three distinct regions—Turkey, Central Asia, and Southeast Asia. In Turkey's Anatolian plateau, opium farmers delivered legal crop quotas to a state marketing organization and sold illegal surpluses to smugglers, fueling a traffic that moved east to Iran's opium dens and west to Marseille's heroin laboratories. In Central Asia, the poppy fields of Afghanistan and Pakistan supplied regional markets, particularly Iran's almost limitless demand for smoking opium. In Southeast Asia, the highlands of Burma, Thailand, and Laos—the famous Golden Triangle—produced smoking opium for regional markets until the 1970s, when they began processing heroin for Europe and America.

In one of history's accidents, the Iron Curtain came down along the Asian opium zone during the late 1940s, merging covert warfare and opium
Introduction: A History of Heroin

trafficking for the duration of the cold war. Along this 5,000-mile southern border of China and the Soviet Union, history and geography converged to form two flash points of cold war confrontation—Afghanistan in the west and Southeast Asia’s Golden Triangle in the east. With historic trade routes deflected east and west by the soaring massif of the Himalayas and Hindu Kush, a massive wall 2,000 miles long and five miles high, both regions had long been crossroads for caravans coming south from China and Central Asia. Through these circuits of commerce moved arms, opium, and Islam—sustaining rugged highland tribes in traditions of trading, raiding, and resistance to lowland empires. Along trade routes through northern Afghanistan to Kabul, “the organized raiding of caravans regularly satisfied the appetites of local elites.” Similarly, caravan routes radiating from the Yunnan plateau in southwest China drew hill tribes from Assam to Tonkin into raiding, trading, and opium cultivation.

For forty years, the CIA fought a succession of covert wars around these two points at the antipodes of the Asian massif—in Burma in the 1950s, Laos in the 1960s, and Afghanistan in the 1980s. As the CIA mobilized tribal armies in these rugged highlands, their warlords used the agency’s arms and protection to become major drug lords. From a narrow cold war perspective, tolerance of drug dealing often amplified the agency’s effectiveness. Viewed from the mission-oriented perspective of a CIA operative, the opium trade relieved the agency from the prohibitive cost of welfare for tribes with thousands of dependents. Of equal import, control over this critical cash crop allowed the CIA’s chosen warlord to command tribes, clans, and villages in bloody wars that ground on for years with heavy casualties. Since ruthless drug lords made effective anti-Communist allies and opium amplified their power, CIA agents, operating alone half a world away from home, tolerated the illicit traffic.

Unlike some intelligence agencies, the CIA did not use the drug traffic to finance its covert operations. Nor was its culpability the work of a few corrupt agents, eager to share in the enormous profits. The CIA’s role in the heroin traffic was an inadvertent consequence of its cold war tactics. After a string of knowing alliances with drug lords in its major covert wars—Burma, Laos, Afghanistan, and Nicaragua—over a span of forty years, it seems clear that such realpolitik was central to the CIA’s strategy for fighting the cold war.

These covert alliances provided a significant, albeit unquantifiable, contribution to the expansion of narcotics trafficking in key source regions. Since opium farmers needed credit and reliable markets for each new crop, any expansion of drug production had three requisites—finance, logistics, and, above all, protection. Thus, the sudden growth of Burma’s opium production in the 1950s required CIA air logistics, Thai military protection, and Taiwanese financial support. Similarly, the upsurge of opium production in Afghanistan during the 1980s relied upon
the logistical support of Pakistan's Inter-Service Intelligence, the protection of a CIA covert operation, and the services of Pakistani banks, notably the Bank of Credit & Commerce International (BCCI).

As the opium moved down country to laboratories and urban markets, the CIA also found anti-Communist allies among crime syndicates and corrupt officials. Since the start of drug prohibition in the 1920s, state security services around the globe have found drug traffickers useful covert-action assets—from Nationalist China's reliance on Shanghai's Green Gang to fight the Communists in the 1930s to the Gaullist regime's use of Marseille's milieu against military terrorists in the 1960s. In the context of the cold war, there was a similar affinity between covert operatives and criminal syndicates. Most fundamentally, both are practitioners of what one retired CIA operative has called "the clandestine arts"—that is, the basic skill of operating outside the normal channels of civil society.\(^48\) Among all the institutions of modern society, only intelligence agencies and criminal syndicates are capable of carrying out covert operations without a trace. As our knowledge of the cold war grows, the list of traffickers who served the CIA lengthens to include Corsican syndicates, Nationalist Chinese irregulars, Lao generals, Afghan warlords, Haitian colonels, Panamanian generals, Honduran smugglers, and Nicaraguan Contra commanders. These alliances may represent only a fraction of CIA operations, but they had a significant impact on the narcotics traffic.

Looking back on the CIA's covert wars that became enmeshed in the narcotics traffic, there is a striking contrast between their short-term operational gains and long-term political costs. While each covert operation continued, tribal warlords used CIA arms, logistics, and political protection to become major drug lords, expanding local opium production and shipping heroin to international markets. Instead of stopping this drug dealing, the agency tolerated it and, when necessary, blocked investigations, making these covert war zones enforcement-free areas where trafficking could expand without restraint.

Once a CIA secret war ended, its legacy persisted in rising narcotics production. American agents may have departed, but the covert war zone's market linkages and warlord power remained to make these regions major drug suppliers for decades to come. Their battlegrounds became covert-war wastelands where only opium could flower, creating regions with a lasting dependence on drug trafficking. Since these secret wars were fought outside conventional diplomacy, their resolution remained beyond the realm of international intercourse, denying these societies funds for postwar reconstruction and forcing them to expand opium production as a substitute. After CIA intervention in the 1950s, Burma's opium production rose from 18 tons in 1958 to 600 tons in 1970. During the CIA's covert war of the 1980s, Afghanistan's harvest increased from an estimated 100 tons in 1971 to 2,000 tons in 1991—and then kept rising to 4,600 tons in the war's
A decade after the cold war's end, the CIA's three main covert battlegrounds—Afghanistan, Burma, and Laos—were, in that order, the world's three leading opium producers. During the cold war, a steady increase in illicit opium and coca cultivation thus sprang from a confluence of global forces: an irrepressible demand for illicit narcotics, covert alliances with drug lords, and the unintended stimulus of drug prohibition.

In this complex of social forces, the CIA's covert alliances with drug syndicates played a catalytic, though inadvertent, role in stimulating the global heroin traffic. At two key junctures when America's heroin supply and addict population had dropped markedly in the late 1940s and the late 1970s, the CIA's covert alliances contributed to a surge of opium supply that soon revived the U.S. drug trade. Although these alliances represented only a fraction of CIA operations, they had considerable impact on the global heroin trade.

The first of these CIA liaisons with drug lords came at the lowest ebb in the global drug trade in two centuries. During World War II, American drug abuse reached record lows as the purity of heroin packets dropped from 28 percent in 1938 to only 3 percent and the number addicts fell from 200,000 in 1924 to a tenth of that figure. In the late 1940s, there was a possibility that heroin addiction might decline to insignificant levels in the United States. Within a decade, however, drug syndicates flourished, Asia's poppy fields spread, and heroin refineries multiplied in Marseille and Hong Kong. The reason for this rebound in the heroin trade lies, at least in part, in a succession of CIA alliances with drug traffickers—Corsican syndicates in Marseille, Nationalist Chinese forces in Burma, and corrupt Thai police.

The cold war was a global conflict, but the most important battlegrounds during the late 1940s were in Europe and Southeast Asia. From 1948 to 1950, the CIA allied with the Corsican underworld to fight the French Communist Party for control over the strategic Mediterranean port of Marseille. With CIA support, the Corsicans won control of the waterfront and used it, for the next quarter-century, to export heroin to the U.S. market. Simultaneously in Southeast Asia, the CIA ran a series of covert operations along the China border catalytic in the creation of the Golden Triangle heroin complex. In 1950, the agency armed remnants of the Nationalist Chinese army for an invasion of southwestern China and then maintained them along the Burma-China border as a tripwire against any Communist Chinese invasion of Southeast Asia. Over the next decade, the Nationalist forces transformed Burma's northeast into the world's largest opium producer. After the Nationalist Chinese shipped opium across the border into Thailand, the national police chief General Phao Siyanan, another close CIA ally, controlled both exports and local distribution, using the profits to promote an anti-Communist alliance.

The second incidence of CIA complicity is less ambiguous. During the mid-1970s, successful DEA operations from Turkey to Mexico cut the
heroin flow into the United States, reducing the number of American addicts from 500,000 to 200,000. But in 1979, the CIA’s covert operation in Afghanistan provided all the requisites for a rapid expansion of the Central Asian drug trade. To fight the Soviet occupation of Afghanistan, the CIA, working through Pakistan’s Inter-Service Intelligence, backed Afghan warlords who used the agency’s arms, logistics, and protection to become major drug lords. Within a year, a surge of Central Asian heroin captured over 60 percent of the American market, breaking the long drug drought and raising the U.S. addict population to its previous peak.

War on Drugs

Prohibition, paradoxically, was the second major force for expansion of global drug trafficking. In the last decades of the twentieth century, an intensified antinarcotics effort by the United Nations and United States actually compounded the problem, stimulating both production and consumption.

After World War II, the UN inherited the League of Nation’s drug-control efforts and negotiated a series of conventions that expanded enforcement, raising the number of prohibited drugs from just 17 in 1931 to 245 by 1995. The 1961 Single Convention on Narcotic Drugs created a “streamlined control machinery” to restrict any production above “the amount needed for medical and scientific purposes.” Over the next 40 years, the UN expanded this prohibition with conventions that banned psychotropic drugs (1971), imposed strict limits on opium production (1972), promoted police cooperation against drug smuggling and money laundering (1988), and created mechanisms to fight transnational organized crime (2000). Most recently, after a Special Session of the UN General Assembly in June 1998 attended by 185 states, the UN adopted the Convention Against Transnational Organized Crime for an assault on “illegal drugs and its associated threats to human security” by allowing states “legal force to deprive drug traffickers of ill-gotten financial gains and freedom of movement.” Through these conventions, the international community has created an arsenal of coercive powers to extirpate every aspect of illegal drugs, from cultivation to traffic and consumption.

In the late 1940s, moreover, the United States launched its own independent effort to cut the drug flow from source countries, extending its problematical domestic enforcement into the international arena. Since the 1920s, America’s attempts at narcotics control had been crippled by major problems inside U.S. enforcement agencies. After Treasury’s Narcotic Division, the first U.S. antinarcotics agency, collapsed from corruption in 1929, Congress created the Federal Bureau of Narcotics (FBN), still inside Treasury, and a young prohibition officer with strong intelligence ties, Harry Anslinger, became its founding director. Although alcohol prohibition ended in 1933, the FBN’s antinarcotics campaign continued for another 30 years under Anslinger, whose skills as a
bureaucratic infighter made him a worthy rival of J. Edgar Hoover at the Justice Department’s Federal Bureau of Investigation (FBI).52

Focused on domestic drug control, Anslinger did not operate abroad until after World War II, when he sent FBN agents to Europe and the Middle East. From the outset of these foreign operations, however, Anslinger’s intelligence connections seemed to compromise his bureau’s antinarcotics mission. During World War II, Anslinger had assigned key personnel to help form the Office of Strategic Services (OSS), the forerunner of the CIA, setting a pattern of bureaucratic cross-fertilization that persisted long after the war.53 Aware of France’s strategic importance in the cold war, for example, Anslinger did not pressure Paris over its complicity in the Indochina opium traffic during the early 1950s and instead, without any basis, accused Vietnam’s Communists.54 Insisting that Communist China controlled the Asian heroin trade, Anslinger did not assign agents to Southeast Asia, which had become, by his retirement in 1962, the world’s major opium producer.55 Whatever his motivation, Anslinger’s politics denied his bureau any Asian expertise. Indicative of its ignorance, in 1965 the Bureau of Narcotics compiled a list of the world’s 265 top drug traffickers with only one name for all Southeast Asia and no mention of the powerful Burmese drug lords or Hong Kong crime bosses.56 During the 1960s, the bureau was eclipsed as President Kennedy forced Anslinger into retirement and President Johnson transferred the bureau to the Justice Department, where it was overshadowed by Anslinger’s longtime rival the FBI.57

After a major corruption scandal in its New York office in the late 1960s, the Bureau of Narcotics was replaced by the DEA in 1973, a more professional organization with a global network of agents. Reflecting its origins, however, the DEA deferred to the CIA during the cold war whenever covert operations became intertwined in the drug trade, creating periodic enforcement-free zones in Asia and Central America. In effect, major CIA covert operations continued to overwhelm U.S. drug interdiction efforts. In Southeast Asia, for example, the Bureau of Narcotics opened its first office at Bangkok with just three agents in the late 1960s, years after a CIA covert operation, with hundreds of operatives and a fleet of aircraft, had installed an opium army of 12,000 troops in northern Burma. While a handful of DEA agents in downtown offices tried to intercept drugs or identify the drug lords, the CIA was, on occasion, operating up-country in alliance with these same drug lords.

In the early 1970s, President Richard Nixon declared a “war on drugs” against the Asian heroin traffic, launching a major expansion in U.S. international enforcement. A decade later, President Ronald Reagan redirected the U.S. drug war toward domestic enforcement and coca eradication in the Andes, a policy shift followed by all his successors. Between 1981 and 1994, funds for supply-side suppression—international interdiction and domestic enforcement—represented 80 percent of America’s anti-drug effort, leaving little funding for demand reduction
through treatment or education. In 1996, President William Clinton further expanded the drug war with his $1.3 billion "Plan Colombia"—an emphasis on enforcement exaggerated by his successor George W. Bush, who promised, in February 2002, to cut drug abuse by 25 percent through aggressive law enforcement. "We must reduce drug use for one great moral reason," said President Bush in 2002, affirming the drug war credo. "Illegal drugs are the enemies of ambition and hope. When we fight against drugs, we fight for the souls of our fellow Americans."

Despite four U.S. drug wars fought at a cost of nearly $150 billion, world illicit opium supply grew fivefold from 1,200 tons in 1971 to 6,100 tons in 1999. Similarly, during 15 years of U.S. bilateral eradication in the Andes, coca leaf production doubled to 600,000 tons in 1999. After holding steady at 100 prisoners per 100,000 population for over half a century, the U.S. incarceration rate, driven by mandatory drug sentencing, soared from 138 in 1980 to 702 in 2002—creating, in effect, a doomsday machine that continues to fill prisons without limit or logic. At the start of the twenty-first century, the United States was fighting a global drug war by creating the world's largest prison population and defoliating mountain farms in Asia and the Andes.

**After the Cold War**

With the end of the cold war, a new world order and its economic globalization has transformed the dynamics of the illicit drug trade. The collapse of the Iron Curtain destroyed the global template that had shaped the world's opiates traffic for forty years—allowing a rapid expansion of opium trafficking in Central Asia, creating new criminal syndicates, and opening smuggling routes across China and Russia. Since the end of the cold war, the spread of drug use has knitted the globe together in a cat's cradle of trafficking routes and criminal connections. By the late 1990s, 180 million people, or 4.2 percent of the world's adult population, were using illicit drugs worldwide, including 13.5 million for opiates, 14 million for cocaine, and 29 million for amphetamines.

Prohibition is the essential precondition for the drug trade's extraordinary profits, which sustain both corruption and rising consumption. In the mid-1990s, the price for a kilogram of heroin rose from $2,870 wholesale in Pakistan to $290,000 when retailed on the streets of America. Similarly, a kilogram of cocaine was $1,500 wholesale in Bolivia and $110,000 if sold as cocaine powder in the United States. Freed from the risks of the long-distance smuggling needed for heroin and cocaine, a manufacturer's profit on a kilogram of amphetamines was, in the late 1990s, $30,000—twice that for cocaine.

Surveying the wreckage of the recent past, it seems that prohibition has not simply failed to curb the illicit traffic but has actually contributed to an increase in global supply. In each of America's drug wars, from Ana-
Introduction: A History of Heroin

tolia in the 1970s to the Andes in the 1990s, prohibition has produced unintended outcomes, transforming localized suppression into global stimulus. As in all agricultural markets, legal or illegal, a shortfall in supply without any reduction in demand raises the price, encouraging increased production elsewhere around the globe.

In 1972, for example, President Richard Nixon declared America's first war on drugs and attacked Turkish opium production, then the main source of America's heroin supply. After forcing Turkey to eradicate its opium crop with a mix of diplomatic pressure and foreign aid, the White House then pressed French authorities to close Marseille's heroin laboratories. But the little-understood dynamics of the illicit drug market soon turned this victory into defeat. Although Turkey provided opium for 80 percent of U.S. heroin supply, it produced only 7 percent of Asia's opium. With global demand constant and supply now reduced, the illicit world price rose, stimulating opium production elsewhere.

Half a world away, the director of the DEA's Mexico City office saw firsthand how Nixon's victory encouraged a surge in Mexican heroin production. "It is ironic," he reported, "that the crowning success of international narcotics control efforts on the continent of Europe should be functionally related to the rise of brown heroin in North America ... The heroin market abhors a vacuum." In the 1990s, UN researchers observed a parallel economic effect operating at the micro level across Asia. In northern Laos, for example, UN officers noted that the sudden rise in Colombia's heroin exports to the United States caused a crash in Lao farmgate prices from $263 a kilogram in 1996 to just $65 in 1998.

Not only has eradication expanded global supply, but it seems to encourage increased cultivation in its target areas. Most farmers finance their crops with loans from local drug syndicates due in kind at harvest. If the opium or coca is uprooted or defoliated, then the farmer is forced to double his next crop—to liquidate old loans and to finance the present planting. Once the U.S. aircraft pass overhead spraying a chemical mist that destroys all crops, the peasant farmers below must scramble to recover from this devastating blow. Some migrate, others replant existing fields, but almost all must borrow to survive until the next harvest. In most areas, the coca buyers are the only source of credit. After the United States spent $1.7 billion to defoliate Colombia's coca crop, production rose 25 percent from 2000 to 2001. When the United States escalated its aerial spraying in September 2002, the UN warned that this might stimulate increased cultivation, by shifting, or displacing, coca planting to new areas. "Fumigation has an effect, but we would argue it's an effect of displacement," argued the local UNDCP director Klaus Nyholm. "The next question is where will the coca go from here?"

Even semi-literate hill farmers, subsisting from small plots of opium or coca in remote highlands, adjust their planting every season in response
As long as demand and prices remain at current levels in wealthy drug-consuming nations, traders will enter almost any potential production area with wads of currency to elicit supply that can meet this demand. Over the past thirty years, the U.S. and UN prohibition has simply served to push production, processing, and smuggling of illicit drugs back and forth across the globe's three critical trafficking areas—between Turkey and Laos within the Asian opium zone, from Bolivia to Colombia in the Andes coca belt, and from south Florida to northern Mexico along the U.S. border. At each turn and twist in this futile war on drugs, production has ratcheted upward.

Since opium can be grown in any temperate or highland area, crop suppression shifts cultivation elsewhere within the vastness of the Eurasian landmass or to other continents, such as South America. And since the human brain's chemistry makes all humanity potential addicts, repression merely forces traffickers to seek new markets in another neighborhood, nation, or continent. With such flexible market constraints, the blunt baton of repression has become the wand of stimulus, pushing consumption and production into ever-widening spheres and thereby compounding the global drug problem.

Prohibition has thus contributed to the growth of drug trafficking as one of the world's largest industries. In the late 1990s, the United Nations reported that the global drug traffic is a $400 billion industry with 180 million users, 4.2 percent of the world's adults, and 8 percent of world trade—larger than the trade in textiles, steel, or automobiles. Compounding the health implications of illicit drug use, by 1996 an estimated 5 to 10 percent of all HIV infections was being spread by intravenous drug use.\textsuperscript{70}

Freed from formal regulations by its prohibition, this vast illicit enterprise instead pays informal taxes to police, customs, military, and politicians across the globe, compromising the integrity of states in both First World and Third. According to a 1997 UN report, "highly centralized" transnational crime groups, with some 3.3 million members worldwide, control most of the global drug trade.\textsuperscript{71}

With its extraordinary profits, the drug traffic has proven enormously corrupting of police in cities as diverse as Sydney, Bangkok, Hong Kong, Manila, New York, Marseille, and Istanbul. In most cases, corruption is limited to individual officers or police squads, but, unless checked, it can metastasize, transforming enforcement into protection. In extreme cases—New York, Hong Kong, Sydney, and Mexico City—criminal syndicates and corrupt police operate in symbiosis, with police protecting traffickers from investigation and syndicates providing police with suspects for an aura of effective enforcement. In New York during the 1960s, the U.S.
Bureau of Narcotics formed an ad hoc alliance with mafia heroin syndicates—protecting mafioso traffickers and pursuing their rivals, thus allowing agents an impressive record of arrests. In a more recent case, systemic corruption in Mexico's federal police during the 1980s allowed traffickers "protection and warning information" while giving police "credit, praise, and promotions."\(^72\)

While police corruption often appears in cities with high drug consumption, it does not usually ramify much beyond. By contrast, in production and processing zones the illicit traffic can, through its sheer economic weight and strategic influence, transform the national government into a "narco-state." During the 1990s, drug syndicates achieved sufficient political influence in key source countries—Colombia, Burma, Afghanistan, and Pakistan—to compromise law enforcement, neutralize security agencies, and win regional power for rebels or warlords. By 1988, Pakistan's heroin industry was grossing an estimated $8 billion annually, half the size of the legal economy; military intelligence directed the traffic; and top dealers determined parliamentary elections.\(^73\) Similarly, by 1994, Mexico's cocaine cartels were paying annual bribes totaling U.S. $460 million, more than the attorney general's budget, and were grossing $30 billion, four times the value of the country's oil exports.\(^74\) Clearly, both states had gone beyond simple police corruption. In these nations, drugs had achieved the multifaceted mix of economic and institutional influence that defines a narco-state.

In the last half of the twentieth century, drug prohibition thus fostered a global illicit economy that funds criminal syndicates, highland warlords, ethnic liberation movements, terrorist networks, and covert operations. Failing to understand the character of these commodities, the United Nations and the United States have attempted suppression with a range of ineffective, ultimately counterproductive, policies that include arresting consumers, pursuing dealers, and harassing growers.

Looking back on this sordid past gives little cause for optimism or celebration. To ordinary Americans who witness the dismal spectacle of the drug traffic at street level, it may seem inconceivable that the U.S. government could somehow be implicated, directly or indirectly, in the international narcotics trade. During the cold war, American diplomats and CIA agents were involved at three levels: (1) a coincidental complicity through their covert alliances with major drug traffickers; (2) support for known traffickers by condoning their involvement and concealing their criminality from investigation; and, on occasion, (3) active involvement in the actual transport of opium. More broadly, Washington has remained wedded to its prohibition policy and refuses to recognize that its attempts at eradication, from Turkey in the 1970s to Colombia today, have actually stimulated production and increased the global supply of illicit drugs. It is ironic, to say the least, that America's drug problem is of its own making.
Sicily: Home of the Mafia

AT THE END OF WORLD WAR II, THERE WAS A STRONG CHANCE that heroin addiction could be eliminated in the United States. The wartime security measures designed to prevent infiltration of foreign spies and sabotage to naval installations made smuggling into the United States virtually impossible. Most American addicts were forced to break their habits during the war, and consumer demand just about disappeared. Moreover, the international narcotics syndicates were weakened by the war and could have been decimated with a minimum of police effort.

During the 1930s much of America’s heroin had come from China’s refineries centered in Shanghai and Tientsin. This supply was supplemented by the smaller amounts produced in Marseille by the Corsican syndicates and in the Middle East by the notorious Eiopoulos brothers. Mediterranean shipping routes were disrupted by submarine warfare during the war, and the Japanese invasion of China interrupted the drug flow to the United States from the Shanghai and Tientsin laboratories. The last major wartime seizure took place in 1940, when 42 kilograms of Shanghai heroin were discovered in San Francisco. During the war only tiny quantities of heroin were confiscated, and laboratory analysis by federal officials showed that its quality was constantly declining; by the end of the war most heroin was a crude Mexican product, less than 3 percent pure. And a surprisingly high percentage of the samples were fake.¹ Most addicts were forced to undergo an involuntary withdrawal
Sicily: Home of the Mafia

from heroin, and at the end of the war the Federal Bureau of Narcotics reported that there were only 20,000 addicts in all of America.2

After the war, Chinese traffickers had barely reestablished their heroin labs when Mao Tse-tung's peasant armies captured Shanghai and drove the traffickers out of China.3 The Eliopoulos brothers had retired from the trade with the advent of the war, and a postwar narcotics indictment in New York discouraged any thoughts they may have had of returning to it.4 The hold of the Corsican syndicates in Marseille was weakened, since their most powerful leaders had made the tactical error of collaborating with the Nazi Gestapo and so were either dead or exiled. Most significantly, Sicily's Mafia had been smashed almost beyond repair by two decades of Mussolini's police repression. It was barely holding on to its control of local protection money from farmers and shepherds.5

With American consumer demand reduced to its lowest point in fifty years and the international syndicates in disarray, the U.S. government had a unique opportunity to eliminate heroin addiction as a major American social problem. Instead, the government—through the CIA and its wartime predecessor, the OSS—created a situation that made it possible for the Sicilian-American Mafia and the Corsican underworld to revive the international narcotics traffic.6 These operations were the first signs of the CIA's willingness to form tactical, anti-Communist alliances with major narcotics dealers, whether in the cities of Europe or the jungles of the Third World. During the forty years of the cold war, several of the CIA's covert action allies were to play a significant role in sustaining a global narcotics industry that supplied the United States.

In Sicily the OSS, through the Office of Naval Intelligence, initially allied with the Mafia to assist the Allied forces in their 1943 invasion. Later, the alliance was maintained to check the growing strength of the Italian Communist party on the island. In Marseille the CIA joined forces with the Corsican underworld to break the hold of the Communist party over city government and to end two dock strikes—one in 1947, the other in 1950—that threatened the efficient operation of the Marshall Plan and the First Indochina War. After the CIA withdrew in the early 1950s, Marseille's Corsicans won political protection from France's intelligence service, the SDECE, which allowed their heroin laboratories to operate undisturbed for nearly 20 years. In partnership with Italy's Mafia syndicates, the Corsicans smuggled raw opium from Turkey and refined it into no. 4 heroin for export.

Their biggest customer was the United States, the richest nation in the world, the only one of the great powers that had come through World War II relatively untouched, and the country that had the biggest
potential for narcotics distribution. For, in spite of their forced withdrawal during the war years, America's addicts could easily be won back to their heroin persuasion.

The Mafia in America
At first the American Mafia had ignored the new business opportunity afforded by the prohibition of drugs in the early 1920s. Steeped in the traditions of the Sicilian "honored society," which absolutely forbade involvement in either narcotics or prostitution, the Mafia had left the heroin business to the powerful Jewish gangsters who dominated organized crime in the 1920s.

Prohibition transformed the character of both narcotics use and organized crime in America. During the 1890s, the typical drug abuser was a white, middle-class housewife who purchased bottled opiates from her pharmacist or physician. After prohibition, the typical addict was a " hustling, mainlining [white] male junkie" who sought his heroin on the streets from the new criminal syndicates that now serviced this illicit demand. Although middle-class medical addiction declined after 1920, drug prohibition failed to reduce the number of recreational addicts and simply transferred a large, lucrative clientele to criminal syndicates. By the late 1920s, these new vice trades would transform inner-city criminals from parochial gangs preying on ethnic neighborhoods into national syndicates controlling vast, profitable enterprises.

The career of the Jewish criminal Irving "Waxey Gordon" Wexler illustrates the relationship between drug and alcohol prohibition and the growth of organized crime. Born in 1888, Gordon first appeared in the Jewish underworld of New York's Lower East Side as a member of the Benjamin Fine gang. Between 1910 and 1914, Gordon accumulated $100,000 from gambling and took control of Fine's gang, by then active in the city's garment district as a "power broker" among the unions. Only two years after passage of the 1914 Harrison Narcotics Act, Gordon had become a "major partner in at least five different cocaine mobs" operating in Manhattan and Philadelphia. Over the next fifteen years, he remained one of New York's largest cocaine distributors and was eventually indicted, but not convicted, for transporting narcotics to Minnesota. In both drug dealing and, later, bootlegging, Gordon and younger gangsters drew on the capital and contacts of New York's most powerful racketeer, Arnold Rothstein, a Jewish gambling broker best known for fixing the 1919 World Series.

As a Jewish gangster emerging from the Lower East Side, Waxey Gordon was typical of the new drug dealers created by passage of the Harrison Act. In 1917, the New York Kehillah, a Jewish community agency, tried to counter sensational press allegations about Jewish
criminality with a serious study of the problem. Of the 263 drug dealers discovered in New York City, there were, among those of identifiable ethnicity, 83 Jews, 23 Italians, 8 Irish, 5 blacks, and 3 Greeks. When the Kahillah investigators examined the 22 “combinations” or syndicates that dominated the cocaine traffic, they found that 85 percent of their members were Jewish and the remaining 15 percent Italian. While cocaine wholesalers covered territory that reached from Philadelphia to Boston, about 44 percent of the city’s 129 retailers with known addresses were found on the Lower East Side.\(^\text{10}\)

During the 1920s, Jewish syndicates also controlled much of New York’s heroin distribution and supplied their dealers by smuggling narcotics from Europe and Asia. Indeed, the New York drug dealer Jacob “Yasha” Katzenberg “knew more about procuring heroin in Asia and smuggling it into the United States than anyone else in the world.”\(^\text{11}\) Since international narcotics controls were lax during the interwar period, New York’s dealers could procure limitless supplies through their overseas criminal contacts who simply bought narcotics legally in Paris in the 1920s and Shanghai in the 1930s.\(^\text{12}\)

The Katzenberg-Lvovsky-Buchalter case is the most spectacular instance of such heroin smuggling. This venture had its origins in February 1935 when a New York City apartment exploded and investigators discovered raw morphine, processed heroin, and processing paraphernalia. Although the heroin chemist was convicted, evidence against the principals, Yasha Katzenberg and Jacob Lvovsky, was weak. Seeking new sources after the loss of the laboratory, Lvovsky, financed by Katzenberg and Louis Buchalter, sent “emissaries” to China. In Shanghai, the New Yorkers made contact with Yanis Tsouanis, described in a U.S. consular report as “the most notorious Greek smuggler at present,” and through him purchased heroin from a Greek syndicate that controlled illicit exports from the legal Japanese laboratories at Tientsin. Between October 1935 and February 1937, this New York combine of thirty men organized six trips to Shanghai and sent back tourist steamer trunks packed with 649 kilograms of heroin for a profit of $519,220.\(^\text{13}\) The power behind this lucrative operation was Louis “Lepke” Buchalter, the leading Jewish gangster in New York during the 1930s. Lepke coordinated an organization of some 250 men and since the late 1920s had been the preeminent racketeer in the city’s clothing industry. Indicted for heroin smuggling in November 1937, Lepke went into hiding around New York and made headlines two years later with his sensational surrender to radio celebrity Walter Winchell and FBI Director J. Edgar Hoover. With testimony from his partner Yasha Katzenberg, Lepke was sentenced to twelve years for drug dealing.\(^\text{14}\)

When alcohol prohibition started in 1920, Waxey Gordon and other
Jewish criminals—Benjamin "Bugs" Siegel, Arthur "Dutch" Schultz, and Meyer Lansky—soon dominated much of New York's bootleg liquor trade. Among the seventeen major bootleggers active in New York during the mid-1920s, seven were Jewish, five Italian, and three Irish. In 1928–1929, the so-called Jewish syndicate, comprising Gordon and eight associates, operated thirteen breweries in the New York area and was perhaps the largest beer distributor in the United States.15

Although Arnold Rothstein was shot at the Park Central Hotel in 1928, Waxey Gordon was jailed for tax evasion in 1933, and Lepke was electrocuted for murder in 1944, other Jewish gangsters, notably Lansky, survived the tumult of these decades to play a leading role in syndicate crime for the next thirty years. But the passing of these Jewish crime leaders and their generation did indeed bring change. Rothstein could ignore the Mafia in the 1920s and Lepke still dealt largely with Jewish criminals in the 1930s, but Lansky would achieve his power through an alliance with Italians such as Lucky Luciano.

While Jewish gangs thus controlled much of New York alcohol, narcotics, and gambling during the 1920s, the Mafia contented itself with a smaller share of the bootleg liquor industry.16 However, in 1930–1931, only seven years after heroin was legally banned, a war erupted in the Mafia ranks. Out of the violence that left more than sixty gangsters dead came a new generation of leaders with little respect for the traditional code of honor prohibiting involvement in narcotics.17

The leader of this mafioso youth movement was the legendary Salvatore C. Lucania, known to the world as Charles "Lucky" Luciano. Charming and handsome, Luciano must rank as one of the leading criminal executives of the modern age. For, at a series of meetings after the killings that eliminated the old guard, Luciano outlined his plans for a modern, nationwide crime cartel. His modernization scheme quickly won support from the leaders of America's twenty-four Mafia "families," and within a few months the National Commission was functioning smoothly. This was an event of some significance: Almost single-handedly, Luciano built the Mafia into the most powerful criminal syndicate in the United States and pioneered organizational techniques that are still the basis of organized crime today. Luciano also forged an alliance between the Mafia and Meyer Lansky's Jewish gangs that survived for almost 40 years and became a key characteristic of organized crime in the United States.

With the end of Prohibition in sight, Luciano decided to take the Mafia into the lucrative prostitution and heroin rackets, a move determined largely by financial considerations. The Mafia's success had been based on illegal distilling and rumrunning. Its continued prosperity, which
Luciano hoped to maintain through superior organization, could be sustained only by developing new sources of income.

Heroin was an attractive substitute for liquor because its relatively recent prohibition had left a large market that could be exploited and expanded. Although heroin addicts in no way compared with drinkers in numbers, heroin profits could be just as substantial: heroin’s light weight made it less expensive to smuggle, and its relatively limited number of sources made it easier to monopolize.

Heroin, moreover, complemented Luciano’s other new business venture—the organization of prostitution on an unprecedented scale. Luciano forced many small-time pimps out of business as he found that addicting his prostitute labor force to heroin kept them quiescent, steady workers, with a habit to support and only one way to gain enough money to support it. This combination of organized prostitution and drug addiction, which later became so commonplace, was Luciano’s trademark in the 1930s. By 1935 he controlled two hundred New York City brothels with twelve hundred prostitutes, providing him with an estimated income of more than $10 million a year. Supplemented by growing profits from gambling and the labor movement as well, organized crime was once again on a secure financial footing.

As Mafia drug distributors supplanted the Jewish networks during the 1930s, the effect was soon felt on the streets of New York. By threatening rival dealers and undercutting their prices, the Mafia soon won a near monopoly over the street trade. Once in control, the Italians adulterated the heroin far more than their Jewish predecessors had. As purity dropped to 27.5 percent by 1938, heroin “sniffing” was no longer effective, and addicts were forced to use hypodermic injection. “When the Chinese and Jews had it, it was beautiful,” recalled one Times Square drug dealer. “But when the Italians got it—bah! They messed it all up.... They started thinking people were just a herd of animals—just give them anything.” An Italian-American heroin dealer who worked with Jewish distributors in the early 1930s was also critical of the Mafia: “See, the Jews were businessmen; they gave it to you the way they got it.... Then the wops started to get in it, and they started to knock off the Jews, they started to clip them.... The Italians were selling shit, chemical, acid.... These sons of bitches were so hungry for money that they cut it half a dozen times.”

But in the late 1930s the American Mafia fell on hard times. Federal and state investigators launched a major crackdown on organized crime that produced one spectacular narcotics conviction and forced a number of powerful mafiosi to flee the country. In 1936 Thomas Dewey’s organized crime investigators indicted Luciano himself on
sixty-two counts of forced prostitution. Although the Federal Bureau of Narcotics had gathered enough evidence about Luciano's involvement in the drug traffic to indict him for narcotics, both the bureau and Dewey's investigators felt that the forced prostitution charge would be more likely to offend public sensibilities and secure a conviction. Moreover, Luciano's centralization of the city's brothels had not increased their income or efficiency, and he had had to use simple terror to extract his share of house profits. His grandiose scheme for a quasi-industrial brothel trade strained the economics of the "$2 house" beyond endurance. Despite regular beatings by his "vicious" enforcer Jimmie Fredericks, the madams cheated the syndicate in every possible way to protect their profits. In the end, Luciano lost control of his clients, and three of his prostitutes testified against him. With this evidence, Dewey, already famous for his prosecution of Waxey Gordon, scored a sensational conviction against Luciano and his nine codefendants, a mix of Jews and Italians. The New York court sentenced Luciano to a thirty-to-fifty-year jail term.

Luciano's arrest and conviction were a major setback for organized crime: they removed the underworld's most influential mediator from active leadership and probably registered as a shock among lower-ranking gangsters. Some months later, Mafia leader Vito Genovese fled New York for Italy since "he knew the police were trying to arrest him as an accomplice of Luciano."

However, the Mafia suffered even more severe reverses on the mother island of Sicily. Although Dewey's reputation as a racket-busting district attorney was rewarded by a governorship and later by a presidential nomination, his efforts seem faint compared with Musсолini's personal vendetta against the Sicilian Mafia. During a state visit to a small town in western Sicily in 1924, the Italian dictator offended a local Mafia boss by treating him with the same condescension he usually reserved for minor municipal officials. The mafioso made the foolish mistake of retaliating by emptying the piazza of everyone but twenty beggars during Mussolini's speech to the "assembled populace." Upon his return to Rome, the outraged Mussolini appeared before the Fascist parliament and declared total war on the Mafia. Cesare Mori was appointed prefect of Palermo and for two years conducted a reign of terror in western Sicily that surpassed even the Inquisition. Combining traditional torture with modern innovations, Mori secured confessions from and long prison sentences for thousands of mafiosi, thereby reducing the venerable society to its weakest state in a hundred years. Although the campaign ended officially in 1927 as Mori accepted the accolades of the Fascist parliament, local Fascist officials continued to harass the mafiosi. By the beginning of World War
II, the Mafia had been driven out of the cities and was surviving only in the mountain areas of western Sicily.\textsuperscript{27}

The Mafia Restored

World War II gave the Mafia a new lease on life. In the United States, the Office of Naval Intelligence (ONI) became increasingly concerned over a series of sabotage incidents on the New York waterfront, which culminated in the burning of the French liner \textit{Normandie} on the eve of its christening as an Allied troop ship. In the words of William B. Herlands, New York's commissioner of investigation, who examined the operation in detail after the war: "We were faced with a grave national emergency. . . . A blackout was imposed over the . . . waterfront area within the Third Naval District, which included New York and New Jersey. Many of our ships were being sunk by enemy submarines off the Atlantic Coast . . . and the outcome of the war hung in the balance."\textsuperscript{28}

Powerless to infiltrate the waterfront itself, ONI decided to recruit local gangsters and contacted New York District Attorney Frank Hogan, who suggested Joseph "Joe Socks" Lanza, then under indictment for extortion. Officially Joseph Lanza was a "business agent for the United Seafood Workers' Union," but in reality Joe Socks was "the rackets boss of the Fulton Fish Market . . . in downtown New York City."\textsuperscript{29} In March 1942 when the navy first approached Lanza, ONI was preoccupied with coastal security. Captain Roscoe C. McFall, the district intelligence officer, later told investigators that he was concerned about "subversive activities by enemy agents in and along the harbor" and "the suspected danger that enemy submarines might be refuelled through fishing boats . . . operated by criminal elements."\textsuperscript{30} Since Lanza had "a great number of contacts in the fish market and among fishing boat . . . captains . . . along the Atlantic Coast," he was an ideal contact for this phase of ONI's operation.\textsuperscript{31} Accordingly, Commander Charles R. Haffenden, McFall's subordinate, met with Lanza every week for the next nine months to plan a range of operations—information on the refueling of enemy submarines, acquisition of false union cards to place ONI agents on the fishing boats, and organization of the city's Italian fishermen "as part of the submarine look-out system."\textsuperscript{32}

After only three weeks, however, ONI realized that Lanza was a middle-ranking racketeer of limited influence. Unable to deliver information that ONI had requested on matters outside the fishing industry, Lanza told his navy contacts that people feared he was "going to use the information as an informer . . . to get consideration on his then pending indictment."\textsuperscript{33} In April, Lanza told Haffenden that "Luciano could be of great assistance" and could "send some word out to Joe Adonis or Frank (Costello), his friend."\textsuperscript{34}
Luciano at that time was confined in Clinton State Prison, near the Canadian border in upstate New York, and the navy contacted his attorney, Moses Polakoff. Asked to serve as the intermediary, Polakoff demurred, suggesting instead a person "whose patriotism, or affection for our country, irrespective of his reputation, was of the highest." The next morning, Polakoff introduced the U.S. navy to the patriot Meyer Lansky, Luciano's partner in narcotics and bootlegging, at Longchamps Restaurant in Manhattan. Citing an intimate relationship with Luciano dating from the early 1920s, Lansky assured the navy representatives that Luciano was trustworthy. At Polakoff's suggestion, in May 1942 Commander Haffenden agreed to expedite a meeting with Luciano by arranging his transfer from remote Clinton Prison to Great Meadow Prison near Albany.

Several weeks later, Polakoff and Lansky met Luciano in a prison interview room and "explained the Naval Intelligence situation to him." Luciano agreed to cooperate and suggested that Lansky should "act as a liaison between Luciano and the people . . . whose aid was to be enlisted. Those people know that if Lansky said he was acting for Luciano, that statement would not be questioned." Over the next three years, Luciano met with Lansky eleven times and with Polakoff another twenty. Although Haffenden never saw Luciano, he met frequently with Lansky, who became, as Luciano had suggested, the intermediary between the navy and the underworld. Haffenden, Lansky later recalled, "would tell me . . . just what he wanted; . . . I would seek the man I . . . thought could do best to fulfill his needs; . . . anyone that could be of assistance in the war effort; . . . I would introduce them."

Although ONI was still interested in sabotage and security on the New York docks, it also sought Luciano's help in gathering intelligence for the Allied invasion of Sicily, then planned for sometime in 1943. Through Luciano, Lansky brought a number of Sicilian immigrants to ONI's offices in Manhattan for intense interrogation by Italian-American agents in Commander Haffenden's unit, now known as the Ferret Squad. At Luciano's suggestion, for example, Lansky contacted racketeer Joe Adonis, who brought six Sicilians to provide "strategic intelligence" about the island's coast. "Prior to our attack on Sicily," Lansky recalled of these meetings with Haffenden, "the conversations ran of their knowledge of the coastline and the contour of the land off the coast." Commander Haffenden, Lansky said, "pulled out big maps—and he showed them the maps for them to recognize their villages and to compare the maps with their knowledge of their villages." Working with ONI cartographers, Haffenden prepared numerous maps and charts of the Sicilian coast, including one large map with overlays based on "several thousand" of these reports.
Most important, the commissioner of investigation reported that, through Luciano and his associates, "the names of friendly Sicilian natives and even Sicilian underworld and Mafia personalities who could be trusted were obtained and actually used in the Sicilian campaign."39

In mid-1942, Commander Haffenden delivered these "names of individuals in Sicily" to a Captain Wharton at ONI headquarters in Washington, who later reported that the names "turned out to be 40% correct . . . on the basis of actual experience."40

As the Allied forces assembled along the North Africa coast for the invasion of Sicily in May 1943, Vice Admiral Henry K. Hewitt, U.S. navy area commander, found a flaw in the plans. Since Sicily, once liberated, was to become a base for U.S. navy operations in the Italian campaign, the invasion forces would need to establish close relations with the island's population to facilitate a long-term occupation. His headquarters intelligence staff did not have any Italian speakers, and the admiral sent an urgent request to Naval Intelligence headquarters for six Italian-speaking agents. By May 15, four of Commander Haffenden's New York agents involved in gathering the strategic intelligence on Sicily were en route to North Africa by plane.41

On the night of July 9–10, 1943, Allied forces numbering 160,000 landed on the beaches of western Sicily, the British in the north and the Americans farther south. At 2:30 A.M., the U.S. Seventh Army under General George Patton came ashore in two separate waves at the towns of Gela and Licata on the southern coast. "It was incomprehensible to me that the OSS should have been given such meager information about both the planning and execution of the invasion of Sicily," wrote Max Corvo, recalling his frustration when his OSS team arrived to board the landing craft and found that they were supposed to sit out the first four days of the invasion in Africa.42 In his history of the OSS, former CIA official R. Harris Smith explained that "OSS responsibilities for Italian espionage were preempted by the Office of Naval Intelligence through a mysterious arrangement with the American Mafia."43

While Corvo's OSS team waited in Africa, ONI's New York operatives landed in Sicily with the first wave, two agents at Gela and two at Licata. "One of the most important plans," recalled Commander Paul A. Alfieri, one of the ONI agents, "was to contact persons who had been deported for any crime from the United States . . . and one of my first successes after landing at Licata was in connection with this." Alfieri later told the commissioner that he "made it my business to make that [Mafia contact] my first stop" and found that these "criminal and underworld characters in Sicily who . . . were members of the Mafia . . . were 'extremely cooperative to me and also to various other intelligence officers.'"44

With mafiosi guides, Alfieri set out through the scattered fighting for
the “secret headquarters of the Italian naval command,” identified in the New York interrogations, and found it in a villa set back from the beach. Unopposed, Alfieri walked past the surprised Italian officers into an admiral’s office, blew open the safe with a short fuse, and returned to the beachhead with an armful of documents. According to Alfieri’s team leader, Commander Anthony J. Marsloe, these “documents embodying the entire disposition of the Italian and German naval forces in the Mediterranean—together with the minefields...—were taken on board Admiral Connolly’s flagship... and were successfully used to accelerate the Italian surrender.” For these exploits, Alfieri won the Legion of Merit with a presidential citation commending him for “contribution in large measure to the success of our invasion forces.”

In his report in 1954, Commissioner Herlands noted that “Alfieri pursued the same technique of contacting former underworld characters in the subsequent invasions and operations on the Italian mainland with the same success.” Calling the subject classified, however, the U.S. navy refused, a full ten years after the invasion of Italy, to divulge details about this aspect of its alliance with the Mafia. Thus, the history of ONI and OSS relations with the Mafia during the Sicily campaign must be extracted from unofficial sources.

After crushing mild resistance by the Italian army and securing the beachheads at Gela and Licata, Patton’s Seventh Army launched an offensive into Sicily’s western hills, Italy’s Mafialand, and headed for Palermo. Although there were more than 60,000 Italian troops and a hundred miles of booby-trapped roads between Patton and Palermo, his troops covered the distance in a remarkable four days.

The dean of Italy’s Mafia experts, Michele Pantaleone, argues that it was the mafiosi who were responsible for the surprising speed of General Patton’s advance to Palermo. Five days after the Allies landed in Sicily, an American fighter plane flew over the village of Villalba, about forty-five miles north of General Patton’s beachhead on the road to Palermo, and jettisoned a canvas sack addressed to “Zu Calo.” Zu Calo, better known as Don Calogero Vizzini, was the unchallenged leader of the Sicilian Mafia and lord of the mountain region through which the American army would be passing. The sack contained a yellow silk scarf emblazoned with a large black L. The L, of course, stood for Lucky Luciano, and silk scarves were a common form of identification used by mafiosi traveling from Sicily to America.

The story of the scarf may be apocryphal, but ONI’s ongoing operations with the Mafia lend credibility to reports of contact, direct or indirect, between Luciano and Don Calogero. In fact, Luciano was born less than fifteen miles from Villalba in Lercara Fridi, where his mafioso relatives still worked for Don Calogero. Two days later, three
American tanks rolled into Villalba after driving thirty miles through enemy territory. Don Calogero climbed aboard and spent the next six days traveling through western Sicily organizing support for the advancing American troops. As General Patton’s Third Division moved onward into Don Calogero’s mountain domain, the signs of its dependence on Mafia support were obvious to the local population. The Mafia protected the roads from snipers, arranged enthusiastic welcomes for the advancing troops, and provided guides through the confusing mountain terrain.

While the role of the Mafia is little more than a historical footnote to the Allied conquest of Sicily, the Mafia’s cooperation with the American military occupation was important. Although there is room for speculation about Luciano’s precise role in the invasion, there can be little doubt about the relationship between the Mafia and the American military occupation.

This alliance developed in the summer of 1943, when the Allied occupation’s primary concern was to release as many of its troops as possible from garrison duties on the island so they could be used in the offensive through southern Italy. Practicality was the order of the day, and in October the Pentagon advised occupation officers “that the carabinieri and Italian Army will be found satisfactory for local security purposes.” But the Fascist army had long since deserted, and Don Calogero’s Mafia seemed far more reliable at guaranteeing public order than Mussolini’s powerless carabinieri. So in July the Civil Affairs Control Office of the U.S. army appointed Don Calogero mayor of Villalba and his later successor as Sicily’s Mafia boss, Genco Russo, mayor of Mussumeli. Under the command of Colonel Charles Poletti, the former lieutenant governor of New York, the Allied Military Government (AMGOT) selected mafiosi as mayors in many towns across western Sicily. Whether Poletti was simply supporting the military’s alliance with the Mafia or had personal ties to the underworld through his career in New York politics is difficult to determine. Several months later, the colonel would appoint fugitive New York gangster Vito Genovese as his interpreter, and after the war Luciano was quoted as calling Poletti “one of our good friends.”

During the weeks following the landing, Sicily’s mafiosi maneuvered to infiltrate the new Allied government. In August 1943, Lord Rennell, commander of British occupation forces, reported that “in their exuberance to remove Fascist Podestas and municipal officials in rural towns, my officers have ... appointed a number of Mafia ‘bosses’ or allowed such ‘bosses’ to propose suitable malleable substitutes.” Using the Sicilian omertà, or code of silence, to conceal their Mafia affiliations, local mafiosi were “naturally not slow in levelling accusa-
tions of Fascist sympathies against their own pet enemies.” Elimination of fascism and the *carabinieri*, the “two great enemies of the Mafia,” had allowed a sudden increase of homicides that were “of the Mafia type or bear indications of Mafia antecedents.”

As Allied forces crawled north through the Italian mainland, American intelligence officers became increasingly upset about the leftward drift of Italian politics. Between late 1943 and mid-1944, the Italian Communist party’s membership had doubled, and in the German-occupied northern half of the country a radical resistance movement was gathering strength; in the winter of 1944, more than 500,000 Turin workers shut the factories for eight days despite brutal Gestapo repression, and the Italian underground grew to almost 150,000 armed fighters. Rather than being heartened by the underground’s growing strength, the U.S. army became increasingly concerned about its radical politics and began to cut back its arms drops to the resistance in mid-1944. “More than twenty years ago,” Allied military commanders reported in 1944, “a similar situation provoked the March on Rome and gave birth to Fascism. We must make up our minds—and that quickly—whether we want this second march developing into another ‘ism.’”

In Sicily the decision had already been made. To combat expected Communist gains, occupation authorities used Mafia officials in the AMGOT administration. Since any changes in the island’s feudal social structure would cost the Mafia money and power, the “honored society” was a natural anti-Communist ally. So confident was Don Calogero of his importance to AMGOT that he killed Villalba’s overinquisitive police chief to free himself of all restraints.

When the U.S. army liberated Naples in October 1943, Colonel Poletti’s military government hired the notorious New York racketeer Vito Genovese as “interpreter for the Allied Military Government in Italy.” A Luciano lieutenant who fled New York in 1937 to avoid indictment, Genovese had returned home to Naples. There, according to a U.S. army intelligence report, “Genovese was enrolled in a Fascist organization . . . and while living in Naples led a life of luxury and entertained a mistress.”

After joining the Allied government, Genovese dominated the black market in stolen military goods across southern Italy. In mid-1944, a U.S. army investigator, Sergeant Orange C. Dickey, learned that “Genovese used to meet all the big contraband dealers secretly in his apartment in Nola.” Through his network, Genovese was using U.S. army trucks to traffic in “contraband wheat,” olive oil, and military cargoes hijacked from the Naples docks. In its review of the evidence, the military intelligence service described Genovese as “a civilian translator for the
Allied Military Government” and concluded that he was “a big black-market operator” who had “led a gang which bribed truck drivers to drive trucks carrying American supplies into groves... where his men stole the supplies”64 In August, Dickey arrested Genovese and, acting almost on his own, brought him back to Brooklyn to face trial for murder. The sergeant then filed a complete report with his army superiors about the black market in Italy, implicating “a great many people who are quite prominent... in the Allied Military Government.”65 When the report reached the War Department, Brigadier General Carter W. Clarke called it “a very hot paper” and suggested that “it be filed and no action taken.”66

Although Genovese's deportation eliminated his influence in Italy, his Mafia friends would remain, their power and prestige restored by their alliance with the Allied government. During his nine months with AMGOT, Genovese's black market operations had reached Sicily and brought him into a commercial alliance with the island's Mafia boss, Don Calogero Vizzini. The two had used their official positions to establish one of the largest black market operations in all of southern Italy. Don Calogero sent enormous truck caravans loaded with all the basic commodities for the Italian diet rolling northward to hungry Naples, where their cargoes were distributed by Genovese's organization.67 These trucks were issued passes and export papers by AMGOT in Naples and Sicily, and some corrupt American army officers even made contributions of gasoline and trucks to the operation.

In exchange for these favors, Don Calogero became one of the major supporters of the Sicilian independence movement, which was enjoying the covert support of the OSS. As Italy veered to the left in 1943-1944, the American military became alarmed about its future position in Italy, and OSS felt that the island's naval bases and strategic location in the Mediterranean might provide a future counterbalance to a Communist mainland.68 Don Calogero supported this separatist movement by recruiting most of western Sicily's mountain bandits for its volunteer army, but he quietly abandoned it shortly after the OSS dropped it in 1945.

Don Calogero rendered other services to the anti-Communist effort by breaking up leftist political rallies. On September 16, 1944, for example, the Communist leader Girolama Li Causi held a rally in Villalba that ended abruptly in a hail of gunfire as Don Calogero's men fired into the crowd and wounded nineteen spectators.69 Michele Pantaleone, who observed the Mafia's revival in his native village of Villalba, described the consequences of AMGOT's occupation policies:

By the beginning of the Second World War, the Mafia was restricted to a few isolated and scattered groups and could
have been completely wiped out if the social problems of the island had been dealt with . . . . The Allied occupation and the subsequent slow restoration of democracy reinstated the Mafia with its full powers, put it once more on the way to becoming a political force, and returned to the Onorata Societa the weapons which Fascism had snatched from it.70

Lucky Luciano in Europe
In 1946 American military intelligence made one final gift to the Mafia—they released Lucky Luciano from prison and deported him to Italy, thereby freeing one of the criminal talents of his generation to rebuild the heroin trade. Appealing to the New York State Parole Board in 1945 for his immediate release, Luciano's lawyers based their case on his wartime services to the navy. Although naval intelligence officers called to give evidence at the hearings were extremely vague about what they had promised Luciano in exchange for his services, one naval officer, Commander Haffenden, wrote a number of confidential letters on Luciano's behalf that were instrumental in securing his release.71 In January 1946, New York Governor Thomas E. Dewey, the prosecutor who had sent Luciano to prison ten years earlier, announced that his thirty-to-fifty-year sentence would be commuted to allow deportation on grounds that he had aided the war effort by "inducing others to provide information concerning possible enemy attack."72

Within two years after Luciano's return to Italy, the U.S. government deported more than one hundred more mafiosi as well. And with the cooperation of his old friend Don Calogero and the help of many of his former followers from New York, Luciano was able to build an international narcotics syndicate soon after his arrival in Italy.73 The narcotics syndicate Luciano organized after World War II remains one of the more remarkable in the history of the traffic. For more than a decade it moved morphine base from the Middle East to Europe, transformed it into heroin, and then exported it in substantial quantities to the United States—all without suffering a major arrest or seizure. The organization's comprehensive distribution network within the United States helped raise the number of addicts from an estimated 20,000 at the close of the war to 60,000 in 1952 and to 150,000 by 1965.

After resurrecting the narcotics traffic, Luciano's first problem was securing a reliable supply of heroin. Initially he diverted legally produced heroin from one of Italy's most respected pharmaceutical companies, Schiaparelli. However, investigations by the U.S. Federal Bureau of Narcotics in 1950—which disclosed that at least 700 kilos of heroin had been diverted to Luciano over a four-year period—led to a tightening of Italian pharmaceutical regulations.74 But by this time
Luciano had built up a network of clandestine laboratories in Sicily and Marseille and no longer needed to divert the Schiaparelli product.

Morphine base was now the necessary commodity. Thanks to his contacts in the Middle East, Luciano established a long-term business relationship with a Lebanese who was quickly becoming known as the Middle East's major exporter of morphine base—Sami El Khoury. Through judicious use of bribes and his high social standing in Beirut society, El Khoury established an organization of unparalleled political strength. The directors of Beirut Airport, Lebanese customs, the Lebanese narcotics police, and, perhaps most important, the chief of the antisubversive section of the Lebanese police protected the import of raw opium from Turkey's Anatolian plateau into Lebanon, its processing into morphine base, and its final export to the laboratories in Sicily and Marseille.

After the morphine left Lebanon, its first stop was the bays and inlets of Sicily's western coast. There Palermo's fishing trawlers would meet ocean-going freighters from the Middle East in international waters, pick up the drug cargo, and smuggle it into fishing villages scattered along the rugged coastline.

Once the morphine base was safely ashore, it was transformed into heroin in one of Luciano's clandestine laboratories. Typical of these was the candy factory opened in Palermo in 1949: it was leased to one of Luciano's cousins and managed by Don Calogero himself. The laboratory operated without incident until April 11, 1954, when the Roman daily Avanti! published a photograph of the factory under the headline "Textiles and Sweets on the Drug Route." That evening the factory was closed, and the laboratory's chemists were reportedly smuggled out of the country. After Marseille's laboratories began operating in the early 1950s with superior chemists and more secure political protection, Luciano apparently abandoned production and concentrated on smuggling.

Once heroin had been manufactured and packaged for export, Luciano used his Mafia and Corsican connections to send it through a maze of international routes to the United States. Not all of the mafiosi deported from the United States stayed in Sicily. To reduce the chance of seizure, Luciano had placed many of them in such European cities as Milan, Hamburg, Paris, and Marseille so they could forward the heroin to the United States after it arrived from Sicily concealed in fruits, vegetables, or candy. From Europe heroin was shipped directly to New York or smuggled through Canada and Cuba.

While Luciano's prestige and organizational ability were an invaluable asset, a large part of his success was due to his ability to pick reliable allies. After he was deported from the United States in 1946, he charged
his longtime associate Meyer Lansky with the responsibility of managing his financial empire. Lansky also played a key role in organizing Luciano's heroin syndicate: he supervised smuggling operations, negotiated with Corsican heroin manufacturers, and managed the collection and concealment of the enormous profits. Lansky's control over the Caribbean and his relationship with the Florida-based Trafficante family were of particular importance, since many of the heroin shipments passed through Cuba or Florida on their way to America's urban markets. For almost twenty years the Luciano-Lansky-Trafficante partnership remained a major feature of the international heroin traffic.82

Organized crime was welcome in prerevolutionary Cuba, and Havana was probably the most important transit point for Luciano's European heroin shipments. The leaders of Luciano's heroin syndicate were at home in the Cuban capital and regarded it as a "safe" city: Lansky owned most of the city's casinos, and the Trafficante family served as Lansky's resident managers in Havana.83

Luciano's 1947 visit to Cuba laid the groundwork for Havana's subsequent role in international narcotics smuggling traffic. Arriving in January, Luciano summoned the leaders of American organized crime, including Meyer Lansky, to Havana for a meeting and began paying extravagant bribes to prominent Cuban officials as well. The director of the Federal Bureau of Narcotics at the time felt that Luciano's presence in Cuba was an ominous sign.

I had received a preliminary report through a Spanish-speaking agent I had sent to Havana, and I read this to the Cuban Ambassador. The report stated that Luciano had already become friendly with a number of high Cuban officials through the lavish use of expensive gifts. Luciano had developed a full-fledged plan which envisioned the Caribbean as his center of operations. . . . Cuba was to be made the center of all international narcotic operations. [Emphasis added.]84

Pressure from the United States finally resulted in the revocation of Luciano's residence visa and his return to Italy, but not before he had received commitments from organized crime leaders in the United States to distribute the regular heroin shipments he promised them from Europe.86

The Caribbean, on the whole, was a profitable place for American racketeers—most governments were friendly and did not interfere with the "business ventures" that brought some badly needed capital into their generally poor countries. Organized crime had been well established in Havana long before Luciano's landmark voyage. During the 1930s Meyer Lansky "discovered" the Caribbean for northeastern
syndicate bosses and invested their illegal profits in an assortment of lucrative gambling ventures. In 1933 Lansky moved into the Miami Beach area and took over most of the illegal off-track betting and a variety of hotels and casinos. He was also reportedly responsible for organized crime's decision to declare Miami a "free city" (that is, not subject to the usual rules of territorial monopoly). Following his success in Miami, Lansky moved to Havana for three years, and by the beginning of World War II he owned the Hotel Nacional's casino and was leasing the municipal racetrack from a reputable New York bank.

Burdened by the enormous scope and diversity of his holdings, Lansky had to delegate much of the responsibility for daily management to local gangsters. One of Lansky's earliest associates in Florida was Santo Trafficante, Sr., a Sicilian-born Tampa gangster. Trafficante had earned his reputation as an effective organizer in the Tampa gambling rackets and was already a figure of some stature when Lansky first arrived in Florida. By the time Lansky returned to New York in 1940, Trafficante had assumed responsibility for Lansky's interest in Havana and Miami.

By the early 1950s Trafficante had himself become such an important figure that he delegated his Havana concessions to Santo Trafficante, Jr., the most talented of his six sons. The younger Santo's official position in Havana was that of manager of the Sans Souci Casino, but he was far more important than his title indicates. As his father's financial representative, and ultimately Meyer Lansky's, Santo controlled much of Havana's tourist industry and became quite close to the pre-Castro dictator Fulgencio Batista. Moreover, it was reportedly his responsibility to receive the bulk shipments of heroin from Europe and forward them through Florida to New York and other major urban centers, where their distribution was assisted by local Mafia bosses.

Harold Meltzer in Mexico

The significance of Lucky Luciano's success in Europe is perhaps best explained by its contrast with the sordid saga of Harold Meltzer in Mexico. During the late 1940s while Luciano and Lansky were knitting their crime connections into the Mediterranean heroin trade, Meltzer failed dismally in his bid to make Mexico a major supplier of opiates for American addicts. Each of Meltzer's many failings highlights another aspect of Luciano's success.

An obscure but diligent Jewish drug dealer, Meltzer had been sentenced to two years for selling narcotics by a New York court in 1928 and remained an active distributor throughout the 1930s in areas as diverse as Boston and Oklahoma. During the war, in the words of a Federal Bureau of Narcotics report, "heroin prices skyrocketed to
fantastic heights, with a complete scarcity of heroin.” When prices reached $1,200 per pound for crude opium and $600 per ounce for heroin in 1945, Meltzer decided to open up Mexico as a new source of raw opium for the American market. Through his contacts, Meltzer befriended Salvatore Duhart, the Mexican consul in Washington, playing on the diplomat’s “degenerate fondness for women.” With Duhart’s promise to fix the Mexican border police as his main asset, Meltzer, according to the FBN, “borrowed . . . up to $50,000.00 from Nig Rosen, Willie Weisberg, Frank Livorsi, and other leading New York and Philadelphia racketeers, primarily Jewish, to finance the narcotic deal.” Through three widely separated sources, the bureau heard that Meltzer was managing a “million dollar narcotics venture for Meyer Lansky.”

Armed with his Jewish capital and Mexican contact, Meltzer closed his apartment at 30 Central Park South in June 1945 and moved his family to Mexico City for the next four years. Driven by an insatiable U.S. demand for opiates, Meltzer’s Mexican enterprise prospered in its first months. While Salvatore Duhart located Mexican suppliers and bribed the border guards, Meltzer moved about America arranging delivery of opium to Jewish dealers for smoking and to Italian laboratories for conversion into heroin.

Then things started going wrong. Meltzer himself was smoking opium and carrying on an affair with a black prostitute. When the operation started working well, Meltzer, in a typical move, decided to dispense with Duhart’s costly services and give the Mexican end to an American gangster named Max Cossman. Without Duhart to supervise quality, the Mexican dealers began filling opium containers with coins, nails, and bullets for weight. In utter innocence, Meltzer delivered the short-weight containers to his American distributors on consignment and they ultimately refused to pay for the inferior goods. Even an appeal to “Trigger Mike” Coppola to enforce payment failed, and Mexican suppliers kidnapped partner Cossman when Meltzer failed to send the promised payment.

Visiting New York in early 1947, Meltzer won a partial reprieve when his friend Fred Reiner, a dealer who had once worked with Waxey Gordon, introduced him to Charlie “The Jew” Yacknowsky, a New Jersey waterfront boss, who interceded with the Jewish creditors. Desperate to raise the money for Cossman’s ransom, Meltzer then worked through Reiner, first to arrange for a European chemist to staff his Mexican laboratory and then to place an order for delivery of three kilograms of Italian heroin. When the heroin approached Havana harbor several months later, Meltzer drove south out of New York, crashed Reiner’s car in an accident near Jacksonville, and made it to Cuba by air. After removing the heroin from the doors of an imported auto, Meltzer flew to
Miami and then disappeared with the drugs. Back in New York, Meltzer became the last man seen with Yacknowsky before he was shot. Fleeing to Los Angeles where he joined forces with racketeer Mickey Cohen, Meltzer left behind a trail of angry creditors, notably Fred Reiner.

Determined to get even, Reiner turned informant for the FBN in 1949 and identified many of Meltzer's buyers. When several were charged, they too were happy to turn against Meltzer. A Miami dealer named Charles Drucker who had lent him $10,000 "testified as to his association with Harold Meltzer in the narcotic traffic." Based on this evidence, Mexican police charged Max Cossman with drug dealing, and U.S. officials indicted Meltzer for giving false information to customs. Moreover, there were reports that Max "Chink" Rothman, muscle for the Nig Rosen–Meyer Lansky–Willie Weisberg organization in Philadelphia, was looking for Meltzer to collect the original mob money invested in his Mexican scheme.

The contrast with Luciano and Lansky is instructive. Like Luciano, Meltzer had the business sense to see that America's postwar heroin market could no longer rely on diversion of legal drugs from Europe or Asia. Both Luciano and Meltzer realized that postwar syndicates would have to integrate all phases of the trade: opium processing, smuggling, and street distribution. Meltzer may have had the vision, but his group lacked Luciano's contacts, Trafficante's strategic territory, and Lansky's finances—all essentials for the creation of a stable connection between foreign suppliers and U.S. dealers. Moreover, Lansky and Luciano had leadership qualities beyond Meltzer's slender abilities. While Luciano could rely on his Marseille contacts for skilled Corsican chemists, Meltzer failed in his attempts to recruit a European manager for his Mexican laboratory. In Florida, criminals feared Trafficante but testified against Meltzer. If Meyer Lansky's word was his bond, Howard Meltzer's was an overture to a bad debt.

Finally, and perhaps most important, Meltzer's failure shows the paramount importance of politics in the international drug trade. Despite its natural geographical advantages, Meltzer's Mexican venture did not enjoy the political protection of Luciano's more remote European operation. Meltzer's project prospered briefly with the support of a minor Mexican patron, the "degenerate" Consul Duhart, and then failed without him. By contrast, Luciano's partners had strong political connections. By 1950, the Mafia controlled politics in Sicily, and Marseille's Corsican syndicates enjoyed the patronage of both the city government and the CIA. While Meltzer tried to launch Mexican opium exports solely on their commercial merits, Marseille's Corsicans had the added advantage of a political alliance with the CIA when they began processing heroin for the U.S. market.
By 1951, Lansky and Luciano were millionaires many times over and Howard Meltzer was under arrest. In the drug business, as in any business, it took leadership, capital, contacts, and, above all, politics to turn demand into profits.

The Marseille Connection
The basic Turkey-Italy-America heroin route continued to dominate the international heroin traffic for more than twenty years with only one important alteration—during the 1950s the Sicilian Mafia began to divest itself of the heroin manufacturing business and started relying on Marseille's Corsican syndicates for their drug supplies. There were two reasons for this change. As the diverted supplies of legally produced Schiaparelli heroin began to dry up in 1950 and 1951, Luciano was faced with the alternative of expanding his own clandestine laboratories or seeking another source of supply. While the Sicilian mafiosi were capable international smugglers, they seemed to lack the ability to manage the laboratories. Almost from the beginning, illicit heroin production in Italy had been plagued by a series of arrests—owing more to mafioso incompetence than anything else—of couriers moving supplies in and out of laboratories. The implications were serious: if the seizures continued, Luciano himself might eventually be arrested.

Preferring to minimize the risks of direct involvement, Luciano apparently decided to shift his major source of supply to Marseille. There, Corsican syndicates had gained political power and control of the waterfront as a result of their involvement in CIA strikebreaking activities. Thus, Italy gradually declined in importance as a center for illicit drug manufacturing, and Marseille became the heroin capital of Europe.

Although it is difficult to probe the inner workings of such a clandestine business under the best of circumstances, there is reason to believe that Meyer Lansky's 1949–1950 European tour was instrumental in promoting Marseille's heroin industry.

After crossing the Atlantic in a luxury liner, Lansky visited Luciano in Rome, where they discussed the narcotics trade. He then traveled to Zurich and contacted prominent Swiss bankers through John Pullman, an old friend from the rumrunning days. These negotiations established the financial labyrinth that organized crime used for decades to smuggle its enormous gambling and heroin profits out of the country into numbered Swiss bank accounts without attracting the notice of the U.S. Internal Revenue Service.

Pullman was responsible for the European end of Lansky's financial operation: depositing, transferring, and investing the money when it arrived in Switzerland. He used regular Swiss banks for a number of
years until the Lansky group purchased the Exchange and Investment Bank of Geneva. Across the Atlantic, Lansky and other gangsters used two methods to transfer their money to Switzerland: “friendly banks” (those willing to protect their customers’ identity) were used to make ordinary international bank transfers to Switzerland; and in cases when the money was too hot for even a friendly bank, it was stockpiled until a Swiss bank officer came to the United States on business and could “transfer” it simply by carrying it back to Switzerland in his luggage.94

After making the financial arrangements with Pullman in Switzerland, Lansky traveled through France, where he met with high-ranking Corsican syndicate leaders on the Riviera and in Paris. After lengthy discussions, Lansky and the Corsicans are reported to have arrived at some sort of agreement concerning the international heroin traffic.95 Soon after Lansky returned to the United States, heroin laboratories began appearing in Marseille. On May 23, 1951, Marseille police broke into a clandestine heroin laboratory—the first to be uncovered in France since the end of the war. After discovering another on March 18, 1952, French authorities reported that “it seems that the installation of clandestine laboratories in France dated from 1951 and is a consequence of the cessation of diversions in Italy during the previous years [emphasis added].”96 During the next five months French police uncovered two more clandestine laboratories. In future years, U.S. narcotics experts were to estimate that the majority of America’s heroin supply was being manufactured in Marseille.
Marseille: America's Heroin Laboratory

FOR MOST AMERICANS DURING THE 1960s, MARSEILLE MEANT only heroin, but for the French this bustling Mediterranean port represented the best and the worst of their national traditions. Marseille has been the crossroads of France's empire, a stronghold of its labor movement, and the capital of its underworld. Through its port have passed citizens on their way to colonial outposts, notably in North Africa and Indochina, and "natives" permanently or temporarily immigrating to the mother country. Marseille has long had a tradition of working-class militancy. The city became a stronghold of the French Communist party and was the hard core of the violent general strikes that racked France in the late 1940s. Since the turn of the century Marseille has been depicted in French novels, pulp magazines, and newspapers as a city crowded with gunmen and desperadoes of every description—a veritable Chicago of France.

Traditionally, these underworld characters are not properly French by language or culture—they are Corsican. Unlike the gangsters in most other French cities, who are individualistic and operate in small, ad hoc bands, Marseille's criminals belong to tightly structured clans, which recognize a common hierarchy of power and prestige. This cohesiveness on the part of the Corsican syndicates has made them an ideal counterweight to the city's powerful Communist labor unions. Almost inevitably, many of the foreign powers and local politicians who have ruled Marseille allied themselves with the Corsican syndicates: French Fascists used them to battle Communist demonstrators in the 1930s; the
Nazi Gestapo used them to spy on the Communist underground during World War II; and the CIA paid them to break Communist strikes in 1947 and 1950. The last of these alliances proved the most significant, since it put the Corsicans in a powerful enough position to establish Marseille as the postwar heroin capital of the Western world and to cement a long-term partnership with Mafia drug distributors.

The Corsicans have usually worked well with the Sicilians, for there are similarities of culture and tradition between the two groups. Separated by only three hundred miles of blue Mediterranean water, both Sicily and Corsica are arid, mountainous islands lying off the west coast of the Italian peninsula. Although Corsica has been a French province since the late 1700s, its people have been strongly influenced by Italian Catholic culture. Corsicans and Sicilians share a pride in family and village that has given both islands a history of armed resistance to foreign invaders and a heritage of family vendettas. Their common poverty has resulted in the emigration of their most ambitious sons. Just as Sicily has sent its young to America and the industrial cities of northern Italy, so Corsica has sent its youth to French Indochina and the port city of Marseille. After generations of migration, Corsicans account for more than 10 percent of Marseille’s population.

Despite all the similarities between Corsican and Sicilian society, Marseille’s Corsican gangsters do not belong to any monolithic “Corsican Mafia.” In their pursuit of crime and profit, the Mafia and the Corsican syndicates have adopted different styles, different techniques. The Mafia, in both Sicily and the United States, has operated like a plundering army. While “the grand council” or “the commission” maps strategy on the national level, each regional “family” has a clear hierarchy with a “boss,” “underboss,” “lieutenants,” and “soldiers.” Rivals are eliminated through force, “territory” is assigned to each boss, and legions of mafiosi use a range of rackets—prostitution, gambling, narcotics, protection—to milk the population. Over the last century the Mafia has devoted most of its energies to occupying and exploiting western Sicily and urban America.

In contrast, Corsican racketeers have formed smaller, more sophisticated criminal syndicates. The Corsican underworld lacks the Mafia’s formal organization, although it does have a strong sense of corporate identity and almost invariably imposes a death sentence on those who divulge information to outsiders. A man who is accepted as an ordinary gangster by the Corsicans “is in the milieu,” while a respected syndicate boss is known as un vrai Monsieur. The most powerful are known as paceri, or “peacemakers,” since they can impose discipline on the members of all syndicates and mediate vendettas. While mafiosi usually lack refined criminal skills, the Corsicans are specialists in heroin
manufacturing, sophisticated international smuggling, art thefts, and counterfeiting. Rather than restricting themselves to Corsica or Marseille, Corsican gangsters have migrated to Indochina, North Africa, the Middle East, Latin America, Canada, and the South Pacific. In spite of the distances that separate them, Corsican racketeers keep in touch, co-operating efficiently in complex intercontinental smuggling operations, which stymied the efforts of law enforcement authorities for a quarter century.¹

Cooperation between Corsican smugglers and Mafia drug distributors inside the United States was the major reason the Mafia was able to circumvent every effort U.S. officials made at reducing the flow of heroin into the United States in the decades after World War II. When Italy responded to U.S. pressure by reducing its legal pharmaceutical heroin production in 1950–1951, the Corsicans opened clandestine laboratories in Marseille. When U.S. customs tightened baggage checks along the eastern seaboard, the Corsicans originated new routes through Latin America. When Turkey began to phase out opium production in 1968, Corsican syndicates in Indochina developed new supplies of morphine and heroin.

For a full quarter century, from 1948 to 1972, the Corsicans thus dominated the U.S. heroin market and dispatched, through their alliance with the Mafia, a steady flow of high-grade heroin across the Atlantic. Compared with the volatile global drug trade that followed, the Corsican era seems a period of unique stability when Turkish opium moved without disruption through Marseille's heroin laboratories and into America through Canada or the Caribbean.

Under the terms of their informal alliance with France's Gaullist governments, the Marseille syndicates manufactured their heroin exclusively for export. Marseille may have become the world's largest heroin producer, but France remained drug-free—an essential element in the political equation that allowed this illicit industry to operate. Protected and connected, the Corsicans, according to the Federal Bureau of Narcotics, produced an estimated 80 percent of America's heroin supply.² Although the FBN may have inflated the estimate to justify its own emphasis on European enforcement, the Corsicans seem, from available data, to have sustained the American heroin market during this critical quarter century.

Marseille is the hub of the Corsicans' international network. During the First Indochina War (1946–1954), Corsican syndicates made a fortune in illegal currency manipulations by smuggling gold bullion and paper currency between Saigon and Marseille. In the 1950s Corsican gangsters supplied a booming black market in "tax-free" cigarettes by smuggling American brands into Marseille from North Africa.
their twenty years of peak activity, Corsican heroin laboratories were located in Marseille's downtown tenements or in luxurious villas scattered through the surrounding countryside. Most of the laboratories' morphine base supplies were smuggled into the port of Marseille from Turkey or Indochina. Marseille is the key to the Corsican underworld's success, and the growth of its international smuggling operations has been linked to its political fortunes in Marseille. From the time of their emergence in the 1920s, Marseille's Corsican syndicates were shaped by the dynamics of French politics.

Genesis

The first link between the Corsicans and the political world came about with the emergence in the 1920s of Marseille's first "modern" gangsters, François Spirito and Paul Bonnaventure Carbone. Until their rise to prominence, the milieu was populated by colorful pimps and gunmen whose ideal was a steady income that ensured them a life of leisure. The most stable form of investment was usually two or three prostitutes, and few gangsters of the premodern age demonstrated any higher aspirations.3

Carbone and Spirito changed all that. They were close friends, and their twenty-year partnership transformed the character of the Marseille milieu. Of the two, Spirito was the more innovative, and his influence spans the entire history of the modern Marseille milieu. Born in Marseille in January 1900 as Charles Henri Faccia, a name he would later write with a shaky, semiliterate hand, Spirito became an active transatlantic drug smuggler and was twice convicted in Boston before the war—in 1929 for trespassing and in 1939 for smuggling 55 pounds of opium aboard the SS Exeter. Carbone was killed by the resistance in 1943, but Spirito lived into his late sixties; retiring to his restaurant at Sausset-les-Pins on the Riviera and respected in the milieu as "le Grand." Indicative of his influence, a 1965 survey by the Bureau of Narcotics still credited him with active criminal associates ranging from Marseille heroin merchants through transatlantic smugglers to New York drug distributors.4

This partnership's first major venture was the establishment of a French-staffed brothel in Cairo in the late 1920s. They repeated and expanded their success on their return to Marseille, where they proceeded to organize prostitution on a scale previously unknown. But more significantly, they recognized the importance of political power in protecting large-scale criminal ventures and its potential for providing a source of income through municipal graft.

In 1931 Carbone and Spirito reached an "understanding" with Simon Sabiani, Marseille's Fascist deputy mayor, who appointed Carbone's
brother director of the municipal stadium and opened city employment to associates of the two underworld leaders. In return for these favors, Carbone and Spirito organized an elite corps of gangsters that spearheaded violent Fascist street demonstrations during the depression years of the 1930s. All across Europe fascism was gaining strength: Mussolini ruled Italy, Hitler was coming to power in Germany, and emerging French Fascist groups were trying to topple the republic through mass violence. Communist and Socialist demonstrators repeatedly rushed to the defense of the republic, producing a series of bloody confrontations throughout France. In Marseille, Carbone and Spirito were the vanguard of the right wing. In February 1934, for example, several days after an inflammatory speech by a Fascist army general, massive street demonstrations erupted on the Canebière, Marseille's main boulevard. The thousands of leftist dock workers and union members who took to the streets dominated this political confrontation until Carbone and Spirito's political shock force fired on the crowd with pistols. The national police intervened, the workers were driven from the streets, and the wounded were carted off to the hospital.

After four years of battling Sabiani's underworld allies in the streets, the left settled its political differences long enough to mount a unified electoral effort that defeated Sabiani and placed a Socialist mayor in office. Although the leftist electoral victory temporarily eclipsed the Fascist-Corsican alliance, the rise of fascism had politicized the Marseille underworld and marked its emergence as major force in city politics.

To those schooled in the Anglo-American political tradition, it might seem strange that the underworld should play such a critical role in Marseille politics. However, in France the street demonstration has often been as important as the ballot box in influencing the course of politics. From the downfall of King Louis Phillippe in 1848, to the Dreyfus scandal of the 1890s, through the May revolution of 1968, the ability to mass muscle on the boulevards has been a necessary political asset.

Although they had lost control of the municipal government, Carbone and Spirito's economic strength hardly declined. The emergence of organized narcotics trafficking in the United States provided Carbone with the opportunity to open a heroin laboratory in the early 1930s, while the outbreak of the Spanish civil war enabled him to engage in the arms traffic.

Carbone and Spirito found their political influence restored in 1940, when German troops occupied Marseille after France's precipitous military collapse. Faced with one of the more active resistance movements in France, the Nazi Gestapo unit assigned to Marseille...
became desperate for informants and turned to the leading figures in the underworld, who were willing to collaborate.

On July 14, 1942, the Resistance showed its strength for the first time by machine-gunning the headquarters of a pro-German political organization in downtown Marseille (the PPF, whose regional director was the Fascist ex-mayor Simon Sabiani). The following afternoon Carbone and Spirito handed the Gestapo a complete list of all those involved. For these and other services, they were well rewarded. This prosperity was short-lived, however, for in 1943 Carbone was killed en route to Marseille when his train was blown up by the Resistance, and following the Normandy landing in 1944 Spirito fled to Spain with Sabiani.

In 1947 Spirito came to the United States, where he enjoyed an active role in the New York–Marseille heroin traffic. Three years later he was arrested in New York on a heroin smuggling charge and sentenced to two years in Atlanta federal prison. On his release he returned to France, where he was arrested and tried for wartime collaboration with the Nazis; however, after only eight months in prison he retired to manage a restaurant on the French Riviera. While he remained active in the heroin business, Spirito no longer wielded any visible power in Marseille. Occasionally, the city's warring gangs asked him to use his prestige to mediate their bloody vendettas. But mostly he played bocce on the sand, arranged drug deals and enjoyed his position as a respectable citizen of Toulon until his death in 1967.

From Underworld to Underground

A significant element of the Corsican underworld sided secretly with the Resistance, thus ensuring the consolidation of some sort of power base for the milieu at the end of World War II. Their patriotic activities set the scene for the emergence of a new generation of criminal leaders, embodied in the Guerini brothers.

While Carbone and Spirito were happy enough to help themselves by helping the Germans, most Corsicans, both in Marseille and on the island itself, were bitterly opposed to the German occupation. It was increasingly apparent that the island would be annexed by the Third Reich’s ally Italy—something abhorrent to most Corsicans, who felt that their unique language as well as their sense of cultural identity would be jeopardized.

In 1940 a group of Corsican Resistance fighters issued a statement concerning the possibility of Italian annexation:

"Corsica will never accept being handed over to Italy. Since 1789, she has embraced France. She has given France..."
Napoleon. In the course of the Great War, 40,000 Corsicans died on the field of battle in northeastern France.

An Italian Corsica? What a monstrosity! If this crime were ever committed, history would have to reserve some bloody pages for the fight to the death a small people of 300,000 would wage against a powerful nation of 45 million inhabitants.13

In Corsica, this strong anti-Italian chauvinism mobilized the most effective resistance movement in France, and the island’s mass uprising in 1943 is unparalleled in the annals of the Resistance.14

The Resistance in France was divided between the Communists and non-Communists. Although wartime American propaganda films and postwar French cinema have projected an image of France as a nation in chains, with every other citizen a nighttime warrior, most French collaborated with the Germans and were indifferent, if not hostile, toward the Resistance.

In contrast, the Communist party, with its anti-Fascist ideology and disciplined cell structure, began resistance activities almost immediately and remained one of the most effective armed organizations in France until the 1944 Allied landings in Normandy. Despite their alliance with the Soviet Union, America and Britain refused to work directly with French Communist guerrillas and throughout most of the war never knowingly parachuted them arms or supplies.15 The French Resistance remained deeply factionalized for most of the war and never amounted to anything more than a nuisance for the German occupation army.

The situation in Marseille was typical. Generally, the movement was divided between the Communist party’s FTP (Franc-Tireurs et Partisans), with 1,700 to 2,000 members, and a non-Communist coalition group, MUR (Mouvements Unis de Résistance), with fewer than 800. Among the MUR’s most important components was Marseille’s Socialist party (whose leader was Gaston Defferre, also head of an Allied intelligence network).16 Both MUR and FTP recognized the need for unity. But the persistence of rather unheroic squabblings, mainly over MUR’s adherence to the Allied command’s policy of denying arms to the Communist FTP, prevented any meaningful cooperation.17 The Communists and non-Communists finally managed to form a unified resistance army (Forces Françaises de l’Intérieur) in February 1944, but for most of the war they had remained at odds.18

As a result of their prewar anti-Communist activities in Marseille’s politics, few of the resistance-minded Corsicans were accepted into the Communist underground. However, several of Marseille’s Corsican syndicates became the backbone of the non-Communist underground, which lacked the necessary covert experience to carry out effective
resistance work. For instance, within a month after its formation in March 1943, MUR was virtually decimated when one of its officers, captured by the Gestapo, informed on many of its members.19 But with their law of silence and their experience in secret criminal operations, the Corsicans easily adapted to the world of espionage and urban guerrilla warfare.

The most famous of the Corsican Resistance heroes were the Guerini brothers. Antoine Guerini, a former triggerman for Carbone and Spirito, worked as an agent for Anglo-American intelligence. When English intelligence officers were parachuted into the Marseille area to make contact with MUR, they were hidden in the cellars of Antoine’s nightclubs. Antoine was also responsible for smuggling arms into the city for MUR after they had been parachuted from British aircraft. During the twelve-day battle for the liberation of Marseille in August 1944, Antoine’s younger brother Barthélemy supplied intelligence, arms, and men to Gaston Defferre’s socialist militia, and was later awarded the Legion of Honor for his wartime exploits.20

When the U.S. army occupied Marseille in August, the city’s milieu infiltrated the ranks of the Resistance, creating a problem for both the U.S. army and the local Communist party. Soon after the city’s liberation, the Resistance swelled from 1,600 to 4,500 troops, “as all the hoodlums and grudgeholders flocked to the colors after the fighting was over.” Within a month, reputable citizens had returned to peacetime pursuits, leaving “criminals and undisciplined young hoodlums” in control of the Resistance units.21 After two Resistance militia with criminal records murdered several American soldiers without provocation, the U.S. army began disbanding the Resistance forces. Unaware that the Resistance had changed character from Communist to criminal in the weeks since liberation, the U.S. army was surprised when the Communist party offered no opposition to the dissolution.22

The Socialists, the Guerinis, and the CIA

Although the Corsican underworld’s wartime alliances had laid the foundation for Marseille’s future criminal dynasty, the end of the German occupation generally meant hard times for the Marseille milieu. For more than twenty years Carbone and Spirito had dominated the underworld, pioneering new forms of criminal activity and providing leadership, discipline, and, most important, political alliances. Now they were gone, and none of the surviving syndicate bosses had as yet acquired the power to assume their mantle.

To add to its problems, the milieu’s traditional enemies, the Communist and Socialist parties, remained firmly allied until mid-1946, thus denying a conservative underworld alliance any chance of acquiring political power.
In the first municipal elections of April 1945, a left-wing coalition swept Socialist party leader Gaston Defferre into the mayor's office. Splitting with the Socialists in 1946, the Communist party mounted a successful independent effort and elected its candidate mayor in November. Moreover, a new police unit, the CRS (Compagnies Républicaines de Sécurité) had become the bane of the Marseille underworld. Formed during the liberation struggles of August 1944, when most of the municipal police force (who had cooperated with the Germans) disappeared, the CRS was assigned the task of restoring public order, tracking down collaborators, restricting smuggling, and curbing black market activities. A high percentage of its officers was recruited from the Communist Resistance movement, and they performed their duties too effectively for the comfort of the milieu.

But the milieu's rise to power was not long in coming. In the fall of 1947 bloody street fighting, electoral reverses, and the clandestine intervention of the CIA toppled the Communist party from power and brought about a permanent realignment of Marseille's politics. When the strikes and rioting finally came to an end, the Socialists had severed their contacts with the Communists, a Socialist-underworld alliance was in control of the city's politics, and the Guerini brothers had emerged as the unchallenged "peacemakers" of the Marseille milieu. For the next twenty years their word would be law in the Marseille underworld.

The confrontation began innocently enough with the municipal elections of October 19 and 26, 1947. On the national level, General Charles de Gaulle's new anti-Communist party (Reassemblment du Peuple Français, RPF) scored substantial electoral successes throughout France. In Marseille, the revitalized conservatives won enough seats on the municipal council to unseat the Communist mayor and elect a conservative, Michel Carlini. One of Carlini's first official acts was to raise the municipal tram fares, a seemingly uncontroversial move justified by growing fiscal deficits. However, this edict had unforeseen consequences.

More than two years after the end of the war, Marseille was still digging itself out from the rubble left by the Allied bombing. Unemployment was high, wages were low; the black market was king, and a severe shortage of the most basic commodities lent an air of desperation to morning shoppers. The tramways were the city's lifeline, and the increased fare pinched pocketbooks and provoked bitter outrage. The Communist-Socialist labor coalition (Confédération Générale du Travail, CGT) responded with a militant boycott of the tramways. Any motorman daring to take a tram into the streets was met with barricades and a shower of rocks from the angry populace.
Marseille’s working class was not alone in its misery. Across France, blue-collar workers were suffering through the hard times of a painful postwar economic recovery. Workers were putting in long hours, boosting production and being paid little for their efforts. Prodded by their American advisers, successive French cabinets held down wages to speed economic recovery. By 1947 industrial production was practically restored to its prewar level, but the average Parisian wage for skilled labor was only 65 percent of what it had been during the depths of the depression.28 Workers were literally hungry as well: food prices had skyrocketed, and the average worker was eating 18 percent less than in 1938. Even though their wages could barely cover their food expenditures, workers were forced to shoulder the bulk of the national tax burden. The tax system was so inequitable that the prestigious Parisian daily Le Monde labeled it “more iniquitous than that which provoked the French Revolution.”29

In Marseille, throughout early November, ugly incidents heated political tensions in the wake of the tramways boycott, culminating in the escalating violence of November 12. That day began with a demonstration of angry workers in the morning, saw a beating of Communist councilors at the city council meeting in the afternoon, and ended with a murder in the early evening.30 Early that morning, several thousand workers had gathered in front of the courthouse to demand the release of four young sheet metal workers who had been arrested for attacking a tram. As the police led two of them toward the hall for their trial, the crowd rushed the officers and the men escaped. Emboldened by their initial success, the crowd continued to try to break through police cordons for several hours, demanding that the charges against the workers be dropped. Responding to the determined mood of the crowd, the court was hastily convened, and at about four in the afternoon the charges were reduced to the equivalent of a misdemeanor. The demonstrators were just preparing to disband when an unknown worker arrived to announce, “Everybody to City Hall. They are beating our comrades.”31

The assault had occurred in the course of a regular meeting of the municipal council, when Communist councilors raised the issue of the tramway fares. The discussions became overheated, and some of the mayor’s well-muscled supporters, most members of the Guerini gang, rushed forward and administered a severe beating to the Communist councilors.32 Word of the beatings spread quickly through Marseille, and within an hour 40,000 demonstrators had gathered in front of City Hall.33 The handful of police present were able to bring the situation under control only when Communist ex-mayor Jean Cristofol calmed the crowd. Within thirty minutes it had dispersed, and by 6:30 p.m. all was quiet.
While most of the demonstrators went home, a contingent of young workers rushed back across the waterfront and charged into the narrow streets around the opera house. Crowded with nightclubs and brothels, the area was commonly identified as the headquarters of the underworld. It was generally believed that the black market was controlled from these clubs, and they were deemed a just target for working-class anger. As the crowd roamed the streets breaking windows, Antoine and Barthélemy Guerini fired guns into the crowd, wounding several of the demonstrators. Later that evening a young sheet metal worker died of his wounds.34

The next morning banner headlines in the Communist newspaper, La Marseillaise, read, CARLINI AND DE VERNEJOUL REINSTATE SABIANI'S METHODS IN THE MAYOR'S OFFICE OF MARSEILLE. The paper reported that an investigation had disclosed it was Guerini men who had attacked the municipal councilors.35 This charge was not seriously rebutted in the Socialist paper, Le Provençal, or the Gaullist Méridional. In a court hearing on November 16, two police officers testified seeing the Guerinis shooting into the crowd. At the same hearing one of the younger Guerini brothers admitted that Antoine and Barthélemy had been in the area at the time of the shooting. But four days later the police mysteriously retracted their testimony, and on December 10 all charges against the Guerinis were dropped.36 The morning after the shooting, November 13, the local labor confederation called a general strike, and the city came to a standstill.

Marseille workers had reached the breaking point at about the same time as their comrades in the rest of France. Spontaneous wildcat strikes erupted in factories, mines, and railway yards throughout the country.37 As militant workers took to the streets, demonstrating for fair wages and lower prices, the Communist party leadership was reluctantly forced to take action. On November 14, the day after Marseille's unions went on strike, the leftist-labor confederation, CGT, called for a nationwide general strike.

Contrary to what one might expect, French Communist leaders of this era were not radical revolutionaries. For the most part they were conservative middle-aged people who had served their nation during the wartime resistance and now wanted, above all else, to take part in the governance of their country. Their leadership of the wartime resistance had earned them the loyalty of the working class, and thanks to their efforts French unionists had accepted low postwar wages and abstained from strikes in 1945 and 1946. However, their repeated support for draconian government austerity measures began to cost them votes in union elections, and in mid-1946 one U.S. State Department analyst reported that Communist leaders "could no longer hold back the
discontent of the rank and file." When wildcat strikes and demonstrations erupted in mid-November 1947, the Communist party was forced to support them or forfeit its leadership of the working class. At best its support was halfhearted. But by late November, 3 million workers were out on strike and the French economy was almost paralyzed.

Ignoring their own analysts, U.S. foreign policy planners interpreted the 1947 strike as a political ploy on the part of the Communist party and "feared" that it was a prelude to a "takeover of the government." The reason for this myopia was simple: by mid-1947 the cold war had started and Washington viewed political events in terms of "the world-wide ideological clash between Eastern Communism and Western Democracy." Apprehensive over Soviet gains in the eastern Mediterranean and the growth of Communist parties in Western Europe, the Truman administration drew up in May the multibillion-dollar European Recovery Plan (known popularly as the Marshall Plan) and established the CIA in September. Determined to save France from an imminent Communist coup, the CIA moved in to help break up the strike, choosing the Socialist party as its nightstick.

After decades of research, the weapons and warriors are emerging from the veil of official secrecy that has long obscured these covert operations. When Congress voted $400 million for the fight against communism in early 1947, President Harry Truman "used it overtly in Greece and Turkey and covertly in France and Italy, through the CIA, to support ... democratic political parties." In the bureaucratic chaos that followed the agency's creation that summer, intelligence functions were scattered among the Defense and State departments and the executive branch, with only loose coordination by the CIA's new head, the director of central intelligence. In the rush to construct an intelligence capacity, the National Security Council created the Office of Policy Coordination (OPC) in June 1948 to develop "a covert political action capability," a broad mission that made it responsible for active clandestine operations such as union infiltration. Paid through the CIA but housed in the State and Defense departments, OPC flourished in this anomalous situation—freed from normal bureaucratic controls and funded far more liberally than even the CIA itself. OPC's founding director was Frank Wisner, a former OSS operative who had spent the postwar years in Europe recruiting ex-Nazis, many of them major war criminals, to operate behind Soviet lines. Under his brilliant and unconventional leadership, the OPC soon attracted talented OSS veterans, such as Thomas Braden and William Colby, who shared his pragmatic viewpoint that any enemy of communism, whether Gestapo officer or Corsican gangster, could become America's ally. As Colby, a future CIA director, explained, Wisner's OPC was "operating in the
atmosphere of an order of Knights Templar, to save Western freedom from Communist darkness."44

In the early days of the cold war, the CIA and OPC identified unions as the key to the struggle for Western Europe. Working through the American Federation of Labor (AFL), which was already operating its own secret networks in Europe, the agency began sending some $2 million a year to anti-Communist labor leaders.45 "I think the AFL/CIO interest in protecting the docks in Marseille and things like that antedated the establishment of the agency," recalled Braden, the OPC official who managed these operations. "I suspect it was done by the OSS or the Army or the State Department."46 Indeed, in early 1947, the U.S. ambassador to Paris, Jefferson Caffery, was already warning Washington that "the long hand of the Kremlin is increasingly exercising power . . . through . . . the French Communist Party and its fortress the CGT."47 In an indirect call for the covert funding, the ambassador complained that "the labor leaders who are resisting the Communist grip on the C.G.T. have not been able (mostly from lack of funds) to organize effective opposition groups."48

When French Communists attacked the Marshall Plan with strikes in 1947, the CIA, in one of its earliest operations, launched a covert counterattack. Through the AFL, the agency engineered the first split in postwar European labor by channeling clandestine funds to Léon Jouhaux, the Socialist leader, who then led his Force Ouvrière union out of the Communist-dominated CGT.49 Without admitting his source of funds, AFL President George Meany would later boast that his union had "financed the split in the Communist-controlled union in France—we paid for it, we sent them American trade union money, we set up their offices, we sent them supplies."50

On the surface it may have seemed a bit out of character for the CIA to be backing anything so far left as a Socialist party. However, there were only three major political parties in France—Socialist, Communist, and Gaullist—and by a simple process of elimination the CIA wound up allying itself with the Socialists. While General de Gaulle was too independent for American tastes, Socialist leaders were rapidly losing political ground to the Communists and thus were willing to collaborate with the CIA.

Writing in the Saturday Evening Post in 1967, Thomas Braden, former director of the CIA's international organizations division, explained the agency's strategy of using the left to fight leftists:

It was personified by Jay Lovestone, assistant to David Dubinsky in the International Ladies' Garment Workers' Union. Once Chief of the Communist Party in the United States,
Lovestone had an enormous grasp of foreign-intelligence operations. In 1947 the Communist Confédération Générale du Travail led a strike in Paris which came very close to paralyzing the French economy. A takeover of the government was feared.

Into this crisis stepped Lovestone and his assistant, Irving Brown. With funds from Dubinsky's union, they organized Force Ouvrière, a non-Communist union. When they ran out of money they appealed to the CIA. Thus began the secret subsidy of free trade unions which soon spread to Italy. Without that subsidy, postwar history might have gone very differently.51

CIA payments on the order of $1 million a year guaranteed the Socialist party a strong electoral base in the labor movement52 and gave its leaders the political strength to lead the attack on striking workers. While Marseille Socialist leader Gaston Defferre called for an anti-Communist crusade from the floor of the National Assembly and in the columns of Le Provençal,53 Socialist Minister of the Interior Jules Moch directed massive police actions against striking workers.54 With the advice and cooperation of the U.S. military attaché in Paris, Moch requested the call-up of 80,000 reserves and mobilized 200,000 troops to battle the strikers. Faced with this overwhelming force, the CGT called off the strike on December 9, after less than a month on the picket lines.55

The bloodiest battleground of the general strike was not Paris, as Braden indicated, but Marseille. Victory in Marseille was essential for U.S. foreign policy. As one of the most important international ports in France, Marseille was a vital beachhead for Marshall Plan exports to Europe. Continued Communist control of its docks would threaten the efficiency of the Marshall Plan and any future aid programs. Because Marseille was the second largest city in France, continued Communist domination of its electorate would increase the chance that the Communist party might win enough votes to form a national government. (The Communist party already controlled 28 percent of the vote and was the largest party in France.)

The growing split between Marseille's Communist and Socialist parties and Defferre's willingness to serve American interests had already been revealed in National Assembly debates over the bloody November 12 incidents in Marseille. Instead of criticizing the Guerinis for beating the municipal councilors and murdering the sheet metal worker, Socialist leader Defferre chose to attack the Communists:

The American and English flags which were hanging from city hall were slashed by Communist hordes.... We have proof
of what the Communists are capable: I trust that the government will take note of the consequences.

The Socialist Party deplores these incidents, but it will not tolerate that those who try to pass here as representatives will be able to defy the law.\textsuperscript{56}

Several days later, Communist deputy Jean Cristofol rebutted Defferre's accusations, charging that the Guerinis' gangsters were in the employ of both Gaullist and Socialist parties in Marseille. When Defferre rose to deny even knowing Guerini, another Communist deputy reminded him that a Guerini cousin was the editor of Defferre's newspaper, \textit{Le Provençal}. Then Cristofol took over to reveal some disturbing signs of the Marseille milieu's revival: underworld collaborators were being paroled from prison and government officials were allowing milieu nightclubs to reopen, among them the Guerinis' Parakeet Club. Only six months earlier, Cristofol himself, then Marseille's mayor, had ordered the clubs closed.\textsuperscript{57}

The Socialists' first step in breaking Marseille's strike was to purge suspected Communist supporters from the CRS police units. Once this was accomplished these units could be ordered to use violent tactics against the striking workers. Although official reports had nothing but praise for the professionalism of these officers,\textsuperscript{58} Socialist mayor Gaston Defferre unjustly accused them of having sided with the demonstrators during the rioting of November 12.\textsuperscript{59} After Socialist cadres drew up a list of suspected CRS Communists, Defferre passed it along to Socialist minister Jules Moch, who ordered the blacklisted officers fired.\textsuperscript{60} This action by the Socialists was certainly appreciated by the hard-pressed Corsican syndicates as well. In contrast to the regular police, CRS units had been cracking down on the milieu's smuggling and black market activities.\textsuperscript{61} Once these Communist officers had been purged, CRS units started attacking picket lines with unrestrained violence.\textsuperscript{62}

But it would take more than ordinary police repression to break the determination of Marseille's 80,000 striking workers. If the United States was to have its victory in Marseille it would have to fight for it. Through the CIA, the United States proceeded to do just that.

The CIA, through its contacts with the Socialist party, had sent agents and a psychological warfare team to Marseille, where they dealt directly with Corsican syndicate leaders through the Guerini brothers. The CIA's operatives supplied arms and money to Corsican gangs for assaults on Communist picket lines and harassment of important union officials. During the month-long strike the CIA's gangsters and the purged CRS police units murdered a number of striking workers and mauled the picket lines. Finally, the CIA psychological warfare team prepared
pamphlets, radio broadcasts, and posters aimed at discouraging workers from continuing the strike. Some of the psy-war team's maneuvers were inspired: at one point the American government threatened to ship 65,000 sacks of flour meant for the hungry city back to the United States unless the dockers unloaded them immediately. The pressure of violence and hunger was too great, and on December 9 Marseille's workers abandoned the strike, along with their fellow workers in the rest of France. There were some ironic finishing touches. On Christmas Eve 1947, eighty-seven boxcars arrived at the Marseille train station carrying flour, milk, sugar, and fruit as "gifts from the American people" amidst the cheers of hundreds of schoolchildren waving tiny American flags.

The Guerinis gained enough power and status from their role in smashing the 1947 strike to emerge as the new leaders of the Corsican underworld. While the CIA was instrumental in restoring the Corsican underworld's political influence, it was not until the 1950 dock strike that the Guerinis gained enough power to take control of the Marseille waterfront. This combination of political influence and control of the docks created the ideal environment for the growth of Marseille's heroin laboratories—fortuitously at the same time that Mafia boss Lucky Luciano was seeking an alternative source of heroin supply.

The same austere economic conditions that had sparked the 1947 strike also produced the 1950 shutdown. Conditions for the workers had not improved in the intervening three years; if anything, they had grown worse. Marseille, with its tradition of working-class militancy, had even more reason for striking than the rest of France. Marseille was France's "Gateway to the Orient," through which material (particularly American munitions and supplies) was transported to the French Expeditionary Corps fighting in Indochina. Among the city's left-wing unions, France's Indochina War was generally unpopular. Moreover, Ho Chi Minh had helped to found the French Communist party and was a popular hero in France among the leftist working class, especially in Marseille with its many resident Indochinese. In January, Marseille dock workers began a selective boycott of those freighters carrying supplies to the war zone. Then on February 3 the CGT convened a meeting of Marseille dock workers, which issued a declaration demanding "the return of the Expeditionary Corps from Indochina to put an end to the war in Vietnam" and urging "all unions to launch the most effective actions possible against the war in Vietnam." The movement of arms shipments to Indochina was "paralyzed." Although the Atlantic ports joined the embargo in early February, that action was not as effective or as important as the Marseille strike. By mid-February, the shutdown had spread to the metal industries, the mines, and the railways. But most of
the strikes were halfhearted. On February 18 the Paris newspaper *Combat* reported that Marseille was once again the hard core; 70 percent of Marseille's workers supported the strike, compared with only 2 percent in Bordeaux, 20 percent in Toulouse, and 20 percent in Nice.70

Once more Marseille's working-class militancy called for special methods, and the CIA's Thomas Braden later recalled how he dealt with the problem:

On the desk in front of me as I write these lines is a creased and faded yellow paper. It bears the following inscription in pencil:

"Received from Warren G. Haskins, $15,000 (signed) Norris A. Grambo."

I went in search of this paper on the day the newspapers disclosed the "scandal" of the Central Intelligence Agency's connections with American students and labor leaders. It was a wistful search, and when it ended, I found myself feeling sad.

For I was Warren G. Haskins, Norris A. Grambo was Irving Brown, of the American Federation of Labor. The $15,000 was from the vaults of the CIA, and the yellow paper is the last memento I possess of a vast and secret operation...

It was my idea to give $15,000 to Irving Brown. He needed it to pay off his strong-arm squads in the Mediterranean ports, so that American supplies could be unloaded against the opposition of Communist dock workers. [Emphasis added.]71

With some $2 million in CIA funds channeled through OPC, the AFL's Irving Brown delivered scab laborers from Italy to his Marseille ally, Pierre Ferri-Pisani.72 Described by *Time* magazine as a "rugged, fiery Corsican," Ferri-Pisani used the Italian scabs and a crew of local Corsican criminals to work the docks, unloading shipments of U.S. weapons and ultimately breaking the strike. Surrounded by his gangster hirelings, Ferri-Pisani stormed into local Communist headquarters and threatened to make the party's leadership "pay personally" for the continuing boycott. As *Time* noted with satisfaction, "The first Communist who tried to fire Ferri-Pisani's men was chucked into the harbor."73

In addition, the Guerini's gangsters were assigned the job of pummeling Communist picketers to allow troops and scabs onto the docks, where they could begin loading munitions and supplies. By March 13 government officials were able to announce that, despite a continuing boycott by Communist workers, 900 dockers and supplementary troops had restored normal operations on the Marseille waterfront.74 Although sporadic boycotts continued until mid-April, Marseille was now subdued and the strike was essentially over.75
Marseille: America's Heroin Laboratory

But there were unforeseen consequences of these cold war victories. In supplying the Corsican syndicates with money and support, the CIA broke the last barrier to unrestricted Corsican smuggling operations in Marseille. When control over the docks was compounded with the political influence the milieu had gained with CIA assistance in 1947, conditions were ideal for Marseille's growth as America's heroin laboratory. The French police later reported that Marseille's first heroin laboratories were opened in 1951, only months after the milieu took over the waterfront.

Gaston Defferre and the Socialist party also emerged victorious when the 1947 and 1950 strikes weakened the local Communist party. After 1953, Defferre and the Socialists enjoyed an unbroken political reign over the Marseille municipal government that lasted a quarter century. Throughout this period, the Guerinis maintained a close relationship with Marseille's Socialists, acting as bodyguards and campaign workers for local Socialist candidates until the family's downfall in 1967.

The Corsican Milieu

While it is impossible to quantify their precise percentage of the invisible transatlantic heroin trade, Marseille's Corsicans, according to a 1965 survey by the Federal Bureau of Narcotics, had become America's main suppliers. In its "international list" of 246 major traffickers, the bureau demonstrated that the Corsicans, through their heroin laboratories and smuggling networks, had linked Turkey's opium fields with New York's heroin market for the previous fifteen years. Protected by their national and local political patrons, the major Corsican heroin brokers worked through criminal subcontractors to import morphine from Lebanon, process it into heroin in Marseille's laboratories, and then export high-grade powder to American Mafia distributors through criminal associates in Canada and the Caribbean.

Marseille's role as the Mediterranean's heroin free port relied on a small cadre of skilled Corsican chemists who produced high-grade, no. 4 heroin. At peak in 1965, Marseille syndicates operated some twenty to twenty-five clandestine laboratories with outputs ranging from 50 to 150 kilograms per month. Although operations were intermittent and loosely structured, this illicit industry still demonstrated a certain efficiency. Responding to rising U.S. demand, Marseille's laboratories doubled their output in just five years, exporting an estimated 4.8 tons of pure heroin to the United States in 1965.\textsuperscript{76}

These Corsican syndicates were not large, quasi-military hierarchies with all aspects of the trade under their direct control. Often consisting of brothers or close friends, Marseille's Corsican cells had two essential elements that sustained their clandestine commerce—local political
protection and a global criminal network. A trace of the linkages noted in the FBN's "international list" shows how major Marseille brokers supplied the U.S. heroin market through loose networks of "associates" that extended from Turkey to New York.

François Spirito was still associated with a Corsican smuggling network that reached New York and included Jean-Baptiste Giacobetti, a Marseille Corsican who "financed large quantities of heroin, usually in 50 kilogram lots, for shipment to the United States"; Antoine D'Agostino, a Corsican who was "engaged in the smuggling of large quantities of narcotics into the United States from France"; and Giacomo Reina, a "member of the Gaetano Lucchesese organization in New York City which is engaged in narcotics."

Younger and more powerful, Corsica-born Marcel Francisci managed a network from his Parisian casino that integrated every phase of the heroin trade. In Marseille, his brothers Jeannot and Zeze organized "the importation of morphine base from the Middle East"; and their Corsican contact Gabriel Carcassonne "operated a clandestine laboratory in Marseille." After the morphine was processed, local associate Dominique Venturi organized "the smuggling of heroin from French clandestine laboratories to Canada, utilizing the services of his brother." Finally, from his home in Montreal, brother Jean Venturi, described as "one of the major distributors of heroin to the United States," worked closely with Quebec's Guiseppe Cotroni, "head of Canada's largest narcotics syndicate having . . . furnished huge amounts of heroin to . . . distributors in New York City headed by Carmine Galante" and his successor Joseph "Bayonne Joe" Zicarelli, "a dominant figure in Northern New Jersey . . . narcotic activities."

Reflecting his preeminent position within the milieu, Barthélemy Guerini was Marseille's leading heroin merchant. The bureau reported that he "finance[d] various criminal activities in the Marseille area, particularly the illicit narcotics traffic" and described him as "an arbiter and overlord in the Marseille underworld" with associates among the "top echelon of French narcotic traffickers." From his Bar de la Méditerranée in Marseille and his Bar Ascot at Cannes, Guerini associated with Achille Cecchini, who "organize[d] the importation of morphine base from the Middle East," and Antoine Cordoliani, who "supplie[d] heroin to various important traffickers in Marseille" from his "clandestine heroin laboratory installed near Marseille." As testimony to the strength of his political connections, Guerini had "never been convicted" despite his prominence in the Marseille milieu.77

The control of the Guerini brothers over Marseille's heroin industry was so complete that for nearly twenty years they were able to impose an absolute ban on drug peddling inside France at the same time they
were exporting vast quantities of heroin to the United States. After their decline through a long, losing vendetta against Marcel Francisci in the mid-1960s, their embargo on domestic drug trafficking became unenforceable, and France developed a heroin problem of its own.78

The Guerini-Francisci Vendetta

From its very beginning, postwar heroin production in Marseille had been so dominated by the Guerinis and their operations were so extensive that some of their subordinates, such as Dominique and Jean Venturi, earned independent reputations as major traffickers. Their only serious rival was Marcel Francisci, the owner of an international gambling syndicate. In the 1960s, the Federal Bureau of Narcotics described Francisci as a longtime "understudy" to Spirito and "an equally important figure in the French underworld,"79 while its intelligence files noted that Francisci "participated with his brothers in organizing the smuggling into France of morphine base produced in the Middle East."80 Born at Giamammacce, Corsica, in 1919, Francisci was a veteran of the wartime resistance and was awarded four medals for his heroics.81 While Marcel lived in Paris and frequented fine restaurants such as Fouquets on the Champs Elysées, his two younger brothers, Jeannot and Zeze, lived in Marseille where they managed the family's interests in the city's heroin trade.82 Although they coexisted happily enough throughout the 1950s, when the Guerinis clearly had the upper hand, Francisci's growing influence in the 1960s produced serious tensions. Competition over control of some casino interests provided the spark, and a silent war began in 1965 that continued for three years with little more than extended obituary notices in the French press.

In late 1967, two gangsters tried to demolish Francisci's Corsican villa with 220 pounds of explosives, and six months later two snipers tried to assassinate him in a public square. After the two suspected snipers were found murdered in Paris, a police investigation uncovered their associations with Jean-Baptiste Andreani, a Paris casino owner associated with the Guerinis.83 Following these attempts on Francisci's life, three more Guerini associates were found murdered. In the end the Guerinis were decisively defeated. On June 23, 1967, two assassins pumped eleven bullets into Antoine Guerini in a Marseille gas station.84 Antoine's murder marked the beginning of the end for the Guerini dynasty, and Barthélemy's downfall was not long in coming.

During Antoine's funeral at Calenzana, Corsica, on July 4, two Marseille burglars took advantage of the absence of the family retainers to break into Antoine's villa and steal family jewelry worth thousands of dollars.85 Unless Barthélemy acted quickly to avenge his brother's death and catch the burglars, the blow to his prestige would destroy his
authority over the milieu. Barthélemy's rage did not go unnoticed, and on July 10 one of the burglars, Jean Paul Mandroyan, returned the jewels, while the other thief fled to Spain. On July 22 the police found Mandroyan shot dead—and a witness reported that he had seen Barthélemy forcing Mandroyan into his Mercedes just before the young burglar's murder. On August 4 police entered the Guerinis' Club Méditerranée and arrested Barthélemy and his five bodyguards. All six were armed.

Barthélemy's trial began on schedule on January 5, 1970, but from the beginning the prosecution suffered reverses. In his distinguished black suit, carefully trimmed hair, and a red lapel pin indicating his wartime decoration, Barthélemy hardly looked the part of a desperate gangster. On the second day of the trial, the key prosecution witness retracted his testimony. A road test proved that it was impossible for Barthélemy's Mercedes to have been the murderer's car. With each day of testimony the prosecution's case grew weaker, as the defense attorney demonstrated that most of the state's evidence was circumstantial. In his summation, the prosecutor could not help admitting his failure and demanded that the Guerini gang must be sentenced, not so much because of their possible guilt, but because they were criminal types who were a menace to Marseille.

On January 15 the court returned a verdict of guilty: Barthélemy received twenty years; his younger brother Pascal and two others, fifteen years apiece. Spectators screamed "scandal." Cries of "This is justice?" were heard. And the defendants themselves shouted, "Innocent, innocent, innocent."

Why were the Guerinis convicted? There had been serious accusations against them in the past that could have become solid cases had the Ministry of Justice been interested. But the Guerinis were guaranteed immunity to local investigations by their relationship with Marseille's Socialists. However, by 1967 Socialist party influence had declined substantially after a decade of Gaullist rule. Francisci, according to informed French observers, had earned considerable political influence through his services to the Gaullist government. During the early 1960s, he had helped organize a group of Corsican gangsters known popularly as the barbouzes to combat a right-wing terrorist campaign following General de Gaulle's announcement of Algerian independence. As the owner of Paris's most exclusive casino, Cercle Haussmann, Francisci was in daily contact with high-ranking government officials. He was a close personal friend of a former Gaullist cabinet minister and was himself a Gaullist provincial counselor in Corsica.

In the aftermath of Barthélemy Guerini's conviction, the balance of
power in the Marseille heroin trade shifted somewhat. The Guerini family's reduced fortunes were represented by Pierre, a younger brother, and Barthélemy's wife, a former nightclub dancer. The Guerini decline was matched by the growing influence of the Venturi brothers, longtime Guerini associates, as well as by Francisci himself. In 1972 the U.S. Bureau of Narcotics labeled Jean Venturi the "major distributor of French heroin into the United States" and described his younger brother Dominique as "his major source of supply."91 The Venturis also seem to have inherited the Guerinis' influence with Marseille's Socialist party; during the city elections it was their men who served as Mayor Defferre's bodyguards. Interestingly, in February 1972 The New York Times reported that Dominique Venturi's contracting firm was "redoing the Marseille town hall for the city's Socialist Mayor Gaston Defferre."92 Although Marcel Francisci publicly denied any involvement in the drug traffic, the FBN had long identified him as a principal in the smuggling of morphine from the Middle East to Marseille.93

Francisci was not the only gangster associated with the ruling Gaullist party. The FBN believed that the Gaullists replaced corrupt Marseille politicians as the milieu's most important protectors, and some U.S. narcotics agents were quite concerned about the complicity of high-level French intelligence officials in the narcotics traffic.

During the May revolution of 1968, when thousands of students and workers surged through the streets of Paris, barricades were thrown up, and government buildings were occupied, General de Gaulle's government came close to crumbling. To aid the restoration of public order, Jacques Foccart, the general's top intelligence adviser, organized five thousand men, many of them Corsican and French gangsters, into the Service d'Action Civique (SAC). While there were known criminals in SAC's rank and file, police officers and top intelligence officials took on positions of responsibility within the organization. SAC was assigned such tasks as silencing hecklers at pro-Gaullist rallies, breaking up opposition demonstrations, and providing bodyguards for cabinet ministers and high government officials.94 When President Georges Pompidou inspected the Concorde supersonic aircraft at Toulouse in August 1971, five hundred SAC men turned out to protect him. The same month another five hundred were mobilized to maintain harmony at the Gaullist party's national convention.95 In addition, both the national police and SDECE (a French equivalent of the CIA) used SAC to execute "dirty" missions that would have compromised their regular agents.96

In exchange for their services, SAC men were protected from police investigation and given safe-conduct passes—necessary for their more sensitive assignments—which granted them immunity to stop-and-search by police.97 In spite of SAC's protection, there were occasional
slipups, and, according to the U.S. Bureau of Narcotics, at least ten SAC gangsters were arrested in France carrying major shipments of heroin during 1970–1971. In the fall of 1970, when the police arrested Serge Constant, a member of SAC in Nice, and charged him with having smuggled two heroin shipments into the United States, he threatened them, saying, "We have protection, so watch your step." A Grenoble bar proprietor named Mrs. Bonnet was arrested with 105 pounds of heroin destined for the United States in her car. She was the widow of SAC leader Matthieu Bonnet, who had chauffeured President Pompidou during the 1967 election. In September 1971 a notorious heroin courier, Ange Simonpiéri, was finally arrested after a Swiss lawyer accused the Gaullists of protecting him on a prime-time radio show. Predictably, Simonpiéri was a retired barbouze and a close friend of the Gaullist deputy who organized a "parallel police" group in 1961.

Moreover, informed observers were convinced that some of SDECE's top intelligence officers had been organizing narcotics shipments to the United States to finance SAC operations, using SDECE's counterintelligence net to protect their shipments. Although U.S. narcotics agents working undercover against French heroin traffickers had little fear of being unmasked by the milieu, they became increasingly concerned about being discovered by SDECE. In early 1971, for example, a U.S. undercover narcotics agent met with representatives of Marseille's biggest heroin syndicate in a New York City hotel room. Posing as an American mafioso, the undercover agent offered to purchase a hundred kilos of heroin and agreed to pay a top price. Convinced that they were dealing with a real American gangster, the Corsican smugglers flew back to Marseille, elated at their success, and began to put together the shipment. However, just as they were about to depart for New York and walk into a carefully laid trap, another Corsican gangster phoned to warn them that the American mafioso was really a U.S. narcotics agent. Incredulous, the smugglers asked the informant over the phone, "How do you know?" And the caller responded, "Colonel —— passed this information on to me." According to informed observers, that colonel was a high-ranking SDECE intelligence officer. As these observers admitted, some corrupt elements of SDECE seem to have done a good job of penetrating their undercover network.

The extent of SDECE's involvement in the heroin trade was finally exposed in November 1971, when a New Jersey prosecutor indicted Colonel Paul Fournier, one of SDECE's top supervisory agents, for conspiring to smuggle 45 kilos of heroin into the United States. On April 5 a U.S. customs inspector assigned to the Elizabeth, New Jersey, waterfront had discovered the heroin concealed in a Volkswagen camper and arrested its owner, a retired SDECE agent named Roger de
Louette. After confessing his role in the affair, de Louette claimed that he was only working as a courier for Colonel Fournier. Fournier's indictment rated banner headlines in the French press and prompted former high-ranking SDECE officials to come forward with some startling allegations about SDECE's involvement in the heroin traffic.

Even with SDECE's clandestine support, however, Marseille's days as the heroin capital of Europe were numbered. The Guerinis' collapse threw open the field to younger gangsters with little respect for their ban on drug peddling inside France. As one of France's top police officials put it, "These new guys are guys who don't follow the rules. With tougher U.S. suppression effort, the cost of smuggling got too much for some of them, so they took the easy way out and began to sell here."

Within two years after Antoine Guerini's death and Barthélemy's incarceration, France itself was in the grip of an escalating heroin plague. By early 1972 fifteen out of every thousand French army draftees were being rejected because of drug addiction, and Marseille itself had an addict population estimated at anywhere from 5,000 to 20,000. As France developed a drug crisis of its own, the French government dropped its rather blasé attitude and declared narcotics "France's number one police problem." Marseille's police narcotics unit was expanded from eight officers in 1969 to seventy-seven only two years later. The stepped-up police effort scored several spectacular heroin seizures and prompted speculation in the French press that Marseille's heroin manufacturers might eventually be forced out of business.

These French police operations, supported by President Richard Nixon's "war on drugs," produced a major assault on Marseille's heroin industry. As U.S. diplomatic pressure on the Turkish front forced the abolition of opium production and slowed the supply of Middle Eastern morphine, French police enjoyed unprecedented success against Marseille's syndicates.

The campaign began in October 1971 when a joint DEA-French operation arrested Corsican trafficker André Labay in Paris with 106 kilograms of no. 4 heroin. Following leads from this seizure, French police filed charges that produced heavy sentences for sixteen syndicate members. Four months later, French officers found 415 kilograms of heroin on a fishing boat, Caprice des Temps, at sea near Marseille—establishing a new world record for heroin seizures. Most significantly, the French then raided a Marseille laboratory, apprehending 119 kilograms of heroin and arresting veteran Corsican drug broker Joseph Cesari. Similar French-American operations produced a wave of prosecutions against a Corsican milieu that had operated with impunity for decades.
In 1973, the DEA's Paris agent reported that police actions in Marseille had reduced French drug exports and had "contributed considerably to the present heroin shortage on the eastern seaboard of the United States." Citing the arrest of many of the milieu's gros bonnets, the head of Marseille's narcotics police noted that "it appears impossible to obtain pure heroin in Marseille" because "the suppliers have almost disappeared."

Decline of the European Heroin Trade

By the early 1970s, police pressure in Marseille, combined with Turkey's ban on opium cultivation, brought to an end the European heroin trade as it had operated since the late 1940s. A mix of police operations, heroin seizures, poppy eradication, and Mafia violence disrupted the smooth flow of heroin out of the Mediterranean basin. After the Turkey-Marseille corridor collapsed, leading U.S. heroin brokers were forced into a major reorganization of the trade. By the time Corsican and Sicilian syndicates revived the Mediterranean trade in the late 1970s, American drug syndicates had found new sources of heroin in Asia and Latin America. In an expanded global heroin traffic, European dealers could no longer dominate the U.S. market.

Denied political refuge in Marseille, the Corsican laboratories closed for several years before reappearing, scattered across southern France and down the length of Italy. After five years without any signs of illicit manufacturing, French police seized several laboratories in 1978 and 1979. More significantly, Italian police found their first heroin laboratory in November 1979 and, over the next ten months, raided five more in locations ranging from a medieval castle near Milan in the north to a modern villa in Palermo in the south.

Each raid produced evidence of a close alliance between Corsican syndicates and the Sicilian Mafia. When French police raided the first of these new laboratories at La Ciotat near Marseille in February 1978, the DEA reported that the 40 kilograms of morphine base seized "had been delivered to the laboratory by Italian traffickers." Similarly, in August 1979, Italian police intercepted 2.5 kilograms in Sicily, part of a 6-kilogram shipment en route from a Corsican laboratory near Nice to American mafiosi waiting for delivery in Palermo. In June 1980, the Italian police assault on laboratories concealed in the Milan castle found four Corsican chemists and evidence that led to the arrest of the legendary Marseille broker Jean Jehan, inspiration for the nemesis in the two French Connection films.

In retrospect, the French police campaign against the Marseille milieu seems to have forced the Corsicans into a closer alliance with the
Sicilian Mafia. As the Corsicans began moving their operations across the border into Italy, the Mafia's role in the Mediterranean traffic suddenly expanded in the early 1970s, producing a new round of mafiosi murders in Sicily. Losing none of their capacity for violence and vendetta, Sicilian families, particularly Palermo's "new mafia," had been battling over the heroin trade since the mid-1950s.

In Sicily a costly eight-year battle (1955–1963) between the "old" and the "new" Mafia factions had reduced the "honored society" to its weakest state since the end of World War II. The "old" Mafia was made up of traditional rural gangsters, the semi-literate tyrants who ruled by fear and exploited the impoverished peasants. In contrast, the "new" Mafia was attracted by the modern business methods and the international heroin smuggling that Lucky Luciano and his American deportee cohorts had introduced in the late 1940s. Moreover, Sicily was changing and so was its Mafia. As the landed estates began a "gradual disintegration" in the late 1940s and the poorest peasants migrated to the cities of Italy's industrial north, the unjust rural order that had required Mafia violence for its protection was disappearing. During the 1950s, rural mafiosi migrated to the booming capital Palermo on Sicily's northern coast, with each Mafia family controlling city districts and killing to expand its territory. In 1955 Palermo's violence began with a battle over the city's food market that left sixty mafiosi dead by the end of the year. In the first three years of the ensuing war eighteen major mafiosi and countless minor gunmen were eliminated.

Weakened by the enormous cost in leadership, the feud subsided, but it broke out again in 1963 when part of a heroin shipment was stolen by a courier en route to the United States. It was a singularly inopportune moment for headline murders, as the Mafia itself was well aware, for a parliamentary investigating commission was finally looking into the Mafia. Even though the honored society's grand council ordered a moratorium for the duration of the inquiry, passions could not be restrained, and the murders began again. The fast Alfa Romeo sedans favored by mafiosi were being blown up in Palermo with such frequency that the mere sight of one parked was enough for the police to clear the street.

The violence finally produced a reaction from Rome after seven police were killed when a Mafia car bomb exploded in Palermo's Ciaculli district. Called to investigate a theft of an Alfa Romeo, the police officers were vaporized when they opened the trunk and 200 pounds of dynamite exploded, destroying a nearby villa and leaving a large crater in the street. On orders from Rome, the Italian army's regional commander for Sicily, General Aldo de Marco, swept Palermo with 10,000 troops and made 1,903 arrests of suspected mafiosi.
The Parliamentary Commission of Inquiry into the Activities of the Mafia began in the midst of the explosions, and its reports contained the first serious legislative suggestions for combating the venerable society. In 1964, 800 mafiosi were arrested in a major sweep and locked up in Palermo prison. The arrests continued: in 1968, 113 more were arrested (though many subsequently released), and in May 1971, 33 of the top leadership were exiled to Filicudi and Linosa islands. Faced with a repression that exceeded even that of Mussolini's Fascist government in the 1920s, many Mafiosi sought refuge in rural Sicily or fled to the Americas.

After these last arrests, however, the repression slowed and the "new" Mafia began to emerge in Sicily, fueled by its expanded role in the heroin trade. According to later testimony by mafioso Tomasso Buscetta before a Palermo court, the original Mafia commission had "scattered" during the fighting of 1963 and did not revive until the early 1970s. Using their contacts with migrant mafiosi in America, the Sicilians began working as brokers by purchasing heroin from Mediterranean suppliers and arranging their own smuggling operations.

U.S. narcotics agents first learned of this new operation on September 24, 1971, when they stopped a twenty-nine-year-old Sicilian migrant named Francisco Rappa, an employee of Piancone Pizzeria in Perth Amboy, New Jersey, and arrested him for possession of 86 kilograms of heroin. Investigators later learned that the heroin had been shipped from Sicily by Gaetano Badalamenti, the new boss of the Mafia commission, and its intended recipients were his nephews, owners of the Perth Amboy pizzeria and leading heroin distributors. In the late 1970s, the Sicilians, by allying more closely with the Corsicans and extending their sources to Asia, would become global heroin brokers. But as the Rappa arrest shows, the first Sicilian smuggling efforts of the early 1970s were often inept and would require several years to achieve the sophistication of the early Corsican operations.

The most important blow to the Mediterranean heroin complex came in 1967, when the Turkish government announced plans to reduce, and eventually abolish, opium production. The U.S. government contributed $3 million to build up a special 750-man police narcotics unit, finance research for substitute crops, and improve the managerial efficiency of the government regulatory agency, the Turkish Marketing Organization. By early 1972, Turkey had reduced its opium-growing provinces from twenty-one to four. In those areas where poppy production had been prohibited, "U.S. agents have reported little evidence of illicit production, ... and such crops when found have been immediately destroyed." After the Nixon Administration used a
mixture of diplomatic pressure and promises of $35 million in aid, the Turkish government imposed a total opium ban after the 1972 harvest.

There were immediate signs that Turkey's ban had severely disrupted global drug traffic. In March 1972, French police made their last seizure of Middle East morphine when they arrested Turkish Senator Kudret Bayhan for smuggling 321 pounds of morphine base. As Turkey's poppy fields went out of production, its usual illicit markets, Iran and America, experienced a sharp drop in drug smuggling. Iran's seizures of illicit Turkish opium fell from 8,000 kilograms in 1969 to only 200 in 1973. Reflecting the same trend, total U.S. heroin seizures declined from 1,036 pounds in 1971 to only 481 pounds in 1973. Since Turkey's poppy fields were the major source of raw materials for Marseille's heroin laboratories, the impact of the Turkish government's declaration was obvious. According to analysts at the Federal Bureau of Narcotics, the Corsican syndicates "saw the handwriting on the wall" and quickly realized that they would have to find an alternative source of opium if their lucrative drug racket were to survive.

Thus, the international heroin trade was at a crossroads in the late 1960s. If it were to continue, a major effort would be required to reorganize the traffic. This could hardly be done by letter or telephone but would necessitate the personal intervention of a high-ranking underworld figure. As in any other business enterprise, the leaders of organized crime have little to do with daily operations but are the only ones who can initiate major corporate changes or new enterprises. While ordinary businesspeople transact much of their basic negotiations by telephone, correspondence, and intermediaries, police surveillance and telephone taps make these methods impractical for the tycoons of organized crime. Moreover, mafiosi do not sign binding contracts with other gangsters and can hardly take a partner to court if he fails to honor an agreement. Therefore, it is one of the basic characteristics of organized crime that all important deals require a meeting of the bosses involved so that they can exchange their personal "word of honor." This need for face-to-face discussions also explains why Mafia leaders have repeatedly exposed themselves to conspiracy indictments and banner headlines by arranging large underworld conferences, such as the ill-fated 1957 Apalachin meeting.

After Luciano's death in 1962, the logical successors to his leadership in the narcotics trade were his two subordinates Meyer Lansky and Vito Genovese. However, in 1958 Genovese had been indicted for heroin trafficking by a New York court and was later sentenced to fifteen years imprisonment. Although he continued to direct many of his enterprises from the Atlanta federal penitentiary, where he was treated with great
respect by prisoners and guards alike, he was in no position to conduct the reorganization of the narcotics trade.\textsuperscript{121} Lansky at sixty-six was now too old and too carefully watched to repeat his 1949 business trip. By November 1970, when he retired to Israel, he had already turned over much of the major decision making to his subordinates.\textsuperscript{122} Thus, by death and default, the responsibility logically fell to Santo Trafficante, Jr.

At fifty-seven Trafficante was one of the most effective organized crime leaders then operating in the United States. Avoiding the ostentatious lifestyle of Cadillacs and diamonds that was so attractive to many mafiosi, Trafficante cultivated the austerity of the old Sicilian dons. But unlike the old Sicilians, he managed the organization with reason rather than force and was one of the few major Mafia leaders whose “family” was not torn apart by internal power struggles or vendettas with other families.\textsuperscript{123} Despite his prestige within the organization, Trafficante’s good sense prevented him from campaigning for a leading position on the Mafia’s national commission. This self-effacing attitude no doubt accounted for his personal safety and considerable influence. Through his studious avoidance of publicity, he was one of the least known and most underestimated leaders of organized crime.

Trafficante himself was reportedly involved in the narcotics traffic only at the level of financing and crisis management; he never saw, much less handled, any heroin. His organization was so airtight, and he was so discreet, that federal narcotics agents considered him virtually untouchable.\textsuperscript{124} In its 1965 “international list” of narcotics traffickers, the Federal Bureau of Narcotics described Trafficante as a “powerful Mafia figure in Tampa, Florida” who “knows most of the major sources of supply of narcotics in Central and South America. Suspected of smuggling narcotics into the United States.”\textsuperscript{125}

Trafficante’s territory was Florida and the Caribbean, where he served as one of Meyer Lansky’s chief retainers. During the late 1940s and 1950s Trafficante was heavily involved in Luciano’s and Lansky’s heroin smuggling operations, and after his father’s death in 1954 he succeeded him as Mafia boss of Florida and fell heir to his relationship with Lansky. Trafficante always did his best to look after Lansky’s interests. When Anastasia, the head of Murder, Inc., tried to open a competing casino in Meyer Lansky’s Havana in 1957, Trafficante arranged a friendly meeting with him in New York. An hour after Trafficante checked out of the Park-Sheraton Hotel, three gunmen murdered Anastasia in the hotel barbershop.\textsuperscript{126}

The Cuban revolution in 1959 forced Trafficante to write off his
valuable Havana casino operations as a total loss, but he was partially compensated by the subsequent flood of Cuban refugees to Miami. His association with leading Cuban gangsters and corrupt politicians when he was living in Havana enabled him to expand his control over the Florida bolita lottery, a Cuban numbers game, which became enormously lucrative when the refugees started pouring into Florida in 1960.\textsuperscript{127} By recruiting Cubans into Trafficante's organization to expand the bolita lottery, organized crime may have acquired a new group of narcotics couriers and distributors who were unknown to American police or Interpol. With Latin couriers, new routes could be opened up, bringing European heroin into Miami through Latin America.

The Mafia's transfer of narcotics importation and distribution to its new Cuban associates caused some confusion in the press; many analysts misinterpreted the appearance of Cuban and South American couriers and distributors to mean that organized crime had given up the heroin trade. The Justice Department's "Operation Eagle" revealed something of this new organization in June 1970 when 350 federal narcotics agents made 139 arrests "in the largest federal law enforcement operation ever conducted against a single narcotics distribution ring." Although the arrests were carried out in ten cities, the Bureau of Narcotics stated that all five of the ringleaders were Spanish-speaking and three were Cubans residing in Miami.\textsuperscript{128} In addition, federal authorities reported that bulk heroin seizures in the Miami area increased 100 percent during 1971, indicating that the beachfront city had remained a major distribution hub.\textsuperscript{129}

While the recruitment of Cuban gangsters may have solved the problems with couriers and distributors, the Mafia still had to find an alternative source of morphine base and, if possible, a reserve source of heroin in case of problems in Marseille and Europe. There were a number of alternatives, among which Southeast Asia was the most promising. While Mexico had been refining small amounts of low-grade, brown heroin for a number of years, its syndicates had never been able to produce the fine white powder demanded by American addicts. Though India and Afghanistan had some lively local opium smuggling, they had no connections with the international criminal syndicates. But Southeast Asia was already growing more than 70 percent of the world's illicit opium, and the Chinese laboratories in Hong Kong were producing some of the finest heroin in the world. Moreover, entrenched Corsican syndicates based in Vietnam and Laos had been supplying the international markets, including Marseille and Hong Kong, with opium and morphine base for almost a decade. Obviously this was an area ripe for expansion.
In 1947, when Lucky Luciano wanted to use Havana as a narcotics transfer point, he went there personally. And just before Marseille embarked on large-scale heroin production for the American market in 1951–1952, Meyer Lansky went to Europe and met with Corsican leaders in Paris and on the Riviera.

So in 1968, in the tradition of the Mafia, Santo Trafficante, Jr., went to Saigon, Hong Kong, and Singapore.130
Opium for the Natives

WHEN SANTO TRAFFICANTE, JR., BOARDED A COMMERCIAL JET for the flight to Southeast Asia, he was probably unaware that Western adventurers had been coming to Asia for hundreds of years to make their fortunes in the narcotics trade. Earlier adventurers had flown the flags of the Portuguese Empire, the British East India Company, and the French Republic; Trafficante was a representative of the American Mafia. He was traveling on a jet aircraft, but they had come in tiny, wooden-hulled Portuguese caravels, British men-of-war, and steel-ribbed steamships. With their superior military technology, these agents of empire used their warships to open up China and Southeast Asia for their opium merchants and conquered the Asian landmass, dividing it into spheres and colonies. Empire builders subjected millions of natives to opium addiction, generating revenues for colonial development and providing profits for European stockholders. Thus, the Mafia was following a long tradition of Western drug trafficking in Asia—but with one important difference. It was not interested in selling Asian opium to the Asians; it was trying to buy Asian heroin for Americans.

The rise of large-scale heroin production in Southeast Asia is the culmination of four hundred years of Western intervention. In the 1500s European merchants introduced opium smoking; in the 1700s the British East India Company became Asia's first large-scale opium smuggler, forcibly supplying an unwilling China; and in the 1800s every European colony had its official opium dens. At almost every stage of its
development, Asia’s narcotics traffic has been influenced by the rise and fall of Western empires.

Before the first Portuguese ships arrived in the 1500s, opium smoking and the long-distance drug trade were not well developed in Asia. Like most cultures in most times, early Asian societies used a variety of drugs—rice wine, coconut wine, betel nut—for both recreation and medication. Discovered and domesticated in Neolithic times, opium first appeared in Greek medical documents during the fifth century B.C. and in those of the Chinese during the eighth century A.D. In his poem “The Cultivation of the Medicinal Plant Poppy,” written around 970 A.D., Su Che rhapsodized that the poppy’s “seeds are like autumn millet; when ground they yield a sap like cow’s milk; when boiled they become a drink fit for Buddha.” The pharmacopeia of Su Sung, compiled in 1057 A.D., noted that the “poppy is found everywhere” and advised that “in cases of nausea, it will be found serviceable to administer a decoction of poppy seeds.” From such slender evidence, we can infer that opium was first cultivated in the eastern Mediterranean and spread gradually along Asia’s trade routes to India, reaching China by the eighth century A.D.

Although the poppy spread along the southern rim of Asia in medieval times, opium was used mainly for medication and its cultivation was still limited. It was not until the fifteenth century that opium became a regular item in intra-Asian trade to supply Persians and Indians who used it as a recreational euphoric. Indeed, under the reign of Akbar (1556-1605), the great Mogul state of northern India relied on opium land as a significant source of revenue. Although cultivation covered the whole Mogul empire, it was concentrated in two main areas—upriver from Calcutta in the east along the Ganges Valley for “Bengal opium” and upcountry from Bombay in the west for “Malwa opium.”

Europe’s Age of Discovery coincided with the start of Asia’s modern opium trade. Only six years after Columbus crossed the Atlantic, Portuguese explorer Vasco da Gama rounded the tip of Africa and became the first European sea captain to reach India. Later Portuguese captains ventured farther east, encountering some resistance from the Muslim captains who controlled the lively, long-distance trade that reached from Arabia to China. Realizing that he needed strategic ports to control the sea lanes, the Portuguese captain Affonso de Albuquerque occupied Goa on India’s west coast in 1510 and the next year conquered the great port of Malacca on the Malay Peninsula. Over the next half century, Portugal’s constellation of coastal enclaves extended north up the China coast to Macao and east to the Spice Islands of Indonesia.

Like the Dutch and British who followed, the Portuguese found that the spices, textiles, and porcelains of Asia commanded a high price in
Europe, but few European goods found a market in Asia. To sustain commerce without exhausting their supply of gold and silver coin, Portuguese captains had to finance their business by becoming brokers in the intra-Asian trade. Fortifying their small coastal enclaves against attack, the Portuguese sortied out into the sea lanes from the Red Sea to the South China Sea, confiscating native cargoes, plundering rival ports, and expropriating the local trade.

As the Portuguese fought Chinese, Japanese, Indians, and Arabs for control of Asia's seaborne trade, they soon realized the potential of opium. "If your Highness would believe me," the conqueror Albuquerque wrote his monarch from India in 1513, "I would order poppies . . . to be sown in all the fields of Portugal and command afyam [opium] to be made . . . and the laborers would gain much also, and people of India are lost without it, if they do not eat it." From their ports in western India, the Portuguese began exporting Malwa opium to China, competing aggressively with Indian and Arab merchants who had once controlled this trade. Eager for another commodity to barter for Chinese silks, the Portuguese also began importing tobacco from their Brazilian colony half a world away.

Although the Chinese frustrated Portuguese hopes by growing their own tobacco, the tobacco pipe itself, which had been introduced by the Spanish, turned out to be the key to China's riches. Indian opium mixed with tobacco and smoked through a pipe was pleasing to the Chinese palate. This fad first became popular among the overseas Chinese of Southeast Asia, and Dutch merchants witnessed Chinese smoking an opium-tobacco mixture in Indonesia as early as 1617. By the early eighteenth century, opium smoking was growing so rapidly in China that the Emperor Yung Chen banned the practice in 1729, an edict that did little to stem its spread.

Arriving in Asia a century after the Portuguese, the Dutch proved aggressive competitors for control of the region's opium trade. Sailing directly across the Indian Ocean from Africa to the Indies in 1599, a Dutch fleet of twenty-two ships established a temporary enclave on Java and returned to Europe with a fabulous cargo of spices. Instead of extending themselves across the whole of Asia as the Portuguese had done, the Dutch concentrated their fleets in the Indonesian archipelago, establishing a permanent port at Jakarta in 1619 and battling desperately for decades to secure their hold over the sprawling Indies. In 1640, the Dutch East India Company began purchasing the Malwa opium of western India for export to the Indies, where there was already a small market. After the price of the Malwa variety became prohibitive, the Dutch began buying larger shipments of Bengal opium from eastern India. As Dutch colonials negotiated monopoly rights for Java's
populous districts, their company's opium imports from India rose dramatically, from 617 kilograms in 1660 to 72,280 kilograms only twenty-five years later. Dutch profits from the opium trade were spectacular. Buying opium cheaply in India and selling it high in Java allowed the company a 400 percent profit on its 1679 shipments. The Asian merchants who landed at Jakarta with cargoes of silk, porcelains, tin, and sugar for the Dutch began accepting Indian opium as payment. By 1681, opium represented 34 percent of the cargo on Asian ships sailing out of Jakarta. No longer a lightweight luxury or medical item, opium was becoming a basic trade commodity. In 1699, the Dutch imported 87 tons of Indian opium for distribution to Java and the Indies.

Although the last Europeans to enter the trade, it was the British who finally transformed opium from luxury good to bulk commodity. The British East India Company had acquired coastal enclaves at Calcutta in 1656 and at Bombay in 1661 but did not enter the opium trade for another fifty years. In the interim, a syndicate of Indian merchants up the Ganges River at Patna held a monopoly over the Bengal opium trade, making cash advances to peasant farmers and selling the processed opium to Dutch, British, and French merchants. Marching inland from their port at Calcutta, the British conquered Bengal in 1764 and soon discovered the financial potential of India's richest opium zone.

Opium for the Pipes of China

In 1773, the modern era in the Asian opium trade began when Warren Hastings, the new governor-general of Bengal, established a colonial monopoly on the sale of opium. As the East India Company expanded production, opium became India's main export, traded with a volume and commercial sophistication unknown during its earlier phase as an item in the intra-Asian trade. Over the next 130 years, Britain actively promoted the export of Indian opium to China, defying Chinese drug laws and fighting two wars to open China's opium market for its merchants. Using its military and mercantile power, Britain played a central role in making China a vast drug market and in accelerating opium cultivation throughout China. By 1900 China had 13.5 million addicts consuming 39,000 tons of opium. When Britain formally abandoned its advocacy of the drug trade in August 1907, opium was a global commodity comparable in every respect to coffee, cacao, tea, or tobacco. China itself harvested 35,000 tons of opium, making its own crop comparable in bulk to Japan's tea harvest (31,000 tons), Brazil's cacao yield (39,000 tons), and Colombia's coffee production (55,000 tons).

With a unanimous vote of approval from Bengal's colonial council on
November 23, 1773, Governor Hastings abolished the Indian opium syndicate at Patna and established a state monopoly on sound principles that were to operate for the next half century. Under the new regulations, the East India Company or its agents had the exclusive right to purchase opium from Bengal's farmers and auction it for export. Realizing that opium was a harmful drug, Hastings tried to limit production to a level sufficient to stabilize the colony's chaotic finances. Most important, he barred the company from handling the drug beyond its auction halls in the port of Calcutta. The company's ships that called at China's ports to load tea were not allowed to carry opium, leaving actual sale of the addictive drug in China and the Indies to the private European merchants who bid at the Calcutta auctions.9 From the outset, the trade's corrupting character defeated the company's bid for propriety in such a sordid business. Instead of collecting opium directly from the farmers, Hastings had reserved the right to sell this service to a private contractor. In 1781 he awarded the contract, without bidding, to an intimate friend, Stephen Sullivan, son of the company's chairman who had come to India to recoup his family's finances. In April 1786 Edmund Burke rose in the House of Commons in London to charge Hastings with "high crimes and misdemeanors" and to condemn "the prodigal and corrupt system which Mr. Hastings had introduced into the finances of India." Although the House of Lords exonerated Hastings nine years later, his humiliation and growing problems with contractors finally forced the monopoly to assume full control of the opium trade.10 In 1797 the company eliminated the contractors and set up a system that was to last for more than a century. Under the new procedures, the East India Company and the colonial state that succeeded it controlled the opium from cultivation through processing to export. Bengal's opium country stretched for 500 miles across the Ganges Valley, with more than a million registered farmers growing poppy plants exclusively for the company on 500,000 acres of prime land.11 From their factories at Patna and Benares in the heart of opium country, senior British officers directed some 2,000 Indian agents who circulated through the poppy districts, extending credit and collecting opium. After an eighty-day growing season, the farmers collected the opium sap in January by lancing and scraping each egg-shaped poppy bulb up to eight times and then delivered the liquid sap to the Indian agents. Processed under strict supervision at the two factories, the opium was dried into balls, checked to ensure a purity of 70 percent for Patna and 77 percent for Benares, and then packed into wooden chests, each containing forty balls and weighing 140 pounds. Bearing the Patna and Benares trademarks that were synonymous with quality, the chests were sent
down to Calcutta under guard and sold at auction to private British merchants. Since China had damned opium as a "destructive and ensnaring vice" and banned all imports in 1799, British sea captains bribed Canton's mandarins and smuggled the chests into southern China where the Bengal brands commanded twice the price of the inferior local products.

For its first quarter century, this system ensured prosperity for British India and a stable opium supply for China. Not only did opium solve the fiscal crisis that accompanied the conquest of Bengal, it remained a staple of colonial finances, providing from 6 to 15 percent of British India's tax revenues during the nineteenth century. Far more important, these opium exports were an essential component of an India-China-Britain trade that was the envy of the world. Trade figures for the 1820s, for example, show that the triangular exchange was remarkably large and well balanced: £22 million of Indian opium and cotton to China; £20 million in Chinese tea to Britain; and £24 million in British textiles and machinery back to India. In managing this trade, the East India Company prized stability above profit and for more than twenty years held India's opium exports at 4,000 chests—just enough to finance its purchase of China's tea crop.

The system's success was the cause of its downfall. The vast profits of Britain's opium trade attracted competitors. Moreover, the company's steadfast refusal to raise Bengal's opium exports beyond the quota of 4,000 chests per year left a vast unmet demand for drugs among China's swelling population of opium smokers. As demand drove the price per chest upward from 115 rupees in 1799 to 2,428 rupees just fifteen years later, the East India Company's monopoly on Bengal opium faced strong competition from Turkey and western India.

Britain's most daring rivals were the Americans. Barred from bidding at the Calcutta auctions, Yankee traders loaded their first cargoes of Turkish opium at Smyrna on Turkey's Mediterranean coast in 1805 and sailed them around the tip of Africa to China. Within a decade, the Turkish trade had attracted major American merchants such as John Jacob Astor and constituted 30 percent of all U.S. cargoes reaching China. Just as the British controlled Bengal opium, so these American merchants won a de facto monopoly over the Turkish drug trade to China. Although the Americans increased their shipments from 102 chests in 1805 to 1,428 twenty-five years later, their largest cargoes were still just a quarter of the 5,672 chests the British brought from Bengal. Nonetheless, through the efforts of these adventurous Americans, Turkish opium would remain a low-cost alternative to the Bengal brands until 1834 when the Yankee captains were finally allowed to bid at Calcutta.
The real challenge to the East India Company's monopoly came from Malwa opium grown in the princely states of western India. Collected by Indian merchants and shipped from Portuguese ports on the west coast, often by Parsee merchants, Malwa opium had captured 40 percent of the China market by 1811, challenging the British company's monopoly. By 1818, however, the British completed their conquest of western India, giving them indirect control over the opium districts there. At first, the British tried to buy up the rival Malwa crop and auction it in Bombay, replicating the procedure they used to sell Bengal opium in Calcutta. This attempt at a preemptive buy was a dismal failure. The British purchase stimulated poppy production in the west, and the amount of Malwa opium reaching the China coast doubled in just one year.19

Determined to defend their monopoly, the company's directors decided to promote unlimited production in Bengal, thereby producing opium "at a price which would make competition unprofitable." In a move indicative of opium's importance, in 1831 the governor-general of India, Lord William Bentinck, toured the upper Ganges with revenue officers to explore new areas for poppy farming. Within the decade, fifteen new opium districts opened in Bengal, doubling the area of poppy cultivation.20

To export this expanded production, the governor-general also sponsored a challenged to the tyranny of the northwest monsoon. In years past when the company sold just 4,000 chests, private opium traders made only one trip to China each year on Indian country craft, sailing north through the China Sea before the winds of the southwest monsoon and returning to India with the northwest monsoon at their stern. Built of heavy Malabar teak at local yards, the broad-beamed Indian craft lacked the maneuverability to tack toward China in the face of monsoon winds that blew with steady strength down the China Sea for months after the opium harvest. In 1829 Captain William Clifton, a retired Royal Navy officer who had married into a Calcutta dockyard family, wrote to the governor offering to build a new kind of ship that could beat into the monsoon and carry three opium cargoes to China every year. With funds from the governor and the plans of a sleek American privateer captured in the War of 1812, Clifton launched the Red Rover, the first of the "opium clippers," and set sail for China in December 1829 with 800 chests of opium. With a long, low hull for speed and maneuver, the Red Rover tacked its way northward into the monsoon winds, reaching Macao and returning to Calcutta in just eighty-six days. At a banquet in Calcutta, the governor toasted Clifton's triumph and presented him with a reward of £10,000.21 Realizing that the new ship meant competition for his conventional fleet, the most powerful of Calcutta's Parsee opium merchants, Rustomjee Cowasjee,
commissioned Britain’s leading naval architect to build him a faster ship. A year later, his company launched the *Sylph*, a 300-ton barque of shapely hull that later raced the *Red Rover* to China. Over the next decade, the Cowasjee family would launch five more of these fast ships to maintain its share of the opium trade against British and American competition.\(^{22}\)

After the East India Company lost its charter in 1834, its informal regulation of the China opium trade collapsed, allowing profit-minded American and British captains to take control. Indeed, the company’s demise launched a fleet of new opium clippers. During the next five years, twenty-five sleek ships joined the opium fleet, including three fast slave ships seized by the Royal Navy between Africa and America.\(^{23}\) Speed was now an essential element in the new free-market opium trade. A fast ship could capture the best prices at the start of each season and maximize its owner’s profit by making three return voyages on the Calcutta-to-Canton opium run. Along with their naval artillery, the clippers relied on speed to outrun the Malay and Chinese pirates who preyed on their valuable cargoes between Singapore and Shanghai.

India’s export boom flooded the China coast with illicit opium, rending the fragile political fabric that had veiled the smuggling trade for decades. Rising slowly from 15 tons in 1720 to 75 tons with the start of the Bengal monopoly in 1773, China’s imports of Indian opium had stabilized at about 250 tons after 1800. When the East India Company lifted its restrictions, China’s imports increased tenfold—from 270 tons in 1820 to 2,555 tons twenty years later. Instead of the discreet smuggling of previous decades, British and American clippers crowded China’s anchorages with their illicit cargoes, fending off Chinese customs with bribes and artillery barrages.\(^{24}\) Opium addiction spread rapidly, reaching some three million Chinese addicts by the 1830s and provoking some angst among the British clergy.\(^{25}\) “I call upon all British Christians,” wrote Rev. Algernon Thelwall of Cambridge University in 1839, “to come forward as one man, in opposition to this nefarious traffic, which brings such deep disgrace upon the Christian name.”\(^{26}\)

Unlike Bengal’s opium, moral indignation was not a British monopoly. Long concerned by the situation in Canton, the Chinese imperial court at Beijing was appalled by the developments of the 1830s. As addiction and corruption spread, two mandarins appeared before the emperor to debate the drug problem, a realist urging legalization of opium and an idealist insisting on the enforcement of prohibition.

In June 1836 the mandarin Hsu Nai-tsi, vice president of the Sacrificial Court, knelt before his emperor to earnestly entreat his Sacred Majesty to issue orders for an investigation of the opium problem. “I would humbly represent that opium was originally ranked...
among the medicines,” Hsu began. “When one is long habituated to inhaling it, the habit of using it is destructive of time, injurious to property, and yet dear to one even as life.” Although opium had been banned in 1799, “the smokers of the drug have increased in number and the practice has spread throughout the whole empire.” Before the opium trade grew to its present size, “the barbarian merchants brought foreign money to China which was a source of pecuniary advantage to the people of the seaboard provinces. But latterly, the barbarian merchants have clandestinely sold opium for money.”

The smuggling trade, Hsu reported, was well organized. At Canton “are constantly anchored seven or eight large ships, in which the opium is kept and which are therefore called the receiving ships. There are carrying boats plying up and down the river, and these are vulgarly called ‘fast crabs’ and ‘scrambling dragons.’ They are well armed with guns and are manned with some scores of desperadoes, who ply their oars as if they were wings to fly with. All the custom houses and military posts which they pass are largely bribed.” Such smuggling, said Hsu, was spreading opium addiction within the ranks of the officials. “It becomes my duty, then to request that any officer, scholar or soldier found guilty of secretly smoking opium, shall be immediately dismissed from public employ.” As a solution to the problem, Hsu recommended that the prohibition on opium use for the common people be lifted and opium imports be legalized to provide taxes. Since “vulgar or common people who have no official duties to perform” are not important, then it would make little difference if they were to become opium addicts.

Six months later, the mandarin Chu Tsun, member of the board of rites, also knelt before his emperor and entreated “his Sacred Majesty to remove a great evil from among the people.” Referring to those like Hsu who favored legalizing opium imports “as means of preventing money from secretly oozing out of the country,” Chu argued that “this would be, indeed, a derogation of the true dignity of government.” As for those who favor encouraging local opium growing to reduce imports, Chu replied: “Shall the fine fields of Kwangtung, that produce their three crops every year, be given up for the cultivation of this noxious weed?”

Chu found the idea of allowing the ordinary people to smoke opium repugnant. “The wide spreading and baneful influence of opium, when regarded as injurious to property, is of inferior importance; but when regarded as hurtful to the people, it demands most anxious consideration; for in the people lies the very foundation of the Empire.” Through their moral force, laws could discourage the people from opium. “While the Empire preserves and maintains its laws, the plain and honest rustic will see what he has to fear and will be deterred from evil. Though the laws be declared by some to be but waste paper, yet these their unseen
effects will be of no trifling nature. If the prohibitions be suddenly 
repealed, and the action which was a crime be no longer counted such 
by the Government, how shall the dull clown know that the action is still 
in itself wrong? In open day, and with unblushing front, they will 
continue to use opium till they find it as indispensable as their daily 
meat and drink."

Reminding the emperor of his dynasty's maxim that "horsemanship 
and archery are the foundations of its existence," Chu pointed out that 
the army sent to crush a rebellion of the Yao minority in 1832 found 
"that great numbers of the soldiers were opium smokers; so that, 
although their numerical force was large there was hardly any force 
found among them."

To protect the strength of the army and the virtue of the people, Chu 
argued that the prohibition on both the import and the smoking 
of opium must be enforced. The English at Canton must be reminded 
China's regulations about opium "in order to eradicate from their minds 
all their covetous and ambitious schemes." If the English still refuse to 
behave, "forbearance must then cease, and thundering fire from our 
cannon must be opened upon them, to make them quake before the 
terror of our arms."28

In the end, it was China that quaked before the terror of British arms 
in the First Opium War (1839-1842).29 In 1838 the emperor adopted the 
moralistic position on the opium problem and appointed the mandarin 
Lin Tse-hsu as special commissioner to Canton with extraordinary 
powers to "go, examine, and act." After eight days of investigation, Lin, 
a formidable official well informed about Canton's corruption, ordered 
British merchants to surrender their opium cargoes and to sign 
bonds promising to honor China's prohibition on imports. After much 
delay, the foreign merchants surrendered 15,000 chests containing 95 
tons of opium, including 10 tons from the American firm Russell & Co. 
For days, 500 workers broke up the opium balls and dissolved the 
fragments in a trench filled with salt and lime. Lin's campaign 
threatened the British China trade, and London dispatched a fleet of six 
warships and 7,000 troops that captured Canton in May 1839. For the 
next two years, the British expedition moved north, sacking China's 
major coastal cities. Forced to sue for peace at Nanking in 1842, China 
ceded Hong Kong, opened five new ports to foreign trade, and agreed 
to an indemnity of $21 million for the destruction of the opium.30 But China 
still refused to legalize opium.

The fifteen years following the First Opium War were the high tide 
of the China trade. Illicit imports of Indian opium nearly doubled, rising to 
4,810 tons in 1858.31 At the Calcutta auctions, frenzied bidding drove 
opium prices and colonial profits to new heights, making a fast run to
the China coast essential to ensure a quick return on the investments. In the five years following the start of the Opium War, forty-eight new clippers joined the opium fleet. Four of the fastest were built in American yards for Russell & Co., the Yankee trading house that would use their speed to challenge the great British opium merchants Jardine Matheson & Co. Under a commission from Russell & Co., in 1844 a Boston yard launched the Coquette, a 450-ton opium clipper with shallow hull and narrow beam that set new speed records on the Calcutta-to-Canton route. Reflecting the intense competition, British shipyards countered with the Torrington, a ship of similar design built in 1846 for Jardine Matheson.32 Rival clipper captains bet heavily on opium races up the China coast, and conservative maritime journals celebrated new speed records. As the largest of the opium traders, Jardine had eight heavily armed receiving ships anchored off Chinese ports, five clippers cruising the coast, and five more ships carrying opium from India. The fastest clippers may have sailed for the American house Russell & Co., but even its largest cargoes could not challenge the dominion of Jardine's flotilla over the opium trade. Among the ninety-five clippers in the opium fleet, Calcutta's Cowasjee family owned six, the Americans of Russell & Co. had eight, and the British giants of the trade, Dent and Jardine, operated a total of twenty-seven.33

Although skilled seafarers and folk heroes in their day, the clipper captains shared a certain cynicism about their trade. "How should you like to be a smuggler?" Captain James Prescott wrote to his brother Henry in New York from the China coast in 1845. "What do the folks think I am up to here? What a pity you had not come with me, you might now be a smuggler, have a fine command and ere this making your fortune."34 Nonetheless, this cynical commerce did bring "the dawn of a new era of naval architecture" in New York in 1845 with the launch of the Rainbow, the first of the true transoceanic clippers. The design concept of narrow beam and shallow draft that American dockyards had first developed for the peculiar requirements of the opium cutters was perfected in these larger "California clippers." With twice the tonnage of the largest opium ships, the Rainbow showed its speed on its maiden voyage when it sailed from New York to China in just ninety-two days.35 Driven by their clouds of sails and slender hulls, American clippers such as the Sea Witch and Flying Cloud set new speed records on the sea lanes to China and even captured the London tea route from British shipping, lending an aura of romance to what remained, at its economic core, a tawdry trade.

The era of the opium clipper ended when China finally legalized the drug trade after its defeat in the Arrow War, or Second Opium War (1856–1858). The Treaty of Nanking that settled the First Opium War
had left many ambiguities over the terms of Western access to China, producing numerous diplomatic incidents as foreign merchants became more active and aggressive along China's coast. When Chinese maritime officers arrested the British captain of the ship *Arrow* on minor charges in 1856, these accumulated tensions erupted into war. After combined Anglo-French forces occupied both Canton and Tientsin, the Chinese government agreed to open the country to free foreign trade. In negotiations over the tariff provisions of this new treaty, the British emissary Lord Elgin urged the legalization of opium imports. Desperate for new tax revenues to rebuild after years of war and rebellion, the Chinese government agreed but reserved both the customs duties and the domestic opium trade for itself. In the aftermath of China's legalization of opium, smugglers became registered importers, plodding steamships displaced the fast clippers, and state monopolies replaced private traders.

In the wake of opium's legalization, China achieved a level of mass addiction never equaled by any nation before or since: in 1906 the imperial government reported that 27 percent of all adult Chinese males were opium smokers. But by the turn of the century, China was relying less and less on imported Indian opium. As addiction spread, so did poppy cultivation within China. Indian imports rose from 4,800 tons in 1859 to 6,700 tons twenty years later and then declined slowly for the rest of the century as cheaper, China-grown opium began to supplant the high-grade Bengal brands.

Beginning in the early nineteenth century, as China's addict population had begun to swell, the opium poppy had spread out from its original home in mountainous Yunnan and Szechwan to most of the other provinces in southern and central China. Despite the proliferation of the poppy seed, opium was still an illegal crop, and sporadic enforcement of the ban limited cultivation even among remote hill tribes. Once opium imports were legalized in 1858, however, many officials no longer bothered to discourage local cultivation. Writing in the October 15, 1858 edition of the *New York Daily Tribune*, Karl Marx commented that "the Chinese Government will try a method recommended by political financial considerations—viz: legalize the cultivation of poppy in China."

Indeed, Chinese provincial officials began encouraging production, and by the 1880s China was in the midst of a major opium boom, particularly in the rugged southwestern provinces of Szechwan and Yunnan, where cultivation had begun. Observers claimed that China's leading opium-producing province, Szechwan, was harvesting 10,000 tons of raw opium annually. Trekking through Yunnan during the early 1880s, the British consul Alexander Hosie once walked for five miles "without seeing a crop other than the poppy." Two Western missionar-
ies who explored Yunnan, China's second opium province, claimed that "three-quarters of all the land seen" was planted to opium. In 1881, the British consul at Yichang estimated the total opium production in the southwest at 13,525 tons, a figure so high that at first it seemed incredible. But when official figures finally became available at century's turn, Szechwan and Yunnan were in fact producing 19,100 tons, equivalent to 54 percent of China's total harvest. Although estimates varied widely, by 1885 China was probably growing twice as much opium as it was importing.

The harvest in the opium-rich southern provinces was so bountiful that Yunnan had begun exporting opium to Southeast Asia. In 1901 the governor-general of French Indochina reported that half of the opium retailed by the colony's opium monopoly was from neighboring Yunnan, and a French business periodical noted with interest that Yunnan was harvesting 3,000 tons of raw opium annually. In addition, cheap Yunnanese opium became the staple of Southeast Asia's growing illicit traffic. Unable to pay the inflated prices demanded by the profit-hungry government monopolies, addicts in Burma, Siam, and Indochina turned to the black market for supplies of smuggled Yunnanese opium. Every year long mule caravans protected by hundreds of armed guards left Yunnan, crossed the ill-defined border into Burma, Siam, and French Indochina carrying tons of illicit opium.

The Opium Dens of Southeast Asia
The Southeast Asian opium trade was the creation of European colonialism. Just as the age of empire brought China mass addiction and India extensive poppy cultivation, so it gave Southeast Asia the omnipresent opium den. Some early records indicate that Indian and Chinese opium appeared as trade goods in the islands of Southeast Asia as early as the fifteenth century, but quantities were small and their use was usually medicinal. Lying astride the main sea lanes between India and China, Southeast Asia was drawn into the expanding Asian drug trade during the sixteenth century as Arab and Portuguese ships laden with Indian opium passed through its islands en route to Canton. But lacking China's vast population and appetite for opium, these islands remained only a minor market for Indian exports. Southeast Asia's opium trade began with the arrival of the Europeans. When they occupied Jakarta in the seventeenth century, the Dutch found some addiction among the people of Java and began marketing imported Indian opium through licensed dealers. The Dutch developed a substantial opium trade on Java in the seventeenth and eighteenth centuries, but drug use remained uncommon elsewhere in the region.

During the nineteenth century, state-licensed opium dens became a
unique Southeast Asian institution, spreading and sustaining addiction throughout the region. In 1930, Southeast Asia had 6,441 government opium dens where any adult could, for a nominal fee, smoke an unlimited number of "pipes." In just one year, those dens served 272 tons of opium to 542,100 registered smokers. Opium use, legal and illicit, was found throughout the region, but its spread was uneven. There were no legal dens in the Philippines after United States banned opium use in 1906. By contrast, French Indochina in 1930 had 3,500 licensed "opium divans," or one for every 1,500 adult males, and was home to 125,200 opium smokers, or twenty-three percent of all the addicts in Southeast Asia. Southeast Asia's only independent state, the Kingdom of Siam, earned 14 percent of its tax revenues by selling 84 tons of opium through 972 licensed dens to 164,300 opium smokers, the largest addict population in Southeast Asia. In no other region of the world did so many governments promote mass drug abuse with such unanimity of means and moral certitude.

With the exception of Java, the great majority of Southeast Asia's opium smokers were Chinese immigrants. As the population of southern China reached the saturation point in the early decades of the century, a severe economic crisis forced a massive migration, creating large communities of Chinese in Southeast Asia by 1900: 60,000 Chinese in Rangoon, 120,000 in Saigon, and 200,000 in Bangkok. Leaving a country in which one in every four males was an opium smoker by 1900, many of the Chinese migrants were landing at cities such as Saigon and Singapore with an opium habit. To their profit, colonial governments discovered that they could release a rich flow of tax revenues by tapping an existing vice. In 1925, for example, 91 percent of the registered opium smokers in Burma were Chinese, leaving only 1,300 Burmese among the colony's 18,200 addicts. Not surprisingly, the rate of opium addiction among these immigrants was high, reaching seven percent of all overseas Chinese in Malaya during the 1920s.

At first, the colonial governments restricted their role in importing the opium from India. Instead of managing the dens directly, the colonial overlords auctioned "opium farms," or franchises, to the highest bidder, usually a consortium of Chinese influentials who managed this complex business among their people without troubling the state. In 1881, however, the French administration in Saigon established the Opium Régie, a direct state marketing monopoly that showed far greater efficiency and profitability. Over the next forty years, the new model spread to the Dutch Indies, British Burma, and Siam. Aware of the rising criticism of their opium trading, many colonial governments announced the new monopoly as a drug control measure. Although the Dutch, like many colonial governments, introduced the reform with the stated aim
of reducing native opium use, on Java the Régie expanded sales and forcibly spread opium to areas such as the Priangan that had previously resisted opium use. Similarly, after the British established a new monopoly for the Federated Malay States in 1911, per capita opium sales to the Chinese doubled. By century's turn, every Southeast Asian state, from Burma to the Philippines, had an opium monopoly.

Although state opium sales began by cultivating a Chinese vice, the habit spread gradually to Southeast Asia's local populations. Through Chinese opium contractors and illicit dealers, some of the indigenous peoples developed the habit, thus fostering a moderate demand for opium among the Burmese, Malays, Thai, and Vietnamese. "The Chinese," wrote a U.S. commission that visited Rangoon in 1904, "have been known to distribute opium gratis among the Burmese in order to cause them to acquire the opium habit. After this has been done, the Chinese sell, and generally at any figure they please." Among Rangoon's estimated 5,500 Burmese opium addicts, only 90 visited the licensed government opium dens and the great majority dealt with the illicit Chinese traffickers.

No mere vice, opium became a major factor in Southeast Asian economic growth, in both public and private sectors, reflecting and reinforcing the region's ongoing modernization. In many parts of nineteenth-century Southeast Asia, the opium franchises were integral to the rise of overseas Chinese capital. From the time Sir Stamford Raffles established a British colony on Singapore in 1819, the island government earned more than half its revenue by leasing an opium franchise to influential Chinese. By the mid-nineteenth century, Singapore's Chinese merchants and their partners in the hinterland controlled a two-way trade, exporting opium to coolies working on their plantations in the jungles of nearby Johor and importing the tropical products of those plantations. When a scarcity of labor drove wages to uneconomic levels, the Chinese planters balanced their books by extracting some 30 to 70 percent of coolie wages by selling opium to the coolies through the franchise. The synergy of this trade between opium and plantation products financed both the clearing of Johor's jungles and the growth of the Chinese capital in Singapore. Indicative of opium's central role in Singapore's economy, a struggle between rival Chinese ethnic syndicates, Chiu chau and Hokkien, over the opium franchise in the early 1860s produced two years of riots, arson, and opium smuggling. Similarly, opium was central to the Chinese tin mines operating along the west coast of the Malay Peninsula during the nineteenth century. With profits earned from selling opium to their own workers, tin mine operators cushioned themselves against periodic drops in the world tin price.
During the same period, Chinese opium contractors on Java controlled both the legal opium sales and a vast illicit commerce. During their three centuries on Java, the Dutch created the largest and most lucrative of the colonial opium monopolies. Unlike the Portuguese, Parsees, and British who competed to export opium to China, the Dutch concentrated on opium distribution within their domains on Java. From 1640 to 1799, the Dutch East India Company imported an average of 56 tons of opium annually, large quantities for the day, and the amount rose steadily throughout the nineteenth century to 208 tons by 1904. By starting their retail monopoly two centuries before the other European powers, the Dutch developed a large clientele of native Javanese opium smokers. Although almost all opium contractors were Chinese, most users were Javanese. Thus the Dutch opium trade, unlike the French, was not limited to a small Chinese community. With their wages from Java's thriving plantation economy, ordinary villagers earned the cash, scarce elsewhere in Southeast Asia, to sustain a habituation to low-grade opium. Indeed, at the Shanghai Opium Commission in 1909, the Dutch delegation reported that “the greater portion of the total quantity of opium sold is consumed by natives.” Although the Dutch monopoly began reducing sales in the early twentieth century, in 1929 it was still operating 1,065 opium dens that retailed 59 tons of opium to 101,000 registered smokers.

If opium smoking elsewhere in Southeast Asia was a relatively minor problem, on Java it was central to the island's social and economic history. Across Java, the official Chinese contractors purchased small amounts of high-priced Indian opium through the Dutch company while simultaneously using their licenses to mask the distribution of far larger illicit quantities. Purchasing the same Indian opium at a far lower price in Singapore's free port, smugglers supplied the Chinese contractors with large quantities of illicit opium that the Chinese sold at less than half the official price. Dutch investigations along the northern Java coast in 1883 discovered that just one group of smugglers had brought in 41 tons of illicit opium that year. As such large-scale smuggling indicates, the opium trade created a nexus of corruption that spanned the whole of Indies colonial society. At the apex, wealthy Chinese contractors bribed Dutch officials with lavish gifts to win the opium contracts. At the nadir, the opium dens were the centerpiece in Java's floating world of vice where gamblers, prostitutes, outlaws, and opium police congregated. In between, the Chinese opium contractors raised a retinue of spies, or “little eyes,” to track down smugglers whose illicit opium eroded their profits or to collect information to use against their rivals in the contract bidding.

Despite Dutch claims that their Opium Régie would control and
eventually eradicate the problem, the monopoly remained central to colonial finances until World War II. When Indonesian nationalists launched their revolution against the Dutch in 1945, they captured control of the opium stocks and engaged in an illicit traffic with Singapore to fund their armed forces.67

While the addiction weakened the local populations, it strengthened the finances of colonial governments. In 1905–1906, for example, opium sales provided 16 percent of taxes for French Indochina, 16 percent for Netherlands Indies, 20 percent for Siam, and 53 percent for British Malaya.68 These revenues, sometimes reaching as high as 59 percent of total taxes, financed construction of the cities, canals, roads, and rails that remain as the hallmarks of the colonial era.69

Despite heavy opium consumption, Southeast Asia remained a minor producer until the 1950s. At the 1909 Shanghai Opium Commission, the Thai delegates could report with some honesty that “Siam does not produce opium because it does not cultivate the poppy.”70 After World War II, Southeast Asia’s Golden Triangle would become the world’s leading opium grower, with an annual harvest of 1,000 to 3,300 tons of raw opium. But in the late 1930s, the highlands of Burma, Thailand, and Laos—the future Golden Triangle—still produced an insignificant harvest of only 15 tons of raw opium. The reason for this slow growth of poppy cultivation in Southeast Asia lies in the economics of the opium monopolies. For as long as the colonial monopolies survived, they did everything possible to discourage local opium production.

Opium Production in Southeast Asia

In the nineteenth century, poppy cultivation in the highlands of Southeast Asia began as an indirect response to the political and economic turmoil sweeping Yunnan province just across the border in southern China. For several centuries, Muslim merchants had linked the markets of the Yunnan Plateau with highland kingdoms that stretched from Bengal to Vietnam. With strings of some fifty mules, caravans went west along the old Burma Road to India and then south across the Shan Plateau toward Siam or southeast into the highland valleys of Laos. By the mid-nineteenth century, the Yunnan Muslims, known as Panthays or Haw, were carrying shipments of opium and tea to undercut the high price of both commodities in Siam. Crossing the Shan states, these merchants added to their opium supply by bartering for the local production, thus stimulating Burma’s opium crop.71 “The Panthays are a virile, sturdy and aggressive race,” wrote a Christian missionary who observed them firsthand. “The men who guide the long trains of mules . . . through the wild mountain passes of Yunnan and the Burmese frontier must be rugged in constitution and spirit. The . . . exposure to all
kinds of weather—drenching rains, scorching heat, or . . . the bitter frost and raw damp of the mountains slopes—would indeed daunt any but men of iron mould."\(^72\)

As the Chinese empire extended its reach into the country's southern borderlands during the late nineteenth century, imperial armies faced rebellions from the autonomous ethnic states that had existed for centuries without interference. Brutal in every respect, these campaigns were similar to the slaughters of aboriginal populations by states across the globe in the modern era—whether the Plains Indians of the American West, the Australian aboriginals, or the tribes of the Argentine Pampas.

In China, highland ethnic rebels often won the early battles, but the slow, grinding force of imperial armies eventually broke the organized resistance. In 1856 the Muslims of Yunnan province rebelled and established an independent kingdom at the city of Tali in the western mountains, one hundred miles from Burma, under a leader who crowned himself Sultan Suleiman. Sending his caravans west for arms, the sultan contacted British officials in Burma and dispatched his son to London to plead for diplomatic support. The Muslims found local allies among the Hmong mountain tribes of Yunnan, who had launched their own rebellion against the Chinese in 1853.\(^73\) After fifteen years of intermittent fighting, imperial forces used modern artillery directed by Western advisers to breach the walls of the Muslim fortress at Tali and overwhelm its 30,000 defenders. The Chinese commander, in the words of one British explorer, ordered a "general massacre of the disarmed . . . garrison, and an indiscriminate slaughter of thousands of men, women and children completed the conquest."\(^74\) In the aftermath, surviving Muslims fled west to the mountain towns of Burma and northern Siam where they survived by trading with the opium-growing tribesmen of Southeast Asia.\(^75\)

During this period, imperial armies were also fighting a massive revolt of Hmong hill tribes across China's southern borderlands. Again, imperial forces broke the revolt with slaughters during the 1870s, forcing a mass migration of Hmong opium farmers into Vietnam and Laos.\(^76\) Throughout much of the nineteenth century, these imperial campaigns sent waves of Hmong and Yao southward into the mountains of Indochina, bringing with them the knowledge of poppy cultivation.

China's conquests forced two streams of migration into Southeast Asia, the Muslims moving southwest toward Siam and the hill tribes arcing to the southeast through Vietnam and Laos. After settling in Southeast Asia, the Muslim merchants integrated the Hmong and Yao tribes into an overland opium trade that stretched from Yunnan to Bangkok. With their strings of mules and horses, the Muslims became
the logistic link between the opium supplies of southern China and the
demand for illicit drugs in the cities of Southeast Asia. Unaware of the
boom in poppy cultivation that was sweeping Yunnan and Szechwan in
the 1880s, state opium monopolies had raised official prices in the
smoking dens of Bangkok and Saigon to levels beyond the reach of most
addicts.

Starting their journeys in the markets of Yunnan, the Muslims
bartered textiles for opium and then led their mule caravans through the
hill villages of Burma and Laos, trading for opium at each stage until
they reached Siam and northern Vietnam. Through this overland
smuggling, the Muslims gradually stimulated opium production in the
highlands of Southeast Asia.

During the late nineteenth century, travelers passing through the
highlands of Southeast Asia noticed widespread opium production. In a
scientific essay of 1888, a British observer in Laos reported that recently
arrived Hmong were cultivating opium as a cash crop. Similarly, a
British explorer who crossed northeastern Burma in the 1890s saw
“miles of slopes covered with poppy” and noted that the “fields climb up
steep ravines and follow the sheltered sides of ridges.” French colonials
inspecting the highlands of Laos and Vietnam also observed Hmong and
Yao tribesmen cultivating the opium poppy.

After 1900, Siam and French Indochina found that this overland
smuggling trade was taking a major share of their legal opium markets.
In 1928, for example, French officials formed “a special surveillance
corps covering a wide area” along the China-Vietnam border and
attacked seventeen armed caravans with 15.5 tons of opium, equivalent
to 22 percent of government sales. In 1935 Bangkok described this
overland smuggling as “one of the most serious problems of the Siamese
administration” and reported seizures of 14 tons, equivalent to 18
percent of legal opium sales. After its investigators found that the
official opium price was 300 percent higher than the illicit, Bangkok cut
its prices, producing a 121 percent rise in legal opium sales.

Despite the spread of poppy cultivation in the highlands of Southeast
Asia, the region still remained a minor producer in the decades before
World War II. In 1909 French Indochina claimed that rigid regulation of
Hmong villages had reduced cultivation to “an absolutely insignificant
area” and held production to only 3.5 tons of opium. After allowing
production to reach 29 tons in 1923, the French found the diversion to
smugglers troublesome and forced Hmong opium production back to
“small quantities” in the 1930s. Faced with the inevitability of
smuggling from neighboring Yunnan, British officials in Burma licensed
opium growing in the Shan state borderlands and used those controls to
reduce production from 31 tons in 1932 to 8 tons just four year later.
Even at its peak in the 1920s, Southeast Asia's 60 tons of opium were dwarfed by the 6,380 tons produced across the border in China. The demand for illicit opium remained strong in the region's cities, but Southeast Asia did not develop widespread poppy cultivation until the late 1940s, more than fifty years after China.

The explanation for this half-century delay in the growth of the Golden Triangle's opium production is simple: British Burma, French Indochina, and the Kingdom of Siam did everything in their power to discourage their hill tribes from growing opium. While British India and imperial China generated revenues by producing and exporting opium, Southeast Asian governments gained their revenues from the sales of refined opium to addicts, not from the production and export of raw opium. Through their own official monopolies or licensed franchise dealers, Southeast Asian governments imported raw opium from abroad (usually from India, China, or Persia), refined it into smoking opium, and then made an enormous profit by selling it to addicts at inflated prices. Official monopolies and franchises were continually raising prices to maximize their profits, frequently forcing addicts onto the black market, where smuggled Yunnanese opium was available at a more reasonable cost. Smuggling became the bane of official dealers, forcing their government sponsors to mount costly border patrols to keep cheaper opium out and to lower prices to win back customers. It was their concern over the smuggling problem that led colonial governments to reduce and restrict hill tribe opium production. Knowledgeable colonial officials felt that poppy cultivation by local hill tribes would magnify the smuggling because customs officers patrolling the hills would find it impossible to distinguish between legitimate hill tribe opium and smuggled Yunnanese opium. Moreover, the hill tribes would divert opium to the black market, adding to the flow of illicit supplies and further reducing government revenues.

These concerns influenced colonial opium policy in the Golden Triangle from the very beginning of European rule in the northern borderlands of Burma and Indochina. After the British pacified northeastern Burma in the late 1880s, they made sporadic attempts at reducing tribal opium production along the Chinese border until 1923, when they launched a systematic campaign in these areas. Following their annexation of Tonkin in 1884 and Laos in 1893, French colonials experimented with large-scale commercial poppy plantations but consistently avoided promoting hill tribe production for almost fifty years. Thus, while provincial officials in southern and western China promoted poppy cultivation, colonial officials across the border in the Golden Triangle were either restraining or actively reducing hill tribe opium production.
International Drug Diplomacy

In the late nineteenth century, the scandal of Far Eastern opium trade inspired a global anti-opium movement, led by Protestant clergy and laity, that forced Western nations to adopt a drug diplomacy aimed at suppressing the international trade in narcotics. The Hague Opium Conference of 1911–12 and subsequent negotiations led to a series of opium control treaties under the League of Nations in 1925 and the United Nations after 1945. What today remains a routine, sometimes dreary diplomacy began more than a century ago as an impassioned religious crusade.

The early anti-opium movement was a loose alliance between British Protestants, Western missionaries in China, and Chinese imperial officials. With a generous endowment from a British Quaker, the Anglo-Oriental Society for the Suppression of the Opium Trade formed in 1874 and soon attracted the patronage of a Catholic cardinal and the archbishop of Canterbury. At mass meetings, the society proclaimed its intention to "urge the British government entirely to disconnect itself from . . . the opium traffic" and to restore China's "perfect independence of action to deal with opium," which it had lost in the two Opium Wars. "This Opium Trade is a Christian's monopoly," proclaimed the Rev. A. E. Moule before the Shanghai Missionary Conference of 1877. "Its history is a Christian sin, a Christian shame. Take away this abnormal, this unnatural ally of heathenism, and we can meet the enemy without doubt of the final outcome." Declaring his support for the anti-opium movement, China's leading mandarin, Li Hung-chang, informed the society that "China views the question from a moral standpoint; England from a fiscal." While proclaiming his moral opposition to opium, Li, like many of his class, grew a substantial poppy crop on ancestral lands, a contradiction that sparked British colonial suspicions that China merely wished to eliminate competition from Indian imports.

For thirty years Britain's missionaries and moralists fought a relentless campaign through meetings and petitions that culminated in 1906 when Parliament passed a motion to end India's opium trade. Triumphant at last, British crusaders linked arms and marched out of Parliament House singing hymns. Long humiliated by every aspect of the traffic, China's nationalists were strongly opposed to the pandemic of opium addiction that seemed to spread without restraint. With strong mandates for suppression, British and Chinese diplomats agreed on a ten-year, step-by-step reduction in both Indian imports and Chinese cultivation. As the Indian opium shipments diminished, China pursued a rigorous anti-opium campaign that eliminated smoking in Beijing and reduced cultivation in provinces such as Szechwan.
After the revolution of 1911 against the Manchu emperor, however, the new republican government proved corrupt and its opium suppression campaign faltered. China's poppy cultivation revived, morphine and heroin pills appeared as substitutes for smoking opium, and the new republic's cabinet was found taking a bribe from the opium syndicate. Nonetheless, in January 1919, the republic burned the last chest of Indian opium at a public ritual before invited guests at Shanghai. After three hundred years, the India-China opium trade had ended.\(^92\) It was, however, an event of less than historic importance. India now exported opium elsewhere and China grew enough to supply its own addicts.

While Britain engaged in bilateral negotiations with China, the United States sought a solution through global drug diplomacy. After occupying the Philippines in 1898, the United States discovered that it had inherited a state opium monopoly similar to those elsewhere in Southeast Asia. In 1903, for example, Manila had 190 dens retailing a total of 130 tons of opium.\(^93\) Aware that opium provided nearly 4 percent of colonial revenues, the U.S. governor, William Howard Taft, was inclined to continue the traffic, until an outpouring of protest in the United States forced Washington to intervene. In 1903 the colonial regime appointed the Episcopal missionary Bishop Charles Brent, formerly an assistant minister in a poor Boston parish, to head a committee investigating the opium problem. After touring Asia to study the matter, Bishop Brent recommended an ultimate prohibition.\(^94\) In 1906 the U.S. regime responded by restricting sales to adult Chinese males and registering 12,700 smokers. Two years later, Manila slashed imports to just 38 pounds, raising the illicit price to a level that made smuggling profitable. Although opium smuggled from China met the illicit demand, drug abuse in the Philippine Islands declined, through a mix of prohibition and high illicit price, to levels far below that in other Southeast Asian colonies.\(^95\)

Whatever its actual impact might have been, the Philippine ban won fame for Bishop Brent and launched America's attempt at drug diplomacy. Aware that illicit Chinese opium was sabotaging the Philippine prohibition, the bishop wrote to President Theodore Roosevelt suggesting an international conference to assist China in its struggle against the opium trade. As an enthusiastic amateur diplomat who had won the Nobel Peace Prize for his role in settling the Russo-Japanese War, Roosevelt embraced the bishop's idea and committed American resources to convening the first International Opium Commission. With Bishop Brent in the chair, delegations from thirteen countries—including Britain, France, Persia, Siam, and China—met at Shanghai for a month early in 1909.\(^96\) With stunning self-confidence, the European colonial powers portrayed their profit-oriented opium monopolies as
drug control measures, thus pushing the conference toward a consensus that government regulation was the solution. "Being proud of the Java Régie system and also deeply convinced of its useful effect," the Dutch delegate A. A. de Jongh suggested that the opium trade be removed from "the hands of private wholesale dealers" and be "limited to the Governments of opium-producing and opium-consuming countries"—just what the colonial regimes were already doing. In unanimous, nonbinding resolutions, the commission defended the colonial interest by advising "the gradual suppression . . . of opium," the drug its members did sell, and urging "drastic measures" against the "grave danger" of morphine, the drug its members did not sell.97 Thus, the commission left a mingled legacy, defending Asia's colonial opium trade while simultaneously launching a global antinarcotics diplomacy.

Two years later, the United States used its influence to convene a second round of drug diplomacy, the International Conference on Opium at the Hague. With the support of William Taft, the former Philippine governor who was now the U.S. president, Bishop Brent again chaired the conference and maintained its moral momentum against the colonial interest. Moving beyond the mere recommendations of the Shanghai commission, these sessions drafted the Hague Opium Convention, which required each signatory nation to pass its own domestic drug legislation. As a party to these proceedings, the United States was thus required to pass its first federal drug laws, a diplomatic pressure that translated into enactment of the Harrison Narcotics Act by the U.S. Congress in 1914.98 Before the Hague convention could take effect, World War I intervened, delaying further drug diplomacy until the League of Nations convened the Geneva Conference of 1925 and began a rigorous round of negotiations. Under the Geneva narcotics convention and its later protocols, drug controls moved away from voluntary national laws to mandatory international controls over the production and sale of drugs.99

Restrained by the influence of the European colonial lobby, this cautious diplomacy could never achieve the total eradication advocated by the anti-opium movement. Although the diplomacy moved with a slowness that moral reformers found abhorrent, it nonetheless produced international treaties that gradually restricted the right of governments to traffic in narcotics. Faced with the threat of diplomatic censure, the major trafficking nations were forced to restrict their trade, and the result was an 82 percent decline in world opium supply—from 42,000 tons in 1906 to 8,000 tons in 1934.100 Although none of Southeast Asia's states actually abolished its opium monopoly, all made gestures, genuine and cosmetic, that reduced the region's opium sales by 65 percent in the fifteen years after World War I. The Netherlands Indies,
for example, which had been selling opium since the seventeenth century, cut the colony's consumption by 88 percent, from 127 to 15 tons.101

Although these reforms reduced the region's legal opium sales, they could not eradicate a mass demand for the drug cultivated by three centuries of colonial rule. Colonial regimes could break their fiscal dependence opium taxes by fiat, but colonized societies could not cut the cultural and economic roots of mass opium addiction so quickly. As soon as governments slashed imports or closed opium dens, smugglers and dealers emerged to service the unmet demand.

In the islands of Southeast Asia, a colonial customs service could, with some difficulty, patrol the sea lanes and enforce the prohibition on opium imports from India and Persia. But on the mainland, Thailand and French Indochina found it impossible to close their mountain borders to the overland caravan trade from Yunnan and Burma. With 50 percent of its smokers and 70 percent of its dens,102 Bangkok and Saigon were Southeast Asia's premier opium markets, offering high profits to draw the caravans southward from the opium hills. There were, moreover, politics to the opium economy. When the excise departments of Thailand and French Indochina stopped taxing the legal trade, their military factions imposed an informal tax on the illicit traffic. Creation of the colonial opium trade had proved far easier than its abolition.

Royal Thai Opium Monopoly

Although opium was clearly a colonial vice, the independent Kingdom of Siam was an apt imitator. After legalizing opium in 1851, Siam (today Thailand), developed one of the most successful monopolies in Southeast Asia. The large Chinese population in Bangkok provided a ready market, and opium became a mainstay of royal finances.103 By 1905 the royal government was earning 20 percent of its taxes by selling 95 tons of opium through Bangkok's 900 opium dens.104 As opium became integrated in the country's economy, the government found it increasingly difficult to disengage from the traffic.

"It is unquestionable that the drug has evil effects upon its consumers; and casts degradation upon every country where the inhabitants are largely addicted to the habit of opium smoking," said Siam's King Chulalongkorn in 1908. "But unfortunately there are many obstacles in the way of attainment of this object [eradication of the vice]. Briefly speaking, there is the considerable shrinkage in the State revenues to be faced. It is nevertheless Our bounden duty not to neglect Our people and allow them to become more and more demoralized by indulgence in this noxious drug. We have accordingly decided the spread of the opium habit among Our people shall become gradually lessened until it shall be entirely suppressed."105
Not even a god-king could reverse the inexorable tide of modern economics. Over the next ten years, the number of opium dens increased by 360 percent to 3,245 and opium’s share of royal revenues climbed to 25 percent. Twenty years after the king had promised an end to the drug trade, the opium monopoly’s imports doubled to 180 tons, sustaining the largest addict population in Southeast Asia.

At its start in the early nineteenth century, Siam's thriving opium trade simply reflected the size of the Chinese population. As the Bangkok dynasty imported legions of Chinese laborers for construction of canals across its central plains, its Chinese population became the largest in Southeast Asia, reaching 440,000 in 1821 and constituting half of Bangkok by 1880.

And with the Chinese came the opium problem. In 1811 King Rama II promulgated Siam's first formal ban on the sale and consumption of opium. In 1839 another Thai king reiterated the prohibition and ordered the death penalty for major traffickers. Despite the good intentions of royal courts, legislative efforts failed. Although Chinese distributors could be arrested and punished, the British merchant captains who smuggled the illicit narcotic were virtually immune to prosecution. Whenever a British captain was arrested, ominous rumblings issued from the British embassy, and the captain was soon freed to smuggle in another cargo. Finally, in 1852, King Mongkut bowed to British pressure and established a royal opium franchise that was leased to a wealthy Chinese merchant.

In 1855 King Mongkut yielded to further British pressure and signed a commercial treaty with the British Empire which lowered import duties to 3 percent and abolished the royal trading monopolies, the fiscal basis of the royal administration. To replace these lost revenues, the king expanded the four Chinese-managed vice franchises—opium, lottery, gambling, and alcohol—which provided between 12 and 22 percent of all government revenues in the latter half of the nineteenth century. After only a decade of operation, the court found that an “influx of contraband opium” was undercutting “the Opium Monopoly which has yielded much profit to the Metropolis of the Kingdom” and passed the first comprehensive regulations to bar smuggling.

In 1907, after a half century of legal drug sales, Siam’s king announced his program for the suppression of “this noxious drug.” Following the example of the Dutch and French, his government eliminated the Chinese contractors and assumed direct distribution of opium to the dens. Almost mocking the king’s intentions, the new monopoly, like those in French Indochina and the Netherlands Indies, produced a sustained increase in opium sales. The number of dens and retail shops jumped from 1,200 in 1900 to more than 3,000 in 1917, the number of opium addicts reached
200,000 by 1921; and the opium profits continued to provide between 15 and 20 percent of all government tax revenues.

Responding to mounting international opposition to legalized opium trafficking, the Thai government finally began reducing the volume of the opium monopoly's business in the 1920s. By 1930 almost 2,000 shops and dens were closed, but the remaining 837 were still handling 89,000 customers a day. To demonstrate the royal commitment to ending the drug trade, Siam hosted the Bangkok Opium Conference in 1931, another meeting in the ongoing anti-opium diplomacy.

In 1932, however, an elite revolution of middle-ranking military and civil servants seized power and imposed a constitution on the monarch. Led by an ultranationalist, Colonel Phibun Songkhram, the military gradually took control of the new regime and used its growing influence to reverse the opium eradication policy. Determined to reclaim the Tai-speaking Shan states from British Burma, younger officers around Phibun apparently began using the opium trade as a vehicle for extending their influence into northern Siam and Burma. Whatever the cause, official involvement in the opium trade along the northern borderlands increased markedly after 1932. These trends became particularly evident in 1938 when Colonel Phibun became prime minister and focused greater attention on the northern borderlands a matter of state policy. To reinforce the regime's expansionist aims, Phibun changed the country's name from Siam to Thailand—an implicit claim to the Tai-speaking region of northern Burma.

During the 1930s, Bangkok's opium market developed direct links with the opium hills that stretched north from Siam across Burma to China. When the revolutionary government came to power in 1932, the rapid reduction in legal opium dens—to only 860 from a peak of 3,250 in 1917—had already encouraged a sharp rise in caravan smuggling from Burma. Continuing the royal suppression effort, the new government did not import any opium in 1932-1933. But reflecting its own support for the trade, the revolutionary regime raised the number of opium dens to 1,400 in 1938. By increasing opium outlets while cutting supplies, the regime produced an upsurge of smuggling from Burma and Yunnan. In 1935 alone, Siam's government seized 5 tons of illegal opium. Over the next five years, seized opium totaled 27 tons and amounted to 23 percent of the opium sold by the monopoly. The contradictions in a policy that cut opium imports while continuing to sell the drug in licensed dens produced Siam's first major instance of opium corruption.

The incident began in May 1934 when the director of Siam's excise department, the unit responsible for opium sales, was visiting Kengtung in Burma's Shan states and, without proper authorization, contracted with some local dealers who would supply 15 tons of opium for the
monopoly. Under loose British controls, the Shan states were harvesting 20 to 30 tons for licensed dens and unknown quantities for the illicit caravan trade. After his finance minister rejected the offer as improper and illegal, the excise director nonetheless notified his Kengtung contact that he would pay a “reward” for the seizure of the opium once it arrived across the border. Thus, on January 9, 1935, Siam’s excise officers seized nine trucks loaded with 9 tons of opium just inside the border, and the director doubled his department’s reward budget to pay the “informers.” The case became an open scandal when the British adviser to Siam’s finance ministry, James Baxter, wrote an open letter to the Singapore Straits Times exposing the details of the transaction. In the end, the finance minister denied everything and the national assembly refused, by a vote of 48 to 17, to discuss the matter. As planned, the excise department marketed the opium officially through its licensed dens.

After Phibun became prime minister in 1938, the government abandoned any pretense of opium suppression and revived the monopoly. Since it was, officials claimed, “impossible to prevent the transporting of this contraband opium across a border strip of mountains and jungle,” the prohibition effort encouraged “clandestine smoking by addicts deprived of a convenient licensed establishment.” To supply its expanded network of opium dens, the regime announced that it would promote poppy cultivation among the hill tribes of northern Siam to cut the costs of imports and control smuggling. Twenty years earlier, Siam had demonstrated its potential for local production when it made a trial purchase of 5 tons of tribal opium. In December 1938, the government agreed to purchase the opium harvest from two mountain villages and two years later, in March 1940, announced that the local experiment had been successful. Henceforth, the Phibun government proclaimed, Thailand would be able to grow its own opium.

The government’s active promotion of poppy cultivation, combined with increasing migration of hill tribes into Thailand, stimulated a gradual increase in the country’s opium production during the 1940s. Although large numbers of Hmong and Yao had started moving into Indochina from southern China during the mid-1800s, it was not until the early twentieth century that substantial numbers of the highland opium farmers had started crossing into Thailand from Laos. Other opium-growing tribes—such as the Akha, Lisu, and Lahu—took a more direct route, moving slowly southward through northern Burma before crossing into Siam. Since the tribal population was small and production sporadic, their meager harvests rarely got much farther than the local trading towns at the base of the mountain ranges. For example, in Ban
Wat, a small trading town south of Chiangmai, hill traders recalled that the opium business was so small in the prewar period that all of their opium was sold directly to Thai and Chinese addicts in the immediate area. Although they were close to Chiangmai, which was a major point for forwarding illicit Chinese opium to Bangkok, the local production rarely got beyond neighboring towns and villages. Nor was it possible for the lowland Thai peasants to cultivate the opium poppy. The Yunnan variety of the opium poppy that was grown in southern China and Southeast Asia prospered only in a cool, temperate climate. And in these tropical latitudes, it had to be grown in mountains above three thousand feet in elevation, where the air was cool enough for the sensitive poppy. Since the Thai peasants clung resolutely to the steamy lowland valleys where they cultivated paddy rice, opium production in Thailand, as in the rest of Southeast Asia, became the work of mountain tribesmen.

Although Thailand was cut off from its major opium suppliers, Iran and India, during World War II, it had no difficulty securing an adequate supply of raw opium for the royal monopoly. Through its military alliance with the Japanese Empire, Thailand occupied the Shan states in northeastern Burma and gained access to its opium-growing regions along the Chinese border.

After allying with Japan in 1940, Prime Minister Phibun proclaimed a quasi-Fascist program for Thailand, involving mass mobilization at home and expansion abroad. In a secret agreement signed in early 1940, Phibun agreed to support Japan's war effort in exchange for recognition of Thai claims to the Shan states. Jumping off from bases in Thailand, the Japanese 15th Army invaded lower Burma at the outbreak of the war and occupied Rangoon in March 1942. Determined to cut the famed Burma Road that was supplying Chinese forces in Yunnan with munitions from India, the Japanese pushed north in three columns, shattering Allied defenses. Driving the demoralized Nationalist Chinese before them, Japan's eastern column entered the Shan states, with the main force reaching the Burma Road junction on April 30 and a smaller group advancing toward Kengtung in the south.

As the battle lines moved away toward India in the west, the Japanese commanders invited their Thai allies to occupy the southern Shan states, now safely distant from combat. In May 1942 the Thai Northern Army marched into the Shan states and occupied the main market town at Kengtung. There Major General Phin Choonhawan, governor of what Bangkok now called the United Thai State, established a military administration that would control the area for the next two years. After the end of the monsoon rains in September, the Northern Army continued its march toward China, overcoming weak resistance from scattered Nationalist Chinese (Kuomintang, KMT) garrisons and
reaching the China border in January 1943. A few months after the military occupation of Kengtung, the Thai opium monopoly imported 36 tons from the Shan states, raising opium revenues to a record level. At war's end, when Japanese forces began to suffer reverses on the Indian front, Thailand's Northern Army began its withdrawal from the Shan states. Four months after a new civilian cabinet ousted Prime Minister Phibun in July 1944, Bangkok ordered Governor Phin home from Kengtung and demobilized his Northern Army.

In the annals of World War II, the Thai advance into the Shan states appears as a minor military operation, a footnote to the big battles fought elsewhere. Viewed from a different perspective, the occupation gains significance as an important phase in the development of the modern Southeast Asian drug trade. Many of the political links that would bind these disparate highlands into the Golden Triangle opium zone were forged during the Thai occupation. By the early 1950s, just a few years after the war, General Phibun's faction, including many veterans of the Northern Army, would use its contacts with the Nationalist Chinese military to import substantial quantities of Shan state opium. This alliance shaped a Burma-to-Bangkok opium corridor that remains, even forty years later, central to Southeast Asia's drug trade.

By allowing the Thai army direct contact with the Shan states for the first time, the wartime occupation fostered alliances between local elites and influential Thai military factions. Recalling his departure from Kengtung in 1944, Phin, later Thailand's chief of staff, recalled that "over 1,000 government officials and other well-wishers came to send me off. Many of them cried." Of equal importance, the occupation also allowed contact with the Nationalist Chinese military in nearby Yunnan. Although the Chinese were enemies at the start of the war, Japan's slow decline led the Thai military, on orders from Prime Minister Phibun, to meet the commander of the KMT's 93rd Division, General Lu Wi-eng, at the border in April 1944. When American OSS agents operating in Yunnan sought clandestine contacts among the Thai military in neighboring Kengtung, they learned that General Lu already had detailed lists of the Northern Army's officers. After the war when Chinese Communist forces captured Yunnan, remnants of this same unit, the 93rd Division, retreated into Burma where they later developed the Shan opium trade in alliance with General Phin's faction.

The 36 tons of Shan opium exported to Thailand during the Northern Army's occupation of Kengtung hints at the politics that would underlie the postwar drug trade. The logistics for this particular shipment remain obscure, but the political connections that emerged from the Shan campaign are more obvious. Significantly, many of the Thai military who...
dominated the opium traffic with Burma after World War II were veterans of Shan state occupation. As architect of the 1947 coup and later chief of staff, General Phin—with the support of factional allies from his old northern command—emerged as Thailand's leading soldier-politician during the postwar decade. With a retinue of loyal subalterns, four daughters married to rising young officers, and a prominent soldier son in Colonel Chatchai Choonhawan, Phin played a preeminent role in structuring the military factions that dominated postwar Thai politics. The list of his Northern Army veterans thus reads like a lineage of Thai military strongmen—General Phao Siyanan (1947–1957), Field Marshal Sarit Thanarat (1957–1963), General Krit Siwara (1957–1976), and General Kriangsak Chamanan (1976–1980).\textsuperscript{139}

Although not every leader of every faction was involved in the Shan opium trade, drug revenues would remain a major source of Thai military power in the decades following World War II. Moreover, the war in no way reduced Yunnan's exports to Southeast Asia. Both the Japanese army and the Nationalist Chinese government actively encouraged the opium traffic during the war. Even though they were at war with each other, the Nationalist Chinese government (which controlled the opium-growing provinces of southern China) sold substantial quantities of raw opium to the Japanese army (which occupied Burma and the coastal regions of China).\textsuperscript{140} In addition, smugglers' caravans continued to filter across the border from Yunnan, providing substantial quantities of inexpensive opium for Thai addicts. Thus Thailand emerged from World War II with its large addict population intact and its dependence on imported opium undiminished.\textsuperscript{141}

**Burma: Opium on the Shan Plateau**

The British opium monopoly in Burma was one of the smallest and least profitable in all of Southeast Asia. Perhaps because Burma was administered as an appendage to their wealthy Indian empire, British colonial officials in Burma were rarely plagued by acute fiscal deficits and never pursued the opium business with the same vigor as their counterparts in the rest of Southeast Asia.

Soon after their arrival in Lower Burma in 1852, the British had begun importing large quantities of opium from India and marketing it through a government-controlled opium monopoly. However, in 1878 the British parliament passed the Opium Act and began to take steps to reduce opium consumption. Now opium could be sold only to registered Chinese opium smokers and Indian opium eaters, and it was absolutely illegal for any Burmese to smoke opium. However, a large number of Burmese had become introduced to the habit in the quarter century of
unrestricted sale before prohibition. While the regulations succeeded in reducing opium profits to less than 1 percent of total colonial revenues in 1939—the lowest in Southeast Asia—they had limited success in controlling addiction. In 1930 a special League of Nations Commission of Inquiry reported that there were 55,000 registered addicts buying from the government shops and an additional 45,000 using illicit opium smuggled from China or the Shan states.

In 1886 the British acquired an altogether different sort of opium problem when they completed their piecemeal conquest of the Kingdom of Burma by annexing the northern half of the country. Among their new possessions were the Shan states located in Burma's extreme northeast—the only area of Southeast Asia with any significant hill tribe opium production. Flanking the western border of China's Yunnan province, the Shan states are a rough mountainous region somewhat larger than England itself. While it did not take the British long to subdue the lowland areas of Upper Burma, many of the mountain tribes inhabiting the Shan states' vast, rugged terrain were never brought under their control. Until the very end of their colonial rule, opium from these hill tribe areas would continue to be smuggled into Lower Burma, mocking British efforts at reducing the addict population and cutting into the profits from their opium monopoly. Although the British made a number of efforts at abolishing opium cultivation in the Shan states, geography, ethnography, and politics ultimately defeated them.

The mountain ridges and wide rivers that crisscross the Shan states have their beginnings far to the north in the mountains of Tibet. The jagged, east-west crescent of the Himalayan mountain range is twisted sharply to the south at the point where Tibet and China meet, thereby channeling its waters into the southward plunge of Asia's great rivers—the Yangtze, Mekong, Salween, and Irrawaddy. As the Irrawaddy's tributaries cross the extreme northern tip of Burma—the Kachin state—they flow through long north-south alluvial plains and relatively narrow upland valleys that lie between 7,000-to-10,000 foot mountain ridges. Soon after the Irrawaddy turns west near the Kachin state's southern border and spills out onto the broad plains of central Burma, the sharp mountains of the Kachin state give way to the wide plateaus of the western Shan states and the large upland valleys of the eastern Shan states.

It is this striking interplay of sharp mountain ranges and upland valleys—not any formal political boundary—that has determined the ethnic geography of the Shan and Kachin states. The Shans are lowland rice cultivators who keep to the flat, wide valleys where their buffalo-drawn plows can till the soil and ample water is available for irrigation. Throughout the Kachin and Shan states the Shans dominate
the flatlands of the upland valleys and plateaus. Most practice some form of the Buddhist religion, and all speak a dialect of the Thai language similar to that spoken by their neighbors across the border in northern Thailand. Their irrigated paddy fields have always produced a substantial surplus, providing for the formation of relatively large towns and strong governments. Generally, the larger valleys have become tiny autonomous principalities ruled by feudal autocrats known as sawbwas and clans of supporting nobility.

Ringing the upland valleys are mountain ridges inhabited by a wide variety of hill tribes. The hills of the Kachin state itself are populated mainly by Kachins. Farther south the Kachins thin out and the hills are populated with Wa, Pa-o, Lahu, and Palaung. All these mountain dwellers till the soil by cutting down the trees and burning the forest to clear land for dry rice, tea, and opium. Needless to say, this kind of agriculture is hard on the soil, and erosion and soil depletion force the hill tribes to seek new villages periodically. As a result, the political organization of the hill tribes is much less tightly structured than that of the Shans. Many of the tribes practice a form of village democracy, while others, particularly some of the Kachins, have an aristocracy and a rigid social structure. Whatever their own political structure might be, few of these tribes are larger or concentrated enough to be truly autonomous, and most owe some allegiance to the feudal Shan sawbwas, who control local commerce and have more powerful armies.

As British colonial officials traveled through the Shan states in the late 1880s and the early 1890s seeking native allies, they quickly discovered that the region's population of 1,200,000 Shans and tribesmen was ruled by thirty-four independent sawbwas. Their kingdoms ranged from Kengtung (a little larger than Massachusetts and Connecticut combined) all the way down to several tiny fiefs with an area of less than twenty square miles. The British position was very insecure: the Shan territories east of the Salween River were tied economically to China, and many of the other sawbwas were considering changing their political allegiance to the king of Siam. The British secured the sawbwas' wavering loyalties by “showing the flag” throughout the Shan states. In November 1887 two columns of about 250 men each set off to “conquer” the Shan states. Bluffing their way from state to state, the British convinced the sawbwas that the British Empire was far stronger than their meager forces might indicate and thus was deserving of their allegiance.

But the British were hardly eager to spend vast sums of money administering these enormous territories; and so, in exchange for the right to build railways and control foreign policy, they recognized the sawbwas' traditional powers and prerogatives. In granting the
sawbwas control over their internal affairs, the British doomed their future efforts at eradicating opium cultivation in northeastern Burma. The sawbwas received a considerable portion of the tribal opium harvest as tribute, and opium exports to Siam and Lower Burma represented an important part of their personal income. However, after years of determined refusal, the sawbwas finally acceded to British demands for opium controls and in 1923 the Shan States Opium Act was passed into law. Growers were registered, attempts were made to buy up all the opium,149 and the total harvest was gradually reduced from 37 tons in 1926 to 8 tons in 1936. While the British were the police, army, and government in the rest of Burma, in the Shan states they were merely advisers, and there were limits to their power. Opium production was never fully eradicated, and the British soon abandoned their unpopular campaign.150

After World War II, weakened by a costly war on the European continent, the British yielded to the rising demand and gave Burma its independence. But they had left a troublesome legacy. Although the new government was able to ban opium consumption completely with the Opium Den Suppression Act of 1950,151 it found no solution to the problem of poppy cultivation in the trans-Salween Shan states.152 The British had saddled the Burmese with autonomous sawbwas who would tolerate no interference in their internal affairs and steadfastly resisted any attempts at opium suppression. Although there was only limited opium production when the British left in 1947, the seeds had been planted from which greater things would grow.

Opium Finance in French Indochina

Vietnam was one of the first stops for Chinese emigrating from overpopulated Kwangtung and Fukien provinces in the late eighteenth and early nineteenth centuries. While the Vietnamese emperors welcomed the Chinese because of their valuable contributions to the nation's commercial development, they soon found the Chinese opium habit a serious economic liability. Almost all of Vietnam's foreign trade in the first half of the nineteenth century was with the ports of southern China. Vietnam's Chinese merchants managed the trade efficiently, exporting Vietnamese commodities such as rice, lacquerware, and ivory to Canton to pay for the import of Chinese luxury and manufactured goods. In the 1830s, however, British opium began flooding into southern China in unprecedented quantities, seriously damaging the entire fabric of Sino-Vietnamese trade. The addicts of southern China and Vietnam paid for their opium in silver, and the resulting drain of specie from both countries caused inflation and skyrocketing silver prices.153
The Vietnamese court was adamantly opposed to opium smoking on moral as well as economic grounds. Opium was outlawed almost as soon as it appeared, and in 1820 the emperor ordered that even sons and younger brothers of addicts were required to turn the offenders over to the authorities.\footnote{154}

The imperial court continued its efforts, which were largely unsuccessful, to restrict opium smuggling from China, until military defeat at the hands of the French forced it to establish an imperial opium franchise. In 1858 a French invasion fleet arrived off the coast of Vietnam, and after an abortive attack on the port of Dangang, not far from the royal capital of Hué, sailed south to Saigon, where they established a garrison and occupied much of the nearby Mekong Delta. Unable to oust the French from their Saigon beachhead, the Vietnamese emperor finally agreed to cede the three provinces surrounding Saigon and to pay an onerous, long-term indemnity worth 4 million silver francs. But the opium trade with southern China had disrupted the Vietnamese economy so badly that the court found it impossible to meet this onerous obligation without finding a new source of revenue. Yielding to the inevitable, the emperor established an opium franchise in the northern half of the country and leased it to Chinese merchants at a rate that would enable him to pay off the indemnity in twelve years.\footnote{155}

More significant in the long run was the French establishment of an opium franchise to put the new colony on a paying basis only six months after they annexed Saigon in 1862. Opium was imported from India, taxed at 10 percent of value, and sold by licensed Chinese merchants to all comers.\footnote{156} Opium became a lucrative source of income, and this successful experiment was repeated as the French acquired other areas in Indochina. As the French annexed Cambodia (1863), Annam (1883), Tonkin (1884) and Laos (1893), they founded autonomous opium monopolies to finance the heavy initial expenses of colonial rule. While the opium franchise had succeeded in putting southern Vietnam on a paying basis within several years, the rapid expansion of French holdings in the 1880s and 1890s created a huge fiscal deficit for Indochina as a whole. Moreover, a hodgepodge administration of five separate colonies was a model of inefficiency, and legions of French functionaries were wasting what little profits these colonies generated. While a series of administrative reforms repaired much of the damage in the early 1890s, continuing fiscal deficits still threatened the future of French Indochina.\footnote{157}

The man of the hour was a former Parisian budget analyst named Paul Doumer, and one of his solutions was opium. Soon after he stepped off the boat from France in 1897, Governor-General Doumer began a series of major fiscal reforms: a job freeze was imposed on the colonial
bureaucracy, unnecessary expenses were cut, and the five autonomous colonial budgets were consolidated under a centralized treasury. But most important, Doumer reorganized the opium business in 1899, expanding sales and sharply reducing expenses. After consolidating the five autonomous opium agencies into the single opium monopoly, Doumer constructed a modern, efficient opium refinery in Saigon to process raw Indian resin into prepared smoker's opium. The new factory devised a special mixture of prepared opium that burned quickly, thus encouraging the smoker to consume more opium than he might ordinarily. Under Doumer's direction, the opium monopoly made its first purchases of cheap opium from China's Yunnan province so that government dens and retail shops could expand their clientele to include the poorer workers who could not afford the high-priced Indian brands. More dens and shops were opened to meet expanded consumer demand. By 1918 French Indochina was home to 1,512 dens and 3,098 retail shops. Business boomed.

As Governor-General Doumer himself has proudly reported, these reforms increased opium revenues by 50 percent during his four years in office, accounting for over one-third of all colonial revenues. For the first time in more than ten years there was a surplus in the treasury. Moreover, Doumer's reforms gave French investors new confidence in the Indochina venture, and he was able to raise a 200-million-franc loan, which financed a major public works program, part of Indochina's railway network, and many of the colony's hospitals and schools.

Nor did the French colonists have any illusions about how they were financing Indochina's development. When the government announced plans to build a railway up the Red River valley into China's Yunnan province, a spokesman for the business community explained one of its primary goals:

It is particularly interesting, at the moment one is about to vote funds for the construction of a railway to Yunnan, to search for ways to augment the commerce between the province and our territory... The regulation of commerce in opium and salt in Yunnan might be adjusted in such a way as to facilitate commerce and increase the tonnage carried on our railway. [Emphasis added.]

While a vigorous international crusade against the "evils of opium" during the 1920s and 1930s forced other colonial administrations in Southeast Asia to reduce the scope of their opium monopolies, French officials remained immune to such moralizing. When the Great Depression of 1929 pinched tax revenues, they managed to raise opium monopoly profits (which had been declining) to balance the books.
Opium revenues climbed steadily and by 1938 accounted for 15 percent of all colonial tax revenues—the highest in Southeast Asia.164

In the long run, however, the opium monopoly weakened the French position in Indochina. Vietnamese nationalists pointed to the opium monopoly as the ultimate example of French exploitation.165 Some of Ho Chi Minh's most bitter propaganda attacks were reserved for those French officials who managed the monopoly. In 1945 Vietnamese nationalists reprinted this French author's description of a smoking den and used it as revolutionary propaganda:

Let's enter several opium dens frequented by the coolies, the longshoremen for the port.

The door opens on a long corridor; to the left of the entrance, is a window where one buys the drug. For 50 centimes one gets a small five gram box, but for several hundred, one gets enough to stay high for several days.

Just past the entrance, a horrible odor of corruption strikes your throat. The corridor turns, turns again, and opens on several small dark rooms, which become veritable labyrinths lighted by lamps which give off a troubled yellow light. The walls, caked with dirt, and indented with long niches. In each niche a man is spread out like a stone. Nobody moves when we pass. Not even a glance. They are glued to a small pipe whose watery gurgle alone breaks the silence. The others are terribly immobile, with slow gestures, legs strung out, arms in the air, as if they had been struck dead. . . . The faces are characterized by overly white teeth; the pupils with a black glaze, enlarged, fixed on god knows what; the eyelids do not move; and on the pasty cheeks, this vague, mysterious smile of the dead. It was an awful sight to see walking among these cadavers.166

This kind of propaganda struck a responsive chord among the Vietnamese, for the social costs of opium addiction were heavy indeed. Large numbers of plantation workers, miners, and urban laborers spent their entire salaries in the opium dens. The strenuous work, combined with the debilitating effect of the drug and lack of food, produced some extremely emaciated laborers, who could only be described as walking skeletons. Workers often died of starvation, or more likely their families did. While only 2 percent of the population were addicts, the toll among the Vietnamese elite was considerably greater. With an addiction rate of almost 20 percent, the native elite, most of whom were responsible for local administration and tax collection, were rendered less competent and more liable to corruption by their expensive opium habits.167 In fact, the village official who was heavily addicted to opium became something of a symbol for official corruption in Vietnamese literature of
the 1930s. The Vietnamese novelist Nguyen Cong Hoan has written an
unforgettable portrait of such a man:

Still the truth is that Representative Lai is descended from
the tribe of people which form the world's sixth race. For if he
were white, he would have been a European; if yellow, he
would have been an Asian; if red, an American; if brown, an
Australian; and if black, an African. But he was a kind of green,
which is indisputably the complexion of the race of drug
addicts.

By the time the Customs officer came in, Representative
Lai was already decently dressed. He pretended to be in a
hurry. Nevertheless, his eyelids were still half closed, and the
smell of opium was still intense, so that everyone could guess
that he had just been through a "dream session." Perhaps the
reason he had felt he needed to pump himself full of at least ten
pipes of opium was that he imagined it might somehow reduce
his bulk, enabling him to move about more nimbly.

He cackled, and strode effusively over to the Customs
officer as if he were about to grab an old friend to kiss. He bowed
low and, with both of his hands, grasped the Frenchman's hand
and stuttered.

"Greetings to your honor, why has your honor not come here
in such a long time?"168

World War II Opium Crisis

At the beginning of World War II Indochina's 2,500 opium dens and retail
shops were still maintaining more than 100,000 addicts and providing 15
percent of all tax revenues. The French imported almost 60 tons of
opium annually from Iran and Turkey to supply this vast enterprise.
However, as World War II erupted across the face of the globe, trade
routes were blocked by the battle lines and Indochina was cut off from
the poppy fields of India and Persia. Following the German conquest of
France in the spring of 1940 and the Japanese occupation of Indochina
several months later, the British navy imposed an embargo on shipping
to Indochina. Although the Japanese military occupation was pleasant
enough for most French officials who were allowed to go on
administering Indochina, it created enormous problems for those who
had to manage the opium monopoly. Unless an alternative source of
opium could be found, the colony would face a major fiscal crisis.

While smuggled Yunnanese opium might solve the addicts' problem,
the opium monopoly needed a more controllable source of supply. The
only possible solution was to induce the Hmong of Laos and northwest
Tonkin to expand their opium production, and in 1940 the opium
monopoly did just that.
However, as French officials embarked on this massive poppy production campaign, some of the more experienced of them must have had their doubts about the chances of success. Past efforts at either expanding Hmong opium production or reducing the amount of opium they diverted to smugglers had sparked at least two major revolts and countless bloody incidents. Only three years after the French arrived in Laos, ill-advised demands for increased opium deliveries from Hmong farmers in the Plain of Jars region had prompted these independent tribesmen to attack the local French garrison. Later French mismanagement of their opium dealings with the Hmong had been a contributing factor in the massive Hmong uprising that swept across Laos and Tonkin from 1919 until 1922. Their attempts at dealing with the smuggling problem were even more disastrous. In 1914 a French crackdown on Yunnanese opium smugglers provoked one of the most violent anti-French uprisings in Laotian history. After French colonial officials started harassing their caravans trading in the Plain of Jars region, Yunnanese opium traders led thousands of hill tribesmen into revolt and occupied an entire Laotian province for almost a year, until two French regiments finally drove them back into China.

Despite this long history of armed insurgency in response to French attempts at dealing with smugglers and Hmong opium farmers, the opium monopoly had no choice but to expand the Hmong production and repress smuggling so that the increased harvests would not become contraband. The fiscal consequences of doing nothing were too serious, and the French had to accept the risk of provoking an uprising in the hills.

As the opium monopoly set out to transform the tribal opium economy in 1939–1940, instructions similar to these were telegraphed to colonial officials throughout the highlands advising them on how to expand poppy cultivation:

Your role may be summed up as follows:
—encourage cultivation;
—survey the cultivations and know as exactly as possible the surface cultivated;
—repress clandestine traffic.

The French devised new tactics to increase the chances of their success and minimize the risk of violence. No longer were customs officers sent out with heavily armed horsemen to patrol the highland ridges and market towns for smugglers; instead, they were given pack horses loaded with cloth, silver, and trade goods and ordered to eliminate the smugglers by outbidding them. Rather than sending out French officers to persuade the tribesmen to increase their opium crops and creating
possible occasions for ugly incidents, the opium monopoly instead selected prestigious tribal leaders as its opium brokers. These leaders relayed the new demand for opium to the tribesmen, imposed whatever particular tax or law was most likely to include compliance, and delivered the opium to French officials after paying the farmer a negotiated price.

Purely from the viewpoint of increasing opium production, this policy was a substantial success. Indochina's opium production jumped from 7.4 tons in 1940 to 60.6 tons in 1944—an 800 percent increase in four years. These crops were enough to maintain an adequate supply for Indochina's 100,000-plus addicts and produce a steady rise in government opium revenues—from 15 million piasters in 1939 to 24 million in 1943.173

In exchange for their cooperation, the French supported the political aspirations of tribal leaders. The most important opium-growing regions in Indochina were Xieng Khouang province in northeastern Laos and the Tai country of northeastern Tonkin. Both regions had a high concentration of opium-growing Hmong tribesmen and lay astride major communication routes. By choosing Touby Lyfoung as their opium broker in Xieng Khouang and Deo Van Long in the Tai country, the French made political commitments that were to have unforeseen consequences for the future of their colonial rule.

**Highland Poppy Farmers**

In the 1970s the Hmong of Laos could still recall that there had once been "great Hmong kingdoms" in the highland plateaus of southern China several hundred years ago. In fact, Chinese imperial archives show that large numbers of Hmong lived in southwestern China (Szechwan, Yunnan, Hunan, and Kweichow provinces) for more than two thousand years. In 1971 there were still more than 2.5 million Hmong living in the mountains of these four provinces. Until the seventeenth century, these rugged provinces were of little importance to the imperial court in Peking, and the emperors were generally content as long as the Hmong nobles sent regular tribute. In exchange, the emperor decorated the Hmong leaders with titles and recognized the legitimacy of their autonomous kingdoms.174 When the emperors of the Ming dynasty (1368–1644), for example, were confronted with Hmong dissidence, they rarely sent in exterminating armies. Instead they weakened the powerful Hmong kingdoms by appointing more kings and nobles, thereby creating a host of squabbling tribal principalities.175

This policy of indirect rule produced a rather curious political hybrid. In the midst of an imperial China divided into systematic provinces and governed by a meritocracy respected for its erudition, there sprang up a
random mosaic of Hmong fiefs. These kingdoms were ruled by hereditary “little kings,” known as *kaitong*, who commanded a quasi-religious reverence from their subjects. Each kingdom was dominated by a different clan, the *kaitong* and the ruling aristocracy usually sharing the same family name.\(^{176}\) But trouble descended on the Hmong tribes after the Manchu dynasty was established in 1644. Among their many bureaucratic innovations, the Manchus decided to abolish the autonomy of the Hmong kingdoms and integrate them into the regular bureaucracy. When this policy met with resistance, the Manchus began to exterminate these troublesome tribes and to repopulate their lands with the more pliable ethnic Chinese.\(^{177}\) After a two-hundred-year extermination campaign culminated in a series of bloody massacres in the mid-nineteenth century, thousands of Hmong tribesmen fled southward toward Indochina.\(^{178}\)

Most of the retreating Hmong moved southeastward and burst on northern Vietnam’s Tonkin Delta like an invading army. But the Vietnamese army drove the Hmong back into the mountains without great difficulty since the invaders were weakened by the humid delta climate and frightened by the Vietnamese elephant battalions.\(^{179}\) The defeated Hmong scattered into the Vietnamese highlands, finally settling in semipermanent mountain villages.

Three Hmong *kaitong*, however, avoided the headlong rush for the Tonkin Delta and turned to the west, leading their clans past Dien Bien Phu and into northeastern Laos. One of these clans was the Ly, from southern Szechwan province. Their *kaitong* had been the leader of the Hmong resistance in Szechwan, and when the Chinese massacres began in 1856 he ordered his four sons to lead the survivors south while he remained to hold back the Chinese armies. His third son, Ly Nhiavu, invested with the title of *kaitong*, led the survivors on a year-long march that ended in Nong Het district in Laos, near the present Laos-Vietnam border.\(^{180}\) The hills surrounding Nong Het were uninhabited and the rich soil was ideal for their slash-and-burn agriculture. The location had already attracted two other refugee clans—the Mua and Lo. Since the Lo *kaitong* was the first to arrive, he became the nominal leader of the region. As the word spread back to China and Vietnam that the Laotian hills were fertile and unoccupied, thousands of Hmong began to migrate southward. Since no other *kaitong* arrived to challenge the original triumvirate, Nong Het remained the most important Hmong political center in Laos.

Soon after the French arrived in 1893, their colonial officers began purchasing opium for the Laotian opium monopoly and ordered the Hmong to increase their production. Angered that the French had failed to consult him before making the demand, the Lo *kaitong* ordered an attack on the provincial headquarters in Xieng Khouang City. But
Hmong flintlocks were no match for modern French rifles, and the uprising was quickly suppressed. Humiliated by his defeat, the Lo kaitong conceded his position in the triumvirate to the Mau kaitong. The French, however, were considerably chastened by their first attempt at dealing directly with the Hmong and thereafter dealt with them only through their own leaders or through Lao administrators.

Until the opium crisis of 1940 forced them to intervene in Hmong politics once more, the French exercised a more subtle influence over tribal affairs. But they still had ultimate political authority, and those Hmong leaders ambitious and clever enough to ingratiate themselves with the French could not fail to gain an important advantage. Ly Foung and his son Touby Lyfoung were such men.

Although Ly Foung was a member of the Ly clan, he was no relation to kaitong Ly Nhiavu or his aristocratic family. Ly Foung's father had arrived in Nong Het as a porter for a Chinese merchant in 1865, eight years after kaitong Ly Nhiavu. Although Ly Foung's father asked Ly Nhiavu and his three brothers to accept him as a fellow clansman, they refused. He was from Yunnan, not Szechwan, and his willingness to work as a porter—a virtual slave—for a hated Chinese made him unacceptable in the eyes of the Ly aristocrats.181

Rejected by the aristocracy, Ly Foung's father founded his own small village in the Nong Het area and married a local tribeswoman, who bore him a large family. Unfortunately, some of his children were born with serious congenital defects, and he had to center all of his ambitions on his third son, Ly Foung, who grew up to become a remarkable linguist, speaking Chinese and Lao fluently and having an adequate command of Vietnamese and French. Ly Foung, aware that kinship and marriage ties were the basis of power among the Hmong, set out to marry into kaitong Lo Bliayao's family. Reportedly a rather strong, hard man, Bliayao possessed undeniable talents as a leader that had enabled him to establish himself as the premier kaitong of Nong Het.

The traditional Hmong wedding is unusual. When a young man has decided he wants to marry a particular woman, he forcibly abducts her with the help of his friends and bundles her off to a makeshift forest cabin until the marriage is consummated. The custom has declined in popularity and even in its heyday the kidnapping was usually not performed unless the parents gave their tacit consent. In 1918 Ly Foung decided to marry Lo Bliayao's favorite daughter, May, but instead of consulting with the father himself, Ly Foung reportedly paid the bride's uncle to arrange the abduction. Whatever Bliayao may have thought before the marriage (there are reports that he disliked Ly Foung), he made no protest and hired Ly Foung as his personal assistant and secretary.182 Although May gave birth to Touby, the postwar Hmong
political leader, in August 1919 and to a healthy daughter as well, the marriage was not a happy one. During a particularly bitter quarrel in their fourth year of marriage, Ly Foung beat May severely. She became despondent and committed suicide by eating a fatal dosage of opium. In his rage and grief, Lo Bliayao fired Ly Foung as his secretary and severed all ties with the Ly clan.183

To avoid a seemingly inevitable confrontation between the Lo and Ly clans, the French accepted the Hmong suggestion of separating the feuding clans by dividing Nong Het district into two administrative districts. Lo Bliayao's eldest son was appointed chief of Keng Khoai district, and several years later Ly Foung's elder son was appointed chief of Phac Boun district.184

The division of Nong Het district was accepted without protest, and the quarreling ceased. In December 1935, however, kaitong Lo Bliayao died, severing the last link with the "great Hmong kingdoms" of southern China and creating serious political problems for the Lo clan. Lo Bliayao's eldest son and successor, Song Tou, was in no way his equal. Devoting his time to gambling and hunting, Song Tou avoided his political responsibilities and soon dealt a serious blow to his family's prestige by mismanaging local tax collections and losing his position as chief of Keng Khoai district.185 When Ly Foung agreed almost immediately to make up the taxes Song Tou lost, the French colonial government appointed him district chief.

It was a great victory for the Ly Foung family. Seventy years after his father had been rejected by the Ly aristocrats, Ly Foung had made himself leader of the Ly clan and the most powerful Hmong in Nong Het. With Nong Het's two districts governed by him and his son, Ly Foung had excluded the Lo from all the high political offices open to the Hmong and secured a monopoly on political power.

The Lo clan's decline deeply disturbed Song Tou's younger brother, Faydang, who had inherited his father's strong character. Shortly after Ly Foung assumed office, Lo Faydang set off on a 120-mile journey to the Lao royal capital, Luang Prabang, where he petitioned the popular Prince Phetsarath, known as one of the few Lao aristocrats with any sympathy for the hill tribes. The prince interceded on his behalf and got everyone involved—the French, Ly Foung, and Laotian aristocrats—to agree that Faydang would become district chief of Keng Khoai when death or illness removed Ly Foung from office.186

But when Ly Foung died in September 1939, the French broke their promise to Faydang and gave the post to Ly Foung's son, Toubly. They had regarded Faydang's petition to the royal court two years before as an act of insubordination and were unwilling to entrust Faydang with any authority in the region. Chastened by their earlier experiences with
the tribes, the French were interested in dealing only with tribal leaders of proven loyalty who would act as brokers to purchase the opium harvest and reduce the amount diverted to smugglers.

While Faydang was a possible troublemaker, Touby's loyalty and competence were proven. His father had understood how much the French valued a good colonial education, and Touby was the first Hmong ever to attend high school, graduating from the Vinh Lycée in the spring of 1939 with a good academic record. When Ly Foung died that September, both Touby and Faydang clearly intended to present themselves before the assembly of Keng Khoai village for election to the now vacant office of district chief. Without any explanation, the French commissioner announced that Faydang was disbarred from the election. Touby ran virtually unopposed and won an overwhelming victory.187

With the outbreak of World War II, the French launched a massive effort to boost tribal opium production and Touby's political future was guaranteed. Several months after his election Touby began an eight-year tenure as the only Hmong member of the opium purchasing board, providing valuable technical information on how best to expand Hmong production.188 In Nong Het region itself, Touby raised the annual head tax from three silver piasters to an exorbitant eight piasters but gave the tribesmen the alternative of paying 3 kilograms of raw opium instead.189 Most Hmong were too poor to save eight silver piasters a year and took the alternative of paying in opium. Since an average Hmong farmer probably harvested less than 1 kilogram of raw opium a year before Touby's election, the tax increase precipitated an opium boom in Nong Het. With its fertile hills, excellent communications (Laos's major road to the sea passed through the district), and concentrated Hmong population, Nong Het became one of Indochina's most productive opium-growing areas.

Moreover, these measures were applied to Hmong districts across northern Laos, changing the hill tribe economy from subsistence agriculture to cash-crop opium farming. Touby himself felt that Laos's opium harvest more than doubled during this period, rising to as much as 30 or 40 tons a year. As one French colonial official put it, "Opium used to be one of the nobles of the land; today it is king."190

Although Faydang pleaded continually throughout World War II with French authorities to install him as district officer as they had promised, the opium imperative tied the French firmly to Touby. Faced with a situation where two clans in a village or district were incompatible, the Hmong usually separated them by splitting the village or district, as they had done earlier in Nong Het. But the French were firmly behind Touby, who could guarantee them an increasing supply of opium, and rejected
Faydang's requests. As a result of their opium policy, Touby became a loyal official, while his uncle Faydang became increasingly embittered toward colonial rule. The French betrayal of Faydang was probably a significant factor in his evolution as one of Laos's more important revolutionary leaders. Moreover, the French policy created intolerable tensions between the Lo and Ly clans—tensions that exploded at the first opportunity.

After the Japanese surrender in August 1945 the Laotian and Vietnamese (Viet Minh) nationalist movements took advantage of the weakened French posture to occupy the major cities and towns. Throughout Indochina the French began to gather intelligence, seize strategic points, and generally maximize their minimal resources to prepare for reoccupation. Realizing the strategic importance of the Plain of Jars, the Free French had parachuted commandos and arms into secret bases set up for them by Touby Lyfoung and his followers in 1944 and 1945. Then, on September 3, French officers and Touby's Hmong commandos reoccupied Xieng Khouang City, near the Plain of Jars, without firing a shot. Touby was sent back to Nong Het to secure the region and guard the mountain pass leading into Vietnam against a possible Viet Minh assault. Doubting Faydang's loyalty to the French, Touby sent a messenger to his village demanding that he declare his loyalty. Although Faydang had not yet made contact with the Viet Minh or the Lao nationalist movement, he refused. Now that Touby had some modern arms and surplus ammunition, he decided to settle the matter once and for all. He sent sixty men to encircle the village and massacre the Lo clansmen. But Faydang had been expecting the move and had ordered the villagers to sleep in the fields. When the attack began, Faydang and some two hundred of his followers fled across the border to Muong Sen and made contact, for the first time, with the Viet Minh. Guiding a Viet Minh column into Laos several months later, Faydang urged his fellow Lo clansmen to rise in revolt, and several hundred of them followed him back into North Vietnam.

When Faydang began to organize the guerrilla movement later known as the Hmong Resistance League, the oppressive French opium tax administered by Touby was evidently a major factor in his ability to recruit followers. During World War II, many Hmong had been driven into debt by the onerous tax, and some of the poorer farmers had been forced to sell their children to deliver a sufficient amount of opium. According to Faydang's own account, the Hmong began joining his movement "with great enthusiasm" after he abolished the opium tax and introduced some other major reforms in 1946.

More than thirty years after the French began boosting Hmong opium production, almost 30,000 of Touby's followers were fighting as
mercenaries for the CIA. And on the other side of the battle lines, thousands of Faydang's Hmong guerrillas joined the Pathet Lao revolutionary movement. This simple clan conflict, which was pushed to the breaking point by the French opium imperative, became a permanent fissure and helped to fuel twenty-five years of Laotian civil war.

Opium in the Tai Country

With the exception of Laos, the largest opium-producing region in Indochina was the adjacent area of northwestern Vietnam known as the Tai country. Its ethnic geography was quite similar to that of the Shan states of Burma; the upland valleys were inhabited by wet-rice farmers at altitudes too low for poppy cultivation. But Hmong tribes lived on the cool mountain ridges where slash-and-burn agriculture was ideal for poppy cultivation. Since the Hmong of northwestern Tonkin had no large population centers or powerful political leaders like Lo Bliayao and Ly Foung, French efforts to organize local militia or regular civil administration in the 1930s had consistently failed. In contrast, the French found it easy to work with the valley populations, the White Tai and Black Tai.

Consequently, as French administrators mapped their strategy for expanding opium production in northwestern Tonkin in 1940, they decided not to work directly with the Hmong as they were doing in Laos. Instead, they allied themselves with powerful Tai feudal leaders who controlled the lowland market centers and most of the region's commerce. To make the Tai leaders more effective opium brokers, the French suspended their forty-year policy of culturally Vietnamizing the Tai by administering the country with Vietnamese bureaucrats. Although the French had confirmed the authority of Deo Van Tri, White Tai ruler of Lai Chau, when they first pacified the Tai country in the 1890s, they had gradually reduced the authority of his successors until they were little more than minor district chiefs. Potentially powerful leaders like Deo Van Tri's second son, Deo Van Long, had been sent to school in Hanoi and posted to minor positions in the Tonkin Delta. However, in 1940 the French reversed this policy and began using the Tai leaders as opium brokers. Deo Van Long returned to Lai Chau as a territorial administrator. In exchange for French political support, Deo Van Long and the other Tai leaders negotiated with their Hmong mountain neighbors for the purchase of opium and sent the increased harvest to the opium monopoly in Saigon for refining and sale. After 1940 these feudal chiefs forced Hmong farmers to expand their opium harvest; by the war's end there were 4.5 to 5 tons of Hmong opium available for shipment to Saigon.
This use of Tai leaders as opium brokers may have been one of the most significant administrative decisions the French made during their entire colonial rule. In 1954 the French decided to risk the outcome of the First Indochina War on a single decisive battle in a remote mountain valley of northwestern Tonkin named Dien Bien Phu. The French commanders, hoping to protect their ongoing operations in the Tai country and block a Viet Minh offensive into Laos, felt it would be impossible for the Viet Minh to set up artillery on the ridges overlooking the new fortress. They planned a trap for the Viet Minh, who would be destroyed in the open valley by French aircraft and artillery fire. But on the commanding mountain ridges lived the Hmong who had been cheated and underpaid for their opium for almost fifteen years by the Tai feudal leaders, who were closely identified with the French. Thousands of these Hmong served as porters for the Viet Minh and eagerly scouted the ridges they knew so well for ideal gun emplacements. The well-placed Viet Minh artillery batteries shattered the French fortifications at Dien Bien Phu and France's colonial empire along with them.

**Postwar Opium Boom**

During the postwar decade, Southeast Asia began producing its own supplies of raw opium. After major changes in the world market cut off the Indian and Chinese imports that had sustained its smokers for over three centuries, Southeast Asia's highland tribes began harvesting enough opium to supply local urban markets, making the region self-sufficient in opium for the first time in its history.

The Southeast Asian opium economy had emerged from World War II essentially unchanged. The amount of opium harvested in what would later become the world's largest opium-producing area, Burma and northern Thailand, had increased very little, if at all. True, Indochina's total production had grown to 60 tons—a 600 percent increase—but Laos's total, only 30 tons, was still a long way from its estimated 1968 production of 100 to 150 tons. On balance, the Golden Triangle was still producing less than 80 tons annually—insignificant when compared with its 1970 production of 1,000 tons.

While Southeast Asia had not produced enough opium to make itself self-sufficient, the moderate increases in local production, combined with smuggled Yunnanese opium, were enough to maintain the seriously addicted and the affluent. Although Southeast Asian consumers faced rising prices—the Indochina monopoly's charge for a kilogram of opium increased 500 percent from 1939 to 1943—they experienced nothing comparable to the collective withdrawal American addicts suffered
during World War II. Thus, the core of Southeast Asia’s opium consumers emerged from the war intact.

Immediately after the war, foreign opium supplies reappeared; Iranian opium was imported legally by the Thai and French opium monopolies, while overland smuggling from China’s Yunnan province flourished. Not only was prewar consumer demand restored, but the addict population grew steadily. Thailand’s addicts, for example, rose from an estimated 110,000 in 1940 to 250,000 in 1970. While there were promising exceptions in the region—Singapore’s and Malaysia’s addict population dropped from an estimated 186,000 before the war to 40,000 in 1970—the number of addicts in Southeast Asia as a whole increased substantially in the postwar period.

Yet within ten years after the end of World War II, Southeast Asia was totally cut off from all the foreign opium on which its addicts had depended for over three centuries. By 1955 three governmental decisions created a serious crisis in international opium trade and denied Southeast Asia all its foreign opium. In 1953 the major opium-producing countries in Europe, the Middle East, and South Asia signed the U.N. protocol and agreed not to sell opium on the international market for legalized smoking or eating. Although this international accord ended large shipments of Iranian opium to the Thai and French opium monopolies, international smugglers simply took over the Iranian government’s role.

A far more serious blow to the Southeast Asian opium economy had come in 1949, when the Chinese People’s Liberation Army won the civil war and drove the last remnants of Chiang Kai-shek’s Nationalist Army out of Yunnan province. Yunnan was China’s second largest opium grower and much of its vast poppy harvest had been smuggled into Southeast Asia. When the People’s Liberation Army began patrolling the border in the early 1950s to prevent an expected counterattack by CIA-supported Nationalist Chinese troops, most opium caravans were halted. By the mid-1950s People’s Republic agriculturalists and party workers had introduced substitute crops, and any possible opium seepage into Southeast Asia ceased.

The key to China’s suppression campaign was a massive detoxification program that eliminated demand among the world’s largest addict population, estimated at 40 million in the 1930s. As a part of the revolutionary mobilization of the new regime, Communist cadres identified addicts and sent them to local drug clinics where opium use was denounced as an “imperialist and capitalist activity.” Those who persisted in their addiction were branded criminals and dispatched to labor camps. Through the process of land reform, extensive poppy
fields were reclaimed for food production and further opium cultivation was banned under regulations approved at the State Administrative Council in February 1950.206

Despite the importance of China’s policy for global drug trade, the U.S. Bureau of Narcotics simply refused to recognize the realities. Under the leadership of its militantly anti-Communist director, Harry Anslinger, the bureau conjured up images of a vast Communist state heroin complex pumping heroin into Asia and the West. “One primary outlet for the Red Chinese traffic has been Hong Kong,” Anslinger wrote in 1961. “A prime target area in the United States was California. The Los Angeles area alone has probably received forty percent of the smuggled contraband from China’s heroin and morphine plants.”207 After Anslinger’s retirement and mass firings of corrupt bureau agents in the 1960s, a reformed federal agency, the Bureau of Narcotics and Dangerous Drugs, repudiated his position on China. “On the basis of information available to the U.S. Government,” the new bureau reported, “there is no evidence that the People’s Republic of China sanctions the illicit export of opium ... or is involved in the illicit trafficking of narcotic drugs.”208

Once the bureau removed Anslinger’s ideological blinders, its analysts produced some perceptive commentary on the impact of China’s successful prohibition. In a 1970 report titled “The World Opium Situation,” the bureau described China’s involvement in two major events that had changed the structure of world’s narcotics traffic in recent decades:

The world market for opium has experienced dynamic change—including two major upheavals—from the beginning of the postwar period down to the present. In order of importance the landmark events were (1) the shutdown of China’s vast illicit market with the change of governments there in 1949 and (2) the abolition of cultivation in Iran after 1955 coupled with the rapid suppression of China’s illicit production at about the same time.209

With the end of China’s illicit contribution to Southeast Asia’s opium supplies, Iran had become the region’s major supplier in the early 1950s. In 1953, for example, Iranian opium accounted for 47 percent of all opium seized by Singapore police and customs and a higher percentage in other Southeast Asian nations.210 Most of Iran’s illegally diverted opium was smuggled eastward to Southeast Asia, but a substantial portion was also sent to Lebanon, the Arab states, and Europe.

In addition to its substantial exports, Iran had an addict population second only to China’s. In 1949 Garland Williams, district supervisor for the U.S. Federal Bureau of Narcotics in Tehran, estimated that 11 percent
of Iranian adults were drug users—1.3 million opium addicts in an adult population of 11.6 million. Although only 40 percent of Tehran's adults smoked, in provinces such as Kerman and Khorasson addiction reached 80 percent, and opium pipes were found in almost every house. Tehran itself had 500 opium dens with twenty to fifty people smoking in each at any given hour of the night.211 “I have seen infants at their mother's breasts while the mothers are smoking opium in the dens,”212 Williams reported in February 1949. “In another of these dens I saw child prostitutes, some of whom were less than ten years of age, and these little girls were playing with the men and . . . took their turns when some man would pay the price.” Another den was a social club for local housewives who smoked while “there were many small children playing around in the rooms and breathing the opium smoke from the busy pipes.” Outside the dens, Williams found opium pipes in the ubiquitous teahouses and in the homes of the elite where they “were very expensive and elaborate and [were] greatly treasured.” If the residents did not smoke, then the pipe was necessary for guests. The country's fifty great families who owned “farmland in tremendous quantities” were convinced that “no crop will take the place of opium” since it was uniquely adapted for the harsh winter planting season. Since these great families controlled the Parliament (Majlis), the opium laws were weak, the office charged with the enforcement of restrictions on cultivation was “highly inefficient and corrupt,” and “opium [was] growing all over Iran.”213

Despite Williams's pessimistic appraisal, Iran began to reduce production sharply in 1950 with exports declining from 246 tons to only 41 tons by 1954.214 Under the Shah's authoritarian rule, the final blow came in 1955 when the government announced the complete abolition of opium growing. According to a later CIA analysis, the Shah was motivated by “the poor health of military recruits and by increased international pressure.” The Shah's prohibition, which was rigorously enforced, had a double impact on Asia's opium trade, first cutting its substantial exports to Southeast Asia and then creating a sudden demand for imports to sustain its vast addict population. Although the addict population declined slowly to some 350,000 opium users in 1969, the last year of the ban, Iran still consumed an average of 240 tons of opium, a considerable drain on the world's illicit supplies.215 Since Iran played such a large role in Asia's opium trade as both producer and consumer, its decision disrupted the global traffic. Iran's sudden surge in illicit demand stimulated opium production in its neighbors to the east and west, Afghanistan and Turkey. Of equal importance, the shortage of illicit opium in southern Asia created a crisis for Southeast Asia's drug trade, long dependent on imports to sustain its large addict population.216
These dramatic events, which had changed the pattern of the international narcotics traffic, were the result of government action; and it would take equally bold initiatives on the part of Southeast Asia's governments if mass opium addiction were to survive. Decisions of this magnitude were not within the realm of the petty smugglers and traffickers who had supplied the region's poor addicts with Yunnanese and Shan state opium. Almost without exception it had been governmental bodies—not criminals—whose decisions made the major changes in the international narcotics trade. It was the French colonial government that expanded Indochina's production during World War II, the Chinese government that sealed the border and phased out Yunnan's opium production, and the Iranian government that decreed that Iran would no longer be Asia's major supplier of illicit opium.

In the 1950s the Thai, Lao, Vietnamese, and American governments made critical decisions that would expand Southeast Asia's opium production and transform the Golden Triangle into the largest single opium-producing area in the world.
Cold War Opium Boom

It is March or April, the end of the dry season, in Southeast Asia's Golden Triangle. From the Kachin hills and Shan Plateau of Burma to the mountains of northern Thailand and northern Laos, the ground is parched and the rains are only weeks away. In every hill tribe village—whether it be Hmong, Yao, Lahu, Lisu, Wa, or Kachin—it is time to clear the fields for planting. On one of these hot, dusty mornings men, women, and children gather at the bottom of a wide hillside near the village, where for weeks the men have been chopping and slashing at the forest growth with single-bit axes. The felled trees are tinder-box dry.

Suddenly, the young men of the village race down the hill, igniting the timber with torches. Behind them, whirlwinds of flame shoot four hundred feet into the sky. Within an hour a billowing cloud of smoke rises two miles above the field. When the fires die down, the fields are covered with a nourishing layer of wood ash and the soil's moisture is sealed beneath the ground's fire-hardened surface. But before the planting can begin, these farmers must decide what crop they are going to plant—rice or poppies?

Although their agricultural techniques are traditional, these mountain farmers are very much a part of the modern world. And like farmers everywhere, their basic economic decisions are controlled by larger forces—by the international market for commodities and the prices of manufactured goods. In their case the high cost of transportation to and from their remote mountain villages rules out most cash crops and leaves only two choices—opium or rice. The safe decision has always
been to plant rice, since it can be eaten if the market fails. Farmers can cultivate a small patch of poppy on the side, but they will not commit full time to opium production unless they are sure that there is a market for this crop.

A reliable market for their opium had developed in the early 1950s, when several major changes in the international opium trade slowed, and then halted, the imports of Chinese and Iranian opium that had supplied Southeast Asia's addicts for almost a hundred years. During World War II the United States had "extracted the agreement from its European allies" that they would abolish the opium monopolies when their colonies were recaptured and had maintained the pressure for prohibition after 1945. As the official opium trade collapsed in the decade following the war, the region's military and intelligence agencies expanded the illicit traffic and expropriated a share of its profits to fund their operations. During the 1950s, Thai police, the Nationalist Chinese army, the French military, and the CIA adopted policies that allowed Southeast Asia's mass opium addiction to survive and even thrive.

As a result of these military and intelligence activities, Southeast Asia was approaching its present level of production by the end of the decade. Research by the U.S. Bureau of Narcotics showed that by the late 1950s Southeast Asia's Golden Triangle region was harvesting approximately 700 tons of raw opium, or about 50 percent of the world's total illicit production. This rapid growth in opium production changed Southeast Asia's role in the global narcotics market. Starting as a drug-deficient region reliant on imports in the 1930s, Southeast Asia became self-sufficient in opium during the 1950s and would by the 1980s emerge as the world's main heroin supplier.

The transformation of the disparate highland ridges that sprawl for 100,000 square miles across the northern edges of Southeast Asia into an integrated opium zone was not simply the product of global market forces. Without the supply, the large addict populations of Bangkok and Saigon might have disappeared gradually like those in Manila and Jakarta. Without demand, the poppy fields of Burma and Laos might have faded over time like those of Yunnan just to the north. Searching for the catalytic forces that brought supply and demand together with such dramatic effect leads to the covert warfare, French and American, fought in these mountains during the early decades of the cold war.

In the struggle to contain Asian communism, the United States fought hot wars in Korea and Vietnam using its full array of conventional combat forces. Along China's southern border, however, the West waged the cold war with unconventional tactics. Instead of artillery and infantry, covert combat in the mountains of Southeast Asia became a war by proxy in which local allies were more important than firepower.
Operating beyond the controls of bureaucracy in Paris and Washington, a small cadre of clandestine warriors struck ad hoc alliances with the tribes and warlords who inhabited the mountains of the Golden Triangle. With their support, the CIA and its French counterparts were able to penetrate China on intelligence missions, monitor its long border for signs of an impending Chinese attack, and mobilize tribal armies to battle Communist guerrillas in this harsh terrain. Although the sheer size of these operations was unprecedented, America had already discovered the craft of covert action during World War II when OSS operatives parachuted behind enemy lines to work with French, Thai, and Burmese guerrillas.

For different reasons, both French and American operatives integrated their covert warfare with the Golden Triangle opium trade. The French motivation seems, on its face, simple. Denied funds by a National Assembly tired of an inconclusive Indochina War that dragged on for a decade, French intelligence did not have adequate covert funds. Faced with tight fiscal constraints, French officers merged the opium supply of Laos with the drug demand of Saigon to fund covert operations against Communists in both combat zones.

The CIA's motivation was more complex. Although the agency's funding was generous, it was not limitless, and all of its operations, no matter how important, faced fiscal constraints. By drawing on the resources of a powerful tribal leader or local warlord, a CIA agent could achieve a covert operational capacity far beyond his budgetary limits. Thus, an effective covert warrior had to find a strong local leader willing to merge his people's resources with the agency's operations. In a region of weak microstates and fragmented tribes, such strongmen usually combined traditional authority with control over the local economy. In the Golden Triangle, the only commodity was opium, and the most powerful local leaders were the opium warlords. "To fight you must have an army," explained General Tuan Shi-wen, a veteran of the CIA's covert war in Burma, "and an army must have guns, and to buy guns you must have money. In these mountains the only money is opium."3

This interplay among opium, money, and political power drew the CIA into a complicitous relationship with the Golden Triangle drug trade. In its covert warfare, the CIA's strength was no more or less than that of its local clients. To maintain the power that mobilized tribal armies and marched them into battle, these warlords used the CIA's resources—arms, ammunition, and, above all, air transport—to increase their control over the opium crop. Instead of opposing the expansion of their ally's autonomous economic base, most CIA operatives embraced it, knowing it increased their client's combat effectiveness and thereby gave the entire operation a certain independence from Washington's
directives. As the warlord’s power from opium profits increased, so did the agent’s combat capacity and personal power. Thus, the CIA’s complicity was not, like that of the French, a matter of mere financial pressure. It represented, at a superficial level, a bid for an increase in combat efficiency. At a more primal level, the embrace of the warlord and his opium trade was a perverse personal triumph, the act of a machismo warrior casting off the bureaucratic controls of his commanders half a world away. Whether a corrupt Thai police general, ruthless Hmong tribal commander, or a cynical Chinese opium warlord, CIA agents embraced them all, reveling in their defiance of civil standards for politics and warfare. Since the CIA headquarters in Washington saw the field operatives as front-line troops in the cold war, agency officials did not ask questions about methods as long as they produced results. There was, then, a certain congruence of interest between the warlords, the field operatives, and CIA headquarters that led to the agency’s multi-faceted complicity in the Golden Triangle opium trade.

In Indochina during the 1950s, it was the French military's direct involvement in the drug trade that linked the Hmong opium supply with the demand of Saigon's opium dens. Across the Mekong in Burma and Thailand, the CIA fought a purer kind of covert warfare, operating entirely through its local clients. Thus, it was the CIA’s informal alliances that tied the Kuomintang’s opium supply in Burma to the demand for drugs in Bangkok. Despite tactical differences, both operations provided the logistics that merged supply and demand: the French military, through its own air force, opened a Laos-to-Saigon air corridor; the CIA, through the mule caravans of its clients, presided over the formation of a Burma-to-Bangkok overland corridor.

When the cold war came to Asia, the Hmong of Indochina were among the first of the Golden Triangle hill tribes drawn into the conflict as mercenary warriors. Since the Hmong’s only cash crop was opium, their counter-guerrilla operations were soon intertwined with the region's rising drug trade. And the region was singularly poised to take on a central role in the global traffic: it had a local market of close to a million addicts; it had the organization, provided by military- and intelligence-backed syndicates, to move the opium from the mountains to urban markets; and it had skilled highland farmers devoting most of their labor to cultivating the poppy. Although Southeast Asia still exported only limited amounts of morphine and heroin to Europe and the United States, the region’s trafficking capabilities were well enough developed by the late 1950s to meet any demands from the global market.
French Indochina: Operation X

The French colonial government's campaign to eliminate opium addiction, which began in 1946 with the abolition of the opium monopoly, never had a chance of success. Desperately short of funds, French intelligence and paramilitary agencies expropriated the opium traffic to finance their covert operations during the First Indochina War. As soon as the civil administration would abolish some aspect of the trade, French intelligence services proceeded to take it over. By 1951 intelligence controlled most of the opium trade—from mountain poppy fields to urban smoking dens. Dubbed Operation X by insiders, this clandestine opium traffic produced a cast of Corsican narcotics syndicates and corrupt French intelligence officers who became key figures in the international drug trade.

The First Indochina War was a bitter nine-year struggle (1946-1954) between a dying French colonial empire and an emerging Vietnamese nation. It was a war of contrasts. On one side was the French Expeditionary Corps, one of the proudest, most professional armies in the world, with a modern military tradition of more than three centuries. Arrayed against it was the Viet Minh, a communist-led coalition of weak guerrilla bands, the oldest of which had only two years of sporadic military experience when the war broke out. The French commanders struck poses of almost heroic proportions: General de Lattre, the gentleman warrior; General Raoul Salan, the hardened Indochina hand; Major Roger Trinquier, the cold-blooded, scientific tactician; and Captain Antoine Savani, the Corscian Machiavelli. The Viet Minh commanders were shadowy figures, rarely emerging into public view and, when they did, attributing their successes to the correctness of the party line or the courage of the rank and file. French military publicists wrote about the brilliance of a general's tactics or maneuvers, while the Viet Minh press projected Socialist caricatures of struggling workers and peasants, heroic front-line fighters, and party wisdom.

These superficialities were indicative of the profound differences in the two armies. At the beginning of the war the French high command viewed the conflict as a tactical exercise whose outcome would be determined, according to traditional military doctrine, by controlling territory and winning battles. The Viet Minh understood the war in radically different terms; to them, the war was not a military problem but a political one. As the Viet Minh commander, General Vo Nguyen Giap, has noted:

"political activities were more important than military activities, and fighting less important than propaganda; armed
activity was used to safeguard, consolidate, and develop political bases.\textsuperscript{4}

The Viet Minh’s goal was to develop a political program that would draw the entire population—regardless of race, religion, sex, or class background—into the struggle for national liberation. Theirs was a romantic vision of the mass uprising: resistance becoming so widespread and so intense that the French would be harassed everywhere. Once the front-line troops and the masses in the rear were determined to win, the tactical questions of how to apply this force were elementary.

The French suffered through several years of frustrating stalemate before realizing that their application of classical textbook precepts was losing the war. But they slowly developed a new strategy of counter-guerrilla, or counterinsurgency, warfare. By 1950–1951 younger, innovative French officers had abandoned the conventional war tactics that essentially visualized Indochina as a depopulated staging ground for fortified lines, massive sweeps, and flanking maneuvers. Instead Indochina became a vast chessboard where hill tribes, bandits, and religious minorities could be used as pawns to hold strategic territories and prevent Viet Minh infiltration. The French concluded formal alliances with a number of these ethnic or religious factions and supplied them with arms and money to keep the Viet Minh out of their area. The French hope was to atomize the Viet Minh’s mobilized, unified mass into a mosaic of autonomous fiefs hostile to the revolutionary movement.

Major Roger Trinquier and Captain Antoine Savani were the most important apostles of this new military doctrine. Savani secured portions of Cochin China (comprising Saigon and the Mekong Delta) by rallying river pirates, Catholics, and messianic religious cults to the French side. Along the spine of the Annamite Mountains from the Central Highlands to the China border, Major Trinquier recruited a wide variety of hill tribes; by 1954 more than 40,000 tribal mercenaries were busy ambushing Viet Minh supply lines, safeguarding territory, and providing intelligence. Other French officers organized Catholic militia from parishes in the Tonkin Delta, Nung pirates on the Tonkin Gulf, and a Catholic militia in Hué.

Although the French euphemistically referred to these local troops as “supplementary forces” and attempted to legitimize their leaders with ranks, commissions, and military decorations, they were little more than mercenaries—and very expensive mercenaries at that. To ensure the loyalty of the Binh Xuyen river pirates who guarded Saigon, the French allowed them to organize a variety of lucrative criminal enterprises and paid them an annual stipend of $85,000 as well.\textsuperscript{5} Trinquier may have had 40,000 hill tribe guerrillas under his command by 1954, but he also had
to pay dearly for their services; he needed an initial outlay of $15,000 for basic training, arms, and bonuses to set up each mercenary unit of 150 men. It is no exaggeration to say that the success of Savani's and Trinquier's work depended almost entirely on adequate financing; if they were well funded they could expand their programs almost indefinitely, but without capital they could not even begin.

The counterinsurgency efforts were continually plagued by a lack of money. The war was tremendously unpopular in France, and the French National Assembly reduced its outlay to the minimum for regular military units, leaving almost nothing for extras such as paramilitary or intelligence work. Moreover, the high command itself never really approved of the younger generation's unconventional approach and was unwilling to divert scarce funds from the regular units. Trinquier still complained years later that the high command never understood what he was trying to do, and said that they consistently refused to provide sufficient funds for his operations.

The solution was Operation X, a clandestine narcotics traffic so secret that only high-ranking French and Vietnamese officials even knew of its existence. The anti-opium drive that began in 1946 had received scant support from the "Indochina hands"; customs officials continued to purchase raw opium from the Hmong, and the opium smoking dens, cosmetically renamed "detoxification clinics," continued to sell unlimited quantities of opium. However, on September 3, 1948, the French high commissioner announced that each smoker had to register with the government, submit to a medical examination to ascertain the degree of his addiction, and then be weaned of the habit by having his dosage gradually reduced. Statistically the program was a success. The customs service had bought 60 tons of raw opium from the Hmong and Yao in 1943, but in 1951 they purchased almost nothing. The detoxification clinics were closed and the sealed opium packets each addict purchased from the customs service contained a constantly dwindling amount of opium.

But the opium trade remained essentially unchanged. The only real differences were that the government, having abandoned opium as a source of revenue, now faced serious budgetary problems; and the French intelligence community, having secretly taken over the opium trade, had solved theirs. The opium monopoly had gone underground to become Operation X.

Unlike the American CIA, which has its own independent administration and chain of command, French intelligence agencies have always been closely tied to the regular military hierarchy. The most important French intelligence agency, and the closest equivalent to the CIA, is the SDECE (Service de Documentation Extérieure et du Contre-
Espionage). During the First Indochina War, its Southeast Asian representative, Colonel Maurice Belleux, supervised four separate SDECE “services” operating inside the war zone: intelligence, decoding, counterspionage, and action (paramilitary operations). While SDECE was allowed a great deal of autonomy in its pure intelligence work—spying, decoding, and counterespionage—the French high command assumed much of the responsibility for SDECE’s paramilitary Action Service. Thus, although Major Trinquier’s hill tribe guerrilla organization, the Mixed Airborne Commando Group (MACG), was nominally subordinate to SDECE’s Action Service, in reality it reported to the Expeditionary Corps’ high command. All of the other paramilitary units, including Captain Savani’s Binh Xuyen river pirates, Catholics, and armed religious groups, reported to the 2ème Bureau, the military intelligence bureau of the French Expeditionary Corps.

During its peak years from 1951 to 1954, Operation X was sanctioned on the highest levels by Colonel Belleux for SDECE and General Raoul Salan for the Expeditionary Corps. Below them, Major Trinquier of MACG assured Operation X a steady supply of Hmong opium by ordering his liaison officers serving with Hmong commander Touby Lyfoung and Tai Federation leader Deo Van Long to buy opium at a competitive price. Among the various French paramilitary agencies, the work of MACG was the most inextricably interwoven with the opium trade, even beyond the problem of financing covert operations. For its field officers in Laos and Tonkin had soon realized that unless they provided a regular outlet for the local opium production, the prosperity and loyalty of their hill tribe allies would be undermined.

Once the opium was collected after the annual spring harvest, Trinquier had his paratroopers fly it to Cap Saint Jacques (Vungtau) near Saigon, where the Action Service school trained hill tribe mercenaries at a military base. There were no customs or police controls to interfere with the illicit shipments here. From Cap Saint Jacques the opium was trucked the sixty miles into Saigon and turned over to the Binh Xuyen bandits, who were there serving as the city’s local militia and managing its opium traffic, under the supervision of Captain Savani of the 2ème Bureau.

The Binh Xuyen operated two major opium-boiling plants in Saigon (one near their headquarters at Cholon’s Y-Bridge and the other near the National Assembly) to transform the raw poppy sap into a smokable form. The bandits distributed the prepared opium to dens and retail shops throughout Saigon and Cholon, some of which were owned by the Binh Xuyen (the others paid the gangsters a substantial share of their profits for protection). The Binh Xuyen divided its receipts with Trinquier’s MACG and Savani’s 2ème Bureau. Any surplus opium the
Binh Xuyen were unable to market was sold to local Chinese merchants for export to Hong Kong or to the Corsican criminal syndicates in Saigon for shipment to Marseille. MACG deposited its profits in a secret account managed by the Action Service office in Saigon. When Touby Lyfoung or any other Hmong tribal leader needed money, he flew to Saigon and personally drew money out of the caisse noire, or "black box."

MACG had had its beginnings in 1950 following a visit to Indochina by the SDECE deputy directory, who decided to experiment with using hill tribe warriors as mountain mercenaries. Colonel Grall was appointed commander of the fledgling unit, twenty officers were assigned to work with hill tribes in Central Highlands, and a special paramilitary training camp for hill tribes, the Action School, was established at Cap Saint Jacques. However, the program remained experimental until December 1950, when Marshal Jean de Lattre de Tassigny was appointed commander in chief of the Expeditionary Corps. Realizing that the program had promise, General de Lattre transferred 140 to 150 officers to MACG and appointed Major Trinquier to command its operation in Laos and Tonkin. Although Grall remained the nominal commander until 1953, it was Trinquier who developed most of MACG's innovative counterinsurgency tactics, forged most of the important tribal alliances, and organized much of the opium trade during his three years of service.

His program for organizing country guerrilla units in Tonkin and Laos established him as a leading international specialist in counterinsurgency warfare. He evolved a precise four-point method for transforming any hill tribe area in Indochina from a scattering of mountain hamlets into a tightly disciplined, counterguerrilla infrastructure—a maquis. Since his theories also fascinated the CIA and later inspired American programs in Vietnam and Laos, they bear some examination.

Preliminary Stage. A small group of carefully selected officers flew over hill tribe villages in a light aircraft to test the response of the inhabitants. If somebody shot at the aircraft, the area was probably hostile, but if tribe members waved, then the area might have potential. In 1951, for example, Major Trinquier organized the first maquis in Tonkin by repeatedly flying over Hmong villages northwest of Lai Chau until he drew a response. When some of the Hmong waved the French tricolor, he realized that the area qualified for stage 1.

Stage 1. Four or five MACG commandos were parachuted into the target area to recruit about fifty local tribesmen for counterguerrilla training at the Action School in Cap Saint Jacques, where up to three hundred guerrillas could be trained at a time. Trinquier later explained his criteria for selecting these first tribal cadres:
1. French Intelligence and Paramilitary Organizations During the First Indochina War, 1950-1954

MINISTRY OF WAR

French Expeditionary Corps

Service de Documentation Extérieure et du Contre-Espionnage (SDECE)

HoA
HAO

2ème Bureau
Liaison with MACG

Binh
Xuyen

CAO
DAI

Mixed Airborne Commando Group (MACG)

Northern Zone

TOUBY
LYFOUNG

DEO VAN
LONG

Intelligence Service

Decoding Service

Counter-espionage Service

ACTION Service
They are doubtless more attracted by the benefits they can expect than by our country itself, but this attachment can be unflagging if we are resolved to accept it and are firm in our intentions and objectives. We know also that, in troubled periods, self-interest and ambition have always been powerful incentives for dynamic individuals who want to move out of their rut and get somewhere.19

These ambitious mercenaries were given a forty-day commando course comprising airborne training, radio operation, demolition, small arms use, and counterintelligence. Afterward the group was broken up into four-man teams made up of a combat commander, radio operator, and two intelligence officers. The teams were trained to operate independently of one another so that the maquis could survive if any of the teams were captured. Stage 1 took two and a half months and was budgeted at $3,000.

Stage 2. The original recruits returned to their home area with arms, radios, and money to set up the maquis. Through their friends and relatives, they began propagandizing the local population and gathering basic intelligence about Viet Minh activities in the area. Stage 2 was considered completed when the initial teams had managed to recruit a hundred more of their fellow tribesmen for training at Cap Saint Jacques. This stage usually took about two months and $6,000, with most of the increased expenses consisting of the relatively high salaries of the mercenary troops.

Stage 3. This was by far the most complex and critical part of the process. The target area was transformed from an innocent scattering of mountain villages into a tightly controlled maquis. After the return of the final hundred cadres, any Viet Minh organizers in the area were assassinated, a tribal leader "representative of the ethnic and geographic group predominant in the zone" was selected, and arms were parachuted to the hill tribesmen. If the planning and organization had been properly carried out, the maquis would have up to three thousand armed tribesmen collecting intelligence, ferreting out Viet Minh cadres, and launching guerrilla assaults on nearby Viet Minh camps and supply lines. Moreover, the maquis was capable of running itself, with the selected tribal leader communicating regularly by radio with French liaison officers in Hanoi or Saigon to ensure a steady supply of arms, ammunition, and money.

While the overall success of this program proved its military value, the impact on the French officer corps revealed the dangers inherent in clandestine military operations that allow its leaders the discretion to violate military regulations and moral norms. The Algerian war, with its methodical torture of civilians, continued the inexorable brutalization
of France's elite professional units. Afterward, while his comrades in arms were bombing buildings and assassinating government leaders in Paris in defiance of President de Gaulle's decision to withdraw from Algeria, Trinquier, who had directed the torture campaign during the battle for Algiers, flouted international law by organizing Katanga's white mercenary army to fight a U.N. peacekeeping force during the 1961 Congo crisis. Retiring to France to reflect, Trinquier advocated the adoption of "calculated acts of sabotage and terrorism" and systematic duplicity in international dealings as an integral part of national defense policy. While at first glance it may seem remarkable that the French military could have become involved in the Indochina narcotics traffic, in retrospect it can be understood as another consequence of allowing officers to do whatever seems expedient.

Trinquier had developed three important counterguerrilla maquis for MACG in northeastern Laos and Tonkin from 1950 to 1953: the Hmong maquis in Laos under the command of Touby Lyfoung; the Tai maquis under Deo Van Long in northwestern Tonkin; and the Hmong maquis east of the Red River in north central Tonkin. Since opium was the only significant economic resource in each of these regions, MACG's opium purchasing policy was just as important as its military tactics in determining the effectiveness of highland counterinsurgency programs. When MACG purchased the opium directly from the Hmong and paid them a good price, they remained loyal to the French. But when the French used non-Hmong highland minorities as brokers and did nothing to prevent the Hmong from being cheated, these tribesmen joined the Viet Minh—with disastrous consequences for the French.

Unquestionably, the most successful MACG operation was the Hmong maquis in Xieng Khoun province, Laos, led by the French-educated Hmong Touby Lyfoung. When the Expeditionary Corps assumed responsibility for the opium traffic on the Plain of Jars in 1949–1950, they appointed Touby their opium broker, as had the opium monopoly before them. Major Trinquier did not need to use his four-stage plan when dealing with the Xieng Khoung province Hmong; soon after he took command in 1951, Touby came to Hanoi to offer to help initiate MACG commando operations among his followers. Because there had been little Viet Minh activity near the Plain of Jars since 1946, both agreed to start slowly by sending a handful of recruits to the Action School for radio instruction. Until the Geneva truce in 1954 the French military continued to pay Touby an excellent price for the Xieng Khoung opium harvest, thus ensuring his followers' loyalty and providing him with sufficient funds to influence the course of Hmong politics. This arrangement also made Touby extremely wealthy by
Hmong standards. In exchange for these favors, Touby remained the most loyal and active of the hill tribe commanders in Indochina.

Touby proved his worth during the 1953-1954 Viet Minh offensive. In December 1952 the Viet Minh launched an offensive into the Tai country of Vietnam and were moving quickly toward the Laos-Vietnam border when they ran short of supplies and withdrew before crossing into Laos. Since rumors persisted that the Viet Minh were going to drive for the Mekong the following spring, an emergency training camp was set up on the Plain of Jars and the first of some five hundred young Hmong were flown to Cap Saint Jacques for a crash training program. Just as the program was getting under way, the Viet Minh and their local guerrilla allies, the Pathet Lao, launched a combined offensive across the border into Laos, capturing Sam Neua City on April 12, 1953. The Vietnam 316th People's Army Division, Pathet Lao irregulars, and local Hmong partisans organized by Lo Faydang drove westward, capturing Xieng Khouang City two weeks later. But with Touby's Hmong irregulars providing intelligence and covering their mountain flanks, French and Lao colonial troops used their tanks and artillery to good advantage on the flat Plain of Jars and held off the Pathet Lao–Viet Minh units.

In May the French Expeditionary Corps built a steel mat airfield on the plain and began airlifting in 12,000 troops, some small tanks, and heavy engineering equipment. Under the supervision of General Albert Sore, who arrived in June, the plain was soon transformed into a virtual fortress guarded by forty to fifty reinforced bunkers and blockhouses. Having used mountain minorities to crush rebellions in Morocco, Sore appreciated their importance and met with Touby soon after his arrival. After an aerial tour of the region with Touby and his MACG adviser, Sore sent out four columns escorted by Touby's partisans to sweep Xieng Khouang province clean of any remaining enemy units. After this operation, Sore arranged with Touby and MACG that the Hmong would provide intelligence and guard the mountain approaches while his regular units garrisoned the plain itself. The arrangement worked well, and Sore remembered meeting amicably on a regular basis with Touby and Lieutenant Vang Pao, then company commander of a Hmong irregular unit and later the commander of CIA mercenaries in Laos, to exchange intelligence and discuss paramilitary operations. He also recalled that Touby delivered substantial quantities of raw opium to MACG advisers for the regular DC-3 flights to Cap Saint Jacques and felt that the French support of the Hmong opium trade was a major factor in their military aggressiveness. As Sore put it, "The Hmong were defending their own region, and of course by defending their region they were defending their opium."
Another outsider also witnessed the machinations of the covert Operation X. During a six-week investigative tour of Indochina during June and July 1953, Colonel Edward G. Lansdale of the American CIA discovered the existence of Operation X. Trying to put together a firsthand report of the Viet Minh invasion of Laos, Lansdale flew up to the Plain of Jars, where he learned that French officers had bought up the 1953 opium harvest, acting on orders from General Salan, commander in chief of the Expeditionary Corps. When Lansdale later found out that the opium had been flown to Saigon for sale and export, he complained to Washington that the French military was involved in the narcotics traffic and suggested that an investigation was in order. General Lansdale recalled that the response ran something like this:

Don't you have anything else to do? We don't want you to open up this keg of worms since it will be a major embarrassment to a friendly government. So drop your investigation.28

By mid-1953, repeated Viet Minh offensives into northern Laos, like the spring assault on the Plain of Jars, had convinced the French high command that they were in imminent danger of losing Laos. To block future Viet Minh offensives, they proceeded to establish a fortified base, or “hedgehog,” in a wide upland valley called Dien Bien Phu near the Laos-North Vietnam border.29 In November the French air force and CAT (Civil Air Transport, later Air America) began airlifting 16,000 men into the valley, and French generals confidently predicted they would soon be able to seal the border.

By March 1954, however, the Viet Minh had ringed Dien Bien Phu with well-entrenched heavy artillery; within a month they had silenced the French counterbatteries. Large-scale air evacuation was impossible, and the garrison was living on borrowed time. Realizing that an overland escape was their only solution, the French high command launched a number of relief columns from northern Laos to crack through the lines of entrapment and enable the defenders to break out.30 Delayed by confusion in high command headquarters, the main relief column of 3,000 men did not set out until April 14.31 As the relief column got under way, Colonel Trinquier, by now MACG commander, proposed a supplementary plan for setting up a large maquis, manned by Touby's irregulars, halfway between Dien Bien Phu and the Plain of Jars to aid any of the garrison who might break out. After overcoming the high command's doubts, Trinquier flew to the Plain of Jars with a large supply of silver bars. Half of Touby's 6,000 irregulars were given eight days of intensive training and dispatched for Muong Song, sixty miles to the north, on May 1. Although Trinquier managed to recruit yet another 1,500 Hmong mercenaries elsewhere, his efforts proved futile.32 Dien
Bien Phu fell on May 8, and only a small number of the seventy-eight colonial troops who escaped were netted by Touby's maquis. Unlike the Hmong in Laos, those in northwestern Tonkin, where Dien Bien Phu was located, had good cause to hate the French and were instrumental in their defeat. Although in Laos Operation X had purchased raw opium directly from the Hmong leaders, in northwestern Tonkin political considerations forced MACG officials to continue the earlier opium monopoly policy of using Tai leaders, particularly Deo Van Long, as their intermediaries with the Hmong opium growers. By allowing the Tai feudal lords to force the Hmong to sell their opium at extremely low prices, they embittered the Hmong toward the French and made them enthusiastic supporters of the Viet Minh.

After the Vietnamese revolution began in 1945 and the French position weakened throughout Indochina, the French command decided to work through Deo Van Long, one of the few local leaders who had remained loyal, to restore their control over the strategically important Tai highlands in northwestern Vietnam. In 1946 three highland provinces were separated from the rest of Tonkin and designated an autonomous Tai Federation, with Deo Van Long, who had only been the White Tai leader of Lai Chau province, as president. Ruling by fiat, he proceeded to appoint his friends and relatives to every possible position of authority. Since there were only 25,000 White Tai in the federation as opposed to 100,000 Black Tai and 50,000 Hmong, his actions aroused bitter opposition.

When his political manipulations failed, Deo Van Long tried to put down the dissidence by military force, using two 850-man Tai battalions that had been armed and trained by the French. Although he drove many of the dissidents to take refuge in the forests, this was hardly a solution, since they made contact with the Viet Minh and thus became an even greater problem.

Moreover, French support for Deo Van Long's fiscal politics was a disaster for France's entire Indochina empire. The French set up the Tai Federation's first autonomous budget in 1947, based on its only marketable commodity—Hmong opium. As one French colonel put it:

The Tai budgetary receipts are furnished exclusively by the Hmong who pay half with their raw opium, and the other half, indirectly, through the Chinese who lose their opium smuggling profits in the [state] gaming halls.

Opium remained an important part of the Tai Federation budget until 1951, when a young adviser to the federation, Jean Jerusalemy, ordered it eliminated. Since official regulations prohibited opium smoking,
Jerusalem, a strict bureaucrat, did not understand how the Tai Federation could be selling opium to the government.

So in 1951 opium disappeared from the official budget. Instead of selling it to the customs service, Deo Van Long sold it to MACG officers for Operation X. In the same year French military aircraft began making regular flights to Lai Chau to purchase raw opium from Deo Van Long and local Chinese merchants for shipment to Hanoi and Saigon.39

With the exception of insignificant quantities produced by a few Tai villages, almost all of the Opium purchased was grown by the 50,000 Hmong in the federation. During World War II and the immediate postwar years, they had sold about 4.5 to 5 tons of raw opium annually to Deo Van Long's agents for the opium monopoly. Since the monopoly paid only one-tenth of the Hanoi black market price, the Hmong preferred to sell the greater part of their harvest to the higher-paying local Chinese smugglers.40 During this time, Deo Van Long had no way to force the Hmong to sell to his agents at the low official price. By 1949, however, backed by three Tai guerrilla battalions and retainers in government posts at all of the lowland trading centers, he was in a position to force the Hmong to sell most of their crop to him, at gunpoint, if necessary.41 Many of the Hmong who had refused to sell at his low price became more cooperative when confronted with a squad of well-armed Tai guerrillas. Moreover, when Deo Van Long stopped dealing with the opium monopoly after 1950, there was no longer any official price guideline, and he was free to increase his own profit by reducing the already miserable price paid the Hmong.

While these methods may have made Deo Van Long a rich man by the end of the Indochina War (after the Geneva cease-fire he retired to a comfortable villa in France), they seriously damaged his relations with the Hmong. When they observed his rise in 1945–1946 as the autocrat of the Tai Federation, many joined the Viet Minh.42 As Deo Van Long acquired more arms and power in the late 1940s and early 1950s, his rule became even more oppressive, and the Hmong became even more willing to aid the Viet Minh.

This account of the Tai Federation opium trade would be little more than an interesting footnote to the history of the Indochina opium monopoly were it not for the battle of Dien Bien Phu. Although it was an ideal base from a strategic viewpoint, the French command could not have chosen a more unfavorable battlefield. It was the first Black Tai area Deo Van Long had taken control of after World War II. His interest in it was understandable: Dien Bien Phu was the largest valley in the Tai Federation and in 1953 produced 4,000 tons of rice, about 30 percent of the federation's production.43 Moreover, the Hmong opium cultivators in the surrounding hills produced three-fifths of a ton of raw opium for
the monopoly, or about 13 percent of the federation's legitimate sale. But soon after the first units were parachuted into Dien Bien Phu, experienced French officials in the Tai country began urging the high command to withdraw from the area. Jerusalemy, the young French adviser, sent a long report to the high command warning that if they remained at Dien Bien Phu defeat was only a matter of time. The Hmong in the surrounding mountains were extremely bitter toward Deo Van Long and the French for their handling of the opium crop, explained Jerusalemy, and the Black Tai living on the valley floor still resented the imposition of White Tai administrators.

Confident that the Viet Minh could not possibly transport sufficient heavy artillery through the rough mountain terrain, the French generals ignored these warnings. French and American artillery specialists filed reassuring firsthand reports that the "hedgehog" was impenetrable. When the artillery duel began in March 1954, French generals were shocked to find themselves outgunned; the Viet Minh had two hundred heavy artillery pieces with abundant ammunition, against the French garrison's twenty-eight heavy guns and insufficient ammunition. An estimated 80,000 Viet Minh porters had hauled this incredible firepower across the mountains, guided and assisted by enthusiastic Black Tai and Hmong. General Vo Nguyen Giap, the Viet Minh commander, recalled that "convoys of pack horses from the Meo [Hmong] highlands" were among the most determined of the porters who assisted this effort.

Hmong hostility prevented French intelligence and counterintelligence operations. It is doubtful that the Viet Minh would have chosen to attack Dien Bien Phu had they been convinced that the local population was firmly against them, since trained Hmong commandos could easily have disrupted their supply lines, sabotaged their artillery, and perhaps given the French garrison accurate intelligence on their activities. As it was, Colonel Trinquier tried to infiltrate five MACG commando teams from Laos into the Dien Bien Phu area, but the effort was almost a complete failure. Unfamiliar with the terrain and lacking contacts with the local population, the Laotian Hmong were easily brushed aside by Viet Minh troops with local Hmong guides. The anti-colonial Hmong guerrillas enveloped a wide area surrounding the fortress, and all of Trinquier's teams were discovered before they could approach the encircled garrison. The Viet Minh divisions overwhelmed the fortress on May 7–8, 1954.

Less than twenty-four hours later, on May 8, 1954, Vietnamese, French, Russian, Chinese, British, and American delegates sat down together for the first time at Geneva, Switzerland, to discuss a peace settlement. The news from Dien Bien Phu had arrived that morning, and it was reflected in the grim demeanor of the Western delegates and the
confidence of the Vietnamese. The diplomats finally compromised on a peace agreement almost three months later: on July 20 an armistice was declared and the war was over.

But to Colonel Roger Trinquier a multilateral agreement signed by a host of great and small powers meant nothing—his war went on. Trinquier had 40,000 hill tribe mercenaries operating under the command of 400 French officers by the end of July and was planning to take the war to the enemy by organizing a huge new maquis of up to 10,000 tribesmen in the Viet Minh heartland east of the Red River. Now he was faced with a delicate problem: his mercenaries had no official status and were not covered by the cease-fire. The Geneva agreement prohibited overflights by the light aircraft Trinquier used to supply his mercenary units behind Viet Minh lines and thus created insurmountable logistics and liaison problems. Although he was able to use some of the Red Cross flights to the prisoner-of-war camps in the Viet Minh–controlled highlands as a cover for arms and ammunition drops, this was only a stopgap measure. In August, when Trinquier radioed his remaining MACG units in the Tai Federation to fight their way out into Laos, several thousand Tai retreated into Sam Neua and Xieng Khouang provinces, where they were picked up by Touby Lyfoung's Hmong irregulars. But the vast majority stayed behind. Although some kept broadcasting appeals for arms, money and food, by late August their radio batteries went dead, and they were never heard from again.

There was an ironic footnote to this last MACG operation. Soon after several thousand of the Tai Federation commandos arrived in Laos, Touby realized that it would take a substantial amount of money to resettle them permanently. Since the MACG secret account had netted almost $150,000 from the previous winter's opium harvest, Touby went to the Saigon paramilitary office to make a personal appeal for resettlement funds. But the French officer on duty was embarrassed to report that an unknown MACG or SDECE officer had stolen the money, and MACG’s portion of Operation X was broke. "Trinquier told us to put the five million piasters in the account where it would be safe," Touby recalled with great amusement, "and then one of his officers stole it. What irony! What irony!"

When the French Expeditionary Corps began its withdrawal from Indochina in 1955, MACG officers approached American military personnel and offered to turn over their entire paramilitary apparatus. CIA agent Lucien Conein was one of those contacted, and he passed the word along to Washington, But “DOD [Department of Defense] responded that they wanted nothing to do with any French program” and the offer was refused. Many in the agency regretted the decision when the CIA sent Green Berets into Laos and Vietnam to organize hill tribe
guerrillas several years later. In 1962 American representatives visited
Trinquier in Paris and offered him a high position as an adviser on
mountain warfare in Indochina. But fearing that the Americans would
never give a French officer sufficient authority to accomplish anything,
Trinquier refused.\textsuperscript{55}

Looking back on the machinations of Operation X from the vantage
point of almost four decades, it seems remarkable that its secret was so
well kept. Almost every news dispatch from Saigon that discussed the
Binh Xuyen alluded to their involvement in the opium trade, but there
was no mention of the French support for hill tribe opium dealings and
certainly no comprehension of the full scope of Operation X. Spared
headlines, or even rumors, about their involvement in the narcotics
traffic, neither SDECE nor the French military were pressured into
repudiating the drug trade as a source of funding for covert operations.
Apparently there was one internal investigation of this secret opium
trade, which produced a few reprimands, more for indiscretion than
anything else, and Operation X continued until the French withdrew
from Indochina.

The investigation began in 1952, when Vietnamese police seized almost
a ton of raw opium from a MACG warehouse in Cap Saint Jacques.
Colonel Belleux had initiated the seizure when three MACG officers filed
an official report claiming that opium was being stored in the MACG
warehouses for eventual sale. After the seizure confirmed their story,
Belleux turned the matter over to Jean Letourneau, high commissioner for
Indochina, who started a formal inquiry through the comptroller-general
for Overseas France. Although the inquiry uncovered a good deal of
Operation X's organization, nothing was done. The inquiry did damage the
reputation of MACG's commander, Colonel Grall, and Commander in
Chief Salan. Grall was ousted from MACG and Trinquier was appointed as
his successor in March 1953.\textsuperscript{56}

Following the investigation, Colonel Belleux suggested to his Paris
headquarters that SDECE and MACG should reduce the scope of their
narcotics trafficking. If they continued to control the trade at all levels,
the secret might get out, damaging France's international relations and
providing the Viet Minh with propaganda. Since the French had to
continue buying opium from the Hmong to retain their loyalty, Belleux
suggested that it be diverted to Bangkok instead of being flown directly
to Saigon and Hanoi. In Bangkok the opium would become indistin-
guishable from much larger quantities being shipped out of Burma by the Nationalist Chinese army, and thus the French
involvement would be concealed. SDECE Paris, however, told Belleux
that he was a "troublemaker" and urged him to give up such ideas. The
matter was dropped.\textsuperscript{57}
Apparently SDECE and the French military emerged from the Indochina War with narcotics trafficking as an accepted gambit in the espionage game. In November 1971 the U.S. attorney for New Jersey caused an enormous controversy in both France and the United States when he indicted a high-ranking SDECE officer, Colonel Paul Fournier, for conspiracy to smuggle narcotics into the United States. Given the long history of SDECE's official and unofficial involvement in the narcotics trade, surprise seems to have been unwarranted. Fournier had served with SDECE in Vietnam during the First Indochina War at a time when the clandestine service was managing the narcotics traffic as a matter of policy. The involvement of some SDECE agents in later Corsican heroin smuggling indicated that SDECE's acquaintance with the narcotics traffic had not ended.

The Binh Xuyen in Saigon

Just as the history of SDECE's role in the tribal opium trade was repeated by the CIA in Laos and Afghanistan, so the involvement of Saigon's Binh Xuyen river pirates was the product of a political relationship that has recurred many times over the last half century—the alliance between governments and gangsters. While the CIA-Corsican alliance in the early years of the cold war contributed to the resurrection of the European heroin trade, the French 2ème Bureau's alliance with the Binh Xuyen allowed Saigon's opium commerce to survive during the First Indochina War. The 2ème Bureau was not integral to the mechanics of the opium traffic in the way that MACG had been in the mountains; it remained in the background providing overall political support, allowing the Binh Xuyen to take over the opium dens and establish their own opium refineries. By 1954 the Binh Xuyen controlled virtually all of Saigon's opium dens and dominated the distribution of prepared opium throughout Cochin China (the southern part of Vietnam). Since Cochin China had usually consumed over half of the monopoly's opium, and Saigon—with its Chinese twin city, Cholon—had the highest density of smokers in the entire colony the 2ème Bureau's decision to turn the traffic over to the Binh Xuyen guaranteed the failure of the government's anti-opium campaign and ensured the survival of mass addiction in Vietnam.

The 2ème Bureau's pact with the Binh Xuyen was part of a larger French policy of using ethnic, religious, and political factions to deny territory to the Viet Minh. By supplying these splinter groups with arms and money, the French hoped to strengthen them enough to make their localities into private fiefs, thereby neutralizing the region and freeing regular combat troops from garrison duty. But Saigon was not just another province, it was France's "Pearl of the Orient," the richest, most
important city in Indochina. In giving Saigon to the Binh Xuyen, block by
block, over a six-year period, the French were not just building up
another fiefdom, they were making these bandits the key to their control
of Cochin China. Hunted through the swamps as river pirates in the
1940s, by 1954 their military commander was director-general of the
national police and their chief, the illiterate Bay Vien, was nominated as
prime minister of Vietnam. The gangsters had become the government.

The Binh Xuyen river pirates first emerged during the early 1920s in
the marshes and canals along the southern fringes of Saigon-Cholon as
a loose coalition of pirate gangs, about two hundred to three hundred
strong. Armed with old rifles, clubs, and knives and schooled in
Sino-Vietnamese boxing, they extorted protection money from the
sampans and junks that traveled the canals to the Cholon docks.
Occasionally they sortied into Cholon to kidnap or rob a wealthy
Chinese merchant. If too sorely pressed by the police or the colonial
militia, they could retreat through the streams and canals south of
Saigon deep into the impenetrable Rung Sat Swamp at the mouth of the
Saigon River, where their reputations as popular heroes and the maze of
mangroves protected them from capture. If the Binh Xuyen pirates were
the Robin Hoods of Vietnam, then the Rung Sat (Forest of the Assassins)
was their Sherwood Forest.59

Their popular image was not entirely undeserved, for there is evi­
dence that many of the early outlaws were ordinary contract laborers
who had fled from the rubber plantations that sprang up on the northern
edge of the Rung Sat during the rubber boom of the 1920s. Insufficient
food, harsh work schedules, and beatings made most of the plantations
slave labor camps with annual death rates higher than 20 percent.60

But the majority of those who joined the Binh Xuyen were just ordinary
Cholon street toughs, and the career of Le Van Vien, known as “Bay” Vien,
was rather more typical. Born in 1904 on the outskirts of Cholon, Bay Vien
found himself alone, uneducated, and in need of a job after an inheritance
dispute cost him his birthright at age seventeen. He soon fell under the
influence of a small-time gangster who found him employment as a
chauffeur and introduced him to the leaders of the Cholon underworld.61
As he established his underworld reputation, Bay Vien was invited to
meetings at the house of the underworld leader Duong Van Duong (“Ba”
Duong), in the hamlet of Binh Xuyen just south of Cholon.

The early history of the Binh Xuyen was an interminable cycle of
kidnapping, piracy, pursuit, and occasional imprisonment until late in
World War II, when Japanese military intelligence, the Kempeitai, began
dabbling in Vietnamese politics. During 1943–1944 many individual gang
leaders managed to ingratiate themselves with the Japanese army, then
administering Saigon jointly with the Vichy French. Thanks to Japanese
Cold War Opium Boom

protection, many gangsters were able to come out of hiding and find legitimate employment; Ba Duong, for example, became a labor broker for the Japanese and under their protection carried out some of Saigon's most spectacular wartime robberies. Other leaders joined Japanese-sponsored political groups, where they became involved in politics for the first time. Many of the Binh Xuyen bandits had already had an intense exposure to Vietnamese nationalist politics while imprisoned on Con Son (Puolo Condore) island. Finding themselves sharing cells with political prisoners, they participated in their heated political debates. Bay Vien himself escaped from Con Son in early 1945 and returned to Saigon politicized and embittered toward French colonialism.

On March 9, 1945, the fortunes of the Binh Xuyen improved further when the Japanese army became wary of growing anti-Fascist sentiments among their French military and civilian collaborators and launched a preemptive coup. Within a few hours all French police, soldiers, and civil servants were behind bars, leaving those Vietnamese political groups favored by the Japanese free to organize openly for the first time. Some Binh Xuyen gangsters were given amnesty; others, like Bay Vien, were hired by the newly established Vietnamese government as police agents. Eager for the intelligence, money, and men the Binh Xuyen could provide, almost every political faction courted the criminal organization. Rejecting overtures by conservatives and Trotskyites, the Binh Xuyen made a decision of considerable importance—they chose the Communist-led Viet Minh as their allies.

While this decision would have been of little consequence in Tonkin or central Vietnam, where the Communist-dominated Viet Minh was strong enough to stand alone, in Cochin China the Binh Xuyen support was crucial. After launching an abortive revolt in 1940, the Cochin division of the Indochina Communist party had been weakened by mass arrests and executions. When the party began rebuilding at the end of World War II, it was already outstripped by more conservative nationalist groups, particularly politicoreligious groups such as the Hoa Hao and Cao Dai. In August 1945 the head of the Viet Minh in Cochin China, Tran Van Giau, convinced Bay Vien to persuade Ba Duong and the other chiefs to align with the Viet Minh. When the Viet Minh called a mass demonstration on August 25 to celebrate their installation as the new nationalist government, fifteen well-armed, bare-chested bandits carrying a large banner declaring "Binh Xuyen Assassination Committee" joined the tens of thousands of demonstrators who marched through downtown Saigon for more than nine hours. For almost a month the Viet Minh ran the city, managing its public utilities and patrolling the streets, until late September, when arriving British and French troops took charge.
World War II had come to an abrupt end on August 15, when the Japanese surrendered to the Allies in the wake of the atom bomb attacks on Hiroshima and Nagasaki. Allied commanders had been preparing for a long, bloody invasion of the Japanese home islands and were suddenly faced with the enormous problems of disarming thousands of Japanese troops scattered across eastern and Southeast Asia. On September 12 some 1,400 Indian Gurkhas and a company of French infantry under the command of British General Douglas D. Gracey were airlifted to Saigon from Burma. Although he was under strict orders to stay out of politics, General Gracey, an archcolonialist, intervened decisively on the side of the French. When a Viet Minh welcoming committee paid a courtesy call he made no effort to conceal his prejudices. "They came to see me and said 'welcome' and all that sort of thing," he later reported. "It was an unpleasant situation and I promptly kicked them out." Ten days later the British secretly rearmed some fifteen hundred French troops, who promptly executed a coup, reoccupying the city's main public buildings. Backed by Japanese and Indian troops, the French cleared the Viet Minh out of downtown Saigon and began a house-to-house search for nationalist leaders. With the arrival of French troop ships from Marseille several weeks later, France's reconquest of Indochina began in earnest.

Fearing further reprisals, the Viet Minh withdrew to the west of Saigon, leaving Bay Vien as military commander of Saigon-Cholon. Since the Binh Xuyen then had less than a hundred men, the Viet Minh suggested that they merge forces with the citywide nationalist youth movement, the Avant-Garde Youth. After meeting with Bay Vien, one of the Avant-Garde's Saigon leaders, the future police chief Lai Van Sang agreed that the merger made sense: his two thousand men lacked arms and money, while the wealthy Binh Xuyen lacked rank and file. It was a peculiar alliance; Saigon's toughest criminals were now commanding idealistic young students and intelligentsia. As British and French troops reoccupied downtown Saigon, the Binh Xuyen took up defensive positions along the southern and western edges of the city. Beginning on October 25, French thrusts into the suburbs smashed through their lines and began driving them back into the Rung Sat swamp. Ba Duong led the amphibious retreat of thousands of Binh Xuyen troops, Avant-Garde Youth, and Japanese deserters deep into the Rung Sat's watery maze. However, they left behind a network of clandestine cells known as action committees, or assassination committees, totaling some 250 men.

While Binh Xuyen waterborne guerrillas harassed the canals, its Saigon action committees provided intelligence, extorted money, and unleashed political terror. Merchants paid the action committees
regular fees for a guarantee of their personal safety, while the famous casino the Grand Monde paid $2,600 a day as insurance that Binh Xuyen terrorists would not toss a grenade into its gaming halls. These contributions, along with arms supplies, enabled the Binh Xuyen to expand their forces to seven full regiments totaling ten thousand men, the largest Viet Minh force in Cochin China. In 1947, when the Viet Minh decided to launch a wave of terror against French colonists, the Binh Xuyen action committees played a major role in the bombings, knifings, and assaults, that punctuated the daily life of Saigon-Cholon.

Despite their important contributions to the revolutionary movement, the Binh Xuyen marriage to the Viet Minh was doomed from the start. It was not sophisticated ideological disputes that divided them, but rather more mundane squabbling over behavior, discipline, and territory. Relations between Binh Xuyen gangs had always been managed on the principle of mutual respect for each chief's autonomous territory. In contrast, the Viet Minh were attempting to build a mass revolution based on popular participation. Confidence in the movement was an imperative, and the excesses of any unit commander had to be punished before they could alienate the people and destroy the revolution. On the one hand the brash, impulsive bandit, on the other the disciplined party cadre—a clash was unavoidable.

A confrontation came in early 1946 when accusations of murder, extortion, and wanton violence against a minor Binh Xuyen chieftain forced the Viet Minh commander, Nguyen Binh, to convene a military tribunal. In the midst of the heated argument between the Binh Xuyen leader Ba Duong and Nguyen Binh, the accused grabbed the Viet Minh commander's pistol and shot himself in the head. Blaming the Viet Minh for his friend's suicide, Ba Duong began building a movement to oust Nguyen Binh but was strafed and killed by a French aircraft a few weeks later, well before his plans had matured.

Shortly after Ba Duong's death in February 1946, the Binh Xuyen held a mass rally in the heart of the Rung Sat to mourn their fallen leader and elect Bay Vien as his successor. Although Bay Vien had worked closely with the Viet Minh, he was now more ambitious than patriotic. Bored with being king of the mangrove swamps, Bay Vien devised three stratagems for catapulting himself to greater heights: he ordered assassination committees to fix their sights on Nguyen Binh; he began working with the Hoa Hao religious group to forge an anti-French, anti-Viet Minh coalition; and he initiated negotiations with the French 2ème Bureau for some territory in Saigon.

The Viet Minh remained relatively tolerant of Bay Vien's machinations until March 1948, when he sent his top advisers to Saigon to negotiate a secret alliance with Captain Savani of the 2ème Bureau. Concealing
their knowledge of Bay Vien's betrayal, the Viet Minh invited him to attend a special convocation at their camp in the Plain of Reeds on May 19, Ho Chi Minh's birthday. Realizing that this was a trap, Bay Vien strutted into the meeting surrounded by two hundred of his toughest gangsters. While he allowed himself the luxury of denouncing Nguyen Binh to his face, the Viet Minh were stealing the Rung Sat. Viet Minh cadres who had infiltrated the Binh Xuyen months before called a mass meeting and exposed Bay Vien's negotiations with the French. The angry nationalistic students and youths launched a coup on May 28; Bay Vien's supporters were arrested, unreliable units were disarmed, and the Rung Sat refuge was turned over to the Viet Minh. Back on the Plain of Reeds, Bay Vien sensed an ugly change of temper in the convocations, massed his bodyguards, and fled toward the Rung Sat pursued by Viet Minh troops. En route he learned that his refuge was lost and changed direction, arriving on the outskirts of Saigon on June 10. Hounded by pursuing Viet Minh columns and aware that return to the Rung Sat was impossible, Bay Vien found himself on the road to Saigon.

Unwilling to join the French openly and be labeled a collaborator, Bay Vien hid in the marshes south of Saigon for several days until 2ème Bureau agents finally located him. Bay Vien may have lost the Rung Sat, but his covert action committees remained a potent force in Saigon-Cholon and made him invaluable to the French. Captain Savani, known as "the Corsican bandit" among his fellow officers, visited the Binh Xuyen leader in his hideout and argued, "Bay Vien, there's no other way out. You have only a few hours of life left if you don't sign with us." The captain's logic was irrefutable; on June 16 a French staff car drove Bay Vien to Saigon, where he signed a prepared declaration denouncing the Communists as traitors and avowing his loyalty to the Vietnamese emperor, Bao Dai. Shortly afterward, the French government announced that it "had decided to confide the police and maintenance of order to the Binh Xuyen troops in a zone where they are used to operating" and assigned them a small piece of territory along the southern edge of Cholon.

In exchange for this concession, eight hundred gangsters who had rallied to Bay Vien from the Rung Sat, together with the covert action committees, assisted the French in a massive, successful sweep through the twin cities in search of Viet Minh cadres, cells, and agents. As Bay Vien's chief political adviser, Lai Huu Tai, explained, "Since we had spent time in the maquis and fought there, we also knew how to organize the counter maquis." But once the operation was finished, Bay Vien, afraid of being damned as a collaborator, retired to his slender zone and refused to move. The Binh Xuyen refused to set foot on any territory not ceded to them and
labeled an independent “nationalist zone.” To avail themselves of the Binh Xuyen’s unique abilities as an urban counterintelligence and security force, the French were obliged to turn over Saigon-Cholon block by block. By April 1954 the Binh Xuyen military commander, Lai Van Sang, was director-general of police, and the Binh Xuyen controlled the capital region and the sixty-mile strip between Saigon and Cap Saint Jacques. Since the Binh Xuyen’s pacification technique required vast amounts of money to bribe thousands of informers, the French allowed them carte blanche to plunder the city. In giving the Binh Xuyen this economic and political control over Saigon, the French were both eradicating the Viet Minh and creating a political counterweight to Vietnamese nationalist parties gaining power as a result of American pressure for political and military Vietnamization. By 1954 the illiterate, bullnecked Bay Vien had become the richest man in Saigon and the key to the French presence in Cochin China. Through the Binh Xuyen, the French 2ème Bureau countered the growing power of the nationalist parties, kept Viet Minh terrorists off the streets, and battled the American CIA for control of South Vietnam. Since the key to the Binh Xuyen’s power was money, and quite a lot of it, their economic evolution bears examination.

The Binh Xuyen’s financial hold over Saigon was similar in many respects to that of American organized crime in New York City. The Saigon gangsters used their power over the streets to collect protection, money and to control the transportation industry, gambling, prostitution, and narcotics. But while American criminals prefer to maintain a low profile, the Binh Xuyen flaunted their power: their green-bereted soldiers strutted down the streets, opium dens and gambling casinos operated openly, and a government minister actually presided at the dedication of the Hall of Mirrors, the largest brothel in Asia.

Probably the most important Binh Xuyen economic asset was the gambling and lottery concession controlled through two sprawling casinos—the Grand Monde in Cholon and the Cloche d’Or in Saigon—which were operated by the highest bidder for the annually awarded franchise. The Grand Monde had been opened in 1946 at the insistence of the governor-general of Indochina, Admiral Thierry d’Argeulie, to finance the colonial government of Cochin China. The franchise was initially leased to a Macao Chinese gambling syndicate, which made payoffs to all of Saigon’s competing political forces—the Binh Xuyen, Emperor Bao Dai, prominent cabinet ministers, and even the Viet Minh. In early 1950 Bay Vien suggested to Captain Savani that payments to the Viet Minh could be ended if he were awarded the franchise. The French agreed, and Bay Vien’s adviser Lai Huu Tai (Lai Van Sang’s brother) met with Emperor Bao Dai and promised him strong support if he agreed to back the measure.
But when Bao Dai made the proposal to President Huu and the governor of Cochin, they refused their consent, since both of them received stipends from the Macao Chinese. The Binh Xuyen broke the deadlock in their own inimitable fashion: they advised the Chinese franchise holders that the Binh Xuyen police would no longer protect the casinos from Viet Minh terrorists, kidnapped the head of the Macao syndicate, and, finally, pledged to continue everybody's stipends. After agreeing to pay the government a $200,000 deposit and $20,000 a day, the Binh Xuyen were awarded the franchise on December 31, 1950. Despite these heavy expenses, the franchise was an enormous economic coup; shortly before the Grand Monde was shut down by a new regime in 1955, knowledgeable French observers estimated that it was the most profitable casino in Asia, and perhaps in the world.

Sometime after 1950 the French military awarded the Binh Xuyen another lucrative colonial asset, Saigon's opium commerce. The Binh Xuyen started processing MACG's raw Hmong opium and distributing prepared smoking opium to hundreds of dens scattered throughout the twin cities. They paid a fixed percentage of their profits to Emperor Bao Dai, the French 2ème Bureau, and the MACG commandos. The CIA's Colonel Lansdale later reported:

The Binh Xuyen were participating in one of the world's major arteries of the dope traffic, helping move the prize opium crops out of Laos and South China. The profits were so huge that Bao Dai's tiny cut was ample to keep him in yachts, villas, and other comforts in France.

The final Binh Xuyen asset was prostitution. They owned and operated a variety of brothels, from small, intimate villas staffed with young women for generals and diplomats to the Hall of Mirrors, whose twelve hundred inmates and industrial techniques made it one of the largest and most profitable in Asia. The brothels not only provided income but also yielded a steady flow of political and military intelligence.

In reviewing Bay Vien's economic activities in 1954, the French 2ème Bureau concluded:

In summary, the total of the economic potential built up by General Le Van (Bay) Vien has succeeded in following exactly the rules of horizontal and vertical monopolization so dear to American consortiums.

Bay Vien's control over Saigon-Cholon had enabled him to build "a multi-faceted business enterprise whose economic potential constitutes one of the most solid economic forces in South Vietnam."

After allowing the Binh Xuyen to develop this financial empire, the
Bureau witnessed its liquidation during the desperate struggle it waged with the CIA for control of Saigon and South Vietnam. Between April 28 and May 3, 1955, the Binh Xuyen and the Vietnamese army (ARVN) fought a savage house-to-house battle for control of Saigon-Cholon. More troops were involved in this battle than in the Tet offensive of 1968, and the fighting was almost as destructive. In the six days of combat, 500 persons were killed, 2,000 wounded, and 20,000 left homeless. Soldiers disregarded civilians and leveled whole neighborhoods with artillery, mortars, and heavy machine guns. When it was all over the Binh Xuyen had been driven back into the Rung Sat and Prime Minister Ngo Dinh Diem was master of Saigon.

This battle was a war by proxy; the Binh Xuyen and Diem's army were stand-ins, mere pawns, in a power struggle between the French Bureau and the American CIA. Although there were longstanding tactical disagreements between the French and the Americans, at the ambassadorial and governmental levels the atmosphere was one of friendliness and flexibility not to be found between their respective intelligence agencies.

Prior to the French debacle at Dien Bien Phu in May 1954, the two governments had cooperated with a minimum of visible friction in Indochina. During the early 1950s the United States paid 78 percent of the cost of maintaining the French Expeditionary Corps, and hundreds of American advisers served with French units. After Dien Bien Phu and Geneva, however, the partnership began to crumble.

France resigned itself to granting full independence to its former colony and agreed at Geneva to withdraw from the northern half of the country and to hold an all-Vietnam referendum in 1956—an election the Viet Minh were sure to win—to determine who would rule the unified nation. Under the guidance of French Premier Pierre Mendès-France, Paris planned "a precedent-setting experiment in coexistence": France would grant the Viet Minh full control over Vietnam by adhering strictly to the Geneva accords and then work closely with Ho Chi Minh "to preserve French cultural influence and salvage French capital." Needless to say, the French premier's plans did not sit well in a U.S. State Department operating on Secretary John Foster Dulles's anti-Communist first principles. Fundamental policy disagreements began to develop between Washington and Paris, though there was no open conflict.

The Pentagon Papers have summarized the points of disagreement between Washington and Paris rather neatly:

All the foregoing tension resolved to two central issues between the United States and France. The first was the question
of how and by whom Vietnam's armed forces were to be trained. The second, and more far reaching, was whether Ngo Dinh Diem was to remain at the head of Vietnam's government or whether he was to be replaced by another nationalist leader more sympathetic to Bao Dai and France.\(^{101}\)

The first question was resolved soon after Special Ambassador General J. Lawton Collins arrived in Vietnam on November 8, 1954. The Americans were already supplying most of ARVN's aid, and French High Commissioner General Paul Ely readily agreed to turn the training over to the Americans.

The second question—whether Diem should continue as prime minister—provoked the CIA–2\(^{\text{eme}}\) Bureau war of April 1955. Diem was a political unknown who had acceded to the premiership largely because Washington was convinced that his strong anti-Communist, anti-French beliefs best suited American interests. But the immediate problem for Diem and the Americans was control of Saigon. If Diem were to be of any use to the Americans in blocking the unification of Vietnam, he would have to wrest control of the streets from the Binh Xuyen. For whoever controlled the streets controlled Saigon, and whoever controlled Saigon held the key to Vietnam's rice-rich Mekong Delta.

While the French and American governments disavowed any self-interest and tried to make even their most partisan suggestions seem a pragmatic response to the changing situation in Saigon, both gave their intelligence agencies a free hand to see if Saigon's reality could be molded in their favor. Behind the diplomatic amity, the CIA, led by Colonel Lansdale, and the French 2\(^{\text{eme}}\) Bureau, under Captain Savani, engaged in a savage clandestine battle for Saigon.

In the movie version of Graham Green's novel about this period, *The Quiet American*, Colonel Lansdale was played by the World War II combat hero Audie Murphy, whose previous roles as the white-hat hero in dozens of westerns allowed him to project the evangelistic anti-communism so characteristic of Lansdale. What Murphy did not portray was Lansdale's mastery of the CIA's repertoire of covert action techniques, including sabotage, psychological warfare, and counter-terrorism. When Lansdale arrived in Saigon in May 1954 he was fresh from engineering President Ramón Magaysay's successful counterinsurgency campaign against the Philippine Communist party. As the prophet of a new counterinsurgency doctrine and representative of a wealthy government, Lansdale was a formidable opponent.

In seeking to depose Bay Vien, Lansdale was not just challenging the 2\(^{\text{eme}}\) Bureau, he was taking on Saigon's Corsican community—Corsican businessmen, Corsican colonists, and the Corsican underworld. From the late nineteenth century onward, Corsicans had dominated the
Indochina civil service. At the end of World War II, Corsican resistance fighters, some of them gangsters, had joined the regular army and come to Indochina with the Expeditionary Corps. Many remained in Saigon after their enlistment to go into legitimate business or to reap profits from the black market that flourished in wartime. Those with strong underworld connections in Marseille were able to engage in currency smuggling between the two ports. The Marseille gangster Barthélemy Guerini worked closely with contacts in Indochina to smuggle Swiss gold to Asia immediately after World War II. Moreover, Corsican gangsters close to Corsican officers in Saigon's 2ème Bureau purchased surplus opium and shipped it to Marseille, where it made a small contribution to the city's growing heroin industry.

The unchallenged leader of Saigon's Corsican underworld was the respectable merchant Mathieu Franchini. Owner of the exclusive Continental Palace Hotel, Franchini made a fortune playing the piaster-gold circuit between Saigon and Marseille during the First Indochina War. He became the Binh Xuyen's investment counselor and managed a good deal of their opium and gambling profits. When Bay Vien's fortune reached monumental proportions, Franchini sent him to Paris where "new found Corsican friends gave him good advice about investing his surplus millions." According to reliable Vietnamese sources, it was Franchini who controlled most of Saigon's opium exports to Marseille. Neither he nor his associates could view with equanimity the prospect of an American takeover.

Many people within the 2ème Bureau had worked as much as eight years building up sect armies like the Binh Xuyen; many Corsicans outside the military had businesses, positions, rackets, and power that would be threatened by a decline in French influence. While they certainly did not share Premier Mendès-France's ideas of cooperation with the Viet Minh, they were even more hostile to the idea of turning things over to the Americans.

When Lansdale arrived in Saigon he faced the task of building an alternative to the mosaic of religious armies and criminal gangs that had ruled South Vietnam in the latter years of the war. Ngo Dinh Diem's appointment as premier in July 1954 gave Lansdale the lever he needed. Although he was handpicked by the Americans, Diem had spent most of the previous decade in exile and had few political supporters and almost no armed forces. Prime minister in name only, Diem controlled merely the few blocks of downtown Saigon surrounding the presidential palace. The French and their clients—ARVN, the Binh Xuyen, and the armed religious sects, Cao Dai and Hoa Hao—could easily mount an anti-Diem coup if he threatened their interests. Lansdale proceeded to fragment his opposition's solid front and to build Diem an effective military
French control over the army was broken and Colonel Duong Van Minh ("Big Minh"), an American sympathizer, was recruited to lead the attacks on the Binh Xuyen. By manipulating payments to the armed religious sects, Lansdale was able to neutralize most of them, leaving the Binh Xuyen as the only French pawn. The Binh Xuyen financed themselves largely from their vice rackets, and their loyalty could not be manipulated through financial pressures. But, deserted by ARVN and the religious sects, the Binh Xuyen were soon crushed.

Lansdale's victory did not come easily. Soon after he arrived he began sizing up his opponent's financial and military strength. Knowing something of the opium trade's importance as a source of income for French clandestine services, he now began to look more closely at Operation X with the help of a respected Cholon Chinese banker. But the banker was abruptly murdered and Lansdale dropped the inquiry. There was reason to believe that the banker had gotten too close to the Corsicans involved, and they killed him to prevent the information from getting any further.107

An attempted anti-Diem coup in late 1954 led to Lansdale's replacing the palace guard. After the embassy approved secret funding (later estimated at $2 million), Lansdale convinced a Cao Dai dissident named Trinh Minh Thé to offer his maquis near the Cambodian border as a refuge in case Diem was ever forced to flee Saigon.108 When the impending crisis between the French and the Americans threatened Diem's security in the capital, Thé moved his forces into the city as a permanent security force in February 1955 and paraded 2,500 of his barefoot soldiers through downtown Saigon to demonstrate his loyalty to the prime minister.109 The 2ème Bureau was outraged at Lansdale's support for Thé. Practicing what Lansdale jocularly referred to as the "unorthodox doctrine of zapping a commander,"110 Thé had murdered French General Chanson in 1951 and had further incensed the French when he blew up a car in 1953 in downtown Saigon, killing a number of passersby. Officers from the 2ème Bureau personally visited Lansdale to warn him that they would kill Thé, and they "usually added the pious hope that I would be standing next to him when he was gunned down."111

On February 11, 1955, the French army abdicated its financial controls and training responsibilities for ARVN to the United States, losing not only ARVN but control of the Hoa Hao and Cao Dai religious sects as well. Approximately 20,000 of them had served as supplementary forces to the French and Vietnamese armies112 and had been paid directly by the 2ème Bureau. Now, with their stipends cut and their numbers reduced, they were to be integrated into ARVN, where they would be controlled by Diem and his American advisers.
Lansdale was given $8.6 million to pay back salaries and "bonuses" to sect commanders who cooperated by "integrating" into ARVN. Needless to say, this move aroused enormous hostility from the French. When Lansdale met with General Gambiez of the French army to discuss the sect problem, the tensions were obvious:

We sat at a small table in his office. . . . A huge Alsatian dog crouched under it. Gambiez informed me that at one word from him, the dog would attack me, being a trained killer. I asked Gambiez to please note that my hands were in my pockets as I sat at the table; I had a small .25 automatic pointing at his stomach which would tickle him fatally. Gambiez called off his dog and I put my hands on the table. We found we could work together.

By February the 2ème Bureau realized that they were gradually losing to Lansdale's team, so they tried to discredit him as an irresponsible adventurer in the eyes of his own government by convening an unprecedented secret agents' tribunal. But the session was unsuccessful, and the 2ème Bureau officers were humiliated; their animosity toward Lansdale was, no doubt, intensified.

But the French were not yet defeated, and late in February they mounted a successful counteroffensive. When Diem refused to meet the sects' demands for financial support and integration into ARVN, the French seized the opportunity and brought all the sect leaders together in Tay Ninh on February 22, where they formed the United Front and agreed to work for Diem's overthrow. Money was to be provided by the Binh Xuyen. When a month of fruitless negotiations failed to wring any concessions from Diem, the United Front sent a five-day ultimatum to Diem demanding economic and political reforms. Suddenly the lethargic quadrille of political intrigue was over and the time for confrontation was at hand.

Lansdale was now working feverishly to break up the United Front and was meeting with Diem regularly. With the help of the CIA station chief, Lansdale put together a special team to tackle the Binh Xuyen, the financial linchpin of the United Front. Lansdale recruited a former Saigon police chief named Mai Huu Xuan, who had formed the Military Security Service (MSS) with two hundred to three hundred of his best detectives when the Binh Xuyen took over the police force in 1954. Embittered by four years of losing to the Binh Xuyen, the MSS began a year-long battle with the Binh Xuyen's action committees. Many of these covert cells had been eliminated by April 1955, a factor that Xuan felt was critical in the Binh Xuyen's defeat. Another of Lansdale's recruits was Colonel Duong Van Minh, the ARVN commander for Saigon-Cholon.
Lansdale made ample discretionary funds available to Minh, whom he incorporated in his plans to assault the Binh Xuyen.\textsuperscript{119}

The fighting began on March 28 when a pro-Diem paratroop company attacked the Binh Xuyen–occupied police headquarters. The Binh Xuyen counterattacked the following night, beginning with a mortar attack on the presidential palace at midnight. When French tanks rolled into the city several hours later to impose a cease-fire agreed to by the United States, Lansdale protested bitterly to Ambassador Collins, "explaining that only the Binh Xuyen would gain by a cease-fire."\textsuperscript{120}

For almost a month French tanks and troops kept the Binh Xuyen and ARVN apart. Then on April 27 Ambassador Collins met with Secretary of State Dulles in Washington and told him that Diem's obstinacy was the reason for the violent confrontation in Saigon. Dismayed, Dulles cabled Saigon that the United States was no longer supporting Diem.\textsuperscript{121} A few hours after this telegram arrived, Diem's troops attacked Binh Xuyen units and drove them out of downtown Saigon into neighboring Cholon. Elated by Diem's easy victory, Dulles cabled Saigon his full support for Diem. The embassy burned his earlier telegram.\textsuperscript{122}

During the fighting of April 28 Lansdale remained in constant communication with the presidential palace, while his rival Captain Savani moved into the Binh Xuyen headquarters at the Y Bridge in Cholon, where he took command of the bandit battalions and assigned his officers to accompany Binh Xuyen troops in the house-to-house fighting.\textsuperscript{123} The Binh Xuyen radio offered a reward to anyone who could bring Lansdale to their headquarters where, Bay Vien promised, his stomach would be cut open and his entrails stuffed with mud.\textsuperscript{124}

On May 2 the fighting resumed as ARVN units penetrated Cholon leveling whole city blocks and pushing the Binh Xuyen steadily backward. Softened by years of corruption, the Binh Xuyen bandits were no longer the tough guerrillas of a decade before. Within a week most of them had retreated into the depths of the Rung Sat swamp.

Although the war between Diem and Bay Vien was over, the struggle between Lansdale and the Corsicans was not quite finished. True to the Corsican tradition, the defeated French launched a vendetta against the entire American community. As Lansdale describes it:

A group of soreheads among the French in Saigon undertook a spiteful terror campaign against American residents. Grenades were tossed at night into the yards of houses where Americans lived. American owned automobiles were blown up or booby-trapped. French security officials blandly informed nervous American officials that the terrorist activity was the work of the Viet Minh.\textsuperscript{125}
A sniper put a bullet through Lansdale's car window as he was driving through Saigon, and a Frenchman who resembled him was machine-gunned to death in front of Lansdale's house by a passing car. When Lansdale was finally able to determine that the ringleaders were French intelligence officers, grenades started going off in front of their houses in the evenings.126

During his May 8–11, 1955, meeting with French Premier Edgar Faure in Paris, Dulles announced his continuing support for Diem, and both agreed that France and the United States would pursue independent policies in Indochina. The partnership was over; France would leave, and the United States would remain in Vietnam to back Diem.127

Diem's victory brought about a three-year respite in large-scale opium trafficking in Vietnam. Without the Binh Xuyen and Operation X managing the trade, bulk smuggling operations from Laos came to an end and distribution in Saigon of whatever opium was available became the province of petty criminals. Observers also noticed a steady decline in the number of opium dens operating in the capital region. Although American press correspondents described the Binh Xuyen–Diem conflict as a morality play—a clash between the honest, moral Prime Minister Diem and corrupt, dope-dealing "super bandits"—the Binh Xuyen were only a superficial manifestation of a deeper problem, and their eviction from Saigon produced little substantive change.128

For more than eighty years French colonialism had interwoven the vice trades with the basic fabric of the Vietnamese economy by using them as legitimate sources of government tax revenue. During the late 1940s the French simply transferred them from the legitimate economy to the underworld, where they have remained a tempting source of revenue for political organizations. By exploiting the rackets for the French, the Binh Xuyen had developed the only effective method ever devised for countering urban guerrilla warfare in Saigon. Their formula was a combination of crime and counterinsurgency: control over the municipal police allowed systematic exploitation of the vice trade; the rackets generated large sums of ready cash; and money bought an effective network of spies, informants, and assassins.

The system worked so well for the Binh Xuyen that in 1952 Viet Minh cadres reported that their activities in Saigon had come to a virtual standstill because the bandits had either bought off or killed most of their effective organizers.129 When the Diem administration was faced with large-scale insurgency in 1958, it reverted to the Binh Xuyen formula, and government clandestine services revived the opium trade with Laos to finance counterinsurgency operations. Faced with similar problems in 1965, Premier Ky's adviser General Loan would use the same methods.130
Secret War in Burma: KMT and CIA

While the work of French clandestine services in Indochina enabled the opium trade to survive government suppression efforts, CIA activities in Burma helped transform the Shan states from a relatively minor poppy-cultivating area into the largest opium-growing region in the world. The precipitous collapse of the Nationalist Chinese (Kuomintang, or KMT) government in 1949 convinced the Truman administration that it had to stem "the southward flow of communism" into Southeast Asia. In 1950 the Defense Department extended military aid to the French in Indochina. In that same year, the CIA began regrouping remnants of the defeated Kuomintang army in the Burmese Shan states for an invasion of southern China. Although the KMT army was to fail in its military operations, it succeeded in monopolizing and expanding the Shan states' opium trade.

The KMT shipped the opium harvests to northern Thailand, where they were sold to General Phao Siyanan of the Thai police, a CIA client. The CIA had promoted the Phao-KMT partnership to provide a secure rear area for the KMT, but this alliance soon became a critical factor in the growth of Southeast Asia's narcotics traffic.

With CIA support, the KMT remained in Burma until 1961, when a Burmese army offensive drove them into Laos and Thailand. By this time, however, the Kuomintang had already used their control over the tribal populations to expand Shan state opium production by almost 500 percent—from less than 80 tons after World War II to an estimated 300–400 tons by 1962. From bases in northern Thailand the KMT continued to send mule caravans into the Shan states to bring out the opium harvest. In 1973, twenty years after the CIA first began supporting KMT troops in the Golden Triangle, these KMT caravans controlled almost one-third of the world's total illicit opium supply and enjoyed a growing share of Southeast Asia's thriving heroin business.

Opium had long been a prerogative of power for the KMT warlords who controlled southern China before 1949. During his seventeen-year rule over Yunnan province in the remote southwest bordering Burma, General Lung Yun relied primarily on opium and banditry to sustain his independent army. A member of the Lolo minority of northern Yunnan, Lung Yun was heir to the mix of highland raiding, caravan trading, and opium farming characteristic of this remote region. When World War II made Yunnan the KMT's last bastion and landing point for U.S. military aid, this "one-eyed warlord governor" prospered. By 1945 he "maintained a private army to protect his extensive poppy fields along the northwest border of Yunnan . . . and directed his son's systematic highjacking operations of American lend-lease arms . . . and rations
traveling over the Burma Road to Kunming." Working with his cousin General Lu Han, the warlord ran a "lucrative contraband traffic" that smuggled opium and U.S. supplies into the Japanese occupied areas of central China, Burma, and Thailand. As his demands for U.S. goods and his defiance of the KMT regime mounted in 1945, President Chiang Kai-shek ousted General Lung in a minor coup and replaced him with the equally notorious General Lu Han, a partner in the old warlord's most blatant black market dealing.

As Mao's revolutionary army pushed into southern China in late 1949, Generalissimo Chiang Kai-shek and his Kuomintang regime planned to make craggy Yunnan province their last bastion. By now, however, the local warlord Lu Han harbored his own grievances against Chiang. At the end of World War II Lu Han had been ordered to occupy northern Indochina for the Allies while British forces moved into the southern sector. Eager for plunder, Lu Han sent his ragged divisions into Tonkin, where they settled on the countryside like locusts. To satiate Lu Han and win his tolerance for the nationalist movement, Premier Ho Chi Minh organized a "Gold Week" from September 16 to 23, 1945. Viet Minh cadres scoured every village, collecting rings, earrings, and coins from patriotic peasants. When Lu Han stepped off the plane at Hanoi airport on September 18, Ho Chi Minh presented him with a solid gold opium pipe.

Absorbed in this systematic plunder, one of the KMT units, the Ninety-third Division, extended its occupation of Laos beyond the deadline for withdrawal so it could finish collecting the Hmong opium harvest. During Lu Han's absence in Hanoi, Chiang sent two of his divisions to occupy Yunnan. When the Chinese withdrew from Indochina in early June 1946, Chiang ordered Lu Han's best troops to their death on the northern front against the Chinese Communists, reducing the warlord to the status of guarded puppet inside his own fiefdom.

When the People's Liberation Army entered Yunnan in December 1949, Lu Han armed the population, who drove Chiang's troops out of the cities and threw the province open to the advancing revolutionary armies. Nationalist Chinese stragglers began crossing into Burma, and in January 1950 remnants of the Ninety-third Division, Twenty-sixth Army, and General Li Mi's Eighth Army arrived in Burma. Five thousand of Li Mi's troops who crossed into Indochina instead of Burma were quickly disarmed by the French and interned on Phu Quoc Island in the Gulf of Thailand until they were repatriated to Taiwan in June 1953.

However, the Burmese army was less successful than the French in dealing with the Chinese. By March 1950 some 1,500 KMT troops had crossed the border into Burma and were occupying territory between Kengtung and Tachilek. In June the Burmese army commander for
Expansion of Nationalist Chinese (KMT) Control over the Shan States, 1950-1954

LEGEND
- 1950
- 1951
- 1954
- roads
- National Boundary

0 100 Miles

Bhamo

China
(Yunnan Province)

Burma

India

Laos

Thailand

Bay of Bengal

Gulf of Martaban

Moulinein

Mandalay

Maela

Taunggyi

Bago

Mae Hong Son

Chiangmai

Lampang

Papun

Tourgo

Rangoon

Bhamo

Kengtung

Mog Hsai

Tachilek

Mae Sai

University of Wisconsin Cartography Lab 1958
Kengtung state demanded that the KMT either surrender or leave Burma immediately. When General Li Mi refused, the Burmese army launched a drive from Kengtung and captured Tachilek in a matter of weeks. Two hundred of Li Mi's troops fled to Laos and were interned, but the remainder retreated to Mong Hsat, about forty miles west of Tachilek and fifteen miles from the Thai border. Since the Burmese army had been tied down for three years in central Burma battling four major rebellions, its Kengtung contingent was too weak to pursue the KMT through the mountains to Mong Hsat. But it seemed only a matter of months until the Burmese troops would become available for the final assault on the weakened KMT forces.

Isolated between hostile Burmese and Communist Chinese troops, General Li Mi's forces were desperate for outside support. In August the U.S. chargé in Taipei reported that Li Mi's officers "have made much trouble with [Nationalist] Chinese Embassy Bangkok, demanding money and supplies and diplomatic support." Since Taiwan's foreign ministry was "adamant against ordering troops to lay down arms in Burma," Li Mi was trapped and thus forced to pursue every option—asking the Thai government for ammunition to fight his way back into Yunnan, negotiating with Burmese rebels for ammunition to fight Rangoon, and demanding supplies from Taipei to hold his position in Burma.

At this point the CIA entered the lists on the side of the KMT, drastically altering the balance of power. The Truman administration, ambivalent toward the conflict in Southeast Asia since it took office in 1945, was moved to action by the sudden collapse of Chiang Kai-shek's Kuomintang regime. All U.S. government agencies scrambled to devise policies "to block further Communist expansion in Asia," and in April 1950 the Joint Chiefs of Staff advised the secretary of defense that:

resolution of the situation facing Southeast Asia would ... be facilitated if prompt and continuing measures were undertaken to reduce the pressure from Communist China. In this connection, the Joint Chiefs of Staff have noted the evidences of renewed vitality and apparent increased effectiveness of the Chinese Nationalist forces.

The Joint Chiefs went on to suggest the implementation of a "program of special covert operations designed to interfere with Communist activities in Southeast Asia."

Six months after the fall of China, these plans gained a new priority when North Korean forces crossed the 38th Parallel into the South. As the Korean War intensified when China's massive army crossed the Yalu River in November 1950, President Truman authorized an expansion of
covert action capabilities and approved a plan put forward by the Office of Policy Coordination (OPC) and the CIA for the invasion of southern China using the KMT remnants in Burma. The operation was controversial from the outset. At a White House meeting sometime in early 1951, the CIA's director, General Walter Bedell Smith, reportedly opposed the plan, arguing that it could not draw Chinese forces from the Korean front. But Truman overruled him and ordered the CIA to proceed on the basis of a strict confidentiality that denied knowledge to senior agency officials and U.S. diplomats, including the U.S. ambassador to Burma.145

After Truman approved the plan, the executive's covert action arm, the OPC, assumed control of the operation as part of an ongoing expansion on its global mission. In the months after the outbreak of the Korean War, the OPC had grown from a small unit of just 302 personnel with a budget of $4.7 million into a worldwide covert action apparatus of 5,954 employees funded at $82 million per year. Moreover, in October 1951, Truman had authorized an "intensification of covert action" in executive order NSC 10/5, in effect "condoning and fostering activity without providing scrutiny and control." Under the force of this rapid expansion, the OPC was achieving, in the words of one congressional analyst, an "institutional independence that was unimaginable at the time of its inception."146 Although CIA Director Bedell Smith, a powerful figure, demanded and won nominal control over OPC within a week of his appointment in October 1950, its autonomous bureaucracy would remain intact for another two years. Armed with a budget that consumed more than half the CIA's funds, the OPC enjoyed an extraordinary power within a U.S. intelligence community that was still little more than a "vague coalition of independent baronies."147 Under the leadership of its founder, the messianic cold warrior Frank Wisner, the OPC recruited promising agents with lavish salaries and fought bureaucratic wars with its rivals, the CIA included. Wisner dismissed the CIA's analysts as "a bunch of old washerwomen exchanging gossip while they rinse through the dirty linen," and CIA agents regarded OPC as "a bunch of amateurs who didn't exercise good tradecraft."148 As a covert action agency, instead of a passive data-collecting bureau like most CIA units, the OPC recruited a number of OSS war veterans like William Colby who had reveled in the thrill of parachuting into occupied France or Burma for missions of demolition, espionage, and guerrilla action.149 Just as they had operated behind German and Japanese lines in World War II, OPC's agents now concocted derring-do schemes in the old OSS spirit to penetrate the iron curtain. While OPC's European operatives were hardened by their work with ex-Nazis and assorted Fascists, its Far East agents maintained a more exotic aura. Future CIA director William Colby, who joined the OPC's Far East division at this
time, described it as "a rich stable of immensely colorful characters from...swashbucklers accustomed to danger to quiet students steeped in the culture of the Orient." The division's director, Colonel Richard Stilwell, was a future four-star general, and its deputy, Desmond Fitzgerald, was a New York socialite and China war veteran whose "romantic activism produced great dinner talk." OPC colleagues delighted in recounting tales of Asian adventure, such as the stories of Paul Helliwell, on assignment with the OSS in wartime China, paying his Chinese informants with "three sticky brown bars" of opium. But both divisions, Europe and Far East, were driven by the same radical pragmatism that allied the OPC with Gestapo officers or Corsican gangsters in Western Europe and opium warlords in Southeast Asia.

Not only did the OPC execute Truman's orders for an invasion of southern China, but it had probably originated the idea two years before. As Communist forces were sweeping south in May 1949 and their victory seemed certain, General Claire Chennault, commander of the famed Flying Tigers in China during World War II, came to Washington to lobby for an infusion of funds for the dying Nationalist regime. With "a small force of stout men who know the terrain" and ample air support, Americans could help the Nationalists and their tough provincial warlords dig in along China's western borderlands from the deserts of the north to the mountains of Yunnan in the south. Although the State Department dismissed Chennault's plan as "impractical," he found a persuasive advocate in Helliwell. With Helliwell's endorsement, General Chennault met OPC director Frank Wisner at the Hotel Washington and convinced him to support the scheme by subsidizing Civil Air Transport (CAT), the general's own China airline that was then lurching toward bankruptcy. With Helliwell's strong endorsement, the OPC agreed to an annual subsidy of some $1 million for CAT's China operations and dispatched its guerrilla expert, OSS veteran Alfred T. Cox, to fly throughout China on CAT giving money and munitions to surviving warlords. Despite the OPC's last-hour support, the Nationalist regime continued its collapse. Within four months the Communists swept to the western border and CAT flew out of China carrying the last warlord with his treasury of $1.5 million in gold bars.

Although quixotic in the extreme, this attempt at reversing the course of Chinese history with a fleet of aging aircraft nonetheless created both the inspiration and infrastructure for the later OPC/CIA invasions. Faced with certain bankruptcy after the loss of his China routes, Chennault, through his friends at OPC, sold CAT to the CIA in August 1950 for $950,000. With the purchase of Civil Air Transport, later renamed Air America, the CIA had acquired the air power that would sustain its covert operations, China invasions included, for the next
quartermaster.154 Moreover, the abortive attempt seems to have excited OPC's field operative Alfred Cox about the possibilities for cross-border operations against Communist China. A tireless agent who had been football captain and Phi Beta Kappa at Lehigh University, Cox had joined OSS in 1942 and led aggressive commando teams in southern France and Yunnan, later claiming that his operations were "the first real use by the American Army of Organized Guerrillas . . . who operated in small hard hitting . . . bands behind enemy lines." Drinking heavily in his job at the Atlantic Coal Company in Providence after the war, Cox fled from "personal demons" into the OPC when Frank Wisner recruited him in 1949. Assigned to OPC's Far East division along with many OSS veterans, Cox was back in China by October to witness firsthand the collapse of the Nationalists.

Despite the debacle, Cox was still convinced that guerrilla operations inside Communist China were possible and played a central, perhaps seminal, role in developing the covert invasion plans.155 Although the details have never been revealed, it seems that the essentials of the OPC/CIA plans involved an arms airlift to Burma via Bangkok, logistical support for KMT forces based in Burma under the command of General Li Mi, and, most important, ongoing air operations to supply the KMT forces once they had penetrated China. From external evidence it appears that the CIA hoped that Li Mi's invasion forces would link with the estimated 600,00 to 1 million Nationalist guerrillas believed to be waiting inside China.

Once Truman approved the plan, the OPC moved quickly to fashion a framework of "plausible denial" for a covert operation of unprecedented size and diplomatic delicacy.156 In Washington, OPC official Paul Helliwell, a lawyer, formed the Sea Supply Corporation to mask the arms shipments.157 Simultaneously, OPC negotiated with General Li Mi in Burma and Bangkok through a special military emissary to mainland Southeast Asia, Marine General Graves B. Erskine. At these meetings, Li Mi reported that he had escaped from Yunnan into northern Burma with 2,000 troops but had been forced, by lack of food and supplies, to withdraw south to Tachilek near the Thai border.158

In early 1951 the OPC's Far East division assigned operational control to Alfred Cox in Hong Kong and dispatched a team of operatives to Sea Supply's Bangkok offices under agent Sherman B. Joost, a Princeton man who had led Kachin tribal guerrillas in Burma during the war as a commander of OSS Detachment 101.159 Once in Thailand, Joost made contact with fellow OSS veteran Willis Bird, a private Bangkok-based aviation contractor who had married the sister of Sitthi Sawetsila, a Thai air force officer close to the powerful police general Phao.160 As the clandestine network grew, Willis Bird's relative William Bird became
Cold War Opium Boom

CAT's representative in Bangkok. Through such contacts, the CIA approached Thailand's Prime Minister Phibun Songkhram, a resolute anti-Communist, who "readily agreed . . . to provide certain facilities to support Li Mi." When the British ambassador later expressed dismay at his support for the CIA, Phibun reportedly replied, "Why are you surprised? Aren't you just as interested in killing Communists as I am, or as the Americans are?"

After months of such intense preparations, Operation PAPER finally began on February 7, 1951, when four CAT air transports landed in Bangkok with a shipment of weapons for Sea Supply Corporation from CIA stores in Okinawa. According to General Li Mi's account, there was a March meeting in Bangkok with two Americans, the OPC's Joost and businessman Willis Bird, before this initial shipment was flown north to Chiangmai—200 rifles, 150 carbines, 12 mortars, and 4 radio sets. "The Chief of Police of Thailand," Li Mi said, referring to General Phao, "delivered the arms personally to the Burma border accompanied by two U.S. Officers, one a Captain and the other a radio operator."

The first signs of direct CIA aid to the KMT appeared in early 1951, when Burmese intelligence officers reported that unmarked C-46 and C-47 transport aircraft were making at least five parachute drops a week to KMT forces in Mong Hsat. With its new supplies the KMT underwent a period of vigorous expansion and reorganization. Training bases staffed with instructors flown in from Taiwan were constructed near Mong Hsat, KMT agents scoured the Kokang and Wa states along the Burma-China border for scattered KMT survivors, and Li Mi's force burgeoned to 4,000 men. In April Li Mi led the bulk of his force up the Salween River to Mong Mao in the Wa states, where they established a base camp near the China border. As more stragglers were rounded up, a new base camp was opened at Mong Yang; soon unmarked C-47s were seen making air drops in the area. When Li Mi recruited 300 troops from Kokang state under the command of the sawbwa's younger sister, Olive Yang, more arms were again dropped to the KMT camp.

In June 1951 the attempted reconquest of Yunnan began when the 2,000 KMT soldiers of the Yunnan Province Anti-Communist National Salvation Army based at Mong Mao crossed the border into China. Accompanied by CIA advisers and supplied by regular airdrops from unmarked C-47s, KMT troops moved northward in two columns, capturing Kengma and its airfield some sixty miles inside China without resistance. However, as they advanced north of Kengma, the People's Liberation Army (PLA) counterattacked. The KMT suffered huge casualties, and several of their CIA advisers were killed. Li Mi and his Salvation Army fled back to Burma, after less than a month in China. Undeterred by this crushing defeat, however, the General dispatched his
2,000-man contingent at Mong Yang into southern Yunnan; they too were quickly overwhelmed and driven back into Burma two months later.\textsuperscript{168} Retreating from Yunnan with heavy losses of troops and equipment, the KMT forces began to live off the land. Among the remaining KMT troops, 7,300 were in the Wa states along the border and 4,400 were farther south in Kengtung state.\textsuperscript{169} In August the U.S. ambassador to Rangoon, David M. Key, reported that the sawbwa of Kengtung was “greatly agitated over the extremely serious situation developing in his state.” As the KMT collapsed in the wake of the defeat, the remnants were “becoming very unruly and indulging in outright looting.”\textsuperscript{170}

Rather than abandoning this doomed adventure, the CIA redoubled its efforts. Late in 1951 the KMT, assisted by American engineers, opened a landing strip at Mong Hsat so that it could handle the large two- and four-engine aircraft flying directly from Taiwan or Bangkok.\textsuperscript{171} In November Li Mi flew to Taiwan for an extended vacation and returned three months later at the head of a CAT airlift, which flew 700 regular KMT soldiers from Taiwan to Mong Hsat.\textsuperscript{172} Burmese intelligence reported that the unmarked C-47s began a regular shuttle service, with two flights a week direct from Taiwan. Sea Supply Corporation began forwarding enormous quantities of U.S. arms to Mong Hsat.\textsuperscript{173} Burmese intelligence observed that the KMT began sporting brand-new American M1s, .50 caliber machine guns, bazookas, mortars, and anti-aircraft artillery.\textsuperscript{174} With these lavish supplies the KMT press-ganged 8,000 soldiers from the hardy local hill tribes and soon had a force of 12,000 men.\textsuperscript{175}

While preparing for the Yunnan invasion, the KMT had concentrated their forces in a long, narrow strip of territory parallel to the China border. Since Yunnan’s illicit opium production continued until about 1955, the KMT were in a position to monopolize almost all of the province’s smuggled exports. The Burmese government reported that “off and on these KMT guerrillas attacked petty traders plying across the border routes.”\textsuperscript{176}

After a year-long buildup, General Li Mi launched his final bid to reconquer Yunnan province. In August 1952, 2,100 KMT troops from Mong Yang invaded China and penetrated about sixty miles before the Chinese army drove them back into Burma.\textsuperscript{177} This was the last of the large-scale invasions. While Li Mi and his American advisers had not really expected to overrun the vast stretches of Yunnan province with an army of 12,000, they had been confident that once the KMT secured a foothold in China, the remaining Nationalist partisans would rally to their redoubts. Although General Chennault had estimated the guerrillas at 1 million and the U.S. Joint Chiefs of Staff reported some 600,000, only a few scattered bands actually joined Li Mi once he had
crossed into China. Moreover, Li Mi’s forces had demonstrated poor discipline and had demanded, soon after arriving in Burma, that their dependents be flown in from Taiwan, thereby reducing their mobility and combat effectiveness. After three failed invasions had absorbed heavy casualties, Li Mi’s forces settled along the border to gather intelligence and monitor signs of a possible Communist Chinese advance into Southeast Asia.

In a 1953 interview in Taipei with U.S. Ambassador Karl L. Rankin and U.S. military attaché Colonel John H. Lattin, General Li Mi gave a pessimistic account of his operations and showed, inadvertently, the pressures that were leading his troops into the opium trade. During his first invasion, which he dated June 24 to July 15, 1951, Li Mi had received five CAT airlifts inside Yunnan totaling 875 rifles with 40 rounds each and 2,000 carbines with 50 rounds. After the last airdrop on July 15, some 6,000 Communist troops attacked his positions at Kengtung. During the five days of continuous fighting, “I lost 800 men and inflicted 3,000 casualties on the Communists.” Under “constant pressure” in August, Li Mi withdrew from Yunnan, accompanied by some “30–40,000 able-bodied men from the districts we had occupied.” At the suggestion of two American officers with his forces in Burma, Li Mi then traveled to Bangkok for a conference. “One American officer stated that I should not have withdrawn from Yunnan,” Li Mi recalled. “I stated that we fight to exist and not be wiped out.” Despite the apparent dissatisfaction, the Americans had agreed to supply the KMT forces with $75,000 and delivered the funds in October with the orders to “lie low and train.” General Li Mi’s unwillingness to undertake a suicide mission for the CIA was straining relations with his American patrons.

Continuing his story, Li Mi gave an account of four contacts with Major-General Frank D. Merrill (ret.), a wartime commando leader in Burma on unspecified leave from his post as New Hampshire highway commissioner, that showed that the covert American alliance with the KMT was cracking under the strain of mounting diplomatic pressure. In early 1952 the contacts began at Clark Air Force Base in the Philippines where Merrill expressed concern that “at the next meeting of the General Assembly (United Nations) the Russians and the Burmese would surely bring up the questions of troops in Burma and that I was to lie low and personally keep out of Burma.” After Li Mi reassured Merrill on this point, the KMT general then warned that the Karen ethnic guerrillas of northern Burma were contacting the “Chicoms.” Evidently concerned, Merrill, whose wartime experience had been in Burma’s Kachin state, replied that the Karen were “the best tribesmen in Burma” and advised Li Mi to “do everything you can to keep them from going Communist.” Acting on these instructions, Li Mi made contact with the
Karen and created a permanent liaison office with their representatives in his headquarters. At a second meeting with Merrill in Tokyo in March, the American instructed the KMT general to continue his work with the Karen "to bring them closer to the Burmese government." Although Merrill refused several of Li Mi's requests for support, he "did promise to get me some sorely needed medical supplies for my troops." Clearly, the alliance was winding down. The third contact came in May when "I received a TRX from General Merrill in which he indicated displeasure because I was not living up to my promises. He stated that my supply planes (Taiwan to Mong Hsat) were flying over Thailand and causing embarrassment to the U.S. He stated that if this continued he could not continue to support me." Showing some independence, Li Mi replied that "my men had little food or ammunition and ... I must use any means at hand to supply them." Finally, in July, Merrill wrote pleading "matrimonial difficulties" and stated that he would "be unable to support me further." With that letter, this channel for U.S. aid, which had dwindled to just $25,000 for 1952, apparently stopped.180

If General Li Mi's account is correct, U.S. financial support for his forces would have been declining just before two major KMT offensives—their last invasion of Yunnan in August and their later eruption out of the Burma-China borderlands across the whole of the Shan states in late 1952. Under the circumstances, it seems probable that both attacks, into Yunnan and across the Shan states, represented an attempt by the KMT to gain a local mass base for food and taxes once the United States had cut its aid.

Whatever the cause, the KMT stopped concentrating their forces near the China border in late 1952 and began spreading out across the Shan states in an effort to occupy as much territory as possible. With the Burmese army still preoccupied with insurgency in other parts of Burma, the KMT soon became the only effective government in all the Shan states' territories between the Salween River and the China border (Kokang, Wa, and Kengtung states). These territories were also Burma's major opium-producing region, and the shift in KMT tactics allowed them to increase their control over the region's opium traffic. The Burmese government reported:

The KMTs took over the control and administration of circles (districts) and village tracts. They started opening up revenue collection centers, and local people were being subjected to pay gate-fees and ferry fees, in entering their occupied area. Customs duties were also levied on all commodities brought into their territories for trade. The taxes were collected in kind as well as money. . . . By means of threat and coercion, these
KMT aggressors forced the local inhabitants to comply with their demands.\textsuperscript{181}

The KMT occupation centralized the marketing of opium, using hundreds of petty traders who combed the Shan highlands. The KMT also required that every hill tribe farmer pay an annual opium tax. One American missionary to the Lahu tribesmen of Kengtung State, Rev. Paul Lewis, recalled that the KMT tax produced a dramatic rise in the amount of opium grown in the highland villages he visited. Tribes had very little choice in the matter and he could remember, only too vividly, the agony of the Lahu who were tortured by the KMT for failing to comply with their regulations.\textsuperscript{182} Moreover, many Chinese soldiers married Lahu tribeswomen; these marriages reinforced KMT control over the highlands and made it easier for them to secure opium and recruits. Through their personal contacts in mountain villages, powerful army, and control over the opium-growing regions, the KMT were in an ideal position to force an expansion of the Shan states' opium production when Yunnan's illicit production began to disappear in the early 1950s.

Almost all the KMT opium was sent south to Thailand, either by mule train or aircraft. Soon after their arrival in Burma, the KMT formed a mountain transport unit, recruiting local mule drivers and their animals.\textsuperscript{183} Since most of their munitions and supplies were carried overland from Thailand, the KMT mule caravans found it convenient to haul opium on the outgoing trip from Mong Hsat and soon developed a regular caravan trade with Thailand. Burmese military sources claimed that much of the KMT opium was flown from Mong Hsat in "unmarked" C-47s flying to Thailand and Taiwan.\textsuperscript{184} In any case, once the KMT opium left Mong Hsat it was usually shipped to Chiangmai, where a KMT colonel maintained in liaison office with the Nationalist Chinese consulate and with local Thai authorities. Posing as ordinary Chinese merchants, the colonel and his staff used raw opium to pay for the munitions, food, and clothing that arrived from Bangkok at the Chiangmai railhead. Once the matériel was paid for, it was this colonel's responsibility to forward it to Mong Hsat.\textsuperscript{185} Usually the KMT dealt with the commander of the Thai police, General Phao, who shipped the opium from Chiangmai to Bangkok for both local consumption and export.\textsuperscript{186}

While the three CIA-sponsored invasions of Yunnan at least represented a feebly conceived anti-Communist policy, the KMT expansion across the Shan states defied all logic. With what appeared to be CIA support, the KMT offensive soon became a full-scale invasion of eastern Burma. In late 1952 thousands of KMT mercenaries forded the Salween
River and began a well-orchestrated advance. The Burmese government claimed that this was the beginning of an attempt to conquer the entire country. In March 1953 the Burmese fielded three crack brigades and quickly drove the KMT back across the Salween. Significantly, after a skirmish with the KMT at the Wan Hsa La ferry, Burmese soldiers discovered the bodies of three white men who bore no identification other than some personal letters with Washington and New York addresses.\(^{187}\)

As a result of the invasion, Burma went before the United Nations in March 1953 and charged the Nationalist Chinese government with unprovoked aggression. While the KMT troops had previously been only a bother—a minor distraction in the distant hills—they now posed a serious threat to the survival of the Union of Burma. Despite the United States' best efforts to sidetrack the issue and Taiwan's denial of any responsibility for General Li Mi, the Burmese produced reams of photos, captured documents, and testimony convincing enough to win a vote of censure for Taiwan. By now the issue had become such a source of international embarrassment for the United States that Washington used its influence to convene a Four-Nation Military Commission (Burma, the United States, Taiwan, and Thailand) in Bangkok on May 22. Although all four powers agreed to a complete KMT withdrawal from Burma after only a month of negotiations, the KMT guerrillas refused to cooperate and talks dragged on through the summer. Only after Burma again took the issue to the United Nations in September did the Taiwan negotiators in Bangkok stop quibbling and agree to the withdrawal of 2,000 KMT troops: the evacuees would march to the Burma-Thailand border, be trucked to Chiangmai, Thailand, and flown to Taiwan by the CIA's Civil Air Transport.

However, the Burmese were suspicious of the arrangements from the beginning, and when representatives of the Four-Nation Military Commission arrived in northern Thailand to observe the withdrawal, Thai police commander Phao refused to allow the Burmese delegation to accompany the others to the staging areas.\(^{188}\) The next problem arose when the first batch of fifty soldiers emerged from the jungle carrying a nine-by-fifteen-foot portrait of Chiang Kai-shek instead of their guns, thus discrediting the withdrawal. The U.S. ambassador to Thailand, General William Donovan, cabled the U.S. embassy in Taiwan, demanding that the KMT be ordered to bring out their weapons. On November 9 the U.S. ambassador to Taiwan, Karl L. Rankin, replied that if the United States did not ease its pressure Chiang threatened to expose CIA support of the KMT in Burma. Donovan cabled back that the "Chicom"s" and Soviets already knew about the CIA operations and kept up his pressure.
As the founder of OSS and an adviser to the current CIA director, Donovan brought an enormous authority to his demands for a full evacuation of all KMT arms and personnel. Indeed, acting on authority from the president, CIA Director Walter Bedell Smith had been personally responsible for Donovan's appointment to Bangkok.\textsuperscript{189} But the CIA was to learn that installing the KMT in Burma was much easier than withdrawing them. Now that the KMT were entrenched in the Shan states with the full support of the Thai military, Taiwan, and CIA elements in Bangkok, not even an ambassador who spoke on behalf of the CIA director could remove them.

When the KMT withdrawal was later resumed, the soldiers carried rusting museum pieces as their arms.\textsuperscript{190} The Burmese observers, now allowed into the staging areas, frequently protested that many of the supposed Chinese looked more like Lahus or Shans. Although other observers ridiculed these accusations, the Burmese were correct. Among the 1,925 "soldiers" evacuated in November-December 1953, there were large numbers of boys, Shans, and Lahus.\textsuperscript{191} Even by 1971 there were an estimated 300 Lahu tribesmen still living on Taiwan who had been evacuated during this period. Although some were recruited by the promise of jobs as generals or jet pilots, most were simply press-ganged from their villages on a quota basis, given Chinese names, dressed in KMT uniforms, and shipped off to Taiwan. Many husbands and wives were separated for years, and some of the families moved to Thailand to await the return of their sons or husbands. Twenty years later only two men had come back.\textsuperscript{192}

In the six months between November 1953 and March 1954, CAT completed a major airlift from Thailand to Taiwan, carrying 5,583 KMT soldiers, 1,040 dependents, 1,000 rifles, 69 machine guns, and 22 mortars. Paid at the rate of $128 for each passenger, the evacuations earned CAT $850,000, bolstering the precarious finances of the CIA's new airline.\textsuperscript{193} Despite the impressive scale of the evacuation, much of the KMT's clandestine army remained in Burma.

Frustrated with its attempts to remove the KMT through international negotiations, in March 1954 Burma launched its largest military operation against the KMT. After the Burmese air force bombarded Mong Hsat for two days,\textsuperscript{194} the army captured the KMT headquarters and drove its 2,000 defenders south toward the Thai border.\textsuperscript{195} Negotiations were reopened in Bangkok, and during the next two months CAT flew another 4,500 KMT troops to Taiwan. On May 20, 1954, Li Mi announced the dissolution of the Yunnan Province Anti-Communist National Salvation Army.\textsuperscript{196} However, there were still 6,000 KMT troops left in Burma. Fighting began again a month later and continued sporadically for the next seven years.
While the continuing struggle faded from American headlines, in June 1955 the Rangoon Nation reported that 600 KMT troops had been smuggled into the Shan states from Taiwan. A new commander was appointed, and a headquarters complex was opened at Mong Pa Liao near the Mekong River. The KMT continued to rule the hill tribes with an iron hand. In 1957 an American missionary reported:

For many years there have been large numbers of Chinese Nationalist troops in the area demanding food and money from the people. The areas in which these troops operate are getting poorer and poorer and some villages are finding it necessary to flee.

Not only did the KMT continue to demand opium from the tribes, but they upgraded their role in the narcotics trade as well. When the Burmese army captured the KMT camp at Wanton in May 1959, they discovered three morphine base refineries operating near a usable airstrip.

Although forgotten by the international press, the KMT guerrilla operations continued to create problems for both the Burmese and Chinese governments. When delegations from the Union of Burma and the People's Republic of China met to resolve a border dispute in the summer of 1960, they also concluded a secret agreement for combined operations against the KMT base at Mong Pa Liao. This base, with a runway capable of handling the largest transport aircraft, was defended by some 10,000 KMT troops entrenched in an elaborate fortifications complex. After weeks of heavy fighting, 5,000 Burmese troops and three full People's Liberation Army divisions, totaling 20,000 men, finally overwhelmed the fortress on January 26, 1961. While many of their hill tribe recruits fled into the mountains, the crack KMT units retreated across the Mekong River into northwestern Laos. Burmese officers were outraged to discover American arms of recent manufacture and five tons of ammunition bearing distinctive red, white, and blue labels. In Rangoon 10,000 angry demonstrators marched in front of the U.S. embassy, and Burma sent a note of protest to the United Nations saying that "large quantities of modern military equipment, mainly of American origin, have been captured by Burmese forces.

State Department officials in Washington disclaimed any responsibility for the arms and promised appropriate action against Taiwan if investigation showed that its military aid shipments had been diverted to Burma. Under pressure from the Kennedy Administration, Taiwan agreed to withdraw more of its irregulars from Thailand, and another round of airlifts began. On April 5 Taiwan announced the end of the flights, declaring that 4,200 soldiers had been repatriated. Six days
later Taiwan joined the State Department in disavowing any responsibility for the 6,000 remaining troops. However, within months the CIA began hiring these disowned KMT remnants as mercenaries for its secret operations in northwestern Laos.

In retrospect, the entire Burma operation of the 1950s appears as one of the most dismal episodes in the history of the CIA. At the most basic level, the KMT’s ragtag invasion was easily repulsed by Yunnanese militia after an advance of only sixty miles, thus failing in its main mission of drawing regular Chinese forces away from the Korean front. Moreover, at a time of delicate global diplomacy, an operation involving 15,000 troops and a fleet of aircraft became so obvious that its “plausible denial” was transparent. As soon as CAT’s flights began in early 1951, New York Times correspondent Seymour Topping noticed CATs “clandestine air movements” at Saigon airport and pieced together the details of the entire operation in a matter of weeks, publishing much of it on page one.

When Burma lodged protests and raised the issue at the United Nations, the Truman Administration’s repeated denials by the highest officials, including CIA Director Walter Bedell Smith, became a diplomatic embarrassment. When the counselor of the British embassy in Washington asked for confirmation of “rumors that American arms were being smuggled” to the KMT, the CIA director was “very firm in his assurance that there was no official connection whatsoever with Li Mi.” In an apparent attempt at disinformation, the director added that “any Americans who might be connected with this operation were freelance and he suspected might be connected with General Chennault.”

As the evidence of American involvement mounted, U.S. diplomats found repetition of the official denials demoralizing. In a confidential cable to the State Department from Rangoon, U.S. Ambassador David M. Key denounced the “American participation in the KMT operations which have brought chaos to [the] eastern Shan states and have been conducted in flagrant disregard [for] Burmese sovereignty.” When his call for a “halt to any further American participation in these operations” was ignored, Ambassador Key returned to Washington and resigned in protest.

Even the CIA was embarrassed by the failure of the operation. Outside the agency, CIA Director Bedell Smith flatly denied any American involvement in Burma, but inside the Langley headquarters he was outraged. After reading about covert U.S. support for the KMT in The New York Times, Bedell Smith, a retired army general, summoned the OPC’s Far East director, Richard Stilwell, and, in the words of an agency eyewitness, gave him such a “violent tongue lashing” that “the colonel went down the hall in tears.” Whatever the cause of the
director’s dissatisfaction, the Burma debacle was the worst in a string of OPC affronts that confirmed his decision to abolish the office. In 1952 he merged the OPC with the CIA’s Office of Special Operations, a clandestine data collecting unit.\textsuperscript{214} To smooth the transition and please a good friend, Bedell Smith appointed the OPC’s founder, Frank Wisner, to head the new covert operations division, the directorate of plans.\textsuperscript{215} Instead of eliminating OPC’s style of covert action, the merger, in the words of a U.S. congressional review, “resulted in the maximum development of covert action over clandestine collection.”\textsuperscript{216}

The director’s decision to preserve the OPC’s influence within the plans directorate may well have undercut the CIA’s later attempt to evacuate the KMT from Burma. Drawing on an interview with OPC veteran Tom Braden, one historian explained that the CIA would not admit that the KMT campaign had become “a drug-producing operation” and later “hatched elaborate plans for the army, knowing full well they were engaged in nonsense but not prepared to jeopardize careers . . . by admitting to so monumental a mistake.”\textsuperscript{217} Moreover, the CIA found its alliance with an opium army potentially embarrassing. After delivering the arms to the KMT in Burma, an unknown number of CAT’s American pilots were loading the KMT’s opium for the return flight to Bangkok. One of these, a U.S. China veteran named Jack Killam, was murdered in 1951 after an opium deal went wrong and was buried in an unmarked grave by CIA agent Sherman Joost.\textsuperscript{218} With the OPC’s tradition of radical pragmatism now housed in the CIA’s plans directorate, the agency’s alliance with the KMT opium armies in the Burma-Thai borderlands would last for a decade after the nominal 1954 withdrawals. More important, by refusing to repudiate the KMT and its involvement in the opium trade, the CIA had, in effect, created a precedent that would allow later covert operations to become similarly compromised.

At first glance the history of the KMT’s involvement in the Burmese opium trade seems to be another case of a CIA client taking advantage of the agency’s political protection to enrich itself from the narcotics trade. But on closer examination, the CIA appears to be much more seriously compromised in this affair. The CIA fostered the growth of the Yunnan Province Anti-Communist National Salvation Army in the borderlands of northeastern Burma—a potentially rich opium-growing region. There is no question of CIA ignorance or naiveté, for as early as 1952 The New York Times and other major American newspapers published detailed accounts of the KMT’s role in the narcotics trade.\textsuperscript{219} But most disturbing is the coincidence that the KMT’s Bangkok connection, the commander of the Thai police, General Phao, was the CIA’s man in Thailand.
Thailand’s Opium Trade

Under the military regimes that ruled Thailand for a quarter century after World War II, corruption became central to the seizing and holding of power. For a military faction plotting a coup, cash was essential to purchase intelligence, win loyalty, and ensure last-minute defections. "Once money was acquired, power and followers would come to heel like shadows," recalled Captain Anon, the leader of the 1951 coup attempt. "Money was the first weapon used in the overthrowing of the Government. No bullet was necessary." Once in power, the ruling military clique required funds to block a possible coup by rival factions. The judicious manipulation of extralegal funding could purchase strategic intelligence about rivals, pacify insurgent subordinates, and, above all, maintain the loyalty of key garrison commanders.

Backed by the power of the state, successful military regimes combined official corruption with control over the more dynamic sectors of the Thai economy. By placing allies in key cabinet posts, the military regimes of the postwar era used the state’s regulatory power to win corporate directorships and lucrative commercial licenses. One detailed study of the Thai factions during the 1950s showed leading military officers serving as directors of all the country’s major corporations. In addition to their control over the modern corporate sector, military factions also dominated the large informal sector of the Thai economy, most important a large smuggling trade in opium, rice, rubies, jade, wolfram, and teak. Since normal business was concentrated in the sprawling Bangkok metropolis, the military had a natural advantage in its bid to control illegal cross-border commerce.

After 1947 ruling Thai factions integrated control over the cross-border trade with a formal military mission, the defense of the nation's frontiers. Viewed from supreme command headquarters in Bangkok, Thailand’s northern and eastern borders represented a grave strategic threat. To the east lay Vietnam, which posed an immediate challenge with its Communist revolution and its later potential for military invasion. To the north and west stood Burma, a traditional enemy that held contested territories, and further north was China, whose support for both Thai and Burmese Communists after 1949 was a cause of concern.

In postwar decades, the Thai military countered these dual threats through a subtle and little understood military strategy. Conventional military units were positioned along the eastern frontiers to meet a possible Vietnamese thrust through Laos and across the Mekong River into the rolling terrain of Thailand’s northeast. But a radically different strategy was used to secure the rugged northern frontier facing Burma.
The strategy, a departure from the conventional Western tactics that deployed military forces along an armed frontier, was a more traditional form of Southeast Asian statecraft suited to this difficult terrain. Rather than assigning its conventional forces to patrol the northern mountains, where they usually performed poorly, the Thai supreme command cultivated alliances with highland clients—KMT remnants in the 1950s and numerous Shan opium armies in the 1960s. Through a dexterous manipulation of rivalries among Burma's ethnic insurgents, the Thai military fostered a situation of controlled chaos inside Burma along the mountains straddling the common frontier. Instead of the modern and Western concept of the border as an almost metaphysical line (thick on the map but thin on the ground) that divides the earth between two sovereign states, the Thai military saw their frontiers in traditional terms as a borderland, a broad, ill-defined highland zone where great lowland city-states battle for control through client armies.

The Thai opium trade prospered because it served the strategic and financial interests of the nation's military rulers. For forty years the Thai military has provided sanctuaries, arms, and an opium market for the many mini-armies it has supported. Usually located in the mountains north of Chiangmai, the guerrilla camps were tightly controlled by the Thai military and housed the essential logistics of the Golden Triangle heroin trade—thousands of armed troops, vast mule caravans, and, after 1968, heroin refineries. Although numbers and size varied over time, Thailand's client mini-armies can be divided into three types: Nationalist Chinese (KMT) intelligence units, who have operated in northern Burma since 1950 and remained for decades the largest opium merchants; various ethnic rebel armies, especially those from the northeastern Shan states trying, after 1960, to secede from the Union of Burma; and the Yunnanese opium warlords. Significantly, the core of Bangkok's postwar military leadership were veterans of Thailand's wartime occupation of the Shan states and had formed political and logistical networks that allowed them to operate in the remote northern borderlands. Many of these Thai ultranationalists harbored the hope that Thailand would be able to annex the Shan states as it had during World War II. However, the Thai military maintained its closest alliances with the more mercenary armies—the Yunnanese opium warlords and the Nationalist Chinese units.

This frontier strategy freed troops for the military's dominion over Bangkok. While modern European armies deployed their main combat forces along their frontiers, the postwar Thai military arrayed its strategic units in the capital. Although U.S. military aid gave Thailand modern equipment during the 1950s, its army concentrated the new
tanks and aircraft in the capital to control access to the throne—a tactic rooted in traditional Siamese statecraft. Since Field Marshal Phin's reorganization of the army in 1952, its heavy strategic unit, the First Division, has been based in downtown Bangkok. Watching its tanks and crack infantry move into position along the boulevards during later crises, foreign military observers were impressed by the First Division's extraordinary efficiency as an integrated coup force.

From 1947 to 1957, Thai politics was dominated by an intense rivalry between two powerful military factions: one led by General Phao Si-yanan, the country's notoriously corrupt police commander, and the other by Marshal Sarit Thanarat, a populist authoritarian who was the army's commander in chief. Both they and their patrons won power in the November 1947 coup, which toppled a liberal civilian government and restored Thailand's wartime dictator, Marshal Phibun Songkram, to power. Tainted by his alliance with Japan, Phibun relied on a coalition of more junior military officers, many of whom had served in the Northern Army's occupation of the Shan states during the war. The driving force behind the coup was Major General Phin Choonhawan, the former commander of the Shan state occupation, who drew on two factions for support: one sparked by his own son-in-law, Colonel Phao, and the other led by Colonel Sarit, who then commanded the key coup force, the First Infantry Regiment.

More than any other event, the 1947 coup shaped the dynamics of postwar Thai politics, installing the military in power and postponing democracy for a quarter century. Most of the military factions that would rule Thailand from the 1950s to the 1990s came to power in this coup. Determined to avoid Allied retribution for its wartime alliance with Japan, Thailand's postwar civilian government had demobilized the Northern Army in 1945, charged Phibun with collaboration, and returned the Shan states to Burma. In particular, the civilian government's harsh tactics in deactivating the Northern Army seems to have provided its commander with the justification for his later coup. Instead of providing transport home, Bangkok demobilized the forces in the northern borderlands, reducing the soldiers "to a rabble" that straggled southward feeding themselves through banditry and begging. Once back in Bangkok, the Northern Army's officers were faced with the threat of permanent deactivation, in effect the loss of commissions and careers. "Many military officers . . . who fought with me in the war," said the cashiered Northern Army commander Phin, "came to express their concern practically every day about the worsening situation of the country. I therefore started to . . . listen to the ideas of military officers who commanded troops in the city. . . . I discovered that almost all of them wanted to see this government overthrown." Calling active troop
commanders in Bangkok to his home, General Phin won support from all except two, whom he warned "had better keep quiet, otherwise they would be killed." The motivation of many for joining Phin was clear. Phin's loyal subaltern and son-in-law Phao had been cashiered for serving as aide to the wartime dictator Phibun, and Sarit, a veteran of the Northern Army, was living in constant fear that he "would be put on inactive reserve status." Moreover, active-duty officers were concerned about the new civilian constitution that made the Thai senate elective, thus depriving the military of its appointive seats.

In November 1947 General Phin's coup forces occupied government radio stations, the telephone exchange, and the ministry of defense—capturing the capital and forcing the civilian government into exile. Over the next four years, Phin's core group, only nominally led by Prime Minister Phibun, attacked its military rivals through a succession of minor coups. As the ruling faction strengthened its control, it began to partition the kingdom's wealth and power. Appointed commander in chief of the army in 1948, Phin made his ally Sarit the army commander for Bangkok and his subaltern Phao the deputy director of national police. From his new position, Phao recruited a coterie of loyalists known as the Police Knights and used them to arrest and assassinate political opponents, including Thailand's chief of detectives and four former cabinet ministers. With his Knights, identifiable by their heavy diamond rings, Phao took control of "the smuggling rice and opium," arousing opposition in Parliament, which gave the navy "authority for smuggling suppression." In an apparent effort to protect his opium trading, Phao tried and failed to bring the navy's antismuggling Coastal Patrol Unit under police control.

In 1951 the remaining opposition struck back when the navy command, formerly allied with the liberal civilian cabinet, kidnapped the prime minister at a shipboard ceremony and held him hostage aboard the battleship HMS Si Ayuthaya. Using its air force allies, Phin's army faction bombed the naval dockyards and sank the battleship, forcing its captain and the prime minister to swim for shore. After hundreds were killed in fighting that raged through the heart of Bangkok, Phao arrested more than a thousand navy personnel and later cut the Navy's forces by more than 75 percent.

In the aftermath of victory, the Phin faction consolidated its hold on power and completed its division of the spoils. Still army commander, General Phin promoted his four sons-in-law to cabinet rank as deputy ministers for interior, communications, commerce, and agriculture. Promoted to director-general of police, General Phao expanded the force and used it to take control of the opium trade. Eventually, Phao and Sarit balanced their commands at 40,000 police and 45,000 army
Cold War Opium Boom

troops, respectively. Phao took control of rice smuggling and Sarit received a lavish salary as head of the national lottery. Although the two factions divided other areas amicably, a bitter struggle soon developed over control of the opium trade.

The illicit opium trade had only recently emerged as one of the country’s most important economic assets. Its sudden significance may have served to upset the delicate balance of power between the Phao and Sarit cliques. Although the opium monopoly had thrived for almost a hundred years, by the time of the 1947 coup the high cost of imported opium and reasonably strict government controls made it an unexceptional source of graft. However, the rapid decline in foreign opium imports and the growth of local production in the early 1950s suddenly made the opium trade worth fighting over.

At the first United Nations narcotics conference in 1946, Thailand was criticized for being the only country in Southeast Asia still operating a legal government monopoly. Far more threatening than the criticism, however, was the general agreement that all nonmedical opium exports should be ended as soon as possible. Iran had already passed a temporary ban on opium production in April 1946, and although the Thai royal monopoly was able to import 22 tons from Iran for its customers in 1947, the future of foreign imports was uncertain. Moreover, smuggled supplies from China began trickling to an end after 1950 as the People’s Republic proceeded with its successful opium eradication campaign. To meet its projected needs for raw opium, the Thai government authorized poppy cultivation in the northern hills in 1947. The edict attracted a growing number of Hmong into Thailand’s opium-growing regions and promoted a dramatic increase in Thai opium production. But these gains in local production were soon dwarfed by the much more substantial increases in the Burmese Shan states. As Iranian and Chinese opium gradually disappeared in the early 1950s, the KMT filled the void by forcing an expansion of production in the Shan states they occupied. Since the KMT were at war with the Burmese and received their U.S. supplies from Thailand, Bangkok became a natural entrepôt for their opium. By 1949 most of the Thai monopoly’s opium was from Southeast Asia, and in 1954 British customs in Singapore stated that Bangkok had become the major center for international opium trafficking in Southeast Asia. The traffic became so lucrative that Thailand quietly abandoned the anti-opium campaign announced in 1948 that had promised to end all opium smoking within five years.

The “opium war” between Phao and Sarit was a hidden one, with almost all the battles concealed by a cloak of official secrecy. The most comical exception occurred in 1950 as one of Sarit’s army convoys approached the railhead at Lampang in northern Thailand with a load of
opium. Phao's police surrounded the convoy and demanded that the army surrender the opium since antinarcotics work was the exclusive responsibility of the police. When the army refused and threatened to shoot its way through to the railway, the police brought up heavy machine guns and dug in for a firefight. A nervous standoff continued for two days until Phao and Sarit themselves arrived in Lampang, took possession of the opium, and escorted it jointly to Bangkok, where it quietly disappeared.

In the underground struggle for the opium trade, Phao slowly gained the upper hand. While the clandestine nature of this "opium war" makes it difficult to reconstruct the precise ingredients in Phao's victory, the critical importance of CIA support cannot be underestimated. In 1951 the CIA front organization, Sea Supply Corporation, began delivering lavish quantities of naval vessels, arms, armored vehicles, and aircraft to Phao's police force. With these supplies Phao was able to establish a police air force, a maritime police, a police armored division, and a police paratroop unit. By 1953 the CIA had at least 275 overt and covert agents working with Phao's police and had delivered, through Sea Supply, $35 million worth of assistance. Aside from supplying the police with arms, communications equipment, and transport, the CIA created two new paramilitary police units destined for duty in the northern opium zone, the Police Aerial Reconnaissance Unit (PARU) and the Border Patrol Police (BPP).

General Sarit's American military advisers repeatedly refused to grant his army the large amounts of modern equipment that Sea Supply Corporation gave Phao's police. Since Sea Supply shipments to KMT troops in Burma were protected by the Thai police, Phao's alliance with the CIA also gave him extensive KMT contacts, through which he was able to build a virtual monopoly on Burmese opium exports. Phao's new economic and military strength quickly tipped the balance of political power in his favor; in a December 1951 cabinet shuffle, his clique captured five cabinet slots, while Sarit's faction got only one. Within a year Sarit's rival had taken control of the government and Phao was recognized as the most powerful man in Thailand.

Phao used his new political power to further strengthen his financial base. He took over the vice rackets, expropriated the profitable Bangkok slaughterhouse, rigged the gold exchange, collected protection money from Bangkok's wealthiest Chinese businessmen, and forced them to appoint him to the boards of more than twenty corporations. Using his expanded police force, Phao mounted a massive repression of all dissidence, actual and potential. He created a network of civilian informants, organized the powerful Political Affairs Bureau with CIA support, and conducted a mass arrest of 104 leading intellectuals in
1952. The man whom C. L. Sulzberger of The New York Times called "a superlative crook" and whom a respected Thai diplomat hailed as the "worst man in the whole history of modern Thailand" became the CIA's most important Thai client.

In an indication of the CIA's support for Phao, U.S. Ambassador William Donovan, founder of the OSS and senior adviser to the CIA, declared that "Thailand is not a police state" and hailed Phao's police as "a tough and well trained national police force." The ambassador's view that Thailand was "the free world's strongest bastion in Southeast Asia" may have encouraged his affection for General Phao's police. Reflecting the ambassador's high esteem, in 1954 the U.S. secretary of the army awarded General Phao the Legion of Merit for "exceptionally meritorious service." Phao became Thailand's most ardent anti-Communist, and it appears that his major task was to support KMT political aims in Thailand and its guerrilla units in Burma. Phao protected KMT supply shipments, marketed their opium, and provided such miscellaneous services as preventing Burmese observers from going to the staging areas during the November–December 1953 airlifts of supposed KMT soldiers to Taiwan.

In political terms, however, Phao's attempts to generate support for the Kuomintang among Thailand's overseas Chinese community, the richest in Asia, was probably more important. Until 1948 the KMT had been more popular than Mao's Communists among Thailand's Chinese and had received liberal financial contributions. As Mao's revolution moved toward victory during 1948–1949, Chinese sentiment shifted decisively in favor of the Communists. The Thai government was indifferent to the change; in 1949 Prime Minister Phibun even announced that the sudden growth in pro-Mao sentiment among the Thai Chinese presented no particular threat to Thailand's security.

But after the Phibun government allied itself with the United States in 1950, it took a harder line, generally urging the Chinese to remain neutral about politics in their mother country. In contrast, Phao began a campaign to steer the Chinese community back to an active pro-KMT position. Phao's efforts were part of a larger CIA effort to combat the growing popularity of the People's Republic among the wealthy, influential overseas Chinese community throughout Southeast Asia. The details of this program were spelled out in a 1954 U.S. National Security Council position paper, which suggested:

Continue activities and operations designed to encourage the overseas Chinese communities in Southeast Asia: (a) to organize and activate anti-communist groups and activities within their own communities; (b) to resist the effects of
parallel pro-communist groups and activities; (c) generally, to increase their orientation toward the free world; and, (d) consistent with their obligations and primary allegiance to their local governments, to extend sympathy and support to the Chinese Nationalist Government as the symbol of Chinese political resistance and as a link in the defense against communist expansion in Asia.  

These pressures resulted in a superficial shift to the right among Thailand's Chinese. However, since their support for the KMT was largely dependent on police intimidation, when Phao was weakened by political difficulties in 1955 pro-KMT activity began to collapse.  

By 1955 Phao's national police force had become the largest opium-trafficking syndicate in Thailand and was intimately involved in every phase of the narcotics traffic, producing a level of corruption that was remarkable even by Thai standards. If the smuggled opium was destined for export, police border guards escorted the KMT caravans from the Thailand-Burma border to police warehouses in Chiangmai. From there police guards brought it to Bangkok by train or police aircraft. Then it was loaded onto civilian coastal vessels and escorted by the maritime police to a mid-ocean rendezvous with freighters bound for Singapore or Hong Kong. However, if the opium was needed for the government opium monopoly, theatrical considerations came to the fore, with police border patrols staging elaborate shootouts with the KMT smugglers near the Burma-Thailand frontier. Invariably the KMT guerrillas dropped the opium and fled, while the police heroes brought the opium to Bangkok and collected a reward worth one-eighth the retail value. The opium subsequently disappeared. Phao himself delighted in posing as the leader in the crusade against opium smuggling and often made hurried, dramatic departures to the northern frontier, where he personally led his men in these gun battles with the smugglers of slow death.  

Opium profits may have helped build General Phao's political empire, but an opium scandal contributed to its downfall. It began as another of Phao's carefully staged opium seizures. During the night of July 9, 1955, a squad of border police crouched in the underbrush at the Mesai River, watching KMT soldiers ferrying 20 tons of opium from Burma into Thailand. When the last bundles were unloaded early the next morning the Thai police burst from the jungle and rushed the smugglers. Miraculously, the KMT soldiers again escaped unharmed. The police escorted the opium to Bangkok, where General Phao congratulated them. But for some reason, perhaps the huge size of the haul, Phao became overanxious. He immediately signed a request for a reward of
$1,200,000 and forwarded it to the ministry of finance. Then he rushed across town to the finance ministry and, as deputy minister of finance, signed the check. Next, or so he claimed, Phao visited the mysterious “informer” and delivered the money personally. On July 14 Phao told the press that the unnamed informant had fled the country with his money in fear of his life and therefore was not available for comment. He also said that most of the 20 tons would be thrown into the sea, though some would be sold to pharmaceutical companies to pay for the reward. Even to the corruption-hardened Thai journalists the story seemed too specious to withstand any scrutiny.

Prime Minister Phibun was the first to attack Phao, commenting to the press that the high opium rewards seemed to be encouraging the smuggling traffic. More pointedly, he asked why the final reward was so much higher than the one first announced. The police explained that since they had not had a chance to weigh the opium, they just estimated the reward, and their estimate was too low. Since it was common knowledge that the law prescribed no payments until after weighing, the press jumped on this hapless explanation and used it to attack Phao. In August Phao was relieved of his position in the finance ministry after he left on a tour of Japan and the United States. During his absence, Prime Minister Phibun released the press from police censorship, assumed veto power over all police paramilitary activities, and ordered the police to give up their business positions or quit the force. After months of frustration, the finance ministry, now freed of Phao’s influence, announced on August 31 that opium smoking would finally be outlawed. During early deliberations, the cabinet had proposed a complete ban by the end of the year, but the finance ministry, with General Phao as its deputy minister, had pointed out that “if opium use were ended according to the stipulated schedule... state revenues... could not be made up by alternate sources of taxation.” Since opium’s share of revenues had already fallen to only 2.7 percent, the argument was not convincing.

Phao returned in late September and delivered a public apology before the National Assembly, swearing that the police were in no way implicated in the 20-ton opium scandal. But public opinion was decidedly skeptical, and the unleashed press began a long series of exposés on police corruption. General Sarit was particularly bitter toward Phao, and newspapers friendly to Sarit’s clique began attacking Phao’s relationship with the CIA, accusing him of being an American puppet. In November 1956 Phibun made Thailand’s break with Phao’s pro-KMT policy official when he said at a press conference, “The Kuomintang causes too much trouble; they trade in opium and cause...
Thailand to be blamed in the United Nations." Some of the press were even bold enough to accuse the CIA’s Sea Supply Corporation of being involved in Phao’s opium trafficking.

As Sarit’s fortunes rose, Phao’s influence deteriorated so quickly that he felt compelled to try to use the February 1957 elections for a popular comeback. With his profits from the opium trade and other rackets, he took control of the ruling political party and began a public speaking campaign. His police issued immunity cards to Bangkok gangsters and paid them to break up opposition rallies and to beat up unfriendly candidates. In the 1957 balloting Phao’s thugs perpetrated an enormous amount of electoral fraud, producing a series of Bangkok press attacks on the police for “hooliganism,” opium smuggling, and extortion. Phao did well enough in the elections to be appointed minister of the interior in the succeeding cabinet. But this position did him little good, for Sarit was preparing a coup.

On September 16, 1957, tanks and infantry from Sarit’s old First Division moved into Bangkok’s traditional coup positions. Phao flew off to Switzerland and Prime Minister Phibun fled to Japan. Sarit moved cautiously to reinforce his position. He allowed a divisive cabinet composed of competing military factions and anti-American liberals to take office, maintaining his control over the military by appointing a loyal follower, General Thanom Kittikhachon, as minister of defense. Next, Sarit broke the power of the police force. Police armored and paratroop units were disbanded and their equipment turned over to the army, and all of the CIA agents attached to Phao’s police force were thrown out of the country. Sarit’s longtime follower, General Praphat Charusathien, was made minister of the interior. Loyal army officers were assigned to key police positions, where they used an investigation of the opium trade to purge Phao’s clique. For example, when police and military units seized 6 tons of raw opium on the northern frontier in November, they captured five Thai policemen as well. In Bangkok, the new director-general of police, General S. Swai Saenyakorn, explained that five or six gangs that controlled smuggling in the north operated “with police influence behind their backs” and that these arrests were part of a larger campaign to fire or transfer all those involved. General Swai’s words took on added meaning when police Brigadier General Thom Chitvimol was removed from the force and indicted for his involvement in the 6-ton opium case.

New elections in December legitimized the anti-Phao coup, and on January 1, 1958, Thanom became prime minister. However, liberals in the cabinet were chafing under Sarit’s tight rein, and they began organizing several hundred dissatisfied younger military officers for another coup. But Sarit reorganized his clique into an association
known as the Revolutionary Group, and on October 20, 1958 seized power with a bloodless coup group that allowed his Group to rule openly.\textsuperscript{275} Now that the police had been rendered ineffectual as a power base, Sarit's only major worry was the possibility of a countercoup by the younger colonels and lieutenant colonels whose loyalty to the regime was in doubt. These fears dominated the endless postcoup sessions of the Revolutionary Group, and discussion continued for hours as Sarit and his fellow generals grappled for a solution. They agreed that a coup could be prevented if they recruited the majority of the colonels into their faction by paying them large initial bonuses and regular supplemental salaries. But the Revolutionary Group faced the immediate problem of rapidly assembling millions of \textit{baht} for the large initial bonuses. Obviously, the fastest way to amass this amount of money was to reorganize General Phao's opium trade.

The Revolutionary Group dispatched army and air force officers to Hong Kong and Singapore to arrange large opium deals; police and military officers were sent into northern Thailand to alert mountain traders that there would be a market for all they could buy. As the 1959 spring opium harvest came to an end, the army staged its annual dry-season war games in the north to maximize opium collection. Every available aircraft, truck, and automobile was pressed into service, and the hills of northern Thailand and Burma were picked clean. Soon after the opium had been shipped from Bangkok to previously arranged foreign buyers and the flickering flames of the countercoup doused with the opium money, the Revolutionary Group met to discuss whether they should continue to finance their political work with opium profits. Sarit was in favor of the idea and was not particularly concerned about international opinion. General Praphat, who helped manage the trade for Sarit, agreed with his leader. While most of the group was indifferent, Generals Thanom and Swai were concerned about possible international repercussions. General Swai was particularly persuasive, since he was respected by Sarit, who addressed him with the Thai honorific "elder brother." Finally Sarit decreed that the police and military would no longer function as a link between Burma's poppy fields and the oceangoing smugglers on Thailand's southern coast. However, no attempt would be made to stop the enormous transit traffic or punish those who discreetly accepted bribes from Chinese syndicates who would inherit the traffic.\textsuperscript{276}

Aware that General Phao had been discredited by his open involvement in the opium trade, Sarit's faction moved quickly to distance itself from the traffic. Only months after his operatives had taken control of illicit opium trading in the northern mountains, Sarit launched a highly publicized opium suppression campaign in downtown Bangkok.
In December 1958 Sarit’s Revolutionary Group issued decree number 37 denouncing opium smoking as “a serious danger to health and sanitation” and ordering that, as of June 30, 1959, “opium smoking and distribution is hereby prohibited throughout the Kingdom.”

With the same ruthless precision he demonstrated in his coups and countercoups, Field Marshal Sarit unleashed a full military assault on the opium trade. At one minute after midnight on July 1, 1959, Sarit’s forces swept the country, raiding opium dens, seizing their stocks, and confiscating opium pipes. At Sanam Luang field, the ritual center of Bangkok, excise officers lit a bonfire of 43,445 opium pipes before the cameras of the country’s press. During the next day, Sarit patrolled the city, personally inspecting the raided dens and captured paraphernalia. Speaking to his people, Sarit declared that “1 July 1959 can be considered a date of historical significance because it began the first chapter of a new age in the history of the Thai nation. We can say that it was on this date that we became a civilized nation. The honor of the nation has now risen above the contempt of the foreign newspapers that have printed pictures of our people smoking opium.”

Although Sarit’s ban did indeed end the official opium monopoly after a full century of operation, it did not eliminate other key elements of the drug trade. Under the opium monopoly, Thailand had sustained the largest number of opium smokers in Southeast Asia. In the decades that followed, Bangkok’s smokers shifted to heroin and Thailand still had the region’s largest addict population. After the finance ministry abolished legal opium sales and banned drug revenues from its official ledgers, Thai military factions expropriated the now illicit opium profits for their covert operational funds. Avoiding the tawdry, open corruption of General Phao, later military leaders distanced themselves from the traffic, extracting an informal tribute from the opium warlords based in Thailand’s north and accepting retainers from Bangkok’s Chinese syndicates that continue to manage the heroin trade.

With the decline of military influence following Thailand’s “Democratic Revolution” of October 1973, some remarkable revelations were forthcoming about the involvement of leading generals in the heroin industry. After Sarit’s death in 1963, political power had been divided among the prime minister, General Thanom Kittikhachon; his minister of interior and master of political intrigue, General Praphat Charusathien; and Colonel Narong Kittikhachon, Thanom’s son and Praphat’s son-in-law. Following the triumvirate’s forced resignation and flight into exile in October 1973, the Thai press published charges by police Colonel Pramual Vangibandhu, a high official in the Central Narcotics Bureau recently arrested for drug dealing, that “Narong has a nationwide network of trafficking. Most of the drug shipments by boats to Hong
Kong and South Vietnam all belonged to him." Privately, Thai police and military officials confided that General Praphat received a share of the profits from the narcotics trade, as he did from almost every other legitimate and illegitimate business in the country.

Although General Phao had been driven into exile in 1957, his Burma-to-Bangkok opium corridor remained. During his decade of extraordinary power, Phao had used his political networks to build the basic logistics of the Golden Triangle heroin trade. In retrospect, it appears that CIA support was of paramount importance to General Phao's role in the opium traffic. The agency supplied the aircraft, motor vehicles, and naval vessels that gave Phao the logistic capability to move opium from the poppy fields to the sea lanes. Moreover, his role in protecting Sea Supply's shipments to the KMT gave Phao a considerable advantage in establishing himself as the exclusive exporter of KMT opium.

Given its even greater involvement in the KMT's Shan states opium commerce, how do we evaluate the CIA's role in the evolution of large-scale opium trafficking in the Burma-Thailand region? Under the Kennedy administration presidential adviser Walt W. Rostow popularized a doctrine of economic development that preached that a stagnant, underdeveloped economy could be jarred into a period of rapid growth, an economic "takeoff," by a massive injection of foreign aid and capital, which could then be withdrawn as the economy coasted into a period of self-sustained growth. CIA support for Phao and the KMT seems to have sparked such a "takeoff" in the Burma-Thailand opium trade during the 1950s: modern aircraft replaced mules, naval vessels displaced sampans, and well-trained military organizations expropriated the traffic from bands of mountain traders.

Never before had the Shan states encountered smugglers with the discipline, technology, and ruthlessness of the KMT. Under General Phao's leadership, Thailand had changed from an opium-consuming nation to the world's most important opium distribution center. The Golden Triangle's opium harvest began climbing to its 1989 peak of 3,300 tons; Burma's total harvest had increased from less than 40 tons just before World War II to 300-400 tons in 1962, while Thailand's expanded at an even greater rate, from 7 tons to more than 100 tons. In a 1970 report the U.S. Bureau of Narcotics concluded:

By the end of the 1950s, Burma, Laos, and Thailand together had become a massive producer, and the source of more than half the world's present illicit supply of 1,250 to 1,400 tons annually. Moreover, with this increase in output the region of the Far East and Southeast Asia quickly became self-sufficient in opium.
But was this increase in opium production the result of a conscious decision by the CIA to support its allies, Phao and the KMT, through the narcotics traffic? Was this the CIA's Operation X? There can be no doubt that the CIA knew that its allies were heavily involved in the traffic; headlines made it known to the whole world, and Phao was responsible for Thailand's censure by the U.N.'s Commission on Narcotic Drugs. Certainly the CIA did nothing to halt the trade or to prevent its aid from being abused. But whether the CIA actively organized the traffic is something only the agency itself can answer. In any case, by the early 1960s the Golden Triangle had become the largest single opium-growing region in the world—a vast reservoir able to supply America's lucrative markets should any difficulties arise in the Mediterranean heroin complex. The Golden Triangle had surplus opium and it had well-protected, disciplined syndicates. With the right set of circumstances it could easily become America's major heroin supplier.
South Vietnam's Heroin Trade

The bloody Saigon street fighting of April–May 1955 marked the end of French colonial rule and the beginning of direct American intervention in Vietnam. When the First Indochina War came to an end, the French government had planned to withdraw its forces gradually over a two- or three-year period to protect its substantial political and economic interests in southern Vietnam. The armistice concluded at Geneva, Switzerland, in July 1954 called for the French Expeditionary Corps to withdraw into the southern half of Vietnam for two years, until an all-Vietnam referendum determined the nation's political future. Convinced that Ho Chi Minh and the Communist Viet Minh were going to score an overwhelming electoral victory, the French began negotiating a diplomatic understanding with the government in Hanoi.1

But America's cold warriors were not quite so flexible. Speaking before the American Legion convention several weeks after the signing of the Geneva accords, New York's influential Catholic prelate Cardinal Spellman warned:

If Geneva and what was agreed upon there means anything at all, it means . . . taps for the buried hopes of freedom in Southeast Asia! Taps for the newly betrayed millions of Indochinese who must now learn the awful facts of slavery from their eager Communist masters!2

Rather than surrendering southern Vietnam to the "Red rulers' godless goons," the Eisenhower administration decided to create a new
nation where none had existed before. Looking back on America's post-Geneva policies from the vantage point of the mid-1960s, the *Pentagon Papers* concluded that South Vietnam "was essentially the creation of the United States":

Without U.S. support Diem almost certainly could not have consolidated his hold on the South during 1955 and 1956.
Without the threat of U.S. intervention, South Vietnam could not have refused to even discuss the elections called for in 1956 under the Geneva settlement without being immediately overrun by Viet Minh armies.
Without U.S. aid in the years following, the Diem regime certainly, and independent South Vietnam almost as certainly, could not have survived.³

The French had little enthusiasm for this emerging nation and its prime minister, and so the French had to go. Pressured by American military aid cutbacks and prodded by the Diem regime, the French stepped up their troop withdrawals. By April 1956 the once mighty French Expeditionary Corps had been reduced to less than 5,000 troops, and American officers had taken over their jobs as advisers to the Vietnamese army.⁴ The Americans criticized the French as hopelessly "colonialist" in their attitudes, and French officials retorted that the Americans were naive. During this difficult transition period one French official denounced "the meddling Americans who, in their incorrigible guilelessness, believed that once the French army leaves, Vietnamese independence will burst forth for all to see."⁵

Although this French official was doubtlessly biased, he was also correct. There was a certain naivété, a certain innocent freshness, surrounding many of the American officials who poured into Saigon in the mid-1950s. The patron saint of America's anti-Communist crusade in South Vietnam was a young navy doctor named Thomas A. Dooley. After spending a year in Vietnam helping refugees in 1954–1955, Dooley returned to the United States for a whirlwind tour to build support for Prime Minister Ngo Dinh Diem and his new nation. Dooley declared that France "had a political and economic stake in keeping the native masses backward, submissive and ignorant" and praised Diem as "a man who never bowed to the French."⁶ But Dr. Dooley was not just delivering South Vietnam from the "organized godlessness" of the "new Red imperialism," he was offering them the American way. Every time he dispensed medicine to a refugee, he told the Vietnamese, "This is American aid."⁷ And when the Cosmevo Ambulator Company of Paterson, New Jersey, sent an artificial limb for a young refugee girl, he told her it was "an American leg."⁸

Although Dooley's national chauvinism seems somewhat naïve today,
it was generally shared by Americans serving in South Vietnam. Even
the CIA's tactician General Edward Lansdale seems to have been a
strong ideologue. Writing of his experiences in Saigon during this
period, Lansdale later said:

I went far beyond the usual bounds given a military man after
I discovered just what the people on these battlegrounds
needed to guard against and what to keep strong. . . . I took my
American beliefs with me into these Asian struggles, as Tom
Paine would have done."9

The attitude of these crusaders was so strong that it pervaded the
press at the time. Diem's repressive dictatorship became a "one man
democracy." Life magazine hailed him as "the Tough Miracle Man of
Vietnam," and a 1956 Saturday Evening Post article began: "Two years
ago at Geneva, South Vietnam was virtually sold down the river to the
Communists. Today the spunky little Asian country is back on its own
feet, thanks to a mandarin in a sharkskin suit who's upsetting the Red
timetable!"10

But American's fall from innocence was not long in coming. Only
seven years after these journalistic accolades were published, the U.S.
embassy and the CIA—in fact, some of the same CIA agents who had
fought for him in 1955—engineered a coup that toppled Diem and left
him murdered in the back of an armored personnel carrier.11 By 1965 the
United States found itself fighting a war that was strikingly similar to
France's colonial war. The U.S. embassy was trying to manipulate the
same clique of corrupt Saigon politicos that had confounded the French
in their day. The U.S. army looked just like the French Expeditionary
Corps to most Vietnamese. Instead of Senegalese and Moroccan
colonial levies, the U.S. army was assisted by Thai and South Korean
troops. The U.S. special forces were assigned to train the same hill tribe
mercenaries that the French paratroopers had recruited ten years
earlier.

Given the similarities between the French and American war ma-
chines, it is hardly surprising that the broad outlines of Operation X
reemerged after U.S. intervention. As the CIA became involved in Laos
in the early 1960s it became aware of the truth of Colonel Trinquier's
axiom "To have the Meo,* one must buy their opium."12 At a time when
there was no ground or air transport to and from the mountains of Laos
except CIA aircraft, opium continued to flow out of the villages of Laos
to transit points such as Long Tieng. There, government air forces, this

---

*Meo is a derogatory name for the Hmong that Westerners adopted from the lowland peoples of China, Thailand, and Vietnam during the colonial period.
time Vietnamese and Lao instead of French, transported narcotics to Saigon, where close allies of Vietnam's political leaders were involved in both domestic distribution and international trafficking. And just as the French high commissioner had found it politically expedient to overlook the Binh Xuyen's involvement in Saigon's opium trade, the U.S. embassy, as part of its unqualified support of the Thieu-Ky regime, looked the other way when presented with evidence that Saigon's leaders were involved in the GI heroin traffic. While American complicity was certainly much less conscious and overt than that of the French a decade earlier, this time it was not just opium but morphine and heroin as well, and the consequences were far more serious. After a decade of American military intervention, Southeast Asia became the source of 70 percent of the world's illicit opium and the major supplier of raw materials for America's booming heroin market.

**Heroin in South Vietnam**

Geography and politics dictated the fundamental “laws” that governed South Vietnam's narcotics traffic until 1975. Since opium was not grown inside South Vietnam, all of the country's drugs had to be imported—from the Golden Triangle region to the north, the source of all the country's opium and heroin. Although it has become the world's most important source of illicit opium, the Golden Triangle is landlocked, cut off from local and international markets by long distances and rugged terrain. In the early 1970s, the Golden Triangle's narcotics followed one of two “corridors” to reach the world's markets—an air route from Vientiane, Laos, to Vietnam, which closed after the fall of Saigon in 1975, and an overland Burma-to-Bangkok route that remains the world's major source of heroin. The most important route was the overland corridor that began as a maze of mule trails in the Shan hills of northeastern Burma and ended as a four-lane highway in downtown Bangkok. Most of Burma's and Thailand's opium followed the overland route to Bangkok and from there found its way into international markets: Hong Kong, Europe, and America. The other route was the air corridor that began among the scattered dirt airstrips of northern Laos and ended at Saigon's international airport. The opium reaching Saigon from Burma or Thailand was usually packed in northwestern Laos on muleback before being flown into South Vietnam. While very little opium, morphine, or heroin traveled from Saigon to Hong Kong, the South Vietnamese capital appeared to be the major transshipment point for Golden Triangle narcotics heading for Europe and the United States.

Since Vietnam's major source of opium was on the other side of the rugged Annamite Mountains, every South Vietnamese civilian or military
group that wanted to finance its political activities by selling narcotics had to have both a connection in Laos and access to air transport. When the Binh Xuyen controlled Saigon's opium dens during the First Indochina War, the French MACG provided these services through its officers fighting with Laotian guerrillas and its air transport links between Saigon and the mountain maquis. Later Vietnamese politicomilitary groups used family connections, intelligence agents serving abroad, and Indochina's Corsican underworld as their Laotian connection. While almost any high-ranking South Vietnamese could establish such contacts without too much difficulty, the problem of securing reliable air transport between Laos and the Saigon area always limited narcotics smuggling to only the most powerful of the Vietnamese elite.

When Ngo Dinh Nhu, brother of and chief adviser to President Diem, decided to revive the opium traffic to finance his repression of mounting armed insurgency and political dissent, he used Vietnamese intelligence agents operating in Laos and Indochina's Corsican underworld as his contacts. From 1958 to 1960 Nhu relied mainly on small Corsican charter airlines for transport, but in 1961–1962 he also used the First Transport Group (which was then flying intelligence missions into Laos for the CIA and was under the control of Colonel Nguyen Cao Ky) to ship raw opium to Saigon. During this period and the following years, 1965–1967, when Ky was premier, most of the opium seems to have been finding its way to South Vietnam through the Vietnamese air force. By mid-1970 there was evidence that high-ranking officials in the Vietnamese navy, customs, army, port authority, national police, and National Assembly's lower house were competing with the air force for the dominant position in the traffic. To a casual observer, it must have appeared that the strong central control exercised during the Ky and Diem administrations had given way to a laissez-faire free-for-all under the government of President Nguyen Van Thieu in the late 1960s and early 1970s.

What seemed like chaotic competition among poorly organized smuggling rings actually was, on closer examination, a fairly disciplined power struggle between the leaders of Saigon's three most powerful political factions: the air force, which remained under Vice-President Ky's control; the army, navy, and lower house, which were loyal to President Thieu; and the customs, port authority, and national police, where the factions loyal to Prime Minister Tran Thien Khiem had considerable influence. To see through the confusion to the lines of authority that bound each of these groups to a higher power requires some appreciation of the structure of pre-1975 South Vietnamese political factions and the traditions of corruption.
Tradition and Corruption

As in the rest of Southeast Asia, the outward forms of Western bureaucratic efficiency were grafted onto a traditional power elite, producing a fusion of corruptions, traditional and modern. While Southeast Asian governments copied European bureaucracies in their formal trappings, the elite values of the past governed machinations over graft, patronage and power. In mainland Southeast Asia, three traditions influenced contemporary political behavior: Thailand's legacy of Hinduized god-kings; Vietnam's tradition of Chinese-style mandarin bureaucrats; and Laos's and the Shan states' heritage of fragmented, quasi-feudal kingdoms.

The Hindu worldview spread eastward from India into Siam (now Thailand), carrying its sensuous vision of a despotic god-king who squandered vast amounts of the kingdom's wealth on palaces, retinues, and personal monuments. All authority radiated from his divine, sexually potent being, and his lavish, conspicuous consumption was but further proof of his divine right to power.

After a thousand years of Chinese military occupation, Vietnam had absorbed its northern neighbor's Confucian ideal of meritocratic government: well-educated, carefully selected mandarins were given a high degree of independent administrative authority but were expected to adhere to rigid standards of ethical behavior. While the imperial court frequently violated Confucian ethics by selling offices to unqualified candidates, the emperor himself remained unaware while such men exploited the people to make a return on their investment.

Although Chinese and Indian influence spread across the lowland plains of Vietnam and Siam, the remote mountain regions of Laos and the Burmese Shan states remained less susceptible to these innovative concepts of opulent kingdoms and centralized political power. Laos and the Shan states remained a scattering of minor principalities whose princes and sawbwas usually controlled little more than a single highland valley. Centralized power went no further than loosely organized, feudal federations or individually powerful fiefdoms that annexed a few neighboring valleys.

The tenacious survival of these antiquated political structures is due in part to Western intervention in Southeast Asia during the last 150 years. In the mid-nineteenth century, European generals and diplomats broke down the relatively isolationist worldview of these traditional states and annexed them into their global empires. The European presence brought radical innovations—modern technology, new political ideas, and unprecedented economic oppression—which released dynamic forces of social change. While the European presence served
initially as a catalyst for these changes, the colonial governments were generally conservative and allied themselves with the traditional native elite to suppress the new social forces, such as labor unions, tenants' unions, and nationalist intellectuals. When the traditional elite proved unequal to the task, the colonial powers groomed a new commercial or military class to serve their interests. In the process of serving the Europeans, both the traditional elite and the new bureaucratic class acquired values that combined the worst of two worlds. Rejecting both their own traditions of public responsibility and the Western concepts of humanism, these native leaders fused the materialism of the West with their own traditions of aristocratic prerogatives. The result was the systematic corruption that continues to trouble Southeast Asian states.

The British found the preservation of the Shan state sawbwas an administrative convenience and reversed the trend of gradual integration with greater Burma. Under British rule, the Shan states became autonomous regions and the authority of the reactionary sawbwas was reinforced.

In Laos, after denying the local princes an effective voice in the government of their own country for almost fifty years, the French returned these feudal atavisms to power when the First Indochina War made it politically expedient for them to do so.

As the gathering storm of the Vietnamese revolution forced the French to Vietnamize in the early 1950s, they created a government and an army from the only groups sympathetic to their presence—the French-educated, landowning families and the Catholic minority. When the Americans replaced the French in Indochina in 1955, they spent the next twenty years shoring up these corrupted oligarchies and keeping reform governments out of power.

In Thailand a hundred years of British councilors and twenty-five years of American advisers gave the royal government a veneer of technical sophistication, but slowed the growth of internal revolutions that might have broken with the traditional patterns of autocratic government.

At the bottom of Thailand's pyramids of corruption, dominated by police and military factions from 1947 to 1973, armies of functionaries systematically expropriated the nation's wealth and passed money up the chain of command to the top, where authoritarian leaders enjoyed an ostentatious lifestyle reminiscent of that of the god-kings. Marshal Sarit, for example, had more than a hundred mistresses, arbitrarily executed criminals at public spectacles, and died with an estate of more than $150 million. Such potentates, able to control corrupt functionaries in the most remote province, were rarely betrayed during struggles with other factions. As a result, a single political faction usually was able
to centralize and monopolize Thailand's narcotics traffic. In contrast, the opium trade in Laos and the Shan states reflected their feudal political tradition in which each regional warlord controlled the traffic in his territory.

Until 1975 South Vietnam's political factions were based in national political institutions and competed for control over a centralized narcotics traffic. But even the most powerful Vietnamese faction resembled a castle of cards with one mini-clique stacked gracefully, but shakily, on top of another. Balancing on top of this latticework was a high-ranking government official, usually the premier or president, who, like the old emperors, ultimately sanctioned corruption and graft but tried to remain aloof from the fray and preserve something of an honest, statesmanlike image. But behind every political leader was a power broker who was responsible for building up the coalition of factions and preventing its collapse. Using patronage and discretionary funds, the broker built a power base by recruiting small family cliques, important officeholders, and powerful military leaders. Since these ad hoc coalitions were usually unstable (betrayal preceded every Saigon coup), the broker also had to build an intelligence network to monitor his chief's supporters. Money played a key role in these affairs, and in the weeks before every coup political loyalties were sold to the highest bidder. Just before Diem's overthrow in 1963, for example, U.S. Ambassador Henry Cabot Lodge, who was promoting the coup, offered to give the plotters "funds at the last moment with which to buy off potential opposition."14

Since money was so crucial for maintaining power, one of the South Vietnamese broker's major responsibilities was organizing graft and corruption to finance political dealing and intelligence work. He tried to work through the leaders of existing or newly established mini-factions to generate a reliable source of income through officially sanctioned corruption. As the mini-faction sold offices lower on the bureaucratic scale, corruption seeped downward from the national level to the province, district, and village.

From the point of view of collecting money for political activities, the South Vietnamese system was not nearly as efficient as the Thai pyramidal structure. Since each layer of the Vietnamese bureaucracy skimmed off a substantial percentage of the graft (most observers felt that officials at each level kept an average of 40 percent for themselves) before passing it up to the next level, not that much steady income from routine graft reached the top. For this reason, large-scale corruption that could be managed by fewer men—such as collecting "contributions" from wealthy Chinese businessmen, selling major offices, and smuggling—were particularly important sources of political funding. It
was not just coincidence that every South Vietnamese government that remained in power for more than a few months after the departure of the French was invariably implicated in the nation’s narcotics traffic.

**Diem’s Dynasty**

Shortly after the Binh Xuyen gangsters were driven out of Saigon in May 1955, Diem, a pious Catholic, launched a determined anti-opium campaign by burning opium-smoking paraphernalia in a dramatic public ceremony. Opium dens were shut down, addicts found it difficult to buy drugs, and Saigon was no longer even a minor transit point in international narcotics traffic.\(^{15}\) However, only three years later the government suddenly abandoned its moralistic crusade and took steps to revive the illicit opium traffic. The beginnings of armed insurgency in the countryside and political dissent in the cities had shown Ngo Dinh Nhu, Diem’s brother and head of the secret police, that he needed more money to expand the scope of his intelligence work and political repression. Although the CIA and the foreign aid division of the State Department had provided generous funding for those activities over the previous three years, personnel problems and internal difficulties forced the U.S. embassy to deny his request for increased aid.\(^{16}\)

But Nhu was determined to go ahead and decided to revive the opium traffic to provide the necessary funding. Although most of Saigon’s opium dens had been shut for three years, the city’s thousands of Chinese and Vietnamese addicts were willing to resume or expand their habits. Nhu used his contacts with powerful Cholon Chinese syndicate leaders to reopen the dens and set up a distribution network for smuggled opium.\(^{17}\) Within months hundreds of opium dens had been reopened, and five years later one Time-Life correspondent estimated that there were 2,500 dens operating openly in Saigon’s sister city, Cholon.\(^{18}\)

To keep these outlets supplied, Nhu established two pipelines from the Laotian poppy fields to South Vietnam. The major pipeline was a small charter airline, Air Laos Commerciale, managed by Indochina’s most flamboyant Corsican gangster, Bonaventure “Rock” Francisci. Although there were at least four small Corsican airlines smuggling between Laos and South Vietnam, only Francisci’s dealt directly with Nhu. According to Lucien Conein, a former high-ranking CIA officer in Saigon, their relationship began in 1958 when Francisci made a deal with Nhu to smuggle Laotian opium into South Vietnam. After Nhu guaranteed his opium shipments safe conduct, Francisci’s fleet of twin-engine Beechcrafts began making regular clandestine airdrops inside South Vietnam.\(^{19}\)

Nhu supplemented these shipments by dispatching intelligence
agents to Laos with orders to send back raw opium on the Vietnamese air force transports that shuttled back and forth carrying agents and supplies.\textsuperscript{20}

While Nhu seems to have dealt with the Corsicans personally, the intelligence missions to Laos were managed by the head of his secret police apparatus, Dr. Tran Kim Tuyen. Although most accounts have portrayed Nhu as the Diem regime's arch plotter, many insiders feel that it was the ex-seminary student Tuyen who had the real capacity for intrigue. As head of the secret police, euphemistically titled Office of Social and Political Study, Tuyen commanded a vast intelligence network that included the CIA-financed special forces, the Military Security Service, and, most important, the clandestine Can Lao party.\textsuperscript{21}

Through the Can Lao party, Tuyen recruited spies and political cadres in every branch of the military and civil bureaucracy. Promotions were strictly controlled by the central government, and those who cooperated with Tuyen were rewarded with rapid advancement.\textsuperscript{22} With profits from the opium trade and other officially sanctioned corruption, the Office of Social and Political Study was able to hire thousands of cyclo-drivers, dance hall girls ("taxi dancers"), and street vendors as part-time spies for an intelligence network that soon covered every block of Saigon-Cholon. Instead of maintaining surveillance on a suspect by having him followed, Tuyen simply passed the word to his "door-to-door" intelligence net and got back precise, reports on the subject's movements, meetings, and conversations. Some observers think that Tuyen may have had as many as 100,000 full- and part-time agents operating in South Vietnam.\textsuperscript{23} Through this remarkable system Tuyen kept detailed dossiers on every important figure in the country, including particularly complete files on Diem, Madame Nhu, and Nhu himself, which he sent out of the country as a form of personal "life insurance."\textsuperscript{24}

Since Tuyen was responsible for much of the Diem regime's foreign intelligence operations, he was able to disguise his narcotics dealings in Laos under the cover of ordinary intelligence work. Vietnamese undercover operations in Laos were primarily directed at North Vietnam and were related to a CIA program started in 1954. Under the direction of Colonel Edward Lansdale and his team of CIA operatives, two small groups of North Vietnamese had been recruited as agents, smuggled out of Haiphong, trained in Saigon, and then sent back to North Vietnam in 1954–1955. During this same period Civil Air Transport (later Air America) smuggled more than 8 tons of arms and equipment into Haiphong in the regular refugee shipments authorized by the Geneva accords for the eventual use of these teams.\textsuperscript{26}

As the refugee exchanges came to an end in May 1955 and the North Vietnamese tightened their coastal defenses, CIA and Vietnamese
intelligence turned to Laos as an alternative infiltration route and listening post. According to Bernard Yoh, then an intelligence adviser to Diem, Tuyen sent ten to twelve agents into Laos in 1958 after they had completed an extensive training course under the supervision of Colonel Le Quang Tung's special forces. When Yoh sent one of his own intelligence teams into Laos to work with Tuyen's agents during the Laotian crisis of 1961, he was amazed at their incompetence. Yoh could not understand why agents without radio training or knowledge of even the most basic undercover procedures would have been kept in the field for so long, until he discovered that their major responsibility was smuggling gold and opium into South Vietnam.26 After purchasing opium and gold, Tuyen's agents had the shipments delivered to airports in southern Laos near Savannakhet or Pakse. There it was picked up and flown to Saigon by Vietnamese air force transports, which were then under the command of Nguyen Cao Ky, whose official assignment was shuttling Tuyen's espionage agents back and forth from Laos.27

Tuyen also used diplomatic personnel to smuggle Laotian opium into South Vietnam. In 1958 the director of Vietnam's psychological warfare department transferred one of his undercover agents to the foreign ministry and sent him to Pakse, Laos, as a consular official to direct clandestine operations against North Vietnam. Within three months Tuyen had recruited the agent for his smuggling apparatus and had him sending regular opium shipments to Saigon in his diplomatic pouch.28

Despite the considerable efforts Tuyen had devoted to organizing these “intelligence activities,” they remained a rather meager supplement to the Corsican opium shipments until May 1961, when newly elected President John F. Kennedy authorized the implementation of an interdepartmental task force report. The report suggested:

In North Vietnam, using the foundation established by intelligence operations, form networks of resistance, covert bases and teams for sabotage and light harassment. A capability should be created by MAAG in the South Vietnamese Army to conduct Ranger raids and similar military actions in North Vietnam as might prove necessary or appropriate. Such actions should try to avoid the outbreak of extensive resistance or insurrection which could not be supported to the extent necessary to stave off repression.

Conduct overflights for dropping of leaflets to harass the Communists and to maintain the morale of North Vietnamese population.29

The CIA was assigned to carry out this mission and incorporated Aviation Investors, a fictitious parent company in Washington, D.C., to provide a cover for its operational company, Vietnam Air Transport. The
agency dubbed the project Operation Haylift. Vietnam Air Transport (VIAT) hired Colonel Nguyen Cao Ky and selected members of his First Transport Group to fly CIA commandos into North Vietnam via Laos or the Gulf of Tonkin.  

However, Ky was dismissed from Operation Haylift less than two years after it began. One of VIAT's technical employees, S. M. Mustard, reported to a U.S. Senate subcommittee in 1968 that "Col. Ky took advantage of this situation to fly opium from Laos to Saigon." Since some of the commandos hired by the CIA were Tuyen's intelligence agents, it was certainly credible that Ky was involved with the opium and gold traffic. Mustard implied that the CIA had fired Ky for his direct involvement in this traffic; Colonel Do Khac Mai, then deputy commander of the air force, said that Ky was fired for another reason. Sometime after one of its two-engine C-47s crashed off the North Vietnamese coast, VIAT brought in four-engine C-54 aircraft from Taiwan. Since Ky had been trained only in two-engine aircraft, he had to make a number of training flights to upgrade his skills; on one of these occasions he took some Cholon dance hall girls for a spin over the city. This romantic ride was in violation of Operation Haylift's strict security, and the CIA speedily replaced Ky and his transport pilots with Nationalist Chinese ground crews and pilots. This change probably reduced the effectiveness of Tuyen's Laotian "intelligence activities" and forced Nhu to rely more heavily on the Corsican charter airlines for regular opium shipments.

Even though the opium traffic and other forms of corruption generated enormous amounts of money for Nhu's police state, nothing could keep the regime in power once the Americans turned against it. For several years they had been frustrated with Diem's failure to fight corruption. In March 1961 a national intelligence estimate done for President Kennedy complained of Diem:

Many feel that he is unable to rally the people in the fight against the Communists because of his reliance on one-man rule, his toleration of corruption even to his immediate entourage, and his refusal to relax a rigid system of controls.

The outgoing ambassador, Elbridge Durbrow, had made many of the same complaints, and in a cable to the secretary of state he urged that Tuyen and Nhu be sent out of the country and their secret police disbanded. He also suggested that Diem make a public announcement of disbandment of Can Lao party or at least its surfacing, with names and positions of all members made known publicly. Purpose of this step would be to eliminate atmosphere of fear and suspicion and reduce
South Vietnam's Heroin Trade

public belief in favoritism and corruption, all of which the party's semi-covert status has given rise to.34

In essence, Nhu had reverted to the Binh Xuyen's formula for combating urban guerrilla warfare by using systematic corruption to finance intelligence and counterinsurgency operations. However, the Americans could not understand what Nhu was trying to do and kept urging him to initiate "reforms." When Nhu flatly refused, the Americans tried to persuade Diem to send his brother out of the country. And when Diem agreed but then backed away from his promise, the U.S. embassy decided to overthrow Diem.

On November 1, 1963, with the full support of the U.S. embassy, a group of Vietnamese generals launched a coup, capturing the capital and executing Diem and Nhu. But the coup not only toppled the Diem regime, it destroyed Nhu's police state apparatus and its supporting system of corruption, which, if it had failed to stop the National Liberation Front (NLF) in the countryside, at least guaranteed a high degree of "security" in Saigon and the surrounding area.

Shortly after the coup the chairman of the NLF, Nguyen Huu Tho, told an Australian journalist that the dismantling of the police state had been "gifts from heaven" for the revolutionary movement:

The police apparatus set up over the years with great care by Diem is utterly shattered, especially at the base. The principal chiefs of security and the secret police on which mainly depended the protection of the regime and the repression of the revolutionary Communist Viet Cong movement, have been eliminated, purged.35

Within three months after the anti-Diem coup, General Nguyen Khanh emerged as Saigon's new "strong man" and dominated South Vietnam's political life from January 1964 until he, too, fell from grace and went into exile twelve months later. Although a skillful coup plotter, Khanh was incapable of using power once he got into office. Under his leadership, Saigon politics became an endless quadrille of coups and countercoups. Khanh failed to build any sort of intelligence structure to replace Nhu's secret police, and during this critical period none of Saigon's rival factions managed to centralize the opium traffic or other forms of corruption. The political chaos was so severe that serious pacification work ground to a halt in the countryside, and Saigon became an open city.36 By mid-1964 NLF-controlled territory encircled the city, and its cadres entered Saigon almost at will.

To combat growing security problems in the capital district, American pacification experts dreamed up the Hop Tac ("cooperation") program. As originally conceived, the plan called for South Vietnamese
troops to sweep the areas surrounding Saigon and build a "giant oil spot" of pacified territory that would spread outward from the capital region to cover the Mekong Delta and eventually all of South Vietnam. The program was launched with a good deal of fanfare on September 12, 1964, as South Vietnamese infantry plunged into some NLF-controlled pineapple fields southwest of Saigon. Everything ran like clockwork for two days until infantry units suddenly broke off contact with the NLF and charged into Saigon to take part in one of the many unsuccessful coups that took place with distressing frequency during Khanh's twelve-month interregnum.37

Although presidential adviser McGeorge Bundy claimed that Hop Tac "has certainly prevented any strangling siege of Saigon,"38 the program was an unqualified failure. On Christmas Eve 1964 the NLF blew up the U.S. officers' club in Saigon, killing two Americans and wounding fifty-eight more.39 On March 29, 1965, NLF sappers blew up the U.S. embassy.40 In late 1965 one U.S. correspondent, Robert Shaplen of The New Yorker, reported that Saigon's security was rapidly deteriorating:

These grave economic and social conditions [the influx of refugees, etc.] have furnished the Vietcong with an opportunity to cause trouble, and squads of Communist propagandists, saboteurs, and terrorists are infiltrating the city in growing numbers; it is even said that the equivalent of a Vietcong battalion of Saigon youth has been taken out, trained, and then sent back here to lie low, with hidden arms, awaiting orders . . . The National Liberation Front radio is still calling for acts of terror ("One American killed for every city block"), citing the continued use by the Americans of tear gas and crop-destroying chemical sprays, together with the bombing of civilians, as justification for reprisals.41

Soon after Henry Cabot Lodge took office as ambassador to South Vietnam for the second time in August 1965, an embassy briefer told him that the Hop Tac program was a total failure. Massive sweeps around the capital's perimeter did little to improve Saigon's internal security because "the threat—which is substantial—comes from the enemy within, and the solution does not lie within the responsibility of the Hop Tac Council: it is a problem for the Saigon police and intelligence communities."42

In other words, modern counterinsurgency planning with its computers and game theories had failed to do the job, and it was time to go back to the proven methods of Ngo Dinh Nhu and the Binh Xuyen bandits. When the French government faced Viet Minh terrorist assaults and bombings in 1947, they allied themselves with Bay Vien, giving this
river pirate a free hand to organize the city's corruption on an unprecedented scale. Confronted with similar problems in 1965–1966 and realizing the nature of their mistake with Diem and Nhu, Ambassador Lodge and the U.S. mission decided to give their full support to Premier Nguyen Cao Ky and his power broker, General Nguyen Ngoc Loan. Ky had a dubious reputation in some circles, and Diem had referred to him as "that cowboy," a term Vietnamese then reserved for only the most flamboyant of Cholon gangsters.43

The New Opium Monopoly

Nguyen Cao Ky's air force career began when he returned from instrument flying school in France with his certification as a transport pilot and a French wife. As the Americans began to push the French out of air force advisory positions in 1955, the French attempted to bolster their wavering influence by promoting officers with strong pro-French loyalties to key positions. Since Lieutenant Tran Van Ho was a French citizen, he was promoted to colonel "almost overnight" and became the first ethnic Vietnamese to command the Vietnamese air force. Lieutenant Ky's French wife was adequate proof of his loyalty, and, despite his relative youth and inexperience, he was appointed commander of the First Transport Squadron. In 1956 Ky was also appointed commander of Saigon's Tan Son Nhut Air Base, and his squadron, which was based there, was doubled to a total of thirty-two C-47s and renamed the First Transport Group.44 While shuttling back and forth across the countryside in the lumbering C-47s may have lacked the dash of fighter flying, it did have advantages. Ky's responsibility for transporting government officials and generals provided him with useful political contacts, and with thirty-two planes at his command Ky had the largest air fleet in South Vietnam. Ky lost command of the Tan Son Nhut Air Base, allegedly because of the criticism about the management of the base mess hall by his sister Madame Nguyen Thi Ly. But he remained in control of the First Transport Group until the anti-Diem coup of November 1963. Then Ky engaged in some dexterous political intrigue and, despite his lack of credentials as a coup plotter, emerged as commander of the entire Vietnamese air force only six weeks after Diem's overthrow.45

As air force commander, Air Vice-Marshal Ky became one of the most active of the "young Turks" who made Saigon political life so chaotic under General Khanh's brief and erratic leadership. While the air force did not have the power to initiate a coup singlehandedly as an armored or infantry division did, its ability to strafe the roads leading into Saigon and block the movement of everybody else's coup divisions gave Ky a
virtual veto power. After the air force crushed the abortive September 1964 coup against General Khanh, Ky’s political star began to rise. On June 19, 1965, the ten-man National Leadership Committee headed by General Nguyen Van Thieu appointed Ky to the office of premier, the highest political office in South Vietnam.46

Although he was enormously popular with the air force, Ky had neither an independent political base nor any claim to leadership of a genuine mass movement when he took office. A relative newcomer to politics, Ky was hardly known outside elite circles. Also, Ky seemed to lack the money, the connections, and the capacity for intrigue necessary to build up an effective ruling faction and restore Saigon’s security. But he solved these problems in a traditional manner by choosing a power broker as skillful as Bay Vien or Ngo Dinh Nhu—General Nguyen Ngoc Loan.

Loan was the brightest of the young air force officers. His career had been marked by rapid advancement and assignment to such technically demanding jobs as commander of the Light Observation Group and assistant commander of the Tactical Operations Center.47 Loan also had served as deputy commander to Ky, an old classmate and friend, in the aftermath of the anti-Diem coup. Shortly after Ky took office he appointed Loan director of the Military Security Service (MSS). Since the MSS was responsible for anticorruption investigations inside the military, Loan was in an excellent position to protect members of Ky’s faction. Several months later, Loan’s power increased significantly when he was also appointed director of the Central Intelligence Organization (CIO), South Vietnam’s CIA, without being asked to resign from the MSS. Finally, in April 1966, Premier Ky announced that General Loan had been appointed to an additional post—director-general of the national police.48 Only after Loan had consolidated his position and handpicked his successors did he “step down” as director of the MSS and CIO. Not even under Diem had one man controlled so many police and intelligence agencies.

In the appointment of Loan to all three posts, the interests of Ky and the Americans coincided. While Ky was using Loan to build up a political machine, the U.S. mission was happy to see a strong man take command of Saigon’s police and intelligence communities to drive the NLF out of the capital. Lieutenant Colonel Lucien Conein said that Loan was given wholehearted U.S. support because

we wanted effective security in Saigon above all else, and Loan could provide that security. Loan’s activities were placed beyond reproach and the whole three-tiered US advisory structure at the district, province and national level was placed at his disposal.49
The liberal naivety that had marked the Kennedy diplomats in the last few months of Diem's regime was decidedly absent. Gone were the qualms about "police state" tactics and hopes that Saigon could be secure and its politics "stabilized" without using funds from the control of the city's lucrative rackets.

With the encouragement of Ky and the tacit support of the U.S. mission, Loan revived the Binh Xuyen formula for using systematic corruption to combat urban guerrilla warfare. Rather than purging the police and intelligence bureaus, Loan forged an alliance with the specialists who had been running these agencies for the past ten to fifteen years. According to Conein, "the same professionals who organized corruption for Diem and Nhu were still in charge of police and intelligence. Loan simply passed the word among these guys and put the old system back together again."50

Under Loan's direction, Saigon's security improved markedly. With the "door-to-door" surveillance network perfected by Tuyen back in action, police were soon swamped with information.51 A U.S. embassy official, Charles Sweet, who was then engaged in urban pacification work, recalled that in 1965 the NLF was actually holding daytime rallies in the sixth, seventh, and eighth districts of Cholon, and terrorist incidents were running over forty a month in district 8 alone. Loan's methods were so effective, however, that from October 1966 until January 1968 there was not a single terrorist incident in district 8.52 That same month, correspondent Shaplen reported that Loan "had done what is generally regarded as a good job of tracking down Communist terrorists in Saigon."53

Putting "the old system back together again," of course, meant reviving large-scale corruption to finance the cash rewards paid to the part-time agents whenever they delivered information. Loan and the police intelligence professionals systematized the corruption, regulating how much each particular agency would collect, how much each officer would skim off for his personal use, and what percentage would be turned over to Ky's political machine. Excessive individual corruption was rooted out, and Saigon-Cholon's vice trades, protection rackets, and payoffs were strictly controlled. After several years of watching Loan's system in action, Charles Sweet felt that there were four major sources of graft in South Vietnam: (1) sale of government jobs by generals or their wives; (2) administrative corruption (graft, kickbacks, bribes, and so on); (3) military corruption (theft of goods and payroll frauds); and (4) the opium traffic. Out of the four, Sweet concluded that the opium traffic was undeniably the most important source of illicit revenue.54

As Premier Ky's power broker, Loan merely supervised all of the various forms of corruption at a general administrative level; he usually
left the mundane problems of organization and management of individual rackets to the trusted assistants.

In early 1966 Loan appointed a rather mysterious Saigon politician named Nguyen Thanh Tung (known as "Mai Den" or "Black Mai") director of the Foreign Intelligence Bureau of the CIO. Mai Den was one of those perennial Saigon plotters who changed sides so many times in the course of twenty-five years that nobody really knew too much about them. It was generally believed that Mai Den began his career as a Viet Minh intelligence agent in the late 1940s, became a French agent in Hanoi in the 1950s, and joined Dr. Tuyen's secret police after the French withdrawal. When the Diem government collapsed, he became a close political adviser to the powerful I Corps commander, General Nguyen Chanh Thi. However, when Thi clashed with Ky during the Buddhist crisis of 1966, Mai Den began supplying Loan with information on Thi’s movements and plans. After Thi’s downfall in April 1966, Loan rewarded Mai Den by appointing him to the Foreign Intelligence Bureau. Although he was nominally responsible for foreign espionage operations, reportedly Mai Den’s real job was to reorganize opium and gold smuggling between Laos and Saigon.

Through his control over foreign intelligence and consular appointments, Mai Den would have had no difficulty placing a sufficient number of contacts in Laos. However, the Vietnamese military attaché in Vientiane, Lieutenant Colonel Khu Duc Nung, and Premier Ky’s sister in Pakse, Nguyen Thi Ly (who managed the Sedone Palace Hotel), were Mai Den’s probable contacts.

Once opium had been purchased, repacked for shipment, and delivered to a pickup point in Laos (usually Savannakhet or Pakse), a number of methods were used to smuggle it into South Vietnam. Although no longer as important as in the past, airdrops in the Central Highlands continued. In August 1966, for example, U.S. Green Berets on operations in the hills north of Pleiku were startled when their hill tribe allies presented them with a bundle of raw opium dropped by a passing aircraft whose pilot evidently mistook the tribal guerrillas for his contact men. Ky’s man in the Central Highlands was II Corps commander General Vinh Loc. He was posted there in 1965 and inherited the benefits of such a post. His predecessor, a notoriously corrupt general, bragged to colleagues of making $5,000 for every ton of opium dropped into the Central Highlands.

While Central Highland airdrops declined in importance and overland narcotics smuggling from Cambodia had not yet developed, large quantities of raw opium were smuggled into Saigon on regular commercial air flights from Laos. The customs service at Tan Son Nhut was rampantly corrupt, and customs director Nguyen Van Loc was an
important cog in the Loan fund-raising machinery. In a November 1967 report, George Roberts, then chief of the U.S. customs advisory team in Saigon, described the extent of corruption and smuggling in South Vietnam:

Despite four years of observation of a typically corruption ridden agency of the GVN [Government of Vietnam], the Customs Service, I still could take very few persons into a regular court of law with the solid evidence I possess and stand much of a chance of convicting them on that evidence. The institution of corruption is so much a built in part of the government processes that it is shielded by its very pervasiveness. It is so much a part of things that one can't separate "honest" actions from "dishonest" ones. Just what is corruption in Vietnam? From my personal observations, it is the following:

The very high officials who condone, and engage in smuggling, not only of dutiable merchandise, but undercut the nation's economy by smuggling gold and worst of all, that unmitigated evil—opium and other narcotics;

The police officials whose "check points" are synonymous with "shakedown points";

The high government official who advises his lower echelons of employees of the monthly "kick in" that he requires from each of them; . . .

The customs official who sells to the highest bidder the privilege of holding down for a specific time the position where the graft and loot possibilities are the greatest.59

It appeared that customs director Loc devoted much of his energies to organizing the gold and opium traffic between Vientiane, Laos, and Saigon. When 114 kilos of gold were intercepted at Tan Son Nhut airport coming from Vientiane, Roberts reported to U.S. customs in Washington that "there are unfortunate political overtones and implications of culpability on the part of highly placed personages."60 Loc also used his political connections to have his niece hired as a stewardess on Royal Air Lao, which flew several times a week between Vientiane and Saigon, and used her as a courier for gold and opium shipments. When U.S. customs advisers at Tan Son Nhut ordered a search of her luggage in December 1967 as she stepped off a Royal Air Lao flight from Vientiane, they discovered 200 kilos of raw opium.61 In his monthly report to Washington, Roberts concluded that Loc was "promoting the day-to-day system of payoffs in certain areas of Customs' activities."62

After Roberts filed a number of hard-hitting reports with the U.S. mission, Ambassador Ellsworth Bunker called him and members of the customs advisory team to the embassy to discuss Vietnamese "involve-
ment in gold and narcotics smuggling.” The Public Administration Ad Hoc Committee on Corruption in Vietnam was formed to deal with the problem. Although Roberts admonished the committee, saying “we must stop burying our heads in the sand like ostriches” when faced with corruption and smuggling, and begged, “Above all, don’t make this a classified subject and thereby bury it,” the U.S. embassy decided to do just that. Embassy officials whom Roberts described as advocates of “the noble kid glove concept of hearts and minds” had decided not to interfere with smuggling or large-scale corruption because of “pressures which are too well known to require enumeration.”

Frustrated at the embassy’s failure to take action, an unknown member of U.S. customs leaked some of Roberts’s reports on corruption to a Senate subcommittee chaired by Senator Albert Gruening of Alaska. When Gruening declared in February 1968 that the Saigon government was “so corrupt and graft-ridden that it cannot begin to command the loyalty and respect of its citizens,” U.S. officials in Saigon defended the Thieu-Ky regime by saying that “it had not been proved that South Vietnam’s leaders are guilty of receiving ‘rake-offs.’” A month later Senator Gruening released evidence of Ky’s 1961–1962 opium trafficking, but the U.S. embassy protected Ky from further investigations by issuing a flat denial of the senator’s charges.

While these sensational exposes of smuggling at Tan Son Nhut’s civilian terminal grabbed the headlines, only a few hundred yards down the runway Vietnamese air force C-47 transports loaded with Laotian opium were landing unnoticed. Ky did not relinquish command of the air force until November 1967, and even then he continued to make all the important promotions and assignments through a network of loyal officers who still regarded him as the real commander. As both premier and vice-president, Air Vice-Marshal Ky refused the various official residences offered him and instead used $200,000 of government money to build a modern, air-conditioned mansion in the middle of Tan Son Nhut Air Base. The “vice-presidential palace,” a pastel-colored bunker resembling a California condominium, was only a few steps away from Tan Son Nhut’s runway, where helicopters sat on twenty-four-hour alert, and a minute down the road from the headquarters of his old unit, the First Transport Group. As might be expected, Ky’s staunchest supporters were the men of the First Transport Group. Its commander, Colonel Luu Kim Cuong, was considered by many informed observers to be the unofficial “acting commander” of the entire air force and a principal in the opium traffic. Since command of the First Transport Group and Tan Son Nhut Air Base were consolidated in 1964, Colonel Cuong not only had aircraft to fly from southern Laos and the Central Highlands (the
major opium routes) but also controlled the air base security guards and thus could prevent any search of the C-47s.68

Once it reached Saigon safely, opium was sold to Chinese syndicates who managed the refining and distribution. Loan's police used their efficient organization to "license" and "tax" the thousands of illicit opium dens concentrated in the fifth, sixth, and seventh wards of Cholon and scattered throughout the rest of the capital.

Although morphine base exports to Europe had been relatively small during the Diem administration, they increased during Ky's tenure as Turkey began to phase out production in 1967–1968. And according to Lucien Conein, Loan profited from this change:

Loan organized the opium exports once more as a part of the system of corruption. He contacted the Corsicans and Chinese, telling them they could begin to export Laos's opium from Saigon if they paid a fixed price to Ky's political organization.69

Most of the narcotics exported from South Vietnam—whether morphine base to Europe or raw opium to other parts of Southeast Asia—were shipped from Saigon's port on oceangoing freighters. (Also, Saigon was probably a port of entry for drugs smuggled into South Vietnam from Thailand.) The director of the Saigon port authority during this period was Premier Ky's brother-in-law and close political adviser, Lieutenant Colonel Pho Quoc Chu (Ky had divorced his French wife and married a Vietnamese).70 Under Chu's supervision, all of the trained port officers were systematically purged, and in October 1967 the chief U.S. customs adviser reported that the port authority "is now a solid coterie of GVN [Government of Vietnam] military officers."71 However, compared with the fortunes that could be made from the theft of military equipment, commodities, and manufactured goods, opium was probably not that important.

Loan and Ky were no doubt concerned about the critical security situation in Saigon when they took office, but their real goal in building up the police apparatus was political power. Often they seemed to forget who their "enemy" was supposed to be and utilized much of their police-intelligence network to attack rival political and military factions. Aside from his summary execution of an NLF suspect in front of U.S. television cameras during the 1968 Tet offensive, General Loan was probably best known to the world for his unique method of breaking up legislative stalemates during the 1967 election campaign. A member of the Constituent Assembly who proposed a law that would have excluded Ky from the upcoming elections was murdered.72 His widow publicly accused Loan of having ordered the assassination. When
the assembly balked at approving the Thieu-Ky slate unless they complied with the election law, Loan marched into the balcony of the assembly chamber with two armed guards, and the opposition evaporated.\(^7^3\) When the assembly hesitated at validating the fraudulent tactics the Thieu-Ky slate had used to gain their victory in the September elections, Loan and his gunmen stormed into the balcony, and once again the representatives relented.\(^7^4\)

Under Loan's supervision, the Ky machine systematically reorganized the network of graft for the opium traffic and built up an organization many observers felt was even more comprehensive than Nhu's clandestine apparatus. Nhu had depended on the Corsican syndicates to manage most of the opium smuggling between Laos and Saigon, but their charter airlines were evicted from Laos in early 1965. This move forced the Ky apparatus to become much more directly involved in actual smuggling than Nhu's secret police had ever been. Through personal contacts in Laos, bulk quantities of refined and raw opium were shipped to airports in southern Laos, where they were picked up and smuggled into South Vietnam by the air force transport wing. The Vietnamese customs service was also controlled by the Ky machine, and substantial quantities of opium were flown directly into Saigon on regular commercial air flights from Laos. Once the opium reached the capital it was distributed to smoking dens throughout the city that were protected by General Loan's police force. Finally, through its control over the Saigon port authority, the Ky apparatus was able to derive considerable revenues by taxing Corsican morphine exports to Europe and Chinese opium and morphine shipments to Hong Kong. Despite the growing importance of morphine exports, Ky's machine was largely concerned with its own domestic opium market. The GI heroin epidemic was still five years in the future.

The Thieu-Ky Rivalry
Politics built Premier Ky's powerful syndicate, and politics weakened it. His meteoric political rise had enabled his power broker, General Loan, to take control of the police-intelligence bureaucracy and use its burgeoning resources to increase their revenue from the lucrative rackets—which in Saigon always included the flourishing narcotics trade. However, in 1967 simmering animosity between Premier Ky and General Nguyen Van Thieu, then head of Saigon's military junta, broke into open political warfare. Outmaneuvered by his rival at every turn in the conflict, Ky's apparatus emerged from two years of internecine warfare shorn of much of its political power and its monopoly over the opium trade. The Thieu-Ky rivalry was a clash between ambitious men, competing political factions, and conflicting personalities. In both his

MRS. NGUYEN THI LY
Mgr. Sedone Palace Hotel, Pakse, Laos (Ky's Sister)

AIR VICE-MARSHAL NGUYEN CAO KY
Premier of South Vietnam 1965-1967
Vice President 1967-1971

GEN. NGUYEN NGOC LOAN

LT. COL. KHU DUC NUNG
Military Attaché, LAOS

ARMY

SAIGON PORT

LT. COL. PHO QUOC CHU
Dir. Saigon Port (Killed June 1968)

ARMY

SAIGON PORT

GEN. VINH LOC
II Corps Cmdr.

CENTRAL INTELLIGENCE ORGANIZATION

GEN. LE NGUYEN KHAN

MILITARY SECURITY SERVICE

COL. PHAM VAN THANG
Director MSS

POLICE

LT. COL. NGUYEN VAN LUAN
Dir. Saigon Mun. Police (Killed June 1968)

COL. LUU KIM CUONG
Cmdr. VNAF 33rd Wing & Tan Son Nhut AFB (Killed May 1968)

MAJ. PHAN PHUNG TIEN

MILITARY SECURITY SERVICE

COL. NGUYEN NGOC XINH
Chief of Cabinet Saigon Mun. Police (Killed June 1968)

MAJ. LE NGOC TRU
Police Comm. 5th District (Killed June 1968)

CENTRAL INTELLIGENCE ORGANIZATION

"COL" NGUYEN THANH TUNG ("MAI DEN")
Dir. Foreign Intel. Bureau. CIO

Agents in Laos and Thailand

LT. COL. NGUYEN VAN LOC
Dir. Gen. of Customs

"COL" NGUYEN THANH TUNG ("MAI DEN")
Dir. Foreign Intel. Bureau. CIO

"COL" NGUYEN THANH TUNG ("MAI DEN")
Dir. Foreign Intel. Bureau. CIO

AGENTS IN LAOS AND THAILAND

LT. COL. NGUYEN VAN LOC
Dir. Gen. of Customs

COL. TRAN VAN THANG
Director MSS
private machinations and his public appearances, Air Vice-Marshal Ky displayed all the flair of a fighter pilot. Arrayed in his midnight black jumpsuit, Ky liked to barnstorm about the countryside berating his opponents for their corruption and issuing a call for reforms. While his flamboyant behavior earned him the affection of air force officers, it often caused him serious political embarrassment, such as the time he declared his profound admiration for Adolf Hitler. In contrast, Thieu was a taciturn political operator who demonstrated the calculus of a master strategist. Although Thieu's tepid, usually dull public appearances won him little popular support, years of patient politicking inside the armed forces built him a solid political base among the army and navy officer corps.

Although Thieu and Ky managed to present a united front during the 1967 elections, their underlying enmity erupted into bitter factional warfare once their electoral victory removed the threat of civilian government. Thieu and Ky had agreed to bury their differences temporarily and run on the same ticket only after forty-eight Vietnamese generals argued behind closed doors for three full days in June 1967. On the second day of hysterical political infighting, Thieu won the presidential slot after making a scathing denunciation of police corruption in Saigon, an indirect attack on Loan and Ky, which reduced the air vice-marshal to tears and caused him to accept the number two position on the ticket. But the two leaders campaigned separately, and once the election was over hostilities quickly revived.

Since the constitution gave the president enormous powers and the vice-president very little appointive or administrative authority, Ky should not have been in a position to challenge Thieu. However, Loan's extensive police-intelligence machine remained intact, and his loyalty to Ky made the vice-president a strong rival. In a report to Ambassador Bunker in May 1968, General Edward Lansdale explained the dynamics of the Thieu-Ky rivalry:

This relationship may be summed up as follows: (1) The power to formulate and execute policies and programs which should be Thieu's as the top executive leader remains divided between Thieu and Ky, although Thieu has more power than Ky. (2) Thieu's influence as the elected political leader of the country, in terms of achieving the support of the National Assembly and the political elite, is considerably limited by Ky's influence. . . . (Suppose, for example, a U.S. President in the midst of a major war had as Vice President a leader who had been the previous President, who controlled the FBI, CIA, and DIA [Defense Intelligence Agency], who had more influence with the JCS [Joint Chiefs of Staff] than did the President, who
had as much influence in Congress as the President, who had his own base of political support outside Congress, and who neither trusted nor respected the President.)

Lansdale went on to say that "Loan has access to substantial funds through extra legal money-collecting systems of the police/intelligence apparatus," which in large part formed the basis of Ky's political strength. But, Lansdale added, "Thieu acts as though his source of money is limited and has not used confidential funds with the flair of Ky."

Since money was the key to victory in factional contests of this kind, the Thieu-Ky rivalry became an underground battle for lucrative administrative positions and key police-intelligence posts. Ky had used two years of executive authority as premier to appoint loyal followers to high office and lucrative posts, thereby building a powerful financial apparatus. Now that President Thieu had a monopoly on appointive authority, he tried to gain financial strength gradually by forcing Ky's men out of office and replacing them with his own followers.

Thieu's first attack was on the customs service, where director Loc's notorious reputation made the Ky apparatus particularly vulnerable. The first tactic, as it often was in such factional battles, was to use the Americans to get rid of an opponent. Only three months after the elections, customs adviser George Roberts reported that his American assistants were getting inside information on Loc's activities because "this was also a period of intense inter-organizational, political in-fighting. Loc was vulnerable, and many of his lieutenants considered the time right for confidential disclosure to their counterparts in this unit." Although the disclosures contained no real evidence, they forced Loc to counterattack, and "he reacted with something resembling bravado." He requested U.S. customs advisers to come forward with information on corruption, invited them to augment their staff at Tan Son Nhut, where opium and gold smuggling had first aroused the controversy, and launched a series of investigations into customs corruption. When President Thieu's new minister of finance had taken office, he had passed the word that Loc was on the way out. But Loc met with the minister, pointed out all of his excellent anticorruption work, and insisted on staying in office. But then, as Roberts reported to Washington, Thieu's faction delivered the final blow:

Now, to absolutely assure Loc's destruction, his enemies have turned to the local press, giving them the same information they had earlier given to this unit. The press, making liberal use of innuendo and implication, had presented a series of front page articles on corruption in Customs. They are a strong indictment of Director Loc.
Several weeks later Loe was fired from his job, and the way was open for the Thieu faction to take control over the traffic at Tan Son Nhut airport.

The Thieu and Ky factions were digging in for all-out war, and it seemed that these scandals would continue for months or even years. However, on January 31, 1968, the NLF and the North Vietnamese army launched the Tet offensive and 67,000 troops attacked 102 towns and cities across South Vietnam, including Saigon itself. The intense fighting, which continued inside the cities for several months, disrupted routine politics while the government dropped everything to drive the NLF back into the rice paddies. Not only did the Tet fighting reduce much of Saigon-Cholon to rubble, it decimated the ranks of Vice-President Ky's trusted financial cadres and crippled his political machine. In less than one month of fighting during the second wave of the Tet offensive, no less than nine of his key fund-raisers were killed or wounded.

General Loan himself was seriously wounded on May 5 while charging down a blind alley after a surrounded NLF soldier. An AK-47 bullet severed the main artery in his right leg and he was forced to resign from command of the police to undergo surgery and months of hospitalization. The next day Colonel Luu Kim Cuong, commander of the air force transport wing and an important figure in Ky's network, was shot and killed while on operations on the outskirts of Saigon.

While these two incidents would have been enough to seriously weaken Ky's apparatus, a mysterious incident a month later dealt a crippling blow. On the afternoon of June 2, 1968, a coterie of Ky's prominent followers were meeting, for reasons never satisfactorily explained, in a command post in Cholon. At about 6:00 P.M. a U.S. helicopter, prowling the skies above the ravaged Chinese quarter on the lookout for NLF units, attacked the building, rocketing and strafing it. Among the dead were Lieutenant Colonel Pho Quoc Chu, director of the Saigon port authority and Ky's brother-in-law; Lieutenant Colonel Dao Ba Phuoc, commander of the 5th Rangers, who were assigned to the Capital Military District; Lieutenant Colonel Nguyen Van Luan, director of the Saigon municipal police; Major Le Ngoc Tru, General Loan's right-hand man and police commissioner of the fifth district; and Major Nguyen Bao Thuy, special assistant to the mayor of Saigon. Moreover, General Loan's brother-in-law, Lieutenant Colonel Van Van Cua, the mayor of Saigon, suffered a shattered arm and resigned to undergo four months of hospitalization.

These men represented the financial foundation of Ky's political machine, and once they were gone his apparatus began to crumble. As vice-president, Ky had no authority to appoint anyone to office, and all
of the nine posts vacated by these casualties, with the exception of the air force transport command, were given to Thieu's men. On June 6 a loyal Thieu follower, Colonel Tran Van Hai, was appointed director-general of the national police and immediately began a rigorous purge of all of Loan's men in the lower echelons. The Saigon press reported that 150 secret police had been fired and a number of these had also been arrested. On June 15 Colonel Hai delivered a decisive blow to Ky's control over the police by dismissing eight out of Saigon's eleven district police commissioners.

As Ky's apparatus weakened, his political fortunes went into a tailspin: loss of minor district and municipal police posts meant he could not collect protection money from ordinary businesses or from the rackets; as the "extra legal money-collecting systems of the police/intelligence apparatus" began to run dry, he could no longer counter President Thieu's legal appointive power with gifts; and once the opposition weakened, Thieu began to fire many high-ranking pro-Ky police-intelligence officials.

While the quiet shift of the bureaucracy to the Thieu machine was almost imperceptible to outside observers, the desertion of Ky's supporters in the National Assembly's corrupt lower house was scandalously obvious. Shortly after the October 1967 parliamentary elections were over and the National Assembly convened for the first time since the downfall of Diem, the Thieu and Ky machines had begun competing for support in the lower house. Using money provided by General Loan, Ky had purchased a large bloc of forty-two deputies, the Democratic Bloc, which included Buddhists, southern intellectuals, and a few hill tribesmen. Since Thieu lacked Ky's "confidential funds," he had allied himself with a small twenty-one-man bloc, the Independence Bloc, comprising mainly right-wing Catholics from northern and central Vietnam. Both men were paying each of their deputies illegal supplemental salaries of $4,500 to $6,000 a year, in addition to bribes ranging up to $1,800 on every important ballot. At a minimum it must have been costing Ky $15,000 to $20,000 a month just to keep his deputies on the payroll, not to mention outlays of more than $100,000 for the critical votes that came once or twice a year. In May 1968 General Lansdale reported to Ambassador Bunker that "Thieu's efforts . . . to create a base of support in both Houses have been made difficult by Ky's influence among some important senators . . . and Ky's influence over the Democratic Bloc in the Lower House." However, throughout the summer of 1968 Ky's financial difficulties forced him to cut back the payroll, and representatives began drifting away from his bloc.

As Thieu's financial position strengthened throughout the summer, his assistant in charge of relations with the national Assembly
approached a number of deputies and reportedly offered them from $1,260 to $2,540 to join a new pro-Thieu faction called the People's Progress Bloc. One deputy explained that "in the last few months, the activities of the lower house have become less and less productive because a large number of deputies have formed a bloc for personal interests instead of political credits." In September The Washington Post reported:

The "Democratic Bloc," loyal to Vice President Ky, now retains 25 out of its 42 members. Thieu and Ky have been privately at odds since 1966. Thieu's ascendancy over his only potential rival has grown substantively in recent months.

The severe blow dealt to the Ky bloc in the House has not been mentioned extensively in the local press except in the daily Xay Dung (To Construct), which is a Catholic, pro-Ky paper.94

These realignments in the balance of political power had an impact on the opium traffic. Despite his precipitous political decline, Air Vice-Marshal Ky retained control over the air force, particularly the transport wing. In the early 1970s the air force's transport wing was identified as one of the most active participants in South Vietnam's heroin smuggling. General Tran Thien Khiem, minister of the interior (who was to emerge as a major faction leader himself when he became prime minister in September 1969) and a nominal Thieu supporter, inherited control of Saigon's police apparatus, Tan Son Nhut customs, and the Saigon port authority. However, these noteworthy internal adjustments were soon dwarfed in importance by two dramatic developments in South Vietnam's narcotics traffic—the increase in heroin exports for the American market and the heroin epidemic among American Gls serving in South Vietnam.

**The GI Heroin Epidemic**

The sudden spread of heroin addiction among GIs in 1970 was the most important development in Southeast Asia's narcotics traffic since the region attained self-sufficiency in opium production during the late 1950s. By 1968–1969 the Golden Triangle region was harvesting close to 1,000 tons of raw opium annually, exporting morphine base to European heroin laboratories, and shipping substantial quantities of narcotics to Hong Kong both for local consumption and for reexport to the United States. Although large amounts of chunky, low-grade no. 3 heroin were being produced in Bangkok and the Golden Triangle for the local market, there were no laboratories anywhere in Southeast Asia capable of producing the fine-grain, 80 to 99 percent pure, no. 4 heroin. However, in late 1969 and early 1970, Golden Triangle laboratories added the final,
dangerous ether precipitation process and converted to production of no. 4 heroin. Many of the master chemists who supervised the conversion were Chinese brought in specially from Hong Kong. In a June 1971 report the CIA said that conversion from no. 3 to no. 4 heroin production in the Golden Triangle "appears to be due to the sudden increase in demand by a large and relatively affluent market in South Vietnam." By mid-April 1971 demand for no. 4 heroin in both Vietnam and the United States had increased so quickly that the wholesale price for a kilo jumped to $1,780 from $1,240 the previous September.95

Once large quantities of heroin became available to American GIs in Vietnam, heroin addiction spread like a plague. Previously unavailable in South Vietnam, suddenly no. 4 heroin was everywhere: fourteen-year-old girls were selling heroin at roadside stands on the main highway from Saigon to the U.S. army base at Long Binh; Saigon street peddlers stuffed plastic vials of 95 percent pure heroin into the pockets of GIs as they strolled through downtown Saigon; and "mama-sans," or Vietnamese barracks' maids, started carrying a few vials to work for sale to on-duty GIs. With this kind of aggressive sales campaign, the results were predictable: in September 1970 army medical officers questioned 3,103 soldiers of the Americal Division and discovered that 11.9 percent had tried heroin since they arrived in Vietnam and 6.6 percent were still using it on a regular basis.96 In November a U.S. engineering battalion in the Mekong Delta reported that 14 percent of its troops were on heroin.97 By mid-1971 U.S. army medical officers were estimating that about 10 to 15 percent, or 25,000 to 37,000, of the lower-ranking enlisted men serving in Vietnam were heroin users.98

As base after base was overrun by these armies of heroin pushers with their identical plastic vials, GIs and officers alike started asking themselves why this was happening. Who was behind this heroin plague? The North Vietnamese were frequently blamed, and wild rumors started floating around U.S. installations about heroin factories in Hanoi, truck convoys rumbling down the Ho Chi Minh Trail loaded with cases of plastic vials, and heroin-crazed North Vietnamese regulars making suicide charges up the slopes of Khe Sanh with syringes stuck in their arms. However, the U.S. army provost marshal laid such rumors to rest in a 1971 report, which said in part:

The opium-growing areas of North Vietnam are concentrated in mountainous northern provinces bordering China. Cultivation is closely controlled by the government and none of the crop is believed to be channeled illicitly into international markets. Much of it is probably converted into morphine and used for medical purposes. [Emphasis added.]99
Instead, the provost marshal accused high-ranking members of South Vietnam's government of being the top "zone" in a four-tiered heroin-pushing pyramid:

Zone I, 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 scenes who can manipulate, foster, protect, and promote the illicit traffic in drugs.100

But why were these powerful South Vietnamese officials—the very people who would lose the most if the heroin plague forced the U.S. army to pull out of South Vietnam completely—promoting and protecting the heroin traffic? The answer was $88 million. Conservatively estimated, each one of the twenty thousand or so GI addicts in Vietnam spent an average of $12 a day on four vials of heroin. Over a year this came out to $88 million, a substantial amount of money in an impoverished, war-torn country.

In probing the causes of the heroin plague, the mass media generally found fault with the U.S. army: the senior NCOs and junior officers came down too hard on strong-smelling marijuana and drove the GIs to heroin, which is odorless, compact, and much harder to detect; the GIs were being forced to fight a war they did not believe in and turned to heroin to blot out intense boredom; and, finally, the army itself was an antiquated institution from which the GIs wanted to "escape." Much of this was no doubt true, but the emphasis was misplaced. Officers and NCOs had been cracking down on marijuana for several years without the GIs turning to heroin.101 By 1968 the emotional malaise of the Vietnam GI was already well developed; the race riot in Long Binh stockade and the My Lai massacre were only the most obvious signs of the problem. But there was no serious heroin use until the spring of 1970, when large quantities were being sold everywhere in Vietnam. And the simple fact is that there would have been no epidemic without this well-organized, comprehensive sales campaign. The roots of the problem lay not with the GI victim or the army's marijuana crackdown, but with those Vietnamese officials who organized and protected the heroin traffic.

The experience of Major General John Cushman in IV Corps, the Mekong Delta, demonstrated the extent of official involvement on the part of the Vietnamese army and the utter futility of the U.S. army's "cleanup," "crackdown" approach to dealing with the GI heroin
epidemic. When Cushman took command of U.S. forces in the Delta in mid-1971 he was shocked by the seriousness of the heroin problem. U.S. army medical doctors estimated that 15 to 20 percent of the GIs in his command were regular heroin users. Cushman made a desperate bid to stem the rising rate of addiction. Prepared with all the precision and secrecy of a top-priority offensive, a massive crackdown on drug use began on June 22 at 5:30 A.M.: all troops were confined to base twenty-four hours a day, guard patrols were stiffened, everyone entering the base was searched, and emergency medical clinics were opened. The price of a $3 vial of heroin shot up to $40 on the base, and 300 addicts turned themselves in for treatment. However, within six days the MPs’ enthusiasm for searches began to wane, and heroin once more became available. On July 4 confinement was terminated and passes for town were reissued. Within a week the price of heroin was down to $4 and more than half of those who had turned themselves in were back on drugs.

By late July Cushman realized that he could never solve the problem until the Vietnamese police and army stopped protecting the pushers. Although he wrote to the Vietnamese IV Corps commander, General Ngo Quang Truong, threatening to withdraw his “personal support” from the war effort unless Vietnamese officers stopped pushing heroin, he realized it was a futile gesture. The problem was not General Truong. Cushman explained, “Truong has a spotless reputation. I haven’t heard the slightest whisper of talk that he is anything other than a man of the highest integrity. I personally admire him and I feel the same about his generals.” But he could not say the same for the Vietnamese colonels and majors. While Truong himself was not involved, he was not a “free agent” and lacked the authority to stop his third-level commanders from dealing in drugs. Some Vietnamese sources identified the colonels as men who were loyal to President Thieu’s chief military adviser, General Dang Van Quang.

The Cambodian invasion may have been another important factor in promoting the GI heroin epidemic. While this hypothesis can probably never be proved because of the clandestine, fragmented nature of the heroin traffic, it is an interesting coincidence that the invasion occurred in May 1970 and most journalistic accounts and official reports give spring 1970 or early 1970 as the starting date for widespread heroin addiction. (Late 1969 is the date usually given for the beginning of small-scale heroin use among GIs.) The difficulties involved in smuggling between southern Laos and the Vietnamese Central Highlands limited the amount of narcotics that could be brought into Vietnam; the lack of roads and rivers made air transport an absolute necessity, but the rugged mountain terrain and the relative infrequency
of flights between these two unpopulated areas required excessively intricate planning.

Since the mid-1950s the Cambodian neutralist ruler Prince Sihanouk had remained hostile to the various pro-American South Vietnamese regimes. Vietnamese military transports, naval vessels, or military convoys never entered Cambodia, and most of the gold and narcotics smuggling from Laos avoided this neutralist kingdom. However, less than three months after Sihanouk's ouster in March 1970, the Vietnamese army crashed across the border and its Fifth Air Division began daily flights to Phnom Penh, the capital of Cambodia. Once Cambodia opened up, unlimited quantities of narcotics could be flown from southern Laos to Phnom Penh on any one of the hundreds of commercial, military, or clandestine flights that crowded the airways every day. From there narcotics could easily be forwarded to Saigon by boat, truck, or aircraft. Since the spread of GI heroin addiction seems to have been limited only by the availability of drugs, the improved smuggling conditions that resulted from the Cambodian invasion may have played some role in promoting the GI heroin epidemic.

South Vietnam's Heroin Market

The leap in the size and profitability of South Vietnam's narcotics trade, from both the new GI market and the increased demand on the part of international narcotics syndicates, resulted in a number of new mini-cliques entering the traffic.

By 1970 the traffic appeared to be divided among three major factions: (1) elements in the South Vietnamese air force, particularly the air transport wing; (2) the civil bureaucracy (police, customs, and port authority), increasingly under the control of Premier Khiem's family; and (3) the army, navy, and National Assembly's lower house, which answered to President Thieu. The enormous amounts of money involved in the drug trade produced an intense animosity among these three factions.

Involvement in the nation's narcotics traffic took a number of different forms. Usually it meant that influential Vietnamese political and military leaders worked as consultants and protectors for Chiu chau Chinese syndicates, which actually managed wholesale distribution, packaging, refining, and some of the smuggling. (Chiu chau are Chinese from the Swatow region of southern China, and Chiu chau syndicates have controlled much of Asia's illicit drug traffic since the mid-1800s and have played a role in China's organized crime similar to that of the Sicilian Mafia in Italy and the Corsican syndicates in France. See Chapter 6 for more details.) The importance of this protection, however, should not be underestimated, for without it the heroin traffic could not have continued. Also, powerful Vietnamese military and civil officials
were directly involved in the smuggling of narcotics into South Vietnam. The Vietnamese military had access to aircraft, trucks, and ships that the Chinese did not, and most of the Vietnamese elite had a much easier time bringing narcotics through customs and border checkpoints than did their Chinese clients.

Of South Vietnam's three major narcotics rings, the air transport wing loyal to Air Vice-Marshal Ky was the most professional. Although Ky's apparatus lost control over the internal distribution network following his post-Tet political decline in 1968, his faction continued to manage much of the narcotics smuggling between Vietnam and Laos through the air force and its relations with Laotian traffickers. With more than ten years of experience, it had connections with the Lao elite that the other two factions could not equal. Rather than buying heroin through middlemen, Ky's apparatus dealt directly with a heroin laboratory operating in the Vientiane region. According to a U.S. police adviser stationed in Vientiane, this laboratory was one of the most active in Laos and was managed by a Chinese entrepreneur named Huu Tim-heng. Heng was the link between one of Laos's major opium merchants, General Ouane Rattikone (former commander in chief of the Laotian army), and Vietnam's air transport heroin ring. From the viewpoint of the narcotics traffic, Huu's most important legitimate commercial venture was the Pepsi-Cola bottling factory on the outskirts of Vientiane. With Prime Minister Souvanna Phouma's son Panya as the official president, Huu and two other Chinese financiers began construction in 1965-1966. Although the presence of the prime minister's son at the head of the company qualified the venture for generous financial support from USAID (U.S. Agency for International Development), the plant had still not bottled a single Pepsi after five years of stop-start construction. The completed factory building had a forlorn, abandoned look about it. While Pepsi's competitors were mystified at the company's lackadaisical attitude, the U.S. Bureau of Narcotics had an answer to the riddle. Bureau sources reported that Huu had been using his Pepsi operation as a cover for purchases of chemicals vital to the processing of heroin, such as ether and acetic anhydride, and for large financial transactions.

Once the heroin was processed and packaged in large plastic envelopes, other experienced members of the Ky apparatus took charge of arranging shipment to South Vietnam. Mrs. Nguyen Thi Ly, Ky's elder sister, had directed much of the traffic from the Sedone Palace Hotel in Pakse when her brother was premier, but in 1967 she gave up her position as manager and moved back to Saigon. However, sources in Vientiane's Vietnamese community reported that she and her husband traveled between Saigon, Pakse, and Vientiane at least once a month.
after they returned to Vietnam. Mrs. Ly purchased heroin produced in Heng's clandestine laboratory and had it shipped to Pakse or Phnom Penh were it was picked up by Vietnamese air force transports.\textsuperscript{112}

In addition, the U.S. Bureau of Narcotics believed that General Loan's former assistant Mai Den may also have been involved in this operation. After Loan was wounded in May 1968, Mai Den was forced out of his position as director of the CIO's Foreign Intelligence Bureau, and he exiled himself to Bangkok.\textsuperscript{113} For two years this skillful operator had used his CIO agents to weave a net of drug contacts across the Golden Triangle, and the Bureau of Narcotics had reason to believe he may have used them even longer.

Normally, those air force officers responsible for directing the flow of narcotics to South Vietnam purchased the drugs and had them delivered, often by the Laotian air force, to points in Laos, particularly Pakse, or across the border in Pleiku province, South Vietnam, or in Phnom Penh, Cambodia. Most observers felt that the Cambodian capital had preempted Pleiku's importance as a drop point after the Vietnamese air force began daily sorties to Phnom Penh during the 1970 Cambodia invasion. In August 1971 \textit{The New York Times} reported that the director of Vietnam customs "said he believed that planes of the South Vietnamese Air Force were the principal carriers" of heroin coming into South Vietnam.\textsuperscript{114} While the director was a Thieu appointee and his remark may have been politically motivated, U.S. customs advisers, more objective observers, stated that the air force regularly unloaded large quantities of smuggled narcotics at Tan Son Nhut Air Base.\textsuperscript{115} Here Air Vice-Marshal Ky reigned in his air-conditioned palace, surrounded by only his most loyal officers. As one U.S. air force adviser put it, "In order to get a job within shooting distance of the Vice Presidential palace a VNAF officer has to be intensely loyal to Ky."\textsuperscript{116}

In 1973 the commander of Tan Son Nhut and the air force's transport wing, the Fifth Air Division, was Colonel Phan Phung Tien. Brother-in-law of one of Ky's close political advisers who died in the 1968 Tet offensive, Tien had served under Ky as a squadron commander in the First Transport Group from 1956 to 1960. He remained one of Ky's most loyal followers, and one U.S. air force adviser described him at the time as Ky's "revolutionary plotter" inside the air force.\textsuperscript{117}

After the Cambodia invasion of May 1970, Fifth Air division C-47, C-119, and C-123 transports began shuttling back and forth between Phnom Penh and Tan Son Nhut with equipment and supplies for the Cambodian army, while two AC-47 gunships flew nightly missions to Phnom Penh to provide perimeter defense for the Cambodian capital.\textsuperscript{118} All of these flights were supposed to return empty, but the director-general of Vietnam customs believed they were often filled with dutiable
goods, gold, and narcotics. The director-general singled out Colonel Tien for criticism in an interview with The New York Times in August 1971, labeling him “the least cooperative in his efforts to narrow the channels through which heroin reached Vietnam.” Moreover, Vietnamese police officials reported that Tien was close to some of the powerful Corsican underworld figures who managed hotels and restaurants in Saigon. This kind of evidence led many informed Vietnamese observers to conclude that Colonel Tien was a central figure in Vietnam’s narcotics traffic.

Thieu Takes Control

In the wake of Air Vice-Marshal Ky’s precipitous political decline, ranking military officers responsible to President Thieu emerged as the dominant narcotics traffickers in South Vietnam. Like his predecessors, President Diem and Prime Minister Ky, President Thieu studiously avoided involving himself personally in political corruption. However, his power broker, presidential intelligence adviser General Dang Van Quang, was heavily involved in these activities. Working through high-ranking army and navy officers personally loyal to him or to President Thieu, Quang built up a formidable power base. Although Quang’s international network appeared to be weaker than Ky’s, Quang controlled the Vietnamese navy, which harbored an elaborate smuggling organization that imported large quantities of narcotics either by protecting Chinese maritime smugglers or by using Vietnamese naval vessels. Ky’s influence among high-ranking army officers had weakened considerably, and control over the army shifted to General Quang. By 1973 the army managed most of the distribution and sale of heroin to American GIs. In addition, a bloc of pro-Thieu deputies in the lower house of the National Assembly were publicly exposed as being actively engaged in heroin smuggling, but they appeared to operate somewhat more independently of General Quang than did the army and navy.

On the July 15, 1971 edition of NBC Nightly News, the network’s Saigon correspondent, Phil Brady, told a nationwide audience that both President Thieu and Vice-President Ky were financing their election campaigns from the narcotics traffic. Brady quoted “extremely reliable sources” as saying that President Thieu’s chief intelligence adviser, General Quang, was “the biggest pusher” in South Vietnam. Although Thieu’s press secretary issued a flat denial and accused Brady of “spreading falsehoods and slanders against leaders in the government, thereby providing help and comfort to the Communist enemy,” he did not try to defend Quang, renowned as one of the most dishonest generals in South Vietnam when he was commander of IV Corps in the Mekong Delta.
In July 1969 *Time* magazine's Saigon correspondent had cabled the New York office this report on Quang's activities in IV Corps:

While there he reportedly made millions by selling offices and taking a rake off on rice production. There was the famous incident, described in past corruption files, when Col. Nguyen Van Minh was being invested as a 21st Division commander. He had been Quang's deputy corps commander. At the ceremony the wife of the outgoing commander stood up and shouted to the assembled that Minh had paid Quang 2 million piasters [$7,300] for the position. . . . Quang was finally removed from Four Corps at the insistence of the Americans.124

General Quang had been transferred to Saigon in late 1966 and was made minister of planning and development, a face-saving sinecure.125 Soon after President Thieu's election in September 1967, he was appointed special assistant for military and security affairs.126 Quang quickly emerged as Thieu's power broker and performed the same kind of illicit fund-raising for Thieu's political machine that General Loan had done for Ky's.127

Thieu, however, was much less sure of Quang than Ky had been of Loan. Loan had enjoyed Ky's absolute confidence and was entrusted with almost unlimited personal power. Thieu, in contrast, took care to build up competing centers of power inside his political machine to keep General Quang from gaining too much influence. As a result, Quang never had the same control over the various pro-Thieu mini-factions as Loan had over Ky's apparatus. As control by Ky's apparatus over the Saigon rackets weakened after June 1968, various pro-Thieu factions moved in. In the political shift, Quang gained control of the special forces, the navy and the army, but one of the pro-Thieu cliques, headed by General Tran Thien Khiem, gained enough power so that it gradually emerged as an independent faction itself.128 However, at the beginning most of the power and influence gained from Ky's downfall seemed to be securely lodged in the Thieu camp under General Quang's supervision.

There is evidence that one of the first new groups that began smuggling opium into South Vietnam was the Vietnamese special forces contingents operating in southern Laos. In August 1971 *The New York Times* reported that many of the aircraft flying narcotics into South Vietnam "are connected with secret South Vietnamese special forces operating along the Ho Chi Minh Trail network in Laos."129 Based in Kontum province, north of Pleiku, the special forces "assault task force" had a small fleet of helicopters, transports, and light aircraft that flew into southern Laos on regular sabotage and long-range reconnaissance
South Vietnam's Heroin Trade

forays. Some special forces officers claimed that the commander of this unit was transferred to another post in mid-1971 because his extensive involvement in the narcotics traffic risked exposure.\textsuperscript{130}

But clandestine forays were a relatively inefficient method of smuggling, and it appeared that Quang's apparatus did not become heavily involved in the narcotics trade until the Cambodian invasion of May 1970. For the first time in years the Vietnamese army operated inside Cambodia; Vietnamese troops guarded key Cambodian communication routes, the army assigned liaison officers to Phnom Penh, and intelligence officers were allowed to work inside the former neutralist kingdom. More important, the Vietnamese navy began permanent patrols along the Cambodian stretches of the Mekong and set up bases in Phnom Penh.

\textbf{Vietnamese Navy Smuggling}

The Vietnamese navy used the Cambodian invasion to expand its role in the narcotics traffic, opening up a new pipeline that had previously been inaccessible. On May 9 an armada of 110 Vietnamese and 30 American river craft headed by the naval fleet commander, Captain Nguyen Thanh Chau, crossed the border into Cambodia, speeding up the Mekong in a dramatic V-shaped formation.\textsuperscript{131} The next day the commander of Riverine Task Force 211, Captain Nguyen Van Thong, landed several hundred Vietnamese twenty miles upriver at Neak Luong, a vital ferry crossing on Route 1 linking Phnom Penh with Saigon.\textsuperscript{132} Leaving their American advisers behind here, the Vietnamese arrived at Phnom Penh on May 11; the next day they reached Kompong Cham, seventy miles north of the Cambodian capital, thus clearing the waterway for their use.\textsuperscript{133} Hailed as a tactical coup and a great "military humanitarian fleet" by navy publicists, the armada also had, according to sources inside the Vietnamese navy, the dubious distinction of smuggling vast quantities of opium and heroin into South Vietnam.

An associate of General Quang's, former navy commander Rear Admiral Chung Tan Cang, rose to prominence during the Cambodian invasion. Cang had been a good friend of President Thieu's since their student days at Saigon's Merchant Marine Academy (class of 1947).\textsuperscript{134} When Cang was removed from command of the navy in 1965, after being charged with selling flood relief supplies on the black market instead of delivering them to the refugees,\textsuperscript{135} Thieu intervened to prevent him from being prosecuted and had him appointed to a face-saving sinecure.\textsuperscript{136}

Sources inside the Vietnamese navy said that a smuggling network that shipped heroin and opium from Cambodia back to South Vietnam was set up among high-ranking naval officers shortly after the Vietnamese navy docked at Phnom Penh. The shipments were passed
President Nguyen Van Thieu's Political Power Organization, 1970-1971

**GEN. NGUYEN VAN THIEU**
President of South Vietnam

**GEN. DANG VAN QUANG**
Military and Security Assistant to the President

### ARMY

- **I CORPS**
  - GEN. HOANG XUAN LAM
    - 1 Corp Cndr.
  - III CORPS
    - GEN. NGUYEN VAN MINH
      - III Corps Cndr.

- **II CORPS**
  - GEN. LU LAN
    - II Corps Cndr.
    - 1968-70
  - GEN. NGO DZU
    - II Corps Cndr.

- **IV CORPS**
  - GEN. TRAN VAN HAI
    - Cndr. 44th Special Zone (Border area where Mekong River enters from Cambodia)

- **ARVN COLONELS**
  - Loyal to DANG VAN QUANG
    - Gen. Quang was IV Corps Cndr. in mid 1960's and left behind loyal Colonels.

### NATIONAL ASSEMBLY LOWER HOUSE

- **REP. PHAM HUU GIAO**
  - Arrested at Tan Son Nhut Airport with gold and drugs, Aug. & Dec. 1970

- **REP. PHAM CHI THIEN**
  - Arrested Mar. 17, 1971 with 4 kilo. of heroin at Tan Son Nhut Airport

- **REP. TRAN KIM THOA**

- **REP. NGUYEN QUANG LUYEN**
  - Arrested Mar. 18, 1971 at Bangkok with 15 kilo. gold

- **REP. NGUYEN VAN CHINH**
  - Arrested Sept. 1970 at Tan Son Nhut Airport trying to smuggle 1 million piastres out of Vietnam

### NAVY

- **REAR ADMIRAL CHUNG TAN CANG**
  - Advisor to Gen. Dang Van Quang on Naval Affairs and Chairman of the National Anti-Narcotics Committee

- **COMMODORE LAM NGUON TANH**
  - Vice Chief of Naval Operations and Chairman of the Navy Anti-Narcotics Committee

- **CAPT. DIEP QUANG THUY**
  - Chief of Staff, Vietnam Navy

- **CAPT. NGUYEN THANH CHAU**
  - Vietnam Naval Fleet Cndr. Headquarters Saigon

- **CAPT. NGUYEN HUU CHI**
  - Cndr. Vietnam Navy Coastal Forces, Headquarters Nha Trang

### NAVAL BASES

- **RACH SON**
- **TAN CHAU**
- **LONG XUYEN**

### VIETNAM NAVAL FLEET

### PATROL CRAFT FAST COASTAL FORCES

---

**Administrative control**

**Movement**

*N.B.: The Vietnamese press has stated, without being challenged, that there are more than 30 pro-government deputies involved in narcotics and gold smuggling.*
4. Vietnamese Navy Organization Established During the Cambodia Invasion, Spring 1970

REAR ADMIRAL CHUNG TAN CANG
Advisor on Naval Affairs to Gen. Dang Van Quang

CAPT. NGUYEN THANH CHAU
Vietnam Naval Fleet Cmdr.

CAPT. NGUYEN VAN THONG
Cmdr. Riverine Task Force #211

CAPT. DIEP QUANG THUY
Chief of Staff, Vietnam Navy

LT. CMDR. HO QUANG MINH
Riverine Forces Cmdr. Mekong Delta. Provided coordination between all sectors of the operation

PHNOM PENH

NEAK LUONG

TAN CHAU

BINH THUY

To Saigon
from protector to protector until they reached Saigon: the first relay was
from Phnom Penh to Neak Luong; the next, from Neak Luong to Tan
Chau, just inside South Vietnam; the next, from Tan Chau to Binh Thuy.
From there the narcotics were shipped to Saigon on a variety of naval
and civilian vessels. 137

As the Cambodian military operation drew to a close in the middle
of 1970, the navy's smuggling organization (which had been bringing
limited quantities of gold, opium, and dutiable goods into Vietnam since
1968) expanded.

Commodore Lam Nguon Thanh was appointed vice-chief of naval
operations in August 1970. Also a member of Thieu's class at the
Merchant Marine Academy, Thanh had been abruptly removed from his
post as navy chief of staff in 1966. 138 Sources inside the navy allege that
high-ranking naval officials used three of the Mekong Delta naval bases
under Commodore Thanh's command—Rach Soi, Long Xuyen, and Tan
Chau—as drop points for narcotics smuggled into Vietnam on Thai
fishing boats or Cambodian river sampans. From these three bases, the
narcotics were smuggled to Saigon on naval vessels or on "swift boats"
(officially known as PCFs, or Patrol Craft Fast). When, as often
happened, the narcotics were shipped to Saigon on ordinary civilian
sampans or fishing junks, their movements were protected by these
naval units. 139

Some of these smuggling operations within the Vietnamese navy were
exposed in the summer of 1971. Shortly before this happened, the U.S.
government had finally begun pressuring the South Vietnamese to crack
down on the drug smuggling. According to sources inside the navy, the
American demands were a cause of some concern for General Quang
and Admiral Cang. Quang had Cang appointed chairman of the National
Anti-Narcotics Committee and his associate, Commodore Thanh,
installed as chairman of the Navy Anti-Narcotics Committee. 140

Although these precautions should have proved adequate, events and
decisions beyond General Quang's control nearly resulted in a hu-
miliating public expose. On July 25, 1971, Vietnamese narcotics police,
assisted by Thai and American agents, broke up a major Chiu chau
Chinese syndicate based in Cholon, arrested sixty drug traffickers, and
made one of the largest narcotics seizures in Vietnam's history—51
kilos of heroin and 334 kilos of opium. Hailed in the press as a victory for
the Thieu government's war on drugs, these raids were actually
something of an embarrassment, since they exposed the navy smuggling
ring. 141

This Cholon Chiu chau syndicate was organized in mid-1970 when
"Mr. Big" in Bangkok, a Chiu chau Chinese reputed to be one of the
largest drug financiers in Southeast Asia, decided to start dealing
in South Vietnam. He contacted a respectable Chiu chau plastics manufacturer in Cholon, Tran Minh, and the two soon came to an agreement. The Vietnamese navy was to provide protection. Sometime in mid-1970 a Thai fishing vessel arrived off the coast of Puolo Dama, a tiny Vietnamese island in the Gulf of Siam, with the first shipment. Waiting for the boat was a Vietnamese fishing boat under the command of a Chiu chau captain named Tang Hai. Hired by Tran Minh, Tang Hai was the link between the Bangkok and Cholon syndicates. After 200 kilos of opium had been transferred in mid-ocean, the Vietnamese boat headed toward its home port, Rach Gia, about fifty-five miles to the northeast. In Rach Gia, the bundles of opium were loaded onto a river sampan for the voyage to Saigon. Concealed under a layer of coconut shells, the opium appeared to be just another commercial cargo as it wound its way through the maze of canals that led to the docks of Cholon. Once the sampan docked at a wharf in Cholon's seventh district, the cargo was transferred to a microbus, driven to Tran Minh's warehouse in Cholon's sixth district, and eventually dispensed to the opium dens of Saigon-Cholon. All the traffic on these waterways was policed and protected by the Vietnamese navy. Tran Minh's business prospered and the smuggling continued.

By the third shipment Tran Minh had decided to expand into the GI market and ordered 10 kilos of Double U-O Globe brand heroin as well as the usual 200 kilos of opium. For the fourth shipment, Tran Minh was afraid the deliveries might start attracting notice and changed the transfer point to Hon Panjang, an island 115 miles southwest of Rach Gia. By mid-1971 business was going so well that the Cholon syndicate boss ordered a double shipment—400 kilos of opium and 60 kilos of heroin. The heroin alone was worth more than $720,000 retail. For the fishing captain Tang Hai and his military protectors at the Rach Soi Naval Base it turned out to be an irresistible temptation.

In early July 1971 Tang Hai kept his appointment with the Thai fishing boat and picked up the cargo near Hon Panjang Island. But instead of returning to Rach Gia, he proceeded to sail sixty miles north to Phu Quoc Island, where he buried the opium and hid the heroin in some underbrush. Then he returned to Rach Gia and told Tran Minh's contact man that the shipment had been stolen by the Vietnamese navy. Apparently this was a convincing explanation, and the contact man relayed the news to Cholon. When Tran Minh agreed to buy back half of the shipment from the navy for $25,000, Tang Hai returned to Phu Quoc Island, dug up most of the cache, and delivered half of the original shipment to the contact man in Rach Gia after burying the difference near his home. The contact man hired the usual sampan owner to smuggle the drugs to Cholon, but he was robbed, this time for real, by
three Vietnamese army corporals only ten miles up the canal from Rach Gia.

The boatman returned to Rach Gia and reported his bad luck to the beleaguered contact man, who passed the word along to Cholon. Now $25,000 poorer, Tran Minh informed Bangkok that he had been robbed twice and could not pay for the shipment. The Bangkok financier, however, assumed that he was being cheated and decided to wipe out the entire Vietnamese syndicate. The Thai fishing captain was selected as the informer, and he approached Colonel Pramual Vangibandhu of the Thai Central Narcotics Bureau with a proposition: in exchange for a guarantee of complete immunity and anonymity for the Bangkok syndicate, he would name the two key men in the Saigon operation (which were, in fact, the only names the Bangkok syndicate knew).

Colonel Pramual accepted the offer and contacted U.S. narcotics agent William Wanzecck, asking him to arrange a meeting with the Vietnamese. The two men flew to Saigon, where they met with the head of the Vietnamese narcotics police, redactor Ly Ky Hoang, and U.S. narcotics agent Fred Dick. It was agreed that there should be two simultaneous raids: the Vietnamese national police would bust the Saigon syndicate while Hoang, Pramual, and Dick flew to Rach Gia to arrest Tang Hai and his cohorts.

The two raids were planned for 9:30 A.M. on July 25, less than three weeks after the drugs first arrived off Hon Panjang Island. The Saigon raid came off perfectly, but at Rach Gia, Hoang found that Tang Hai was not at home. Hoang, who was not in uniform, explained to Tang Hai’s sister that the boss, Tran Minh, had sent him to negotiate for the missing drugs. After fifty minutes of skillful explanations, the sister finally agreed to take Hoang to a restaurant where her brother was “at a party drinking with some friends.” The two of them clambered aboard a sputtering Lambretta taxi and disembarked about thirty minutes later in front of a restaurant in Rach Soi, a small fishing port four miles south of Rach Gia. Inside, Tang Hai was the guest of honor at a boisterous drinking party hosted by the commander of nearby Rach Soi Naval Base, Captain Hai, and attended by twenty well-armed navy officers and sailors.

Explaining that Tran Minh himself was waiting at Rach Gia, Hoang suggested that he and Tang Hai go there to discuss buying back the drugs. When the Chiu chau smuggler replied that he would rather stay at the party, Hoang elaborated on his story, explaining that the boss was willing to pay $25,000 for the remaining half of the shipment. At this the navy commander insisted that Hoang use his personal jeep and driver to bring Tran Minh to the party for negotiations.

An hour later Hoang returned in a police car, accompanied by Colonel
Pramual and Fred Dick. While the others waited outside, Hoang entered the restaurant. After suggesting that they step outside for a private word with the boss, he arrested Tang Hai, threw him into the waiting police car, and raced off for Rach Gia. Minutes later the navy officers realized that their guest had been arrested, grabbed their guns, and sped off in hot pursuit.

Even though they suspected that the navy posse was not far behind, the multinational police squad stopped en route to Rach Gia at a house belonging to Tang Hai’s cousin to search for a suspected drugs cache. While Dick and Pramual took Tang Hai inside and proceeded to ransack the house, Hoang remained in the car a hundred yards down the street, radioing desperately for police assistance. Before he finally realized that the radio was out of order, navy jeeps screeched to a halt in front of the house and the officers began spreading out along the opposite side of the street with their guns drawn and aimed at the house.

Hoang was pinned down in the police car, cut off from his friends and feeling rather frightened. Suddenly he spotted a Lambretta minibus coming down the road. He cocked his gun and waited. When the minibus was just abreast of his car, Hoang jumped out, raced alongside the minibus until it was parallel with the house, and then dove through the front door. When he told the others what was happening, Dick started to break out a window with his pistol butt for a shoot-out, but Hoang, a cooler personality, stopped him.

Fortunately for these police officers, a plainclothes policeman just happened to enter the adjoining iron shop. After Hoang explained the situation, the policeman jumped on his Honda motorbike and puttered off for help. When a well-armed squad of local police arrived ten minutes later, the naval officers, realizing they were outgunned, reluctantly climbed back in their jeeps and retreated to Rach Soi.

When a search of the house turned up nothing, Hoang and the others drove Tang Hai to the Rach Gia police station for interrogation. At first the smuggler refused to talk, but after Hoang, who would not discuss his methods, finished with a few minutes of skillful interrogation, Tang Hai confessed everything—including the location of the drug cache on Phu Quoc Island. While Pramual and Dick flew Tang Hai out to the island to dig up the cache (112 kilos of opium and 3.9 kilos of heroin), Hoang himself arrested the three ARVN corporals who had actually stolen half the shipment and turned them over to the Military Security Service (MSS) for questioning. Sensing that the MSS would learn nothing, Hoang ordered the Rach Gia police commander to send a car around to his hotel when the MSS gave up. The military finished six hours of fruitless questioning at 2:00 A.M.; Hoang arrived at police headquarters an hour later and had his answers in only fifteen minutes. The next morning a
police squad unearthed 32.7 kilos of heroin and 35 kilos of opium near a canal about two hours from Rach Gia. A search of Tang Hai's yard later that day uncovered an additional 7 kilos of Double U-O Globe heroin and 88 kilos of opium. Meanwhile, back in Bangkok the Thai police held a press conference on July 29, only four days after the first spectacular raids. Nervous over rumors of their involvement in the international traffic, the Thai police were eager to grab credit and repair their poor reputation. General Nitya Bhanumas, secretary general of the Thai Narcotics Board, reportedly claimed that the information that led to the seizures came from "informants he developed in an investigation he directed last month" [emphasis added].

When the Vietnamese police picked up their newspapers the next morning, they were outraged.143 Not only had the Thais claimed credit for what they felt was their work, but the investigation was still continuing and the Vietnamese police feared that the headlines might drive many of the syndicate's members into hiding. The Thai police had only given their Vietnamese counterparts the two names known to Bangkok's "Mr. Big"—Tang Hai and Tran Minh. Working from the top of the syndicate down, the Vietnamese were just beginning a roundup that eventually netted more than sixty middle- and upper-level distributors and scores of street pushers.

According to sources inside the Vietnamese navy, these raids created a near panic in the navy smuggling ring as its leaders scrambled to salvage the situation. Two of the officers involved in the Cambodia invasion command structure were transferred about the time that the smuggling ring was exposed. Captain Nguyen Van Thong was removed from his command of Riverine Task Force 211 and reassigned to a command training course only a few days before the police raids took place. The commander of the coastal patrol force, Captain Nguyen Huu Chi, was transferred to a staff college for advanced training just two weeks later.144 Although the MSS arrested the navy officers at Rach Soi directly implicated in the affair,145 there were reports that high-ranking military officers were doing their best to protect the navy officers and managed to make sure that their arrest received no mention in the press.146

Vietnamese Army Syndicates

While the Vietnamese navy was involved in drug importing, pro-Thieu elements of the Vietnamese army managed much of the distribution and sale of heroin to GIs inside South Vietnam. Rather than risk exposure by having their own officers handle the more vulnerable aspects of the operation, high-ranking ARVN commanders generally preferred to work with Cholon's Chinese syndicates. Thus, once bulk heroin shipments were smuggled into the country—either by the military itself or by Chinese
protected by the military—they were usually turned over to Cholon syndicates for packaging and shipment. From Cholon, Chinese and Vietnamese couriers fanned out across the country, delivering multi-kilo lots of heroin to military commanders from the Delta to the DMZ. In three of the four military zones, the local distribution was supervised and protected by high-ranking army officers.147 In the Mekong Delta (IV Corps) local sales were controlled by colonels loyal to General Quang; in the south central part of the country (II Corps) heroin distribution became a subject of controversy between two feuding generals loyal to President Thieu, the former II Corps commander General Lu Lan and the present commander General Ngu Dzu;148 and in northernmost I Corps the traffic was directed by deputies of the corps commander.149 In June 1971 the chief U.S. police adviser filed a memorandum on Dzu's involvement in the heroin trade that described the relationship between Cholon's Chinese racketeers and Vietnamese generals:150

HEADQUARTERS
UNITED STATES MILITARY COMMAND, VIETNAM
APO SAN FRANCISCO 96222
Office of the Assistant Chief of Staff, CORDS
MACCORDS-PS
MEMORANDUM FOR RECORD
10 June 1971
SUBJECT: Alleged Trafficking in Heroin (U)

1. A confidential source has advised this Directorate that the father of General Dzu, MR 2 Commanding General, is trafficking in heroin with Mr. Chanh, an ethnic Chinese from Cholon. (Other identification not available.)

2. General Dzu's father lives in Qui Nhon. Mr. Chanh makes regular trips to Qui Nhon from Saigon usually via Air Vietnam, but sometimes by General Dzu's private aircraft. Mr. Chanh either travels to Qui Nhon alone, or with other ethnic Chinese. Upon his arrival at the Qui Nhon Airport he is met by an escort normally composed of MSS and/or QC's [military police]; Mr. Chanh is then allegedly escorted to General Dzu's father, where he turns over kilogram quantities of heroin for U.S. currency. Mr. Chanh usually spends several days in Qui Nhon, and stays at the Hoa Binh Hotel, Gia Long Street, Qui Nhon. When Chanh returns to Saigon he is allegedly also given an escort from TSN Airport.

3. The National Police in Qui Nhon, especially those police assigned to the airport, are reportedly aware of the activity between General Dzu's father and Mr. Chanh, but are afraid to either report or investigate these alleged violations fearing that they will only be made the scapegoat should they act.
After bulk shipments of heroin were delivered to cities or ARVN bases near U.S. installations it was sold to GIs through a network of civilian pushers (barracks' maids, street vendors, pimps, and street urchins) or by low-ranking ARVN officers. In Saigon and surrounding II Corps most of the heroin marketing was managed by ordinary civilian networks, but as GI addicts moved away from the capital to the isolated firebases along the Laotian border and the DMZ, the ARVN pushers became more and more predominant. “How do we get the stuff?” said one GI stationed at a desolate firebase near the DMZ, “just go over to the fence and rap with an ARVN. If he's got it you can make a purchase.” Even at Long Binh, the massive U.S. army installation on the outskirts of Saigon, Vietnamese officers worked as pushers. As one GI addict based at Long Binh put it, “You can always get some from an ARVN; not a Pfc., but the officers. I've gotten it from as high as Captain.”

**Lower House Heroin Junkets**

Another avenue of the narcotics traffic that proved embarrassing to President Thieu was the smuggling operations by pro-Thieu members of the National Assembly's lower house. The ineptness of many of these politicians turned out to be more of a liability than an asset. At one point in Thieu's rivalry with Premier Khiem, the ease with which these politician smugglers could be exposed created political problems for the Thieu apparatus. While only hints of the pro-Thieu faction's massive smuggling operation leaked out of the security-conscious military, the *opéra bouffe* antics of lower house representatives rated headlines around the world. Between September 1970 and March 1971 no less than seven representatives returning from foreign study tours were caught trying to smuggle everything from gold and heroin to *Playboy* calendars and brassieres into South Vietnam. Foreign observers were dismayed by the smuggling arrests, but the Vietnamese public simply regarded them as a part of the lower house's four-year history of bribery, corruption, and scandal.

The outrageous behavior of its representatives on the floor of the house, where vulgar insults of every order were openly traded, cost the lower house respect among the South Vietnamese peasants. Votes on crucial issues were sold to the highest bidder, and the Saigon press kept
a running tally of the going price. In addition to regular monthly stipends and special New Year's bonuses of $350, pro-Thieu representatives earned up to $1,800 apiece for voting the right way on crucial government measures. In fact, even staunch opposition members voted the right way to earn extra cash when defeat for their side looked inevitable.

In the lower house, Thieu relied on members of the Independence Bloc to do the bargaining and make the payments, rather than negotiating personally. Consisting almost entirely of North Vietnamese Catholic refugees, this bloc had maintained a militantly anti-Communist position since it was organized in 1967. Although the bloc was nominally independent, its leader, Nguyen Quang Luyen, met with Thieu soon after it was formed and "verbally agreed" to support the president in exchange for unspecified favors. The bloc had influence far beyond its numerical strength, and all its members occupied key positions as committee heads, fund-raisers, or whips. With only nineteen members, the Independence Bloc controlled six out of the lower house's sixteen committee chairmanships in 1973. During the debates over the 1971 election law, for example, it was an Independence Bloc member, Pham Huu Giao, who floor-managed the passage of article 10. This controversial clause required a minimum of forty congressional signatures on every nominating petition for the upcoming presidential election and made it possible for President Thieu to eliminate Ky from the running. Early in the debates, Giao reportedly purchased a few hill tribe votes for as little as $350 apiece and most of the Cambodian minority's ballots for a mere $700 each. However, in the three days of intense bargaining preceding the final balloting, the price jumped from $1,000 to $1,800 for the final handful that completed the proposal's winning tally of seventy-five votes.

Loyalty to Thieu seemed to have its benefits. No opposition members were ever even implicated in a serious smuggling case. All lower house representatives implicated in the heroin and gold traffic were either present or past members of the Independence Bloc. The reason for this is simple; opposition deputies often lacked the necessary capital to finance such trips and were not guaranteed "courtesy of the port" when they returned. However, pro-government deputies who were bankrolled by an official travel grant or savings from months of voting the right way were able to take advantage of their four exit visas per year, a privilege guaranteed all deputies for foreign travel during the legislative holidays. The result was a burst of foreign junketeering on the part of pro-government deputies. In 1969-1970 representatives purchased $821,000 worth of foreign currency for their travels. One prominent
pro-government representative was abroad for 119 days in 1969, 98 days in 1970, and 75 days during the first three months of 1971.162

Although most pro-government deputies usually returned with some form of contraband or undeclared dutiable item, they passed through customs without being checked.163 Even if a representative was caught, customs officers merely imposed a “fine” and allowed the illegal items to pass through. For example, in August and December 1970 Vietnamese customs officers at Tan Son Nhut airport discovered gold and dutiable goods in the luggage of Representative Giao. The legislator paid a nominal fine, and the whole matter was hushed up until it was revealed during the height of the smuggling controversy several months later.164

The tempo of parliamentary smuggling seemed to be intensified by the eruption of the GI heroin epidemic and the liberalization of the assembly’s travel laws. In December 1970 a group of pro-Thieu deputies who controlled the lower house administrative office decided to allow representatives four foreign trips each year instead of two.165 When the annual January–March legislative holiday started a few weeks later, one Saigon daily reported that a record 140 out of the National Assembly’s 190 members would soon be going abroad.166

The smuggling bonanza that followed resulted in three sensational customs seizures within ten days in March 1971 as the legislators returned to prepare for the upcoming session of the National Assembly.

The first deputy implicated was Vo Van Mau, a Catholic refugee from North Vietnam and a member of the pro-Thieu Independence Bloc. During Air Vietnam’s regular Vientiane-Saigon flight on March 10, a Chinese smuggler transferred a suitcase to one of the stewardesses, Mrs. Nguyen Ngoc Qui.167 But instead of being waved through customs at Tan Son Nhut, as Air Vietnam stewardesses usually were, Mrs. Qui was subjected to a thorough search, which turned up 9.6 kilos of Laos’s leading export—Double U-O Globe heroin—and a letter addressed to Representative Vo Van Mau. Showing unusual insensitivity to Mau’s high official status, officers of customs’ Fraud Repression Division followed up the lead. A search of Mau’s offices turned up the Chinese smuggler’s identity card.168 Although a spokesman for Premier Khiem’s office later announced that this seizure was being thoroughly investigated “because it appears to implicate directly” a deputy,169 Mau was never officially charged and quietly faded from view when he failed to stand for reelection several months later.

On March 17 another pro-Thieu representative, Pham Chi Thien, landed at Tan Son Nhut Airport on the 4:30 P.M. flight from Bangkok. Much to Representative Thien’s surprise, a customs officer insisted on giving his luggage a thorough search and opened a gift-wrapped box he found in the legislator’s suitcase, which turned out to contain 4 kilos of
Double U-O Globe heroin.\textsuperscript{170} Announcing his resignation from the lower house a week later, Thien denied that he was "actually" a smuggler and claimed that he had simply agreed to carry a package to Saigon as a favor to "a soft-spoken lady I met in Vientiane."\textsuperscript{171} He admitted to accepting money for carrying the package but denied any knowledge of its contents.\textsuperscript{172}

While the charges against Vo Van Mau and Pham Chi Thien, both rather unimportant legislators, caused a certain dismay, the arrest of a third pro-Thieu legislator, Nguyen Quang Luyen, for gold smuggling was a major scandal. Luyen was second deputy chairman of the lower house, chairman of the Asian Parliamentary Union, and chairman of the pro-Thieu Independence Bloc from 1967 to 1970. As he was boarding a flight for Saigon at the Bangkok airport on March 18, Thai customs searched his luggage and discovered 15 kilos of pure gold, worth about $26,000 on Saigon's black market.\textsuperscript{173} However, the Vietnamese embassy intervened and secured his immediate release after another legislator traveling with Luyen raced into downtown Bangkok to plead for assistance.\textsuperscript{174}

Four days later one Saigon newspaper reported that Thai customs had suspected Luyen of being part of an international smuggling ring for several years but had been maintaining a discreet surveillance because of the sensitive nature of Thai-Vietnamese relations. The 15 kilos seized in Luyen's luggage were reportedly part of a larger shipment of 90 kilos of gold (worth $158,000 on the Saigon black market) being smuggled piecemeal into Saigon by this ring.\textsuperscript{175} Reliable sources inside the lower house reported that other members of the Independence Bloc had helped finance this shipment.

By all accounts, lower house representatives had been smuggling narcotics, gold, and dutiable goods into South Vietnam for more than three years without such sensational exposés. Arrests were rare, and when they occurred the legislator almost always settled the matter quietly by paying a "fine." Why had Vietnamese customs officials suddenly become so aggressive, or, more pointedly, why was the Thieu faction suddenly subjected to the humiliating indignity of having three of its staunchest legislative supporters implicated in contraband smuggling within ten days?

The answer, as usual in South Vietnam, was political. Ironically, President Thieu's gadfly was his own handpicked prime minister, Tran Thien Khiem.

\textbf{The Khiem Apparatus}

While the Independence Bloc enjoyed President Thieu's political protection, unfortunately for these three smugglers the customs service
was controlled by Prime Minister Khiem's apparatus. After four years of political exile in Taiwan and the United States, Khiem had returned to Vietnam in May 1968 and was appointed minister of the interior in Thieu's administration. Khiem, probably the most aggressive of Vietnam's military leaders, proceeded to build up a power base of his own, becoming prime minister in 1969. Although Khiem had a history of betraying his allies when it suited his purposes, Thieu had been locked in an underground war with Vice-President Ky and probably appointed Khiem because he needed his talents as a political infighter. First as minister of the interior and later as concurrent prime minister, Khiem appointed his relatives to lucrative offices in the civil administration and began building an increasingly independent political organization. In June 1968 he appointed his brother-in-law mayor of Saigon. He used his growing political influence to have his younger brother Tran Thien Khoi appointed chief of customs' Fraud Repression Division (the enforcement arm), another brother made director of Saigon Port, and his cousin appointed deputy governor-general of Saigon. Following his promotion to prime minister in 1969, Khiem was able to appoint one of his wife's relatives to the position of director-general of the national police.

One of the most important men in Khiem's apparatus was his brother Tran Thien Khoi. Soon after U.S. customs advisers began working at Tan Son Nhut airport in 1968, they filed detailed reports on the abysmal conditions and urged their South Vietnamese counterparts to crack down. However, as one U.S. official put it, "They were just beginning to clean it up when Khiem's brother arrived, and then it all went right out the window." As chief of the Fraud Repression Division, Khoi relegated much of the dirty work to his deputy chief, and together the two men brought any effective enforcement work to a halt. Khoi's partner was vividly described in a 1971 U.S. provost marshal's report:

He has an opium habit that costs approximately 10,000 piasters a day [$35] and visits a local opium den on a predictable schedule. He was charged with serious irregularities approximately two years ago but by payoffs and political influence, managed to have the charges dropped. When he took up his present position he was known to be nearly destitute, but is now wealthy and supporting two or three wives.

The report described Khoi himself as "a principal in the opium traffic" who had sabotaged efforts to set up a narcotics squad within the Fraud Repression Division. Under Khoi's leadership, gold and opium smuggling at Tan Son Nhut became so blatant that in February 1971 a U.S. customs adviser reported that "after three years of these meetings
S. Prime Minister Tran Thien Khiem's Family
Political Power Structure, 1970-1971

RELATIVES
BY MARRIAGE

COL. DO KIEN NHIEU
Mayor of Saigon (Khiem's Brother-in-Law)

GEN. TRAN THANH PHONG
Dir. Gen. National Police (Related by marriage to Mrs. Khiem)

KHIEM'S RELATIVES

TRAN THIEN KHOI
Chief Fraud Repression Division, Vietnam Customs

COL. TRAN THIEN THANH

TRAN THIEN PHUONG
Dir. Saigon Port
and countless directives being issued at all levels, the Customs operation at the airport has . . . reached a point to where the Customs personnel of Vietnam are little more than lackeys to the smugglers."  

The report went on to describe the partnership between customs officials and a group of professional smugglers who seemed to run the airport:

Actually, the Customs Officers seem extremely anxious to please these smugglers and not only escort them past the examination counters but even accompany them out to the waiting taxis. This lends an air of legitimacy to the transaction so that there could be no interference on the part of an overzealous Customs Officer or Policeman who might be new on the job and not yet know what is expected of him.  

The most important smuggler at Tan Son Nhut airport was a woman with impressive political connections:

One of the biggest problems at the airport since the Advisors first arrived there and the subject of one of the first reports is Mrs. Chin, or Ba Chin or Chin Map which in Vietnamese is literally translated as “Fat Nine.” This description fits her well as she is stout enough to be easily identified in any group. . . . This person heads a ring of 10 or 12 women who are present at every arrival of every aircraft from Laos and Singapore and these women are the recipients of most of the cargo that arrives on these flights as unaccompanied baggage. . . . When Mrs. Chin leaves the Customs area, she is like a mother duck with her brood as she leads the procession and is obediently followed by 8 to 10 porters who are carrying her goods to be loaded into the waiting taxis. . . .

I recall an occasion . . . in July 1968 when an aircraft arrived from Laos. . . . I expressed an interest in the same type of Chinese medicine that this woman had received and already left with. One of the newer Customs officers opened up one of the packages and it was found to contain not medicine but thin strips of gold. . . . This incident was brought to the attention of the Director General but the Chief of Zone 2 . . . said that I was only guessing and that I could not accuse Mrs. Chin of any wrong doing. I bring this out to show that this woman is protected by every level in the GVN Customs Service. [Emphasis added.]  

Although almost every functionary in the customs service received payoffs from the smugglers, U.S. customs advisers believed that Khoi’s job was the most profitable. While most division chiefs received payoffs only from their immediate underlings, his enforcement powers enabled him to receive kickbacks from every division of the customs service.
Since even minor officials such as the chief collections officer at Tan Son Nhut cargo warehouse kicked back $22,000 a month to his superiors, Khoi's income was substantial. In early 1971 U.S. customs advisers mounted a “strenuous effort” to have the deputy chief transferred, but Khoi was adept at protecting his associate. In March American officials in Vientiane learned that Representative Pham Chi Thien would be boarding a flight for Saigon carrying 4 kilos of heroin and relayed the information to Saigon. When U.S. customs advisers asked the Fraud Repression Division to make the arrest (U.S. customs officials had no right to make arrests), Chief Khoi entrusted the seizure to his opium-smoking assistant. This official was later decorated for this “accomplishment,” and U.S. customs advisers, who were still trying to get him fired, or at least transferred, had to attend a banquet in his honor.

Frustrated by months of inaction by the U.S. mission and duplicity from the Vietnamese, members of the U.S. customs advisory team evidently decided to take their case to the American public. Copies of the unflattering customs advisory reports quoted earlier were leaked to the press and became the basis of an article that appeared on the front page of The New York Times on April 22, 1971, under the headline SAIGON AIRPORT A SMUGGLER'S PARADISE.

The American response was immediate. Washington dispatched more customs advisers for duty at Tan Son Nhut, and the U.S. embassy finally demanded action from the Thieu regime. Initially, however, the Saigon government was cool to the embassy’s demands for a cleanup of the Fraud Repression Division. It was not until the smuggling became a political issue between the Khiem and Thieu factions that the Vietnamese showed any interest in dealing with the problem.

The Thieu-Khiem Struggle

When the political dividends of the Fraud Repression Division were added to Khiem’s other sources of power, such as the police and the Saigon port authority, the result was the strength necessary to form an independent political faction. Prime Minister Khiem’s reemergence as a political power in his own right seems to have created tensions inside the Thieu organization and produced heated political infighting.

As relations between the Thieu and Khiem factions soured, the smuggling issue became just another weapon to use against the their rivals. As one frank U.S. embassy official in Saigon put it, “Our role essentially ends up allowing one faction to use U.S. pressure to force the other faction out of business. And,” he added, “the way these guys jump on each other so gleefully makes it look like they are really eager to cut themselves in on . . . an enormously lucrative traffic.”
When the Air Vietnam stewardess was arrested with 9.6 kilos of heroin, it was Prime Minister Khiem’s office that issued an official statement confirming rumors that a pro-Thieu representative was involved. Furthermore, reliable lower house sources claim that the aggressiveness shown by Khoi’s Fraud Repression Division in investigating the case was politically motivated. Thieu later retaliated. According to one Saigon press report, members of Khiem’s cabinet “protested... President Thieu’s remark that the smuggling involved many high ranking officials who smuggled through the Tan Son Nhat Airport where one of the Prime Minister’s brothers was in control.”

Despite the cabinet’s protest, the director-general of customs was dismissed, and in late June Tran Thien Khoi left for a short vacation in Paris. On his return several weeks later, he was transferred to a less lucrative post in the Cholon Customs House. His opium-smoking assistant was likewise transferred and wound up in the Customs Library, a dumping ground for those in disgrace.

Three months later the director-general of the national police, one of Mrs. Khiem’s relatives, resigned under pressure. The Saigon press reported that the director-general had been involved in the heroin traffic and was being dismissed as part of the antinarcotics campaign. Providing a more credible perspective, one Saigon daily had earlier reported that President Thieu was “taking advantage of the antinarcotics smuggling drive” to force officials out of office and to replace them with his own supporters. The new police director-general was Colonel Nguyen Khac Binh, a nephew of Mrs. Thieu.

Despite all this political infighting over the narcotics traffic, heroin smuggling continued unabated. U.S. customs advisers have pointed out that commercial air flights were only one of several routes used to bring narcotics into South Vietnam. After airport security tightened up, smugglers simply diverted narcotics shipment to other routes, particularly military air bases and commercial shipping. Throughout 1971 unlimited quantities of heroin were available near every U.S. installation in Vietnam, and there was no appreciable rise in price.

The Mafia Comes to Asia

The flourishing heroin traffic among Vietnam-based GIs was undoubtedly the most important new market for Indochina’s drug traffickers, but it was not the only one. As we have already seen, insurmountable problems in the Mediterranean basin had forced the American Mafia and Marseille’s Corsican syndicates to look to Southeast Asia for new sources of heroin and morphine base. Faced with the alternative of finding a new source of morphine base or going out of business, the Corsican syndicates turned to their associates in Southeast Asia for
help. "There are people who think that once the problem in Turkey is cleaned up, that's the end of the traffic," explained John Warner, chief intelligence analyst for the U.S. Bureau of Narcotics. "But the Corsicans aren't stupid. They saw the handwriting on the wall and began to shift their morphine base sources to Southeast Asia."  

The Corsican narcotics syndicates based in Saigon and Vientiane had been supplying European drug factories with Southeast Asian morphine base for several years, and links with Marseille were already well established. During the First Indochina War Corsican gangsters in Marseille and Saigon cooperated closely in smuggling gold, currency, and narcotics between the two ports. In 1962 Corsican gangsters in Saigon reported that Paul Louis Levet, a Bangkok-based syndicate leader, was supplying European heroin laboratories with morphine base from northern Thailand. Furthermore, at least four Corsican charter airlines had played a key role in Southeast Asia's regional opium traffic from 1955 to 1965. Although they were forced out of business when the Laotian generals decided to take a larger share of the profits in 1965, most of the Corsicans had remained in Southeast Asia. They had opened up businesses or taken jobs in Vientiane and Saigon to tide themselves over until something new opened up.

When General Edward G. Lansdale of the CIA returned to Saigon as a special assistant to Ambassador Henry Cabot Lodge in 1965, he quickly learned that his old enemies the Corsicans were still in town. During the fighting between the French 2ème Bureau and the CIA in 1955, the Corsican gangsters had been involved in several attempts on Lansdale's life. "So I wouldn't have to look behind my back every time I walked down the street," Lansdale explained in a June 1971 interview, "I decided to have a meeting with the Corsican leaders. I told them I wasn't interested in doing any criminal investigations; I wasn't in Vietnam for that. And they agreed to leave me alone. We had some kind of a truce." General Lansdale could not recall much of what transpired at that meeting. He remembered that a French-Vietnamese named Hélène took an active role in the proceedings, that the affair was amicable enough, but not much else. Lansdale later learned that the Corsicans were still heavily involved in the narcotics traffic, but since this was not his responsibility he took no action.

Most of what Lansdale knew about the Corsicans came from his old friend Lieutenant Colonel Lucien Conein, the CIA agent who had helped engineer Diem's overthrow in 1963. As a former OSS liaison officer with the French Resistance during World War II, Conein had some experiences in common with many of Saigon's Corsican gangsters. During his long tours of duty in Saigon, Conein spent much of his time in Corsican-owned bars and restaurants and was close to many of
Saigon's most important underworld figures. When Conein left Vietnam several years later, the Corsicans presented him with a heavy gold medallion embossed with the Napoleonic eagle and the Corsican crest. Engraved on the back of it is Per Tu Amicu Conein (For your friendship, Conein). Conein proudly explained that this medallion was worn by powerful Corsican syndicate leaders around the world and served as an identification badge for secret meetings, narcotics drops, and the like.\(^{199}\)

Through his friendship with the Corsicans, Conein gained a respect for them. "The Corsicans are smarter, tougher, and better organized than the Sicilians," he said. "They are absolutely ruthless and are the equal of anything we know about the Sicilians, but they hide their internal fighting better." Conein also learned that many Saigon syndicate leaders had relatives in the Marseille underworld. These family relations played an important role in the international drug traffic, Conein felt, because much of the morphine base used in Marseille's heroin laboratories came from Saigon. Corsican smugglers in Saigon purchased morphine base through Corsican contacts in Vientiane and shipped it on French merchant vessels to relatives and friends in Marseille, where it was processed into heroin.\(^{200}\) "From what I know of them," said Conein, "it will be absolutely impossible to cut off the dope traffic. You can cut it down, but you can never stop it, unless you can get to the growers in the hills."\(^{201}\)

This pessimism may explain why Conein and Lansdale did not pass on the information they had to the U.S. Bureau of Narcotics. It is unfortunate that General Lansdale decided to arrange "some kind of a truce" with the Corsicans during the very period when Marseille's heroin laboratories were probably beginning the changeover from Turkish to Southeast Asian morphine base. In a mid-1971 interview, Conein said that power brokers in Premier Ky's apparatus contacted the leaders of Saigon's Corsican underworld in 1965-1966 and agreed to let them start making large drug shipments to Europe in exchange for a fixed percentage of the profits. By October 1969 these shipments had become so important to Marseille's heroin laboratories that, according to Conein, there was a summit meeting of Corsican syndicate bosses from around the world at Saigon's Continental Palace Hotel. Syndicate leaders from Marseille, Bangkok, Vientiane, and Phnom Penh flew in for the meeting, when they discussed a wide range of international rackets but probably focused on reorganizing the narcotics traffic.\(^{202}\) According to one well-informed U.S. diplomat in Saigon, the U.S. Embassy had a reliable Corsican informant who claimed that similar meetings were also held in 1968 and 1970 at the Continental Palace. Most significantly, American Mafia boss Santo Trafficante, Jr., visited Saigon in 1968 and was believed to have contacted Corsican syndicate leaders there. Vietnamese police
officials reported that the owner of the Continental Palace was Philippe Franchini, the heir of Mathieu Franchini, the reputed organizer of currency- and opium-smuggling rackets between Saigon and Marseille during the First Indochina War. Police officials also pointed out that one of Ky's strongest supporters in the air force, Transport Division Commander Colonel Phan Phung Tien, was close to many Corsican gangsters and was implicated in the smuggling of drugs between Laos and Vietnam.

From 1965 to 1967 Lansdale's Senior Liaison Office worked closely with Premier Ky's administration, and the general himself was identified as one of the young premier's stronger supporters among U.S. mission personnel. One can only wonder whether Conein's and Lansdale's willingness to grant the Corsicans a "truce" and overlook their growing involvement in the American heroin traffic might not have been motivated by political considerations, that is, their fear of embarrassing Premier Ky.

Just as most of the Corsican gangsters who were active in Saigon and Vientiane in 1973 had come to Indochina for the first time as camp followers of the French Expeditionary Corps in the late 1940s, the American Mafia followed the U.S. army to Vietnam in 1965. Like any group of investors, the Mafia was looking for new financial frontiers, and when the Vietnam war began to heat up, some of its more entrepreneurial young members were bankrolled by the organization and left for Saigon. Attracted to Vietnam by lucrative construction and service contracts, the mafiosi concentrated on ordinary graft and kickbacks at first but later branched out into narcotics smuggling as they built up their contacts in Hong Kong and Indochina.

Probably the most important of these pioneers was Frank Carmen Furci, a young mafioso from Tampa, Florida. Although any ordinary businessman would try to hide this kind of family background from his associates, Furci found that it impressed the corrupt sergeants, shady profiteers, and Corsican gangsters who were his friends and associates in Saigon. He told them all proudly, "My father is the Mafia boss of Tampa, Florida." (Actually, Frank's father, Dominick Furci, was only a middle-ranking lieutenant in the powerful Florida-based family headed by Santo Trafficante, Jr., the Mafia boss of Tampa.) Furci arrived in Vietnam in 1965 with good financial backing and soon became a key figure in the systematic graft and corruption that began to plague U.S. military clubs in Vietnam as hundreds of thousands of GIs poured into the war zone. A lengthy U.S. Senate investigation later exposed the network of graft, bribes, and kickbacks that Furci and his fellow profiteers employed to cheat military clubs and their GI customers out of millions of dollars.
The clubs were managed by senior NCOs, usually sergeant majors, who had made the army their career and were considered dedicated, trustworthy men. While the officers were preoccupied with running a war, the sergeants were left with responsibility for managing one of the largest restaurant and nightclub chains in the world—ordering refrigerators, hiring bands, selecting liquor brands, and negotiating orders for everything from slot machines to peanuts. Accounting systems were shoddy, and the entire system was vulnerable to well-organized graft. Seven sergeants who had served together in the Twenty-fourth Infantry Division at Augsburg, Germany during the early 1960s had discovered this weakness and exploited it, stealing up to $40,000 a month from NCO clubs.

In 1965 these seven sergeants started showing up in Vietnam as mess custodians and club managers at the First Infantry Division, the Americal Division, and U.S. army headquarters at Long Binh. Most important of all, the group's ringleader, Sergeant William O. Wooldridge, was appointed sergeant major of the army in July 1966. As the army's highest-ranking enlisted man, he served directly under the army chief of staff at the Pentagon, where he was in an ideal position to manipulate personnel transfers and cover up the group's activities.

At the apex of the system were the civilian entrepreneurs—Frank Furci and his competitor William J. Crum—who worked as agents for a host of American companies and paid the sergeants lavish kickbacks on huge Army purchase orders for kitchen equipment, snacks, and liquor. Furci was also heavily involved in the currency black market. A U.S. Senate investigation of illegal currency manipulations in Vietnam later showed that he had exchanged $99,200 through a single unauthorized money changer at the black market rate of 300 or 400 piasters to the dollar, considerably more than the official rate of 118 piasters.

Unfortunately for Furci, Crum was also aware of these illegal transactions, and he decided to use this knowledge to force Furci out of business. Furci was simply outmaneuvered by the crippled, half-blind William Crum, an old China hand who had made a profit on almost every war in Asia since 1941. Attracted by the economic potential of the growing Southeast Asia conflict, Crum came out of his retirement in Hong Kong and moved to Saigon in 1962.

While the massive U.S. military buildup in 1965 had attracted other commercial agents, Crum seemed particularly resentful of Furci, whose competing line of liquor brands, slot machines, and kitchen equipment had "stolen" $2.5 million worth of his business. Crum passed on information about Furci's illegal currency transactions to the Fraud Repression Division of the Vietnamese customs service through a U.S. army general whom Crum was paying $1,000 a month for protection.
Vietnamese customs raided Furci's offices in July 1967, found evidence to support the accusations, and later fined him $45,000.\textsuperscript{214} Unable to pay such a large fine, Furci left Saigon. Crum later bragged that he had "paid for" the raid that had eliminated his competitor.\textsuperscript{215}

Furci moved to Hong Kong and in August 1967 opened a restaurant named the San Francisco Steak House with nominal capital of $100,000.\textsuperscript{216} More important, Furci was instrumental in the formation of Maradem Ltd., a company that the Augsburg sergeants who managed NCO clubs in Vietnam used to increase illegal profits from the military clubs. Although Furci's name did not appear on any of the incorporation papers, it seems that he was the silent partner in the Mafia sense of the term.\textsuperscript{217}

Maradem Ltd. was not a wholesale supplier or retail outlet, but a broker that used its control over NCO clubs and base mess halls to force legitimate wholesalers to pay a fixed percentage of their profits to do business.\textsuperscript{218} Maradem's competitors were gradually "squeezed out" of business, and in its first year of operation the company did $1,210,000 worth of business with NCO clubs in Vietnam.\textsuperscript{219}

By 1968 Frank Furci had gained three years' experience in the shadow world of Hong Kong and Indochina; he was friendly with powerful Corsican syndicate leaders in Saigon and had the opportunity to form similar relationships with Chiu chau bosses in Hong Kong.\textsuperscript{220} Thus, it is not too surprising that the boss himself, Santo Trafficante, Jr., did Furci the honor of visiting him in Hong Kong in 1968. Accompanied by Frank's father, Dominick Furci, Trafficante was questioned by Hong Kong authorities regarding the purpose of his visit, and according to a U.S. Senate investigation, he explained that "they were traveling around the world together at the time. They stopped to visit Furci, Frank Furci in Hong Kong and to visit his restaurant."\textsuperscript{221} After a long stopover, Trafficante proceeded to Saigon,\textsuperscript{222} where, according to U.S. embassy sources, he met with some prominent Corsican gangsters.\textsuperscript{223} Trafficante was not the first of Lansky's chief lieutenants to visit Hong Kong. In April 1965 John Pullman, Lansky's courier and financial expert, paid an extended visit to Hong Kong, where he reportedly investigated the narcotics and gambling rackets.\textsuperscript{224}

Although the few Mafia watchers who were aware of Trafficante's journey to Asia were mystified by it, there is reason to believe that it was a response to the crisis in the Mediterranean drug traffic and an attempt to secure new sources of heroin for Mafia distributors inside the United States. With almost 70 percent of the world's illicit opium supply in the Golden Triangle, skilled heroin chemists in Hong Kong, and entrenched Corsican syndicates in Indochina, Southeast Asia was a logical alternative.
Soon after Trafficante's visit to Hong Kong, a Filipino courier ring started delivering Hong Kong heroin to Mafia distributors in the United States. In 1970 U.S. narcotics agents arrested many of these couriers. Subsequent interrogation revealed that the ring had successfully smuggled 1,000 kilos of pure heroin into the United States—the equivalent of 10 to 20 percent of America's annual consumption.

U.S. Bureau of Narcotics intelligence reports in the early 1970s indicated that another courier ring was bringing Hong Kong heroin into the United States through the Caribbean, Trafficante's territory. From Hong Kong heroin was usually flown to Chile on regular flights and then smuggled across the border into Paraguay in light private aircraft. In the late 1960s Paraguay became the major transit point for heroin entering the United States from Latin America; both Hong Kong and Southeast Asian heroin smuggled across the Pacific into Chile and European heroin shipped across the Atlantic into Argentina were brought to Paraguay before being forwarded to the United States. Argentina and Paraguay were popular refuges for Marseille gangsters wanted in France for serious crimes. The most prominent of these was Auguste Joseph Ricort, a Marseille-born gangster who had worked with the Gestapo during World War II. Using a variety of means ranging from private aircraft to stuffed artifacts, Ricort was believed to have smuggled some $2.5 billion worth of heroin into the United States from Argentina and Paraguay from 1968 to 1973. Although law enforcement officials always assumed that Ricort and his associates were being supplied from Marseille, reports of shipments from Hong Kong and Southeast Asia to Paraguay issued in 1972 raised the possibility that their sources may have been shifting to Asia.

The Politics of Complicity

In the face of the twin liabilities of the Vietnam drug problem—the heroin epidemic among GIs and the growing exports to the United States—what was the response from American diplomatic and military officials in Vietnam? On the whole, their reaction was a mix of embarrassment and apathy. Embarrassment, because they were all aware to some degree, even though they would not admit it, that elements of the Vietnamese government they had been defending were pushing heroin to American GIs. Apathy, because most of them felt that anybody who used heroin deserved what he got. Almost all U.S. officials expressed concern whenever the heroin problem was mentioned, but most did not seem to care. They were in Vietnam to beat the Communists and defend democracy; the fact that some of democracy's protégés were pushing heroin was something they did not want to think about.

In the early years of the Diem administration, American pronounce-
ments about U.S. goals in Vietnam had an almost innocent quality. Diem was seen as a middle path between the Viet Minh’s Communist dictatorship on the left and the corrupt Binh Xuyen pirates on the right. When Diem refused to fire his corrupt brother, who had revived the endemic corruption so characteristic of the Binh Xuyen, the U.S. mission helped engineer Diem’s downfall in the hope that an honest, efficient government would emerge from the confusion. But as Vietnam’s politics plunged into chaos and Saigon’s security reached the critical level, the U.S. mission worked for the return of another “strong man.”

The answer to the American dilemma was the Thieu-Ky administration. Although Thieu and Ky devoted too much of their time to fighting each other, the Americans generally were pleased with their ability to govern with a firm, if despotic, hand. Having learned that this type of authoritarian government was the most compatible with American interests, U.S. officials were unwilling to protest when the close associates of both leaders were involved in systematic corruption, including the narcotics traffic. As long as the drug trade was directed exclusively at Chinese and Vietnamese opium smokers, U.S. congressional complaints about corruption were muted. When in 1968 Senator Albert Gruening accused Air Vice-Marshall Ky of smuggling opium, the U.S. embassy in Saigon issued a firm, if inaccurate, denial, and the matter was forgotten. But when South Vietnam’s narcotics syndicates started cultivating the GI heroin market, the problem was not dismissed so easily. After NBC’s Saigon correspondent accused President Thieu’s chief adviser, General Quang, of being “the biggest pusher” of heroin to GIs in Vietnam the U.S. embassy “filed a top level report to Washington saying it can find no evidence to support recent charges that President Nguyen Van Thieu and Vice-President Nguyen Cao Ky were involved in or profiting from the drug trade [emphasis added].” Simultaneously, U.S. officials defended Thieu and Ky publicly by leaking the embassy report to members of the Saigon press corps in an off-the-record briefing.

According to a U.S. embassy official assigned to the drug problem, the U.S. mission could “find no evidence” because it studiously avoided looking for any. It was an unwritten rule among embassy officials that nobody could mention the names of high-ranking Vietnamese during discussions of the heroin traffic. The CIA avoided gathering information on high-level involvement and even in its closed-door sessions with high embassy officials discussed only minor pushers and addicts.

The U.S. mission’s handling of the accusations concerning General Ngo Dzu’s involvement in the heroin trade was another case in point. Beginning in January 1971 the U.S. army’s Criminal Investigation
Division (CID) began gathering detailed information on Dzu's involvement in GI heroin traffic. Although these reports were sent to the U.S. embassy through the proper channels, the U.S. mission did nothing. When U.S. Representative Robert H. Steele told a congressional subcommittee in July 1971 that "U.S. military authorities have provided Ambassador Bunker with hard intelligence that one of the chief traffickers is Gen. Ngo Dzu, the commander of II Corps," the U.S. mission did its best to discredit the congressman. Rather than criticizing Dzu for pushing heroin, the senior U.S. adviser for II Corps declared publicly, "There is no information available to me that in any shape, manner or fashion would substantiate the charges Congressman Steele has made." In light of the CID report quoted earlier, the U.S. mission apparently decided to protect the Thieu regime from investigation of its involvement in the heroin trade.

While the U.S. embassy did its best to shield the Thieu regime from criticism, the Nixon administration and the U.S. military command tried to defuse public concern over the GI heroin epidemic by minimizing the extent of the problem. The military offered two main arguments to justify its official optimism: (1) the definitive urinalysis test administered to every Vietnam GI just before he returned to the United States showed that no more than 5.5 percent of all army personnel in Vietnam were heroin users; (2) since only 8.0 percent of the GI addicts in Vietnam injected, or "mainlined," the great majority who smoked or snorted heroin were not seriously addicted and would have no problem kicking the habit once they returned home.

Unfortunately, the army's first supposition was not true. On June 22, 1971, the U.S. military command ordered every GI leaving Vietnam to submit to a sophisticated test that could detect significant amounts of morphine in the body. Any GI who tested positive was confined to a special detoxification center and could not be allowed to return home until he had "dried out" and could pass the test. From the very first, GIs started devising ingenious ways of beating the system. Supervision of the testing centers had been lax, and many serious addicts passed by bringing a buddy's "clean" urine to the test and substituting it for their own. Since the urinalysis could detect morphine in the body only if the addict had used heroin within the previous four or five days, many addicts dried themselves out voluntarily before taking the test. Indeed, army nurses saw addicts who were in the midst of withdrawal pass the test. Contrary to popular myth of the time, addicts could control their intake to some extent, and often alternated "sprees" with brief periods of abstinence lasting up to a week, especially the last few days before payday.

Almost every American soldier in Vietnam knew the exact date of his
scheduled return to the “world,” and most kept a running countdown, which often included hours and minutes as the time got shorter. Every GI's DEROS (Date of Expected Return from Overseas) had a historic, even religious quality about it, and the thought of having to stay an extra week, or even a few days more was absolutely intolerable. Most GI addicts accepted the pain of voluntary withdrawal in order to pass the test and get on their scheduled flight. Those who were too weak to make it on their own volunteered for the base “amnesty” program. Many army physicians reported a disproportionately high percentage of patients with only a few weeks left in their tours. When one GI was asked why he and his buddies had temporarily given up heroin, he replied, “The magic word, the absolute magic word, is DEROS.” The short, painful detoxification simply flushed the morphine out of the system but in no way ended the psychological craving for heroin. When these men returned home they were still, in a certain sense, “addicts.”

The army's suggestion that addicts who smoked heroin in Vietnam were somehow less addicted than those who “mainlined” back in the United States was absurd. While it was true that injection was more potent than smoking, Vietnamese heroin was so pure (90 to 98 percent pure compared to 2 to 10 percent pure in the United States at the time) that smoking one vial of Vietnamese heroin was equivalent to five or six injections of the adulterated heroin available in the United States. Most GI addicts in Vietnam had habits that would cost them more than $200 a day back in the United States.

The army made this claim because it was not willing to admit the impact of GI addiction in Vietnam on the worsening heroin crisis back in the United States. Despite President Nixon's promise that “all our servicemen must be accorded the right to rehabilitation,” the U.S. military command in Vietnam was discharging between one thousand and two thousand GI addicts a month. These were men who were declared “of negligible value to the United States Army” after failing the urinalysis test twice. Although every GI in Vietnam had been guaranteed the right to declare himself an addict and volunteer for treatment, the army's leniency did not often extend to two-time losers. Once a commanding officer decided that a two-time loser was a hopeless case, the GI addict was flown back to the United States and discharged almost immediately.

Virtually none of these addicts were given any follow-up treatment. In August 1971 the chairman of the House Subcommittee on Public Health, Representative Paul Rogers, declared that “Veterans Administration hospitals have handled only three referrals out of 12,000 servicemen on heroin. . . . in Vietnam.” Left to fend for themselves, many of these men returned to their home towns as confirmed addicts. A large percentage
of the returning veterans were middle Americans from communities that had always been free from heroin addiction. Organized crime had never established a foothold in white middle-class communities, and most law enforcement experts considered them immune to heroin. When GI addicts started coming home to middle America, however, drug experts were concerned that they might be carriers of the heroin plague. In June 1971 one specialist said, "Each addict makes at least four more. He cannot bear his habit alone and is sure to seek recruits even if he is not himself the pusher. This is the emergency we now face." Some of these fears were confirmed two years later when a White House task force surveyed Vietnam veterans and found that one-third of those who had tested positive for heroin in Saigon were continuing their addiction at home.

In Vietnam heroin use was so commonplace among GIs that the traditional middle-class American antipathy toward the drug was broken. A U.S. army survey administered to 1,000 army returnees in March 1971 showed that while only 11 percent had used heroin regularly in Vietnam, 22 percent had tried it at least once. Two years later the White House task force showed that 34 percent of the American soldiers in Vietnam had "commonly used" heroin. For these men heroin was just another narcotic like marijuana, pep pills, or alcohol. In Vietnam soldiers handled heroin so frequently—buying it for themselves, picking up some for a buddy on duty, or selling it for profit—that the idea of pushing heroin once they got home seemed natural. "I heard from a few guys who got off it," said one twenty-two-year-old middle American at the Long Binh treatment center. "They said they were still off 'cause it was too expensive, and anyway, they were scared to use the needle. But they said they wanted me to send 'em some scag [heroin] so they could sell it and make some money. You know a jug [vial] over here only costs two dollars, but you can get a hundred dollars for it back in the world." Traveling through Asia on an investigative tour, U.S. Representative John M. Murphy found "numerous examples of the slick GI who gets discharged, goes home, then comes back to set himself up in the drug traffic."

According to U.S. narcotics agents, one of the more important heroin exporters in Thailand was an ex-serviceman, William Henry Jackson, who managed the Five Star Bar in Bangkok, a hangout for black GIs. Working with other ex-servicemen, Jackson recruited active-duty soldiers going home as couriers and used local GIs "to ship heroin to the United States through the army and air force postal system." One U.S. agent who had arrested several of these ex-GI drug dealers said, "Most of these guys say to themselves, 'Just as soon as I get $100,000 for a gas station, home, boat, and car in California I'm going to quit.' Most of them
are just regular guys.” On April 5, 1971, U.S. customs officials in Fort Monmouth, New Jersey, seized 7.7 kilos of Double U-O Globe heroin in a package mailed from Bangkok, Thailand, through the U.S. military postal system. It had a retail value estimated at $1.75 million. During March and April 1971 U.S. customs seized 248 pieces of mail containing narcotics in the army and air force postal systems.

As the number of American troops in Vietnam rapidly dwindled, there was a natural tendency to forget the Vietnam heroin epidemic. Had not the Nixon administration met an early end with the Watergate scandal, it may have tried to claim the end of the GI heroin problem as one of the more solid accomplishments of its Vietnamization program.

Returning GI addicts came home as carriers of the disease and afflicted their communities with the heroin virus. The Golden Triangle heroin laboratories, which had been supplying American soldiers in Vietnam since late 1969, did not go out of business. When the number of GIs in Vietnam declined drastically in 1971, Corsican and Chinese syndicates started shipping Laotian heroin directly to the United States. In April 1971 the Laotian ambassador to France was apprehended in Paris with 60 kilos of Double U-O Globe heroin destined for the United States. On November 11, 1971, a Filipino diplomat and a Bangkok Chinese merchant were arrested at the Lexington Hotel in New York City with 15.5 kilos of Double U-O Globe heroin shortly after they arrived from Vientiane. For almost twenty years the U.S. Bureau of Narcotics had argued that only 5 percent of America’s heroin supply came from Southeast Asia, but in November 1972 the bureau declared that an estimated 30 percent of the U.S. heroin supply was now coming from Southeast Asia. Heroin was following the GIs home.

The Fall of Saigon

The Thieu regime’s corruption ultimately destroyed its capacity to govern. As U.S. troops withdrew after 1972, the regime could no longer profit from the American military presence. Nurtured by the massive corruption that had accompanied the U.S. war effort of the late 1960s, the regime now turned to its own society for the illicit incomes needed to sustain its internal political balance. “The cancer of South Vietnamese corruption,” wrote war historian George Moss, “had metastasized until it suffused the entire corpus of the Saigon bureaucracy.” Indicative of the changes in the patterns of corruption, the heroin networks protected by the regime compensated for their vanishing American clientele by distributing drugs to the legions of unemployed youth, prostitutes, and street dealers that were Saigon’s camp follower economy. By 1974 Saigon had an estimated 150,000 heroin addicts, a new generation of drug users distinct from the aging
opium smokers left by the French colonial regime. The government’s mounting incompetence and insensitivity came at time of major economic crisis when the society required strong leadership. In 1973–1974 the U.S. withdrawal devastated South Vietnam’s fragile economy, long dependent on the American presence. As spending by American soldiers dropped from more than $500 million in 1970 to less than $100 million in 1974, some 300,000 jobs simply disappeared, a crisis that was compounded when the U.S. Congress halved American military aid in 1973.

As South Vietnam spun into a crisis of corruption and economic collapse in 1974, a conservative priest, Tran Huu Thanh, launched the People’s Anti-Corruption Movement with the support of Saigon’s powerful Catholic Church. In a series of public manifestos, Fr. Thanh charged President Thieu with “undermining the nationalist cause for his own financial gain” and accused the regime of protecting the heroin traffic, now directed at the city’s sprawling slums. Led by many of Saigon’s prominent anti-Communists, Fr. Thanh’s movement represented a political rebellion from within the ranks of the regime.

Alerted to Thieu’s political decline, the CIA’s Saigon station conducted a series of interviews with Vietnamese leaders and turned up strong evidence that corruption was crippling the regime. “The soldiers are unable to feed their families and no longer have the will to fight,” said one senior source to his CIA contact. “If Thieu continues to govern with the support of corrupt and incompetent men . . . , it will be difficult for South Vietnam to win the struggle against the Communists.” Instead of pressing Thieu for reforms, the CIA station chief Thomas Polgar, with support of the U.S. ambassador, suppressed the information and denied the problem. After Fr. Thanh issued a new anticorruption broadside in February 1975, President Thieu, himself a Catholic, did not harass the priest and instead closed five opposition newspapers, arresting eighteen journalists.

When North Vietnam launched its annual spring offensive in March 1975, ARVN, riven with corruption that corroded morale, shattered at the first contact with Hanoi’s armored units and began a panicked withdrawal southward. As news of the debacle reached Saigon, support for the regime was muted. Air-Marshal Ky managed to rally just 5,000 Catholic conservatives in the city’s suburbs among a population of some 4 million people. Realizing that Thieu had lost support, Polgar suggested a coup to change leaders, but CIA director William Colby refused permission. Before the Americans could act, President Thieu resigned on April 25 and left for Tan Son Nhut airport under CIA protection. Just as the limousines pulled out of the palace compound, Thieu’s aides loaded several mammoth suitcases. As one of the CIA escorts recalled,
"The clink of metal on metal broke through the stillness like muffled wind chimes."\footnote{261}

Five days later, North Vietnam's army broke through ARVN's last defenses and captured a city of 4 million people—including 300,000 unemployed, 150,000 heroin addicts, and 130,000 prostitutes. Within months the new regime had established the New Youth College, a residential drug center with 1,200 beds and a treatment program combining acupuncture, martial arts training, and indoctrination. "Addicts were absorbed into the culture of neo-colonialism," explained its director, Pham Nguyen Binh, in a 1981 interview, "so we have to educate them with socialist culture."\footnote{262} By 1981 the year-long program established an 80 percent cure rate among the 8,000 addicts treated at that time. Although the regime often claimed that socialism was solving the problem, Saigon retained a large addict population and drug use was still high among the city's youth gangs. The city street life of pedicab drivers, prostitutes, and black market dealers still traded in drugs, no longer no. 4 heroin but instead a low-grade processed opium that was smuggled into Saigon from Laos by corrupt, middle-ranking police, customs, and military officials.\footnote{263}

Once the gateway to the world market for Laotian heroin laboratories, Saigon had become a dead end in Southeast Asia's drug traffic. Crude opium still crossed the border from Laos to service the city's declining addict population, but the syndicates that had once moved high-grade heroin onward to markets in Europe or America had fled Vietnam with the fall of Saigon.
Hong Kong: Asia's Heroin Laboratory

IN MANY WAYS THE BRITISH CROWN COLONY OF HONG KONG resembled Marseille. The narrow streets gave both cities an oppressive, cramped atmosphere. The waterfront areas blazed with the neon lights of bars, nightclubs, and brothels. Both had a long-standing tradition of random violence and organized crime. Marseille was the heroin laboratory for Turkish opium, and Hong Kong played a similar role for Southeast Asia. While Western journalists often wrote about the skill of Marseille's master chemists, few were aware that Hong Kong’s Chiu chau chemists had a longer tradition and produced a higher grade of heroin than their Corsican counterparts. American journalists and narcotics specialists had become so accustomed to the idea of Marseille as America's heroin laboratory that few paid any attention to Hong Kong's flourishing drug trade. However, Hong Kong, along with the Golden Triangle, seemed to be the emerging heroin-producing capital of the world in the early 1970s, taking over from a Marseille beset with police crackdowns since heroin began to flood all of France in 1969, creating a severe drug problem.

Throughout the 1960s Hong Kong's heroin laboratories produced substantial quantities of pure no. 4 heroin for the American market. Since Hong Kong police were absorbed in the pursuit of petty dealers and the U.S. Bureau of Narcotics paid little attention to Asia, there were few seizures of Asian heroin and little awareness of the colony's growing role in the international traffic. It was not until American GIs serving in Vietnam began using alarming quantities of no. 4 heroin...
refined in the Golden Triangle that any attention was focused on the Asian heroin trade. Even then there was almost no realization that the heroin used by GIs in Vietnam was manufactured in the Golden Triangle by Hong Kong chemists who were members of international syndicates the equal of Marseille’s Corsican gangs.

Like Frenchmen and Italians, the Chinese have tended to align themselves in business and voluntary groups by dialect and regional origins. In the early 1970s almost all of the gangsters belonging to Hong Kong’s dominant heroin syndicates were members of the Chiu chau dialect group. Their ancestors had migrated from the region of Swatow, a city about 170 miles up the coast from the colony. However, the Chiu chau narcotics syndicates operating in Hong Kong in the 1970s did not have their origins in either Hong Kong or Swatow, but in Shanghai.

**Shanghai Syndicates**

Until it was ceded to Western powers after China’s humiliating defeat in the Opium War (1839–1842), Shanghai was little more than a fishing village. As Western merchants and commercial goods flooded into China in the latter half of the nineteenth century, Shanghai became China’s largest and most modern city. But it was not really a Chinese city. The Chinese imperial government divided much of the city among the British, French, and Japanese, who ran their concessions as they saw fit. Westerners held all the high commercial and municipal offices and dealt with the Chinese population through a group of Chinese middlemen known as *compradores*. Since the Westerners dealt with almost no Chinese except these agents, there were soon police *compradores*, business *compradores*, and opium *compradores*.

In the so-called International Settlement, a sector administered jointly by the British and other Western powers, a group of Chiu chau became opium *compradores* soon after the Municipal Opium Monopoly was established in the 1840s. Although the franchises for distribution of opium and management of the settlement’s smoking dens were formally leased to Western (mainly British) merchants, the Chiu chau *compradores* actually policed the smoking dens and sold the opium. Despite their relatively low social status, the Chiu chau “prospered” from the traffic until 1918, when pressure from the new Chinese Republican government and the British Foreign Office finally forced British merchants to give up their franchises and close the dens.

Although the Chiu chau tried to maintain control over Shanghai’s illicit traffic, they soon found themselves losing out to a powerful criminal syndicate named the Green Gang. A traditional “patriotic” secret society, the Green Gang had dominated Shanghai’s French concession and controlled its opium traffic. When the British decided to
abandon the opium trade, the Chiu chau lost their legitimate cover in the International Settlement, and the Green Gang began to challenge their well-established hegemony over the city's illicit drug traffic. As the battle between the two groups intensified, smaller gangs joined the fray, and the city's opium traffic collapsed into conflict. Realizing that an equitable division of the spoils would be more profitable for everyone involved, a young Green Gang leader named Tu Yueh-sheng, who had emerged several years earlier as the leader of one of the gang's opium syndicates, mediated between the battling gangs and convinced both sides to form a unified opium cartel. The cartel ended the bitter rivalry by dividing the traffic between the Green Gang and the Chiu chau. Tu himself became known as the Opium King and used the drug business to catapult himself into the front ranks of the Shanghai underworld.

For more than thirty years Tu Yueh-sheng's cartel managed Shanghai's narcotics traffic with marked efficiency. It not only imposed order on the city's rival gangs but demonstrated an awareness of international and domestic market potential. In the early 1920s the Shanghai syndicate began promoting the sale of millions of red-colored heroin pills advertised as "anti-opium pills" and "the best medicine in the world." Thousands of Chinese opium smokers switched to heroin, and by 1923 the cartel had to import an estimated 10.25 tons of the drug annually from European and Japanese pharmaceutical companies to keep up with consumer demand. After a new Geneva convention ban on heroin marketing became law in 1928 and European pharmaceutical companies cut off their shipments to Shanghai, the city's drug dealers "began to manufacture heroin illicitly in China itself." Green Gang agents purchased tons of raw opium in the market towns of distant Szechwan province and shipped it down the Yangtze River to Shanghai, where it was refined into heroin at clandestine laboratories.

Syndicate chemists had evidently mastered the new art, for in 1934 the Shanghai Municipal Council reported that heroin use had become so widespread that "it exceeds the smoking of opium itself." The council concluded that this heroin was being manufactured locally, since Shanghai police discovered one clandestine laboratory and another had blown up when a careless chemist mismanaged the volatile ether precipitation process. The relative cheapness of heroin (60 percent less expensive than an equivalent dose of opium) made the "anti-opium pills" universally popular, and Shanghai heroin became the staple of addicts everywhere in China. During the late 1930s the cartel began to drop this medicinal facade, and addicts switched to straight heroin, mixed with regular tobacco and smoked in cigarettes. In addition, Shanghai became one of America's most important sources of illicit
heroin in the 1930s when the American syndicates entered the drug business after their supplies of legal European heroin began to dry up.

But Tu Yueh-sheng was more than just a good businessman. Like other great criminals of the modern age such as Lucky Luciano and François Spirito, Tu was a skilled politician who understood the importance of having protectors in high office. And just as Spirito ingratiated himself with French Fascists by battling Communist street demonstrators in Marseille, so Tu served Chiang Kai-shek's Nationalist party by breaking Communist labor unions in Shanghai. Indeed, Tu's emergence as a national figure in China was intimately involved with Chiang Kai-shek's rise to power.

During the warlord era of the 1920s, Chiang Kai-shek emerged as the commander of China's new Nationalist army (Kuomintang, KMT). In 1926 Chiang led his armies on the famous Northern Campaign to establish the authority of the Nationalist government in northern and central China. As Chiang's troops approached China's industrial capital, Shanghai, in February 1927, the Communist-led labor movement rebelled against the local warlord in a show of support for the nationalists. Instead of pressing on toward Shanghai, however, Chiang halted his march while the warlord troops slaughtered the workers. Although Chiang was supported by another Communist uprising when he finally entered Shanghai in late March, he was already determined to crush the Communist labor movement. Unable to rely on his own troops, many of whom were sympathetic to the workers, Chiang met with the Green Gang's leaders, including Tu, soon after he arrived in Shanghai. Then, on the morning of April 12, thousands of Green Gang thugs stormed out of the French concession into Chinese sections of the city and began a reign of terror that ultimately decimated the Communist labor unions.

Tu was rewarded with the rank of major general in the KMT army and soon became one of Shanghai's most respected citizens. The 1933 edition of *The China Yearbook* described Tu as the "most influential resident, French Concession" and a "well-known public welfare worker." One Chinese historian later commented, "Perhaps for the first time in Chinese history, the underworld gained formal recognition in national politics."

By 1934 Tu's control over the trade was so strong that the U.S. Treasury attaché in Shanghai, M. R. Nicholson, concluded in a formal report to his superiors in Washington that the Green Gang leader was "opium King of the nation." Working through the gang's large, disciplined membership, Tu had formed an opium cartel that reached from Shanghai, where he had ten heroin laboratories, up the length of the Yangtze River to the rich opium-growing provinces of the southwest,
Szechwan and Yunnan. Through his close relations with the Nationalist regime, Tu's cartel was a major force in the Yangtze River opium trade that dominated China's drug traffic. After harvest in the southwestern highlands, the drugs were smuggled downriver on military gunboats, with at least 18,000 tons of Szechwan opium and 10,000 tons of Yunnanese passing through the major river ports every year. At the city of Hankow, halfway down the Yangtze, a garrison of 800 well-armed troops stood by to guard the opium steamers, the government's Special Tax Bureau for Hankow collected $20 million annually in opium transit fees, and two of the city's major banks were dedicated to financing the drug trade.

The basis of Tu's remarkable power, in the Treasury's analysis, was his political relationships. Among the forty-eight "generations" that had joined the Green Gang since its founding in the early fifteenth century, Tu and his close ally China's President Chiang Kai-shek, were leaders of the twenty-second generation, the one currently ruling the Gang. In gratitude for suppressing the Communists in Shanghai, Chiang assisted Tu in the inauguration of his ancestral temple by issuing "secret instructions to all military and civil governors . . . urging them to make appropriate gifts," just one instance that showed "Tu's influence over Chinese political life and his close relationship with General Chiang Kai-shek."

Although Tu had long relied on the French concession of Shanghai as his "headquarters especially in the traffic in opium," a political miscalculation had forced him to quit the district. Several years earlier Tu had shortchanged an outgoing consul on an opium deal by $80,000. When the same official, M. Molière, was reappointed in 1932, he returned to Shanghai determined to have his revenge. After firing the concession's police chief, a Green Gang ally, Molière raised "the opium tax to an unreasonably high scale" and demanded "cash payment of a huge sum of money," forcing Tu to "flee from French Town for safety." Protected by Chiang Kai-shek, Tu took refuge in Nantao, Shanghai's Chinese city, and was continuing to dominate the opium trade.

Indicative of his control, the head of the government's Opium Suppression Bureau, created by Chiang in 1933, was an active member of the Green Gang who remained "loyal to his benefactor, Tu Yueh-sheng."

The most disturbing sign of Tu's power was his recent political alliance with the Japanese military that was occupying much of northern China and Manchuria. Over the previous eight years, Nicholson reported, the "Japanese have been chiefly responsible for the spread of narcotics drugs . . . with the aid and protection of their military and naval forces." The scale of the Japanese narcotics operation was quickly
becoming the largest and best organized in China. While Japanese navy gunboats regularly carried opium down the Yangtze River, twenty-four known laboratories in northern China manufactured heroin "under the protection of Japanese authorities," and the Japanese army in northern China was "engaged actively in the traffic." Across the eighteen counties of northern China below the Great Wall, for example, a new chain of 6,900 Japanese pharmacies was selling heroin delivered by Japanese army "armed cars with armed escorts." After the Japanese army occupied Jehol province in northern China in 1930, the military government expanded opium cultivation to 130,000 acres, producing a crop of 1,660 tons worth about $30 million. Significantly, Tu had agreed "to help the Japanese in their evident scheme to monopolize . . . distribution of opium in North China and narcotics in the Yangtze Valley and Shanghai." According to their plan, the Japanese would distribute heroin produced in their northern China poppy fields across the whole of China, leaving Tu and the Chinese government "in absolute control" of the Yangtze River opium trade.16

The proliferation of heroin production in northern China was starting to supply a substantial, but unquantifiable, share of the U.S. domestic drug market. In 1931 the League of Nations had imposed restrictions on the manufacture of heroin in Europe, and the U.S. Treasury attaché in Shanghai was, only three years later, noticing a "sudden shift of the traffic in narcotics from Europe to the Orient." With Japanese laboratories producing "huge quantities of narcotics" and a network of Russian and Greek smugglers living in Shanghai, China would soon begin supplying America's illicit market, the world's second largest.17 "In recent years," the attaché's report concluded, "China's opium and drug problem has become more and more a political one, both internally and externally. Its close relation with the various phases of China's . . . military and political life renders the outlook grave and seemingly hopeless."18

Although much of China's regular commerce was disrupted during World War II when the invading Japanese army occupied the addict-ridden coastal cities and forced Chiang Kai-shek's government into the interior, the opium trade continued unabated with Tu still the reigning "opium king." Chiang's government at Chungking in the rich opium-growing province of Szechwan gave Tu the responsibility for negotiating opium sales across the battle lines.

Writing to his superior in October 1943, a U.S. army intelligence officer reported the following about Tu's involvement in the wartime opium trade:

Prior to 1937 Tu Yueh-sheng was one of the three bosses of Shanghai's underworld. He was leader in the Ching Pang (or
"Green Circle"). . . . Tu was the "opium king" and having been friendly with Chiang Kai-shek for many years, he was never persecuted by the Chinese authorities. When the Japs invaded Shanghai, Tu pulled out and subsequently settled down in Chungking . . .

1943—In Chungking Tu became known as a great philanthropist and headed several relief societies. Not until Jan. 194[2] was the time ripe for Tu Yueh-sheng to go into action in his particular line of business. Smuggling between occupied and Free China had become so lucrative a business that the Chungking government decided to step in and control it. It was arranged for Tu Yueh-sheng to manage this trade with the enemy through the firing lines, and five banks were ordered to finance Tu's new organization to the tune of 150 million Chinese national dollars.¹⁹

During the Sino-Japanese War (1937–1945), Tu and his Green Gang became heavily involved in KMT intelligence work behind Japanese lines, particularly in occupied Shanghai. Although Tu retreated to Hong Kong and later to Chungking as the Japanese advanced, he retained control over Green Gang activities in Shanghai. With Tu's cooperation, large elements of the Gang formed the basis of Chiang Kai-shek's most powerful secret police agency, the Statistical and Investigation Office, under the command of the controversial General Tai Li.²⁰ Through its alliance with Tai Li, the Green Gang executed espionage coups, such as the escape of two high officials in the Japanese client regime from Shanghai in 1940, and engaged in a bitter underground political war with rival Chinese gangsters in the employ of the Japanese in occupied Shanghai.²¹ Among OSS officers serving in China, there were rumors that Tai Li had "acquired great wealth through his control of the opium trade."²² An OSS emissary to China in 1942, Michigan professor Joseph Hayden, described Tai Li as "the leader of the Chinese 'gestapo,' the hatchet man of the Generalissimo [Chiang] who utilizes assassination by poison and dagger and by subtler methods removes possible opponents from his path and that of his chief." Despite his deep moral revulsion, Hayden nonetheless advised the OSS command that Tai Li's "present position and power makes it necessary for him to be used by the United States for intelligence purposes."²³

The agent of this pragmatic alliance with a political assassin was Navy Captain Milton E. Miles, OSS coordinator in the Far East, and he soon became Tai Li's ardent advocate and intimate friend. At war's end, the two recruited Tu and his Green Gang for an elaborate scheme to save China's premier port from destruction. Acting on intelligence that the Japanese were planning to demolish Shanghai before the Allies could
liberate it, Miles and Tai Li decided to use Tu as “a convenient and capable tool.” Some foreigners called Tu “Shanghai’s Al Capone” or “sometimes insisted that this very powerful person also handled all the dives and opium dens in Shanghai,” but Miles preferred to think of him as an “amiable old gentleman” who was the city’s chief labor leader. After radioing Admiral Ernest King in Washington for approval, Miles worked through Tu to mobilize his “unions” and local river pirates to secure the city against Japanese sabotage. When Miles arrived at liberated Shanghai in September 1945, Tu had taken command of the city and personally escorted the OSS chief to a lavish mansion equipped with chilled champagne and “gold brocade furniture.” With an ironic flair, Tu assigned his guest a limousine “with bulletproof glass and venetian blinds of quarter-inch steel with gun slits,” which Miles learned had once been owned by Chicago’s Al Capone.

As the Chinese revolution gathered momentum in the late 1940s, Shanghai’s gangsters realized it was only a matter of time until the Communist forces would occupy the city. Most of the city’s gangsters had participated in the Green Gang’s 1927 massacre of Communist supporters, and so almost the entire underworld migrated to Hong Kong from 1947 to 1950. This massive influx of thousands of China’s toughest criminals was too much for Hong Kong police to handle, and organized crime flourished on an unprecedented scale. Both the Green Gang and Chiu chau syndicates were national organizations, and their Hong Kong branches served as welcoming committees. However, local gang leaders turned the situation to their advantage and in the case of the Green Gang, and probably the Chiu chau as well, usurped the authority of their Shanghai bosses.

The Mafia of Southeast Asia

Green Gang members had been the most powerful racketeers in Shanghai, and during their first few years in Hong Kong it seemed as though they would dominate the colony’s organized crime as well. The Green Gang opened up huge dance halls, organized large-scale prostitution, and committed a series of spectacular robberies. Most important, their master chemists began producing high-grade heroin, which became increasingly popular as the colonial government’s anti-opium campaign got under way. Before the Shanghai gangsters immigrated to the colony, there had been no heroin production and only a moderate level of consumption. The Green Gang’s early production was aimed at exiles who had acquired the habit before coming to Hong Kong, but gradually its market expanded to include local opium smokers who switched to heroin because of the colonial government’s opium
Green Gang members were well aware of their role in introducing the technology of heroin processing into Hong Kong, and some of the society's older members claimed that all of the colony's chemists were trained by the "one-armed master chemist and his seven Green Gang disciples" who fled from Shanghai in 1949.\textsuperscript{27}

Tu Yueh-sheng's cartel had crumbled when the underworld fled Shanghai, and the old Chiu chau–Green Gang struggle for the narcotics traffic revived soon after the two groups arrived in Hong Kong. Tu himself moved to Hong Kong in April 1949, but any possible role he might have played as a mediator ended with his death in August 1951.\textsuperscript{28} In the ensuing struggle, the Chiu chau possessed certain advantages that contributed to their decisive victory. The Green Gang, with its predominantly northern Chinese membership, was a relative outsider in Hong Kong. But the Chiu chau syndicate had strong local connections: Chiu chau dialect speakers constituted 8 percent of the colony's population; there were a number of powerful Chiu chau street gangs;\textsuperscript{29} and, perhaps most significant, some of the higher Chinese officials in the Hong Kong police hierarchy were Chiu chau. Rather than engaging in gun battles or street fights, the Chiu chau utilized these police connections to eliminate their rivals. Although colonial police officially ascribed the Green Gang's precipitous decline to a special police squad formed in 1950,\textsuperscript{30} in their more candid moments police officers admitted that their success was due mainly to tips received from Chiu chau and other criminal gangs.\textsuperscript{31} The police scored their first significant blow in 1952 when they deported reputed Green Gang leader Li Choi-fat. Although Li's arrest shocked his followers into abandoning risky robberies and concentrating on the safer vice trades, deportations and arrests continued to thin their ranks.\textsuperscript{32} By the mid-1950s the Green Gang's narcotics import and distribution network was shattered,\textsuperscript{33} and most of its chemists went to work for the Chiu chau syndicate.\textsuperscript{34} Even by the early 1970s, a few independent Green Gang laboratories were still believed to be operating, but even these depended on the Chiu chau syndicate for supplies of imported morphine base and for outlets for their finished product.

The Chiu chau's victory over the Green Gang was only their first step in establishing a monopoly over the Hong Kong heroin trade. The Hong Kong syndicate then proceeded to take control of imports of Thai morphine and opium. Since most of Bangkok's commerce, including the opium traffic, was dominated by Chiu chau speakers, this was not too difficult. As Iranian, Indian, and mainland Chinese opium disappeared from the market in the mid-1950s, control over the Bangkok drug connection gave the Chiu chau an import monopoly. After defeating the Green Gang, the Chiu chau syndicate established a virtual monopoly
over the manufacture and wholesale distribution phases of the colony's drug traffic. However, retail distribution, the most lucrative phase, was still managed by a collection of Cantonese family associations, secret societies, and criminal gangs. When the Chiu chau first began to edge into this sector of the business, their chances for success appeared limited: the Cantonese made up more than 80 percent of Hong Kong's population and their syndicates were much larger and more powerful. However, in the wake of three days of bloody rioting by Cantonese secret societies in October 1956, the Hong Kong police formed the Triad Society Bureau and declared it a crime for any colony resident to belong to one of these organizations. In the five years following the riots, police arrested 10,500 suspected secret society members and deported 600 more; they thus broke the powerful Cantonese organizations into impotent splinter groups. Although the weakening of Cantonese secret societies removed an important barrier, the Chiu chau did not take over retail distribution until the mid-1960s, when the police began a serious effort to close smoking dens and arrest street pushers. But before the significance of the police crackdown can be fully understood, it is necessary to know something about addiction and street pushing in Hong Kong at the time.

With an estimated 100,000 narcotics addicts out of a total population of 4 million in 1970, Hong Kong had the highest percentage of drug users anywhere in the world. Most of the addicts were poor wage laborers who lived in cramped tenements and sprawling slums, which many social workers considered ideal breeding grounds for addiction. About 85 percent of all inmates in the colony's prisons were heroin addicts, and 47 percent of all those sentenced were narcotics offenders. Prison officials found it impossible to cut off the narcotics supply, and heroin was so common inside the prison that it was used as a form of currency. The colony's addict population was increasing at an alarming rate, and the Hong Kong press noted a sharp rise in teenage addiction in 1970–1971. In 1972 the U.S. Drug Enforcement Administration estimated Hong Kong's addict population at 30,000 opium smokers and 120,000 heroin users, who consumed about 35 tons of opium annually, a remarkable amount that approached the level of total U.S. opiate consumption.

Although most of Hong Kong's addicts were opium smokers before World War II, twenty-five years of police opium suppression drove most addicts to heroin. By the early 1960s, 60 to 70 percent of the colony's addicts were heroin users, and most of those still smoking opium were in their fifties and sixties. As the elderly addicts died off and the young turned exclusively to heroin, the percentage of addicts using heroin increased to an estimated 80 to 90 percent by 1971. But unlike the
American addict who had to shoot directly into his veins with a syringe to feel any euphoria from the diluted, 5 percent pure heroin he bought on the street, the Hong Kong addict could satisfy his craving by smoking the drug, since he could buy a much purer grade. The majority of Hong Kong addicts used a high-quality, low-cost, grayish, lumpy brand of no. 3 heroin, which was usually about 40 percent pure. The user placed several lumps of no. 3 on a piece of aluminum foil and heated it with a lighted match. As it melted and gave off smoke, he sucked in the wavering fumes through a rolled-up piece of paper ("chasing the dragon") or through a matchbox cover ("playing the mouth organ"). About 25 percent of the addict population used a higher grade of no. 3, known popularly as White Dragon Pearl. It was about 50 percent pure, and gained its characteristic chalky-white color when cut with a form of barbiturate called barbitone. The user ground the white chunks into a granular powder and smoked them in an ordinary tobacco cigarette. Since euphoria built with the short, staccato bursts of each puff, addicts called this method "shooting the ack-ack gun." The few Hong Kong addicts who used the needle usually could not afford the expensive, powdery no. 4 heroin and contented themselves with grinding down White Dragon Pearl.42

Before the police crackdown of the mid-1960s, addicts had the choice of smoking alone or getting high in a neighborhood "heroin den." Police were preoccupied with other matters, and pushers were dealing openly in almost every street, factory, and tenement in Hong Kong. However, as the police campaign began, small-time pushers were arrested, the more obvious dens were closed, and the entire structure was driven underground.

Previously, the government had been lax enough so that small pushers could afford to bribe the policemen on the beat. However, when the colonial government and police hierarchy took a harsher attitude toward the narcotics traffic, the street dealer became too obvious, and a small bribe was no longer worth the risk. As the petty Cantonese pushers were driven off the streets, the Chiu chau syndicates concentrated most of the colony's retail trade in seven high-volume retail distribution centers labeled "drug supermarkets" by one Hong Kong reporter. Since each of these retail centers sold from $150,000 to $300,000 a month worth of heroin,43 the profit margin was large enough to pay the necessary bribes to Chinese and British officers in the Hong Kong police. While the police offensive in no way inhibited the growth of the narcotics traffic, it made many Chinese police sergeants millionaires. The corruption was so pervasive that in August 1969 the mere hint of an anticorruption campaign produced a wave of resignations by senior Chinese detectives and sergeants.44 Reliable
Hong Kong sources reported that one of the Chiu chau officers who resigned invested his fortune of several million dollars in real estate, restaurants, gambling houses, and apartment buildings.

A microcosmic example of the impact of the police crackdown on the colony's narcotics traffic was the growth of the Ma Shan distribution center. Until the mid-1960s the addicts of this region on Hong Kong Island's northeast coast purchased their narcotics from neighborhood street dealers or smoked in nearby dens. When police swept the pushers off the streets and closed the dens, a Chiu chau gangster bought a small neighborhood den in the Ma Shan area from the local Cantonese secret society and made it the major "drug supermarket" for the northeast coast. Clinging to a clifflike hillside overlooking one of Hong Kong's more comfortable neighborhoods, Ma Shan was a ramshackle sprawl of squatter shacks. Although not the most convenient location, its elevation and maze of steps and ladders made it almost impossible for the police to launch a surprise raid. While ten guards patrolled the perimeter, the distribution center provided twenty-four-hour service for thousands of addicts. Although Ma Shan was a Cantonese area and all its other rackets were controlled by a local secret society, the Chiu chau reaped most of the profit from narcotics peddling and paid the Cantonese only a rather nominal rental fee. This story was repeated with minor variations throughout the entire colony: the Chiu chau had penetrated territory traditionally dominated by Cantonese gangs to establish large-scale narcotics retail operations.45

Although the Hong Kong press exposed their location on a number of occasions, the publicity only forced the supermarkets to move several blocks or change buildings; it did not result in any major police action.46 The police concentrated most of their energies on shutting down smaller dens managed by entrepreneurs operating without syndicate protection. Since the police had to raid an occasional den to keep their record clean, syndicates were known to hire impoverished addicts to do a term in prison and set them up in a fake den for "discovery" by the police. The press were often invited along on these operations, and the hired addicts usually gave convincing performances complete with weeping, rage, or escape attempts.47

Acquisition of the retail drug traffic gave the Chiu chau a total monopoly on Hong Kong's drug traffic. Morphine base and opium were purchased from Chiu chau dealers in Bangkok, smuggled into Hong Kong, and refined into heroin by Chiu chau chemists. The wholesale distribution was managed by Chiu chau, and the "drug supermarkets" were Chiu chau–owned. Although the Chiu chau made up only 8 percent of the colony's population, Hong Kong police reported that a substantial majority of those arrested for trafficking in dangerous drugs were Chiu
But did this mean that all of Hong Kong's drug traffic—from the heroin laboratory to the street—was controlled by a monolithic Chiu chau syndicate? Was all of Southeast Asia's narcotics traffic at the time controlled by a single Chiu chau syndicate, a veritable Chinese Mafia?

While decades of investigation by police agencies and journalists have given us a reasonably clear picture of the Sicilian Mafia and the Corsican syndicates, there is little information on the Chiu chau. Protected from scrutiny by official patrons in Thailand, Laos, Vietnam, and Hong Kong, not even the names of the prominent Chiu chau narcotics dealers were known to those outside ruling circles. However, developments in Southeast Asia's narcotics traffic in the early 1970s revealed a high degree of coordination among Chiu chau traffickers and pointed toward the existence of some kind of unified syndicate. There were indications that many of the Golden Triangle laboratories producing heroin for American GIs in Vietnam were staffed by Chiu chau chemists from Hong Kong. At Nam Keung village on the Lao side of the Mekong River, for example, the local military commander, Major Chao La, reported in September 1971 that the nearby heroin laboratory was directed by a Chiu chau chemist from Hong Kong.

This was not the first time that the Chiu chau had exported Hong Kong's heroin technology to Southeast Asia. Shortly after the Thai government closed the opium dens and launched a crackdown on opium smokers in 1958, Hong Kong heroin chemists arrived in Thailand, set up laboratories in the Bangkok area, and began producing low-grade, no. 3 heroin for the local Thai market. Since opium's distinctive odor made smokers vulnerable to arrest, within several years the police anti-opium campaign forced most Thai opium addicts to become heroin users. The arrival of new Chiu chau chemists from Hong Kong in 1969-1970 introduced the complex technique for producing high-grade, no. 4 heroin—a significant upgrading of the region's drug industry that later allowed it access to the U.S. market.

In July 1971 the Vietnamese police broke up a large heroin smuggling ring in Saigon and arrested more than sixty traffickers. All were Chiu chau. Although the press hailed the arrests as a major victory for the antidrug campaign, Vietnamese police had been able to make the arrests only because the Chiu chau syndicate leader in Bangkok was convinced that the Saigon operation was cheating him and decided to use the police as "enforcers."

In addition, it appears that the Chiu chau played an important role in developing Southeast Asia's illicit traffic and sustaining the mass addiction fostered by old colonial opium monopolies. Through a web of international contacts, the Chiu chau provided raw materials, heroin chemists, and managerial skills necessary for the illicit traffic. Usually,
they preferred to reach some sort of understanding with local governments, and in many Southeast Asian nations this relationship was so close that the Chiu chau appeared to be operating on a semiofficial basis. Like most businessmen, they would not set up operations in a country unless commercial conditions were favorable.

The success of the Singapore government's antinarcotics drive illustrates the importance of international syndicates in maintaining the region's narcotics problem. The city was the major distribution center for the Malaya Peninsula to the north and the Indonesian archipelago to the south. It was also the regional headquarters of four or five international syndicates. Unlimited drug supplies frustrated government efforts at reducing the addict population; frequent seizures of 1,000 to 2,000 kilograms (about 2 to 4 tons) by customs and police had little impact on the availability of drugs. Instead of harassing opium addicts and driving them to heroin, the government decided to crack down on the syndicates. In 1962 special branch police arrested the five most powerful syndicate leaders (one of whom was Chiu chau) and had them deported after an unpublicized hearing. The Chiu chau gangster went to Bangkok, where he was believed to be involved in the narcotics traffic, and the others scattered across the region. Thereafter, smugglers began avoiding Singapore, and intensified customs searches turned up only small quantities of opium.

Singapore was the only Southeast Asian nation (except North Vietnam) with a declining number of addicts: in 1947 there were 25,000 registered opium smokers, and in 1970 there were only an estimated 8,000 drug addicts. Significantly, almost 7,000 of these were forty to sixty years old, a legacy of the colonial era. There were few teenage addicts and almost no heroin problem. The Singapore example showed that a Southeast Asian government could reduce its local drug problem and end its role in the international traffic if it had the political will to do so.

**Heroin Free Port**

Although not enough is known about Chiu chau operations in Hong Kong to detail the precise relationships between importers and "drug supermarket" operators, colonial police did know something about the syndicates' leadership and general operating methods. In 1971 police officials believed that almost all of the city's narcotics were financed and imported by only five Chiu chau gangsters. The most important of these was a middle-aged Chiu chau named Ma Sik-yu, who was thought to control about 50 percent of all the morphine and opium imported into Hong Kong. Ma achieved this preeminence in the narcotics traffic in only six years, and his sudden rise was something of a success story.
His family was so poor that Ma first began work as an ordinary street peddler but soon was supplementing his income by selling drugs on the side. He gradually worked his way up in the drug traffic, becoming a full-time pusher, an opium den guard, and eventually the owner of a prosperous smoking den near the Kowloon nightclub district. When the police crackdown on opium dens in the mid-1960s forced him out of business, Ma was one of the Chiu chau gangsters who opened a drug supermarket. From retail distribution he moved into importing, and within several years he had become Hong Kong's most important smuggler of opium and morphine base.

Although Hong Kong authorities were well aware of Ma's role in the heroin traffic, they had no way to gather sufficient evidence to convict him before a court of law. Ma maintained no direct contact with the traffic and received his share of the profits through a string of bank accounts whose trail was buried in hundreds of legitimate domestic and international money transfers. The heroin traffic was so well organized at all levels, and the Chiu chau were so disciplined and secretive, that Hong Kong authorities despaired of ever being able to convict the major traffickers; they had in fact made public admissions of their inability to halt narcotics smuggling. But Hong Kong's drug industry was no longer just a local problem. The inability of the government to slow the narcotics traffic was making the colony increasingly important as a source of heroin for the American market. Hong Kong's heroin laboratories were at the end of the opium trail from Southeast Asia and the beginning of a heroin pipeline to the United States.

On September 13, 1971, a small, wooden-hulled Thai fishing trawler left Paknam, Thailand, with a cargo of 1,500 kilograms of raw opium and 260 kilograms of morphine bricks. Its destination was Hong Kong. With favorable sailing conditions, the ship would cruise along at five to ten knots an hour and arrive within a week.

This fishing boat was a member of a small but active fleet carrying narcotics between Thailand and Hong Kong. Its journey was the last leg of a voyage that began in the mountains of Burma. Almost all of Hong Kong's narcotics came from Thailand, and were smuggled into the colony on these small trawlers. This method was a relatively recent development. Until about 1968 most drug shipments had arrived on regular freighters, concealed in cargo such as refrigerators and lumber. This sort of smuggling was relatively easy for Hong Kong's Preventive Services to detect, and a number of spectacular seizures forced the smugglers to change their tactics. The new trawler method was, by contrast, virtually arrest-proof. When the trawlers left Paknam they were usually empty, but just before departure time a contact man
boarded the vessel. The ship then set an easterly course, paralleling the Thai coastline until it arrived at a prearranged meeting place known only to the contact man. After coded signals were flashed from ship to shore, a high-powered speed boat darted out from the coastline, transferred the drugs, and sped away with the contact man. By the time the trawler rounded Vietnam's Camau peninsula and moved into the South China Sea, it had usually been spotted by U.S. navy radar aircraft patrolling the Gulf of Siam. Within minutes after the patrol aircraft landed at its base in Uttaapo, Thailand, the trawler's course, heading, and speed were radioed to the United States Navy Market Time Surveillance Patrol in Cam Ranh Bay, Vietnam. Although its primary mission was monitoring freighter traffic bound for Haiphong, North Vietnam, and coastal shipping moving toward South Vietnam, these Lockheed Electras were also responsible for spotting the “dope boats” as they chugged northward toward Hong Kong. After the dope boat had been seen for the last time by another radar patrol in the South China Sea, its course and estimated time of arrival in Hong Kong were radioed to Saigon and forwarded to British authorities.

Unfortunately this precise information was of little use to Hong Kong's Preventive Services. With only six launches to patrol two hundred islands, hundreds of miles of coastline, and a local fishing fleet of 15,000 sampans and junks, Preventive Services found it impossible to discourage this kind of smuggling even with detailed intelligence on the “dope boats.” Once the Thai trawler reached Hong Kong it ordinarily used one of three methods for transferring its cargo to a local fishing boat: (1) it buried it on the beach of a deserted island; (2) it made a direct transfer in Chinese waters, where Hong Kong authorities could not follow; or (3) it dropped the narcotics into the shallow coastal waters in watertight steel drums. If pursued by an official launch, the trawler simply retreated to international waters and waited until the understaffed Preventive Services gave up its surveillance. Once the local fishing boat made the pickup it usually hauled the cargo into port by towing it underneath the water line in heavy steel drums. If an official launch pursued them, the crew simply cut the line and let the cargo sink to the bottom of the ocean.

Since a trawler carried a cargo of 3 tons of morphine, equivalent to about “six percent of annual U.S. consumption of heroin,” the U.S. Bureau of Narcotics decided that “the seizure of one trawler would be a real victory” and began to concentrate resources accordingly in early 1972. Evidently Thai smugglers somehow learned of the effort and on February 5, Hong Kong customs officers found 40 pounds of morphine base in the ventilating shaft of a cargo ship that had just arrived from
Bangkok. The seizure demonstrated the dexterity of Thai smugglers in adjusting to interdiction efforts and the near impossibility of sealing Hong Kong's port against opium smuggling.

Once safely in Hong Kong, the morphine base went to one of the ten or so heroin laboratories usually operating at any time. While the largest laboratories may have had as many as seven workers and produced up to 50 pounds of heroin a day, most had only three or four employees processing about 10 pounds a day. Even the most unskilled of Hong Kong's heroin chemists could manage the relatively simple chemical process required to produce an adequate grade of no. 3, and most of the morphine smuggled into the colony was used to manufacture the chunky, low-grade brands favored by local addicts.

For the United States the critical question was, of course, how much of Hong Kong's heroin industry was producing the powdery no. 4 used by American addicts, and what percentage of this output was going to the United States. It is impossible to make precise estimates of such a clandestine business, but there was every indication that Hong Kong had become a major supplier for the U.S. market. Although any chemist could go through the rather simple operations to produce no. 3, the production of the no. 4 grade required a final, dangerous step that demanded a great deal of extra skill. The chemist had to precipitate the grayish, lumpy no. 3 through a solution of ether and alcohol. Unless properly handled, the ether formed a volatile gas. In 1970 one Hong Kong laboratory exploded when the chemist became a bit careless and the ventilation fan shorted out during the ether process. The chemist and several assistants escaped, leaving a badly burned co-worker lying in the smoldering rubble. This final stage was not only dangerous, but it doubled the time required to complete the processing; a laboratory that could produce a batch of no. 3 in six hours required twelve to fifteen hours for the same amount of no. 4. Despite all the extra risk and time involved, the only real advantage to no. 4 was its high degree of water solubility, which made it easier to inject with a syringe. Since very few of the colony's addicts injected their heroin (and almost none of those who did could afford the more expensive no. 4), Hong Kong officials were unanimous in asserting that there was no local market for no. 4.

However, a good deal of no. 4 heroin was being produced in Hong Kong. The Government Chemist's Office reported that many of the heroin laboratories it had examined in the course of police investigations had been producing impressive quantities of no. 4. They had also been struck by the absence of any no. 4 in the confiscated street packets they tested for the police in narcotics possession cases. Their conclusion was the obvious one: large quantities of no. 4 were being produced for export. Members of the narcotics police concurred with this view and added that
the U.S. Bureau of Narcotics had not yet heeded their warnings on the growing importance of Hong Kong's heroin exports.70

Since the Hong Kong narcotics police were preoccupied with chasing pushers and addicts off the streets and the U.S. Bureau of Narcotics was understaffed in Asia, it was not until 1967 that any substantial quantities of heroin from Hong Kong were intercepted. The first breakthrough came in January of that year, when a series of coordinated police raids in Miami, New York, and Sydney, Australia, netted an entire smuggling ring operating out of Hong Kong. Its organizers were retired Australian policemen, and eleven of the fifteen arrested persons were Australians as well.71 The ring had been operating for almost a year using standard "body packs" and a sophisticated duplicate passport system to bring $22.5 million worth of heroin into the United States.

Subsequent interrogation of the Australian suspects revealed that the ring leaders had been hired by one of Hong Kong's "big five" Chiu chau syndicate leaders to smuggle heroin into the United States. Every two weeks a group of couriers with duplicate passports flew to Hong Kong from Sydney, where they each picked up 5 to 6 kilograms of undiluted no. 4 heroin. After concealing the heroin underneath their clothing by taping the plastic-wrapped packets to their chests and stomachs, they usually caught a flight direct to London, where they disembarked. There they switched to the second passport. Once this second passport was stamped by British customs, they caught another flight to New York and passed through U.S. customs as ordinary, pot-bellied businessmen flying to New York from Australia with a brief stopover in London. Most New York authorities would be suspicious of a passport that showed a Hong Kong stopover. Those who entered the United States through Honolulu had no need for the duplicate passport, since it was common enough for Australians en route to the United States to stop off in Hong Kong.72

Their profits were enormous; a kilogram of heroin the Australians bought from the Hong Kong Chiu chau for $1,600 was sold to American distributors for $34,000.73

Although these arrests drew a good deal of attention from the press, U.S. narcotics officials regarded the Australian ring as a freak phenomenon. It was not until three years later, when an even larger Hong Kong–based smuggling ring was broken up, that they began to pay serious attention to Hong Kong. In 1970 federal narcotics agents launched a coordinated series of arrests at airports across the United States that netted a group of Filipino couriers as they stepped off various transpacific flights. All were carrying body packs of no. 4 Hong Kong heroin to be delivered to Mafia contact men in the United States.

Although the Filipino ring was also working for one of Hong Kong's Chiu chau syndicate leaders, its operations were much more extensive
than those of the Australian group. While the Australians usually had only three or four couriers in the air at the same time, the Filipinos "shotgunning" as many as eight couriers on a single run. During a twelve-month period in 1969-1970, the Filipinos smuggled an estimated 1,000 kilograms of Hong Kong heroin into the United States. This amount alone accounted for at least 10 to 20 percent of all the heroin consumed in the United States in an entire year. Since Hong Kong's heroin was manufactured from Burmese and Thai opium, this syndicate added to the evidence that Southeast Asia was becoming a major source of America's heroin supply.

However, the official wisdom still held that Southeast Asia accounted for only 5 percent of America's heroin. The Bureau of Narcotics was convinced that 80 percent was refined from Turkish opium and 15 percent from Mexican and had been concentrating almost all its investigative efforts in these areas. But suddenly it was faced with a single Southeast Asian smuggling ring that had been supplying a substantial part of America's annual dosage. And the Filipinos were only messengers for one of five Chiu chau syndicate leaders in Hong Kong. Why couldn't the other four syndicate leaders have courier organizations just as big or even bigger?

Questions like this soon prompted a reorganization of the Bureau of Narcotics' international enforcement effort and intelligence-gathering techniques. Unprecedented quantities of heroin were flooding into the United States in the late 1960s, and top-level agents had become concerned that their old methods no longer seemed to have any effect. As one U.S. narcotics agent explained in a November 1971 interview:

In 1961 when we ... seized fifteen kilos there was street panic in New York City. Junkies were lined up in front of doctors' offices begging for the stuff. Even as late as 1965, when we seized fifteen or sixteen kilos, it had the same effect. Now we seize five hundred kilos in three weeks, and it has no effect whatsoever.

Yet at the same time these massive quantities of heroin were pouring into the United States, Turkey—the alleged producer of 80 percent of the opium that entered America in the form of heroin—abolished poppy cultivation in fourteen out of its twenty-one opium-producing provinces and reduced its total official output by more than 70 percent between 1967 and 1971. It was evident that major changes were taking place in the international traffic, and the bureau established a special research and analysis division to deal with them. Its chief, Mr. John Warner, explained in an October 1971 interview:
We found we knew very little about the actual pattern of drug trafficking. We were saying that 80 percent of the narcotics entering the U.S. came from Turkey and only 5 percent came from Southeast Asia. In fact, this was based on ignorance. So a year ago we created the Strategic Intelligence Office to find out what was really going on.

The bureau had not abandoned its emphasis on Turkey, but increased intelligence and enforcement work were starting to yield results in Southeast Asia and Hong Kong. Although it had not produced any arrests in 1971, investigative work seemed to indicate that the Australian and Filipino groups were only two of many courier rings the Chiu chau had been using. Intelligence showed that the Chiu chau syndicate was using a new group of couriers to smuggle large quantities of heroin into the United States through a maze of commercial air routes: Hong Kong to Okinawa, Okinawa to Buenos Aires, Buenos Aires to Paraguay, Paraguay to Panama City, and Panama City to Los Angeles. There was speculation that this new route from Hong Kong may have been contributing to the growing amounts of heroin entering the United States from Latin America.\(^7^8\)

While there was room for speculation about the precise nature of the Hong Kong–Latin America link, there could no longer be any doubt about the growing importance of Southeast Asia’s Chiu chau syndicates in America’s heroin traffic. In 1972 U.S. customs and the Bureau of Narcotics conducted five major arrests of overseas Chinese heroin dealers, all of which revealed the emergence of a direct connection between Chiu chau syndicates in Southeast Asia and heroin distributors in the United States:

- **January 1972:** “U.S. Customs inspectors in Honolulu arrested three couriers who were body-carrying no. 4 heroin from Bangkok for delivery to Chinese-American buyers in San Francisco and New York.” According to U.S. narcotics agents, this shipment was arranged by the “same organizations that run the trawlers” from Bangkok to Hong Kong.\(^7^9\)
- **April 5, 1972:** A Chinese seaman was arrested in Miami, Florida, with 10 kilos of Laos’s renowned Double U-O Globe brand heroin.\(^8^0\)
- **April 11, 1972:** Seven Chinese seamen were arrested in New York with 5 kilos of Double U-O Globe brand heroin. A U.S. Bureau of Narcotics report said that “further information developed that this eleven pounds [5 kilos] 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.\(^8^1\)
June 1972: Saigon police arrested Wan Pen Fen, a Taiwan Chinese described by the Bureau of Narcotics as "the largest heroin dealer in Vietnam and a heroin laboratory operator in Southeast Asia's Golden Triangle." According to a U.S. cabinet report, "Wan Pen Fen was reportedly in Saigon to seek channels to extend his heroin traffic to the U.S."82

August 23, 1972: U.S. narcotics agents arrested four Chinese-Americans with 9 kilos of Southeast Asian heroin in New York's Chinatown.83

Despite the increased enforcement effort and mounting evidence of Southeast Asia's growing role in the international heroin traffic, the U.S. State Department clung to its belief in Turkey's importance. Convinced that the root of the problem still lay in the Mediterranean and unwilling to confront the political consequences of thinking otherwise, America's diplomats were reluctant to apply the same political leverage in Southeast Asia as they had in France and Turkey. It was undeniable that the State Department and the Bureau of Narcotics had made enormous strides in repressing the opium traffic in Turkey and Europe. But it was also true that the Mediterranean's loss was Southeast Asia's gain.
TheGoldenTriangle

"LADIES AND GENTLEMEN," ANNOUNCED THE BRITISH DIPLOMAT, raising his glass to offer a toast, "I give you Prince Sopsaisana, the uplifter of Laotian youth." The toast brought a smile from the lips of the guest of honor, cheers and applause from the luminaries of Vientiane's diplomatic corps gathered at the send-off banquet for the Laotian ambassador-designate to France, Prince Sopsaisana. His appointment was the crowning achievement in a brilliant career. A member of the royal house of Xieng Khouang, the Plain of Jars region, Prince Sopsaisana 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, the prince was treated to an unprecedented round of cocktail parties, dinners, and banquets.¹ For Prince Sopsaisana, or Sopsai as his friends called 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 send-off party at Vientiane's Wattay Airport on April 23 was one of the gayest affairs of the season. Everybody was there: the cream of the diplomatic corps, a bevy of Lao luminaries, and, of course, you-know-who from the American embassy. The champagne bubbled,
the canapés were flawlessly French, and Mr. Ivan Bastouil, chargé d'affaires at the French embassy, Lao Presse reported, gave the nicest speech. Only after the plane had left did anybody notice that Sopsai had forgotten to pay for his share of the reception.

When the prince's flight arrived at Paris's Orly Airport on the morning of April 25, there was another reception in the exclusive VIP lounge. The French ambassador to Laos, home for a brief visit, and the entire staff of the Laotian embassy had turned out. There were warm embraces, kissing on both cheeks, and more effusive speeches. Curiously, Prince Sopsaisana insisted on waiting for his luggage like any ordinary tourist, and when the mountain of suitcases finally appeared after an unexplained delay, he immediately noticed that one was missing. Angrily, Sopsai insisted his suitcase be delivered at once, and the French authorities promised, apologetically, that it would be sent round to the embassy as soon as it was found. But the Mercedes was waiting, and with flags fluttering, Sopsai was whisked off to the embassy for a formal reception.

While the champagne bubbled at the Laotian embassy, French customs officials were examining one of the biggest heroin seizures in French history: the ambassador's missing suitcase contained 60 kilos of high-grade Laotian heroin worth $13.5 million on the streets of New York, its probable destination. Tipped by an unidentified source in Vientiane, French officials had been waiting at the airport. Rather than create a diplomatic scandal by confronting Sopsai with the heroin in the VIP lounge, French officials impounded the suitcase until the government could decide how to deal with the matter.

Although it was finally decided to hush up the affair, the authorities were determined that Sopsaisana should not go entirely unpunished. A week after the ambassador's arrival, a French official presented himself at the embassy with the guilty suitcase in hand. Although Sopsaisana had been bombarding the airport with outraged telephone calls for several days, he must have realized that accepting the suitcase was tantamount to an admission of guilt and flatly denied that it was his. Despite his protestations of innocence, the French government refused to accept his diplomatic credentials and Sopsai festered in Paris for almost two months until he was finally recalled to Vientiane late in June.

Back in Vientiane the impact of this affair was considerably less than earthshaking. The influential American embassy chose not to pursue the matter, and within a few weeks the incident was forgotten. According to reports later received by the U.S. Bureau of Narcotics, Sopsai's venture had been financed by Hmong General Vang Pao, commander of the CIA's Secret Army, and the heroin itself had been refined in a laboratory at Long Tieng, the CIA's headquarters for clandestine
operations in northern Laos.\textsuperscript{6} Perhaps these facts may explain the U.S. embassy's lack of action.

In spite of its amusing aspects, the Sopsaisana affair provided sobering evidence of Southeast Asia's rising importance in the international heroin trade. In addition to growing more than a thousand tons of raw opium annually (about 70 percent of the world's total illicit opium supply),\textsuperscript{7} Southeast Asia's Golden Triangle had, by 1971, become a mass producer of high-grade no. 4 heroin for the American market. Its heroin laboratories rivalled those of Marseille and Hong Kong in the quantity and quality of their production.

As Turkey's opium production had declined sharply in the late 1960s and international drug syndicates had turned to Southeast Asia as an alternative source of raw materials, Southeast Asia's Golden Triangle—extending from the rugged Shan hills of northeastern Burma through the mountain ridges of northern Thailand to the Hmong highlands of northern Laos—had become the world's largest source of opium, morphine, and heroin. Its narcotics were entering the United States through Hong Kong, Latin America, and Europe. The sudden increase in Southeast Asian heroin exports to the United States was fueling a rise in heroin use among American youth. By 1972 the U.S. Bureau of Narcotics began to revise its long-standing view of the global narcotics traffic. Since the end of World War II its agents had estimated that about 80 percent of America's narcotics was supplied by a European traffic that linked the poppy fields of Turkey with the heroin laboratories of Marseille. A scientific study by the bureau's chemists in mid-1972 showed that 25.7 percent of samples tested were from Southeast Asia. Finally, in November the bureau announced that an estimated 30 percent of America's heroin supply was coming from Southeast Asia and 60 percent from Turkey.\textsuperscript{8} While global demand was thus drawing Southeast Asian heroin out of its regional market for the first time, local political forces were transforming the Golden Triangle's opium trade to make high-volume exports possible.

In the 1960s a combination of factors—American military intervention, corrupt national governments, and international criminal syndicates—pushed Southeast Asia's opium commerce beyond self-sufficiency to export capability. Production of low-grade no. 3 heroin (3 to 6 percent pure) had started in the late 1950s when the Thai government launched an intensive opium suppression campaign that forced most of its opium habitués to switch to heroin. By the early 1960s large quantities of no. 3 heroin were being refined in Bangkok and northern Thailand, while substantial amounts of morphine base were being processed in the Golden Triangle for export to Hong Kong and Europe. However, none of the Golden Triangle's opium refineries had yet
mastered the difficult technique required to produce high-grade no. 4 heroin (90 to 99 percent pure).

In late 1969 opium refineries in the Burma-Thailand-Laos tri-border region, newly staffed by master chemists from Hong Kong, began producing limited supplies of high-grade heroin for the tens of thousands of GIs serving in South Vietnam. The U.S. military command in Saigon began getting its first reports of serious heroin addiction among isolated units in early 1970. By September or October the epidemic was fully developed: seemingly unlimited quantities of heroin were available at every U.S. installation from the Mekong Delta in the south to the DMZ in the north.

When rapid U.S. troop withdrawals in 1970–1972 reduced the local market for the Golden Triangle's heroin laboratories, Chinese, Corsican, and American syndicates began sending bulk shipments of no. 4 heroin directly to the United States. As a result of these growing exports, the wholesale price for a kilo of no. 4 heroin at Golden Triangle laboratories actually increased by 44 percent—from $1,240 in September 1970 to $1,780 in April 1971—despite a 30 percent decline in the number of GIs serving in Vietnam during the same period. Moreover, the rapid growth of exports to the United States spurred a dramatic leap in the price of raw opium in the Golden Triangle. One American-trained anthropologist who spent several years studying hill tribes in northern Thailand reported that "between 1968 and early 1970... the price of raw opium at the producing village almost doubled from $24 to $45 a kilogram." While the growing rate of addiction among remaining U.S. troops in Vietnam probably accounted for some increased demand, increased exports to the American domestic market provided the major impetus behind the price rise. Significantly, it was in April 1971 that the first bulk shipments of Laotian heroin were intercepted in Europe and the United States. On April 5 U.S. customs officials seized 7.7 kilos of Double U-O Globe heroin at Fort Monmouth, New Jersey, and on April 25 French authorities seized Prince Sopsaisana's 60 kilos at Orly.

In 1970–1971 U.S. law enforcement officials became alarmed over the increased heroin supplies available to America's addict population. Massive drug seizures of unprecedented size and value did not even make the "slightest ripple" in the availability or price of heroin. Knowing that Turkey's opium production was declining, U.S. narcotics experts were mystified and began asking themselves where all this heroin was coming from. The answer, of course, was the Golden Triangle.

The CIA, in its 1971 analysis of narcotics traffic in the Golden Triangle, reported that the largest of the region's seven heroin factories, located just north of Ban Houei Sai, Laos, was "believed capable of
processing some 100 kilos of raw opium per day," or 3.6 tons of heroin a year—an enormous output, considering that American addicts only consumed about 10.0 tons of heroin annually. Moreover, none of this production was intended for Asian addicts: high-grade no. 4 heroin was too expensive for them, and they either smoked opium or used the inexpensive no. 3 heroin. In Bangkok, for example, one gram of no. 4 heroin cost sixteen times more than one gram of no. 3. The only markets for these heroin laboratories were in the affluent West: Europe, with relatively few addicts, and the United States, which had a large and growing addict population.

U.S. military and political activities had played a significant role in shaping these developments. Although opium production continued to increase in Burma and Thailand, there were no major changes in the structure of the traffic during the 1960s. Still enjoying tacit CIA support for their counterinsurgency work, Nationalist Chinese (KMT) military caravans continued to move almost all of Burma's opium exports into northern Thailand, where they were purchased by a Chinese syndicate for domestic distribution and export to Hong Kong or Malaysia. The Shan national revolutionary movement offered a brief challenge to KMT hegemony over the opium trade, but after their most powerful leader was defeated in the 1967 Opium War, the Shan threat seemed to subside.

After the 1967 Opium War, the KMT solidified its control over the Burma-Thailand opium trade. Almost none of the 700 tons of raw opium harvested annually in Burma's Shan and Kachin states reached world markets through any of Burma's ports: instead, it was packed across the rugged Shan hills by mule caravan to the tri-border junction of Burma, Thailand, and Laos. This area was the beginning of two pipelines into the illicit international markets: one crossed Laos to Saigon, and the other headed due south through central Thailand to Bangkok.

Although Shan rebel bands and Burmese self-defense forces collected a heavy tax from tribal opium farmers and itinerant merchants who transported raw opium to major Shan states market towns, they controlled very few of the caravans carrying raw opium south to refineries in the tri-border area. In 1967 one CIA operative reported that 90 percent of Burma's opium harvest was carried by Nationalist Chinese army mule caravans based in northern Thailand, 7 percent by Shan armed bands, and about 3 percent by Kachin rebels.

Thailand's northern hill tribes were harvesting approximately 200 tons of opium annually, according to a 1968 U.S. Bureau of Narcotics estimate. The Thai government reported that KMT military units and an allied group of Chinese hill traders controlled almost all of the opium commerce in northern Thailand.

In Laos, CIA clandestine intervention produced changes in the
narcotics traffic. When political infighting among the Lao elite and the escalating war forced the small Corsican charter airlines out of the opium business in 1965, the CIA's airline, Air America, began flying Hmong opium out of the hills to Long Tieng and Vientiane. CIA cross-border intelligence missions into China from Laos reaped an unexpected dividend in 1962 when the Shan rebel leader who organized the forays for the agency began financing the Shan nationalist cause by selling Burmese opium to another CIA protégé, Laotian General Phoumi Nosavan. The economic alliance between General Phoumi and the Shans opened up a new trading pattern that diverted increasingly significant quantities of Burmese opium from their normal marketplace in Bangkok. In the late 1960s U.S. air force bombing disrupted Laotian opium production by forcing the majority of the Hmong opium farmers to become refugees. However, flourishing Laotian heroin laboratories, which were the major suppliers for the GI market in Vietnam, simply increased their imports of Burmese opium through already established trading relationships.

The importance of these CIA clients in the subsequent growth of the Golden Triangle's heroin trade was revealed, inadvertently, by the agency itself when it leaked a classified report on the Southeast Asian opium traffic to The New York Times. The CIA analysis identified twenty-one opium refineries in the tri-border area and reported that seven were capable of producing 90 to 99 percent pure no. 4 heroin. Of these seven heroin refineries, "the most important are located in the areas around Tachilek, Burma; Ban Houei Sai and Nam Keung in Laos; and Mae Salong in Thailand."19

Although the CIA did not elaborate, many of these refineries were located in areas controlled by paramilitary groups closely identified with American covert operations in the Golden Triangle. Mae Salong was headquarters for the Nationalist Chinese Fifth Army, which had been continuously involved in CIA counterinsurgency and intelligence operations since 1950. According to a former CIA operative who worked in the area for several years, the heroin laboratory at Nam Keung was protected by Major Chao La, commander of Yao mercenary troops for the CIA in northwestern Laos. One of the heroin laboratories near Ban Houei Sai reportedly belonged to General Ouane Rattikone, former commander in chief of the Royal Laotian Army—the only army in the world, except for the U.S. army, that was entirely financed by the U.S. government.20 The heroin factories near Tachilek were operated by Burmese paramilitary units and Shan rebel armies who controlled a relatively small percentage of Burma's narcotics traffic. Although few of these Shan groups had any relation to the CIA by 1971, one of the most
important chapters in the history of the Shan states' opium trade involved a Shan rebel army closely allied with the agency.

Other sources revealed the existence of an important heroin laboratory operating in the Vientiane region under the protection of Ouane. Finally, the U.S. Bureau of Narcotics reported that General Vang Pao, commander of the CIA's Secret Army, was operating a heroin factory at the CIA's Long Tieng headquarters. These intelligence reports indicated a clear pattern: the CIA's covert action assets had become the leading heroin dealers in Laos.

The CIA's apparent complicity in the traffic, evident in the drug dealing of its closest Laotian clients, sprang largely from the agency's alliance with the Hmong hill tribes. When the CIA began its Laos operation in the late 1950s, it inherited a French paramilitary apparatus that had used Hmong guerrillas to fight the Vietnamese Communists in the First Indochina War. After abolition of the Indochina opium monopoly in 1950, French intelligence had financed its clandestine operations through an illicit traffic that linked the Hmong poppy fields of Laos with the opium dens of Saigon. Until their defeat in 1954, French paratroopers fighting with the Hmong guerrillas had purchased the annual opium harvest and shipped it south to Saigon on regular military aircraft.

When the CIA allied itself with the same Hmong guerrillas only four years after the French withdrawal, a somewhat different logic led to a similar sort of complicity. For fifteen years, 1960–1974, the CIA maintained a secret army of 30,000 Hmong tribesmen in the mountains of northern Laos—participants in a covert war that remains the largest single operation in the agency's forty-year history. Similar to the OSS campaign with Kachin guerrillas in Japanese-occupied Burma and the OPC invasion of China by KMT irregulars, the Laos operation soon achieved a scale and tactical sophistication that made it unique. In Laos the CIA fought a new kind of war, one very different from the conventional combat in neighboring Vietnam.

Although some writers have described the Hmong as the CIA's "mercenary army," the relationship was much more complex. As a migratory hill tribe with little loyalty to any nation, the Hmong had no real interest in winning the war. Yet this small tribe absorbed extremely high casualties in heavy combat that dragged on, without promise of victory or reward, for nearly fifteen years. The CIA maintained this motivation with remarkably few field operatives. After a year of operations, in 1961 the CIA reported that it had nine operatives working in the field with 9,000 Hmong guerrillas. With a ratio of only one American agent for every thousand tribal guerrillas, the CIA had to rely
on its chosen Hmong commander, Major Vang Pao, to mobilize and command his people's forces. In actual combat, the role of CIA operatives was limited to planning maneuvers and providing the air power needed to sustain an advance.

Beyond the battlefield, the secret war required, through its unprecedented scale and duration, a near total integration of CIA covert action with the fabric of Hmong tribal society. For Vang Pao to be effective in mobilizing his people for war, he had to maintain the political support of Hmong villages scattered across the highlands of northern Laos. As the success of its secret war became dependent on Vang Pao, the CIA used several tactics to raise his prestige among the Hmong—most important, by giving him the resources to become a powerful patron and, second, by encouraging his alliance with more traditional tribal elite, notably the Hmong cabinet minister Touby Lyfoung. In its initial report on the Hmong army to the White House in 1961, the CIA stated that "political leadership . . . is in the hands of Touby Lyfoung, who now operates mostly out of Vientiane" and "the military leader is Lt-Col Vang Pao, who is field commander"—an effective arrangement that the CIA would work to maintain.24 As CIA director William Colby explained, the agency promoted Vang Pao as a "new breed of tribal leadership" and simultaneously encouraged "the expression of external deference to the old leaders."25 Accordingly, when the war intensified in the late 1960s Vang Pao acquired the vestiges of traditional legitimacy by arranging for his son and daughter to marry the children of Touby, who still had the prestige of a traditional kaitong.26 These maneuvers did raise Vang Pao's prestige, but it was the material and coercive aspects of his relationship with the tribe that would remain paramount.

Living in itinerant highland villages with an austere lifestyle, the Hmong had a tribal economy based on two basic commodities—rice for subsistence and opium for cash. Since the Hmong leaders had little to gain from a French or American victory, they were free to demand air transport for their opium as partial price for tribal mercenaries. To prosecute this secret war with any efficiency, the CIA thus found that its agents, like the French paratroopers before them, had to transport the tribe's cash crop.

Although the CIA did not, like the French, profit directly from the opium trade, the strength of its secret army was nonetheless integrated with the Laotian drug trade. By flying bundles of raw opium from remote villages to refineries, the CIA allowed the Hmong to continue their cash crop income, thus reducing the agency's direct costs in maintaining tribal households. The survival of these villages was central to the success of the secret war, both as motivation for tribal guerrillas in the field and as the source of young soldiers to fill ranks depleted by high
casualties. To sustain an army of 30,000 men from a tribe of only 250,000 people, the CIA relied on the Hmong villages to supply boys, often only thirteen or fourteen, to replace tribal guerrillas wounded or killed in this bloody combat. In effect, the CIA's support for the Hmong opium crop insured the economic survival of the tribal villages, thereby allowing the agency to make its annual harvest of Hmong children. More important, control over the opium crop reinforced the authority of the CIA's Hmong commander, General Vang Pao, transforming him from a minor officer into a tribal warrior who could extract adolescent recruits from villages no longer willing to accept the war's high casualties.

When fighting reached the valleys below their mountain villages, the Hmong became isolated from normal highland trade and increasingly dependent on U.S. aircraft for access to markets. As the adult male population dwindled, the villages could no longer grow sufficient rice to survive and were forced to depend on the CIA's Air America for delivery of humanitarian rice shipments. By making Vang Pao the man who approved aircraft for movement of rice into villages and opium out, the CIA gave him direct control over the two economic essentials of once autonomous Hmong households. With such power, Vang Pao could make the scattered clans and hamlets of Hmong highland society into one people, one army.

More than arms, rice, or money, it was air power that became the central factor in the CIA's relationship with Vang Pao. Long fragmented and divided by the rugged mountain terrain, the Hmong were now unified under Vang Pao through an Air America network of agile aircraft that landed rice in their villages and carried away their men to battle or their opium to market. No longer earthbound, Hmong guerrillas flew into battle backed by a cloudburst of bombs from U.S. fighters flying out of bases in nearby Thailand. In the mid-1960s Vang Pao's airborne offensives skipped along the mountaintops and established bases within fifteen miles of North Vietnam's borders. When the tides of war reversed and the Communist Pathet Lao advanced on the Plain of Jars after 1969, U.S. air power evacuated the Hmong villages to refugee camps under Vang Pao's control and devastated the enemy's territory with daily bombing. Even though the Communists had captured the countryside, Vang Pao still held the people. Air power became the medium for a political exchange that drove the secret war: Vang Pao relied on air transport to deliver his people for slaughter in the CIA's secret war, and the agency in turn did not object when his officers used Air America to transport the Hmong opium crop.

Viewed from the perspective of a CIA operative fighting in the remote and rugged terrain of northern Laos, complicity in the Hmong opium trade was driven by an ineluctable logic. Among the consequences of
such a strategy, however, was the growing production of heroin supplies, first for U.S. troops in Vietnam and later for addicts in America.

Laos: Contraband Kingdom

Laos is one of those historical oddities like Monaco, Andorra, and Liechtenstein that were somehow left behind when petty principalities were consolidated into great nations. Although both nineteenth-century empire builders and cold war summit negotiators subscribed to the fiction of Laotian nationhood out of diplomatic convenience, this impoverished little kingdom appeared to lack all of the economic and political criteria for nationhood. Not even the Wilsonian principle of ethnic determinism that Versailles peacemakers used to justify the division of the Austro-Hungarian Empire after World War I validated Laos's existence. In 1970 some 8 million Lao lived in northeast Thailand, but there were only about 1.5 million Lao in Laos. With a total population of 2 to 3 million and singularly lacking in natural resources, Laos had been plagued by fiscal problems since becoming independent in 1954. Unable to finance itself through corporate, mineral, or personal taxes, the Royal Laotian government filled its coffers and lined its pockets by legalizing or tolerating what its neighbors had chosen to outlaw, as needy principalities the world over have done. Monaco gambles, Macao facilitates the gold traffic, and the Laotian government tolerated the smuggling of gold, guns, and opium.

While the credit card revolution has displaced paper currency in America, peasants and merchants in underdeveloped countries still harbor a distrust for their nations' technicolor currency, preferring to store their savings in gold or silver. Asian governments inadvertently fostered illicit gold trafficking either by imposing a heavy revenue-producing duty on legal gold imports or by limiting the right of most citizens to purchase and hold gold freely; thus, an illicit gold traffic flourished from Pakistan to the Philippines. Purchased legally on the European market, the gold was flown to Dubai, Singapore, Vientiane, or Macao, where local governments imposed a relatively low import duty and took little interest in what happened after the tax was paid.

Laos's low duty on imported gold and its government's active participation in the smuggling trade long made it the major source of illicit gold for Thailand and South Vietnam. Although Laos was the poorest nation in Southeast Asia, Vientiane's licensed brokers imported from 32 to 72 tons of gold a year after the American buildup in Vietnam began in 1965. As thousands of free-spending GIs poured into Vietnam during the early years of the war, Saigon's black market prospered and Laos's annual gold imports shot up to 72 tons by 1967. The 8.5 percent import duty provided the Royal Laotian government with more than 40
percent of its total tax revenues. However, in 1968 the Tet offensive and the international gold crisis slowed consumer demand in Saigon and plunged the Laotian government into a fiscal crisis. Prime Minister Souvanna Phouma went before the National Assembly and explained that because of the downward trend in the gold market, "one of our principal sources of income will not reach our expectations this year." Faced with what the prime minister described as "an extremely complex and difficult situation," Finance Minister Sisouk na Champassak privately suggested that the government might seek an alternative source of revenue by taxing the clandestine opium trade. When the establishment of a gold market in Singapore in 1969 challenged Laos's position as the major gold entrepôt in Southeast Asia and forced the finance ministry to drop the import duty from 8.5 to 5.5 percent in 1970, Sisouk told a BBC reporter, "The only export we can develop here is opium, and we should increase our production and export of it."

As minister of finance and acting minister of defense, Sisouk was one of the most important government officials in Laos, and his views on the opium trade were fairly representative of those of the ruling elite. Most Laotian leaders realized that their nation's only valuable export commodity was opium, and they promoted the traffic with an aggressiveness worthy of modern export executives. Needless to say, this positive attitude toward the narcotics traffic was something of an embarrassment to American advisers serving in Laos, and in deference to their patrons the Laotian elite generally did their best to maintain the fiction that opium trafficking was little more than a tribal problem. As a result, coups, assassinations, and political infighting spawned by periodic struggles for control of the opium traffic often seemed quixotic to outside observers. But they suddenly gain new meaning when examined in light of the economics and logistics of the opium trade.

From the late 1950s on, the opium trade in northern Laos involved both the marketing of the locally grown produce and the transit traffic in Burmese opium. Traditionally most of Laos's domestic production was concentrated in the mountains of northeastern Laos, although it was later reduced by massive U.S. bombing and an opium eradication program in the Pathet Lao liberated zones. Designated on Royal Laotian army maps as Military Region II, this area comprised the Plain of Jars and most of the Hmong highlands that extended from the northern rim of the Vientiane Plain to the border of North Vietnam. While northwestern Laos also had extensive poppy cultivation, opium production never achieved the same high level as in the northeast; soil conditions were not as favorable, the traffic was not as well organized, and tribal populations were more scattered. For example, there were
between 150,000 and 200,000 Hmong living in the northeast, but only about 50,000 in the northwest. As a result, the opium trade in northeastern Laos, known as Military Region I in the 1970s, was always secondary in importance during the colonial era and the early years of the postcolonial opium traffic. However, in the mid-1960s Shan and Nationalist Chinese opium caravans began crossing the Mekong into Laos’s extreme northwest with large quantities of Burmese opium. As refineries opened along the Laotian bank of the Mekong to process the Burmese opium, the center of Laos’s opium trade shifted from the Plain of Jars to Ban Houei Sai in the northwest.

The mountains of northern Laos are some of the most strikingly beautiful in the world. Shrouded with mile-high clouds during the rainy season, they are reminiscent of traditional Chinese scroll paintings. Row upon row of sharp ridges wind across the landscape, punctuated by steep peaks that conjure up images of dragons’ heads, towering monuments, or rearing horses. The bedrock is limestone, and centuries of wind and rain have carved a fabulous landscape from this porous, malleable material. And it is the limestone mountains that attracted the Hmong opium farmers. The delicate opium poppy, which withers and dies in strongly acidic soil, thrives in limestone soil. Tribal opium farmers were well aware of the poppy’s need for alkaline soil and tended to favor mountain hollows studded with limestone outcroppings as locations for their poppy fields.

But the mountain terrain that is so ideal for poppy cultivation makes long-range travel difficult for merchant caravans. When the French tried to encourage hill tribe production during the colonial era, they concentrated most of their efforts on Hmong villages near the Plain of Jars, where communications were relatively well developed, and they abandoned much of the Laotian highlands to petty smugglers. Desperate for a way to finance their clandestine operations, French intelligence agencies expropriated the hill tribe opium trade in the last few years of the First Indochina War and used military aircraft to link the Laotian poppy fields with opium dens in Saigon. But the military aircraft that had overcome the mountain barriers for Laotian merchants were withdrawn in 1954, along with the rest of the French Expeditionary Corps, and Laos’s opium trade fell upon hard times.

Air Opium, 1955–1965

After France’s military withdrawal in 1954, several hundred French war veterans, colonists, and gangsters stayed on in Laos. Some of them, mainly Corsicans, started a number of small charter airlines, which became colorfully and collectively known as Air Opium. Ostensibly founded to supply otherwise unavailable transportation for civilian
businessmen and diplomats, these airlines gradually restored Laos's link to the drug markets of South Vietnam that had vanished with the departure of the French air force in 1954. At first, progress was hampered by unfavorable political conditions in South Vietnam, and the three fledgling airlines that pioneered these new routes enjoyed only limited success.34

Perhaps the most famous of the early French opium pilots was Gérard Labenski. His aircraft was based at Phong Savan on the Plain of Jars, where he managed the Snow Leopard Inn, a hotel that doubled as a warehouse for outgoing opium shipments.35 Another of these aviation pioneers was René "Babal" Enjabal, a former French air force officer whose airline was popularly known as Babal Air Force.36 The most tenacious member of the shadowy trio was Roger Zoile. His charter airline was allied with Paul Louis Levet's Bangkok-based Corsican syndicate.

In the late 1950s Levet was probably the most important Marseille underworld figure regularly supplying European heroin laboratories with morphine base from Southeast Asia. Levet had arrived in Saigon in 1953–1954 and got his start smuggling gold and piasters on the Saigon-Marseille circuit. After the gold traffic dried up in 1955, he became involved in the opium trade and moved to Bangkok, where he established the Pacific Industrial Company. According to a U.S. Bureau of Narcotics report filed in 1962, this company was used as a cover to smuggle substantial quantities of morphine base from northern Thailand to heroin laboratories in Europe. Through a network of four prominent Corsican gangsters based in Vientiane, Phnom Penh, and Saigon, Levet used Zoile's airline to move morphine base from the Golden Triangle to seaports in Thailand and Indochina.37 There was an enormous amount of shipping between Southeast Asia and Europe, so arranging for deliveries presented no problem. Saigon was particularly convenient as a transshipment point since substantial numbers of French freighters carrying Corsican crews still sailed direct to Marseille. Even though Levet's syndicate was preoccupied with the European traffic, it also had a share of the regional opium trade.38

Although all these men were competent pilots and committed opium smugglers, the South Vietnamese government had adopted an intolerant attitude toward the opium traffic that seriously hampered their operations. In 1955 South Vietnam's President Diem closed most of Saigon's opium dens and announced his determination to eradicate the drug traffic. Denied secure access to Saigon, the Corsican air smugglers had to devise an elaborate set of routes, transfers, and drop zones, which complicated their work and restricted the amount of narcotics they could ship. However, only three years later Diem's chief adviser,
Ngo Dinh Nhu, reopened the dens to finance his secret police and became a silent partner in a Corsican charter airline.39

Named Air Laos Commerciale, the airline was managed by the most powerful member of Saigon’s Corsican underworld, Bonaventure “Rock” Francisci. Tall and handsome, Francisci sported a thin black mustache and a natural charm that won friends easily. Beginning in 1958 Air Laos Commerciale made daily flights from its headquarters at Vientiane’s Wattay Airport, picking up 300 to 600 kilos of raw opium from secondary Laotian airports (usually dirt runways in northern Laos) and delivering the cargo to drop points in South Vietnam, Cambodia, and the Gulf of Thailand. While these opium deliveries were destined for Southeast Asian consumers, he also supplied Corsican heroin manufacturers in Marseille. Although a relative latecomer to the field, Francisci’s airline had important advantages that other Corsican airlines lacked. His rivals had to take elaborate precautions before venturing into South Vietnam, but, thanks to his relationship with Nhu, Francisci’s aircraft shuttled back and forth to convenient drop zones just north of Saigon.40

With easy access to Saigon’s market restored, opium production in northern Laos, which had declined in the years 1954–1958, quickly revived. During the opium season, Corsican charter companies made regular flights from Phong Savan or Vientiane to isolated provincial capitals and market towns scattered across northern Laos—places such as Sam Neua, Phong Saly, Muong Sing, Nam Tha, Sayaboury, and Ban Houei Sai. Each of these towns served as a center for local opium trade managed by resident Chinese shopkeepers. Every spring these Chinese merchants loaded their horses or mules with salt, thread, iron bars, silver coins, and assorted odds and ends and rode into the surrounding hills to barter with hundreds of hill tribe farmers for their bundles of raw opium.41 Toward the end of every harvest season Corsican aircraft would land near these towns, purchase the opium, and fly it back to Phong Savan or Vientiane, where it was stored until a buyer in Saigon, Singapore, or Indonesia placed an order.42

Francisci also prospered, and by 1962 he had a fleet of three new twin-engine Beechcrafts making hundreds of deliveries a month. With his debonair manner he became something of a local celebrity. He gave interviews to the Vientiane press corps, speaking proudly of his air drops to surrounded troops or his services for famous diplomats. When asked about the opium business, he responded, “I only rent the planes, I don’t know what missions they’re used for.”43

But unfortunately for Francisci’s public image, one of his pilots was arrested in 1962 and Air Laos Commerciale’s opium smuggling was given international publicity. The abortive mission was piloted by René Enjebal, the retired air force officer who had founded Babal Air Force.
In October 1962 Enjabal and his mechanic took off from Vientiane’s Wattay Airport and flew south to Savannakhet where they picked up twenty-nine watertight tin crates, each packed with 20 kilos of raw opium and wrapped in a buoyant life belt. Enjabal flew south over Cambodia and dropped the 600 kilos to a small fishing boat waiting at a prearranged point in midocean. On the return flight to Vientiane, Enjabal fell asleep at the controls of his plane, drifted over Thailand, and was forced to land at a Thai air force base by two Thai T-28 fighters. When his “military charter” orders from the Laotian government failed to convince Thai authorities he was not a spy, Enjabal confessed that he had been on an opium run to the Gulf of Thailand. Relieved that it was nothing more serious, his captors allowed him to return to Vientiane after serving a nominal six-week jail sentence. While Enjabal was being interrogated by the Thai, the opium boat moved undisturbed across the Gulf of Thailand and delivered its cargo to smugglers waiting on the east coast of the Malaya Peninsula. Although Enjabal had earned a paltry $15 an hour for his trouble, Francisci may have grossed up to $20,000 for his role in this nautical adventure.

While this unfortunate incident cost Francisci most of his legitimate business, it in no way hampered his opium smuggling. Even though Enjabal’s downfall was the subject of a feature article in Life magazine, Francisci continued to operate with the same self-confidence. And with good reason. For not only was he protected by South Vietnam’s most influential politician, Ngo Dinh Nhu, he was allied with the powerful Guerini syndicate of Marseille. During the period these Corsican airlines operated in Laos, the Guerini brothers were the leaders of the French underworld and heads of a criminal syndicate that stretched across the globe. All of Francisci’s competitors suffered mysterious accidents and sudden arrests, but he operated with absolute impunity. These political connections gave him a decisive advantage over his competitors, and he became Indochina’s premier opium smuggler. Like the Guerini brothers in Marseille, Francisci despised competition and used everything from plastique explosives to the South Vietnamese police to eliminate his rivals.

Francisci’s first victim had been René Enjabal. On November 19, 1959, Vietnamese police raided a remote dirt runway near Ban Me Thuot in the Central Highlands shortly after a twin-engine Beechcraft belonging to Enjabal landed carrying 293 kilos of Laotian opium. After arresting the pilot and three henchmen waiting at the airstrip, the Vietnamese impounded the aircraft. With the loss of his plane, Enjabal had no alternative. Within several months he was flying for the man who in all probability was the architect of his downfall—Francisci. The Vietnamese had taken no legal action against Enjabal and released the pilot,
Desclerts, after a relatively short jail term. Desclerts returned to France and reportedly continued working with Corsican syndicates to ship bulk quantities of heroin to the United States.48

After Enjabal's airline collapsed, Francisci's most important competitor for the lucrative South Vietnamese market was Gérard Labenski, one of Air Opium's earliest pioneers, whom many considered the best bush pilot in Laos. Francisci resented his competition and once tried to eliminate Labenski by blowing up his Cessna 195 with plastique as it sat on the runway at Phong Savan. When that failed, Francisci used his contacts with the South Vietnamese government to have his rival's entire seven-man syndicate arrested. On August 25, 1960, shortly after he landed near Xuan Loc, forty-five miles north of Saigon, with 220 kilos of raw opium, Vietnamese police descended on Labenski's entire syndicate, arrested him, and impounded his aircraft. Labenski and his chief Saigon salesman, François Mittard, were given five-year jail sentences, the others three years apiece.49

After languishing in a Vietnamese prison for more than two years, Labenski and Mittard were so embittered at Francisci's betrayal that they broke the Corsican rule of silence and told U.S. narcotics investigators everything they knew about his syndicate, claiming that their arrests had been engineered by Francisci to force them out of business. But Francisci was too well protected to be compromised by informers, and Air Laos Commerciale continued flying until 1965, when political upheavals in Laos forced all the Corsican airlines out of business. Mittard and Labenski were released from prison in 1964 and left Saigon almost immediately for Laos.50

While Enjabal and Labenski concentrated on local markets, Paul Louis Levet's Bangkok-based syndicate competed directly with Francisci for the European market. His Corsican rivals always considered Levet the "most shrewd of all the persons smuggling opium out of Laos," but he too was forced out of business by police action. On July 18, 1963, Levet received a telegram from Saigon that read:

Everything OK. Try to have friend meet me in Saigon the 19th.
Am in room 33 Continental Hotel.
[signed] Poncho.

The wire was a prearranged signal. Levet and his assistant, Michel Libert, packed 18 kilos of Burmese opium into a brown suitcase, put it in the trunk of Levet's blue Citroen sedan, and drove out to Bangkok's Don Muang Airport. Just as they were making the transfer to a courier who was ticketed on a regular commercial flight to Saigon, Thai police closed in. The unfortunate Libert was given five years in prison, but Levet was released for "lack of evidence" and deported. Levet
disappeared without a trace, while Libert, after serving his full jail term, left for Laos, where he resumed an active role in Indochina's Corsican underworld.

While Francisci was the only one of these Corsican racketeers believed to have been allied with Ngo Dinh Nhu, all of the charter airlines had to reach an accommodation with the Laotian government. All airports in Laos were classified as military terminals, and permission to take off and land required an order from the Royal Laotian army. Opium runs were usually classified as *réquisition militaire*—military charter—and as such were approved by the Laotian high command. One *Time* correspondent who examined Air Laos Commerciale's log books in November 1962 noted that a high percentage of its flights were listed as *réquisition militaire*.

Despite the destructive infighting of the various Corsican airlines, they proved to be reliable opium suppliers, and the Laos-Saigon opium commerce flourished. Guaranteed reliable access to international markets, Laos's opium production climbed steadily during the ten-year period that the Corsicans controlled its opium economy; in 1953 Laos's annual harvest was estimated at 50 tons of raw opium, but in 1968 it had expanded to 100–150 tons. Moreover, these syndicates, most notably Francisci's and Levet's, made regular morphine base shipments from Southeast Asia to heroin laboratories in Italy, Germany, and Marseille. Although Southeast Asian morphine still accounted for a relatively small proportion of European heroin production in the late 1950s and early 1960s, these shipments established the first links of what became a direct connection between the Golden Triangle's poppy fields and Marseille's heroin laboratories—links that would take on added importance as Turkey's opium production ebbed toward abolition in the late 1960s.

Although they were forced out of business in 1965 when Laotian General Ouane Rattikone decided to monopolize the trade, these syndicates later served as the link between Laotian heroin laboratories and American distributors when Golden Triangle laboratories began producing no. 4 heroin in the early 1970s.

**General Phoumi Nosavan: CIA Ally**

According to General Ouane Rattikone, the man who issued the *réquisitions militaires* and controlled much of the opium traffic was General Phoumi Nosavan, CIA protégé and political leader of the Laotian right wing. Phoumi Nosavan was just an ambitious young colonel in 1958 when an unexpected electoral victory by the leftist Pathet Lao movement brought a neutralist government to power and panicked the U.S. mission. Concerned that Laos might eventually turn...
Communist, the U.S. mission decided that special measures were called for. Almost immediately the CIA financed the formation of a right-wing coalition, and several weeks later the State Department plunged the neutralist government into a fiscal crisis by cutting off all aid. Little more than three months after the elections, Prime Minister Souvanna Phouma and his neutralist government resigned. When a right-wing government took office, the new prime minister, Phoui Sananikone, declared, "We are anti-Communists."54

Phoumi Nosavan was one of the bright young men the CIA picked to organize the right wing. Backed by the CIA, Phoumi became a cabinet minister in February 1959 and a general several months later.55 With his personal CIA agent always by his side, Phoumi went on to plot coups, rig elections, and help the CIA build up its Secret Army; in short, he became the major actor in the CIA’s effort to keep Laos’s government anti-Communist. However, in 1961 the Kennedy administration opted for a neutralist coalition rather than risk an armed confrontation with the Soviet Union over Laos, and Phoumi was ordered to merge his right-wing government into a tripartite coalition. When he refused despite personal appeals from President Kennedy and the assistant secretary of state, the State Department had his CIA contact transferred out of the country and in February 1962 cut off the $3 million a month it had been supplying his government.56

Desperate for funds but determined not to resign, Phoumi turned to the opium traffic as an alternative source of income for his army and government. Although he had controlled the traffic for several years and collected a payoff from both Corsican and Chinese smugglers, he was not actively involved, and his percentage represented only a small share of the total profits. Furthermore, Laotian opium merchants were still preoccupied with marketing locally grown opium, and very little Burmese opium was entering international markets through Laos. The obvious solution to Phoumi’s fiscal crisis was for his government to become directly involved in the import and export of Burmese opium. This decision ultimately led to the growth of northwest Laos as one of the largest heroin-producing centers in the world.

Adhering to his nation’s feudal traditions, Phoumi delegated responsibility for the task of establishing a link with the Burmese traffic to General Ouane Rattikone, commander of Military Region I and warlord of northwestern Laos. Ouane recalled that he was appointed chairman of the semiofficial Laotian Opium Administration in early 1962 and charged with the responsibility of arranging Burmese opium imports.57 Working through a commander in the Secret Army in Ban Houei Sai, he contacted a Shan rebel leader employed by the CIA in the Golden Triangle region who arranged the first deliveries of Burmese opium
several months later. Ouane was proud of this historic achievement, for these were the first major opium caravans to cross the Mekong River into Laos.

When asked whether he exported the Burmese opium by dropping it in the Central Highlands of South Vietnam, Ouane responded:

No, that is stupid and done only by small merchants and not great merchants. . . . We rented Dakotas [C-47s] from the civil aviation companies and then dropped the opium into the Gulf of Siam. The opium was wrapped in four or five layers of plastic and then attached to floats. It was dropped to small fishing boats, taken to fishing ports in South Vietnam, and then it disappeared. We are not stupid; we are serious merchants.

Ouane said these early shipments were quite profitable and claimed that they provided General Phoumi with an average income of about $35,000 a month during 1962.

Despite Ouane’s best efforts, a series of military and financial reverses soon forced Phoumi to merge his right-wing government into the tripartite coalition. Phoumi’s government had simply ordered the National Bank to print more money when American aid was cut off in February; the foreign exchange backing for Laotian currency declined by 30 percent in six months and consumer prices in Vientiane jumped by 20 percent. Phoumi had gone on a whirlwind tour of Asia’s anti-Communist nations to appeal for aid, but only South Korea had been willing to help. When his rightist troops suffered a disastrous defeat at Nam Tha in northwestern Laos in May 1962, Phoumi acknowledged his failure and in June merged his government into a neutralist coalition headed by Prime Minister Souvanna Phouma.

But the price of Phoumi’s compliance was high. Although he yielded some of his political power, he demanded compensatory economic concessions from the neutralist government. Bartering away several powerful ministries, Phoumi retained control over the finance ministry and won the right to monopolize much of Vientiane’s thriving consumer economy. With the prime minister’s tacit consent, he established a variety of lucrative monopolies over the capital’s vice trades and legitimate commercial activities.

One of his enterprises was an offensive but profitable gambling casino in downtown Vientiane that one journalist described as “an ugly, five-story building that stank like an Indonesian urinal.” When Phoumi announced plans to erect similar monstrosities in every major Laotian city, the king categorically refused to allow one in Luang Prabang, the royal capital, and local authorities in Thakhek raised equally vehement objections. But Phoumi was not daunted by these reverses in the estab-
lishment of his financial base. Gold trafficking was even more lucrative than gambling, and the ministry of finance granted Phoumi's Bank of Laos a monopoly on the import of gold, which netted him from $300,000 to $500,000 a year.62

The opium trade, however, was the most profitable of all ventures. Phoumi opened a seedy opium den in Vientiane that could accommodate 150 smokers. To ward off possible criticism from his free world allies, Phoumi had a sign hung over the entrance to his palace of dreams: DETOXIFICATION CLINIC. When a French journalist asked Prime Minister Souvanna Phouma why this eyesore was allowed to remain open, he replied, "Feudalism is still with us."63

Although Phoumi had abandoned his plans for fiscal independence from the United States, Ouane Rattikone continued to manage the Laotian Opium Administration with considerable success. Larger Shan caravans were entering northwestern Laos every year, and from 1962 to 1964 profits on exports to South Vietnam tripled. According to the Laotian Opium Administration's ledger, which Ouane stored in an upstairs closet of his Vientiane villa, November 1963 was a typical month: 1,146 kilos of raw opium were shipped to South Vietnam, netting $97,410.64

But Phoumi's parsimonious management of his monopolies produced serious tensions in the right-wing camp and were a major cause of the April 1964 coup that toppled him from power. Not only did he monopolize the most lucrative portions of Vientiane's economy, but he refused to share his profits with the other right-wing generals.

The commander of the Vientiane military region, General Kouprasith Abhay, considered the capital his rightful economic preserve and was resentful of Phoumi. Ouane harbored somewhat similar feelings: more than seven years after the coup, the genial Ouane could still become angry when he recalled that Phoumi paid him a monthly salary of two hundred dollars to manage an opium administration making more than a million dollars a year.65 Moreover, Phoumi's "understanding" with Prime Minister Souvanna Phouma had softened his hostility toward the neutralist government; and this cost him influence among the extreme right wing, which included both Kouprasith and Ouane.

Although the ostensible motivation for the right-wing coup of April 19, 1964 was to eliminate the neutralist army and make the prime minister more responsive to the right wing, the generals seem to have devoted most of their energy to breaking up Phoumi's financial empire.66 The coup began at 4:00 A.M. as General Kouprasith's troops seized the city, captured most of the neutralist army officers, and placed the prime minister under house arrest. There was no resistance and virtually no bloodshed. While the threat of a U.S. aid cutoff convinced Kouprasith
and Ouane to release the prime minister from house arrest, nothing could deter them from stripping Phoumi of his power.67 On May 2 General Phoumi resigned his portfolio as minister of defense. That same day, the ministry of finance canceled the import license for Sogimex Company, one of Phoumi's businesses, which had enjoyed a monopoly on the import of alcoholic beverages. The Revolutionary Committee closed his gambling casino, and the ministry of finance broke the Bank of Laos's monopoly on gold imports.68

But in the confused manner of Laotian coups, Phoumi tried to recoup his lost power by launching a countercoup on February 2, 1965. After four separate groups of soldiers wearing three different color-coded scarves charged about Vientiane firing heavy artillery and machine guns for four or five days, Phoumi finally gave up and fled to Thailand.69 The situation was so confusing that Ouane and Kouprasith held a press conference on February 8 to proclaim their victory and to explain that there had indeed been a coup—their coup.70

As the victors, Kouprasith and Ouane divided what remained of Phoumi's financial empire. While Kouprasith inherited most of the fallen general's real estate holdings, brothels, and opium dens in the Vientiane region, Ouane assumed control over the opium trade in northwestern Laos.

Ouane's accession to Phoumi's former position in the drug trade brought an end to the activities of the Corsican Air Opium charter airlines. Unwilling to tolerate any competition, Ouane refused to issue those airlines réquisitions militaires, thereby denying them access to Laotian airports. This ban made it impossible for the Corsican airlines to continue operating and forced them out of the opium transport business.71 However, Ouane had seriously overestimated his air logistic capabilities, and the move produced a major crisis for Laos's opium trade.

As it turned out, Ouane probably could not have picked a worse time to force the Corsicans out of business. Laotian military air power was at a premium in 1964 and 1965: bombing operations along the Ho Chi Minh Trail were just getting under way; Laotian T-28 fighters were being used in clandestine reprisal raids against North Vietnam; and renewed fighting on the Plain of Jars required extensive air support.72 The commander of the Laotian air force was determined to give these military operations priority and refused to allocate air transports for General Ouane's opium runs to Ban Houei Sai.

In the Hmong highlands of northeastern Laos the situation was even more critical. Capture of the Plain of Jars by Pathet Lao rebels in 1964 restricted government aircraft to temporary dirt landing strips on the surrounding mountain ridges. Heavy C-47 transports were almost
useless for this kind of flying, and the Laotian air force had almost no light observation planes. Wartime conditions had increased Hmong dependence on poppy cultivation, and the lack of air transport created serious economic problems for hill tribe opium farmers. Since the CIA was using the Hmong population to combat Pathet Lao forces in the mountains of northeastern Laos, the prosperity of this tribe was central to the agency's success. By 1965 the CIA had created a Hmong army of 30,000 men that guarded radar installations vital to bombing North Vietnam, rescued downed American pilots, and battled Pathet Lao guerrillas.

Without air transport for their opium, the Hmong faced an economic crisis. There was simply no form of air transport available in northern Laos except the CIA's charter airline, Air America. Thus, according to several sources, Air America began flying opium from mountain villages north and east of the Plain of Jars to General Vang Pao's headquarters at Long Tieng.73

Air America was known to be flying Hmong opium as late as 1971. Hmong village leaders in the area west of the Plain of Jars, for example, claimed that their 1970 and 1971 opium harvests were bought up by Vang Pao's officers and flown to Long Tieng on Air America UH-IH helicopters. This opium was probably destined for heroin laboratories in Long Tieng or Vientiane and, ultimately, for GI addicts in Vietnam.74

The U.S. embassy in Vientiane adopted an attitude of benign neglect toward the opium traffic. When one American journalist wrote the embassy complaining that Laotian officials were involved in the drug trade, U.S. Ambassador G. McMurtrie Godley responded in a letter dated December 2, 1970:

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. . . . However, latest information available to me indicated that all of Southeast Asia produces only 5% of narcotics which are, unfortunately, illegally imported to Great Britain and the US. 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.75

But the latest information available to Ambassador Godley should have indicated that most of the heroin being used by American GIs in Vietnam was coming from Laotian laboratories. The exact location of Laos's
flourishing laboratories was common knowledge among even the most junior U.S. bureaucrats.

To Americans living in cities and suburbs with the problem of street drugs, it may seem controversial that a U.S. government agency would condone any facet of the international drug traffic. But when viewed from the perspective of historical precedent and the demands of mountain warfare in northern Laos, Air America's involvement and the U.S. embassy's tolerance seemed almost inevitable. Rather than sending U.S. combat troops into Laos, four successive American presidents worked through the CIA to build the Hmong into the only effective army in Laos. The fundamental reason for American complicity in the Laotian opium traffic lies in these policy decisions, which can be understood only in the context of the secret war in Laos.

Secret War in Laos
Noting the 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 conquest of Southeast Asia. Thus CIA operations with Hmong guerrillas in Laos began in 1959 as part of a regional intelligence-gathering program. General Edward G. Lansdale, who directed much of the Defense Department's strategic planning on Indochina during the early years of the Kennedy administration, recalled 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 movements. 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.76

In the minds of geopolitical strategists in the CIA's Special Operations division, potential infiltration routes stretched from the Shan hills of northeastern Burma through the rugged Laotian mountains, southward into the Central Highlands of South Vietnam. According to one CIA operative, Lieutenant Colonel Lucien Conein, agency personnel were sent to Laos in 1959 to supervise eight Green Beret teams then training Hmong guerrillas on the Plain of Jars.77 In 1960 and 1961 the CIA recruited elements of Nationalist Chinese paramilitary units based in northern Thailand to patrol the China-Burma border area78 and sent Green Berets into South Vietnam's Central Highlands to organize hill tribe commando units for intelligence and sabotage patrols along the Ho Chi Minh Trail.79 Finally, in 1962 one CIA operative based in north-
western Laos began sending trained Yao and Lahu tribesmen into the heart of China's Yunnan province to monitor road traffic and tap telephones.\(^80\)

While the U.S. military sent half a million troops to fight a conventional war in South Vietnam, this mountain warfare required only a handful of American personnel. "I always felt," said General Lansdale, "that a small group of Americans organizing the local population was the way to counter Communist wars of national liberation."\(^81\)

American paramilitary personnel in Laos tended to serve long tours of duty, some of them for a decade or more, and were given enormous personal power. If the conventional war in South Vietnam is best analyzed in terms of the impersonal bureaucracies that produced policies and programs, the secret war in Laos is most readily understood through the men who fought it.

Three men, perhaps more than any others, left their personal imprint on the conduct of the secret war: Edgar Buell, Tony Poe, and William Young. Each in his own way illustrates a different aspect of America's conscious and unconscious complicity in the Laotian opium traffic.

William Young, one of the CIA's most effective agents, was born in the Burmese Shan states, where his grandfather had been a missionary to the hill tribes. Arriving in Burma at the turn of the century, Grandfather Young opened a Baptist mission in Kengtung and began preaching to the nearby Lahu hill tribes. Although they understood little of his Christian message, a local oracle had once prophesied the coming of a white deity, and the Lahu decided that Reverend Young was God.\(^82\) His son Harold later inherited this presumed divinity and used it to organize Lahu intelligence-gathering forays into southern China for the CIA during the 1950s. When William was looking for a job in 1958 his father recommended him to the CIA, and he was hired as a confidential interpreter-translator. A skilled linguist who spoke five of the local languages, he probably knew more about mountain minorities than any other American in Laos, and the CIA rightly regarded him as its "tribal expert." Through his sophisticated understanding of the hill tribes, he viewed the opium problem from the perspective of a hill tribe farmer. Until a comprehensive crop substitution program was initiated, he felt nothing should be done to interfere with the opium traffic. In a September 1971 interview, Young explained his views:

> Every now and then one of the James Bond types would decide that the way to deal with the problem was to detonate or machine-gun the factories. But I always talked them out of it. As long as there is opium in Burma somebody will market it. This kind of thing would only hurt somebody and not really deal with the problem.\(^83\)
If William Young was too sympathetic toward the hill tribes to interfere with the opium trade, Anthony Posepny, or Tony Poe, was indifferent to the problem. A marine veteran of the Pacific campaign during World War II, Poe joined the CIA's Special Operations division sometime after the war and quickly earned a reputation as one of its best clandestine warfare operatives in Asia. When the CIA decided to back Tibet's religious ruler, the Dalai Lama, in 1956 in his feud with Peking, Tony Poe recruited Khamba tribesmen in northeastern India, escorted them to Camp Hale in Colorado for training, and accompanied them into Tibet on long-range sabotage missions. After regional separatists declared the island of Sumatra independent of Indonesia in 1958, Tony Poe was one of the two CIA operatives sent in on the ground to lend support.

His first assignment in Indochina was with anti-Sihanouk mercenaries along the Cambodian border in South Vietnam. Finally in 1963 Poe was sent to Laos as chief adviser to General Vang Pao. Several years later he was transferred to northwestern Laos to supervise Secret Army operations in the tri-border area and work with Yao tribesmen. The Yao remembered “Mr. Tony” as a drinker, an authoritarian commander who bribed and threatened to get his way, and a mercurial leader who offered his soldiers 500 kip (one dollar) for an ear and 5,000 kip for a severed head when accompanied by a Pathet Lao army cap. His attitude toward the opium traffic was erratic. According to a former Laos USAID official, Poe refused to allow opium on his aircraft and once threatened to throw a Lao soldier, with half a kilo of opium, out of an airborne plane. At the same time, he ignored the prospering heroin factories along the Mekong River and never stopped any of Ouane Rattikone's officers from using U.S.-supplied facilities to manage the drug traffic.

The most curious of this CIA triumvirate was Edgar “Pop” Buell, originally a farmer from Steuben County, Indiana. Buell first came to Laos in 1960 as an agricultural volunteer for International Voluntary Services (IVS), a Bible Belt edition of the Peace Corps. He was assigned to the Plain of Jars, where the CIA was building up its secret Hmong army, and became involved in the agency's activities largely through circumstance and his own Christian anticommunism. As CIA influence spread through the Hmong villages ringing the Plain of Jars, Buell became a one-man supply corps, dispatching Air America planes to drop rice, meat, and other necessities the CIA had promised. Buell played the naive country boy and claimed his work was humanitarian aid for Hmong refugees. However, his operations were an integral part of the CIA program.

As part of his effort to strengthen the Hmong economy and increase
the tribe's effectiveness as a military force, Buell utilized his agricultural skills to improve Hmong techniques for planting and cultivating opium. "If you're gonna grow it, grow it good," Buell told the Hmong, "but don't let anybody smoke the stuff." Opium production increased but, thanks to modern drugs that Buell supplied the Hmong, local consumption for medicinal purposes declined. Thus, more opium was available for the international markets.

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 agency funds, and led them in battle. Because the CIA had only as much influence with each tribe as its surrogate commander did, it was in the agency's interest to make these men local autocrats by concentrating military and economic power in their hands. During the First Indochina War, French commandos had used the same technique to build up a force of 6,000 Hmong guerrillas on the Plain of Jars under the command of Touby Lyfoung. Recognizing the importance of opium in the Hmong economy, the French flew Hmong opium to Saigon on military transports and reinforced Touby Lyfoung's authority by making him their exclusive opium broker.

But when the CIA began organizing its Hmong army in 1960, only six years after the French disbanded theirs, it found Touby unsuitable for command. Always the politician, Touby had gotten the best of the bargain from the French and had never committed his troops to a head-on fight. As one Hmong veteran fondly remembered, "Touby always told us to fire a few shots and run." The CIA wanted a real battler who would take casualties, and in a young Hmong officer named Vang Pao they found him.

With his flair for such cost-effective combat, Vang Pao would become a hero to agency bureaucrats in Washington. "CIA had identified an officer . . . originally trained by the French, who had not only the courage but also the political acumen . . . for leadership in such a conflict . . . ," recalled retired CIA director William Colby. "His name was Vang Pao, and he had the enthusiastic admiration of the CIA officers, who knew him . . . as a man who . . . knew how to say no as well as yes to Americans." Many CIA field operatives admired his ruthlessness. When agent Thomas Clines, commander of the CIA's secret base at Long Tieng, demanded an immediate interrogation of six prisoners, Vang Pao ordered them executed on the spot. Clines was impressed. "What I meant to say, general, is that I would appreciate it if you would allow us to interrogate prisoners, please." Touby had once remarked of Vang Pao, "He is a pure military officer
who doesn't understand that after the war there is a peace. And one must be strong to win the peace."94 For Vang Pao, peace was a distant, childhood memory. Vang Pao 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.95 Although he became a lieutenant in the newly formed Laotian army, Vang Pao spent most of the First Indochina War on the Plain of Jars with Touby Lyfoung's Hmong irregulars. 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 Dien Bien Phu.

When the First Indochina War ended in 1954, 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. Vang Pao had a good record as a wartime commando leader, but in his new command Vang Pao would first display the personal corruption that would later make him such an effective warlord.

In addition to his regular battalion, Vang Pao was also commander of Hmong 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 went unpaid for months at a time. The rising chorus of complaints finally came to the attention of provincial army commander Colonel Kham Hou Boussarath. In early 1959 Kham Hou called Vang Pao to his headquarters in Xieng Khouang and ordered him to pay up. Several days later thirty of Vang Pao's soldiers hidden in the brush beside the road tried to assassinate Kham Hou as he was driving back from an inspection tour of the frontier areas and was approaching the village of Lat Houang. But it was twilight and most of the shots went wild. Kham Hou floored the accelerator and emerged from the gantlet unscathed.

As soon as he reached his headquarters, Kham Hou radioed a full report to Vientiane. The next morning army chief of staff Ouane Rattikone arrived in Xieng Khouang. Weeping, Vang Pao prostrated himself before Ouane and begged for forgiveness. Perhaps touched by this display of emotion or influenced by the wishes of U.S. special forces officers working with the Hmong, General Ouane decided not to punish Vang Pao. However, most of the Laotian high command seemed to feel that his career was now finished.96

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.

About the same time that Vang Pao was setting up his abortive
ambush, General Phoumi Nosavan was beginning his rise to power. In the April 1959 National Assembly elections, Phoumi's candidates scored victory after victory, thus establishing him as Laos's first real strong man. However, the election was blatantly rigged and aroused resentment among politically aware elements of the population. The American involvement in election fixing was obvious, and there were even reports that CIA agents had financed some of the vote buying.  

Angered by these American moves, an unknown army officer, Captain Kong Le, and his paratroop battalion launched a successful coup on August 8, 1960. After securing Vientiane and forcing Phoumi's supporters out of power, Kong Le turned the government over to the former neutralist prime minister Souvanna Phouma on August 16. Souvanna announced that he would end the ongoing civil war by forming a neutralist government that would include representatives from left, right, and center. The plan was on the verge of success when Phoumi suddenly broke off negotiations in early September and returned to his home in Savannakhet, where he announced the formation of the Revolutionary Committee. As indication of CIA support, dozens of unmarked Air America transports began landing at Savannakhet loaded with arms, soldiers, and American advisers, and Laos was plunged into a three-way civil war. The CIA-backed right wing was in Savannakhet, the neutralists were in Vientiane, and the leftist Pathet Lao was in the forests of Sam Neua province in the extreme northeast. Everything in between was virtually autonomous, and all three factions competed for territory and influence in the undeclared provinces.

While the right wingers quickly consolidated their hold over the south, the neutralists initially gained the upper hand in Xieng Khouang province, which included the Plain of Jars. This success strengthened the neutralist position considerably; with three major roads meeting on the plain, Xieng Khouang was the strategic key to northeastern Laos. The influential Hmong leader Touby Lyfoung was minister of justice for the neutralist government and seemed to be working closely with Prime Minister Souvanna Phouma. The neutralist position in the northeast further improved when the newly appointed commander of Military Region II (Sam Neua and Xieng Khouang provinces), Colonel Kham Hou, declared his loyalty to the neutralist government on September 28.  

General Phoumi's camp was worried about its lack of support in strategic region II. After Kham Hou rebuffed their overtures, Phoumi's agents reportedly contacted Vang Pao in late September. They promised him financial support if he would lead a Hmong coup against the neutralists, thus bringing Military Region II into the rightist orbit. According to Laotian army sources, Vang Pao radioed Savannakhet on
October 1 or 2, requesting money and arms from General Phoumi. On October 5, an unmarked Air America transport from Savannakhet dropped thirty rightist paratroopers and several hundred rifles to Vang Pao's supporters on the Plain of Jars. Later that day Vang Pao called a meeting of local Hmong leaders at the village of Lat Houang. Surrounded by the paratroopers, Vang Pao told a crowd of about three hundred to four hundred Hmong that he supported General Phoumi and promised guns for all those who joined him in the fight against the neutralists.\textsuperscript{102}

When word of the incipient Hmong revolt reached Vientiane, Prime Minister Souvanna Phouma sent his minister of justice, Hmong leader Touby Lyfoung, up to the Plain of Jars to negotiate with Vang Pao. Instead of dissuading Vang Pao, however, Touby bowed to superior force and joined him. Using his considerable talents as a negotiator, Touby met with Kham Hou and urged him not to interfere with the Hmong revolt. Unwilling to engage in unnecessary slaughter and somewhat sympathetic to the right wing, Kham Hou agreed not to fight, thus effectively conceding control of the Plain of Jars to the right wing.\textsuperscript{103}

Confused by the murky situation, Souvanna Phouma dispatched another emissary, General Amkha, the inspector general of the neutralist army, on October 7. But the moment Amkha stepped off the plane, Vang Pao arrested him at gunpoint and had him flown aboard an unidentified transport to Savannakhet, where he remained in prison for almost three years on General Phoumi's orders. That same day Touby was "invited" to Savannakhet and left on a later flight. When Kham Hou resigned from command shortly thereafter, Phoumi rewarded Vang Pao by appointing him commander of Xieng Khouang province.\textsuperscript{104}

In late November General Phoumi's army began its drive for Vientiane, Laos's administrative capital. Advancing up the Mekong valley, rightist forces reached the outskirts of the city on December 14 and evicted Captain Kong Le's paratroopers after three days of destructive street fighting. While Kong Le's paratroopers beat a disciplined retreat up Route 13 toward the royal capital of Luang Prabang, Phoumi was a bit lax in pursuit, convinced that Kong Le would eventually be crushed by the rightist garrisons guarding the royal capital.

About a hundred miles north of Vientiane there was a fork in the road: Route 13 continued its zigzag course northward to Luang Prabang, while Route 7 branched off eastward toward the Plain of Jars. Rather than advancing on Luang Prabang as expected, Kong Le entered the CIA-controlled Plain of Jars on December 31, 1960. While his troops captured Muong Soui and attacked the airfield at Phong Savan, Pathet Lao guerrillas launched coordinated diversionary attacks along the plain's northeastern rim. Rightist defenses crumbled, and Phoumi's troops threw away their guns and ran.\textsuperscript{105} As mortar fire came crashing in at the end of
the runway, the last Air America C-47 took off from the Plain of Jars with Edgar Buell and a contingent of U.S. military advisers.106

Vang Pao was one of the few commanders who did not panic at the Kong Le and Pathet Lao coordinated offensive. While Phoumi's regular army troops ran for the Mekong, Vang Pao led several thousand Hmong soldiers and refugees out of the plain on an orderly march to Padoung, a 4,000-foot mountain, twelve miles due south. Vang Pao was appointed commander of Military Region II and established his headquarters at Padoung.107

With General Phoumi once more in control of Vientiane and a joint Pathet Lao–neutralist force occupying the strategic Plain of Jars, the center of CIA activity shifted from Savannakhet to Padoung. In January 1961 the CIA began sending Green Berets, CIA-financed Thai police commandos, and a handful of its own agents into region II to build up an effective Hmong guerrilla army under Vang Pao. William Young was one of the CIA operatives sent to Padoung in January, and because of his linguistic skills he played a key role in the formation of the Secret Army. As he recollected ten years later, the basic CIA strategy was to keep the Pathet Lao bottled up on the plain by recruiting all of the eligible young Hmong in the surrounding mountains as commandos.

To build his army, Vang Pao's officers and the CIA operatives, including William Young, flew to scattered Hmong villages in helicopters and light Helio-courier aircraft. Offering guns, rice, and money in exchange for recruits, they leapfrogged from village to village around the western and northern perimeter of the Plain of Jars. Under their supervision, dozens of crude landing strips for Air America were hacked out of the mountain forests, thus linking these scattered villages with CIA headquarters at Padoung. Within a few months Vang Pao's influence extended from Padoung north to Phou Fa and east as far as Bouam Long.108 However, one local Hmong leader in the Long Pot region west of the Plain of Jars said that the Hmong recruiting officers who visited his village 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."109

Hmong guerrilla operations on the plain itself had begun almost immediately; Hmong sappers blew up bridges and supply dumps while snipers shot at neutralist and Pathet Lao soldiers. After four months of this kind of harassment, Captain Kong Le decided to retaliate.110 In early May 1961, Pathet Lao and neutralist troops assaulted the northern flank of Padoung mountain and began shelling the CIA base camp. After enduring an intense mortar barrage for more than two weeks, the CIA
decided to abandon the base, and Vang Pao led his troops to a new headquarters at Pha Khao, eight miles southwest. Following close behind came Edgar Buell, leading some 9,000 Hmong civilians. While Vang Pao’s hardy troops made the transfer without incident, hundreds of civilians, mainly children and elderly, died in a forced march through the jungle.

The only official report on Hmong operations was written by General Edward Lansdale of the CIA in July 1961 for foreign policy officials in the Kennedy administration. In it he discussed the agency’s clandestine warfare potential in Indochina. “Command control of [Hmong] operations is exercised by the Chief CIA Vientiane with the advice of Chief MAAG Laos [U.S. army advisers],” reported Lansdale. Although there were only nine CIA operations officers and nine Green Berets in the field, “CIA control in the [Hmong] operations has been reported as excellent.” In addition, there were ninety-nine Thai police commandos working with the Hmong under CIA control. So far 9,000 Hmong had been “equipped for guerrilla operations,” but Lansdale felt that at least 4,000 more of these “splendid fighting men” could be recruited. However, there was one major problem:

As Meo [Hmong] villages are over-run by Communist forces and as men leave food-raising duties to serve as guerillas, a problem is growing over the care and feeding of non-combat Meos [Hmong]. CIA has given some rice and clothing to relieve this problem. Consideration needs to be given to organized relief, a mission of an ICA [“humanitarian” foreign aid] nature, to the handling of [Hmong] refugees and their rehabilitation.

To solve this critical problem, the CIA turned to Edgar Buell, who set out on a fifty-eight-day trek around the perimeter of the plain to arrange for delivery of “refugee” supplies.

In July 1962 the United States and the Soviet Union signed the Geneva Agreements on Laos and thus theoretically terminated their military operations in that chaotic kingdom. Although American Green Berets and military advisers were withdrawn by October as specified, the CIA devised a number of deceptions to continue its clandestine activities. All of the CIA operatives moved to adjacent areas of Thailand but returned almost every day by helicopter or plane to direct guerrilla operations. Civilian personnel (not covered by the Geneva Agreements) were recruited for clandestine work. In December 1962, for example, Buell trained Hmong guerrillas in demolition techniques and directed the dynamiting of six bridges and twelve mountain passes along Route 7 near Ban Ban. The U.S. embassy declared that Air America flights to Hmong villages, which carried munitions as well as refugee supplies,
The Hmong in Laos, 1971

LEGEND
- American Landing Strip
- Commercial Landing Strip
- # of refugees in a given area
- National Boundary
The CIA's Secret Hmong Army in Retreat, 1960-1971

LEGEND

- American Landing Strip
- Commercial Landing Strip
- Plain Area
- Road
- Line of Retreat

Miles

University of Wisconsin Cartography Lab 10/90
were "humanitarian" aid and as such were exempted from the Geneva Agreements.116

After a relatively quiet year in 1962, the CIA went on the offensive throughout northern Laos in 1963-1964. In the northwest, William Young, assisted by IVS volunteer Joseph Flipse, led Yao commandos in an attack on Pathet Lao villages east of Ban Houei Sai. One American who took part in the offensive recalled that Pathet Lao troops had been inactive since the Geneva Agreements were signed and felt that the CIA offensive shattered the cease-fire in the northwest. In the northeast the CIA took the war to the enemy by expanding Hmong commando operations into Sam Neua province, a Pathet Lao stronghold for nearly fifteen years.117

Tony Poe became the new CIA man at Long Tieng, Vang Pao's headquarters since mid-1962, and organized the offensive into Sam Neua province. Rather than attacking towns and villages in the valleys where the Pathet Lao were well entrenched, the CIA concentrated on the mountain ridges populated by Hmong. Using Air America's fleet of helicopters and light aircraft, Poe led hundreds of Hmong guerrillas in a lightning advance that leaped from mountain to mountain into the heart of Sam Neua province. As soon as a village was captured and Pathet Lao cadres eliminated, the inhabitants were put to work building a crude landing strip, usually five hundred to eight hundred feet long, to receive the airplanes that followed in the offensive's wake carrying Edgar Buell's "refugee" supplies. These goods were distributed in an attempt to buy the hearts and minds of the Hmong.

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 Hmong villages with CIA headquarters at Long Tieng. Most of these Hmong 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.118

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 more than sixty years the Plain of Jars had been the hub of the opium trade in northeastern Laos. When Kong Le captured the plain in December 1960, the Corsican charter airlines abandoned Phong Savan Airport for Vientiane's Wattay Airport. The old Corsican hangout at Phong Savan, the Snow Leopard Inn, was renamed Friendship Hotel.
It became headquarters for a dozen Russian technicians sent to service the Ilyushin transports ferrying supplies from Hanoi for the neutralists and Pathet Lao.\textsuperscript{119}

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.\textsuperscript{120} As Vang Pao circled around the Plain of Jars and advanced into Sam Neua province, leaving a trail of landing strips behind him, the Corsicans were right behind in their Beechcrafts and Cessnas, paying Hmong farmers and Chinese traders a good price for raw opium. Since Kong Le did not interfere with commercial activity on the plain, the Chinese caravans were still able to make their annual journey into areas controlled by Vang Pao. Now, instead of delivering their opium to trading centers on the plain, most traders brought it to Air America landing strips serviced by the Corsican airlines.\textsuperscript{121} Chinese caravans continued to use the Plain of Jars as a base until mid-1964, when the Pathet Lao drove Kong Le off the plain and forced them into retirement.

When the Laotian government in the person of Ouane Rattikone forced the Corsicans out of business in 1965, a serious economic crisis loomed in the Hmong highlands. The war had not reduced Hmong dependence on opium as a cash crop and may have actually increased production. Although thousands of Hmong recruited for commando operations were forced to leave home for months at a time, the impact of this loss on opium production was minimal. Opium farming is women’s work. While men clear the fields by slashing and burning the forest, the tedious work of weeding and harvesting is traditionally the responsibility of wives and daughters. Since most poppy fields last up to five or ten years, periodic absences of the men had little impact on poppy production. Furthermore, the CIA’s regular rice drops removed any incentive to grow rice and freed the people’s labor for full-time poppy cultivation. To make defense of the civilian population easier, many smaller refugee villages had been evacuated and their populations concentrated in large refugee centers. Good agricultural land was at a premium in these areas, and most of the farmers devoted their labors to opium production simply because it required much less land than rice or other food crops.\textsuperscript{122}

Hmong villages on the southern and western edges of the plain were little affected by the transportation problem caused by the end of the Corsican flights. Following the demise of the Chinese merchant caravans in mid-1964, Vang Pao’s commandos dispatched Hmong military caravans from Long Tieng into these areas to buy up the opium harvest. Since there were daily flights from both Sam Thong and Long Tieng to Vientiane, it was relatively easy to get the opium to market. However, the distances and security problems involved in sending
caravans into the northern perimeter of the plain and in the Sam Neua area were insuperable, and air transport became an absolute necessity. With the Corsicans gone, Air America was the only form of air transport available. According to Ouane Rattikone, then commander in chief of the Laotian army, and General Thao Ma, then Laotian air force commander, Air America began flying Hmong opium to markets in Long Tieng and Vientiane.

As Long Tieng swelled into a secret city of 20,000 Hmong and Vang Pao acquired the aura of a warlord, his relationship with his CIA counterpart Tony Poe, always tense, became untenable. "You don't let him run loose without a chain on him," Poe complained after the war. "You gotta control him just like any kind of animal or a baby." As their relationship deteriorated, Poe grew critical of the general's corruption, asking pointedly: "Why does he need Mercedes Benz, apartments and hotels and homes where he never had them in his life before?" Asked in a postwar television interview where the wealth came from, Poe was frank: "Oh, he was making millions 'cos he had his own source of, uh, avenue for his own, uh, heroin." In this same interview, Poe charged that Vang Pao later used a DC-3 to fly heroin across southern Laos into central Vietnam, where "the number two guy to President Thieu would receive it." Poe claimed that his opposition to Vang Pao's corruption led to his transfer from Long Tieng. Whatever the cause, in 1965 Poe was reassigned to northwestern Laos near the China border, far from Vang Pao and the main theater of covert combat.

Air logistics for the opium trade were further improved in 1967 when the CIA and USAID (U.S. Agency for International Development) gave Vang Pao financial assistance in forming his own private airline, Xieng Khouang Air Transport. The company's president, Lo Kham Thy, said the airline was formed in late 1967 when two C-47s were acquired from Air America and Continental Air Services. The company's schedule was limited to shuttle flights between Long Tieng and Vientiane that carried relief supplies and an occasional handful of passengers. Financial control was shared by Vang Pao, his brother, his cousin, and his father-in-law. According to one former USAID employee, USAID supported the project because officials hoped it would make Long Tieng 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 Tieng would involve opium but decided to support the project anyway. Reliable Hmong sources reported that Xieng Khouang Air Transport was the airline used to carry opium and heroin between Long Tieng and Vientiane.

Despite repeated dry season offensives by the Pathet Lao, the CIA's military position in the northeast remained strong, and Vang Pao's army
consolidated gains it had made during the early years of the war. However, in January 1968 Pathet Lao and North Vietnamese forces mounted a general offensive that swept Vang Pao's mercenaries out of Sam Neua province. The key to the Pathet Lao victory was the capture of the CIA's eagle nest bastion, Phou Pha Thi, on March 11. The U.S. air force had built a radar guidance center on top of this 5,680-foot mountain in 1966 "to provide more accurate guidance for all-weather bombing operations" over North Vietnam.129 Only seventeen miles from the North Vietnamese border, Pha Thi had become the eyes of the U.S. bombing campaign over Hanoi and the Red River Delta.130 (Interestingly, President Johnson announced a partial bombing halt over North Vietnam less than three weeks after the radar installation at Pha Thi was destroyed.) Vang Pao attempted to recapture the strategic base late in 1968, but after suffering heavy losses he abandoned it to the North Vietnamese and Pathet Lao in January 1969.131

The loss of Sam Neua in 1968 signaled the first of the massive Hmong migrations that eventually made much of northeastern Laos a depopulated free fire zone and drastically reduced hill tribe opium production. Before the CIA-initiated Hmong guerrilla operations in 1960, Military Region II had a hill tribe population of about 250,000, most of them Hmong opium farmers evenly scattered across the rugged highlands between the Vientiane Plain and the North Vietnamese border.132 The steady expansion of Vang Pao's influence from 1961 to 1967 caused some local concentration of population as small Hmong villages clustered together for self-defense. However, Hmong farmers were still within walking distance of their poppy fields, and opium production continued undiminished.

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 Hmong tribesmen under his control. By 1967 U.S. air force bombing in northeastern Laos was already heavy, and Hmong tribesmen were willing to leave their villages rather than face the daily horror of life under the bombs. Recalling Mao Tse-tung's axiom on guerrilla warfare, Edgar Buell declared, "If the people are the sea, then let's hurry the tide south."133 Air America evacuated more than 9,000 people from Sam Neua in less than two weeks. They were flown to Buell's headquarters at Sam Thong, five miles north of Long Tieng, housed temporarily, and then flown to refugee villages in an adjacent area west of the Plain of Jars.134

During the next three years repeated Pathet Lao winter-spring offensives continued to drive Vang Pao's Hmong army farther and farther back, forcing tens of thousands of Hmong villagers to become refugees. As the Pathet Lao's 1970 offensive gained momentum, the
Hmong living north and west of the plain fled south, and eventually more than 100,000 were relocated in a crescent-shaped forty-mile-wide strip of territory between Long Tieng and the Vientiane Plain. When the Pathet Lao and the North Vietnamese attacked Long Tieng during the 1971 dry season, the CIA was forced to evacuate some 50,000 mercenary dependents from Long Tieng valley into the overcrowded Ban Son resettlement area south of Long Tieng. By mid-1971 USAID estimated that almost 150,000 hill tribe refugees, of which 60 percent were Hmong, had been resettled in the Ban Son area.135

After three years of constant retreat, Vang Pao's Hmong followers were at the end of the line. While they had once been a prosperous people living in small villages surrounded by miles of fertile, uninhabited mountains, by 1971 almost a third of all the Hmong in Laos, more than 90,000, were packed into a forty-mile-long dead end perched above the sweltering Vientiane Plain. The Hmong were used to living on mountain ridges more than 3,000 feet high where the temperate climate was conducive to poppy cultivation, the air was free of malarial mosquitoes, and the water was pure. In the refugee villages, most of which were only 2,500 feet high, many Hmong were stricken with malaria and, lacking normal immunities, became seriously ill. The low elevation and crowded conditions made opium cultivation almost impossible, and the Hmong were totally dependent on Air America's rice drops. After the North Vietnamese and Pathet Lao captured Long Tieng and advanced on Vientiane, many of the Hmong were forced down onto the Vientiane Plain, where they were susceptible to tropical diseases.

The Ban Son resettlement area served as a buffer zone, blocking any enemy advance on Vientiane. If the Pathet Lao and North Vietnamese chose to move on Vientiane they would have had no choice but to fight their way through the resettlement area. Hmong leaders, well aware of this danger, pleaded with USAID to either begin resettling the Hmong 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.136 Knowing that the Hmong fought better when their families were threatened, USAID refused to accept either alternative and seemed intent on keeping them in the area for a final, bloody stand against the North Vietnamese and Pathet Lao. Most of the Hmong had no desire to continue fighting for Vang Pao. They resented his more flamboyant excesses—personally executing his own soldiers, grafting from the military payroll, and his willingness to take heavy casualties—and regarded him as a warlord who had grown rich on their suffering.137 Since USAID decided where the rice was dropped, the Hmong had no choice but to stand and fight.
Hmong losses by that time had already been enormous. The sudden mass migrations forced by enemy offensives frequently exceeded Air America's logistic capacity. Instead of being flown out, many Hmong had to endure long forced marches, which produced 10 percent fatalities under the best conditions and 30 percent or more if the fleeing refugees became lost in the mountain forests. Most of the mercenary dependents moved at least five times and some villages originally from Sam Neua province moved fifteen or sixteen times between 1968 and the early 1970s. Vang Pao's military casualties were just as serious: with only 30,000-40,000 men under arms, his army suffered 3,272 killed and 5,426 wounded from 1967 to 1971. Hmong casualties were so heavy that Vang Pao was forced to turn to other tribes for recruits, and by April 1971 Lao Theung, the second largest hill tribe in northern Laos, constituted 40 percent of his troops. Many of the remaining Hmong recruits were boys. In 1968 Edgar Buell told a New Yorker correspondent:

A short time ago we rounded up three hundred fresh recruits. Thirty per cent were fourteen years old or less, and ten of them were only ten years old. Another 30 per cent were fifteen or sixteen. The remaining 40 per cent were forty-five or over. Where were the ones in between? I'll tell you—they're all dead.

Despite the drop in Hmong opium production after 1968, General Vang Pao was able to continue his role in Laos's narcotics trade by opening a heroin laboratory at Long Tieng. According to reliable Laotian sources, his laboratory began operations in 1970 when a foreign Chinese master chemist arrived at Long Tieng to supervise production. The operation was so profitable that in mid-1971 Chinese merchants in Vientiane reported that Vang Pao's agents were buying opium in Vientiane and flying it to Long Tieng for processing.

Although American officials in Laos vigorously denied that either Vang Pao or Air America was in any way involved, overwhelming evidence to the contrary challenged these assertions. Perhaps the best way to understand the importance of their role is to examine the dynamics of the opium trade in a single opium-growing district.

Long Pot Village

In 1971 Long Pot district, thirty miles northwest of Long Tieng, was one of the last remaining areas in northeastern Laos where the history of the country's opium traffic could still be investigated. Located forty miles due west of the Plain of Jars, it was close enough to Long Tieng to be a part of General Vang Pao's domain but far enough away from the heavy fighting to have survived to tell its story. Viewed from Highway 13,
which formed its western boundary, Long Pot district seemed a rugged, distant world. Phou Phachau mountain dominated the district, rising more than 6,200 feet into the clouds that perennially hovered about its peak during the rainy season from May to October. Steep ridges radiated outward from Phou Phachau and lesser peaks, 4,000 and 5,000 feet high, formed hollows and valleys that gouged the district's hundred square miles of territory. The landscape had once been verdant with virgin hardwood forests, but generations of slash-and-burn agriculture by hill tribe residents had left many of the ridges covered with tough, chest-high savanna grass.

The district's twelve villages, seven Hmong and five Lao Theung, clung to ridges and mountain crests, where they commanded a view of the surrounding countryside. The political center of the district was the village of Long Pot, a Hmong community of forty-seven wooden, dirt-floored houses and some three hundred residents. It was not its size, but its longevity that made Long Pot village important. Founded in the latter half of the nineteenth century, it was one of the oldest Hmong villages in northeastern Laos. Its leaders had a tradition of political power, and the highest-ranking local official, District Officer Ger Su Yang, resided in Long Pot village. While most Hmong were forced to abandon their villages every ten or twenty years in search of new opium fields, Long Pot was surrounded by a surplus of fertile, limestone-laden slopes that allowed its inhabitants to remain in continuous residence for three generations. Moreover, Long Pot's high altitude was ideal for poppy cultivation; the village itself was 4,200 feet high and was surrounded by ridges ranging up to 5,400 feet. The Yunnan variety of the opium poppy found in Southeast Asia required a temperate climate; it could survive at 3,000 feet, but thrived as the altitude climbed upward to 5,000.

Despite the damage done by more than ten years of constant warfare, opium production in Long Pot village had not declined. In an August 1971 interview, the district officer of Long Pot, Ger Su Yang, said that most of the households in the village had been producing about 15 kilos of opium apiece before the fighting began and had maintained this level of production for the previous ten years. However, rice production had declined drastically. During a time of war, when the Hmong of Long Pot might have been expected to concentrate their dwindling labor resources on essential food production, they had chosen instead to continue cash-crop opium farming. Guaranteed an adequate food supply by Air America's regular rice drops, the villagers were free to devote all their energies to opium production. Since Vang Pao's officers paid them a high price for their opium and assured them a reliable market, the farmers of Long Pot village tried to produce as much opium as possible.
In the past rice had always been the Hmong's most important subsistence crop and opium their traditional cash crop. However, opium and rice had conflicting crop cycles and prospered in different kinds of fields. Because the average Hmong village had a limited amount of manpower, it was capable of clearing only a few new fields every year and therefore had to opt for either opium or rice. When the opium price was high Hmong farmers concentrated their efforts on the opium crop and used their cash profits to buy rice, but if the price dropped, they gradually reduced poppy cultivation and increased subsistence rice production. With rice from Air America and good opium prices from Vang Pao's officers, the farmers of Long Pot had chosen to emphasize opium production.

Every spring, as the time for cutting new fields approached, each household sent out a scouting party to scour the countryside for suitable field locations. Since Long Pot Hmong wanted to plant opium, they looked for highly alkaline soil near the ridgeline or in mountain hollows where the opium poppies prospered rather than midslope fields more suitable for rice. The sweeter "taste" of limestone soil can actually be recognized by a discriminating palate, and as they hiked around the nearby mountains Hmong scouts periodically chewed on a bit of soil to make sure that the prospective site was alkaline enough.

Hmong farmers began clearing their new fields in March or April. Using iron-bitted axes, the men chopped away at timber stands covering the chosen site. Rather than cutting through the thick roots or immense trunks of the larger trees, they scaled the first twenty feet of the trunk, balanced themselves on a slender notched pole, and cut away only the top of the tree. A skilled woodsman could often fell three or four smaller trees with a single blow if he toppled a large tree so that it knocked down the others as it crashed to the ground. The trees were left on the ground to dry until April or early May, when the Hmong were ready for one of the most awesome spectacles in the mountains—the burn-off.

After the timber had become tinderbox dry, the villagers of Long Pot formed fire brigades and gathered near the fields on the chosen day. While the younger men of the village raced down the slope igniting the timber as they came, others circled the perimeter, lighting stacked timber and brush on the edge of the field. The burn-off not only removed fallen timber from the field, but it also left a valuable layer of ash containing phosphate, calcium, and potassium scattered evenly across the field.

Even though the fields were ready for planting as soon as the burn-off was completed, the poppy's annual cycle dictated that its planting be delayed until September. If the land was left unplanted, however, it lost valuable minerals through erosion and became covered with a thick
crop of weeds. Dry upland rice was not harvested until November, two months after the poppies should have been planted, so the Hmong instead planted a hardy variety of mountain corn that could be harvested in August and early September. The corn kept the ground clear of weeds during the summer and provided fodder for the menagerie of hogs, mountain ponies, chickens, and cows whose wanderings turned Long Pot village into a sea of mud every rainy season.\textsuperscript{148}

Once the corn was picked in August and early September, Hmong women began chopping and turning the soil with a heavy, triangular hoe. Just before the poppy seeds were broadcast across the surface of the ground in September, the soil had to be chopped fine and raked smooth with a bamboo broom. In November women thinned out the poppies, leaving the healthier plants standing about six inches apart. At the same time tobacco, beans, spinach, and other vegetables were planted among the poppies; they added minerals to the soil and supplemented the Hmong diet.\textsuperscript{149}

The poppies were thinned again in late December and several weeks later the vegetables were picked, clearing the ground and allowing the poppies to make a final push. By January the bright red and white poppy flowers started to appear and the harvest began as the petals dropped away exposing an egg-shaped bulb containing the resinous opium. Since most farmers staggered their plantings to minimize demands on their time during the busy harvest season and reduce the threat of weather damage, the harvest usually continued until late February or early March.\textsuperscript{150}

To harvest the opium, Hmong farmers tapped the poppy's resin much like a Vermont maple sugar farmer and a Malaysian rubber farmer harvest their crops. An opium farmer held the flower's egg-sized bulb with the fingers of one hand while he used a three-bladed knife to incise shallow longitudinal slits on its surface. The cuttings were made in the cool of the late afternoon. During the night the opium resin oozed out of the bulb and collected on its surface. Early the next morning, before the sun dried the moist sap, a Hmong woman scraped the surface of the bulb with a flexible rectangular blade and deposited the residue in a cup hanging around her neck. When she finished harvesting a kilo of the dark, sticky sap, she wrapped it in banana leaves and tied the bundle with string.

By the time the harvest was finished, the forty-seven households in Long Pot village had collected more than 700 kilos of raw opium.\textsuperscript{151} Since Golden Triangle opium was usually 10 percent morphine by weight, the Long Pot harvest yielded roughly 70 kilos of pure morphine base after it was boiled, processed, and pressed into bricks. Once the
morphine was chemically bonded with acetic anhydride in one of the region's many heroin laboratories, Long Pot's opium harvest became 70 kilos of high-grade no. 4 heroin.

While international criminal syndicates reaped enormous profits from the narcotics traffic, the Hmong farmers were paid relatively little for their efforts. Although opium was their sole cash crop and they devoted most of their effort to it, they received only $400 to $600 for 10 kilos of raw opium in 1971. After the opium left the village, however, the value of those 10 kilos spiraled upward. Ten kilos of raw opium yielded 1 kilo of morphine base worth $500 in the Golden Triangle. After being processed into heroin, 1 kilo of morphine base became 1 kilo of no. 4 heroin worth $2,000 to $2,500 in Bangkok. In San Francisco, Miami, or New York, the courier delivering a kilo of heroin to a wholesaler received anywhere from $18,000 to $27,000. Diluted with quinine or milk sugar, packaged in 45,000 tiny gelatin capsules and sold on the streets for $5 a shot, a kilo of heroin that began as $500 worth of opium back in Long Pot was worth $225,000.

In the 1950s Long Pot's farmers had sold their opium to Chinese caravans from the Plain of Jars that passed through the area several times during every harvest season. Despite the occupation of the plain by neutralist and Pathet Lao forces in 1960 and 1961, Chinese caravans kept coming and opium growers in Long Pot district continued to deal with them.

According to Long Pot's district officer, Ger Su Yang, the Chinese merchant caravans disappeared after the 1964-1965 harvest, when heavy fighting broke out on the plain's western perimeter. But they were replaced by Hmong army caravans from Long Tieng. Commanded by lieutenants and captains in Vang Pao's army, the caravans usually consisted of half a dozen mounted Hmong soldiers and a string of shaggy mountain ponies loaded with trade goods. When the caravans arrived from Long Tieng, they usually stayed at the district officer's house in Long Pot village and used it as a headquarters while trading for opium in the area. Lao Theung and Hmong opium farmers from nearby villages, such as Gier Goot and Thong Oui, carried their opium to Long Pot and haggled over the price with the Hmong officers in the guest corner of Ger Su Yang's house. While the soldiers weighed the opium on a set of balance scales and burned a small glob to test its morphine content (a good burn indicates a high morphine content), the farmer inquired about the price and examined the trade goods spread out on the nearby sleeping platform (medicines, salt, iron, silver, flashlights, cloth, thread, and so on). After a few minutes of carefully considered offers and counteroffers, a bargain was struck. At one time the Hmong would accept nothing but silver or commodities. However, during the decade of war Air America had made
commodities so available that most opium farmers came to prefer Laotian
government currency. (Vang Pao's Hmong subjects were unique in this
regard. Hill tribesmen in Burma and Thailand still preferred trade goods or
silver in the form of British India rupees, French Indochina piasters, or
rectangular bars.)

To buy up opium from the outlying areas, the Hmong soldiers would
leave Long Pot village on short excursions, hiking along the narrow
mountain trails to Hmong and Lao Theung villages four or five miles to
the north and south. For example, the headman of Nam Suk, a Lao
Theung village about four miles north of Long Pot, recalled that his
people began selling their opium harvest to Hmong soldiers in 1967 or
1968. Several times during every harvest season, five to eight of them
arrived at his village, paid for the opium in paper currency, and then left
with their purchases loaded in backpacks. Previously this village had
sold its opium to Lao and Chinese merchants from Vang Vieng, a market
town on the northern edge of the Vientiane Plain. But the Hmong
soldiers were paying 20 percent more, and Lao Theung farmers were
only too happy to deal with them.

Since Hmong soldiers paid almost $60 a kilo, while merchants from
Vang Vieng or Luang Prabang only paid $40 or $50, Vang Pao's officers
were usually able to buy up all of the available opium in the district after
only a few days of trading. Once the weight of their purchases matched
the endurance limits of their rugged mountain ponies, the Hmong
officers packed it into giant bamboo containers, loaded it on the ponies,
and headed back for Long Tieng, where the raw opium was refined into
morphine base. Hmong army caravans had to return to Long Pot and
repeat this procedure two or three times during every season before
they had purchased the district's entire opium harvest.

However, during the 1969–1970 opium harvest the procedure
changed. Ger Su Yang described this important development in a 1971
interview:

[Hmong] officers with three or four stripes [captain or major]
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 [swinging his arm in a semicircle in the
direction of Gier Goot, Long Makkhay, and Nam Pac], then
come back here and radioed Long Tieng to send another
helicopter for them. They take the opium back to Long Tieng.

Ger Su Yang went on to explain that the helicopter pilots were always
Americans, but it was the Hmong officers who stayed behind to buy up the
opium. The headman of Nam Ou, a Lao Theung village five miles north of
The Golden Triangle

Long Pot, confirmed the district officer's account; he recalled that in 1969–1970 Hmong officers who had been flown into Tam Son village by helicopter hiked into his village and purchased the opium harvest. Since the thirty households in his village produced only 2 or 3 kilos of opium apiece, the Hmong soldiers continued on to Nam Suk and Long Pot.\(^\text{156}\)

Although Long Pot's reluctant alliance with Vang Pao and the CIA at first brought prosperity to the village, by 1971 it was weakening the local economy and threatening Long Pot's very survival. The alliance began in 1961 when Hmong officers visited the village, offering money and arms if the villagers joined with Vang Pao and threatening reprisals if they remained neutral. Ger Su Yang resented Vang Pao's usurpation of Touby Lyfoung's rightful position as leader of the Hmong, but there seemed no alternative to the village declaring its support for Vang Pao.\(^\text{157}\) During the 1960s Long Pot became one of Vang Pao's most loyal villages. Edgar Buell devoted a good deal of his personal attention to winning the area over, and USAID even built a school in the village.\(^\text{158}\) In exchange for sending fewer than twenty soldiers to Long Tieng, most of whom were killed in action, Long Pot village received regular rice drops, money, and an excellent price for its opium.

But in 1970 the war finally came to Long Pot. With enemy troops threatening Long Tieng and his manpower pool virtually exhausted, Vang Pao ordered his villages to send every available man, including even the fifteen-year-olds. Ger Su Yang complied, and the village built a training camp for its sixty recruits on a nearby hill. Assisted by Hmong officers from Long Tieng, Ger Su Yang personally supervised the training, which consisted mainly of running up and down the hillside. After weeks of target practice and conditioning, Air America helicopters began arriving late in the year and flew the young men off to battle.

Village leaders apparently harbored strong doubts about the wisdom of sending off so many of their young men, and as early rumors of heavy casualties among the recruits filtered back, opposition to Vang Pao's war stiffened. When Long Tieng officials demanded more recruits in January 1971, the village refused. Seven months later Ger Su Yang expressed his determination not to sacrifice any more of Long Pot's youth:

> Last year I sent sixty [young men] out of this village. But this year it's finished. I can't send any more away to fight. . . . The Americans in Long Tieng said I must send all the rest of our men. But I refused. So they stopped dropping rice to us. The last rice drop was in February this year.\(^\text{159}\)

In January Long Tieng officials warned the village that unless recruits were forthcoming Air America's rice drops would stop. Although Long
Pot was almost totally dependent on the Americans for its rice supply, opposition to Vang Pao was now so strong that the village was willing to accept the price of refusal. "Vang Pao keeps sending the Meo [Hmong] to be killed," said Ger Su Yang. "Too many Meo have been killed already, and he keeps sending more. Soon all will be killed, but Vang Pao doesn't care." But before stopping the rice shipments, Long Tieng officials made a final offer. "If we move our village to Ban Son or Tin Bong [another resettlement area] the Americans will give us rice again," explained Ger Su Yang. "But at Ban Son there are too many Meo, and there are not enough rice fields. We must stay here, this is our home."  

When the annual Pathet Lao–North Vietnamese offensive began in January 1971, strong Pathet Lao patrols appeared in the Long Pot region for the first time in several years and began making contact with the local population. Afraid that the Hmong and Lao Theung might go over to the Pathet Lao, the Americans ordered the area's residents to move south and proceeded to cut off rice support for those who refused to obey. A far more powerful inducement was added when the U.S. bombing intensified to the east of Long Pot district and residents became afraid that it would spread to their villages. To escape from the threat of being bombed, the entire populations of Phou Miang and Muong Chim, Hmong villages five miles east of Long Pot, moved south to the Tin Bong resettlement area in early 1971. At about the same time, many of the Hmong residents of Tam Son and eight families from Long Pot also migrated to Tin Bong. Afraid that Pathet Lao patrols operating along Route 13 might draw air strikes on their villages, the Hmong of Sam Poo Kok joined the rush to Tin Bong, while three Lao Theung villages in the same general area—Nam Suk, Nam Ou and San Pakau—moved to a ridge opposite Long Pot village. Their decision to stay in Long Pot district rather than move south was largely due to the influence of Ger Su Yang. Determined to remain in the area, he used all his prestige to stem the tide of refugees and retain enough population to preserve some semblance of local autonomy. Thus, rather than moving south when faced with the dual threat of American air attacks and gradual starvation, most of the villagers abandoned their houses in January and hid in the nearby forest until March. 

While U.S. officials in Laos claimed that hill tribes moved to escape slaughter at the hands of the enemy, most of the people in Long Pot district said that it was fear of indiscriminate American and Laotian bombing that drove their neighbors south to Tin Bong. These fears cannot be dismissed as ignorance on the part of "primitive" tribes; they watched the air war at work and they knew what it could do. From sunrise to sunset the mountain silence was shattered every twenty or thirty minutes by the distant roar of paired Phantom fighters en route to
targets around the Plain of Jars. Throughout the night the monotonous buzz of prowling AC-47 gunships was broken only when their infrared sensors sniffed warm mammal flesh and their miniguns clattered, firing 6,000 rounds a minute. Every few days a handful of survivors fleeing the holocaust passed through Long Pot relating their stories of bombing and strafing. On August 21, 1971, twenty exhausted refugees from a Lao Theung village in the Muong Soui area reached Long Pot village. Their story was typical. In June Laotian air force T-28s had bombed their village while they fled into the forest. Every night for two months AC-47 gunships raked the ground around their trenches and shallow caves. Because of the daylight bombing and nighttime strafing, they were able to work their fields only in the predawn hours. Finally, faced with certain starvation, they fled the Pathet Lao zone and walked through the forest for eleven days before reaching Long Pot. Twice during their march the gunships found them and opened fire.162

When Ger Su Yang was asked which he feared most, the bombing or the Pathet Lao, his confidence disappeared and he replied in a quavering voice,

The bombs! The bombs! Every [Hmong] village north of here [pointing to the northeast] has been bombed. Every village! Everything! There are big holes [extending his arms] in every village. Every house is destroyed. If bombs didn't hit some houses they were burned. Everything is gone. Everything from this village, all the way to Muong Soui and all of Xieng Khouang [Plain of Jars] is destroyed. In Xieng Khouang there are bomb craters like this [stretching out his arms, stabbing into the air to indicate a long line of craters] all over the plain. Every village in Xieng Khouang has been bombed, and many, many people died. From here ... all the mountains north have small bombs in the grass. They were dropped from the airplanes.163

Although opium production in Long Pot village had not yet declined, by August 1971 there was concern that disruption caused by the escalating conflict might reduce the size of the harvest. Even though the village spent the 1970–1971 harvest season hiding in the forest, most families somehow managed to attain their normal output of 15 kilos. Heavy fighting at Long Tieng delayed the arrival of Air America helicopters by several months, but in May 1971 they finally began landing at Long Pot carrying Hmong army traders, who paid the expected $60 for every kilo of raw opium.164 However, prospects for the 1971–1972 opium harvest were looking quite dismal as planting time approached in late August. There were plenty of women to plant, weed, and harvest, but a shortage of male workers and the necessity of hiding in the forest during the past winter had made it difficult for households
to clear new fields. As a result, many farmers were planting their poppies in exhausted soil, and they expected to harvest only half as much opium as the year before.

However, as the war mounted in intensity through 1971 and early 1972, Long Pot district's opium harvest was drastically reduced and eventually destroyed. USAID officials reported that about 4,600 hill tribesmen had left the district in January and February 1971 and moved to the Tin Bong refugee area to the south, where there was a shortage of land. Some of the villages that remained, such as the three Lao Theung villages near Long Pot village, were producing no opium at all. Even Long Pot village had lost eight of its households during the early months of 1971. Finally, on January 4, 1972, Allied fighter aircraft attacked Long Pot district. In an apparent attempt to slow the pace of a Pathet Lao offensive in the district, the fighters napalmed the district's remaining villages, destroying Long Pot village and the three nearby Lao Theung villages.

The painful migration of Long Pot's villagers southward toward Vientiane was but a small part of a mass Hmong retreat away from the mountains that surrounded the Plain of Jars. By 1973 some 150,000 Hmong were crowded into a fifty-mile strip of hills at Ban Son, lying between the CIA's main base at Long Tieng and the humid Vientiane plain below. As repeated losses reduced Vang Pao's army by 10,000 troops from its peak of 40,000, the CIA imported an estimated 20,000 Thai mercenaries to replace the Hmong, now unable and unwilling to make up the losses. Faced with the threat of a Pathet Lao attack on the capital Vientiane, the Royal Lao government signed a cease-fire with the Communist Pathet Lao in 1973, effectively ending the secret war. Over the next few months, Air America abandoned more than 300 landing strips and turned over a number of its transport aircraft to the Lao government. On orders from the Lao government, Air America finally gave up all of its facilities in June 1974.

As Pathet Lao guerrillas began moving toward his territory in early 1975, Vang Pao led his remaining 6,000 troops in sporadic resistance that collapsed in early May when Communist troops broke through his lines guarding the main highway to Vientiane. Without U.S. air support for mobility and firepower, Vang Pao's guerrillas could no longer hold the Pathet Lao. At the insistence of his CIA case officers, Vang Pao finally agreed to flee to Thailand. On May 14, a CIA chartered aircraft landed at Long Tieng to evacuate Vang Pao and his remaining troops. Evading Communist fire from the surrounding ridges, the CIA transports made quick shuttle flights to nearby Thai air bases, maneuvering for takeoff through mobs of panicked Hmong that surged along the runway toward the aircraft.
After some 3,000 Hmong had been flown across the Mekong, Vang Pao and his CIA case officer, Jerry Daniels, a fifteen-year veteran of the secret war, flew out of Long Tieng into Thailand—and, ultimately, to Missoula, Montana, Daniels's hometown, where Vang Pao paid over a half million dollars for a cattle ranch, hog farm, and two large homes. By the end of the year, more than 30,000 Hmong refugees had fled across the Mekong into Thailand, the first wave of a mass exodus that would peak at 3,000 a month by 1979. “War is difficult, peace is hell,” concluded General Vang Pao.

General Ouane Rattikone

General Ouane Rattikone could not have foreseen the enormous logistical problem that would be created by his ill-timed eviction of the Corsican charter airlines in 1965. While use of Air America aircraft solved the problem for Vang Pao by flying Hmong opium out of northeastern Laos, in the northwest Ouane had to rely on his own resources. Eager to establish an absolute monopoly over Laos's drug traffic, he had been confident of being able to expropriate two or three C-47s from the Laotian air force to do the job. But because of the intensification of the fighting in 1964–1965, Ouane found himself denied access to his own military aircraft. Although he still had control over enough civilian air transport to carry the local harvest and some additional Burmese imports, he could hardly hope to tap a major portion of Burma's exports unless he gained control over two or three air force C-47 transports. Ouane said that in 1964 he purchased large quantities of Burmese opium from the caravans that entered Laos through the Ban Houei Sai region in the extreme northwest, but he claimed that because of his transportation problem no large Shan or Nationalist Chinese opium caravans entered northwestern Laos in 1965.

Shortly after General Phoumi Nosavan fled to Thailand in February 1965, Ouane's political ally General Koupasith invited the commander of the Laotian air force, General Thao Ma, to Vientiane for a friendly conference. Thao Ma recalled that he did not learn the purpose of the meeting until he found himself seated at lunch with General Ouane, General Koupasith, and General Oudone Sananikone. Koupasith leaned forward and, with a smile, asked the diminutive air force general, “Would you like to be rich?” Thao Ma replied, “Yes. Of course.” Encouraged by this positive response, Koupasith proposed that he and Ouane pay Thao Ma 1 million kip ($2,000) a week and the air force allocate two C-47 transports for their opium-smuggling ventures. To their astonishment, Thao Ma refused; moreover, he warned Koupasith and Ouane that if they tried to bribe any of his transport pilots he would personally intervene and put a stop to it.
THE POLITICS OF HEROIN

Very few Laotian generals would have turned down such a profitable offer, but Thao Ma was one of those rare generals who placed military considerations ahead of his political career or financial reward. As the war in South Vietnam and Laos heated up during 1964, Laotian air force T-28s became the key to clandestine air operations along the North Vietnamese border and the Ho Chi Minh Trail. Thao Ma took personal command of the squadrons bombing the Ho Chi Minh Trail and providing close air support for Secret Army operations in the northeast. But his proudest accomplishment was the invention of an early version of what later became the AC-47 gunship. Aware that the Pathet Lao often attacked at night when his T-28 fighters were grounded, Thao Ma began looking for a way to provide nighttime air support for government forces and came up with the idea of arming his C-47 transports with .50 caliber machine guns. In 1964 he reduced the air force’s logistic capacity by converting a number of his transports into gunships. Thus, when Kouprasith and Ouane demanded two C-47s in early 1965, Thao Ma felt there were none to spare and refused.

Despite further offers and heavy political pressure, Thao Ma's intransigence continued. In 1966 Ouane was still without access to air transport and again no major Shan or Nationalist Chinese opium caravans entered northwestern Laos. Evidently the economic loss of two successive Burmese opium harvests and the prospect of continued losses convinced Ouane and Kouprasith that the Laotian air force badly needed a new commander.

In May 1966 Thao Ma was summoned to Vientiane from his headquarters in Savannakhet for a harsh dressing-down by the high command. The transport section of the air force was severed from his command and he was ordered to move his headquarters to Vientiane. Fearing assassination at the hands of General Kouprasith if he moved to Vientiane, Thao Ma appealed for a six-month delay and began spending most of his time at the air base in Luang Prabang. As the transfer date approached, Thao Ma sought desperately for an alternative. He begged the Americans, Captain Kong Le, and the king to intercede on his behalf, but to no avail. Friend and foe alike reported that he was in a state of near panic by October, and Thao Ma himself remembered that he was functioning in a dazed stupor. Thus, a coup seemed his only way out.

At 7:00 A.M. on October 22, six T-28 fighters took off from Savannakhet and headed north for Vientiane. At 8:20 A.M. the squadron reached the Laotian capital and the first bomb scored a direct hit on General Kouprasith's office at general staff headquarters. The T-28s strafed and bombed the headquarters compound extensively. Two munitions dumps at Wattay Airport on the outskirts of Vientiane were destroyed. The squadron also rocketed General Kouprasith's home at Chinaimo army
camp, but all the missiles were wide of the mark and the general was unharmed. More than thirty people were killed and dozens more were wounded.

The squadron flew back to Savannakhet, and Vientiane waited nervously for a second round of attacks. After receiving numerous appeals from both Lao and American officials to end his revolt and go into exile, General Thao Ma and ten of his best pilots took off from Savannakhet at 1:45 A.M. October 23 and flew to Thailand, where they were granted political asylum.

Although his coup was primarily an act of revenge, Thao Ma had apparently expected that his friend Kong Le, the neutralist army general, would seize Vientiane and oust the generals once Kouprasith was dead. However, Kong Le was having his own problems with Kouprasith and, unknown to Thao Ma, had left for Bangkok five days before to meet with CIA officials. Shortly after the T-28s struck Vientiane, Thai officials placed Kong Le under house arrest in Bangkok and Kouprasith ordered Laotian border guards to arrest him if he tried to return. Kong Le became a political exile in Paris, and his neutralist army fell under rightist control. Soon after Thao Ma flew into exile, a pliant, right-wing general was appointed air force commander.

With an ample supply of C-47 transports and helicopters now assured, General Ouane proceeded to contact Chinese and Shan opium brokers in the tri-border area and placed a particularly large order with a rising Shan warlord named Khun Sa (Chan Shee-fu). As the Lahu and Wa hill tribes of northeastern Burma finished harvesting opium in the early months of 1967, Khun Sa's traders and brokers began buying up all the opium they could find. By June he had assembled one of the largest single shipments on record—16 tons of raw opium. When the caravan set out across the rugged Shan highlands for its destination near Ban Houei Sai, Laos, about two hundred miles away, its 300 pack horses and 500 armed guards marched single file in a column that extended over a mile along the narrow mountain trails.

This caravan was to spark off an armed confrontation that made headlines around the world as the 1967 Opium War. While the war struck most newspaper readers as a curiosity, in reality it was a serious struggle for control of Burma's opium exports, which at that time amounted to about 500 tons of raw opium annually—more than one-third of the world's total illicit supply. Consequently, each group's share of Burma's opium exports and its role in the Golden Triangle's heroin trade were largely determined by the war and its aftermath. All of the combatants were well aware of what was at stake and threw everything they could muster into the battle.

The confrontation started when the KMT (Nationalist Chinese army
units) based in northern Thailand decided to send more than a thousand soldiers into Burma to head off Khun Sa's caravan. The KMT had been worried for some time that the rising young Shan warlord might threaten their fifteen-year domination of the opium trade, and this mammoth caravan was a serious challenge. But the Shan caravan eluded Nationalist Chinese forces, fled across the Mekong into Laos, and dug in for a fight at Ban Khwan, a lumber town twenty miles northwest of Ban Houei Sai. After several days of indecisive fighting between the Chinese and Shans, General Ouane Rattikone entered the lists. Displaying an aggressiveness rare among Laotian army commanders, Ouane bombed both sides with a squadron of T-28s and swept the field of battle with the Second Paratroop Battalion. While his friends and enemies fled in disorder, Ouane's troops scooped up the 16 tons of raw opium and delivered it to the victorious general. Almost two hundred people, mainly Shans and Chinese, died in the fighting.

As a result of Ouane's victory, the KMT lost many of its profitable prerogatives to the general. They had nevertheless crushed Khun Sa's bid for supremacy, even though they had not completely destroyed him. After the battle General Ouane emerged as one of the most important heroin manufacturers in the Golden Triangle, since his share of the Burmese opium trade increased considerably.

Although it was a relatively minor military action compared with the battles raging elsewhere in Indochina, the 1967 Opium War captured the imagination of the American press. However, all of the accounts studiously avoided any serious discussion of the Golden Triangle opium trade and emphasized the sensational. Using a cliché-studded prose usually reserved for the sports page or travel section, the media rambled on about wild animals, primitive tribes, desperadoes of every description, and the mysterious ways of the Orient. Despite its seductively exotic aspects, the 1967 Opium War remains the most revealing episode in the recent history of the Golden Triangle opium trade.

After the abolition of government opium monopolies in the 1940s and 1950s, the Golden Triangle's drug trade disappeared behind a curtain of government secrecy and it became increasingly difficult to verify official involvement or the extent of the traffic. Suddenly the curtain was snatched back, and there were 1,800 of General Ouane's best troops battling 1,400 well-armed Nationalist Chinese soldiers (supposedly evacuated to Taiwan six years before) for 16 tons of opium. But an appreciation of the subtler aspects of this sensational battle requires some background on the economic activities of the KMT units based in Thailand, the Shan rebels in Burma, and, in particular, the long history of CIA operations in the Golden Triangle.
The CIA in Northwest Laos

CIA paramilitary operations in northwestern Laos began in 1959, but they were poorly planned and achieved far less than the ambitious Hmong program in the northeast. During the five-month battle for Nam Tha City in early 1962, a team of twelve U.S. Green Berets were active in the area as advisers to the beleaguered rightist army. What little work they did with the local hill tribes was cut short in May 1962 when the frightened garrison abandoned the city and retreated toward the Mekong River in disorder.186

Afraid that the Communists were about to overrun all of Nam Tha province, the CIA assigned William Young to the area in mid-1962. Young was instructed to build up a hill tribe commando force for operations in the tri-border area since regular Laotian army troops were ill-suited for military operations in the rugged mountains. Nam Tha's ethnic diversity and the scope of clandestine operations made paramilitary work in this province far more demanding than Hmong operations in the northeast.187

As a migration crossroads for centuries for tribes from southern China and Tibet, Nam Tha province was an area of remarkable ethnic diversity. Successive waves of Hmong and Yao tribesmen began migrating down the Red River valley into North Vietnam in the late 1700s, reaching Nam Tha in the mid-nineteenth century.188 Nam Tha also marked the extreme southeastern frontier for advancing Tibeto-Burman tribes, mainly Akha and Lahu, who had moved south slowly through the China-Burma borderlands for centuries. Laotian officials believed that there may have been as many as thirty different ethnic minorities living in the province.

Nam Tha province itself was added to Laos in the late nineteenth century when Europe's imperial diplomats decided that the Mekong River was the most convenient dividing line between British Burma and French Indochina. Jutting awkwardly into Thailand, Burma, and China, it actually looks on maps as if it had been pasted onto Laos. There are very few Lao in Nam Tha, and most of the lowland valleys are inhabited by Lu, a Tai-speaking people who were once part of a feudal kingdom centered in southern Yunnan.

With thirty tribal dialects and languages, most of them mutually unintelligible, and virtually no Lao population, Nam Tha province had been a source of frustration for both French and American counterinsurgency specialists.

With his knowledge of local languages and his rapport with the mountain minorities, William Young was uniquely qualified to overcome these difficulties. Speaking four of the most important languages—Lu, Lao, Hmong, and Lahu—Young could deal directly with most of the
tribesmen in Nam Tha. Since Young had grown up in Lahu and Shan villages in Burma, he actually enjoyed the long months of solitary work among the hill tribes, which might have strained less acculturated agents.

Rather than trying to create a tribal warlord on the Vang Pao model, Young decided to build a pan-tribal army under the command of a joint council composed of one or two leaders from every tribe. Theoretically the council was supposed to have final authority on all matters, but in reality Young controlled the money and made the decisions. However, council meetings did give various tribal leaders a sense of participation and greatly increased the efficiency of paramilitary operations. Most important, Young managed to develop his pan-tribal council and weaken the would-be Yao warlord, Chao Mai, without alienating him from the program. In fact, Chao Mai remained one of Young's strongest supporters, and his Yao tribesmen constituted the great majority of the CIA mercenary force in Nam Tha.189

Although his relationships with hill tribe leaders were extraordinary, William Young still used standard CIA procedures for "opening up" an area to paramilitary operations. But to organize the building of runways, select base sites, and perform all the other essential tasks connected with forging a counterguerrilla infrastructure, Young recruited a remarkable team of sixteen Shan and Lahu operatives he called the Sixteen Musketeers, whose leader was a middle-aged Shan nationalist leader, "General" U Ba Thein.190

With the team's assistance, Young began opening up the province in mid-1962. By late 1963 he had built up a network of some twenty dirt landing strips and a guerrilla force of 600 Yao commandos and several hundred additional troops from the other tribes. But the war in northwestern Laos had intensified and large-scale refugee relocations had begun in late 1962 when Chao Mai and several thousand of his Yao followers abandoned their villages in the mountains between Nam Tha and Muong Sing, both of which were under Pathet Lao control, and moved south to Ban Na Woua and Nam Thouei, refugee centers established by the Sixteen Musketeers.191 The outbreak of fighting several months later gradually forced tribal mercenaries and their families, particularly the Yao, out of the Pathet Lao zone and into refugee camps.192

Instead of directing rice drops and refugee operations personally, Young delegated the responsibility to a pistol-packing community development worker named Joseph Flipse who, like Edgar Buell, was an IVS volunteer. While Flipse maintained a humanitarian showplace at Nam Thouei complete with a hospital, school, and supply warehouse, William Young and his tribal team opened a secret base at Nam Yu, only
three miles away, which served as CIA headquarters for cross-border intelligence forays into southern China. The double-dealing relationship between Nam Thouei and Nam Yu in northwestern Laos was very similar to the arrangement at Sam Thong and Long Tieng in northeastern Laos. For almost a decade reporters and visiting congressional representatives were taken to Sam Thong to see the good work Edgar Buell was doing to save the Hmong from Communist aggression but were denied access to CIA headquarters at Long Tieng.

However, just as the operations were getting under way, CIA policy decisions and local opium politics combined to kill this enthusiasm and weaken the overall effectiveness of Young's hill tribe operations. A series of CIA personnel transfers in 1964 and 1965 probably did more damage than anything else. When Young became involved in a heated jurisdictional dispute with Thai intelligence officers in October 1964, the CIA pulled him out of Nam Tha and sent him to Washington for a special training course. High-ranking CIA bureaucrats in Washington and Vientiane had long been dissatisfied with the paucity of Intel-Coms (intelligence communications) and in-depth reports they were getting from Young and apparently used his squabble with the Thai as a pretext for placing a more senior agent in charge of operations in Nam Tha. After Young's first replacement, an operative named Obijibway, died in a helicopter crash in the summer of 1965, Tony Poe drew the assignment.

Where Young had used his skill as a negotiator and his knowledge of minority cultures to win compliance from hill tribe leaders, Poe preferred to use bribes, intimidation, and threats. The hill tribe leaders, particularly Chao Mai, were alienated by Poe's tactics and became less aggressive. Poe tried to rekindle their enthusiasm for combat by raising salaries and offering cash bonuses for Pathet Lao ears. But as a former USAID official put it, "The pay was constantly going up, and the troops kept moving slower."

General Ouane Rattikone's monopolization of the opium trade in Military Region I, northwestern Laos, dealt another major blow to Chao Mai's enthusiasm for the war effort. Chao Mai had inherited control over the Yao opium trade from his father, and during the early 1960s he was probably the most important opium merchant in Nam Tha province. Every year Chao Mai sold the harvest to the Chinese merchants in Muong Sing and Ban Houei Sai who acted as brokers for the Corsican charter airlines. With his share of the profits, Chao Mai financed a wide variety of social welfare projects among the Yao, from which he derived his power and prestige. However, when Ouane took over the Laotian opium trade in 1965, he forced all of his competitors, big and small, out of business. One USAID official who worked in the area remembers that
all the hotels and shops in Ban Houei Sai were crowded with opium buyers from Vientiane and Luang Prabang following the 1963 and 1964 harvest seasons. But in 1965 the hotels and shops were empty and local merchants explained that "there was a big move on by Ouane to consolidate the opium business." Ouane's strategy for forcing his most important competitor out of business was rather simple; after Chao Mai had finished delivering most of the Yao opium to Ouane's broker in Ban Houei Sai, who had promised to arrange air transport to Vientiane, the Lao army officer simply refused to pay for the opium. There was absolutely nothing Chao Mai could do, and he was forced to accept the loss. Needless to say, this humiliating incident further weakened his control over the Yao, and by the time he died in April 1967 most of his followers had moved to Nam Keung where his brother Chao La was sitting out the war on the banks of the Mekong.198

After Chao Mai's death, Poe tried in vain to revitalize tribal commando operations by appointing Chao La commander of Yao paramilitary forces. Although Chao La accepted the position and participated in the more spectacular raids, such as the recapture of Nam Tha City in October 1967, he had little interest in the tedium of day-to-day operations that are the essence of counterguerrilla warfare. Unlike Chao Mai, who was a politician and a soldier, Chao La was a businessman whose main interests were his lumber mill, gunrunning, and the narcotics traffic. In fact, some American officials believed that Chao La worked with the CIA only to get guns (which he used to buy opium from Burmese smugglers) and political protection for his opium refineries.199

Although William Young was removed from command of paramilitary operations in 1964, the CIA had ordered him back to Nam Tha in August 1965 to continue supervising the Yao and Lahu intelligence teams, which were being sent deep into Yunnan province, China. Wedged between China and Burma, Nam Tha province was an ideal staging ground for cross-border intelligence patrols operating in southern China. The arbitrary boundaries between Burma, China, and Laos had little meaning for the hill tribes, who had been moving back and forth across the frontiers for centuries in search of new mountains and forests. As a result of these constant migrations, many of the hill tribes that populate the Burma-China borderlands were also found in Nam Tha province.200 Some of the elderly Lahu and Yao living in Nam Tha were actually born in Yunnan, and many of the younger generation have relatives there. Most important, both of these tribes have a strong sense of ethnic identity, and individual tribesmen view themselves as members of larger Yao and Lahu communities that transcend national boundaries.201 Because of the ethnic overlap between all three countries, CIA-trained Lahu and Yao agents from Nam Tha could cross the Chinese border and
wander the mountains of Yunnan tapping telephone lines and monitoring road traffic without being detected.

After a year of recruiting and training agents, William Young had begun sending the first Lahu and Yao teams into China in 1963. Since the CIA and the Pentagon were quite concerned about the possibility of Chinese military intervention in Indochina, any intelligence on military activity in southern China was valued and the cross-border operations were steadily expanded. By the time Young quit the CIA in 1967, he had opened three major radio posts within Burma's Shan states, built a special training camp that was graduating thirty-five agents every two months, and sent hundreds of teams deep into Yunnan. While Young's linguistic abilities and his understanding of hill tribe culture had made him a capable paramilitary organizer, it was his family's special relationship with the Lahu that enabled him to organize the cross-border operations. The Sixteen Musketeers who recruited most of the first agents were Lahu, the majority of the tribesmen who volunteered for these dangerous missions were Lahu, and all the radio posts inside the Shan states were manned by Lahu tribesmen.

This special relationship with the Lahu dated back to the turn of the century, when Young's grandfather, a Baptist missionary, converted thousands of Lahu who took him to be the God once promised by a Lahu prophet. Young's father, Harold, carried the family's missionary work to the Wa states in the 1930s, but he was forced to leave Burma after World War II when the newly independent government became suspicious of his relations with minority dissidents. He moved to Chiangmai, Thailand, where the second chapter in the family's special relationship with the Lahu took place.

After the establishment of the People's Republic of China in 1949, the CIA rearmed remnants of the Nationalist Chinese Army who had fled into the Shan states and launched three abortive invasions into western Yunnan in the hope that the Chinese masses would rally to their banners. The CIA needed detailed information on Chinese troop movements in Yunnan's border areas and hired Harold Young to gather this intelligence. Young in turn called on a Shan Christian in Kengtung named U Ba Thein to organize a team of Lahu Christians for intelligence work inside China. U Ba Thein, who had gained intelligence experience working for the British in World War II, sent a group of Lahu to Chiangmai, where Harold's eldest son, Gordon, trained them in radio transmission and repairs. Once their training was completed, they hiked back to the Shan states and radioed intelligence information from the Burma-China border to Chiangmai. There Gordon Young translated the information from Lahu to English and handed it over to a local CIA operative who was working undercover as the American vice-consul.
CIA and Nationalist Chinese Intelligence Operations in the Golden Triangle Area

LEGEND
- Lahu Hill Tribes
- Radar and telecommunications site
- Nationalist Chinese Headquarters
- Nationalist Chinese base or radio post
- CIA operations base or radio post
- CIA landing site number
- Road
- National boundary
- Intelligence Mission

Map showing the location of CIA and Nationalist Chinese Intelligence Operations in the Golden Triangle Area, including sites and units like Radio Post, 1st Independent Unit, and Nationalist Chinese Headquarters.
The Lahu intelligence operations continued for almost six years, until the outbreak of the Shan national revolution in 1958 forced U Ba Thein to leave Burma. The Shan states, which had enjoyed a somewhat separate administration during British colonial days, had merged with the newly independent Union of Burma in 1947, but increasing repression by the Burmese during the 1950s fomented the independence movement. As treasurer of Kengtung state, U Ba Thein had played an important role in the early stages of the movement. But in January 1958, after Burmese intelligence had become suspicious of his activities, he fled into the hills with a sack of state pension funds from the treasury offices.

The Young family provided U Ba Thein with a hiding place in the Thai mountains for four months, until he sought refuge in Muong Sing, Laos. He remained there for three and half years, buying arms for Shan insurgents with the Kengtung pension funds and trying, without success, to organize an effective guerrilla army. During the 1960s U Ba Thein's cross-border intelligence missions for the CIA became interwoven with the fabric of the Burmese opium trade, and he became involved in a series of arms-for-opium deals between General Ouane and the Shans.

Since the Pathet Lao occupied the entire Laos-China frontier in Nam Tha, CIA tribal intelligence teams had to pass through the Burmese Shan states before entering Yunnan. As a result, the CIA had to depend on Shan rebels to guide its teams up to the Chinese border, protect its forward radio posts inside the Shan states, and provide transportation between these radio posts and its forward bases in Nam Tha. Almost every aspect of these intelligence missions was somehow involved with the logistics of the Burmese opium trade.

A brief review of the cross-border operating procedures illustrates the peculiar symbiosis between opium and espionage in the Burmese Shan states. In general, the modus operandi of cross-border patrols changed very little from the time William Young initiated them in 1962 until President Nixon ordered them stopped in August 1971.

After prospective agents were recruited, they were sent to secret camps not far from Nam Yu for two months of training. While the CIA planned the curriculum, Thai special forces provided most of the instructors. After that initial training, the prospective agents were sent to the Thai special forces camp at Phitsanulok for four to five months of instruction in codes, radio transmission, and radio repair.

Finally, the tribal agents were flown back to Nam Yu, the nerve center of cross-border espionage, and divided into five-to-fifteen-man teams. From Nam Yu the teams were flown 55 miles due north and dropped off on the Laotian bank of the Mekong River. After inflating their rubber rafts, the teams paddled across the Mekong and hiked 3 miles through the Burmese jungle until they reached the joint Nationalist Chinese–CIA
base near Mong Hkan. Of the five bases the CIA maintained along the Burma-China border, Mong Hkan was by far the most exotic. It was originally established by a KMT intelligence force, the First Independent Unit, to serve as a base for its own cross-border forays into Yunnan and as a radio post for transmitting information on the availability of opium to KMT military caravans based at Mae Salong in northern Thailand. When the CIA began sending its reconnaissance patrols into Yunnan, the First Independent Unit agreed to share the base and Young opened a radio post manned by Lahu agents. According to Young, Mong Hkan was something of a “little Switzerland.” Soon after the CIA arrived, British, Thai, Laotian, and even a few Indian intelligence agents began showing up to “see what they could skim off the top.”

From Mong Hkan, the CIA teams hiked north for several days to one of two forward bases only a few miles from the border—a joint CIA-KMT radio post at Mong He and a CIA station at Mong Mom. After crossing the lightly guarded border, the teams usually spent about three or four months inside China.

Using four-pound radios with a broadcast radius of four hundred miles, the teams transmitted their top-priority data directly to a powerful receiver at Nam Yu or to specially equipped Air America planes that flew back and forth along the Laos-China border. After these messages were translated at Nam Yu, they were forwarded to Vientiane for analysis and possible transmission to CIA headquarters in Langley, Virginia. The radio messages also served to pinpoint every team’s position, all carefully recorded on a huge relief map of Yunnan province mounted in a restricted operations room at Nam Yu.

During the period that William Young directed cross-border espionage, the CIA maintained two independent listening posts much deeper inside the Shan states in addition to the bases it operated jointly with the KMT. Both of these posts—one located 10 miles north of Mong Yang and the other 5 miles east of Ving Ngun—were extremely close to the Chinese border. Each was manned by twenty to thirty Lahu and Wa operatives who mounted lateral patrols along the border, went into China on reconnaissance missions, and maintained radio contact with Nam Yu.

Since Mong Yang was about 80 miles from CIA headquarters at Nam Yu and Ving Ngun was more than 180 miles away, the agency found that it had to rely on U Ba Thein’s guerrilla armies to protect these bases from Burmese army patrols and government self-defense forces. U Ba Thein felt that his guerrillas provided a valuable service for the CIA, pointing out that these posts were maintained with only twenty to thirty men, whereas KMT radio posts in the same areas that did not enjoy his protection needed a minimum of a hundred men.
Rather than sending Air America helicopters so far into hostile territory to keep these bases supplied, the CIA relied on Shan rebel opium caravans. Since the caravans usually returned from their frequent trips to northern Thailand and Laos with a lighter load of arms and ammunition, they were willing to pick up some extra money by carrying supplies—arms, ammunition, money, and radios—to the CIA's forward listening post, thus sparing the agency the risk of using Air America helicopters in such unknown, remote regions.213

U Ba Thein: Covert Action Ally

Unlike many of the minority leaders who served the CIA in the Golden Triangle, U Ba Thein was not a simple mercenary. At the peak of his power in the mid-1960s, he was one of the most important Shan revolutionary leaders. Most of the things he did, including his work for the CIA, were designed to further the cause. While most guerrilla leaders in the Third World would hardly consider the CIA a partner in national liberation, U Ba Thein viewed the agency as his natural ideological ally. Most of the Shan rebels were anti-Communist monarchists, and the Burmese government they were fighting was Marxist and socialist. The Shan rebel leaders looked on the Burmese as aggressors who had expropriated their mineral wealth, but they remembered the British colonial administrators with fondness for having built schools and kept the Burmese at bay. Like many of his generation, U Ba Thein was educated in British schools, converted to Christianity, and learned to think of white men as his protectors. He said he was fighting for Shan independence, but he also wanted to place his independent nation under the protection of Britain or the United States. In September 1971 he spoke of his political aspirations:

We want to be independent from the Burmese, but we are very poor and will need help. We have many minerals in the Shan states and perhaps the British or Americans will come and help develop these for us. You know, sir, we have given Bill Young twenty mineral samples to send to the U.S. to be analyzed. Then if we can get Britain or the U.S. to come in and hold hands with us we can stand independent.214

U Ba Thein had enjoyed organizing commando operations for British intelligence during World War II, secure in the knowledge that a great white empire was behind him. When he began building up a Shan revolutionary movement in 1958, his first thought was to seek aid from the Americans.

Soon after he fled from Burma and arrived in Muong Sing, Laos, in mid-1958, he contacted Dr. Tom Dooley, an independent American humanitarian who was operating a free clinic for the hill tribes in nearby
Nam Tha, and asked him to get aid for the Shans from the U.S. embassy or the CIA. Although Dr. Dooley was becoming an icon of America's anti-Communist crusade in Southeast Asia, he was no gunrunner. U Ba Thein eventually became associated with a fledgling rebel group called the Youth Party, but in general he accomplished very little during his first two years in Muong Sing.215

However, in 1961 U Ba Thein and another leader of the Youth Party, "General" Sao Gnar Kham, decided to break with the party's incompetent leader and form the Shan National Army (SNA), a loose coalition that eventually included most of the rebel bands operating in Kengtung state. While U Ba Thein was not an exceptional leader, Sao Gnar Kham was one of the few charismatic commanders the Shan rebellion produced. Before joining the rebel movement, he had been a Buddhist monk in Kengtung, where he used his personal magnetism to solicit donations for the construction of orphanages. When the Shan secessionist movement began in 1958, Gnar Kham made the mistake of openly expressing his sympathies for the dissidents and was arrested. After receiving a severe beating he fled into the hills to join the guerrillas, taking the orphanage donations with him.216 When the Shan National Army was formed, Gnar Kham's leadership abilities made him the obvious choice for commander, and U Ba Thein became deputy commander.

During its first year, SNA operations were hampered by a lack of money and arms. In late 1961 their fortunes were at a low ebb: their absconded funds were running low, few of the independent rebel bands seemed willing to join, and they needed modern automatic weapons. At this moment in history the interests of the Shan National Army complemented those of General Ouane Rattikone, and the opium-arms traffic that later made Laos a major heroin-processing center was born. As head of General Phoumi's secret Opium Administration, Ouane was charged with the responsibility for importing large quantities of Burmese opium. Phoumi had an ample supply of surplus weapons, since the rightist army was receiving large shipments of modern arms from the CIA and its generals had inflated the troop roster to increase the payroll. For their part, Gnar Kham and U Ba Thein had contacts with rebel groups in Kengtung who were trading the local opium they collected as taxes for overpriced World War I rifles and would welcome a better bargain.

What role, if any, did William Young and the CIA play in bringing the two parties together? First, it is important to note that the Kengtung rebels and General Ouane had known of each other for a number of years. When Ouane was Pathet Lao commander in northwestern Laos during the 1940s, he was once forced to retreat into Kengtung, where he
was given asylum by the sawbwa. The incident left Ouane with a lasting affection for the Shans, and he kept in sporadic contact over the years. William Young said that Gnar Kham pleaded with him to arrange air transportation to Vientiane so that he could meet with Ouane, but Young insisted that he had no authorization for such trips and denied the request. Young added, however, that Ouane found out about the situation independently and ordered the Secret Army commander for northwestern Laos to begin making arms available to the SNA in exchange for Burmese opium. Sometime later Ouane himself flew up to Ban Houei Sai and met with Gnar Kham to finalize the arrangements.\textsuperscript{211}

U Ba Thein generally concurred with Young's account, but added that Young knew about the arrangement, saw the arms and opium being exchanged, and never made any move to stop it. Since the Americans had denied his formal requests for military aid, U Ba Thein assumed that their benign neglect of the opium-arms trade was another form of repayment for all the services the SNA was providing the agency.\textsuperscript{218} In fact, the security of CIA's listening posts near Mong Yang and Ving Ngun did depend on the Shans' having good automatic weapons, and the agency's logistics link with these two bases was the SNA opium caravans. Young admitted that he adopted a posture of benign neglect toward the traffic but denied any personal wrongdoing, claiming that this was the CIA policy throughout northern Laos. The CIA was afraid that pressure on local mercenary commanders to quit the traffic might damage the effectiveness of their paramilitary work.\textsuperscript{219}

Once matters were finally settled with General Ouane and a steady stream of Shan opium and U.S. arms began moving through Ban Houei Sai, Gnar Kham and U Ba Thein launched an ambitious attempt to forge a unified guerrilla army out of Kengtung's mix of petty warlords. In late 1962 Gnar Kham and U Ba Thein left Ban Houei Sai and moved across the Mekong River into Thailand where they laid the foundation for their modern, unified army.\textsuperscript{220}

Under Gnar Kham and U Ba Thein's supervision, the opium-arms commerce produced a marked improvement in Shan military capabilities and a dramatic shift in the balance of forces in Kengtung. In 1960–1961 most of the rebel units in Kengtung were little more than bands of outlaws hiding in the mountains. After gathering opium taxes from the few villages under their control, the local commanders led their caravans to Gnar Kham's forward caravan camp at Huei Krai, Thailand, and used the opium profits to buy U.S. automatic weapons from the Laotian army. With more weapons, the rebel groups were able to take control of additional opium-growing villages before the next year's harvest was in. More opium taxes meant more automatic weapons from U Ba Thein's headquarters near Ban Houei Sai, which in
turn meant control over more villages and still more opium. The
symbiotic cycle of opium and arms spiraled upward into a military
whirlwind that swept the Burmese army out of the countryside into a
few well-guarded cities. By 1965 the SNA's seven major local
commanders had an estimated 5,000 soldiers under their command and
controlled most of Kengtung's 12,000 square miles.221

The importance of the opium-arms dynamic in building up the SNA is
illustrated by the military impact of the 1964–1965 opium harvest in
Mong Yang and Kengtung districts. The two SNA commanders who
controlled the mountains around Kengtung, Major Samlor and Major
Tsai Noie, finished collecting the first round of their opium tax in
January 1965. To protect themselves from the Burmese army and the
KMT, they merged into a single caravan of ten mules carrying 650 kilos
of raw opium and set off for northern Thailand with a combined force of
200 armed men. After crossing the border into Thailand, they unloaded
their cargo at Gnar Kham's camp in the mountains and sold it to a
merchant in the nearby town of Mae Sai for $28 a kilo, a rather low price.
Then they purchased sixty rifles in Ban Houei Sai (paying $125 for an
ordinary rifle and $150 for a U.S. M1 or M2) and had them smuggled
across the river into Chiang Khong and delivered to Gnar Kham's camp.
While the group's leader was in Chiang Khong supervising the
opium-arms transfer, they visited William Young at the CIA bungalow
and briefed him on the situation in their areas of the Shan states.222
When the caravan returned to Kengtung in March, the two commanders
divided the sixty rifles evenly. The thirty rifles represented an important
addition to Major Samlor's arsenal of eighty rifles, four Bren automatics,
and one mortar, and an equally important supplement to Major Tsai
Noie's collection of fifty rifles, two Brens, and a homemade bazooka.

During the 1964–1965 harvest, the SNA commander for the Mong
Yang region, Major Saeng Wan, sent two large caravans to northern
Thailand, which earned more than $25,000 and brought back 120 rifles,
some mortars, and several heavy machine guns. Before these two
caravans returned, he had had only 280 armed men, one heavy machine
gun, and four Bren automatics to protect the entire Mong Yang region,
which included the nearby CIA listening post.223

While opium was indeed the ingredient that rushed vital arms and
money into the SNA's ranks, it was also a poison that weakened its
military effectiveness and finally destroyed the fragile coalition. There
was enough opium in even the smallest district in Kengtung to buy arms
and equipment for a rebel army and make its leader a wealthy man. As
a result, rebel commanders became preoccupied with protecting
territorial prerogatives and expanding their personal fiefs. Instead of
sending troops into an adjoining area to launch a joint operation against
the Burmese, SNA commanders kept every man on patrol inside his own territory to collect the opium tax and keep his jealous comrades at a safe distance. A British journalist who spent five months in Kengtung with the SNA in 1964–1965 reported:

It would be far more accurate to describe the SNA as a grouping of independent warlords loosely tied into a weak federation with a president as a figurehead. This president has influence through the facilities he offers for selling opium and buying guns and because he presents a front to the outside world, but it is unlikely he will ever wield effective power unless he becomes the channel for outside aid in the forms of guns or money.224

The lucrative opium traffic turned into a source of internal corruption alienating commanders from their troops and prompting ranking officers to fight each other for the spoils. Shan troops frequently complained that they were left at Gnar Kham’s mountain camp to feed the mules while their leaders were off in the fleshpots of Chiangmai wasting opium profits on prostitutes and gambling instead of buying arms. Often, as soon as a rebel group grew large enough to be militarily effective, the second in command killed his leader or split the force to increase his personal share of the profits.

Not surprisingly, it was this type of dispute that ultimately destroyed the Shan National Army. U Ba Thein had been concerned about Sao Gnar Kham’s popularity and his control over the opium traffic for several years. Evidently there were repeated disagreements among various leaders over the opium profits. In December 1964 the charismatic commander in chief of the SNA was shot and killed at the Huei Krai caravan station. Some sources claimed that it was an opium profit dispute that led to the murder.225

U Ba Thein was selected commander in chief of the SNA at a meeting of the local commanders in February 1965, but he lacked the leadership abilities that Gnar Kham had used to maintain some semblance of unity within the strife-torn coalition. Afraid that he would suffer a fate similar to Gnar Kham’s, U Ba Thein refused to venture out of his headquarters either to meet with subordinates or to travel through Kengtung for a firsthand look at the military situation. Local commanders began to break away from the coalition and the SNA gradually dissolved; by 1966 these leaders were marketing their own opium and U Ba Thein had become a recluse surrounded by a dwindling number of bodyguards. Six years after Gnar Kham’s death, five of his seven local commanders had been captured, forced into retirement, or killed by their own men, while the remaining two had become mercenary warlords, professional opium smugglers.
But even before Gnar Kham's death, other Shan rebel armies had already begun to play a more important role in the region's opium trade. While the history of the SNA's involvement in the opium traffic is important because of its relationship with General Ouane, its caravans probably never carried more than 1 percent of the Burmese opium exported to Thailand and Laos. In fact, the only Shan warlord who ran a truly professional smuggling organization capable of transporting large quantities of opium was the notorious Khun Sa. A half-Shan, half-Chinese native of Lashio district in the northern Shan states, Khun Sa became involved in opium trafficking in 1963, when the Burmese government began authorizing the formation of local self-defense forces (called Ka Kwe Ye, or KKY, in Burmese) to combat the Shan rebels. While the Burmese government gave its militia no money, rations, or uniforms and only a minimum of arms, it made up for this parsimony by giving them the right to use all government-controlled roads and towns in the Shan states for opium smuggling.

In 1963 Khun Sa was authorized to form a militia of several hundred men, and, as a young man of uncommon ambition, he quickly parlayed a number of successful opium shipments to Thailand into a well-armed militia of 800 men. After severing his ties with the Burmese army in 1964, he abandoned his bases at Lashio and Tang Yang and shifted his headquarters eastward to Ving Ngun in the Wa states (one of the most bountiful opium-growing regions in Burma), where he established an independent fiefdom. He ruled the Ving Ngun area for two years, and his ruthlessness commanded the respect of even the wild Wa, whose headhunting had forced both the British and Burmese to adopt a circumspect attitude. To increase his share of the profits, he built a crude refinery (one of the very few then operating in the Shan states) for processing raw opium into morphine bricks. In 1966 he rejoined Rangoon's militia, and, using the government's laissez-passer to increase his opium shipments to Thailand, he expanded his army to 2,000 men. Unlike the SNA, which could never mobilize more than 200 or 300 of its troops at any one time, Khun Sa ruled his army with an iron hand and could rely on them to do as he commanded.

Despite the size and efficiency of his army, Khun Sa still controlled only a relatively small percentage of the total traffic. In fact, a CIA study prepared by William Young in 1966–1967 showed that Shan caravans carried only 7 percent of Burma's exports, the Kachin Independence Army (the dominant rebel group in Burma's Kachin state) 3 percent, and the KMT 90 percent. Even though the KMT's position seemed statistically impregnable, Khun Sa's precipitous rise had aroused considerable concern among the KMT generals in northern Thailand. When his massive 16-ton opium caravan began rolling south toward Ban
Houei Sai in June 1967, the KMT realized that its fifteen-year monopoly over the Burmese opium trade was finally being challenged. The situation provoked a serious crisis of confidence in the KMT's mountain redoubts, which caused a major internal reorganization.

The KMT in Thailand

Although by 1970 KMT armies controlled about 90 percent of Burma's opium trade, they had not maintained any major bases inside the Shan states since 1961. After 5,000 Burmese army troops and 20,000 Communist Chinese troops launched a "surprise assault" on KMT headquarters at Mong Pa Liao, Kengtung, in January 1961, most of the 10,000 KMT defenders fled across the Mekong into northwestern Laos and took refuge at Nam Tha City. Five tons of U.S. ammunition were discovered at Mong Pa Liao, and on February 16 the Burmese air force shot down an American-made Liberator bomber making supply drops to KMT holdouts inside Burma. Apparently embarrassed by these incidents, the U.S. State Department offered to assist in the repatriation of KMT troops to Taiwan, and on March 14 the evacuation began. About 4,200 KMT regulars were flown from Nam Tha City to Ban Houei Sai, ferried across the Mekong, and trucked to Chiangrai, where they boarded flights for Taiwan. On April 12 the airlift came to an end, and Taiwan disclaimed any responsibility for the "few" who remained.

Actually, some 2,000 to 3,000 KMT regulars had been left behind in Laos, and they were hired by the CIA to strengthen the rightist position in the area. According to William Young, these troops were placed under the nominal command of General Phoumi Nosavan and became the Bataillon Speciale 111. They remained at Nam Tha until the rightist garrison began to collapse in mid-1962, and then they moved across the Mekong River into Thailand. With the full knowledge and consent of the Thai government, the KMT established two new bases on mountains just a few miles from the Burmese border and resumed their involvement in the opium trade.

Instead of hampering their commercial activities, the move to Thailand actually increased the KMT's overall importance in the Golden Triangle's opium trade. Not only did the KMT maintain their hold on Burma's opium, but they increased their share of the traffic in northern Thailand. In 1959 the Thai government had outlawed the growing and smoking of opium, and many Thai hill traders, fearful of police action, were in the process of quitting the opium trade. Most small towns and villages in the foothills of northern Thailand that had prospered as opium trading centers for the previous twelve years experienced a recession as their local opium merchants were forced out of business. While the lack of reliable data and official obfuscation make it difficult
to describe this transition for the whole of northern Thailand, an Australian anthropologist has provided a portrait of the rise and fall of the Thai opium trading village Ban Wat.232

Situated about three miles from the base of Thailand's western mountain range, with easy access to two mountain trails leading upward into the opium-growing villages, Ban Wat was an ideal base of operations for mountain traders. Moreover, the village was only fifteen miles from Chiangmai, Thailand's northernmost rail terminus, so it was also accessible to merchants and brokers coming up from Bangkok.

Ban Wat's merchants first became involved in the opium trade in the 1920s, when four or five Hmong villages were built in the nearby mountain districts. However, the Hmong population was quite small, and their poppy cultivation was still secondary to subsistence rice production. Most of Ban Wat's traders were buying such small quantities of opium from the Hmong that they sold it directly to individual addicts in the nearby valley towns. No big brokers came to Ban Wat from Bangkok or Chiangmai, though one Ban Wat trader occasionally smuggled a bit of opium down to Bangkok on the train.233

After the Thai government decided to encourage poppy cultivation in 1947, however, the opium trade began to boom, and the village experienced unprecedented prosperity, becoming one of the largest opium markets in northern Thailand. The edict drew many Hmong farmers into the nearby mountains, giving Ban Wat traders access to a large supply. Much of Ban Wat's active male population became involved in the opium trade as porters, mule skinners, or independent merchants. During the harvesting and planting season the Hmong needed rice to feed themselves. The Ban Wat traders purchased rice in the Chiangmai market and sold it to the Hmong on credit. When the opium harvest began, the traders returned to the Hmong villages to collect their debts and to trade silver, salt, rice, and manufactured goods for Hmong opium.

While the abolition of legalized opium trading in 1959 did not hinder the continued expansion of Thailand's production, it was a disaster for Ban Wat. At the height of the opium boom there were twenty major opium traders operating out of Ban Wat; by 1968 there was only one. Two local merchants went broke when the police confiscated their opium, and another was ruined when his Hmong customers moved to another province without paying their debts. These examples served to chasten Ban Wat's merchant community, and many traders quit the opium trade.234

The vacuum was filled not by other Thai traders but by the KMT armies and an auxiliary of Yunnanese mountain traders. When the KMT and its civilian adherents were forced out of Burma in 1961, their
commercial apparatus moved its headquarters into northern Thai­
land. In 1965 a census of the most important Yunnanese villages in
northern Thailand showed a total population of 6,600. As the Thai
traders were forced out of business after 1959, the KMT and its civilian
auxiliaries were uniquely qualified to take over the opium trade. With
their centralized military structure, the KMT could keep track of
migrating Hmong clans and make sure that they paid their debts. With
their military power, the KMT could also protect the enormous capital
tied up in the merchant caravans from bandits and keep the exactions of
the Thai police to a minimum.

The Yunnanese traders were the vanguard of the KMT's commercial
conquest, infiltrating the mountain villages and imposing a form of debt
slavery on hill tribe opium farmers. They opened permanent stores in
most of the large opium-producing villages and sold such tantalizing
items as flashlights, canned goods, silver ornaments, cloth, salt, and
shoes. A 1962 report by the Thai Ministry of the Interior described the
impact of this "commercial revolution":

The increasing demand for merchandise deriving from outside
has given a corresponding impetus to the raising of cash crops.
There can be no doubt that the cultivation of poppy and the
production of raw opium is by far the most profitable
economic activity known to the hill peoples at present. . . . The
shopkeepers and travelling merchants in the hills compete
with each other to get hold of the product, readily granting
credit for later sales of opium.

Toward the end of the harvest season, when the Yunnanese
merchants finished buying up most of the opium in their area, armed
KMT caravans went from village to village collecting it. American
missionaries who had seen the KMT on the march described it as a
disconcerting spectacle. As soon as the caravan's approach was
signaled, all the women and children fled into the forest, leaving the men
to protect the village. Once the opium was loaded onto the KMT's mules,
the caravan rode on and the people came back out of the forest. The
Ministry of the Interior's 1962 report described the KMT-Yunnanese
logistics in some detail:

The key men of the opium traffic in the hills of Northern
Thailand are the traders who come from outside the tribal
societies. . . . On the basis of our observations in numerous
villages of the 4 tribes we studied we have proof that the
overwhelming majority of them are Haw [Yunnanese]. . . .

Usually the Haw traders know each other personally, even if
living in hill villages 200 km. [125 miles] and more apart. Most
we encountered regard the village of Ban Yang, near Amphur
Fang, as their central place [near KMT Third Army headquarters]. Quite a few of them will return to this place, after the closing of the trading season.

There seems to be a fair understanding among all the Haw in the hills and a remarkable coherence or even silent organization.

The Haw traders keep close contacts with the armed bands [KMT] that dwell in fortified camps along the Burmese frontier. It is reported that they [the KMT] give armed convoy to opium caravans along the jungle trails to the next reloading places.238

The fortified camps mentioned in the Ministry of the Interior's report were the KMT Fifth Army headquarters on Mae Salong mountain, about thirty miles northwest of Chiangrai, and the KMT Third Army headquarters at Tam Ngop, a rugged mountain redoubt fifty miles west of Chiangrai. Although KMT forces had always maintained a unified command structure in Burma, they established two separate headquarters after moving to Thailand; this was symptomatic of deep internal divisions. For reasons never fully explained, Taiwan ordered its senior commander home in 1961 and subsequently cut back financial support for the remaining troops. Once external discipline was removed, personal rivalries between the generals broke the KMT into three separate commands: General Tuan Shi-wen formed the Fifth Army with 1,800 men; General Ly Wen-huan became commander of the Third Army, a lesser force of 1,400 men; and General Ma Ching-kuo and the 400 intelligence operatives under his command broke away to form the First Independent Unit.239 Since the First Independent Unit remained under the overall supervision of President Chiang Kai-shek's son, Chiang Ching-kuo, in Taiwan, financial support for its intelligence operations inside China and Burma was continued.240 As a result, its commander General Ma could afford to remain above the bitter rivalry between General Tuan and General Ly and came to act as mediator between the two.241

After Taiwan cut off their money, Generals Tuan and Ly were forced to rely exclusively on the opium traffic to finance their military operations. "Necessity knows no law," General Tuan told a British journalist in 1967. "That is why we deal with opium. We have to continue to fight the evil of Communism, and to fight you must have an army, and an army must have guns, and to buy guns you must have money. In these mountains the only money is opium."242 To minimize the possibility of violence between their troops, the two generals apparently agreed to a division of the opium country and used the Salween River to demarcate their respective spheres of influence inside the Shan states; General Tuan sent his caravans into Kengtung and the southern Wa states east of
the Salween, while General Ly confined his caravans to the west bank of
the river.\textsuperscript{243} While the SNA's local commanders were little more than petty
smugglers, Tuan and Ly had become the overlords of one of Southeast
Asia's major agro-businesses. By the early 1970s their purchasing
network covered most of the Shan states' 60,000 square miles, and their
caravans hauled approximately 90 percent of Burma's opium exports
from the Shan highlands to entrepôts in northern Thailand. To manage
this vast enterprise, the KMT generals developed a private communica­
tions network inside the Shan states and imposed a semblance of order
on the once chaotic hill trade. On the western bank of the Salween, Ly
organized a string of seven radio posts that stretched for almost 250
miles from Third Army headquarters at Tam Ngop in northern Thailand
to Lashio in the northern Shan states.\textsuperscript{244} On the eastern bank, Tuan
maintained a network of eleven radio posts supplemented by the First
Independent Unit's four forward listening posts along the Burma-China
border.\textsuperscript{245} Each radio post was guarded by eighty to one hundred KMT
soldiers who doubled as opium brokers and purchasing agents; as the
planting season began, they canvassed the surrounding countryside,
paying advances to village headmen, negotiating with Shan rebels, and
buying options from local opium traders. By the time the KMT caravans
began rolling north from Tam Ngop and Mae Salong in October or
November, each of the radio posts had transmitted an advance report on
the size and value of the harvest in its area to its respective KMT
headquarters. Thus, KMT commanders were in a position to evaluate the
size of the upcoming harvest in each district and plan a rough itinerary
for the caravans.\textsuperscript{246} The enormous size of the KMT caravans made this advance planning
a necessity. While most Shan rebel caravans rarely had more than fifty
pack animals, the smallest KMT caravan had a hundred mules, and some
had as many as six hundred.\textsuperscript{247} The commander of a Shan rebel army
active in the area west of Lashio reported that most KMT Third Army
caravans that passed through this averaged about four hundred
mules.\textsuperscript{248} Since an ordinary pack animal could carry about 50 kilos of
raw opium on one of these long trips, a single caravan of this size could
bring back as much as 20 tons of raw opium. Despite the large number
of Shan rebels and government militia patrolling the mountains, KMT
caravans could afford to travel with a minimum of armed guards
(usually about three hundred troops, or only one man for every one or
two mules) because they carried portable field radios and could signal
their scattered outposts for help if attacked. Scouts were sent out well
ahead of the column to look for possible trouble. Since most of the mule
drivers and guards were vigorous young tribesmen recruited from
northern Thailand, KMT caravans were able to move fast enough to avoid ambush. Moreover, the KMT carried an impressive arsenal of 60 mm mortars, .50 caliber machine guns, 75 mm recoilless rifles, and semiautomatic carbines, which usually provided ample deterrence for both poorly armed Shan rebels and crack Burmese army units.

The caravans began moving south in October or November and stopped at large hill tribe villages, market towns, and KMT outposts to pick up waiting shipments of opium. Although there were KMT caravans plodding across the Shan highlands throughout most of the year, most caravans seemed to be going north from October through March (which included the harvest season) and riding south from March through August. General Ly's Third Army caravans usually went as far north as Lashio district, about 250 miles from Tam Ngop, where they picked up opium brought down from Kachin state and northern Shan districts by itinerant merchants. General Tuan's Fifth Army caravans went all the way to Ving Ngun, about 170 miles north of Mae Salong, until 1969, when the Burmese Communist party began operating in the southern Wa states. After that KMT caravans began relying on itinerant merchants to bring Kokang and Wa states opium out of these Communist-controlled areas.

When the KMT caravans began to head back to Thailand, they were often joined by smaller Shan rebel or merchant caravans, who traveled with them for protection. Predatory bands of Shan rebels, government militia (KKY), and Burmese army troops prowled the hills in search of vulnerable caravans. According to one Shan rebel leader, a caravan had to have an absolute minimum of 50 armed men to survive, but with 200 armed men it was completely safe unless something unusual happened. Since the smaller groups could not afford a sufficient quantity of automatic weapons to protect themselves adequately (in mid-1971 an M16 cost $250 to $300 in Chiangmai), many preferred to ride with the KMT even though they had to pay a protection fee of $9 per kilo of opium (a high fee considering that a kilo of opium retailed for $60 in Chiangmai in 1967).

As a service to the Thai government, the KMT Third and Fifth armies acted as a border patrol force along the rugged northern frontier and used their authority to collect a “duty” of $4.50 on every kilo of opium entering Thailand. In 1966–1967 the CIA reported that KMT forces patrolled a seventy-five-mile stretch of borderland in Chiangmai and Chiangrai provinces, but in mid-1971 Shan rebel leaders claimed that KMT revenue collectors covered the entire northern border all the way from Mae Sai to Mae Hong Son. Although the rugged mountain terrain and maze of narrow horse trails would frustrate the best ordinary customs service, very few Shan caravans could enter Thailand without
paying tax to the KMT. With their comprehensive radio and intelligence network, the KMT spotted most caravans soon after they began moving south and usually had a patrol waiting when one crossed into Thailand.254

Not having to rely on opium for funds as the Third and Fifth armies had to do, the First Independent Unit gave top priority to its military mission of cross-border espionage and regarded opium smuggling as a complementary but secondary activity. Most important from Taiwan’s perspective, the First Independent Unit helped perpetuate the myth of Generalissimo Chiang Kai-shek’s imminent “return to the mainland” by launching repeated sabotage raids into southern China.255

General Tuan’s Fifth Army supported General Ma’s intelligence operations, and on at least one occasion his troops participated in a full-scale raid into southern China. In exchange for such assistance, Tuan’s troops were allowed to use the First Independent Unit’s listening posts as opium trading centers.256 While Tuan was taciturn about his involvement in the opium trade, he was proud of his vanguard position in the anti-Communist crusade. Describing himself as the “watchdog at the northern gate,” General Tuan liked to regale his visitors with stories about his exploits battling Mao Tse-tung during the 1930s, fighting the Japanese during World War II, and raiding Yunnan province in more recent years. Although by the early 1970s the general spent most of his time in Chiangmai enjoying the personal fortune he had amassed from the opium business, he still liked to present himself as a guerrilla fighter and launched an occasional raid into China to maintain this image.257

Since General Ma was the only one of the three generals who enjoyed Taiwan’s full support, he emerged as the senior KMT commander in the Golden Triangle. Although a number of serious disputes had poisoned relations between Tuan and Ly, Ma had remained on good terms with both. At the urging of high command on Taiwan, Ma began acting as a mediator shortly after the KMT moved to Thailand, but with little success. Taiwan was hoping to reestablish a unified command under Ma, but Tuan and Ly saw little to be gained from giving up their profitable autonomy.258 Although the battle at Ban Khwan would heal this rift, for the moment the situation remained static.

**The Challenge of Khun Sa**

General Ma had his chance as mediator in early 1967 when Generals Tuan and Ly began receiving disturbing information about Khun Sa’s activities in the Shan states. The KMT’s radio network was sending back reports that the Shan warlord’s brokers were buying up unprecedented quantities of opium in the northern Shan and Wa states. In February,
Khun Sa had delivered a de facto declaration of war when he demanded that KMT caravans trading in the Wa states pay him the same transit tax that his caravans had to pay the KMT whenever they crossed into Thailand or Laos. When Khun Sa's caravan of 300 mules assembled in June it was carrying 16 tons of raw opium worth $500,000 wholesale in Chiangmai. With his share of the profits, Khun Sa could purchase at least 1,000 new carbines and expand his army from 2,000 to 3,000 men—a force almost equal in size to the combined 3,200 troops of the KMT Third and Fifth armies. If Khun Sa's caravan reached Laos, the fifteen-year dominance of the KMT would be in jeopardy. The point was not lost on the KMT, and through General Ma's mediation the two feuding generals agreed to resolve their differences and form a combined army to destroy Khun Sa.

In June the main body of Khun Sa's convoy left Ving Ngun and set out on a 200-mile trek toward Ban Khwan, a small Laotian lumber town on the Mekong River that General Ouane had designated the delivery point when he placed an advance order for this large shipment with Khun Sa's broker, a Chinese merchant from Mae Sai, Thailand. The caravan was to deliver the opium to the general's refinery at Ban Khwan. As the heavily loaded mules plodded south through the monsoon downpours, the convoy was joined by smaller caravans from market towns such as Tang Yang, so that by the time it reached Kengtung its single-file column of 500 men and 300 mules stretched along the ridgelines for more than a mile.

From the moment the caravan left Ving Ngun, it was kept under surveillance by the KMT's intelligence network, and the radio receivers at Mae Salong hummed with frequent reports from the mountains overlooking the convoy's line of march. After merging their crack units into a thousand-man expeditionary corps, Generals Tuan and Ly sent their forces into the Shan states with orders to intercept the convoy and destroy it. Several days later the KMT expeditionary force ambushed Khun Sa's main column east of Kengtung near the Mekong River, but his rearguard counterattacked and the opium caravan escaped. After crossing the Mekong into Laos on July 14 and 15, Khun Sa's troops hiked down the old caravan trail from Muong Mounge and reached Ban Khwan two days later.

Shortly after they arrived, the Shan troops warned the Laotian villagers that the KMT were not far behind and that there would probably be fighting. As soon as he heard this news, the principal of Ban Khwan's elementary school raced downriver to Ton Peung, where a company of Royal Laotian Army troops had its field headquarters. The company commander radioed news of the upcoming battle to Ban Houei Sai and urged the principal to evacuate his village. During the next ten
days, while Ban Khwan's twenty families moved all their worldly possessions across the Mekong into Thailand, Khun Sa's troops prepared for a confrontation. Ban Khwan was hardly a likely battlefield: the village consisted of small clearings hacked out of a dense forest, fragile stilted houses, and narrow winding lanes, which were then mired in knee-deep, monsoon-season mud. A lumber mill belonging to General Ouane sat in the only large clearing in the village, and it was here that the Shans decided to make their stand. In many ways it was an ideal defensive position: the mill was built on a long sand embankment extending a hundred feet into the Mekong and was separated from the surrounding forest by a lumberyard, which had become a moatlike sea of mud. The Shans parked their mules along the embankment, scoured the nearby towns for boats, and used cut logs lying in the lumberyard to form a great semicircular barricade in front of the mill.

The KMT expeditionary force finally reached Ban Khwan on July 26 and fought a brief skirmish with the Shans in a small hamlet just outside the village. The same day the Laotian army's provincial commander flew up from Ban Houei Sai in an air force helicopter to deliver a personal message from General Ouane: he ordered them all to get out of Laos. The KMT scornfully demanded $250,000 to do so, and Khun Sa radioed his men from Burma, ordering them to stay put. After several hundred reinforcements arrived from Mae Salong, the KMT troops attacked the Shan barricades on July 29. Since both sides were armed with an impressive array of .50 caliber machine guns, 60 mm mortars, and 57 mm recoilless rifles, the firefight was intense, and the noise from it could be heard for miles. However, at noon on July 30 the staccato chatter of automatic weapons was suddenly interrupted by the droning roar of six T-28 propeller fighters flying low up the Mekong River and then the thunder of the 500-pound bombs that came crashing down indiscriminately on Shans and KMT alike.

General Ouane, apparently disconcerted by the unforeseen outcome of his dealings with Khun Sa, had decided to play the part of a commander in chief defending his nation's territorial integrity. With Prime Minister Souvanna Phouma's consent, he had dispatched a squadron of T-28 fighters from Luang Prabang and air-lifted the crack Second Paratroop Battalion (Captain Kong Le's old unit) up to Ban Houei Sai. Ouane took personal command of the operation and displayed all of the tactical brilliance one would expect from a general who had just received his nation's highest state decoration, the Grand Cross of the Million Elephants and the White Parasol.

Once the Second Paratroop Battalion had gone upriver to Ban Khwan and taken up a blocking position just south of the battlefield, the T-28s
Ban Khwan July 30: Lao Army Under General Rattikone Attacks

**LEGEND**
- Land troop movements
- Aircraft movements
- Road
- National boundary
- Khun Sa's troops
- Chinese troops
- Aircraft landing strip
began two days of bombing and strafing at the rate of four or five squadron sorties daily. To ensure against a possible retaliatory attack on Ban Houei Sai, General Ouane ordered two marine launches to patrol the upper reaches of the Mekong near Ban Khwan. Finally, two regular Laotian infantry battalions began moving down the old caravan trail from Muong Mounge to cut off the only remaining escape route.270

Under the pressure of the repeated bombing attacks, the four hundred surviving Shans piled into the boats tied up along the embankment and retreated across the Mekong into Burma, leaving behind eighty-two dead, fifteen mules, and most of the opium.271 Lacking boats and unwilling to abandon their heavy equipment, the KMT troops fled north along the Mekong but got only six miles before their retreat was cut off by the two Laotian infantry battalions moving south from Muong Mounge. When the Shans and KMT had abandoned Ban Khwan, the Second Paratroop Battalion swept the battlefield, gathered up the opium, and sent it downriver to Ban Houei Sai. Reinforcements were flown up from Vientiane, and superior numbers of Laotian army troops surrounded the KMT.272 Following two weeks of tense negotiations, the KMT finally agreed to pay General Ouane an indemnity of $7,500 for the right to return to Thailand.273 According to Thai police reports, some 700 KMT troops crossed the Mekong into Thailand on August 19, leaving behind seventy dead, twenty-four machine guns, and a number of dead mules. Although the Thai police made a pro forma attempt at disarming the KMT, the troops clambered aboard eighteen chartered buses and drove off to Mae Salong with three hundred carbines, seventy machine guns, and two recoilless rifles.274

General Ouane was clearly the winner of this battle. His troops had captured most of the 16 tons of raw opium and suffered only a handful of casualties. Admittedly, his lumber mill was damaged and his opium refinery had been burned to the ground, but this loss was insignificant, since Ouane reportedly operated another five refineries between Ban Khwan and Ban Houei Sai.275 His profits from the confiscated opium were substantial and, displaying the generosity for which he was famous, he shared the spoils with the men of the Second Paratroop Battalion. Each man reportedly received enough money to build a simple house on the outskirts of Vientiane.276 The village of Ban Khwan itself emerged from the conflagration relatively unscathed; when the people started moving back across the Mekong River three days after the battle, they found six burned-out houses but otherwise suffered no appreciable loss.277

At the time it was fought, the 1967 Opium War struck even the most sober observers as a curious historical anachronism that conjured up romantic memories of China's warlords in the 1920s and bandit
desperadoes of bygone eras. However, when considered in light of events in the Golden Triangle from 1968 to 1972—particularly the development of large-scale production of no. 4 heroin—the 1967 Opium War appears to have been a significant turning point in the growth of Southeast Asia’s drug traffic. Each group’s share of Burma’s opium exports and its subsequent role in the growth of the Golden Triangle’s heroin industry were largely determined by the battle and its aftermath. KMT caravans still carried the overwhelming percentage of Burma’s opium exports, and Shan caravans continued to pay the KMT duty when they entered Thailand. Khun Sa, of course, was the loser; he left $500,000 worth of raw opium, thousands of dollars in arms and mules, and much of his prestige lying in the mud at Ban Khwan. Moreover, Khun Sa represented the first substantial challenge to KMT control over the Shan states opium trade—and that challenge was decisively defeated. After the destruction of Khun Sa’s convoy, Shan military leaders, at least for the time being, continued to play an unimportant role in their own opium trade; Shan caravans usually had less than a hundred mules, and their opium refineries were processing only a small percentage of the opium grown in the Shan states. However, General Ouane’s troops won the right to tax Burmese opium entering Laos, a prerogative formerly enjoyed by the KMT, and the Ban Houei Sai region later emerged as the major processing center for Burmese opium.

**Guardian at the Northern Gate**

Although the 1967 Opium War strengthened the KMT’s position inside the Shan states, it complicated the KMT’s amicable relations with its host, the Thai government. Since the mid-1950s, when the Thai police commander, General Phao, became notorious as one of the major opium traffickers in Southeast Asia, the Thai government had been sensitive about concealing its involvement in the opium trade. When the KMT moved to Thailand in 1962, the government labeled them “civilian refugees” and claimed that their organized military units had been broken up. The KMT reinforced this face-saving fiction by isolating themselves in their mountain redoubts and wearing civilian clothes whenever they went into nearby towns. On the whole, the Thai government was quite successful in convincing the world that the KMT Third and Fifth armies no longer existed. Only five months before the battle, for example, a full-fledged U.N. investigating team spent two months examining the drug problem in Thailand without discovering any evidence of KMT activity. When the 1967 Opium War shattered this carefully constructed fiction, the Thai government claimed that it was being “invaded” by the KMT and dispatched several thousand troops to Chiangmai to defend the northern frontier.
To ensure that it would not be similarly embarrassed in the future, the Thai government placed the KMT's fortified camps under the supervision of the Royal Army, and KMT generals became accountable to the high command in Bangkok for every move in and out of their headquarters. Aside from these limited gestures, however, the Thai government made no effort to weaken the KMT. In fact, the Thai military moved in the opposite direction by granting the Third and Fifth armies official status as legitimate paramilitary forces. Although the KMT had been responsible for security in the northern frontier areas for a number of years without receiving official recognition, the outbreak of the "Red Meo" revolt in Nan and Chiangrai provinces in the late 1960s brought about a gradual reversal of this nonrecognition policy.

The "Red Meo" revolt began in May 1967 when Thai officials visited the same Hmong village in Chiangrai province on three separate occasions to collect payoffs for letting the Hmong farmers clear their opium fields. The villagers paid off the first two visitors, but when the provincial police showed up to collect their rake-off the Hmong attacked them. The next day sixty police returned to the village and burned it to the ground. Although there was no further violence, this incident apparently convinced counterinsurgency strategists in Bangkok that the Hmong in Chiangrai and adjoining Nan province were about to revolt. In October the Thai army and police initiated a series of heavy-handed "Communist suppression operations" that provoked a major uprising. To reduce its mounting casualties, the army began napalming selected villages and herding their inhabitants into guarded relocation centers in early 1968. The revolt spread rapidly. As the army was forced to withdraw into a series of fortified positions in June, the air force was unleashed over the insurgent areas, which had been declared free fire zones. By 1970 guerrillas were beginning to sortie out of their mountain "liberated zones," attacking lowland villages and ambushing cars along the highways.

It was obvious to many Thai and American counterinsurgency planners that troops had to go in on the ground to clean up guerrilla mountain sanctuaries before the insurgency spread into the lowlands. However, as their earlier performances had shown, the Thai army was ill-suited for mountain warfare. The Thai military, with American financial support, turned to the KMT for help. In the past, General Tuan had claimed credit for keeping Chiangrai province free from "communist terrorists." The KMT had all the skills for mountain warfare that the Thai army lacked: they understood small unit tactics, had twenty years' experience at recruiting hill tribe paramilitary forces, and could converse with the hill tribes in their own languages or Yunnanese, which many tribesmen spoke fluently. But most important of all, the KMT
knew how to pit tribe against tribe. While the Thai military had tried to get Hmong to fight with little success, General Tuan recruited Akha, Lisu, and Lahu from western Chiangrai province and sent them to fight Hmong in eastern Chiangrai. In December 1969 Tuan ordered 500 of these polyglot Fifth Army troops into the mountains just north of Chiang Khong, near the Mekong, to attack the “Red Meo,” and General Ly sent 900 of his Third Army troops into the mountains to the east of Chiang Kham. By mid-1971 two Thai air force UH-1H helicopters were shuttling back and forth between the KMT camps and Thai army bases in eastern Chiangrai. A special photo reconnaissance lab was working round the clock, and a ranking Thai general had been placed in command. When asked what he was doing in Chiang Khong, General Krirksin replied, “I cannot tell you, these are secret operations.” However, the senior KMT officer at Chiang Khong, Colonel Chen Mo-sup, insisted that his forces had the “Red Meo” on the run and claimed that his troops had killed more than 150 of them.

Even though the KMT had been integrated into the Thai counterinsurgency establishment, the government made no appreciable effort to reduce their involvement in the opium trade. In mid-1971 the CIA reported that Mae Salong, KMT Fifth Army headquarters, was the home of one of the “most important” heroin laboratories in the Golden Triangle, and in April 1972 NBC News reported that a laboratory was operating at Tam Ngop, the KMT Third Army headquarters. In addition, Shan rebel leaders said that KMT caravans were still operating at full strength, the opium duty was being collected, and no Shan army was even close to challenging the KMT’s hegemony.

The Shan Rebellion

For Khun Sa the 1967 Opium War seemed to mark the beginning of the end. For the Shan movement as a whole, his defeat appeared to represent the last significant attempt by any rebel leader to establish himself as something more than just another petty warlord. After his troops retreated across the Mekong from Ban Khwan, Khun Sa remained in the mountains near the Thai border, reportedly waiting for another crack at the KMT. However, for reasons never satisfactorily explained, the second battle never took place, and he returned to the northern Shan states in late 1967. Since Khun Sa had lost a considerable amount of money, arms, and prestige at Ban Khwan, his troops began to drift away, and by late 1968 he had considerably less than a thousand men under arms. Apparently convinced that another stint as a guerrilla would revive his fortunes, Khun Sa began making contact with a number of Shan rebel leaders. When Burmese military intelligence learned that he was engaged in serious negotiations with the rebels, they...
had him arrested and sent off to a Rangoon jail for an indefinite period of confinement. Many of his officers and men were arrested as well, but Shan rebel leaders claimed that several hundred more were still actively battling government forces in the northern Shan States.

But there is a lesson to his story. The rise and apparent fall of Khun Sa and the Shan National Army show how difficult it was going to be for any Shan military leader to restore order in the strife-torn Shan states. Rather than producing an independent, unified Shan land, the Shan rebellion seemed to have unleashed political dynamics that populated the countryside with petty warlords and impoverished the people. When the rebellion began in 1958, there were only three or four rebel groups active in the entire Shan states. In mid-1971 one Shan rebel leader estimated that there were more than a hundred different armed bands in the highlands. But he cautioned that this was probably a conservative estimate and added that "it would take a computer to keep track of them all." Most of these armed groups were unstable; they were constantly switching from rebel to militia (KKY) status and back again, splitting to form new armies, or entering into ineffectual alliances. Moreover, the situation became more chaotic every year as succeeding opium harvests pumped more and more weapons into the Shan states. In the early 1960s the SNA was content with semiautomatic U.S. M1 or M2 carbines, but seven years later every armed band had to have its quotient of fully automatic M16s to survive. Although the SNA had never imposed effective discipline on its local commanders, it achieved a level of unity that was not equaled by succeeding coalitions. Following its demise in 1965–1966, the military situation in the Shan States had become much more chaotic. In 1968 another faction made an attempt to draw the movement together by establishing the Shan Unity Preparatory Committee, which issued grandiose communiqués warning about communism or offering a cease-fire and then collapsed after a few acrimonious meetings in Chiangmai.

Although some Shan rebel leaders spoke loftily about millions of peasants flocking to their side, a few of the franker ones admitted that people had become progressively alienated from the independence movement. Repeated taxation at gunpoint by roving Shan warlords discouraged most forms of legitimate economic activity and reduced the peasants to a state of poverty. Salt prices had become prohibitive in the hills, and goiter was a serious problem. In some of the more distant areas essential medicines like quinine had not been available for years. Vaccination programs and qualified medical treatment had all but disappeared.

Ironically, the political chaos, which damaged most other forms of agriculture and commerce, promoted a steady expansion of opium
production in the Shan states. Since opium bought more guns and ammunition in Thailand than any other local product, Shan rebels and the local militia (KKY) imposed a heavy opium tax on mountain villages under their control. While mountain farmers sold all the opium they could produce to merchants who regularly visited their villages, the insurgency made it dangerous to venture into the market towns to sell other agricultural commodities. Moreover, the Burmese government controlled very few of the poppy-growing areas and was therefore in no position to discourage opium production. Other nations could be pressured into abolishing poppy cultivation, but Burma could honestly claim that it was powerless to deal with the problem. By 1972 it seemed clear that the continuing political instability in the Shan states would ensure that the Golden Triangle would be growing vast quantities of opium long after the poppy had disappeared from Turkey or Afghanistan.

The Shan states' tradition of division into thirty-four principalities ruled by autocratic sawbwas was only partly responsible for the lack of unity among rebel leaders in the early 1970s. Laos, for example, shared a similar tradition of petty principalities, but the Pathet Lao had managed to form a unified national liberation movement.

Indeed, there were more important reasons for the chaotic political conditions inside the Shan states. The Shan rebellion and its accompanying chaos could not have survived had not the CIA, the KMT, and the Thai government intervened. None of these groups was particularly interested in the establishment of an independent Shan nation. However, each of them had specific political or military interests that were served by providing the Shans with limited support and keeping the country in chaos. Just as the emergence of a powerful Shan leader like Khun Sa was not in the KMT's interests, so the chaotic conditions promoted by dozens of smaller rebel groups were vital to their survival. The KMT Third and Fifth armies were able to send their large, lightly guarded caravans deep into the Shan States only because the Burmese army was tied down fighting the insurgents. The KMT recognized the importance of this distraction and financed a number of small Shan rebel groups. However, the KMT tried to keep the Shan armies small by explicitly refusing to allow any Shan opium caravan larger than one hundred mules to enter Thailand, a policy adopted after the 1967 Opium War. Perhaps the most notable victim of this new policy was the Shan State Army (SSA). Founded by students from Mandalay and Rangoon universities, it began operating in the mountains west of Lashio in 1958, but did not start smuggling opium until five years later. After shipping 160 kilos of raw opium to Thailand in 1964, the Shan State Army increased its shipments year by year, reaching a peak of 1,600
kilos in 1967. But with the exception of 80 kilos it managed to slip by the KMT in 1969, this was its last shipment of opium to Thailand. Relations between the KMT and SSA had never been good, but the KMT embargo on SSA opium smuggling brought them to a new low. When the KMT Third Army tried to establish a radio post in SSA territory in late 1969, the two groups engaged in a series of indecisive running battles for more than three months.298

The CIA played an equally cynical role inside the Shan states. Although it too had no real interest in an independent Shan land, the CIA supported individual rebel armies to accomplish its intelligence-gathering missions inside China. Without the CIA’s tolerance of its opium-arms traffic, the Shan National Army could never have occupied so much of Kentung state. However, the CIA refused to grant the SNA enough direct military aid to drive the Burmese out of the state and reestablish public order. During the 1950s the CIA had tried to turn the eastern Shan states into an independent strategic bastion for operations along China’s southern frontier by using KMT troops to drive the Burmese army out of the area. But after the KMT were forced out of Burma in 1961, the CIA apparently decided to adopt a lower profile for its clandestine operations. While direct military support for the SNA might have produced new diplomatic embarrassments, an informal alliance and the resulting breakdown of public order in Kengtung were compatible with CIA interests. After the SNA forced the Burmese army into the cities and towns, the CIA’s forward radio posts floated securely in this sea of chaos while its cross-border espionage teams passed through Burma virtually undetected.299

In the final analysis, the Thai government probably bore the major responsibility for the chaos. Most Thai leaders had a traditional distrust for the Burmese, who had invaded Thailand in past centuries. No Thai student graduated from elementary school without reading at least one detailed description of the atrocities committed by Burmese troops when they burned the royal Thai capital at Ayuddhya in 1769. Convinced that Burma would always pose a potential threat to its security, the Thai government granted asylum to insurgents operating along the Burma-Thailand border and supplied some of the groups with enough arms and equipment to keep operating. This low-level insurgency kept the Burmese army tied down defending its own cities, while the chaotic military situation in Burma’s borderland regions gave Thailand a strategic buffer zone. Although Thai leaders had given Rangoon repeated assurances that they would not let Burmese exiles “abuse their privileges” as political refugees, they had opened a number of sanctuary areas for guerrillas near the Burmese border.300 The Huei Krai camp north of Chiangrai had long been the major sanctuary area for Shan
rebels from Kengtung state. The area surrounding KMT Third Army headquarters at Tam Ngop was the most important sanctuary for rebel armies from northeastern Burma: General Mo Heng's Shan United Revolutionary Army, Brigadier General Jimmy Yang's Kokang Revolutionary Force, General Zau Seng's Kachin Independence Army, General Jao Nhu's Shan State Army, and General Kyansone's Pa-O rebels were all crowded together on a few mountaintops under the watch of KMT General Ly. Entrances to these camps were tightly guarded by Thai police, and the guerrillas had to notify Thai authorities every time they entered or left. Even though activities at these camps were closely watched, Shan rebel leaders claimed that Thai authorities never made any attempt to interfere with their opium caravans. While foreign journalists were barred, Chiangmai opium buyers were free to come and go at will.301

In an effort to cope with a difficult situation, the Burmese government adopted a counterinsurgency program that legitimized some aspects of the opium trade and added to the general political instability. The Burmese army organized local militia forces (KKY), granted them the right to use government-controlled towns as opium trading centers and major highways as smuggling routes, and removed all restrictions on the refining of opium. It was their hope that the local militias' natural greed would motivate them to battle the rebels for control of the opium hills. The logic behind this policy was simple: if the local militia controlled most of the opium harvest, then the rebels would not have any money to buy arms in Thailand and would have to give up their struggle. Despite its seductive simplicity, the program had a mixed record of success. While it won a number of rebel armies to the government side, just as many local militia became rebels. On the whole, the program compounded the endemic warlordism that had become the bane of the Shan states without really reducing the level of rebel activity.

In addition, the Burmese government had sound economic reasons for tolerating the opium traffic. After seizing power from a civilian government in 1962, commander in chief of the army, General Ne Win, decreed a series of poorly executed economic reforms that crippled Burma's foreign trade and disrupted the consumer economy. After eight years of the "Burmese Way to Socialism," many of the consumer goods being sold in Burma's major cities—transistor radios, motorbikes, watches, pens, and toothpaste—were being smuggled across the border from Thailand on mule caravans. On the way down to Thailand, Shan smugglers carried opium, and on the way back they carried U.S. weapons and consumer goods. By the time a bottle of Coca-Cola reached Mandalay in northern Burma it could cost a dollar, and a
Japanese toothbrush went for $3.50 in Rangoon. Afraid of straining the patience of its already beleaguered consumers, the Burmese government made no real effort to close the black markets or stop the smuggling. Opium had become one of the nation’s most valuable export commodities, and without it the consumer economy would have collapsed.

The opium traffic itself contributed to the chaotic conditions inside the Shan states by changing the military leaders from legitimate nationalist rebels into apolitical mercenaries. The case of Major On Chan was perhaps the most striking example. During the early 1960s he joined the Shan National Army and remained one of its more effective local commanders until the coalition split apart in 1965–1966. After deserting from the SNA, On Chan and about three hundred of his men were hired as mercenaries by the CIA and moved across the Mekong into northwestern Laos, where they fought in the Secret Army, disguised as local Lu militia. Two or three years later On Chan and his men deserted the Secret Army and moved back into the Shan states. With the ample supply of arms and ammunition he brought back to Burma, On Chan created an independent fief in eastern Kengtung, where he remained, trading in opium and fighting only to defend his autonomy.

Since the Burmese army offered convenient opium trading facilities, rebel leaders frequently deserted the cause for the more comfortable life of a government militia commander. While Khun Sa was one example of this kind of Shan military leader, the case of Yang Sun was more typical. Yang Sun started his career in the opium trade as a government militia leader but switched to the rebel side in the mid-1960s and opened a base camp in the Huei Krai region of northern Thailand. Several years later he changed his allegiance once more and soon became the most powerful government militia leader in Kengtung. Although rebel leaders tried to win him back to their side, he was making so much money from the opium traffic as a militia leader that he refused their overtures.

Thanks to the good graces of the Burmese army, Yang Sun patrolled a strategic piece of geography between Kengtung and the Thai border. Caravans traveling along government-controlled roads from the opium-rich Kokang and Wa states to the north had to pass through this area on their way to opium refineries in the tri-border region to the south. Caravans belonging to both Lo Hsing-han, a powerful militia leader from Kokang, and Bo Loi Oo, the influential Wa states militia commander, were required to stop in Kengtung to have their opium weighed and taxed by Yang Sun before they could proceed down the road to their private opium refineries in Tachilek. In addition, Yang Sun’s troops provided armed escorts between Kengtung and the border for private
merchant caravans out of the Kokang and Wa states. For a nominal fee of $6 per kilo of opium, merchants were guaranteed safe conduct by the Burmese government and protection from bandits and rebels. 

Although some of the opium carried by Shan rebels and the KMT was smuggled across the border in raw form, most of the militia's opium was processed into smoking opium, morphine, or heroin at Shan militia (KKY) refineries in the Tachilek area before being shipped into nearby Thailand. Yang Sun operated a large opium refinery about six miles north of Tachilek capable of producing both no. 3 and no. 4 heroin. This laboratory was only one of fourteen in the Tachilek region, which, according to a 1971 CIA report, processed a total of 30 tons of raw opium during 1970. 

While this output represented a considerable increase from the mid-1960s when Khun Sa's morphine factory at Ving Ngun was the only known refinery, 30 tons of raw opium was still only a tiny fraction of Burma's total estimated export of 500 tons. The relative weakness of Burma's processing industry was one of the legacies of Khun Sa's defeat in the 1967 Opium War. Since KMT caravans continued to ship about 90 percent of the Shan states' opium to Thailand and Laos for processing in their own refineries, the growth of Tachilek's laboratories was hampered by a shortage of raw materials.

Until public order was restored to the Shan states, there was little chance that Burma's opium production could be eradicated or its heroin laboratories shut down. It seemed unlikely that the squabbling Shan rebels would ever be capable of driving the Burmese army out of the Shan states. It seemed even more unlikely that the profit-oriented militia commanders would be willing to divert enough effort from their flourishing opium trade to make a serious effort at driving the rebels out of the hills. Despite its claim of success, the Burmese army was even further away from victory than it had been a decade before.

If the Burmese army and the Shan military groups were out of the picture, there were only two possible contenders for immediate control over the Shan states—the Burmese Communist party and a coalition of right-wing rebels led by Burma's former prime minister U Nu. A year after he fled to Thailand in April 1969, U Nu concluded an alliance with Mon and right-wing Karen insurgents active in the Burma-Thailand frontier areas and announced the formation of a revolutionary army, the United National Liberation Front (UNLF). To raise money U Nu and his assistants (among them William Young, now retired from the CIA) circled the globe, contacting wealthy financiers and offering guarantees of future oil and mineral concessions in exchange for cash donations. Burma's future was mortgaged, but by the end of 1970 U Nu had a war chest of more than $2 million.

With the tacit support of the Thai government, U Nu built up his
guerrilla army inside Thailand: three major bases were opened along the Thailand-Burma border at Mae Hong Son, Mae Sariang, and Mae Sot. Recognizing Burma's ethnic diversity, U Nu divided the eastern part of the country into three separate military zones: the Mon and Burmese areas in the southeast, the Karen region in the east, and the Shan and Kachin states in the northeast.

While the UNLF alliance gave U Nu a strong basis for operations in the Mon and Karen areas, he had almost no influence in the northeast. There were so many Shan armies that it would have been meaningless to ally with any one of them, and they were so divided among themselves that forming a coalition required special tactics. Instead of allying with established rebel groups as they had done with the Mons and Karens, U Nu and his assistants assigned William Young and General Jimmy Yang the task of building an independent rebel force inside the Shan states.

A member of Kokang state's royal family, Jimmy Yang had begun organizing guerrilla resistance in 1962. Since his family had worked closely with the KMT for more than a decade, he was able to finance his infant rebellion by sending caravans loaded with Kokang opium to Thailand under the protection of General Ly's Third Army. After three years of fighting in Kokang, Jimmy and some of his men moved to northern Thailand and built a base camp in the shadow of Ly's headquarters at Tam Ngop. While his men raised chickens and smuggled opium in the mountains, Jimmy moved down to Chiangmai and became assistant manager of the most luxurious tourist hotel in northern Thailand, the Rincome Hotel.

Jimmy had known U Nu in Rangoon, and when the former prime minister first arrived in Thailand Jimmy renewed the friendship by soliciting a $10,000 contribution from General Ly. U Nu returned the favor several months later by appointing Brigadier General Jimmy Yang commander of the UNLF's northern region, the Kachin and Shan states, and reportedly allocated $200,000 from the war chest to build up an effective Shan army.

Rather than trying to build up the 5,000-man army he thought would be necessary to subjugate the hundred or so armed bands that roamed the hills, Jimmy decided to forge an elite strike force of about a hundred men to guarantee his security while he traveled through the strife-torn Shan states negotiating with bandits, opium armies, rebels, and government militia. In exchange for their allegiance, he planned to offer them officers' commissions and government jobs in U Nu's future government. By avoiding the opium traffic and relying on U Nu's war chest for financial support, Jimmy hoped to remain aloof from the opium squabbles and territorial disputes that had destroyed past
coalitions. Once the fighting was over, Jimmy intended to return the sawbwas to power. They would appeal to their subjects to come out of the hills; the rebels would lay down their arms and order would be restored.314

To implement his plan, Jimmy recruited about a hundred young Shans and outfitted them with some of the best military equipment available on Chiangmai's black market: U.S. M2 carbines at $150 apiece, M16 rifles at $250 each, U.S. M79 grenade launchers at $500 apiece, high-grade U.S. jungle uniforms, and Communist Chinese tennis sneakers. General Ly contributed some Nationalist Chinese training manuals on jungle warfare. Confidently, Jimmy set September 1971 as his target date for jumping off into the Shan states, but almost from the beginning his program was hampered by the same problems that had destroyed similar efforts in the past. When September 1971 finally arrived, Jimmy's men were deserting, potential alliances had fallen through, and he had been forced to postpone his departure indefinitely.315

Jimmy Yang's men deserted because of the same type of racial and political conflicts that had promoted disunity among previous Shan armies. While almost all his troops were Shans, Jimmy's instructors, like himself and most residents of Kokang, were ethnic Chinese. Since ethnic chauvinism was the most important tenet of Shan nationalist ideology, internal discord was almost inevitable.

In April 1971 Jimmy's deputy commander, a Shan named Hsai Kiao, met with members of U Nu's revolutionary government in Bangkok and presented the Shan grievances. U Nu's assistants offered no major concessions, and several weeks later Hsai Kiao moved to Chiangrai, opening his own camp in the Huei Krai area. Shan recruits continued to desert to Hsai Kiao, and by September U Nu's northern command was a complete shambles. Jimmy was losing his men to Hsai Kiao, but Hsai Kiao, lacking any financial backing, was sending them off to work in the mines at Lampang to raise money. Hsai Kiao planned to save enough money to buy a shipment of automatic weapons in Laos, pack them into the Shan states, and trade them for opium. With the profits from the opium-arms trade, he eventually hoped to build up a large enough army to drive the Burmese out of Kengtung.316

While Jimmy Yang's troop training program had its problems, his attempts at forging political alliances with local warlords encountered an insuperable obstacle—William Young. After he finished a fund-raising tour in the United States, Young returned to Chiangmai and began building support for U Nu among the hill tribes of the eastern Shan states. Prior to making contact with Lahu and Wa leaders, Young spent months gathering data on every armed band in the eastern Shan states. He concluded that there were about 17,000 Lahu and Wa
tribesmen armed with modern weapons. If only a fraction of these could have been mobilized, U Nu would have had the largest army in eastern Burma.317

Young began sending personal representatives to meet with the more important tribal leaders and arranged roundtable discussions in Chiangmai. In the mountains north of Kengtung, the Young name still commanded respect from Lahu and Wa Christians, and the enthusiastic response was to be expected.318 However, Young's success among the animist Lahu south and west of Kengtung was unexpected. The Young family's divinity in these areas had been preempted by an innovative Lahu shaman, known as the "Man God" or "Big Shaman." In mid-1970, when William Young convened an assembly of Lahu chiefs at Chiangmai, the Man God sent one of his sons as a representative. When it was his turn to speak, the son announced that the Man God was willing to join with the other Lahu tribes in a united effort to drive the Burmese out of the Shan states.319

After receiving similar commitments from most of the important Lahu and Wa leaders in Burma, Young approached U Nu's war council without Jimmy's knowledge and requested $60,000 for equipment and training. The council agreed, with the proviso that the money would be channeled through Jimmy Yang. In August 1970 Young arranged a meeting between himself, Jimmy, and the tribal leaders to reach a final understanding. When Jimmy adopted a condescending attitude toward the Lahu and Wa, they conferred privately with Young, and he advised them to withhold their allegiance. Young said that all the chiefs agreed to boycott the UNLF until they were confident of full support and claimed that none of them were willing to work with Jimmy.320

Given these enormous problems, neither U Nu nor Jimmy Yang seemed to have a very promising future in the Shan states. In fact, Jimmy felt that the Burmese Communist party and its leader Naw Seng were the only group capable of restoring order to the Shan states. According to Jimmy, Naw Seng and the Communists had all the assets their rivals seemed to lack. First, Naw Seng was one of the best guerrilla strategists in Burma. During World War II he fought behind Japanese lines with General Wingate's British commando unit, the Chindits, and was awarded the Burma Gallantry Medal for heroism. Like many Kachin veterans, he enlisted in the First Kachin Rifles after the war and quickly rose to the rank of captain and adjutant commander.321 The First Kachin Rifles were sent into Communist-controlled areas, and Naw Seng played such an important role in the pacification program that one British author called him "the terror of the Pyinmana Communists." However, many prominent Burmese took a dim view of Kachins attacking Burmese villages under any circumstances, and there were reports that
Naw Seng was about to be investigated by a court of inquiry. Faced with an uncertain future, Naw Seng and many of his troops mutinied in February 1949 and joined with Karen rebels fighting in eastern and central Burma. After leading a series of brilliant campaigns, Naw Seng was driven into Yunnan by the Burmese army in 1949. Little was heard of him until 1969, when he became commander of a Communist hill tribe alliance called the Northeast Command and went on the offensive in the Burma-China borderlands. In March 1970 the Communists captured three border towns, and by mid-1971 they controlled a 400-mile-long strip of territory paralleling the Chinese border.

While Naw Seng's tactical skills were an important asset, Jimmy Yang felt that the Communists' social policies were the key to their success. Instead of compromising with the warlords, the Communists drove them out of all the areas under their control. This policy apparently resulted in a number of violent confrontations with the Kachin Independence Army, the remnants of Khun Sa's forces, and government militia leaders such as Lo Hsing-han and Bo Loi Oo. In each case, the Communists defeated their rivals and pushed them steadily westward. Once in control of some new territory, the Communists abolished the opium tax, which had impoverished the hill tribes for the previous fifteen years, and encouraged the people to substitute other cash crops and handicrafts. In addition, the Communists distributed salt, started a public health program, and restored public order. As a result of these measures, they were able to develop a mass following, something that had eluded other army groups. However, a crop substitution program took up to five years to develop fully even under the best of circumstances, and so opium production continued. Hill traders bought opium from villagers inside the Communist zones and transported it to such market towns as Lashio and Kengtung, where it was sold to government militia, KMT buyers, and private opium armies.

**Opium Warriors**

In the aftermath of General Ouane's victory in the 1967 Opium War, Laos emerged as the most important processing center of raw opium in the Golden Triangle. The defeat General Ouane dealt his enemies on the Ban Khwuan battlefield forced the KMT to drop its duties on Burmese opium destined for Laos. Freed from the KMT's discriminatory taxation, the Laotian army was able to impose its own import duties. Subsequently, opium refineries in the Ban Houei Sai region increased their processing of Burmese opium.

General Ouane's role in the battle had attracted a good deal of unfavorable publicity in the international press, and in 1967 and 1968 he was visited by representatives from Interpol, a multinational police
force that played a major role in combating narcotics smuggling. The authorities were upset that the commander in chief of a national army was promoting the international drug traffic with such enthusiasm, such vigor. Wouldn't the general consider retiring from the opium business? General Ouane was stunned by the naivétée of their request and gave them a stern lecture about the economic realities of opium. Recalling the incident several years later, General Ouane said:

> Interpol visited me in 1967 and 1968 about the opium. I told them there would be commerce as long as the opium was grown in the hills. They should pay the tribesmen to stop growing opium.

> I told Interpol that opium was grown in a band of mountains from Turkey to the Tonkin Gulf. Unless they stopped the opium from being grown, all their work meant nothing. I told Interpol to buy tractors so we could clear the trees off the plains. Then we would move the montagnards out of the mountains onto the plains. It's too warm there, and there would be no more opium growing. In the mountains the people work ten months a year to grow 100,000 kip [$200] worth of opium and rice. And if the weather is bad, or the insects come, or the rain is wrong they will have nothing. But on the plains the people can have irrigated rice fields, grow vegetables, and make handicrafts. On the plain in five months of work they can make 700,000 kip [$1,400] a year.

> I told Interpol that if they didn't do something about the people in the mountains the commerce would continue. Just as the Mekong flows downstream to Saigon, so the opium would continue to flow. But they simply wanted me to stop. And when I explained this reality to them they left my office quite discontented.325

Despite his apparent cockiness, General Ouane interpreted the visit as a warning and began to exercise more discretion. When the author inquired about his involvement in the opium traffic in 1971, he admitted his past complicity but claimed that he had given up his interest in the business.

Before 1967 opium caravans had followed Khun Sa's route entering Laos north of Muong Mounge, traveling down the old caravan trail, and crossing the Mekong into Thailand at Chiang Saen. To conceal Laos's growing role in the traffic, Ouane apparently discouraged caravans from crossing into Laos and ordered them to unload their cargoes on the Burmese side of the Mekong River. Residents of Chiang Saen, Thailand, reported in 1971 that the heavily armed caravans that used to ford the Mekong and ride through the center of town in broad daylight several times a year had not passed through since 1967.326 Some Laotian air
force officers described an opium-arms exchange they carried out in 1968 that illustrated the complexity of the new system: they loaded crates of weapons (M1s, M16s, M79 grenade launchers, and recoilless rifles) into an air force C-47 in Vientiane; flew to Ban Houei Sai, where they transferred the crates to a Laotian air force helicopter; and then flew the weapons to a group of Shans camped on the Burmese side of the Mekong north of Ban Khwan. The opium had already been sent downriver by boat and was later loaded aboard the C-47 and flown to Vientiane.327

When Golden Triangle refineries began producing no. 4 heroin in 1969–1970, access to limitless supplies of Burmese opium enabled Ban Houei Sai manufacturers to play a key role in these developments. At the time of the 1967 Opium War, morphine and no. 3 heroin were being processed at a large refinery near Ban Houei Sai and at five smaller ones strung out along the Mekong north of that city. In August 1967 one Time-Life correspondent cabled New York this description of these refineries:

The opium refineries along the Mekong mentioned in Vanderwicken's take [earlier cable] are manned almost entirely by pharmacists imported by the syndicate from Bangkok and Hong Kong. They live moderately good lives (their security is insured by Laotian troops in some locations) and are paid far above what they would receive working in pharmacies in their home cities. Most apparently take on the job by way of building a stake and few are believed to get involved personally in the trade. Except, a course, to reduce the raw opium to morphine.328

At the same time another Time-Life correspondent reported that "the kingpin of the Laotian opium trade is General Ouane. . . . He is reputed to own one of Laos's two major opium refineries, near Houei Sai, and five smaller refineries scattered along the Mekong."329

As the demand for no. 4 heroin among GIs in South Vietnam grew, skilled Chinese chemists were brought in from Hong Kong to add the ether precipitation process and upgrade production capability. After the five smaller laboratories along the Mekong were consolidated into a single operation, Ouane's refinery at Ban Houei Tap, just north of Ban Houei Sai, became the largest, most efficient heroin laboratory in the tri-border area and its trademark, the Double U-O Globe brand, soon became infamous.330 According to a CIA report leaked to the press in June 1971, this refinery was capable of processing a hundred kilos of raw opium per day.331 Under the supervision of a skilled chemist, this output would yield 10 kilos of no. 4 heroin per day and exceeded the
combined production of all fourteen opium refineries in Tachilek, Burma. Although belated American gestures forced the chemists to abandon the building in Ban Houei Tap in July 1971, the operation reportedly moved to a more clandestine location. The refinery operating under Major Chao La's protection north of Nam Keung was also forced to move in July, probably to a more discreet area.332

Moreover, Ban Houei Sai opium merchants had become the major suppliers of morphine base and raw opium for heroin laboratories in Vientiane and Long Tieng. As the massive bombing campaign and the refugee relocation program reduced the amount of Hmong opium available for heroin in northeastern Laos, Vang Pao's officers were forced to turn to northwestern Laos for supplies of Burmese opium to keep the Long Tieng laboratory running at full capacity.333 In addition, there were reliable reports that General Ouane was supplying the raw materials for a heroin laboratory operating in the Vientiane region managed by a Sino-Vietnamese entrepreneur, Huu Tim-heng.334

Despite the rapid withdrawal of U.S. troops from Vietnam, Laotian prospects for continuing success in the international heroin traffic appeared to be excellent. Although most American narcotics officials hoped that the Golden Triangle's flourishing heroin laboratories would be abandoned once the GIs left Vietnam, there was every indication that Laotian drug merchants were opening direct pipelines to the United States. In 1971 two important shipments of Double U-O Globe brand heroin, which Saigon police said was manufactured in the Ban Houei Sai area, were seized in the United States:

• On April 5 a package containing 7.7 kilos of Double U-O Globe heroin was seized in Fort Monmouth, New Jersey. It had been sent through the military postal service from Bangkok, Thailand.

• On November 11 a Filipino diplomat attached to his nation's embassy in Vientiane and a Chinese merchant from Bangkok were arrested in New York City with 15.5 kilos of Double U-O Globe heroin shortly after they arrived from Laos.

While these seizures established the fact that Laotian heroin was reaching the United States, they were otherwise unexceptional cases. However, the seizure of Prince Sopsaisana's 60 kilos in Paris provided ominous evidence of connections between Laotian heroin manufacturers, Corsican gangsters in Vientiane, Corsican syndicates in France, and American heroin distributors. American narcotics officials were convinced that Corsican syndicates in France and Latin America were the most important suppliers of heroin for American distributors. But, habituated to the belief in Turkey's importance, they never investigated the links between Corsican syndicates in France and Corsican-French
gangsters in Vientiane. This was a costly oversight. In fact, Vientiane's Corsican gangsters were becoming the connection between Laos's heroin laboratories and drug distributors in the United States.

When the Corsican charter airlines were forced out of business in 1965, most of the Corsican and French gangsters stayed in Vientiane waiting for something new to turn up. "Doing less well than previously," reported a Time-Life correspondent in September 1965, "are opium traders, mainly Corsicans who since the fall of grafting Phoumi have found operations more difficult. Some opium exporters have even opened bistros in Vientiane to tide them over until the good bad old days return—if they ever [do]." A few of the bosses managed to stay in the drug business by serving as contact men, other Corsicans found jobs working for the Americans, and some just hung around.

After months of drinking and carousing in Vientiane's French bars, five down-and-out Corsican gangsters decided to make one last, desperate bid for the fortunes that had been snatched from their grasp. Led by a Corsican named Le Rouzic, who had reportedly owned a piece of a small charter airline, and his mechanic, Housset, the five men planned and executed the boldest crime in the history of modern Laos—the great unarmored car robbery. On the morning of March 15, 1966, two clerks from the Banque de l'Indochine loaded $420,000 cash and $260,000 in checks into an automobile and headed to Wattay Airport to put the money aboard a Royal Air Lao flight for Bangkok. As soon as the bank car stopped at the airport, a jeep pulled up alongside and three of the Corsicans jumped out. Throwing handfuls of ground pepper into the clerks' faces, they fled with the money while their victims floundered about, sneezing and rubbing their eyes.

Laotian police showed an exceptional efficiency in their handling of the case; in less than twenty-four hours they recovered almost all the money and arrested Le Rouzic, his mistress, and three of his accomplices. Acting on information supplied by Vientiane police, Thai police arrested Housset in Bangkok and found $3,940 hidden in his socks. At a press conference following these arrests, the Laotian police colonel in charge of the investigation credited his astounding success to "honest citizens" and thanked the French community for "immediate cooperation." Or, as one informed observer later explained, Vientiane's Corsican bosses informed on Le Rouzic and Housset to avoid a police crackdown on their involvement in the narcotics traffic.

Unlike these petty criminals, most of Vientiane's Corsican-French bosses in the early 1970s had respectable jobs and moved in the city's social circles. Roger Zoile, who owned one of the three largest Corsican charter airlines, became the president of Laos Air Charter.
1950s and early 1960s, Zoile worked closely with the Paul Louis Levet syndicate, then smuggling morphine base from Southeast Asia to heroin laboratories in Germany, Italy, and France. Two other Air Opium pioneers still resided in Vientiane: René Enjabal, the former manager of Babal Air Force, became a pilot for one of Laos's many civil air lines, while Gérard Labenski, the former proprietor of the Snow Leopard Inn, “retired” to Laos in 1964 after serving four years in a Vietnamese prison for international narcotics smuggling. The managers of Vientiane's most popular nightclub, The Spot, had a long history of involvement in the international drug traffic: François Mittard headed one of the most powerful drug syndicates in Indochina until he was arrested for narcotics smuggling in 1960 and sentenced to five years in a Vietnamese prison; Michel Libert was Levet's right-hand man, and he served five years in a Thai prison after being arrested for drug smuggling in 1963.

“My opium days are all in the past,” Libert told a Thai undercover policeman in Vientiane some time after his release from prison. “Let me convince you. I'll work for you as an informer and help you make arrests to show you I'm honest.” But the Thai policeman knew Libert too well to be taken in and, not wanting to become a pawn in some Corsican vendetta, refused the offer. In addition, the U.S. Bureau of Narcotics identified an occasional Vientiane resident, Lars Bugatti, a former Nazi officer, as a drug trafficker with close ties to Corsican international syndicates. All of these men had been linked to the clandestine Corsican narcotics networks that circled the globe. Through the efforts of these syndicates, large quantities of Laotian heroin were finding their way to France and from there to the United States.

The Prince Sopsaisana affair provided a rare glimpse into the machinations of powerful Laotian politicians and French heroin syndicates. When the king of Laos announced Prince Sopsaisana's appointment as ambassador-designate to France on April 7, 1971, he set in motion a chain of events that led to Sopsaisana's downfall and the loss of $13.5 million of top-grade Laotian heroin. Confident that his diplomatic passport would protect him from French customs, Sopsaisana apparently decided to finance his stay in Paris by smuggling this heroin into France. According to diplomatic sources in Vientiane, General Vang Pao entrusted Sopsaisana, his chief political adviser, with 60 kilos of no. 4 heroin from his laboratory at Long Tieng and a local French hotel manager on intimate terms with many of the Lao elite found a buyer in Paris.

Before Sopsaisana's flight landed in Paris, however, a reliable Laotian source warned the French embassy in Vientiane that the new ambassador would be carrying heroin in his luggage. After a discreet search by airport customs officials turned up the 60 kilos, the French Foreign Ministry
asked the Laotian government to withdraw its ambassador-designate. Prime Minister Souvanna Phouma, repaying his political debts, tried to keep Sopsaisana in Paris, and it took the French weeks of negotiations to secure his removal. When Sopsaisana returned to Vientiane in late June, he made a public statement claiming that his enemies had framed him by checking the heroin-filled suitcase onto the flight without his knowledge. Privately, he accused Khamphan Panya, the assistant foreign minister, of being the villain in the plot. Sopsaisana's assertion that Khamphan framed him lacks credibility, for Khamphan simply did not have $240,000 to throw away. However, until the ambitious Sopsaisana interfered, Khamphan had been assured of the ambassadorship and had spent months preparing for his new assignment. He had even ordered the staff in Paris to have the embassy refurbished and authorized a complete overhaul for the Mercedes limousine.³⁴²

Diplomatic sources in Vientiane reported that he was outraged by Sopsaisana's appointment. And only a few weeks after Sopsaisana returned in disgrace, the Laotian government announced that Khamphan Panya would be the new ambassador to France.³⁴³

If the heroin shipment had gotten through, the profits would have been enormous: the raw opium cost Vang Pao only about $30,000; Sopsaisana could sell the 60 kilos for $240,000 in Paris; Corsican smugglers could expect $1.5 million from American distributors; and street pushers in urban America would earn $13.5 million.

The important question for the United States was, of course, how many similar shipments had gotten through undetected. If someone had not informed on Sopsaisana, his luggage would have been waved through French customs, the heroin delivered as planned to a Corsican syndicate, and Sopsaisana would have joined Paris's diplomatic community. Another 60 kilos of "Marseille" heroin would have reached the United States and nobody would have been aware of its Asian origins. But the hypothetical did not happen, and suddenly here was more evidence of French gangsters in Vientiane finding ways to connect with Corsican syndicates in France. But the evidence was generally disregarded: the French government covered up the affair for diplomatic reasons, the international press generally ignored it, and the U.S. Bureau of Narcotics regarded it as a curiosity.

The U.S. Bureau of Narcotics was not entirely to blame for its ignorance about the logistics of the Laotian heroin trade. Throughout the 1950s and most of the 1960s, the bureau had concentrated its efforts in Europe and paid almost no attention to Southeast Asia. However, as thousands of GIs serving in Vietnam became addicted to Laotian heroin, the bureau tried to adjust its priorities by sending a team of agents to Laos, but its investigations were blocked by the Laotian government, the
State Department, and the CIA. Although the Royal Laotian government had told the U.N. it was enforcing a "policy of absolute prohibition" of narcotics, it was in fact one of the few governments in the world with no laws against the growing, processing, and smoking of opium. Laos had become something of a free port for opium; smoking dens were found on many city blocks and the location of opium refineries was public knowledge. Laos's leading citizens controlled the opium traffic and protected it like a strategic national industry. Under these circumstances, the Laotian government could hardly have been expected to welcome the Bureau of Narcotics.

While the Laotian government's hostility toward the bureau was understandable, the reticence shown by the CIA and the U.S. embassy requires some explanation. According to U.S. narcotics agents serving in Southeast Asia, the bureau encountered a good deal of resistance from the CIA and the embassy when it first decided to open an office in Vientiane. The embassy claimed that American narcotics agents had no right to operate in Vientiane, since Laos had no drug laws of its own. The embassy said that investigative work by the bureau would represent a violation of Laotian sovereignty and refused to cooperate. The U.S. embassy was well aware that prominent Laotian leaders ran the traffic and feared that pressure on them to get out of the narcotics business might somehow damage the war effort. In December 1970—as thousands of GIs in Vietnam were becoming addicted to heroin processed in laboratories protected by the Royal Laotian Army—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."

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, which was 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 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 no. 4 Laotian heroin in New York City. Even though these men were carrying a large quantity of
heroin, they were still only messengers for the powerful Laotian drug merchants. But political expediency blocked any action, and the U.S. embassy made no effort to go after the men at the top.\textsuperscript{348}

In the long run, the American antinarcotics campaign may have done more harm than good. Most of the American effort seemed to be aimed at closing Vientiane’s hundreds of wide-open opium dens and harassing ordinary Laotian opium smokers. The Americans pressured the Laotian police into launching a massive crackdown on opium smoking. Since little money was being made available for detoxification centers or outpatient clinics, most of Vientiane’s opium smokers were forced to become heroin users. In a September 1971 interview, General Ouane Rattikone expressed grave doubts about the wisdom of the American anti-opium campaign:

\begin{quote}
Now they want to outlaw opium smoking. But if they outlaw opium, everyone in Vientiane will turn to heroin. Opium is not bad, but heroin is made with acid, which kills a man. In Thailand Marshal Sarit outlawed opium [1958–1959], and now everybody takes heroin in Thailand. Very bad.\textsuperscript{349}
\end{quote}

Although General Ouane’s viewpoint may have been influenced by his own interests, he was essentially correct.

In Hong Kong, Iran, and Thailand repressive anti-opium campaigns drove the population to heroin and magnified the seriousness of the drug problem in all three nations. Vientiane’s brand of no. 3 heroin seemed to be particularly high in acid content and produced some horribly debilitated zombie-addicts. One Laotian heroin pusher thought that Vientiane’s brand of no. 3 could kill a healthy man in less than a year. It would have been ironic if America’s antidrug campaign had driven Laos’s opium smokers to a heroin death while it left the manufacturers and international traffickers untouched.

\textbf{Reflections, 1972}

In the Yao village of Pa Dua, not far from the KMT headquarters at Mae Salong, in northern Thailand, there was a crude opium den in one corner of the village’s general store. At almost any time during the day, three or four Yao tribesmen and KMT soldiers could be found there, flopped on the platform sucking away at their opium pipes. Occasionally as they drifted off into an opium dream one of the smokers gazed at the fading emblem of the United States Navy Seabees, a combat engineering unit, which was tacked to the wall. And the caricatured bumblebee—with a sailor’s cap perched on its head and a submachine gun clutched in its gloved fists—looked down on the dreamers with the frenetic glare of an aggrieved icon. This emblem and a rotting cluster of buildings a few
miles down the road were the only tangible remains of a Seabee construction team that had spent a year in this area building a road linking Mae Salong with the major provincial highway. According to local Thai officials, the Seabees' construction work was done under the auspices of USAID's Accelerated Rural Development program (ARD). Despite its neutral-sounding title, ARD was a counterinsurgency program designed to give the Thai army's heavy U.S.-style armored and infantry units access to rugged mountain areas in times of rebellion.

While this road was not much help to the Thai army, it was a boon to the KMT's involvement in the international narcotics traffic. Before the KMT caravans left for Burma, arms, mules, and supplies were shipped up this road. After they returned, opium, morphine base, and no. 4 heroin came down the road on their way to the international drug markets. The road reduced the KMT's transportation costs, increased its profit margin, and improved its competitive position in the international heroin trade. At the time the road was built, the KMT's role in the narcotics traffic was well known, but apparently USAID officials felt that the road's military advantages outweighed its positive contribution to the international drug traffic.

In many ways, this road was an example of the most innocent form of American complicity in Southeast Asia's narcotics traffic. After pouring billions of dollars into Southeast Asia for more than twenty years, the United States by 1972 had acquired considerable power in the region. And it had used this power to create new nations where none existed, handpick prime ministers, topple governments, and crush revolutions. But U.S. officials in Southeast Asia seemed to regard the opium traffic as a local problem and generally turned a blind eye to official involvement. A Laotian or South Vietnamese general who advocated neutralism was likely to find himself driven from office, but one who told the international press about his role in the opium trade did not even merit a reprimand. However, American involvement had gone far beyond coincidental complicity; embassies had covered up involvement by client governments, CIA contract airlines had carried opium, and individual CIA agents had winked at the opium traffic.

As an indirect consequence of American involvement in the Golden Triangle until 1972, opium production steadily increased, no. 4 heroin production flourished, and the area's poppy fields became linked to markets in Europe and the United States. Southeast Asia's Golden Triangle grew 70 percent of the world's illicit opium, supplied an estimated 30 percent of America's heroin, and was capable of supplying the United States with unlimited quantities of heroin for generations to come.

By early 1972 the situation had grown so critical that a special U.S.
cabinet-level task force investigating the Southeast Asian drug trade concluded: “There is no prospect of suppressing air and sea traffic in narcotics under current conditions or under any conditions that can realistically be projected.” In its rather frank report, the task force explained the logic behind this conclusion:

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. While our Embassies have made repeated and forceful representations and stimulated some cooperation, much more clearly remains to be done. 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. It should be possible to make them see that on October 29, 1971 [date of a vote on a U.S. congressional resolution] they came perilously close to losing all military and economic aid from the United States, and that the widely accepted assumption of their corruption and their failure to perform more effectively in suppressing drug traffic played an important part in determining the mood of the Senate, even if many other factors were also involved.

In any case, 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 and see in this struggle a real matter of life and death for their own countries.360

As this report indicates, American impact on the region’s drug trade, whether covert complicity or active suppression, relied on relations with local allies. In Burma and Laos, CIA operations avoided direct involvement in combat or espionage and instead sought local clients who determined the outcome of the agency’s mission. Like its clandestine operations, the agency’s complicity does not, in most instances, involve actually handling opium. Instead, it is a question of the CIA’s tolerance, or calculated ignorance, of drug dealing by its local allies. In many of the mountain ranges that extend westward from Laos along the southern rim of Asia, opium is the main currency of external trade and thus a major source of political power. Since CIA covert operations demand alliances with powerful warlords or tribal leaders who necessarily deal in drugs, the agency has repeatedly enmeshed its covert operations with the region’s opium trade. By investing these leaders with the authority of its alliance, the CIA provides protection that a drug lord can use to expand his share of the traffic. Not only is a protected opium trader less vulnerable to arrest
and prosecution, he gains, through his CIA alliance, access to international transport or commercial contacts that facilitate both the movement and the marketing of drugs.

In the opium highlands of Southeast Asia, there are certain structural givens of land, economy, and politics that have inclined the CIA toward complicity in the opium trade. In most cases, the CIA's role involved various forms of complicity, tolerance, or studied ignorance about the trade, not any direct culpability in the actual trafficking. With its vast budget, the CIA had no reason to handle heroin. Instead it was the agency's tactics of indirect intervention through local allies, some of them drug lords, that led to a similarly indirect involvement in drug trafficking. The CIA did not handle heroin, but it did provide its drug-lord allies with transport, arms, and political protection. In sum, the CIA's role in the Southeast Asian heroin trade involved indirect complicity rather than direct culpability.

Indeed, in 1972 the CIA conducted an investigation of the Laotian drug trade that corroborated these patterns of complicity. In response to my testimony on the Indochina heroin traffic before a U.S. Senate committee in June 1972, the agency's inspector general interrogated twenty operatives at its Washington headquarters and sent investigators to interview more than a hundred U.S. officials in Southeast Asia between August 24 and September 10. Not surprisingly, the inspector general concluded that there was "no evidence that... any senior officer of the Agency has sanctioned or supported drug trafficking as a matter of policy", thus exonerating the CIA of charges that I had not made. More important, the inspector general's final report, read carefully, confirmed the core of my argument about the agency's complicity in heroin trafficking.351

Reviewing the agency's relations with its Southeast Asian allies, the CIA inspector general expressed "some concern" that "local officials with whom we are in contact... have been or may be still involved in one way or another in the drug business... What to do about these people is a particularly troublesome problem, in view of its implications for some of our operations, particularly in Laos." The inspector general found agency alliances with senior Laotian military officers particularly problematic: "The past involvement of many of these officers in drugs is well known, and the continued participation of many is suspected; yet their goodwill... considerably facilitates the military activities of Agency-supported irregulars."362

To correct the problem, the inspector general required the CIA's Vientiane station to conduct "an assessment of the possible adverse repercussions" of its relations with Laotian heroin dealers. Evidently dependent on the support of Laos's drug lords, the Vientiane station
seemed reluctant to sever relations. In something akin to a public reprimand, the inspector general criticized its report as “unduly sanguine” and suggested that “the Station will need additional guidance from headquarters” in understanding the importance of current antinarcotics efforts. In a frank assessment of the policies that had allowed the CIA’s complicity in the drug trade, the inspector general concluded that, “The war has clearly been our overriding priority in Southeast Asia, and all other issues have taken second place in the scheme of things. It would be foolish to deny this, and we see no reason to do so.”

In contrast to the candor of this internal report, the CIA made repeated public statements denying any complicity in the Southeast Asian drug trade. When the U.S. Senate committee chaired by Senator Frank Church reviewed the CIA’s performance in 1975, the agency convinced its members that there was “no substance” to “allegations that the Agency’s air proprietaries were involved in drug trafficking.” By effectively denying its complicity and thus blocking reform, the CIA ensured that policies that had promoted heroin production in Burma and Laos during the 1960s would, with some variation, be repeated in Pakistan and Afghanistan during the 1980s.
AMERICA'S FIRST WAR ON DRUGS HAD A MAJOR THOUGH UNINTENDED IMPACT ON THE GLOBAL DRUG TRADE. AS U.S. TROOPS WITHDRAW FROM VIETNAM IN 1971–72, PRESIDENT RICHARD NIXON INADVERTENTLY CREATED A NEW MARKET FOR SOUTHEAST ASIAN HEROIN BY DECLARING A WAR ON DRUGS IN EUROPE. THROUGH STRONG DIPLOMATIC PRESSURE, NIXON FORCED TURKEY TO ERADICATE ITS OPIUM FIELDS AND FRANCE TO CLOSE ITS HEROIN LABORATORIES, CUTTING THE CONNECTION THAT HAD LONG SUPPLIED 80 PERCENT OF AMERICA'S HEROIN. IRONICALLY, HOWEVER, NIXON'S VICTORY IN EUROPE UNLEASHED MARKET FORCES THAT WOULD SOON EXPAND DRUG TRAFFICKING ON FIVE CONTINENTS.

AMERICA'S FIRST DRUG WAR THUS PRODUCED A PARADOXICAL STRENGTHENING OF THE GLOBAL NARCOTICS TRAFFIC. BY THE LATE 1970S, THE SIMPLEX OF THE MARSEILLE–NEW YORK CONNECTION HAD GIVEN WAY TO A COMPLEX WORLDWIDE COMMERCE THAT TIED RISING FIRST WORLD CONSUMPTION TO SPREADING THIRD WORLD PRODUCTION. WITH PRODUCERS AND CONSUMERS NOW DISPERSSED ABOUT THE GLOBE, THE INTERNATIONAL TRAFFIC KNITTED INTO A CAT'S CRADLE OF SMUGGLING ROUTES FAR MORE RESISTANT TO SUPPRESSION THAN EVER BEFORE.

CONVENTIONAL LITERARY METAPHORS SEEM TOO FLAT, TOO LINEAR TO CONVEY THE EXPLOSIVE VOLATILITY OF THE GLOBAL DRUG MARKET. IN HIS RESTLESS PURSUIT OF DRUG DEALERS ACROSS THE ARC OF ASIA, PRESIDENT NIXON SEEMS RATHER LIKE MICKEY MOUSE IN THE ANIMATED DISNEY FILM FANTASIA—A "SORCERER'S APPRENTICE" FRANTIC TO STEM RISING WATERS BY ATTACKING THE BUCKET-CARRYING BROOMS WITH AN AX, ONLY TO HAVE THE CHIPS RESURRECT AS FULL-GROWN BROOMS AND THE FLOOD TURN INTO A Torrent.

THIS FIRST OF AMERICA'S FIVE DRUG WARS WAS A PRECURSOR AND ACCURATE
predictor of failures to follow as the United States launched similar campaigns in Latin America. Not only did Nixon's drug diplomacy unleash forces that would stimulate drug trafficking worldwide, it exposed a self-defeating dynamic that would recur in all subsequent U.S. drug wars.

Many of the problems that later defeated America's drug wars were first evident in Southeast Asia. Although its Golden Triangle would remain the world's largest source of narcotics for forty years, Washington policy makers consistently failed to grasp the complexities of its opium trade. The U.S. Bureau of Narcotics did not establish a Bangkok office until the late 1960s, some twenty years after its first foreign office opened in Rome. Although its successor, the U.S. Drug Enforcement Administration (DEA), soon amassed intelligence showing Southeast Asia's importance, Washington usually failed to react. After reporting that the Golden Triangle was harvesting over 70 percent of the world's opium, the George H. W. Bush administration allocated just 5 percent of its 1991 foreign suppression budget to Southeast Asia. The emphasis on cocaine at the expense of heroin was even more extreme. Reflecting the media visibility of crack cocaine, programs aimed at this drug captured 86 percent of the Bush budget, leaving only 14 percent for global heroin suppression.1

In explaining the global spread of drug abuse over the past thirty years, commentators have often focused on the reasons why addicts turn to drugs—structural unemployment, youth drug culture, Third World poverty, or the moral crisis of postindustrial society. While all provide a partial explanation, an exclusive emphasis on these demand factors ignores the economic reality that illicit drugs are, like cigarettes or alcohol, commodities with distributors. To understand the dynamics of the global heroin trade, we must, therefore, focus on the syndicates that control its production, smuggling, and distribution.

The heroin trail that ended in New York or Los Angeles in the 1990s began in the mountains of Southeast Asia's Golden Triangle. There itinerant Chinese caravan traders tied the opium-growing villages in the highlands to heroin laboratories on the Thai-Burma border. Descendants of merchants who once ranged as far as Mughal India, these Chinese merchants were usually Muslims who traced their origins to China's neighboring Yunnan province. Not only did these Yunnan Chinese bind the Golden Triangle together with networks of debt and credit, they also managed the heroin laboratories along the Thai-Burma border. Living in a remote corner of a vast empire, the greatest Yunnan merchants have been warlords who mobilized armed guards for their trade caravans. In the late 1970s, the leading Yunnanese warlord, Khun Sa, commanded an army of 3,500 men armed with M-16 rifles and .50 caliber machine guns. After the 1977 harvest, his mule caravans stretched for miles along the ridge lines with enough opium to supply all of America's illicit demand.2
Once the opium is refined into heroin along the Thai-Burma border, it is ready for export to Bangkok and the world markets beyond. These exports are controlled by the Chiu chau Chinese syndicates, one of the least understood of the world's major transnational crime groups. Operating within an overseas diaspora in Europe, Southeast Asia, and America, the Chiu chau have never approached the Mafia's quasi-military hierarchy. Instead, they organize themselves on a loose milieu structure similar to Marseille's Corsican networks. Despite this loose organization, these Chinese syndicates, often structured like a financial consortium, have a proven capacity for mounting complex smuggling operations spanning several continents. Whether in Hong Kong, Malaysia, New York, or Amsterdam, their syndicates are comprised exclusively of ethnic Chiu chau. Tracing their ancestral origins to the city of Swatow (Shantou) on China's southern coast, the Chiu chau gangs have been described by Hong Kong police just as their French and Italian counterparts speak of Corsican or Sicilian criminals—ruthless, clannishly loyal to their fellows, and uniformly hostile to outsiders.

The Chiu chau involvement in narcotics began in the late 1800s when a group of Swatow merchants won a contract to sell opium in Shanghai's French concession. During the 1920s, this Chiu chau syndicate opened illicit heroin laboratories in Shanghai and dominated a narcotics industry that served some ten million Chinese addicts. When the Red Army captured the city in 1949, the syndicate fled with its skilled heroin chemists to Hong Kong. There the Chiu chau established new laboratories in the 1950s and worked through contacts in Bangkok's large Chiu chau community to import morphine base from the Golden Triangle. By 1970, five major Chiu chau syndicates dominated Hong Kong's heroin traffic and the colony had 100,000 addicts—equivalent to 2.6 percent of its population, then the world's highest rate of addiction. As UN pressure closed government opium monopolies in Thailand, Malaya, and Vietnam during the 1950s, the Chiu chau expanded operations to cover most of Southeast Asia. By the early 1970s, they controlled the region's drug trade and were poised to penetrate the international markets beyond. In effect, Nixon's drug war in Southeast Asia would become a losing battle against the Chiu chau syndicates in the cities and Yunnanese warlords in the mountains.

Nixon's Drug War

In 1971, U.S. narcotics enforcement moved beyond the nation's borders when President Richard Nixon announced that the drug problem was a "national emergency" and declared the first of America's five drug wars. "Narcotics addiction has been spreading with pandemic virulence," Nixon said in his February 1971 State of the World address, adding that drugs were smuggled "without the slightest respect for national boundaries" and
thus needed "an integrated attack on . . . their movement across interna
tional borders." Over the next two years, Nixon invested enormous per-
sonal energy in building popular support and reorganizing the federal gov-
ernment for this new national mission, making the drug war one of his 
most important and lasting legacies.

In June 1971, as midterm elections approached, President Nixon issued 
a formal declaration of war on drugs. In a special message to Congress, he 
branded drugs "public enemy number one" and announced a "full-scale at-
tack on the problem of drug abuse in America." Arguing that addiction 
causes crime worth $2 billion a year, Nixon warned: "If we cannot destroy 
the drug menace in America, then it will surely destroy us." Nixon asked Congress to double the drug budget to $350 million and detailed his plans 
for a comprehensive attack. On the demand side, the president announced 
formation of the Special Action Office of Drug Abuse Prevention under Dr. 
Jerome Jaffe, ordered the Defense Department and the Veterans Adminis-
tration to treat military addicts, and asked Congress for legislation making 
methadone a legal "tool in the work of rehabilitating heroin addicts." On the 
supply side, the president said that heroin was the "most socially destruc-
tive form of addiction in America" and thus "must command priority in the 
struggle against drugs." To cut the heroin flow, Nixon announced a nine-
part "worldwide escalation." Our ambassadors would press allies "to end 
opium production and the growing of poppies." New officers in the Bureau 
of Narcotics would train foreign narcotics agents to intercept drugs. Most 
importantly, the White House would work through the UN to establish a 
special fund for drug abuse control and strengthen the Single Convention 
on Narcotics. In launching his drug war, Nixon skillfully disarmed his De-
mocratic opponents by dressing up a conservative program with liberal 
measures like methadone treatment and UN cooperation.

In the days following this special message, Nixon flew up and down 
the East Coast to enlist key opinion makers in his war, speaking to me-
dia executives, the Advertising Council, and the American Medical As-
sociation (AMA). In two extraordinary days in March 1972, Nixon cam-
paigned vigorously against a threat that could, as he put it in his State of 
the Union message, "sap our Nation's strength and destroy our Nation's 
character." On March 20, the president came to New York City, where he 
met with federal drug agents, reviewed the state's anti-drug work with 
Governor Nelson Rockefeller, and, using the phrase for the first time, 
called for a "total war" on drugs. The next day, the president received the 
Turkish prime minister on the South Lawn at 10:45 A.M. for formal talks 
about the poppy ban; then, at 12:45 P.M. in the East Room, signed the 
Drug Abuse Office and Treatment Act, launching a massive research ef-
fort into drug abuse; and finally, at 9:55 P.M. in the State Dining Room, 
hosted a formal dinner for the Turkish prime minister.
1. Legal Heroin and Cocaine Sales

Advertisement for cocaine and opiates typical of those appearing in popular and professional publications before the prohibition of narcotics. *Chemist and Druggist of Australasia, February 1908*
2. American Drug Dealers

(Above)
Meyer Lansky, a younger member of the so-called "Jewish Syndicate" that dominated New York's drug and alcohol rackets during prohibition, as photographed by New York City Police before World War II. Alan A. Block Collection

(Right)
Charles "Lucky" Luciano (standing, right), prewar New York Mafia leader, in exile after his deportation to Italy during the late 1940s. Harry Anslinger Papers, Pattee Library, Pennsylvania State University

Santo Trafficante, Jr. (center), postwar Mafia figure and alleged drug dealer, at lunch with criminal leaders in New York City in the late 1960s. Paul de Maria, New York Daily News
3. Marseille’s Corsican Milieu

Barthelemy Guerini, the Marseille criminal leader who captured control of the city’s waterfront from the Communist party with the support of the CIA in 1950–1951, was sentenced to twenty years for a milieu murder in 1970. *Le Provençal, Marseille*

François Spirito, prewar Corsican syndicate leader and international heroin smuggler, shown at his 1962 trial for wartime collaboration with German occupation forces. *Agence France-Presse*
4. War and Opium in French Indochina

A Chinese merchant trading opium with a Laotian tribeswoman at a market on the Plain of Jars, northern Laos in the early 1950s. Toub Lyfoung collection

French paratrooper trains Laotian guerrillas, Plain of Jars, northern Laos, 1953. Toub Lyfoung collection

Toub Lyfoung, political leader of Hmong guerrillas fighting with the French military, confers with a French officer on the Plain of Jars in northern Laos, 1953. Toub Lyfoung collection

Colonel Edward G. Lansdale, leading CIA operative in Southeast Asia, played a key role in breaking the Binh Xuyen bandits' control over Saigon during urban warfare in 1954-1955. *United Press International*
General Tuan Shi-wen, commander of the Nationalist Chinese Fifth Army, at his headquarters on the Thai-Burma border in 1967: "We have to continue to fight the evil of Communism, and to fight you must have an army, and an army must have guns, and to buy guns you must have money. In these mountains the only money is opium." Weekend Telegraph, London, March 1967
Nationalist Chinese officer based in northern Thailand who, like many of his comrades, married a woman from the hill tribes along the Thai-Burma border and sired sons who will be expected to join the Fifth Army. *Weekend Telegraph, London, March 1967*
A Yao tribeswoman near Pha Louang village in the mountains of northern Laos prepares a hillside for opium planting in 1971. John Everingham

Ger Su Yang, the Hmong military commander of Long Pot district in northern Laos, with his family, 1971. John Everingham
Assisted by aide George Cosgrove, Edgar “Pop” Buell, organizer of the CIA’s Secret Army, directs Air America cargo planes parachuting rice to dependents of Hmong soldiers in the mountains of northern Laos, 1971. Alfred W. McCoy

Air America helicopter lands at Long Pot village in northern Laos, 1971. John Everingham

Alfred W. McCoy
General Ouane Rattikone (center), commander of the Royal Lao Army and Laos's leading heroin manufacturer, being decorated by King Savang Vatthana (left), on his retirement in June 1971. Alfred W. McCoy

The trademark for Double U-O Globe heroin brand, manufactured at Ouane Rattikone's laboratory in northwestern Laos for sale to U.S. troops serving in South Vietnam during the early 1970s. Alfred W. McCoy
General Vang Pao, the Hmong officer who commanded the CIA's Secret Army from 1960 to 1975, at Vientiane, Laos in July 1971. *Daniele Cavalerie*

At Nam Keung village, northern Laos in 1972, U.S. AID official Edgar "Pop" Buell lectures Major Chao La, CIA mercenary commander and heroin manufacturer, on the evils of the drug trade for the benefit of the press. *Fox Butterfield, The New York Times*
7. Golden Triangle Heroin Trade

Khun Sa, Burma's leading opium warlord and heroin manufacturer, in his headquarters at Mongmai in the Shan states near the Thai border, February 1989. Piers Cavendish

Recruits for Khun Sa's army undergo training at his camp in Mongmai, January 1989. Piers Cavendish
A soldier in the Shan state army, a Burmese rebel group active in the opium trade, at their camp in Man Pi, 1986. *Hseng Noung Lintner*

In the southern Shan states a Pa-O tribeswoman collects opium during the 1989 harvest at Naung Aw village, part of the territory controlled by Khun Sa. *Piers Cavendish*
8. Afghanistan Resistance Forces

Afghan resistance leader Gulbuddin Hekmatyar (center), chief beneficiary of CIA arms shipments, claims victory at the headquarters of the Afghan rebel alliance in Peshawar, Pakistan, the day before the Soviet withdrawal from Afghanistan began in May 1988. *Steve Galster*

Former Afghan resistance fighters harvesting opium in Nangarhar District, Afghanistan, May 1994. *Alain Labrousse*
For two years after his June 1971 special message, the president worked tirelessly to turn rhetoric into bureaucratic reality. "I have been deliberately cracking the whip," he told a White House drug summit, "in my personal supervision of this program, and will have to admit that we have knocked some bureaucratic heads together." In September, Nixon created the Cabinet Committee on International Narcotics Control, chaired by the secretary of state, to coordinate this drug war at the highest level. A few weeks later, the White House concluded a joint agreement on narcotics control with Thailand, similar to the one reached with France just a few months earlier, and later conducted bilateral drug talks with the president of Mexico and the shah of Iran. Finally, in March 1973, Nixon reorganized the federal bureaucracy for "an all-out, global war on the drug menace," transferring all law enforcement agents, including the 2,100 recently recruited, to a new Drug Enforcement Administration (DEA) inside the Justice Department. While the DEA would conduct all drug investigations at home and abroad, the Bureau of Customs at Treasury would have sole responsibility for port-of-entry inspection and interdiction. To fund these ambitious programs, Nixon raised the federal anti-drug budget elevenfold in his first term to nearly $750 million, laying the foundations for future expansion.

Nixon himself resigned in disgrace only two years later, but his drug war and its bureaucratic underpinnings survived to become permanent features of the federal government—notably, cabinet-level supervision, the White House drug advisor, the DEA, an ever-expanding budget, tough drug laws, the State Department’s bilateral drug diplomacy, and the metaphor and mindset of war.

Nixon’s extraordinary success sprang from his sensitivity to the aspirations of ordinary Americans and his skill at bending bureaucracy to his will. During his 1962 California gubernatorial campaign, Nixon had appealed to the middle-class craving for "law and order" with a "slashing attack" against the liberal incumbent, Governor Edmund "Pat" Brown, charging that his drug treatment programs were "soft on dope." Though President Kennedy tried to preempt this attack from the right by convening the first White House Conference on Narcotics in September 1962, Nixon had discovered a potent weapon in his war on the liberal consensus. His appeal to "law and order" proved stunningly effective in his successful 1968 presidential campaign.

Nixon’s motivations for this impassioned effort were a mix of hardball politics and genuine, if misplaced, idealism. From his private and public statements, Nixon appears deeply concerned about America’s loss of a moral community like the one he had known growing up in small-town U.S.A. In May 1971, only weeks before he declared war on drugs, Nixon was outraged by a favorable portrayal of homosexuals on the popular CBS television show All in the Family. "I do not think you glorify on..."
public television homosexuality," Nixon told his aides in the Oval Office. "It outraged me because I don’t want to see this country go that way. . . . The last six Roman emperors were fags. . . . When the Catholic Church went to hell in, I don’t know, three or four centuries ago, it was homosexual. . . . And let’s look at the strong societies. The Russians, God damn it, they root them out. . . . Dope? Do you think the Russians allow dope? Hell no. . . . You see, homosexuality, dope, immorality in general: These are the enemies of strong societies. That’s why the Communists and the left-wingers are pushing the stuff, they’re trying to destroy us." Only five days after his special message on drugs, Nixon appealed to the AMA convention for support by evoking a time "years ago . . . when most Americans lived in small towns" and "looked to the family doctor for guidance, not just with regard to our physical health but in many other aspects of life." Nixon recalled "my own doctor, a family doctor, Dr. Thompson, of Whittier, California. He was a fine doctor, but he was a community leader, and when he spoke on issues, we listened." Armed with such moral certitude, Nixon led his domestic drug war in increasingly partisan and repressive directions. In the last weeks of his 1972 reelection campaign, Nixon jettisoned his earlier bi-partisan gestures to run on claims of drug-war victory with a tough, even strident rhetoric. "Three years ago," Nixon told a White House drug conference in mid-September, "the global heroin plague was raging almost completely out of control all over the world. . . . But then we launched our crusade to save our children and now we can see that crusade . . . beginning to roll up some victories in country after country." In a national radio address only weeks before the elections, Nixon told listeners that he had campaigned for president in 1968 "with a pledge to restore respect for law, order, and justice in America." During the past four years, he had stemmed the "rising tide of disorder and permissiveness" by, first, moving "onto the offensive in our all-out battle against the criminal forces in America" and, second, by declaring "total war against heroin and illicit drugs." Proudly, Nixon proclaimed: "We are winning this war. The raging heroin epidemic of the 1960s has been stemmed." To back his claims, Nixon cited the doubling of global heroin seizures in 1972. In the future, Nixon promised new laws with tough "mandatory sentences" to stop "permissive judges" from giving suspended sentences to heroin pushers. Above all, Nixon promised to halt "the erosion of moral fiber in American life" and to defend what he called "the citizen's first civil right: the right to be free from domestic violence." In the campaign's last weeks, Democratic candidate George McGovern countered by calling for emphasis on treatment, education, and poverty—in effect, outlining a future Democratic drug policy. He dismissed Nixon's claim that heroin was "drying up," arguing that his evidence
was based on bogus street-price statistics. Indeed, later studies have argued that the epidemic of rising addiction from 68,000 users in 1969 to 559,000 in 1971 was, in fact, a fabrication—a crude one that Nixon drug warriors had crafted by manipulating the ratio between the number of “reported” and “estimated” addicts to produce that frightening half-million figure. If these critics were correct, Nixon’s White House had manufactured addict numbers to create a heroin crisis, then declared war to fight this supposed epidemic, and finally manipulated figures on heroin prices to claim victory—all in time for the 1972 presidential elections.

With the Democrats in disarray after their crushing defeat in the 1972 elections, Nixon turned hard right in his drug war, sending a new Heroin Trafficking Act to Congress with a “mandatory sentence” of ten years to life for selling more than four ounces. In a special State of the Union message on drug abuse in March 1973, Nixon claimed victory with worldwide seizures up threefold, prices for a “fix” on the East Coast doubled, and purity in each fix down by half to just 3.7 percent heroin. Questioned about his proposed penalties at a press conference the next day, Nixon attacked liberalism as damaging to the country’s moral fabric. “During the sixties,” Nixon said, “the United States went far down the road of the permissive approach to those charged with crime, and we reaped a terrible harvest, the greatest increase in crime that this country has ever had, explosive to the point that law and order... became a great issue in ’68. It was still a great issue in ’72.” By the time Nixon resigned little more than a year later, his partisan rhetoric and get-tough tactics had stripped his policy of its original bi-partisan appeal and left the drug issue lodged in the arsenal of the Republican right.

Though his rhetoric was inflated and his drug-use statistics fabricated, Nixon’s foreign operations were, at least in the short term, surprisingly successful. In his opening battle in this new kind of war, Nixon attacked Turkey’s opium production, then the second highest in Central Asia and the source of 80 percent of America’s heroin supply. Only a week after declaring his drug war in June 1971, Nixon announced that Turkey would cease all poppy production in a year, calling this “the most significant breakthrough that has been achieved in stopping the source of supply of heroin in our worldwide offensive against dangerous drugs.” The U.S. State Department had pressured the Turkish government to ban legal opium cultivation for pharmaceutical companies and accept $35 million in foreign aid to fund alternative crops. As a close U.S. military ally, Turkey complied by announcing a ban on legal opium cultivation after its 1973 harvest, depriving some 100,000 farmers of a profitable cash crop. After this eradication, the White House then forced French authorities to close Marseille’s clandestine heroin laboratories. In the words of the DEA administrator of that day, “the whole pipeline was drying up.”
1973, some 100 tons of illicit Turkish opium and eight to twelve tons of Marseille's high-grade heroin had disappeared from the market. During the two-year heroin drought that followed, New York City's street price doubled and purity declined by half, both strong indicators of a serious shortage. Although Turkey resumed legal opium production in 1974, the respite was long enough to close the Turkey-Marseille pipeline and spark a major reorganization of the international drug traffic.\textsuperscript{17}

In its next battle, the Nixon White House attacked Southeast Asia, focusing on Bangkok's exports. To prevent the Golden Triangle from filling the void in U.S. supply, the White House sent a team of DEA agents to Bangkok, where they struggled to cut the flow of Asian heroin to America. In 1971–1972, the director of the DEA's Strategic Intelligence Office, John Warner, did long-range studies warning that Southeast Asia had the potential of replacing Turkey as the source of America's heroin. These reports were reviewed by the Cabinet Committee on International Narcotics Control (CCINC), which decided to give Southeast Asia an increased priority. "We began to see that we were dealing with a worldwide proposition, not a regional one," the committee's executive director, Egil M. Krogh, Jr., told the press in August 1972. As White House coordinator for narcotics matters, Krogh summoned DEA agents for pep talks before their departure for the Orient. One DEA veteran can recall the young Nixon aide pulling him over to the map by his lapel, pointing to the Golden Triangle, and saying with a determined look: "Go get me opium caravans!"\textsuperscript{18}

This White House decision changed Southeast Asia from an outpost to the front line in America's drug war. In 1969, there were only three U.S. narcotics agents stationed in Bangkok—responsible for both answering the telephone and monitoring the flow of narcotics across the whole of Southeast Asia. The DEA's token staff in Bangkok made few arrests, had little expertise and less intelligence. In 1970 and 1971, however, as the scandal of the GI heroin epidemic in Vietnam broke across the front pages of American newspapers, the DEA was forced to alter its priorities. To insure that this heroin did not follow the GIs home, its contingent of special agents in Southeast Asia jumped from two in 1972 to thirty-one by late 1974. Instead of the usual rock-bottom budget, DEA Bangkok now received $12 million annually to aid local antinarcotics police.\textsuperscript{19}

Given the impossibility of slaying what the DEA's Bangkok chief Daniel Addario called the "monster of the Golden Triangle's 1,000 tons of opium," his office focused on cutting the traffic between Thailand and the United States. Despite its inexperience in the region, by 1975 the DEA had developed a strong intelligence capacity in Asia's major heroin entrepôts—Hong Kong, Manila, and, most importantly, Bangkok. As information from informants flowed, the DEA began intercepting shipments destined for the United States.\textsuperscript{20} Complementing the short-term U.S. in-
terdiction effort, in 1971 the newly established UN Fund for Drug Abuse Control (UNFDAC) launched an experimental crop-substitution program in Thailand, seeking to eradicate opium over the long term by encouraging farmers to plant fruit trees, coffee, beans, and flowers.21

The Nixon administration's initial supposition had been correct. By 1972, Southeast Asia's Chiu chau syndicates were, in fact, trying to capture the U.S. market—then the only significant drug consumer among the affluent nations. Looking back, DEA analysts came to feel that the GI heroin epidemic in Vietnam may have served as a "consumer test" for the Chinese syndicates and encouraged their later effort to export to the United States.22 Rapid troop withdrawals from Vietnam in 1971–1972 had left the syndicates holding surplus stocks of high-grade heroin and denied them access to their best customers.

Trying, in effect, to follow the GI addicts home, Chiu chau syndicates used Chinese and Western seamen to smuggle a thousand pounds of their heroin, much of it the famous Double U-O Globe Brand, into New York City in 1971–1972.23 Several alternative channels also opened, notably a Chiu chau group under Manila heroin manufacturer Lim Seng and a syndicate of American ex-servicemen that operated from Bangkok's bars, smuggling approximately 1,000 pounds of heroin into the United States during its decade in operation.24 After Turkey's prohibition of poppy cultivation in 1971–1972, DEA sources estimated that Southeast Asian heroin climbed to approximately 30 percent of total U.S. consumption.25

Although there was every indication by 1973 that Southeast Asian heroin would soon dominate the U.S. market, it failed to meet analysts' expectations. By 1975, Southeast Asian heroin had dropped from 30 percent to 9 percent of total U.S. street seizures. Unfortunately, the sudden decline in Asian heroin imports had only a short-lived impact on America's domestic drug problem. The interdiction of Southeast Asia's heroin, combined with the eradication of Turkey's opium, did produce a serious narcotics drought in the United States and reduced the number of addicts from 500,000 in 1971 to 200,000 three years later.26 But as the street shortage on the Eastern seaboard raised street prices to new highs in 1973 and 1974, laboratories and poppy plantations in the tri-state area of Sinoloa, Durango, and Chihuahua expanded rapidly to raise Mexico's share of the U.S. market from 39 percent in 1972 to 90 percent by 1975.27

The sharp fall in Southeast Asia's share of the American drug market indicates that the DEA's seizures had imposed an informal "customs duty" on Chiu chau heroin entering the United States and discouraged further exports. Faced with the alternatives of closing laboratories or finding new markets, the Chiu chau syndicates, according to DEA's analysts, began exporting low-grade no. 3 heroin to Europe and Australia, continents that had been drug-free for decades. The Chiu chau calculated, accurately enough,
that there were only four regional markets with the affluence to sustain the high cost of the international traffic—North America, Japan, Europe and Australia. Denied access to the United States by the DEA shield and to Japan by strict customs controls, the Chiu chau were left with two alternatives. By the mid-1970s, the DEA reported that “overseas Chinese traffickers, using the Netherlands as the main importation and distribution area, virtually controlled the heroin market” in Europe.28

To supply these new markets, Chiu chau syndicates opened laboratories in the Thai-Malaysia border area for granular no. 3 heroin, supplementing ongoing production of powdery no. 4 on the Thai-Burma border, and made Kuala Lumpur a major terminus in the international traffic.28 Using air passengers with “body-packs” as couriers and the large Chinese community in Amsterdam as their distribution point, the Chiu chau syndicates started shipping no. 3 heroin to Europe in early 1972. Between June 1972 and early 1975, over sixty Chinese couriers were arrested in Europe.30 Total European seizures of Southeast Asian heroin increased from 11 kilograms in 1972 to 700 kilos in 1976. Once regarded as an American problem, heroin addiction began spreading rapidly in Europe. In the Netherlands, for example, the number of heroin addicts jumped from 100 in 1970 to 10,000 in 1975.31 In 1976, the DEA reported that the 700 kilograms seized in Western Europe surpassed the 550 kilos interdicted in the United States.32 From insignificant levels in 1970, Western Europe had developed an addict population estimated at 190,000 to 330,000 by the end of the decade—a market of the same scale as America’s.33 Although Pakistani heroin soon began to compete for the European market, seizures of Southeast Asian drugs still remained four times larger than the Central Asian competition—397 kilograms to 107.34 Similarly in Sydney, police first observed a trickle of Southeast Asian heroin entering the city in 1968, an increased flow in 1974-1975, and an unprecedented flood in 1977 and 1978.35

The failure of Southeast Asia’s Chiu chau syndicates to capture a major share of the American drug market was the subject of considerable discussion in U.S. enforcement circles.36 DEA’s answer to this complex problem was largely anthropological. “The major constraint on Southeast Asian heroin reaching the United States,” argued DEA Administrator John R. Bartels, Jr., “seems to have been the lack of reliable connections. Traditionally, Asians have dealt primarily with other Asians.”37

The DEA hypothesis, while true in part, ignored developments that had stymied the growth of the Southeast Asia drug trade. The loose consortium of Chiu chau syndicates was similar to a multinational marketing firm, with its factory and warehouse in Thailand and its newly established outlets in Manila, Hong Kong, Saigon, and Malaysia. After the Communist victory in Indochina, the destruction of the Manila syndicate,
and police campaigns in Hong Kong and Malaysia closed or crippled the firm's international outlets, management retreated into its home territory in Thailand and curtailed its ambitious plans for expansion into the American market.

Although the DEA had accomplished its assigned mission of reducing the heroin flow from Southeast Asia to America, it did not devote equal effort to attacking the alliance of Chiu chau syndicates, corrupt Thai military officers, and Yunnanese warlords that controlled the Thai traffic—admittedly a formidable task. By denying Bangkok's heroin exporters access to the United States without attacking their production capacity, the DEA had, in effect, diverted Southeast Asian heroin from the United States into European and Australian markets.

The net result of America's first drug war was to increase the complexity of the global heroin trade by expanding markets and sources, making suppression more difficult. In the mid-1960s, Hong Kong and Marseille were the only major producers of heroin for the world market. A decade later, Mexico, Burma, Thailand, and Malaysia had joined the ranks of major producers. In the mid-1960s, the United States had the only major heroin market among the affluent nations. But a decade later, Western Europe and Australia were both major consumers. Through this proliferation of producers and consumers, the web of trafficking routes became far more complex and criminal syndicates grew more resilient. The DEA's experience has been like that of the sorcerer's apprentice—each attempt at a solution has instead compounded the problem.

During the mid-1970s, as Turkish supplies dwindled and Southeast Asia failed to fill the void, Mexico's production boomed and its Sierra Madre became America's main heroin supplier. "It is ironic," wrote the director of DEA's Mexican office, "that the crowning success of international narcotics control efforts on the continent of Europe should be functionally related to the rise of brown heroin in North America. . . . Call it a trickle, a muddy stream, or a mighty underground river, there is nothing mysterious about it. The heroin market abhors a vacuum." In the 1950s, Mexican opium cultivation had supplied a tiny slice of the U.S. heroin market. As poppy cultivation spread in the early 1970s, however, Mexico filled 40 percent of U.S. heroin demand in 1972 and 89 percent in 1975.

Again, the White House responded with paramilitary repression. Under pressure from Washington, Mexico launched Operation Condor in 1975, a comprehensive interdiction program that attacked highland poppy cultivation. While 25,000 Mexican troops uprooted poppy plants by hand, a fleet of eighty aircraft, most supplied by U.S. aid, sprayed the opium fields with herbicides. In early 1976 alone, 22,887 poppy fields covering 14,000 acres were destroyed. Through this aggressive eradication, the flow of Mexican heroin into the United States fell from 6.5 to 3.0
tons between 1975 and 1978, reducing Mexico’s share of U.S. supply from 67 percent in 1976 to 25 percent in 1980. This operation devastated Mexico’s marijuana farms, cutting their share of U.S. supply from 75 percent to only 4 percent. The sudden eradication of Mexico’s drug production, combined with a sharp decline in American demand in the mid-1970s, offered some hope that this military approach to narcotics suppression might be working. Though hailed as a victory, the drug war’s disruption simply shifted cannabis production south to Colombia, fostering that country’s first criminal linkages to the United States.40

Inside the United States, the drug market responded to the decline in imported narcotics by substituting domestic synthetics. As heroin imports dropped in the mid-1970s, organized crime syndicates saw an opportunity, and amphetamine laboratories soon dotted the northeastern United States, with a cluster that made Philadelphia the “speed capital of the world.”41

As Mexican heroin exports plummeted, Southeast Asian exports soon regained about a third of the U.S. market. Then, after a devastating two-year drought cut Golden Triangle production from 700 tons to only 160 tons in 1978, heroin production in Afghanistan and Pakistan expanded to fill this gap in the global supply.42 By 1979, Central Asian heroin had captured the European market. As Dutch seizures of Southeast Asian heroin dropped from 88 kilograms in 1979 to 2.5 in 1980, so European seizures of Pakistani heroin jumped from 414 kilograms to 900 in the same period.43

At a special Middle Eastern Heroin Conference called by the DEA in 1979, its agents reported that new sources of heroin were spreading rapidly, particularly in the New York area, where Central Asian heroin now supplied 42 percent of the city’s market.44 By 1982, Central Asia’s opium harvest surged to 1,600 tons and its heroin met 60 percent of U.S. demand. Only a decade after Nixon had declared war on drugs, Attorney General William French Smith announced that the U.S. addict population had climbed to 450,000—higher than before the drug war began.45

In his early victories, Nixon had defined the character of later American drug wars by applying the full power of the U.S. government to eradicate narcotics production at source. After heavy diplomatic pressure on allies to join his attack against cultivation and refining, Nixon then dispatched U.S. agents to track down traffickers who had survived this initial, broad-brush suppression. Simultaneously, Nixon’s Republican rival, New York Governor Nelson Rockefeller, introduced mandatory minimum jail terms of 15 years for possession of just two ounces of heroin or cocaine—an effort that Nixon attempted to emulate with limited success at the federal level.46 In sum, Nixon’s drug war provided an impressive, and unparalleled, demonstration of the coercive capacities of the world’s paramount power. Yet compared to earlier colonial or Communist regimes, Nixon’s
instruments were feeble and his range finite, producing an imperfect coercion with unpredictable consequences.

The experience of the 1970s demonstrated the difficulties of eliminating opium at its source or interdicting heroin once it had left the laboratory. Like opium in the nineteenth century, heroin had become a global commodity. Supplies not absorbed in one market found their way into another. Customs and intelligence work that succeeded in interdicting narcotics from major markets tended to act as an informal tariff barrier, diverting the drug flow to nations with less effective enforcement.

During the 1970s, the DEA had scored some impressive seizures in Southeast Asia and agents seemed confident of eventually reducing if not eradicating the region's heroin supply. In the late 1970s, the combination of drought and interdiction had cut the region's opium production from 1,000 tons to only 160 tons. But when the rains returned in 1980, farmgate opium prices in Burma soared from $91 per kilogram in January 1979 to $399 in June 1980, boosting the harvest to about 500 tons in 1981. With good weather and rising prices, Burma's opium production then climbed steadily through the decade to 2,780 tons in 1990.47 While heroin supplies from Mexico and Central Asia waxed and waned, Golden Triangle heroin increased its share of the New York City market from 5 percent in 1984 to 80 percent 1989.48 By the early 1980s, Southeast Asia had survived a succession of natural and political reverses to emerge with all the requisites for a decade of explosive growth. Since America's defeat in this first of five drug wars was most definitive in Southeast Asia, its battlegrounds—Manila, Hong Kong, Malaysia, Thailand, and Burma—bear close examination.

**Manila Under Martial Law**

The first and most dramatic blow against the Chiu chau syndicates was struck at Manila in January 1973, when Lim Seng, a Chinese heroin manufacturer, was executed by firing squad. Although there had long been reports of a "Manila connection" among antinarcotics agents, there was still surprise when Lim Seng's arrest and the seizure of two heroin laboratories confirmed these suspicions. Despite a mounting drug problem during the five years prior to Lim Seng's arrest, the Philippines had the smallest addict population in Southeast Asia and did not seem capable of supporting a heroin laboratory.49

After a decade of limited drug abuse and low drug arrests running at only fifty to sixty a year in the 1950s, small no. 3 heroin laboratories began opening in Manila in the early 1960s. By 1964, when Lim Seng, still a struggling restaurant proprietor, opened his first laboratory, three rival Chinese manufacturers were already in operation. With capital from a Filipino textile magnate and an overseas Chinese insurance agency, Lim
Seng hired a Chiu chau chemist from Hong Kong and began producing small quantities of no. 3 heroin for the local market. After an oversupply of this low-grade heroin forced his competitors out of business by 1969, Lim Seng realized that Manila’s market was limited and began processing the powdery no. 4 heroin for export to the United States. He started making large purchases of morphine base from the Golden Triangle through the Hoi Se-wan-Sukreepirom partnership in Malaysia and the Lim Chiong syndicate operating from Erawan Antique Shop in downtown Bangkok. The consortium prospered and in 1970 Lim Seng toured Southeast Asia with a portfolio of promising securities, returning with enough capital from Hoi Se-wan and Lim Chiong to take control of a major mining company listed on one of the Manila stock exchanges. By 1971, Lim Seng was producing over 100 kilograms of no. 4 heroin per month in laboratories concealed in rented mansions and protected by their owner’s generosity to congressmen, customs officials, and police.  

Since Manila’s addicts were using only 9 to 10 kilograms of heroin a month, Filipino narcotics specialists felt that Lim Seng was taking advantage of the Philippines’ excellent military and civilian transportation links with the U.S. West Coast to export over 90 percent of his annual production of 1.2 tons, an amount equivalent to 10 percent of America’s annual heroin supply. To meet the increased U.S. demand that developed in late 1971, Lim Seng placed a record order with the Lim Chiong syndicate in Bangkok for $1 million worth of morphine base and chartered a Royal Thai Navy gunboat to make a delivery. Under the guise of a goodwill tour, the Thai Navy vessel docked at Manila’s South Harbor and the morphine was transferred to a suite in the nearby Manila Hotel while Lim Seng took the captain out for a night on the town.

As heroin leaked out of these labs into the local market, growing drug addiction among Manila’s students sparked deep public concern. In early 1972, the Philippine government responded by strengthening its narcotics laws and forming the Philippine Constabulary Anti-Narcotics Unit (CANU). Only a few weeks after its organization, CANU got its first break in the Lim Seng case on April 16 when its operatives arrested two American ex-GIs boarding a flight for Okinawa with six ounces of no. 4 heroin. Following leads from this case, CANU agents soon identified all the members of the Lim Seng syndicate and its laboratory locations. But agents hesitated before applying for a search warrant since corrupt court officials might have warned Lim Seng of the impending raids.

On September 28, 1972, less than a week after President Ferdinand Marcos imposed martial law, CANU launched a series of raids that netted Lim Seng, two heroin laboratories, and over 50 kilograms of no. 4 heroin. When CANU troopers arrested him at the offices of his Forever Printing Press and discovered a concealed heroin laboratory, Lim Seng
offered them $150,000 to "overlook" the evidence. Rebuffed by the CANU agents, Lim Seng was evidently able to bribe a member of the military tribunal to avoid the death penalty. Soon after the court was called to order at 8 A.M., Lim Seng pleaded guilty, a single witness was called to give evidence, and a sentence of life imprisonment was pronounced before lunch.

Suspicious of the speed, CANU officers posted undercover agents in Lim Seng's cell at Constabulary headquarters and intercepted plans for an escape attempt. After receiving a report from CANU, President Marcos announced in a television speech on January 7, 1973, that he would "sentence to death any convicted manufacturer." A week later, he ordered Lim Seng's execution—the only death sentence during his fourteen years of dictatorship. According to military officers who witnessed the execution, Lim Seng seemed confident until the very end that he would somehow buy his way out. He continued to joke with the soldiers as he was marched up to the stake. Only as he was being blindfolded did the realization strike home. He was struggling against the ropes when the volley hit.

The execution of Lim Seng and the breakup of his syndicate seemed to have eliminated heroin trafficking in the Philippines. Only three weeks after his arrest, there was a street panic in the Tondo slums and the price of a papelito containing 35 milligrams of heroin increased from P1.25 to P18.00 (at P6.60 to U.S. $1.00). A 1974 survey found that heroin use had almost disappeared among students. In 1975, only 5 grams of heroin were seized in the entire country. The degree of suppression was illustrated in April 1977 when a U.S. congressional committee reported that American military officers based near Manila were "more concerned with heroin imported into the Philippines from the U.S. than they are with the reverse situation." Once a major center for the export of heroin to the United States, Manila was largely abandoned by the Chiu chau syndicates during the long years of the Marcos dictatorship. Clearly, the Lim Seng case was a major development for the Philippines, but its international significance paled before developments in Hong Kong.

Hong Kong Syndicates

During the 1970s, Royal Hong Kong police mounted a sustained campaign against the Chiu chau syndicates that brought the arrest or flight of the colony's five major heroin brokers. These police operations also yielded a wealth of intelligence about the Chiu chau syndicates that had controlled Hong Kong's heroin traffic since the early 1960s.

Ironically, the most important narcotics investigation in Hong Kong's history began as an ordinary homicide case. In February 1974, a Chiu chau fisherman named Leung Fat-hei was found stabbed to death near Castle Peak in the New Territories. The case was transferred to the homicide
squad and assigned to a methodical young British officer, Senior Inspector Brian Woodward. He soon learned that the deceased had been smuggling narcotics into Hong Kong harbor from Thai trawlers for the “Crippled Man,” Chiu chau syndicate leader Ng Sik-ho. After a bitter disagreement, the victim had quit Ng Sik-ho’s syndicate several years before. Just before his death, this fisherman had hijacked a trawler loaded with narcotics for one of Ng’s close associates, Ma Sik-yu, the colony’s top dealer. In April, the homicide squad arrested a Chinese hired killer who soon confessed that drug boss Ng Sik-ho had ordered the hit to punish the fisherman for this hijacking. With Ng now implicated in a murder, Woodward used the threat of prosecution to extract evidence from his underlings about the syndicate’s heroin operations. By September, Woodward’s minor murder case had grown into an investigation of Hong Kong’s biggest heroin syndicates under Ng Sik-ho and Ng Chun-kwan.

Long regarded by police as clannish, Chiu chau syndicate operatives had always refused information to police. Their unexpected willingness to cooperate was the product of major disruptions in Southeast Asia’s drug traffic from 1973 to 1975. As the DEA pressured the Thai trawlers carrying drugs from Bangkok to Hong Kong, the amount of morphine base entering the colony dropped. In 1973, Hong Kong syndicates were still able to draw on local stockpiles. But a year later, reserves were low and competition between rival syndicates intensified. Arming his motorized junks with heavy machine guns, Ng Sik-ho hijacked two Thai trawlers entering Hong Kong waters with shipments consigned to other syndicates. His rivals retaliated, and the seizure of Ma Sik-yu’s shipment by the ill-fated fisherman Leung Fat-hei was but one battle in this high seas warfare. In the midst of this violence, Chiu chau solidarity collapsed and embittered rivals came forward to supply the police with information. After only eight months of investigation, Hong Kong police were ready for an assault on Ng Sik-ho.

On the evening of November 12, 1974, some 140 police officers drawn from five Hong Kong Police divisions raided Ng Sik-ho’s gambling dens, opium dens, and residence, arresting over seventy suspects and seizing a cache of documents. The police also broke into his home—a $500,000 mansion protected by armed guards, attack dogs, and electric fences. But the Crippled Man eluded arrest by escaping to Taiwan. After Taiwan police began questioning Ng about the murder charges, he decided to return to Hong Kong, convinced that the evidence against him was weak, and unaware that local police were investigating his heroin trafficking. Upon arrival in Hong Kong, Ng surrendered to answer questions about the homicide. Unprepared for interrogation about his drug dealing, Ng Sik-ho replied maladroitly, implicated himself in the traffic, and was formally charged.
The seized documents and the eight-inch-thick dossier police had maintained on his activities for almost twenty years provide an intimate picture of Ng Sik-ho's rise from poverty to a personal fortune worth U.S. $30 million. Born in 1932 in Swatow, the Chiu chau homeland in southern China, Ng Sik-ho had migrated to Hong Kong at seventeen. There his involvement with street gambling and the clandestine criminal brotherhoods known as Triads soon brought him to police notice. During this period, Ng was reportedly wounded in a Triad war, earning him his nickname. In the late 1950s, he began working as a street pusher in Kowloon and in 1960 was sentenced to one year in prison for possession of narcotics. After his release, Ng returned to the traffic and in 1967 he formed a partnership with his uncle, Ng Chun-kwan, to finance trawler shipments of opium and morphine from Thailand. Their syndicate dissolved two years later in a quarrel over a morphine shipment, but by then both were established as two of the three largest drug smugglers in the colony.65 In the four years before his arrest, Ng Sik-ho purchased $6.5 million worth of narcotics from four Chiu chau syndicates in Thailand. From 1967 to 1974, he deposited $10 million in his four personal bank accounts; opened four new restaurants; purchased twenty-three properties; and established the Hong Kong Precious Stone Company, where he deposited an additional $13 million.66

The rise of this former street pusher did not go unnoticed. But police were unable and, some say, unwilling to move against him. Although Ng Sik-ho was importing multiton shipments of Thai narcotics, he never handled the drugs himself. Moreover, he concealed his financial dealings with Bangkok suppliers in an impenetrable maze of codes and clandestine money transfers. Rather than paying by telegraphic transfer, Ng Sik-ho used a Hong Kong import-export firm to conceal his contacts with Bangkok. After a Thai trawler arrived with his narcotics, Ng Sik-ho would send a courier to the offices of the Hang Choeng Yuen Company in Hong Kong's central business district with, for example, $60,000 in cash and a card that read:

Sister-in-Law pay Cow brother
$60,000. Tel. 744-921

After issuing a receipt, the company's cashier gave the message to the dispatch clerk, who translated Ng Sik-ho's private code into the company's commercial code and addressed a message to the firm's legitimate trading partners in Bangkok, the Hang Loon Company. The dispatch clerk then called a small "message center" in a low-rent apartment building in Aberdeen on the other side of Hong Kong Island. There the commercial code was again translated—this time into a transmittal code based on the numbers assigned each Chinese ideogram in a standard dictionary. For a
fraction of the price of a telegram, the message center placed a long-dis­tance call to its correspondent in Bangkok and read him, rapid-fire, Ng Sik-ho’s message along with dozens of other legitimate transactions for rice, teak, and gems. After decoding the transmission, the Bangkok message center called the Hang Loon Company, which in turn translated the commercial code and called Cow Brother, Bangkok opium broker and real estate developer Sukree Sukreepirom, whose 1975 arrest is discussed below, to pick up $60,000 at their offices. Using this triple-code method, Ng Sik-ho had paid Cow Brother, his main Bangkok connection, almost $2 million for narcotics between May 13, 1970 and September 9, 1973.

Not only was Ng Sik-ho extremely cautious, but it was rumored that he, like most syndicate leaders, was able to “fix the police.” Long the subject of whispered speculation, reports of systematic corruption in the Hong Kong police were confirmed in 1974–1975 when an extraordinary number of Chinese and British officers were arrested. The scandal exploded into public controversy in June 1973 when the deputy police commander for Kowloon, Peter F. Godber, fled to England to avoid prosecution after the police commissioner had asked him to explain savings accounts containing $880,000.68

Although he was later brought back to Hong Kong and convicted, Godber’s flight prompted the British colonial government to establish the Independent Commission Against Corruption (ICAC). A preliminary inquiry by a Supreme Court justice reported that “narcotics has always been a tremendously lucrative source of corruption” since “it was quite possible for a police officer to make more money in one corrupt transaction . . . than he could earn honestly after twenty years of service.”69 As indictments were announced, forty-three Chinese detectives fled the colony to Taiwan, Brazil, and Canada with some $80 million in corruption money.70

Court testimony revealed that police corruption was highly syndicated. The senior Chinese officers in each police division had hired accountants to make regular collections from brothels, gambling dens, and drug dealers and then split the take with their division’s senior British officers. Apart from their ostentatious lifestyles, the Chinese police also used the money to pay informers who assisted in solving violent crimes.71

By the time they raided Ng Sik-ho, Hong Kong police were apparently sensitive to rumors of his “immunity” to arrest. “Well,” commented the Narcotics Bureau chief after Ng Sik-ho was booked, “after today’s events we ought to have dealt with that rumor.”72 Convicted in a precedent-setting interpretation of the colony’s conspiracy laws, Ng Sik-ho was sentenced to thirty years in prison in May 1975. His one time partner, Ng Chun-kwan, was given twenty-five years. A third major Chiu chau importer, Kong Sum-chuen, fled to Taiwan where he was arrested in November 1974, and another alleged broker, Ng Kam-cheung, was arrested in August 1975.73
The conviction of these drug lords left just one of Hong Kong's five syndicates in operation—the most powerful under brothers Ma Sik-yu and Ma Sik-chun. Though they were the colony's top drug merchants by the 1960s, the Ma brothers had started as impoverished street hawkers in Kowloon's waterfront twenty years before. Accumulating wealth gradually in the 1950s as street pushers and opium den operators, the Ma brothers had built, by the 1960s, one of Hong Kong's top gambling and narcotics syndicates and developed close ties to Taiwan intelligence. After buying Kowloon's popular tse-fa lottery racket in the early 1960s with his narcotics profits, Ma Sik-yu grossed an estimated average of U.S. $6,000 a day, or $2 million a year, from gaming operations alone. When Hong Kong police closed the colony's illegal opium dens and the Customs' Preventive Services tightened search procedures on freighters in the mid-1960s, Ma Sik-yu was one of the Chiu chau narcotics merchants instrumental in the reorganization of the traffic. To avoid interception by Customs, Ma and his colleague Kong Sum-chuen smuggled raw morphine base from Bangkok in small Thai trawlers. To minimize police detection of the odorous opium dens, Ma and his Chiu chau colleagues established laboratories for the manufacture of odorless no. 3 and no. 4 heroin. Known as "White Powder Ma" for his dominance of the heroin trade, Ma Sik-yu became Hong Kong's top drug importer by the late 1960s. With their heroin profits, the Ma brothers established one of Hong Kong's fastest-growing business empires of the 1970s. Operating from his Oriental Gardens apartment in Kowloon, the elder Ma Sik-yu managed an investment portfolio that included real estate holdings worth U.S. $2 million. The more flamboyant younger sibling, Ma Sik-chun, built an international media conglomerate. Starting out as a naughty-story "mosquito sheet" in a vest-pocket office in 1969–1970, the Oriental Daily News grew in only eight years to become the largest Chinese-language daily in Hong Kong, with a circulation of 350,000. With seemingly limitless finances, Oriental Daily News paid top salaries to attract the colony's best reporters and purchased ten radio-equipped news cars, which often arrived at crime scenes before the police. Ma Sik-chun later established Ma's Film Company to produce Cantonese and Mandarin features, and in 1976, together with Taiwan's largest newspaper, the United Daily, launched a Chinese-language daily newspaper in New York City, the World Daily. Seeking to shed the reputation that had tagged him "White Powder Ma," Ma Sik-yu showered donations on the colony's charities. The Hong Kong Boy Scouts became his main beneficiary, and its leaders honored the Ma brothers and their father with honors and awards. But the key to the Ma brothers' survival was their work for Taiwan intelligence. As tensions between Peking and Taipei escalated in the 1970s, both sides cultivated the overseas Chinese for intelligence and support.
Shortly after the Ma brothers' flight from Hong Kong in 1977, the Hong Kong Star cited DEA sources to report that “suspected syndicate boss Ma Sik-yu was deeply involved with a network that spied on China for Taiwan.” Using their heroin income, the Ma bothers allegedly financed a “spy network” active both in Hong Kong and the Golden Triangle. “Much of the information,” said the Star's DEA source, “was actually shipped to Hong Kong with the Thai trawler trade and then dispatched to Taipei.” Citing sources in the colony's Investigation Bureau, the Star further claimed that agents of the People's Republic of China “played a big part in giving Hong Kong police evidence to smash the alleged syndicate, which led to the arrest of ten in Hong Kong and Ma Sik-yu in Taiwan.”

Following leads from the Ng Sik-ho case, Hong Kong police compiled a massive dossier on the Ma brothers' narcotics syndicate. Armed with that information, some 300 police raided their homes and offices on August 25, 1977. His suspicions aroused by preliminary police questioning in December 1975, Ma Sik-yu fled to Taiwan once the warrant was issued. The younger Ma Sik-chun “disappeared” for two days but later surrendered to police and was released on bail. Using the freedom to expatriate his assets, Ma Sik-chun delayed court proceedings for over a year and then fled to Taiwan in September 1978, only a week before his trial.

Their rather lenient treatment before the Taiwan courts lends credence to the Ma brothers' ties to Taiwan intelligence. Ma Sik-yu was detained for only 100 days in 1978 and then released. His brother was sentenced to one year's imprisonment for using forged travel documents—a sentence the high court reduced in May 1979 to only five months. Significantly, in these hearings Ma's attorney claimed that his client's Oriental Daily News “was the staunchest anti-Communist newspaper in Hong Kong”—indication that his publishing ventures may have had motives other than financial. Although three of their drug confederates were given fifteen-year sentences in Hong Kong, Taiwan refused to extradite the Ma brothers.

The impact of these arrests was less than Hong Kong officials had hoped. Police operations had disrupted the traffic and precipitated a major restructuring, but they did not produce a decline in drug use. Two months after Ng Sik-ho's arrest, morphine prices increased 250 percent to $20,000 per pound. But the traffic was soon reorganized, apparently by some smaller groups, and prices dropped to $11,500 per pound by October 1976. With a 6,000-patient capacity and a relapse rate of over 60 percent, Hong Kong's treatment programs could not make an impact on an addict population of 30,000 to 100,000. Demand had remained constant and the market adjusted to meet it.

But Hong Kong's attack on police corruption did eliminate the impunity long enjoyed by Chiu chau heroin syndicates. Conducted in strict
secrecy without judicial or administrative restraint, the ICAC generated turmoil among corruption syndicates, flight by dozens of European and Chinese officers, and induced five suicides. The ICAC's director declared 1977 the "year that counts" and announced that he was investigating twenty-three corruption syndicates, eighteen of which were currently operating among the police. In October, police anger at ICAC "harassment" erupted in four days of mass protests by 5,000 of the colony's 17,000 police. While protesters were meeting with Hong Kong's police commissioner on October 28, about 100 police attacked the ICAC's offices, beating at least five investigators. A week later, police threatened to strike unless their demands were met. On November 5, the colony's governor, Sir Murray MacLehose, fearing Hong Kong was "on the brink of anarchy," announced an amnesty for all offenses committed before January 1, 1977. Although the ICAC was not formally dissolved, observers felt that these protests had slowed its investigations.81

After the protests subsided and the most corrupt officers fled, the ICAC maintained a slow, grinding pressure upon police that blocked a revival of the corruption syndicates. During the next decade, ICAC investigations of police averaged a solid 640 yearly, making its operations a model for police in England and Australia.82 Denied the protection they had once enjoyed, major syndicates found that repeated raids on their heroin laboratories made operating in Hong Kong too risky.

While the breakup of the colony's major syndicates did not reduce the local drug problem, it did change Hong Kong's role in the international traffic. In the early 1970s, U.S. narcotics specialists agreed that Hong Kong was emerging as a major supplier of high-grade no. 4 heroin for the United States. By 1977, they were equally confident that the colony's major laboratories had closed and exports to the United States were down, leaving just a few small no. 3 labs to service the local market.83 Hong Kong authorities celebrated their progress against the drug trade. But viewed from a broader perspective, police repression simply forced the Chiu chau traffickers out of the colony's confines into the world market.

Reacting to police pressure, the colony's syndicates migrated, first to Southeast Asia and later to Europe. As early as 1975, the DEA noted that "chemists who operated in Hong Kong are now working in remote inaccessible areas in northern Thailand," a trend that continued as pressures in Hong Kong mounted.84 By 1979, seizures made Hong Kong heroin prices the highest in Asia, forcing international smugglers to make their buys in Bangkok. In September, for example, the wholesale heroin price was HK $25,000 per kilogram in Hong Kong and only $3,000 in Bangkok. Clearly, the colony could not export heroin, but there was still a good deal of refining for local demand.85 As a crude indicator, police seizures of laboratories remained constant. Rising from a low of two laboratories in
1965 to eleven in 1977, a year of intense police activity, seizures remained at nine or ten per year through the 1980s. As local supplies declined and prices rose in the late 1970s, the number of addicts seeking treatment increased from 6,000 in 1975 to 16,500 in 1979. Without adequate treatment facilities, however, addiction remained steady at an estimated 40,000 to 50,000 throughout the 1980s, sustaining the local traffic.

As Chiu chau syndicates migrated to Europe and America during the 1980s, Hong Kong's role in the global traffic changed but did not diminish. In 1984, the U.S. State Department described the colony as "the major financial center for Southeast Asia's drug trafficking" and reported that "large numbers of heroin trafficking ventures throughout the world are financed and controlled from Hong Kong." Protected by lax banking laws that allowed unrestrained money laundering, the colony was servicing drug syndicates in Europe, America and Southeast Asia.

Malaysia's Repression

As police operations in Hong Kong intensified, at least four known Chiu chau chemists left the colony in the mid-1970s for the Thai-Malaysia border, where they opened new heroin laboratories. Capitalized in part by wealthy Singapore Chinese, four Malaysia-based Chiu chau syndicates began importing morphine base from the Golden Triangle through Haad Yai, a vice town in southern Thailand, for processing into granular no. 3 heroin in the jungles of northern Malaysia. Since Malaysia had relatively few addicts, local police felt that most of the output was exported to Europe from Kuala Lumpur's airport. The rising production of no. 3 heroin also sparked a noticeable increase in Malaysian addiction in 1974, arousing suspicions of Communist involvement and grave concern among government leaders. Heroin seizures in Malaysia jumped from 3 pounds in 1972 to 130 in the first nine months of 1975.

Armed with a new law that punished narcotics trafficking with whipping and death, Malaysian police began an eight-month investigation that culminated in nationwide raids by 200 police. Malaysian detectives and their DEA counterparts felt that the new law and rigorous enforcement forced the syndicates to move their laboratories across the border into southern Thailand where, as one DEA agent put it, "it's a piece of cake to deal drugs."

These draconian laws could not overcome the proximity to Thailand and the many international flights that inclined Malaysia toward a key role in the global heroin trade. On January 11, 1975, the arrival of Sabena flight number 286 at Vienna's Schwechat Airport announced Malaysia's new importance. Among the passengers were seventeen Malaysian Chinese carrying a total of 31.6 kilograms of no. 3 heroin. Between 1972 and 1975, European seizures of Southeast Asian no. 3 jumped from 10 kilo-
grams to 100, much of it from Malaysia. Lying just south of Burma and Thailand, Malaysia's northern tier was home to large Chinese communities with a long tradition of Triad drug trafficking. As enforcement pressures mounted in both Hong Kong and Bangkok during the mid-1970s, Chiau chau chemists opened laboratories in northern Malaya to supply syndicates starting distribution in Europe. Slowed by the Golden Triangle's drought in 1978-1980, Chiau chau laboratories revived production in the early 1980s for both export and local distribution.

As heroin production grew in the early 1980s, Malaysian police mounted intensive operations. From 1981 to 1983, heroin seizures increased from 49 kilograms to 188 and laboratories destroyed jumped from one to six, a high level by world standards. With only 3,350 places in treatment centers, however, these operations did little to reduce an addict population of 100,000 to 300,000—large enough to consume half the opium smuggled into the country. Declaring the fight against narcotics "a national security concern," Malaysia's Prime Minister Mahathir amended the Dangerous Drugs Act in 1983 to provide the death penalty for heroin possession in excess of 15 grams. By 1989, his government had hanged 68 offenders and held 179 more on death row. Although arrests, seizures, and executions rose steadily through the 1980s, this severe repression could not change the dictates of geography. In a 1990 report, the U.S. State Department concluded that "it is unlikely that opiate supplies to and through Malaysia can be decreased. Therefore, any reduction in heroin processing... seems unlikely."

Singapore's antinarcotics laws were revised in a similarly draconian manner. In December 1975, President Lee Kwan Yew approved a mandatory death penalty for possession of more than 30 grams of narcotics. Like their Malaysian colleagues, Singapore police were empowered to use anti-subversive laws from the Anti-Communist Emergency period to detain suspected dealers for two years without trial.

While Singapore's revised antinarcotics law discouraged syndicates from using its port for international narcotics smuggling, they had little impact on domestic drug abuse. In 1974-1975, drug arrests jumped twentyfold. Of those arrested, 88 percent were under thirty. The government's drug rehabilitation center showed that 80 percent of discharged patients returned to drugs after their release. By 1977, there were an estimated 20,000 heroin addicts in Singapore—equivalent to about 0.5 to 1 percent of its 2.3 million population.

Lying off the tip of the Malay Peninsula and somewhat insulated from the Golden Triangle, Singapore, unlike Malaysia, did not face the pressure of local heroin processing and could apply repression to great effect. Unrestrained by corruption, Singapore police attacked the drug problem aggressively. Through its combination of harsh penalties and
mandatory rehabilitation, drug users declined steadily from 13,000 in 1976 to 9,000 in 1989. Such repression did reduce local drug consumption in Singapore and Malaysia, but it simply forced the syndicates north into Thailand and had little lasting impact on the global traffic.

Thailand's Transformation

At 7:00 P.M. on March 23, 1975, a middle-aged ethnic Chinese real estate developer, Sukree Sukreepirom, emerged from a high-rent apartment above the Warner Theater on Pechaburi Road in downtown Bangkok. He hesitated and then mingled briefly with the crowd leaving a late afternoon screening of *The Big Game*. Confident that he was not being watched, Sukree descended into the underground garage. Just as he inserted a key into the lock of a late-model sedan, a swarm of Thai police and U.S. narcotics agents engulfed him. After a search turned up 25 kilograms of the famous “Golden Dragon Pearl” brand of granular no. 3 heroin, Thai police brought Sukree to headquarters for interrogation. To prevent his wife from being indicted as an accomplice, he signed a full confession. Simultaneously, Thai police were raiding a hotel in a less fashionable Bangkok district where they arrested a Chinese businessman from Malaysia, Hoi Se-wan, and impounded his suitcase containing several hundred thousand dollars in Thai currency.

The head of Thailand's Narcotics Suppression Center called an immediate press conference to announce the arrest of “top international drug traffickers.” President Gerald Ford sent the American agents letters of commendation. The DEA hailed the arrests as the culmination of two years of undercover work and charged that the two Chinese had “controlled a trans-continental heroin pipeline for more than two decades.” These reports were not exaggerated. Confidential police files from Hong Kong, Malaysia, and the Philippines revealed that the pair were longtime partners in the overseas Chinese syndicates that dominated Southeast Asia's heroin traffic. For years, Sukree and Hoi had purchased morphine in the rugged Golden Triangle, operated laboratories, and exported the granular no. 3 and powdery no. 4 to customers in Hong Kong, Manila, Amsterdam, and the United States. According to Hong Kong police, Sukree had sent over $2 million worth of narcotics to his local Chinese syndicate contact in less than three years.

Three months after the arrests, Thai police presented detailed evidence to the Department of Public Prosecutions. But the prosecutor decided not to file charges on obscure and, as it turned out, controversial procedural grounds. On June 20, only eighty-four days after his dramatic arrest, Sukree walked out of prison a free man.

Described in the Bangkok Press as “astonished” and “outraged,” ranking Thai police fired off a protest letter to the prime minister demanding
a full investigation of the Prosecutions Department. As the inquiry focused on its director general, Mr. Aroon Israbhakdi, a Thai police general told the press that the prosecutor had received $250,000 for his "sympathetic moral judgment" in the Sukree case. Despite his explanation that police had used torture to extract a confession from an innocent Sukree, Prosecutor Aroon was found guilty of a "serious violation of discipline" and was fired. Thai police vainly issued a warrant for Sukree's arrest, as they did for another six major drug dealers released by the prosecutor under similar circumstances.

The Sukree case revealed much about the politics of Thailand's heroin trade. During the 1970s and 1980s, Thailand had played a key role in the Golden Triangle's emergence as the world's top heroin producer. Despite a sustained effort by national and international agencies, Southeast Asia's drug exports had continued to rise. Driven from Hong Kong, Manila, Singapore, and Malaysia by vigorous law enforcement, the Chiu chau syndicates had retreated into the refuge that Thailand provided, allowing their operations to expand. Indicative of the rising criticism, in February 1990 U.S. Representative F. James Sensenbrenner, Jr. complained that Thailand risked becoming "stigmatized" like Colombia as a major drug trafficking center. Reacting to similar reports of Thai corruption, an American grand jury indicted General Vech Pechborom in July 1989 for protecting heroin smuggling through Bangkok's airport to the United States. Although Thai authorities cooperated in this case and others, reports of widespread police corruption persisted.

By the early 1990s, Thai police had still not achieved the professional standards of their counterparts in Malaysia and Singapore. Although the cabinet-level corruption of decades past had declined, drug syndicates simply shifted their bribes downward in the police-military hierarchy. Low pay and a long history of drug corruption made many Thai police willing partners in the traffic. Those Thai police who made an effort to curb the traffic were hampered by narcotics laws which required that a suspect must be caught in actual physical possession of drugs. Lacking any legal equivalent to the Hong Kong conspiracy laws or Singapore's anti-subversive regulations, Thai police found it impossible to charge Bangkok's fifteen or so major narcotics brokers who insulated themselves from any direct contact with the traffic. DEA's regional headquarters in Bangkok maintained encyclopedic files on major Thai syndicates, but could do little more than send off detailed reports to its Washington headquarters. Only rarely could DEA manipulate a major dealer into handling narcotics personally, and the most important of these, Sukree, was released less than three months after his arrest.

Even with twenty U.S. agents and an annual budget of $6 million, DEA's Bangkok operations were still dependent on the cooperation of
The Shan States of Burma: Opium Logistics, 1978

LEGEND

AREAS CONTROLLED BY:
- Burma Communist Party (BCP)
- Rebel Army
- Heroin Lab
- Nationalist Chinese Base
- Khun Sa Base
- Opiium Caravan Route

Provincial Boundary
National Boundary

0  100 Miles

Kachin Independence Army
Kachin State
Kokang State
Shan State
Bunna Communist Party
Heroin Lab
Nationalist Chinese Base
Khun Sa Base
Opiium Caravan Route
Provincial Boundary
National Boundary
Thai police during the 1970s. Although Thailand's addict population had grown from 71,000 opium smokers in 1959 to an estimated 300,000 to 500,000 heroin addicts in 1976, five times the per capita rate in the United States, most Thai police still regarded narcotics as a "foreign problem." "Thai police are so corrupt it turns my stomach," said one Bangkok-based DEA agent in a 1975 interview. "The Border Patrol Police take payoffs for letting the opium come across the Burmese border, and the Provincial Police have the system to transport the narcotics themselves from northern Thailand to Bangkok. There are a few honest ones we can trust, but almost all the rest are in it for the money."

Rather than grappling with such systematic corruption, DEA funded the formation of autonomous antinarcotics agencies within the Thai police. To mount any sizable operation, DEA was forced, in effect, to outbid the traffickers for police services. While the syndicates could offer money, DEA rewarded its counterparts with cash bonuses for seizures, trips to the FBI Academy, and new military hardware. Adjusting to this barter arrangement was not easy for idealistic young DEA agents when they first arrived in the mid-1970s. "At first I found it difficult to deal with a Thai colonel who was as corrupt as the day is long," recalled one DEA agent. "But one morning I woke up and found I could deal with it. I got as smart as they were and instead of telling the police when I was going to make a bust, I put them in the car, drove around in circles, and then slammed on the brakes in front of the house where the violator was hiding. And the Thai police knew if they didn't go in the house to make the arrest, they don't get the new jeep or M-16 rifles coming in on the boat." In late 1975, however, DEA shifted its emphasis from seizures to strategic intelligence, and its interest in Thai police operations declined. As U.S. incentives faded, Thai police returned to the syndicates for sustenance.

While DEA concentrated on interdiction and seizures, the United Nations Fund for Drug Abuse Control (UNFDAC) began a long-term crop substitution program among the opium-growing tribes of northern Thailand. Seizures could temporarily disrupt the traffic, but the only long-term solution, argued UN officials, was the replacement of opium with other cash crops in the hills. Exuding an effervescent confidence, the founding UN program director, Mr. I. M. G. Williams, a former British colonial officer, told the press in 1975 that the program's initial five-year experimental phase had already discovered promising alternative crops such as fruit trees, coffee, kidney beans, and flower seeds. To disseminate these new crops, the UN program had built an education center in the mountains north of Chiangmai and was training opium farmers from five "key" and twenty-five "satellite" villages in new techniques such as terracing and irrigation.

Not all observers shared the UN's optimism, and it appeared that crop
substitution did encounter obstacles as it moved from experimentation to implementation. While opium could be marketed profitably by footpath because of its unequaled value per kilogram, substitute crops required costly feeder roads to reach lowland markets from the rugged highlands. The Thai government did not have the resources to build such a network.120 Almost half the UN budget in the mid-1970s was used to maintain administrators in Bangkok and Chiangmai who spent much of their time briefing international dignitaries, lending the program a cosmetic quality.121

Over the next ten years, however, crop substitution overcame these obstacles and contributed to a sharp reduction in Thailand's poppy cultivation. Under the combined impact of crop substitution and ecological degradation, the Thai opium harvest dropped from some 165 tons in 1971 to 35 tons in 1987. But the Shan Plateau just across the border in Burma remained the world's major producer with an almost limitless capacity. Demonstrating the stimulus effect of prohibition, Burma's harvest rose from 500 to 1,100 tons in this same period, more than compensating for Thailand's loss.122

Thai police corruption and the failings of the UN program were not the only reasons why Bangkok continued to serve as the Golden Triangle's drug entrepôt. The transit traffic through Thailand continued, in part, because it met the strategic and financial needs of the nation's military. Instead of a conventional strategy that arrayed forces along frontiers, the Thai military used a traditional form of Southeast Asian statecraft to defend its northern border. Through alliances with Burma's ethnic insurgents, Thai generals fostered a situation of controlled chaos in the mountains between northern Thailand and Burma's Shan states. "We are like a 'foreign legion' for the Thai armed forces," remarked the Karen rebel leader General Bo Mya. "We guard the border and prevent links between the Burmese and Thai Communists."123 For nearly forty years the Thai military provided sanctuaries, arms, and an opium market for the many mini-armies it supported, particularly the ethnic Shan guerrillas fighting to secede from Burma. Usually located in the mountains north of Chiangmai, these protected guerrilla camps housed the logistics of the Golden Triangle heroin trade—ethnic Shan fighters, warlord soldiers, mule caravans, and heroin refineries.

Following the rhythm of the annual opium harvest, warlord opium caravans moved south out of the Shan hills to their camps along the Thai border. There these armies sold opium to buy arms, ammunition, and trade goods. While the Shan opium armies blossomed and withered in their ceaseless struggle for control over the poppy fields, the Thai military collected an informal tax from caravans crossing its frontier. For several decades, Thai military factions expropriated a major share of the
Golden Triangle's opium profits and used this illicit income for clandestine political operations.

After the 1947 coup that ousted a civilian cabinet, the military ruled Thailand for a quarter century. Unchecked by a civilian opposition, rival military factions had relied on extra-legal activities to fund the coups and counter coups that marked their incessant maneuvering for power. During the 1950s, the ruling clique under Field Marshal Phin Choonhawan and his son-in-law Police General Phao Siyanan fused legal and illicit economic activities. Using the regulatory power of the state, General Phao's followers won seats on the boards of major companies, drawing cash from the corporate sector. Simultaneously, his police controlled the northern borderlands and its opium trade, an important source of extra-legal funds.

When Marshal Sarit toppled the Phao-Phin clique in 1957, his army faction added the outgoing regime's opium income to his existing economic base in the corporate sector. Over the next fifteen years, however, Sarit and his successors proved far more skilled as opium overlords than as corporate managers. Within the faction, General Thanom Kittikhachon, a later prime minister (1963–73), proved a lackluster corporate liaison, but his longtime ally General Prapat Charusathien became an adept manager of an illicit economy that ranged from opium to arms trading.124 After mass demonstrations in October 1973 forced them into exile, the Thai press charged that Narong Kittikhachon, Thanom's son, had controlled a national drug trafficking network in partnership with his father-in-law Prapat.125 In this junta's last years, Prapat's protégé, General Kriangsak Chamanan, served as the link between Burma's opium armies and Thai factional finances.126

After the "democratic revolution" of October 1973, there was speculation that new civilian governments might restrain military involvement in the narcotics trade. But during the next three years of democratic rule, civilian cabinets lacked the strength to attack what one correspondent called Thailand's "notoriously corrupt government service."127 While left- and right-wing parties struggled for power, the Thai military again maneuvered for control in the midst of rising political chaos. Then, after right-wing vigilantes massacred hundreds of student demonstrators in 1976, General Kriangsak led a clique of Prapat's protégés in launching a successful coup.128

Rather than installing military government, the coup promoters chose an obscure judge, Thanin Kraiwichien, as prime minister. As a moralistic conservative, Thanin announced that the prime aims of his administration were an end to official corruption and the suppression of the drug traffic. Unlike previous prime ministers, Thanin was serious about the antinarcotics drive. His Board of Anti-Corruption Practice collected evidence against some 3,000 officials. He ordered the execution of several
convicted drug smugglers under Article 21 of the new constitution. At a public ceremony before the media, Thanin personally set fire to a ton of confiscated narcotics. During his year in office, Thanin's police seized 660 kilograms of heroin and 300 kilograms of morphine, substantial seizures by past standards. Most importantly, Thanin drafted a rigorous conspiracy law to allow indictments against military factions that controlled the opium trade.

While Thanin's antinarcotics efforts were rewarded with a personal letter of commendation from U.S. President Carter, they aroused strong opposition from what one correspondent called "elements within the military who had profited from drug smuggling." In October 1977, after only a year in office, Prime Minister Thanin was overthrown by a military coup. Two weeks later, General Kriangsak, Supreme Commander of the Armed Forces, assumed office as prime minister, and the antinarcotics campaign, quite predictably, ended. The Washington Post reported that Kriangsak was "long alleged to be linked to the narcotics trade." In the aftermath of this coup, a former Thai prime minister told the newspaper that "General Kriangsak Chamanan was a major beneficiary of the heroin/opium traffic from the Golden Triangle. . . . General Kriangsak supplied the Burmese rebels and KMT remnants in northern Thailand with arms and money in return for their opium/heroin."

Indeed, General Kriangsak's career was shaped by his special relationship to the Golden Triangle drug trade. As a young officer during World War II, he had served as a company commander in the Thai forces that occupied the Shan states for two years, gaining detailed knowledge of these borderlands. Prior to his appointment as Deputy Chief of Staff in 1973, General Kriangsak had worked for ten years as liaison officer between the Supreme Command and Burma's opium armies. After his 1977 coup, Far Eastern Economic Review described him as an officer best known for "his long years as the military's liaison officer with the opium-peddling Kuomintang on the Thai-Burma border." In this capacity, Kriangsak had arranged the burning of the KMT's "last 26 tons of opium" in 1972—announcing that its commander, General Li Wen-huan, had "retired" from the opium trade and baptizing his troops as "the Chinese Irregular Force."

This transformation was accomplished at a media spectacle staged by the DEA on behalf of the CIA. Parading before U.S. television cameras in March 1972, General Li's KMT troops delivered a hundred mules laden with "opium" and publicly renounced the drug trade. After the packs were unloaded and soaked with gasoline, Thai troops lit a bonfire that consumed the twenty-six tons of opium. With covert funding from the CIA, the Thai military then paid the KMT general $1.85 million for this "last" opium shipment. In Washington, the U.S. State Department proclaimed that "this quantity of opium if refined into heroin could have supplied one-half the U.S. market for one year." As it turned out, the opium pyre was
not the KMT's last shipment. And most of it was not even opium. Four months later, columnist Jack Anderson reported that only five tons had been opium and the balance "fodder, other plant matter, chemicals."\(^{136}\) Moreover, both Thai and American narcotics agents had reliable reports that General Li was still involved in the traffic, assisted by Taiwan's military in managing the complex financial aspects of his vast opium trade.\(^{137}\) In retrospect, this bizarre affair seems an attempt by all parties to sanitize the CIA's long alliance with the KMT irregulars. As heroin addiction swept the U.S. army in South Vietnam during 1970–1971, the CIA suddenly became concerned about the political consequences of its tolerance for the KMT's drug trafficking, particularly since these irregulars had opened heroin labs to service the GI market.

For several years following this ceremony, Kriangsak was KMT General Li's leading public apologist, arranging interviews for visiting newsmen or congressional delegations. In 1975, U.S. Representative Lester Wolff, chair of the House Narcotics Committee, witnessed one of these shows, which he described in an exchange with his senior counsel Joseph Nellis:

*Mr Wolff:* I recall meeting General Kriangsak in the headquarters outside General Li's compound. He brought General Li to our meeting place. In my presence, he asked General Li, "Are you still in the opium business?" General Li, after translation, said no. Kriangsak took his revolver out of his belt and put it up to him and said, "If you ever get back into business, I will kill you myself."

*Mr Nellis:* He [Kriangsak] hasn't done it yet.

*Mr Wolff:* Do we have any information at all as to General Li's complicity with the KMT?

*Mr Nellis:* I am told on very good authority . . . that General Li is active, if not more so, than ever.\(^{138}\)

Just few months before becoming prime minister, General Kriangsak told Bangkok's Joint Chamber of Commerce that "there appears to be a conflict between our campaign against narcotics and our campaign against the Communists." In an implicit attack on Prime Minister Thanin's antinarcotics campaign, the general challenged the United States to seek a unilateral solution to its own drug problem.\(^{139}\) Only six months after the general took office, a Bangkok correspondent reported that Prime Minister Kriangsak's government had abandoned the antinarcotics campaign.\(^{140}\) "Those who criticize Thailand for corruption among officials concerned with drug enforcement," Kriangsak said in a thinly veiled attack on the United States, "should also look into the corruption in other official circles
which has made it possible for the narcotics trade to flourish in many countries.\textsuperscript{141}

In the end, however, Kriangsak's attempt to restore military rule failed. Although he used the same extra-legal funding that had controlled politics in the past, Thai society was being modernized by an economic transformation that made military government untenable. As Kriangsak stumbled through a succession of crises and finally resigned in 1980, the country's leading political parties formed a new coalition cabinet. Unwilling to offend the military, party leaders picked General Prem Tinsulanalan, an army commander sympathetic to constitutional democracy, as the new prime minister. Unlike the other military leaders who had ruled Thailand since 1947, Prem had no aspirations to wealth and no prior connections to the opium trade. From the moment he took power in 1980, General Prem began planning an attack on the Burmese drug lord Khun Sa, long an embarrassment to Thailand's antinarcotics effort.

Since the early 1970s, Khun Sa's powerful Shan United Army (SUA) had maintained a camp for its opium caravans at the Thai village of Ban Hin Taek, just a few miles from the KMT base at Mae Salong. But, in the late 1970s, as his troops won nearly half of the Shan states' opium harvest, Khun Sa began speaking to the press with a mix of nationalist rhetoric and warlord bravado.\textsuperscript{142} In a June 1977 interview with the \textit{Bangkok World}, Khun Sa described himself as "King of the Golden Triangle" and spoke without reservation or regret about his heroin business. "I know it is a social evil and understand the damage it does, not only in the West, but among my own people," Khun Sa said. "But I don't feel guilty. What we are doing is justified."\textsuperscript{143} In February 1978, the \textit{Bangkok Post} published a front-page interview with the heroin king under a banner headline, "I Can Stop The Drug Flow." Two days later, Prime Minister Kriangsak announced: "We will not allow Khun Sa to remain and operate in Thailand. Even his family will not be allowed to stay here, because they can provide him with a base for his illegal operations."\textsuperscript{144}

While his drug trading did not concern Bangkok, Khun Sa's blunt statements to the press were an embarrassment that Thailand, with its mixed enforcement record, could ill afford. Despite the military's concerns that Khun Sa's expulsion might weaken security on the northern frontier, his indiscretion left Bangkok little choice. In May 1978, Khun Sa voluntarily moved his troops sixteen kilometers across the border into Burma.\textsuperscript{145} But just a few months later, he moved back across the border to his old base camp at Ban Hin Taek without meeting any opposition from Thai authorities.

In July 1980, four months after taking office, Prime Minister Prem ordered the Thai air force to bomb Khun Sa's base. Although the aircraft destroyed three chemical storage units for his heroin laboratories, Khun
Sa remained defiant at Ban Hin Taek. When the Thai government offered a reward of $21,700 for his capture dead or alive, the drug lord responded by offering a $500 reward for the identification of American or Thai drug agents.

These media exposés of warlord drug dealing and Thai military complicity ended the secrecy that had long veiled Thailand’s transit traffic. During the August 1981 parliamentary elections, the Bangkok press reported that the two KMT armies had contributed $100,000 to General Kriangsak’s campaign for a seat in the northeast, about 15 percent of his contributions. The general saw nothing wrong in donations from heroin traffickers, and denied any involvement in the drug trade. In a display of media bluff, he told reporters that if anyone had evidence that he had sold even one gram of drugs, “you can take me to the execution stand right now.” Backed by these unprecedented campaign funds, Kriangsak survived the controversy and won a seat in parliament. In the midst of this debate, the KMT commander at Mae Salong, General Lei Yu-tien, told reporters that his predecessor, the recently deceased Tuan Shi-wen, had been Kriangsak’s partner in a local “tea plantation.” In gratitude for the Thai general’s kindness, the KMT had built him a vacation villa at their caravan camp near the Burma border.146

Finally, in January 1982, the elite Thai Rangers, backed by aircraft and helicopter gunships, stormed Khun Sa’s camp at Ban Hin Taek. Over the next two weeks, the Thai troops engaged in a protracted firefight with his Shan United Army (SUA) that left 17 soldiers and 130 rebels dead. In the mopping-up operations, the Thai military seized 200 radio sets, 300 hand grenades, and 50,000 rounds of ammunition. A survey of the site found a hundred-bed hospital, a brothel, “luxurious Chinese-style villas” with swimming pools, a vacation house for Khun Sa’s so-called “cousin in parliament” General Kriangsak, and seven heroin refineries. Despite the heavy casualties, Khun Sa’s forces retreated across the border in good order, where he quickly reestablished his heroin refineries.147

Instead of letting Khun Sa slip back into Thailand as he had done in 1978, Prime Minister Prem maintained constant military pressure on the warlord’s Shan United Army. In the aftermath of the assault, the press reported that the Border Patrol Police had maintained an outpost only a mile from Khun Sa’s camp for the past four years but had never disturbed the nearby heroin refineries or opium caravans. When the Bangkok press pointed to Kriangsak as the prime minister responsible for ignoring the world’s largest heroin complex, the general, now in parliament, denied any relationship with Khun Sa and threatened to sue.148

Despite his denials, Kriangsak’s reputation had suffered and his influence waned. Three years later, in a final bid for power, Kriangsak joined two other retired generals in a desperate coup with only 500 men and a
tank division. Prime Minister Prem crushed the coup and then filed sedi­tion charges against Kriangsak. With the backing of business, Prem then liberalized the economy by opening Thailand to a flood of Japanese in­vestment. As new Japanese factories opened at the rate of one a day during the 1980s, the growth of Thailand's white-collar middle class kept pace. In 1988, Prem stepped down in favor of Chatchai Choonhawan, the first elected prime minister since 1976. Although Prime Minister Chatchai was a retired army general and son of Marshal Phin Choonhawan, leader in the 1947 coup, his rise represented the triumph of business groups, not the mil­itary. Kriangsak's financial base in the heroin trade paled before the re­sources of business leaders like Chatchai who had the backing of Bangkok's powerful banks. Opium money still flowed into Thai politics, but it now seemed far less important than the legitimate corporate contrib­utions that surged during Thailand's long economic boom of the 1980s. But this process of change was by no means smooth, and drugs played a role in the last act of Thailand's dramatic transition to democracy.

Unfortunately, the Chatchai government was soon tarred with a suc­cession of corruption scandals through its relations with a new class of rural political bosses or brokers called the "godfathers." While military controls withered during the 1980s, these political bosses won control of the countryside with a mix of corruption, patronage, and criminality. Af­ter Chatchai's credibility was battered by scandal, the Supreme Com­mander of the Armed Forces, General Suchinda Kraprayoon, led a suc­cessful coup in February 1991. But a year later, when the general sought a mandate in parliamentary elections, Bangkok's middle classes mobi­lized against his campaign for prime minister. With over half the votes nationwide bought for cash, the Justice Unity Party won the largest bloc of seats, 79 out 360, and its leader Narong Wongwan, a wealthy "godfa­ther" from the north, emerged as the compromise candidate for prime minister. At a press conference on March 25 to announce his acceptance of the post, reporters asked Narong about rumors of his involvement in drug smuggling. "I have no duty to explain to the people," he replied. "I don't deny it. I just ignore it." Within hours, however, the U.S. State De­partment announced that Narong had been recently denied a U.S. visa for narcotics trafficking, forcing him to withdraw his candidacy.

With Narong out, General Suchinda came forward to form a cabinet on April 8, sparking protests by a middle class no longer willing to tolerate military rule. During the weeks of political violence, hundreds of thou­sands marched, and the military retaliated by firing repeatedly into the crowds, leaving 44 dead and 98 missing. As the country seemed poised for a bloody resolution on May 20, the king appeared on television with General Suchinda and the main opposition leader to appeal for peace. Four days later, Suchinda resigned. An interim civilian cabinet took of-
office on June 10 and announced new national elections in September, launching a decade of democratic rule. By their courage, these demonstrators won a democracy that shows every sign of surviving.150

These political changes in Thailand were soon reflected in the Golden Triangle drug trade. Three years after Prem took office in 1980, the U.S. State Department reported that “some trafficking patterns are shifting to avoid Thai territory” and the rebels had “moved their refineries deeper into Burma” to evade Thai border patrols. Thailand’s heroin seizures rose from 323 kilograms in 1981 to 2,400 kilos seven years later. By 1989, the alliance between the Thai Supreme Command and the opium armies seemed severed, and the transit traffic through Thailand relied upon venal middle-ranking offices instead of the cabinet-level corruption. Indeed, the U.S. State Department reported that Thai military and police officials were “profiting individually from drug trafficking” with the Sino-Thai financiers who “play a leading role in narcotics trafficking within Thailand.”151

Aside from any personal interest General Kriangsak or his military mentors may have had in the narcotics traffic, the primary rationale for aiding the opium warlords had been their role in securing the frontier with Burma.152 The transformation of Thai politics during the 1980s changed the country’s relations to its troubled borderlands. Instead of the traditional statecraft of proxy warfare along the frontier, Bangkok began to establish trade relations with its neighbors. As Prime Minister Chatchai explained in 1988, Thailand would change the region “from a battleground into a trading market.”153 Accordingly, in February 1990 Bangkok cut its ties to the opium armies and concluded an historic trade agreement with Rangoon. After decades of hostility, Burma granted Thai timber corporations a chain of lumber concessions that arched from Three Pagodas Pass to Tachilek along the five-hundred-mile frontier where the insurgents had long been active.154 In marked contrast to the failure of U.S. drug suppression the 1970s and the opium boom that followed during the 1980s, such Burma-Thai cooperation would play a central role in reducing the Golden Triangle’s opium production in the late 1990s.

The Golden Triangle’s Opium

After Southeast Asia recovered from the severe drought of 1978–1980, the Golden Triangle’s opium production boomed, taking the region’s leading warlord, Khun Sa, to new heights of wealth and power. Despite an international assault on the region’s heroin trade in the 1970s, Southeast Asia’s syndicates had emerged from that decade with unprecedented wealth. Although both the Thai and Burmese governments announced aggressive drug suppression operations, the opium caravans continued to plod south across the Shan Plateau into Thailand with predictable regularity. The heroin laboratories dotting these borderlands
still operated without interference. Instead of reducing the drug flow, attempts at suppression simply increased the pressure for a reorganization, or rationalization, of the traffic. As the KMT weakened, the Shan rebels splintered, and the Communist Party of Burma shattered, there was an opening for a new leader on the Shan Plateau who could impose some order on the traffic—a role soon filled by a warlord with an unequaled will for power, Khun Sa.

This consolidation came after decades of chronic political instability within the Shan states. Isolated on their remote plateau and denied outside support, the Shan separatist rebels, led by their traditional princely elite, had used opium to buy arms when they launched their revolt in 1959. As the opium caravans moved south and returned loaded with guns after each harvest, this opium-arms cycle produced a ceaseless splitting of rebel fronts, armies, and coalitions. Over time, the intermingling of opium, arms, and politics had made the Shan Plateau a dragon’s teeth soil that destabilized the nationalist struggle by transforming freedom fighters into opium warlords. To buy their weapons on the Bangkok black market, rebels expropriated peasant opium at low prices—an act of exploitation that made them appear more bandit than nationalist. The instant wealth that came when the rebel caravans crossed the Thai border often produced infighting between rival commanders, phrased in a political rhetoric that masked greed and ambition. Moreover, opium financed an incessant fragmentation of the Shan struggle by allowing small guerrilla bands to grow rapidly through an opium-arms spiral—a few guns collected opium in the hills, caravans to Thailand swapped the opium for more guns, and more guns won more opium territory. Thus, the opium trade that nurtured rebel armies ultimately consumed them in internecine struggles over drugs and money. In a region of such inherent instability, ideologues like the Shan State Army fragmented and died while opium warlords like Khun Sa profited and grew.

Although the political changes of the 1980s were dramatic, they built upon trends already evident in earlier decades. By the 1970s, the smaller Shan opium armies were in decline and the KMT was starting to lose territory to Khun Sa. After rebounding from a series of reverses, Khun Sa quickly recovered his old territory on the Shan Plateau and seemed primed to take full control of the region's opium trade. But the sudden rise of the Burmese Communist Party (BCP) as lords of the prime opium country along the China-Burma border frustrated Khun Sa's bid for control. The sudden, unexpected appearance of BCP guerrillas in these borderlands after 1970 unleashed a complex chain of events that, by the end of the decade, produced some dramatic realignments in the Golden Triangle.

Based in the Irrawaddy River delta and the Pegu Hills to the north of Rangoon during the 1950s, the Burmese Communist Party (BCP) was
forced to abandon this liberated zone in 1970 when Rangoon's pacification weakened the party's hold. After a long march into southern China, where they were rearmed by a Peking eager to settle scores with Burma's dictator Ne Win, the BCP established new bases along the Burma-China border in March 1970. By 1972, the BCP launched the first in a series of dual-thrust offensives—probing west across the Salween River toward central Burma and driving south into Kengtung State toward Thailand. Despite some reverses in their early campaigns, the BCP mustered some 15,000 troops in the Shan states by 1975, the largest force in the area except the Burmese army's 30,000 troops. Within three years, the BCP had formed alliances with some Shan rebel armies and controlled much of the territory between the Salween River and the China border—a success that both the Burmese and Thai governments found threatening.  

The BCP's rapid expansion precipitated major shifts in the Golden Triangle's political alliances during the 1970s. Inspired by a mutual desire to restrain these Communists, Thai and Burmese governments repaired hostile relations. The growing BCP strength and weakening Thai support pushed the smaller Shan rebel armies to the point of collapse. In this period of bloody battles and ephemeral alliances, three main protagonists defined the Shan response to the BCP's challenge—the two Yunnanese opium warlords Khun Sa and Lo Hsing-han, and the most political of the Shan rebel groups, the Shan State Army (SSA). After twenty years of a failed praxis between opium and revolution, the Shan rebels had corrupted their movement and made themselves unwitting instruments of the global traffic. While the ethnic rebels had declined, the opium warlords had prospered. Both Lo and Khun Sa were raised in the Yunnan-Chinese merchant families on the Burma-China border and shared parallel careers marked by constant shifts in alliances and allegiances. Despite an occasional espousal of Shan nationalism, the two warlords had remained, above all, merchants dedicated to the accumulation of opium, military power, and the enormous profits the two can yield.  

Born into a Yunnanese family at Kokang State near the China border in 1934, Lo Hsing-han began his career in the 1950s as an officer for Olive Yang, a local princess then allied with the Nationalist Chinese irregular forces (KMT). Under their protection, Olive soon emerged as one of the first opium warlords in the Shan states and led caravans guarded by a thousand men south to the Thai border. After the military seized power at Rangoon in 1962, the Burmese army occupied Kokang State and arrested Olive, forcing her brother Jimmy Yang to flee to Thailand with the remaining troops, where he joined the KMT. By now a senior commander, Lo allied with the Burmese and became Kokang's new opium warlord. In exchange for supporting the Burmese army, Lo was allowed to move his
opium caravans on government highways, an important advantage after 1961 when the KMT were driven out of Burma into Thailand.

Through his alliance with Rangoon and his own commercial skills, Lo became one Burma's largest drug lords. Twice a year from 1963 to 1973, Lo, protected by his position as a Ka Kwe Ye (KKY) militia chief in Kokang State, sent twenty tons of opium south to Thailand in caravans with up to 500 soldiers and a thousand mules. "It stretched out for three miles," the drug lord reminisced in a 1998 interview with The New York Times. "If it went smoothly, it took about 26 days." By the early 1970s, Lo controlled half the Shan opium trade and was a powerful political leader among the hill farmers. "In the Kokang mountains, people earned their living from poppy for over 100 years," he explained. "I was working for the Kokang people and the poor people who were looking for a way to sell their product. I did so much for them."156

In 1972, Lo won notoriety when President Nixon's coordinator for international narcotics matters, Nelson Gross, anointed him "kingpin of the heroin traffic in Southeast Asia." While that title was pure media hyperbole, Lo had in fact become the largest single opium merchant in the Shan states after his rival Khun Sa's challenge to the KMT control of the Thai-Burma border was defeated with heavy losses in the 1967 Opium War. Controlling an informal empire that included over three thousand armed caravan guards and a complex of heroin refineries, Lo was generally considered the region's dominant military leader.

But in 1968, Lo lost control of Kokang when former comrades in Olive Yang's army crossed the border from China as the vanguard of the BCP, and he retreated west to Lashio, where the Burmese allowed him a new base camp. Three years later, his forces fought with the Burmese army in a forty-five-day battle against the Communists for control of Kunlong Bridge on the Salween River, a battle that allowed Lo to use his knowledge of the terrain to assure Rangoon's victory. In gratitude, the Burmese army provided greater protection for his opium caravans. In the early 1970s, however, Rangoon abolished the KKY militia and Lo joined a Shan nationalist coalition fighting for independence from Burma. Although Lo aspired to leadership of the Shan secessionist movement and posed, for the benefit of the U.S. Congress, as an ethnic Shan, at home in the city of Lashio he was very much a Yunnanese and served as a patron of the local Chinese temple.157

Lo's rival for the Shan states' opium harvest was the vanquished warlord of the 1967 Opium War, Khun Sa, the man with two names. Born in 1934 to a Shan mother and Chinese father at Loi Maw in the Burma borderlands near China, he grew up in two cultures—the itinerant Muslim Chinese caravan traders, the Haw, who know him as the drug lord Chan Shee-fu; and the Shan Buddhist farmers, who call him Khun Sa, or "prosperous prince."
When his mother remarried after his father's death, Khun Sa spent part of his childhood in a Shan aristocratic household. Orphaned and only semi­literate in Chinese, Khun Sa developed a drive to dominate that allowed him to survive during an anarchic period in the history of this remote region.\textsuperscript{158}

In the chaos that followed the Nationalist Chinese (KMT) occupation of the Shan states in 1950, Khun Sa launched his military career. At age sixteen, he formed a militia band in his home area of Loi Maw, at first joining the KMT to learn the trade of arms and opium in this CIA-supported army. Later, in his own account, he raided one of the KMT outposts to seize some 30 rifles for his men.\textsuperscript{159} Such opportunism served him well, and the young soldier would, over the next fifteen years, maneuver among the Shan rebels, the Rangoon government, and the narrow middle ground between. With each political shift, he extracted arms, supplies, and concessions. During the first thirty years of his career, Khun Sa remained a typical Haw opium warlord—speaking Yunnanese, trusting only Chinese officers, and avoiding any lasting commitment to the Shan revolt.

After the Burmese army drove the Nationalist Chinese into Thailand in 1961, Khun Sa allied with the government and used his profits to organize a KKY militia of 500 men in his native Loi Maw district. In 1964, Khun Sa broke temporarily with Rangoon and moved his troops across the Thai border to join a short-lived coalition of five Shan rebel armies under the princess of Yawnghwe. But his new allies betrayed him, and the Thai military in one account, or the KMT in Khun Sa's own version, raided his camp. Another source reports that Khun Sa's rise had attracted the attention of the KMT's General Li Wen-huan, who imprisoned him in a deep pit for several weeks—a humiliation that scarred the young warlord. Angered, Khun Sa rallied to Rangoon and used his new status as chief of all KKY militia in the Shan states to go on "a rampage, shattering and scattering" the rebels who had betrayed him.\textsuperscript{160}

Although he had become a leading warlord by the mid-1960s, his challenge to the KMT's General Li was defeated in the 1967 Opium War, costing him major losses of opium, men and arms. By 1969, Khun Sa had rebuilt his army, but a minor indiscretion produced a major blow to his career. Suspicious of his contacts with the separatist Shan State Army, Burmese military intelligence arrested Khun Sa as he passed through Taunggyi, capital of the Shan states. Charged with treason, he was placed in solitary confinement in Mandalay Prison for the next four years.\textsuperscript{161} Despite these reverses, the 1967 Opium War and its aftermath had marked Khun Sa as the only warlord capable of unifying the fragmented Shan and challenging the Nationalist Chinese grip on the opium trade. When I first surveyed the region's heroin trade in 1971, Khun Sa, though still in prison, seemed one of the few leaders who could impose some unity over the forty-plus warlords then contending for control of Burma's opium trade.
The last of the three protagonists, the Shan State Army (SSA), had more ideology and less opium than the warlords. This was perhaps the only Shan army with any real legitimacy. Initially founded in 1958–1959 by Shan students returning from Rangoon, the SSA was one of six nationalist groups that Shan elites formed to fight Rangoon’s abrogation of their autonomy and its abolition of their aristocracy. The other bands gradually weakened in battles with the Burmese army or were corrupted by their involvement in the opium traffic. By 1965, the SSA was the only one of the original groups that had survived, but it was suffering from sharp divisions between republican and royalist factions. Funded by their opium trading, a joint venture financed by the KMT’s General Li, the SSA had grown into an army of four brigades totaling some 2,700 troops armed with black-market U.S. weapons. As the Burmese Communist units began their advance in the early 1970s, SSA moderates opened negotiations for a possible alliance and were allowed to purchase opium from villages under BCP control.

By early 1973, the stage was set for a basic realignment of forces within the Shan states. While pressures for these changes had been building for several years, the immediate spark was Rangoon’s abolition of all Ka Kwe Ye (KKY) units. Concerned over the militia’s failure to stem the BCP’s westward push or eliminate the Shan rebels, the Burmese government ordered all militia to surrender their arms. Of the twenty-three units, nineteen obeyed and surrendered 2,086 firearms. But another four KKY militia, with some 2,000 armed men, refused. Among those who resisted was the putative “opium king” Lo Hsing-han. Pressed by BCP advances on his eastern flank in Kokang state and battling with the KMT for control of the opium harvest, Lo turned to the SSA for support. Sharing the same enemies, the SSA’s leaders agreed to an alliance.

To gain support for their struggle against the KMT and BCP, Lo Hsing-han and his SSA allies decided to approach the U.S. embassy in Bangkok with an offer to sell some 400 tons of Shan opium for $20 million. With the assistance of the British filmmaker Adrian Cowell, who was then in the Shan states shooting his documentary The Opium Warlords, Lo and the leader of the SSA moderates drafted a letter requesting U.S. support for their preemptive purchase of all opium from rebel armies at a fixed “Thai border price.” The Shan argued, in defiance of basic economics, that their preemptive purchase would somehow allow eradication of the Golden Triangle heroin trade.

Before the proposals could be delivered to the U.S. embassy, where they were received with indifference, Lo was caught in a tangled series of events. The catalyst in the entire affair was the kidnapping of two Russian medical doctors in the northern Shan state. In April 1973, one of Khun Sa’s Chinese commanders entered Taunggyi and, on impulse, kidnapped...
the two doctors, who were on a goodwill mission to inspect a Soviet-built hospital.

Initially the Burmese government tried to conceal the incident, but Khun Sa’s men invited a Western film crew to photograph the doctors in their jungle prison and announced that the price of release was the return of their leader, the imprisoned Khun Sa. Embarrassed, the Burmese army began raiding rebel camps across the Shan states. During these operations, the Burmese struck Lo Hsing-han’s camp, driving him across the border into Thailand. At the request of the Burmese government, Thai police then arrested Lo near Mae Hong Son in July 1973 and later extradited him to Rangoon, where he was imprisoned. Observers were surprised by the unprecedented Thai decision to arrest a major heroin dealer, but Shan rebel leaders explained this betrayal by pointing to Thailand’s need to placate the United States. Instead of charging Lo with drug trafficking, Rangoon imprisoned him for “high treason” and “rebellion,” an apparent slap for his dalliance with the Shan secessionists. Lo remained in prison for the next seven years, until the general amnesty of 1980 released him with government funding to rebuild his opium army. After Lo’s capture and confinement, the SSA split several times, and the major faction joined the Communists near the Burma-China border.

Less than a year after the Burmese government had eliminated one major opium warlord, it was forced to release the other. Failing to capture the Russian doctors, the Burmese government freed Khun Sa. His troops in turn released the doctors to the Thai military in June 1974. And just as Lo Hsing-han had become the top opium warlord after Khun Sa’s arrest in 1969, so Khun Sa himself now dominated the Shan states after Lo’s imprisonment. Khun Sa formed a new militia named the Shan United Army, using the term “Shan” for the first time to court support from Thai generals sympathetic to the secessionist cause. With their support, Khun Sa opened a major heroin refinery at the northern Thai village of Ban Hin Taek—near the old KMT camp at Mae Salong and astride the caravan routes that crossed the border from Burma. In the 1976–1977 crop year, his new army of 3,500 troops hauled 70 tons of raw opium, enough to supply America’s annual needs, in twelve caravans averaging 116 mules and 335 armed guards each.

Like his predecessor Lo Hsing-han, Khun Sa formed an alliance with the conservative SSA factions and proclaimed himself spokesman for the Shan cause. Under his leadership another approach was made to the United States, this time to the House Committee on International Relations, when its chair, Representative Lester L. Wolff, visited Thailand in early 1975. At a meeting with the congressman in northern Thailand, representatives of the SSA and Khun Sa offered a preemptive purchase of the Shan opium crop. But the proposal was soon rejected by the U.S.
State Department despite enthusiastic support by Wolff and other representatives.\(^{172}\)

While Khun Sa prospered, the SSA continued the political infighting that would, within a decade, produce its collapse. With its leader under arrest, its troops under pressure from the KMT, and opium trade slipping away to Khun Sa, the SSA’s future seemed unpromising. In late 1975, the majority of the SSA’s remaining troops, some 700 men under Colonel Zam Mong, broke with the royalist faction and joined the BCP, becoming one of several ethnic armies to rally to the Communist Party during this period.\(^{173}\)

The Communist rise in the north sparked anti-Communism in the south. In May 1976, some thirteen separatist groups formed the grandly named National Democratic Front (NDF) at a two-week conference hosted by General Bo Mya of the Karen National Liberation Army, a vocal anti-Communist close to the Thai supreme command.\(^{174}\) In retrospect, the formation of an anti-Communist coalition in Karen areas so distant from the Shan states was eloquent testimony to the growing strength of the BCP.

In these kaleidoscopic political shifts, the KMT’s General Li Wen-huan was the next victim. After the KMT’s eviction from Burma in 1961, General Li had remained several steps removed from direct involvement in the opium traffic. By the mid-1970s, however, the Nationalist Chinese commander, now working from a stable base inside Thailand, controlled the heroin trade from his mansion in Chiangmai—purchasing opium directly from Chinese traders in the Shan hills; organizing his own caravans from scraps of bandit or rebel units; and outbidding the competition for skilled heroin chemists.\(^{175}\) Sources in the Thai Border Patrol Police reported that General Li tried to conceal his involvement by retaining the services of General Mo Heng’s Shan United Revolutionary Army (SURA), whose troop strength had swelled from 1,000 to 4,200 in 1974–1975 to handle the new assignment. Despite his strong apparatus, General Li now faced renewed competition from the warlord Khun Sa, the man he had vanquished in the 1967 Opium War.

Indicative of Khun Sa’s growing strength, the Thai military tried to counter the BCP threat by forging an alliance between the two warlords, General Li and Khun Sa, instead of relying solely upon the KMT. In April 1977, the *Far Eastern Economic Review* reported that a “senior officer in the Thai armed forces” hosted a meeting between General Li and Khun Sa to “arrange a marketing agreement” for the division of the opium trade. To support this alliance, the Thai military promised both arms for the fight against the BCP.\(^{176}\) Under this agreement, Khun Sa was allowed to maintain a caravan camp just inside Thailand at Ban Hin Taek, a base that he used to control about 40 percent of Burma’s opium exports and collect $850,000 per year in transit taxes from other caravans.
Burma's government, increasingly threatened by Communist advances, moved toward an alliance with the United States and Thailand. Before the BCP appeared on its border in 1970, the Rangoon military regime had seemed satisfied that its KKY militias were adequate. But when they failed to restrain the BCP, Rangoon adopted a more orthodox strategy. Between 1974 and 1978, Burma accepted eighteen helicopters from the United States to assist in narcotics suppression. In 1976, the Burmese army, in conjunction with the Thai military, attacked the Shan guerrilla armies, which were drifting into the BCP orbit, and tried to destroy their economic base—the opium trade. For the next three years, the Burmese army mounted four major operations against rebel heroin laboratories near the Thai border, netting impressive quantities of precursor chemicals.

Failing, however, to eliminate either laboratories or caravans, Burmese army units began flying about the northeast in their new U.S. helicopters to uproot the village poppy fields. The Burmese government and the U.S. State Department claimed a significant reduction of opium area, but the BCP's control over a third of the opium territory was reason enough for skepticism. Although the BCP was not directly involved in the traffic, it allowed merchants to trade in the opium-growing villages under its control.

By 1980, the progress the United States had once claimed in the Golden Triangle seemed illusory, the product of two temporary droughts, in arms and rainfall, that cut opium production for a few years. After the American withdrawal from Vietnam, the massive black market trade in U.S. infantry weapons slowed, denying Shan rebels the low-cost arms that had allowed their earlier expansion. Compounding the problem, the monsoon rains failed on the Shan Plateau from 1978 to 1980, reducing the harvest from 600 tons to only 160 tons in 1978 and 240 tons in 1979. When the rains returned and the opium armies recovered, Thailand's Prime Minister Prem, as noted above, suddenly disrupted the Golden Triangle's delicate balance by expelling Khun Sa. The warlord's heroin mountain of Ban Hin Taek had become an international embarrassment for Thailand. So, in January 1982, some 1,500 Thai troops, backed by jet fighters and helicopter gunships, attacked the hilltop village, forcing him to retreat into Burma. Although the press described the operation as a fatal blow, the attack would position the warlord for a later rise to unprecedented power.

Within a year, Khun Sa had rebuilt his heroin redoubt just across the Thai border from Mae Hong Son at Homong, a bastion where he would remain for the next fourteen years. Lying halfway between the Salween River gorges and the Thai border, Homong offered an almost impregnable position for the capital of his Free Shan State—a secessionist enclave that Khun Sa carved more fully from the forest with each successive opium harvest. Stung by his recent defeat, he now moved quickly to secure his position inside the Shan states—building his army, ex-
pandering the drug traffic, allying with Shan rebels, and attacking any rival commander who resisted his leadership. When Khun Sa first moved into Burma in 1982, he encountered strong opposition from an alliance of Lahu ethnic rebels and the Burmese Communist Party (BCP). Starting in July, Khun Sa showed his military mettle with a series of well-coordinated offensives that smashed the Lahu forces under their charismatic leader A Pi and drove 1,500 BCP regulars out of the Doi Larng area. By late 1983, Khun Sa had secured the strategic Burma-Thai borderlands and taken control of all the caravan routes east of the Salween River. In this rugged hill country, Khun Sa built ten heroin refineries staffed by Hong Kong chemists and was soon processing about 75 percent of the Shan opium harvest. Indicative of his success, the U.S. State Department reported in 1984 that “the bulk of the Burmese opium crop is grown in areas under BCP control,” but Khun Sa “controls the major transport routes to the Thai-Burma border, where [his] SUA . . . refineries process heroin.”

Now secure in his new opium zone, Khun Sa destroyed his enemies one by one, beginning with his old nemesis General Li. By early 1984, Khun Sa had cut General Li’s caravan routes for both jade and opium, placing pressure on his finances. With Khun Sa’s support, the Burmese army destroyed a complex of nine KMT heroin refineries just north of the Thai border. Compounding General Li’s difficulties, Thai Rangers raided several of his heroin refineries inside Thailand, the first time that the Thai military had attacked a KMT drug operation since their arrival in Thailand over twenty years before.

Then, in a characteristically dramatic gesture, Khun Sa announced his dominion over the region’s drug trade with a thunderclap. On March 11, a truck loaded with 7,000 sticks of dynamite erupted in the driveway of General Li’s Chiangmai mansion, destroying the structure and leaving a crater twenty feet wide and six feet deep. Although General Li was away in Bangkok, the explosion damaged over twenty houses and blew out windows in a mile-wide radius, shattering the myth—so carefully constructed by the CIA’s purchase of his “last” opium shipment ten years before—of General Li’s retirement from the heroin trade. In early June, Bangkok announced a formal crackdown on the KMT forces, in effect repudiating the sanctuary that Bangkok had granted them in 1961. As the KMT’s heroin apparatus collapsed, Khun Sa forced an alliance upon General Mo Heng’s Shan United Revolutionary Army, originally created by the KMT in 1968 to serve as its proxy inside the Shan states. Although these operations did not eliminate General Li from the heroin trade, they allowed Khun Sa to expropriate a substantial share of the traffic.

During his first three years inside Burma, Khun Sa maneuvered skillfully among surrounding states, balancing Bangkok’s opposition by courting
Rangoon. With the tacit support of the Burmese army’s Eastern Command, his 3,000 troops occupied 150 miles of strategic trafficking territory along the Thai-Burma border, attacking rebels hostile to Rangoon and using this zone to take control of two-thirds of the Shan opium crop. Then, in February 1987, Thai and Burmese troops launched a loosely coordinated operation against his Doi Lamg borderland bastion. Within just weeks, the Thai task force had seized thirty of Khun Sa’s strategic high points along a sixteen-kilometer perimeter. Simultaneously, some 300 Burmese army regulars moved into blocking positions, forcing Khun Sa to evacuate his Homong headquarters temporarily. This pressure may have led Khun Sa to disperse his vulnerable laboratories by moving some into nearby Laos, forging a working alliance with the country’s Communist leaders. Six months after the attacks, Thai intelligence sources reported that there were now seventeen heroin refineries in northwestern Laos, most of them under Khun Sa’s control.

Khun Sa’s shift toward Laos coincided with a period of Communist complicity in drug trafficking. In 1974, a major Sino-Thai trafficker named Poonsiri Chanyasak had fled to Vientiane, where he had opened a heroin refinery with local drug dealer Iem Norasin, formerly the chief chemist at the Double U-O Globe Brand heroin laboratory during the Vietnam War. Under the government’s informal policy of drug promotion, Lao opium production rose from 50 tons in 1973, the last year of royalist rule, to 375 tons six years later.

In effect, Khun Sa’s influence did not rely upon occupation of the best opium territory, which was further north in the rugged Wa hills, but instead upon control, direct and indirect, over heroin processing along the Thai-Burma border. In 1987, the DEA’s Bangkok office estimated that Khun Sa’s refineries processed some 80 percent of the Golden Triangle’s heroin. Two years later, he claimed, in an interview with Newsweek, an annual income of $200 million from the 40 percent tax he imposed on the ten to twenty border laboratories.

While Khun Sa’s control over the opium trade grew steadily, his rivals, particularly the BCP, collapsed. Although the Communists had controlled the largest opium zone since 1980 and diversified into heroin refining two years later, its military expansion was slowed by a shortage of arms. Initially, the BCP had established its bases on the Burma-China border with Beijing’s support and was rewarded with liberal arms shipments. In the late 1970s, however, the BCP leadership issued an ill-advised ideological attack on China’s leader Deng Xiao-ping. As Deng’s power within the party grew, China’s arms shipments to the BCP declined. With fewer arms to attract other rebels, the BCP sought revenues by trafficking in opium and taxing the black market trade between Burma and China. But in 1987, the Burmese army occupied the BCP’s
main trading post on the China border, eliminating half these annual revenues. Two years later, a brigade of tribal Wa warriors, the BCP's main opium trading ally, unexpectedly attacked the main Communist headquarters, sending the aging party leaders fleeing across the border into China. Within weeks, Burma's Communist Party dissolved and the Wa militia took control of over 75 percent of its former territory.197

By effort and elimination, Khun Sa thus became the first of the Golden Triangle warlords worthy of his media crown as "king of the opium trade." In 1986, Asia's leading business journal estimated that his army controlled about 80 percent of the Golden Triangle's opium harvest.198 With the SSA broken, the BCP in ruins, and the KMT at its weakest in thirty years, this estimate of Khun Sa's influence seems reasonable. Indeed, the U.S. State Department described Khun Sa's SUA as "the most powerful drug trafficking organization in the Golden Triangle."199

Under Khun Sa's leadership, Burma's opium production soared from 550 to 2,500 tons during the 1980s—an extraordinary 500 percent increase. Fueled by Burma's rising poppy harvest, Southeast Asia's share of the New York City market jumped from 5 to 80 percent between 1984 and 1990. By the end of the decade, Khun Sa controlled over 80 percent of Burma's opium production and half the world's heroin supply—making him history's most powerful drug lord.200

This flood of Burmese heroin brought lower prices and higher purity in the U.S. market. Between the mid-1980s and mid-1990s, America's annual imports rose from five to 10–15 metric tons, sustaining an expanded addict population of 600,000. As Burmese heroin, known on the streets as "China White," landed in unprecedented quantities, the retail price in New York City dropped from $1.81 per milligram in 1988 to just $0.37 in 1994. Simultaneously, the national average for heroin content in street deals rose from just 7 to 40 percent, reaching 63 percent in New York City and even higher elsewhere. On the streets of America, unknown entrepreneurs—negotiating the variables of price, purity, supply, and market—dealt with this surge in heroin supply by raising purity and changing the drug's demographics.201

Commodity transformed culture. The new, pure heroin could be snorted or smoked, cutting the link between intravenous injection and HIV infection. Once stigmatized in the 1960s as a ghetto drug, the mark of the socially marginal, American youth culture of the 1990s reinvented this cheaper, "safe" heroin as a badge of alienated authenticity. Cult figures Kurt Cobain and River Phoenix became the celebrity heroin deaths of a young decade. In May 1996, Rolling Stone ran a feature titled "Rock & Roll Heroin" listing dozens of mega stars with major habits.202 Two months later, the glossy lifestyle magazine Allure reported that the fashion industry's "baffling concept of heroin chic" was a reality snapshot—top models were regular
Golden Triangle
Heroin Trade, 1990

LEGEND
AREAS CONTROLLED BY
Opium Warlord
Kokang Army (KA)
(Lo Hsing-han)
Shan United Army (SUA)
(Khun Sa)

Rebel Army
Shan State Army (SSA)
Burma National Democratic Army (BNDA)
United Wa State Army (UWSA)
Kachin Independence Army (KIA)

- State Boundary
- National Boundary
- Heroin Lab
- Drug Route

Miles

University of Wisconsin Cartography Lab 10/90
users. After drug-look photographer Davide Sorrenti died of a heroin overdose, President Bill Clinton called a press conference in May 1997 to attack the fashion industry's self-indulgence. Though few knew his name on the fashion ramps or club floors, it was Khun Sa who had made heroin chic happen.

Through the efforts of Khun Sa and his rivals, Southeast Asia had achieved the dual distinction of becoming the world's largest producer of raw opium and the major source of America's illicit heroin supply. In February 1990, the DEA announced that Southeast Asia supplied 45 percent of the heroin consumed in the United States, up from only 18 percent three years before. The U.S. State Department reported that the Golden Triangle had produced 3,050 tons of raw opium in 1989, equivalent to 72 percent of world supply, dwarfing other major growers. In its annual drug report, the State Department noted that "Burma suspended all narcotics control programs in 1989 giving free reign to producers and traffickers." Through "strengthened relationships between Thai military . . . and traffickers in Burma," Thailand had become "the major conduit for drugs exported from the region," and its modern banking industry allowed it to "serve an important function in the financing of the Golden Triangle narcotics trade."

By 1990, Khun Sa's control over the drug trade was so strong that he became the fulcrum for a cynical diplomacy. After Burmese troops slaughtered student demonstrators in 1988 and Washington suspended diplomatic relations, Rangoon began courting U.S. aid by hinting at its willingness to deliver the drug lord Khun Sa to an American court. In the aftermath of this brutal repression, the United States stopped all aid and Burma, in turn, suspended its antinarcotics programs, forcing the DEA to quit the country. In a February 1990 visit to Washington, Burma's foreign minister dangled renewed narcotics suppression in an unsuccessful attempt to win a resumption of U.S. aid. A month later, U.S. prosecutors in Brooklyn indicted Khun Sa for drug smuggling and Attorney General Richard Thornburgh called on Burma to arrest and extradite him for trial.

As the pressures on Khun Sa mounted, Rangoon prepared other drug lords to replace him. When the Burmese Communist Party (BCP) broke up in 1989, Rangoon exploited the split to revive Lo Hsing-han as warlord of the northern Shan state. Only nine days after the Wa and Kokang contingents drove the BCP's Burman leaders into China, Lo Hsing-han was welcomed back to Kokang by the same leaders who had driven him out in 1968. After meeting with Burmese army officials in Lashio, Lo's new opium army opened some seventeen heroin refineries in Kokang and began challenging Khun Sa's control over the northern Shan harvest. Still too weak to attack Khun Sa's hold over the Burma-Thai border, Lo's coalition opened new overland trafficking routes across southern China
to Hong Kong that soon supplied half the colony's heroin. If Khun Sa were to fall, it seemed that the same forces that had created him would soon install another warlord in his place.

Khun Sa's Surrender

In the end, it took a near-perfect alignment of global, national, and local forces to topple Khun Sa. As the cold war ended, Burma defied the new world order by harnessing the country's drug trade to the twin tasks of frontier security and national development. During the 1990s, Rangoon's military regime allied openly with leading drug lords, offering protection for those who repatriated illicit assets and used their armies to fight ethnic rebels. By attacking rebels while protecting favored drug lords, Rangoon's military regime created an effective synergy between borderland security and heroin trafficking. After eight years of this strategy, Rangoon forced fifteen rebel armies to surrender, leaving only Khun Sa and the Karens unsubdued. For decades, Khun Sa had courted patrons in the Thai and Burmese military, using their protection to become the country's preeminent opium warlord. But Khun Sa experienced a midlife change from simple warlord to Shan nationalist, risking all to win independence for the eight million people of the Shan states. By early 1996, Khun Sa faced the full force of the Burmese army with a choice between surrender or annihilation.

Looking back on his defeat, the warlord's own miscalculations, particularly his bid for Shan independence, drew powerful states—Rangoon, Bangkok, Beijing, and Washington—into an ad hoc alliance against him. With rising heroin profits, Khun Sa had transformed his warlord militia into the Mong Tai Army (MTA), a liberation force of 20,000 heavily armed men. In 1985, he sought legitimacy by allying with the Shan State Army and General Mo Heng, the renowned one-armed Buddhist revolutionary. They proclaimed their joint army the sole vanguard of the Shan struggle and promised to drive the last KMT forces out of the Shan states. Rivals who resisted Khun Sa's call for unity, including a half-dozen leaders of the idealistic Shan State Army, were tracked down by hired killers and assassinated. By the early 1990s, the MTA had become a de facto alliance of his old Yunnan-Chinese officers, who controlled logistics and drugs, and the Shan nationalists, who directed politics and recruitment. These separate structures within a single army were joined in the person of Khun Sa, who had the unique bicultural background to command both.

Through this process, Khun Sa shed his image as an opium warlord to become the head of a secessionist state. Although many Shan leaders had reservations about his ruthlessness and Chinese background, most realized that he alone had the mix of command experience and commercial acumen needed to unify the fragmented Shan struggle. Thus, in December 1993, 79 members of the Shan State National Congress convened at Homong to
proclaim independence and pick Khun Sa as their leader. Praising him as a man "glorified by his people," the delegates unanimously condemned the way Khun Sa was "misportrayed to the world as a ruthless warlord" and asked the United States to "repeal" his arrest warrant. The congress also endorsed Khun Sa's realpolitik view that opium eradication should not begin until "the Burmese withdraw from Shan soil." For, as he put it in an assessment both bleak and flawed: "The road to Shan independence is through the opium issue because in the strategic calculations of the superpowers our Shan State is only a small country which is better ignored, except for its opium."

It was these miscalculations about individual states and the global system of states that led to Khun Sa's downfall just three years later. By investing all his resources in the Shan cause, he sacrificed the outlaw's flexibility of maneuver among rival states that had served him so well. Indeed, by building a city at Homong as a symbol of Shan independence, he created a fixed target for the inevitable Burmese assault. Rangoon's military was tolerant of drug dealing, but secession of the Shan states, with nearly a fifth of the nation's population, threatened Burma's territorial integrity. Moreover, his attempt at diplomatic blackmail by unleashing a flood of heroin aroused scorn, even outrage, in Washington. No longer just another warlord, Khun Sa had challenged the Burmese state's authority and defied the new world order.

Thailand, so important in Khun Sa's rise, was also instrumental in his downfall. With its best divisions concentrated in Bangkok for coup and countercoup, Thailand had, for nearly thirty years, defended its frontiers with warlord allies who transformed the borderlands into zones of controlled chaos. By the late 1970s, the Thai military, in a modern variant of Southeast Asian statecraft, was guarding its frontiers with a diverse collection of client armies—Pol Pot's Khmer Rouge, Vang Pao's Hmong guerrillas, Yunnanese drug lords, General Bo Mya's Christian Karens, and Khun Sa's Shan rebels. Among all these armies, Khun Sa, as leader of the Tai-speaking Shans and the wealthiest of the warlords, had long been the favorite of the Thai generals.

During the 1980s, however, Thailand's economic growth surged at 10 percent per annum, changing the country's political economy. With legitimate industry and finance booming, the power of the military's black money waned and a new middle class emerged to fight for democracy. The Bangkok business elite began maneuvering for economic dominion over mainland Southeast Asia, creating powerful pressures to regularize relations with Rangoon and end military patronage of ethnic rebels who roiled Burma's frontier. To drive a wedge between Bangkok and the Shan rebels, Rangoon played upon these trends by offering Thai corporations generous timber and resource concessions in its eastern borderlands.
Thailand’s need for water and Burma’s willingness to provide it epitomized the changing forces that doomed Khun Sa. After its economy had doubled during the 1980s, Thailand was fast outstripping its water reserves and faced serious shortages for factories, hotels, golf courses, and air-conditioned Bangkok buildings. In early 1994, Rangoon signaled its willingness to allow construction of an Upper Salween dam project and a 88-kilometer tunnel—from the Salween gorges, beneath the hills of Khun Sa’s capital at Homong, to Mae Hong Son district in northwest Thailand—that would, in effect, concede one of Burma’s three main rivers to Thailand. In March, Khun Sa announced that the Salween River belonged to the Shan. As leader of the Shan people, he swore to stop any construction. Bangkok’s soldiers soon closed its highway into Homong and sealed the border, blocking his main transport route into Thailand.220

Another factor in Khun Sa’s fall was Rangoon’s determined effort to end the highland revolts that had denied it control of the frontier for nearly forty years. In 1989, Burma’s military government, the State Law and Order Council (SLORC), had launched a campaign to consolidate power by breaking the country’s ethnic insurgencies. In October 1995, SLORC’s First Secretary, General Khin Nyunt, told a UN diplomat that “the unprecedented return to ‘the legal fold’ of 15 out of 16 ethnic armed groups” meant that the “indispensable” process of “national reconsolidation” was almost complete.221 To defeat Khun Sa, one of the last surviving rebels, the regime adopted a two-part strategy. First, shift the heroin trade away from the Thai frontier, where Khun Sa was king, to the China borderlands controlled by Rangoon’s new drug-lord allies, the Wa. Then, use these same opium armies to launch a prolonged assault on Khun Sa’s rebel state.

Diplomatically isolated after its 1988 massacre of prodemocracy demonstrators, the SLORC had rearmed its forces for this campaign by signing a $1.4 billion arms deal with China in October 1989.222 To earn the necessary hard currency, Burma, starting in 1990, changed its tax and exchange regulations to channel gem and drug smuggling income into the legitimate sector. In its review of the country’s trade for 1995–1996, the Centre Français du Commerce Extérieur in Paris noted $400 million in unexplained inflows and $200 million in unrecorded defense imports that may have been financed by the estimated $700 million earned from heroin exports.223 In 1996, the U.S. embassy in Rangoon reported that the “value of Burma’s opiate exports, at Burma’s border, may now approximate Burma’s total declared legal . . . exports receipts.” The embassy also noted an “overt reliance on narcofinancing of physical infrastructure,” such as hotel projects with “ties to opiate-growing or opiate exporting organizations.”224 Significantly, the U.S. State Department stated that SLORC “seems more intent on . . . strengthening its political position in the border areas than in countering the narcotics trade.” The regime had
rewarded “ethnic traffickers” with the status of “leaders of national races” at the recent constitutional convention.225

Along the eastern borderlands, Rangoon slowly broke the welter of highland revolts with a strategy that combined economics, ethnicity, and military pressure. In 1989, the SLORC signed a ten-year cease-fire with the United Wa State Army, the first of fifteen such pacts with rebel armies, allowing Wa syndicates to expand heroin production in exchange for fighting Khun Sa. Within a year, seventeen new heroin refineries opened inside Wa territory along the China-Burma border and, by 1996, opium production doubled.226 On the Burma-Laos border, the SLORC backed Lin Ming-xian, a former leader of the Communist Party of Burma, who commanded an army of 4,000 soldiers with an annual heroin production of some 2,000 kilograms.227 Similarly, the SLORC allowed Kokang’s Yunnanese syndicates under former heroin kingpin Lo Hsing-han, now one of Burma’s wealthiest financiers, access to government-controlled roads for opium transport, thus encouraging their expansion into Khun Sa’s territory.228 As the Wa and Kokang armies started shipping their heroin across China to Hong Kong, the Wall Street Journal reported in January 1995 that “these mainland routes have already eclipsed Burmese drug warlord Khun Sa and Thai export routes.”229 By August, the Bangkok Post reported that Khun Sa’s heroin shipments were down by two-thirds—reducing the cash flow he needed to keep his army on the march.230

In early 1994, Burma’s army, re-equipped with Chinese arms, mobilized some 10,000 troops for three massive dry-season offensives against Khun Sa, finally forcing his army to fight. Since thousands might die in any direct assault on Homong across the deep Salween gorges, the Burmese army had to envelop his flanks slowly. Though Khun Sa generally preferred to retreat in the face of pressure, his army, on several occasions, used its formidable firepower to slow the advance—raking Burmese troops with lethal machine gun fire at a Salween River crossing in January 1994, and inflicting 546 casualties on a unit that attacked one of his border posts in June.231

Rangoon’s first offensive opened in early 1994 with attacks that forced Khun Sa’s troops out of their zone in the heart of the Shan states, reducing his control to a narrow strip along the Thai-Burma border. Then the Burma army’s hard-fought operations along that border imposed a permanent blockade on his territory around Homong, diverting opium caravans and eliminating two of his largest heroin refineries. In its next dry-season advance a year later, the Burmese, in a giant pincers movement, struck at Homong from the north through the Shan states and from the south through the rebel territory of the Karenni National Progressive Party and Karen Christian guerrillas.232 As Burma army pressure on
Homong increased, Khun Sa tried to shift his territory eastward, but encountered fierce opposition from the Wa, who responded with heavy attacks on his border posts near Tachilek. Under these pressures, Khun Sa's position began to collapse.

In a bold move characteristic of his career, Khun Sa invited 1,500 Burma army troops to occupy Homong on New Year's Day, 1996. As command helicopters landed near his headquarters, thousands of Khun Sa's soldiers were lined up at attention, guns lying symbolically at their feet. At a second, staged ceremony on January 18, a SLORC cabinet minister, General Maung Thint, appeared before the cameras of TV Myanmar Network while Khun Sa led 1,728 Mong Tai soldiers in surrendering another 1,096 weapons. "Let us forget the undesirable deeds of the past," a contrite Khun Sa told the national television audience. "I am of the view that we will work together to ensure that the peace we obtain is enduring and that it will last in order to . . . eradicate the opium and narcotics drugs, which endanger the entire humanity of our country." The ceremonials soon shifted to Rangoon, where the ruling SLORC junta welcomed Khun Sa and his aides as "our own blood brethren" and installed the retired warlord in a luxurious Inle Lake villa near the regime's retired strongman Ne Win.

Outraged by this spectacle, the U.S. State Department demanded, on January 6, that “the Burmese government turn Khun Sa over to United States authorities because he is a drug lord”—a request that Burma's foreign minister Ohn Gyaw rejected. Instead, the regime advocated forgiveness for Khun Sa. "Let bygone be bygone, that is the motto of the Burmese people," said SLORC's tourism minister, Lieutenant General Kyaw Ba. "He has given up all his drug refineries and is not creating any problems." Washington responded to this rebuff by offering two million dollars for Khun Sa's capture—a reward so small in comparison to his enormous wealth that it seemed, at best, a face-saving gesture.

Though overshadowed by the military drama, Khun Sa's closing economic maneuvers left an important legacy for the Golden Triangle drug trade—amphetamines. In the last years of this war, Khun Sa became desperate for income to defend his enclave against Rangoon's relentless attacks. But he was unable, with caravan routes cut and global markets saturated, to expand opium production. So the heroin king, in his genius, introduced a new drug to service a local clientele. From his borderland laboratories, Khun Sa began mass marketing cut-price, low-purity methamphetamine tablets, called yaba, to poor Thai consumers, unleashing an epidemic of cheap stimulants that soon swept Southeast Asia. Between 1994 and 1998, Thai seizures of amphetamine tablets surged from 5 million to 32 million, a trend the UN called "alarming." Inside Thailand, an estimated 257,000 workers—truckers, taxi drivers, and factory hands—
were, by 1999, regular users, surpassing, for the first time, the country's 214,000 heroin addicts. Within a year, the market expanded beyond low-cost amphetamines for workers struggling to keep pace with factory quotas to high-price ecstasy for affluent youth. Thus, the surrender of the world's most powerful drug lord, who once controlled half its heroin supply, had only a limited impact on the Golden Triangle drug trade. Diversification had made the traffic more resilient and the rival United Wa State Army soon filled any void created by his fall.

In the eastern Shan states, the United Wa State Army (UWSA) and two allied Chinese warlords soon replaced Khun Sa as the region's dominant drug traffickers. After breaking with the Burmese Communist Party in 1989, the UWSA and its 15,000 troops formed a close alliance with Rangoon's powerful intelligence chief, General Khin Nyunt. Under his protection, the Wa armies seized much of Khun Sa's territory along the Thai border, where, by mid-2000, they were operating some 60 methamphetamine laboratories. Western narcotics agents estimated that the family and allies of the UWSA commander Pao Yuchang grossed $240 to $550 million annually from his drug operations. Similarly, Wa ally and Chinese warlord Wei Hseuh-kang—a former KMT-CIA operative who had once served as Khun Sa's treasurer—ran a heroin-amphetamine complex at Mong Yawn, a newly built city of 30,000 in the jungles near the Thai border with paved roads, dams, clinics, and schools.

Under the Wa, Burma's borderlands made a decisive shift from opium to amphetamines. In 1998–1999, the Wa command reportedly did an informal market study that warned of opium's negatives—notably, short-term risks of overproduction in Afghanistan and long-term costs such as interdiction, payments to the SLORC, and the loss of political respectability. But the study also found amphetamines had brilliant market prospects—short supply routes to prosperous Asian markets, differentiated products (cut-price speed for laborers, ecstasy for middle-class youth), and little international pressure. Not surprisingly, the Wa drug lords, after weighing risks and reward, changed their business plan. In the late 1990s, the UWSA, at Rangoon's behest, began working with the UN Drug Control Program to replace opium with alternative crops in the Wa hills—a tenuous cooperation facilitated by a simultaneous shift into amphetamine manufacture. Since amphetamine tablets made for just U.S. $0.08 in the Shan states could be sold in Bangkok for $3.00, their profits surpassed heroin—an economic reality that encouraged the Wa's shift from opium. To diversify their holdings with legitimate assets, the Wa invested their drug profits in Yangon Airways, a major Rangoon bank, and a leading Burmese telecommunications company. But the Wa future is no more certain than that of any of their predecessors. By early 2002, infighting within Rangoon's military regime, between the Wa's patron Khin Nyunt and their enemy army chief Maung
Aye, led to increased military seizures of Wa drug shipments and created the potential for a future war with Rangoon.242

By mid-2000, Burma's warlords were exporting some 600 million methamphetamine tablets worth $2.8 billion annually to Thailand.243 Two years later, Burma had become, in the words of the U.S. State Department, "the primary source of amphetamine-type stimulants in Asia," with production of 800 million tablets annually.244 As these tablets flooded across the border almost unchecked in 2001–2002, synthetics supplanted heroin to supply 75 percent of illicit drugs among Thailand's swelling population of two to three million users.245 Supplied by Chinese networks in Hong Kong and the Netherlands, Indonesia and the Philippines also developed major amphetamine markets. Starting in the late 1980s, methamphetamine hydrochloride, known locally as shabu, swept like a pandemic through Philippine slums, creating 1.5 million users by 1998. By the late 1990s, the Philippines had its own labs and introduced the drug into Indonesia, where its use spread rapidly among the country's 1.3 to 2.0 million drug users.246 If the past is any guide, the future success of UN opium eradication in the Golden Triangle may stimulate both local amphetamine production and poppy cultivation elsewhere in Asia or the Andes.

After Khun Sa's surrender in 1996, most surviving warlords accepted an alliance with the Rangoon junta as the price of survival. Indeed, the U.S. State Department reported that the Burmese government had "given the trafficking armies free hand to continue their trade" and noted that "the return of narcotics profits . . . is a significant factor in the overall Burmese economy." Under Rangoon's military regime, Burma remained, until 1998, the world's largest opium producer, with production steady around 2,500 tons per annum.247 Reacting to these reports, U.S. Secretary of State Madeleine Albright denounced Burma's military regime in 1997 as "drug traffickers and thugs."248 Burma had, in the eyes of the West, become an outlaw state.

In response to international criticism, Rangoon announced a fifteen-year program for eradication of all narcotics in 1999 and pressed minorities for "opium-free" pledges with firm deadlines. After warlords like Peng Jiasheng missed the "opium-free" target date for their territory along the Chinese border, Burma's army mounted joint operations with China's military in September 2001, destroying heroin and methamphetamine laboratories in the Kokang Chinese Special Region. The regime's First Secretary Khin Nyunt reinforced the message by threatening the Kokang warlords with "all necessary measures" if they did not quit the drug traffic by 2002. But Rangoon remained more circumspect toward the Wa and their "formidable military force," conceding the autonomy of their Southern Military Region along the Thai border and allowing them a distant "opium-free" date of 2005. To reduce intensive poppy planting in their tribal highlands near China, Rangoon supported the UN Drug
Control Program’s Wa Alternative Development Project, a five-year, $12 million program to introduce crops such as buckwheat. In May 2002, as Burma’s economy continued to collapse, the military freed its chief critic, Aung San Suu Kyi, and the regime’s spokesman promised to work for the “total eradication of narcotic drugs which are threatening mankind.”

Through this confluence of pressures, compounded by another drought, Burma’s opium output fell fast from a peak of 2,560 tons in 1996 to only 1,090 tons three years later. After conducting Burma’s first opium survey by visiting 2,000 villages, the UN reported that the country’s opium crop had dropped further to 828 tons in 2002. As Burma’s opium harvest fell, farmgate prices in neighboring Laos rose sharply from $82 per kilogram in 1993 to $263 in 1996—producing, with a one-crop delay, a parallel increase in poppy area from 19,650 hectares in 1994 to 28,150 three years later. After Khun Sa’s surrender there was, in the UN’s words, “a void in the region” that encouraged “the emergence of heroin production in Laos.” Then the global drug market intruded. Over the next two years, the UN reported that “the rising share of high-quality Latin American heroin... on the U.S. market” reduced demand for Laos’s opium, slashing its farmgate price to only $65 per kilogram in 1998 and reducing its poppy area to 21,800 hectares a year later. Although Burma’s decline had stimulated production in nearby Laos, the net result of these regional and global shifts was a sharp drop in Southeast Asia’s total opium production from 2,790 tons in 1996 to only 1,240 tons three years later.

At the close of the twentieth century, Southeast Asia’s drug trade was in the midst of a major transition. Rising pressures for reform, both local and international, were beginning to overcome the power of drug lords and allow a serious attempt at opium eradication. After launching an antinarcotics program in 1969, Thailand had cut the country’s opium production to only six tons by 2001, enough for just 10 percent of its own consumption. Since taking power in 1975, Laos’s Communist Party had been unconcerned by the country’s status as a leading opium producer and let farmers plant poppy undisturbed, with harvests holding steady at 200 tons during the 1990s. But in 1999, the socialist regime was “alarmed” by UN reports that 2.1 percent of Laotian adults were using opium, the world’s second-highest rate, and 17 percent of Vientiane’s teenagers were taking amphetamines. In response, the government announced a program for complete opium eradication by 2006. Burma still had 300,000 hill-tribe farmers employed in opium production, but rising addiction and spreading HIV infection among its 500,000 heroin users created strong pressure for eradication. Since most of Burma’s users shared needles, often in tea-shop shooting galleries, 63 percent were HIV positive, producing “one of the most severe HIV epidemics in Asia.”
However, these positive signs for narcotics control may be misleading. Southeast Asia still produces an ample surplus of heroin to service international markets for the short term. Even if Laos does eradicate opium by its target date of 2006 and Burma by 2014, the Golden Triangle’s amphetamine labs might well survive to supply Southeast Asia’s booming demand for synthetic drugs.

**War on Cocaine**

The self-defeating dynamic first seen in Asia was repeated, with striking similarity, as the United States extended its drug war into the Andes. During the 1980s, surging U.S. demand for cocaine raised Latin America’s coca traffic to unprecedented levels. Between 1970 and 1987, for example, Peru’s coca harvest rose from 15,000 tons to 191,000 tons and Bolivia’s kept pace. After processing into paste, the coca base was flown north to Colombia for manufacture into fine cocaine powder and then smuggled across the Caribbean into the United States. Indicative of the rapid rise in Colombia’s processing industry, the number of labs seized rose from 275 in 1984 to 725 a year later. By the late 1980s, cocaine was growing into a major commodity that was integrated, albeit invisibly, into legitimate inter-American economic relations.

Ignoring the lessons from Nixon’s drug war in Asia, the Reagan White House pursued a parallel policy in Latin America with predictably dismal results. During the 1980s, President Ronald Reagan revived Nixon’s drug war, redirecting its focus from Asian heroin to Latin America cocaine. To Nixon’s arsenal of bilateral negotiations and DEA interdiction, Reagan added regional diplomacy and intensified domestic enforcement. In 1982, Reagan declared a war on drugs in Latin America and, two years later, reinforced this unilateral action when the Andean nations released the Quito Declaration against narcotics in August 1984. Building upon this diplomatic momentum, Reagan issued National Security Decision Directive No. 221 in April 1986, declaring drug trafficking a threat to “U.S. national security,” thus legitimizing the use of military forces to fight the drug war beyond U.S. borders. During the next decade, this directive subordinated all U.S. foreign policy goals in Latin America to the “all-encompassing focus” of stopping the drug flow.

Under Reagan’s renewed drug war, funding was doubled and focused on sealing America’s southeastern borders from trans-Caribbean drug flights. Even though cocaine seizures rose from two tons in 1981 to 100 tons in 1989, this enforcement shield around Florida simply deflected smuggling west to northern Mexico, forging an alliance between Colombian and Mexican cartels. As cocaine surged across the border into the United States, Mexico’s cartels increased their bribes from U.S. $3 million in 1983 to $460 million a decade later—more than the budget of Mexico’s
attorney general. By the time President Carlos Salinas de Gortari finished his six-year term in 1994, Mexico's cartels had gross revenues of $30 billion, more than the country's $7 billion in oil exports, making the country a narco-state. Under Salinas Gortari, the attorney general was allied with the drug cartels, his top anti-drug prosecutor sold border commands to officers for as much as $1 million, and police protected favored cartels by attacking their competitors. In 1994, the senior adviser to the attorney general resigned in protest, charging that cocaine cartels were "driving forces, pillars even, of our economic growth."259 During Latin America's cocaine boom of the 1980s, narcopolitics dominated three governments—Bolivia's García Meza (1980–81), Panama's Noriega (1983–89), and Paraguay's Stroessner (1954–89). But all three faded under U.S. pressure, leaving Mexico and Colombia to become the region's sole narco-states.260

Simultaneously, Reagan's source eradication efforts in Latin America shifted drug cultivation to new areas, more than compensating for any lost production. In 1986, the U.S. State Department's Turbo Thrush defoliation program eliminated cannabis cultivation in Colombia, then the source for 60 to 80 percent of U.S. supply. The fumigation forced cannabis north into Belize and Jamaica, while inadvertently freeing labor and capital inside Colombia for a later shift into coca.261 Through aggressive bilateral enforcement efforts in Bolivia starting in 1983, U.S. suppression drove coca cultivation from the central Chapare region into adjacent areas and then north into Peru and Colombia.262 After fifteen years of aggressive U.S. suppression in the Andes, total coca leaf production doubled from 291,000 tons in 1987 to 613,000 in 1999.263

The impact of Reagan's policy was felt most directly in Colombia. Although marijuana exports had surged in the 1970s, criminality was still contained and few could have foreseen the catalytic effect of cocaine in the drug violence of the 1980s. After industry collapsed around Medellín in Antioquia province during the 1960s, mass migration sent some two million people to the United States, laying the foundation for a future criminal diaspora. As the province's Medellín cartel started shipping cocaine north in the late 1970s, the drug lord Pablo Escobar expanded profits by controlling street-level distribution across America through contacts in this Antioquia diaspora. Washington pressed Colombia for action against the Medellín cartel, and Escobar responded with a spectacularly violent attack on the state.264

Under President Reagan's drug war, domestic suppression produced similar results. Mandatory minimum jail sentences, first used in New York in 1973, proliferated at federal and state levels, denying judges any discretion and creating a doomsday machine for a relentlessly rising prison population.265 During his two terms, annual drug arrests inside the United States doubled from 569,000 in 1977 to 1,155,000 in 1988.266 Con-
sequently, the U.S. prison population doubled from 369,930 in 1981 to 627,402 in 1988. After remaining constant at 100 prisoners per 100,000 population for a half century, the U.S. incarceration rate soared from 138 in 1980 to 426 prisoners in 1989, and kept on rising to 702 by 2002.267

Moreover, the arrests showed a striking racial disparity. Under the U.S. Anti-Drug Abuse Acts of 1986 and 1988, suspects convicted of possessing just five grams of crack cocaine worth $125 faced the same mandatory five-year sentence as those handing 500 grams of cocaine powder worth $50,000. Since white users tended toward powder and black toward crack, by the end of the Reagan-Bush era in 1993, African-Americans, though only 12 percent of the population, were 44 percent of those in prison. In 1990, a Washington, D.C. research group reported that “almost one in four (23 percent) Black men in the age group 20–29 years of age is either in prison, jail, probation or parole.”268

The results of this repression were decidedly mixed. Although casual marijuana smokers dropped from 29 million in 1985 to 21 million in 1988, regular cocaine users rose from 647,000 to 862,000. As cocaine flooded in from Colombia, the price per kilogram dropped from $50,000 in 1979 to just $10,000 a decade later—slashing the street price, sustaining hard-core addiction, and fueling a murderous competition for market share. In major urban drug markets across America, cocaine-related murders produced a sudden surge in the homicide rate.269

President Reagan’s successor, George H. W. Bush, expanded the drug war by focusing on aggressive domestic enforcement and militarized eradication in Andean source nations. In his famous September 1989 address to the nation, President Bush held up a bag of crack cocaine, supposedly seized in a drug bust in front of the White House, and called drugs “the gravest domestic threat.” His appointee to the newly created post of drug policy director, William J. Bennett, released the first National Drug Control Strategy statement, calling for an “unprecedented” expansion of police, courts, and prisons to win the war on drugs. Insisting on enforcement over education, Bennett called for an 85 percent increase in federal prison capacity and pressured states to expand theirs as well. With the president’s support, he lobbied Congress to raise the drug program’s budget to $10.4 billion—an enormous increase from Nixon’s $350 million twenty years earlier. After only a year on the job, Bennett declared victory in the drug war and resigned, even though cocaine use was still rising and Washington, D.C.’s homicide total, one of his chief targets, had soared to over 400.270 By the time Bush himself left office, the incarceration rate had risen to 519 prisoners per 100,000 population and the prison population had grown from 900,000 in 1988 to 1.3 million in 1992.271

Most importantly, the Bush administration militarized the drug war. Instead of trying to seal U.S. borders, the White House aimed for “a major
reduction in the supply of cocaine," targeted at a 15 percent drop in two years, by taking the war into the Andes through cooperation with "the host governments to disrupt and destroy the growing, processing and transportation of coca." To this end, Bush revived Reagan's regional diplomacy by convening a summit of Andean nations at Cartagena, Colombia in February 1990. The U.S. delegation offered a five-year, $2.2 billion aid package for the coca producers. Its recipients—Colombia, Peru, and Bolivia—reciprocated by accepting, after years of resistance, Washington's demand that their armies join police in the antinarcotics effort. Similarly, the Bush administration enlisted the U.S. Defense Department in the drug war, expanding its scale far beyond the limited resources of the State and Justice departments. Desperate for a new mission at cold war's end, the Defense Department announced, in September 1989, it would "lead the attack on the supply of illegal drugs from abroad" and soon began deploying its vast arsenal for the fight—Blackhawk helicopters, Navy E-2C aircraft, costly communications equipment, and Special Operations units. By the end of the Reagan-Bush era, Washington's drug-war metaphor had become a military reality.

**Plan Colombia**

During the 1990s, a dramatic escalation of the U.S. drug war again failed to reduce Latin America's coca production. Just as U.S. and UN crop eradication programs had once pushed opium cultivation back and forth across the Asian opium zone, so U.S. bilateral programs now chased coca cultivation up and down the Andes. At the start of the decade, the United States launched aggressive coca eradication programs in Bolivia and Peru, source of 90 percent of the Andes coca crop. After ten years and several billion dollars in U.S. aid, coca production in Colombia boomed to compensate for losses elsewhere, and the United States reacted by militarizing its efforts in the midst of an intractable civil war. By the late 1990s, U.S. cocaine imports did decline somewhat, but the drop came more from changing consumer tastes than effective interdiction. The cocaine craze of the 1980s had simply exhausted itself and use leveled off, leaving 3.3 million hard-core users in 1998. Simultaneously, heroin abuse revived to reach a million users by 1999 and synthetic drug use expanded at an even faster rate.

As its mission shifted from cold war to drug war, the CIA focused on fighting drug lords in Latin America with covert tactics exemplified by its alliance with Peru's notorious intelligence chief, Vladimiro Montesinos. After his expulsion from the military in 1976 for selling secrets to the CIA, Montesinos had worked as a lawyer for drug lords, notably the lethal Rodriguez Lopez brothers, until his support for Alberto Fujimori in the 1990 presidential elections elevated him to command of Peru's security services. As Montesinos emerged as the key power broker in the Fujimori
government, the CIA placed its anti-drug program under his control—gaining high-level access that facilitated its interdiction programs. The agency’s alliance also provided Montesinos with the political support to weave an extraordinary web of corruption—bribing the legislature, protecting local drug lords, and even compromising DEA operations.276 By 1998–1999, U.S. officials—aware of his arms shipments to Colombia’s leftist FARC guerrillas and sale of DEA intelligence to major traffickers—began to distance themselves. After Fujimori fled into exile in November 2000, his successor, President Alejandro Toledo, reported that Montesinos had engaged in “state-sponsored narcotics trafficking” that earned much of the $264 million he had stashed in foreign banks.277

The U.S. program in Peru, despite all the corruption and compromises, still produced short-term results. Through their alliance with the Fujimori government, U.S. agencies—Defense, DEA, and CIA—interdicted drug flights and defoliated Peru’s coca crop, cutting its harvest from 222,000 tons in 1991 to only 69,000 tons in 1999. Similarly, Bolivia’s coca harvest fell sharply in the same period, from 77,000 tons to 22,800 tons.278

Yet these gains, in retrospect, may not have been worth their cost. To compensate for rapid U.S. eradication in Peru and Bolivia, Colombia’s export cartels expanded coca production inside their own country, eliminating a vulnerable supply line north along the Andes. With the perfect symmetry that nature exhibits in a leaf or a snowflake, Peru’s cultivation dropped from 120,000 hectares to 38,000 during the 1990s, while Colombia’s kept pace, almost to the acre, by rising from 37,000 hectares to 122,000.279 Despite massive eradication efforts, the overall Andes coca harvest doubled from 330,000 to 613,000 tons during this same decade.280 Observing these changes, the UN noted dryly in its 1999 drug report that “the impressive achievements in reducing illicit coca bush cultivation in Bolivia and Peru in the past two years seem to have been offset by increased production . . . in Colombia.”281

This shift of coca production north to Colombia was by no means benign. In effect, U.S. eradication efforts drove coca out of relatively peaceful areas like Bolivia into Colombia’s ongoing civil war. After the Medellin cartel’s terror ended with Pablo Escobar’s death in December 1993, the rival Cali cartel’s quiet infiltration of the state culminated in its secret contributions to the 1994 campaign that helped elect President Ernesto Samper and half the Colombian Congress. Within two years, however, Cali’s leaders too were jailed, and the traffic fragmented among dozens of smaller syndicates. In this vacuum, the leftist FARC guerrillas and their blood rivals, the rightist paramilitaries, soon captured the drug trade, using rising coca profits to buy arms for civil war. In the early 1990s, the FARC, a Marxist group with its roots in rural struggles dating back to the 1930s, entered the drug trade by cultivating opium in its liberated zone. Encouraged by the extraordinary profits, the rebels soon expanded into protection of cocaine
production. By 1992, FARC, the Revolutionary Armed Forces of Colombia, earned half its income from drugs, reducing kidnapping to a secondary source. As FARC’s influence grew, the military countered by backing the violent paramilitaries—particularly, the United Self-Defense Forces (USDFC), commanded by Carlos Castaño, a former lieutenant to drug lord Pablo Escobar. In August 1997, the USDFC’s reliance on cocaine was confirmed with the seizure of a complex of four sophisticated labs and 700 kilograms of finished cocaine in Cundinamarca.

By 2001, the 8,000-strong USDFC paramilitary had assets of some $200 million, largely from coca protection, and was using this illicit income for aggressive counterinsurgency. Similarly, the FARC, with some 17,000 heavily armed guerrillas, made their Switzerland-sized security zone, granted by President Andres Pastrana in early 1999, a base to expand coca cultivation that accounted for 10 percent of Colombia’s crop. In a downward spiral, cocaine, insurgency, and counterinsurgency had meshed drug dealing in a civil war whose resolution seems beyond even the enormous increase in U.S. military aid. In its earlier eradication of Bolivia’s crop, the United States had faced only angry peasant unions. Now it would confront Colombia’s well-armed militias, protected by the country’s main political forces. "With the drug trade now an organic part of Colombia’s civil conflict," read the State Department’s 2001 report, “the question . . . will be how to reduce the supply of illegal drugs without exacerbating local conflicts that threaten regional stability."

Indicative of the failure of this suppression effort, Latin America’s coca supply has, over the past 15 years, consistently exceeded U.S. demand, depressing street prices from $400 an ounce in 1982 to only $100 in 1989. Since heroin’s wholesale price was fourteen times higher than cocaine’s, Colombian cartels shifted resources into heroin production for export to the United States. After its introduction in 1991, poppy cultivation spread rapidly but, checked by defoliation, stabilized at 6,500 hectares in the mid-1990s, yielding some 65 tons of raw opium. With skilled chemists from local universities and Central Asia, Colombia’s cartels began producing high-grade heroin, 80 to 99 percent pure, and soon captured a third of the U.S. market. Despite aggressive U.S. defoliation, Colombia’s opium production jumped from zero to 75 tons during the 1990s. By 1999, Colombia was producing 8 metric tons of heroin that supplied 65 percent of the U.S. market.

While crop eradication stimulated coca cultivation, covert operations aimed at Colombia’s cartels produced few lasting gains. In a striking parallel with Khun Sa’s surrender in Burma, the killing of Pablo Escobar in 1993, the collapse of the Medellín cartel, and the breakup of the Cali cartel two years later had little discernible impact on the flow of cocaine north to the United States.
By the mid-1990s, Latin America's drug problem had defied conventional methods, and Washington lurched toward a desperate escalation. After losing control of Congress to the Republicans in the 1994 midterm elections, President William Clinton, stealing a leaf from Nixon's playbook, shifted hard right on law and order. To regain legislative momentum, he lobbied hard to pass the Omnibus Crime Bill of 1995 with expanded domestic enforcement for drug offenses, becoming the first Democratic president to embrace the drug war. Under Clinton, conservative law and order rhetoric became, in effect, bipartisan U.S. policy. During its last year in office, the Clinton administration won approval for "Plan Colombia"—a $1.3 billion military program to train an anti-drug battalion, supply helicopters, and defoliate coca fields. From this vast war chest, USAID allocated only $47 million for alternative crops, a clear indication of the program's priorities.

In December 2000, President Clinton launched his version of the drug war with a rapid-fire defoliation of 75,000 acres of coca in southern Putumayo province—an eradication that simply pushed cultivation into nearby Nariño province. Speaking out against the defoliation in May 2001, the governors of the six southern provinces that produce 75 percent of Colombia's coca pleaded for a gradual crop substitution that would not stimulate such proliferation. The UN called for international monitoring to determine the safety of spraying with products like the chemical Roundup, used in the United States only under stringent prohibitions against any human contact. But U.S. ambassador Anne Patterson said manual eradication would be "too dangerous and—frankly—too expensive."

By early 2002, the administration of President George W. Bush began pressing Congress to lift restrictions on Plan Colombia to allow a shift, as U.S. Senator Patrick Leahy put it, from "counter narcotics to counter insurgency." As negotiations between President Andres Pastrana and the FARC guerrillas collapsed into open warfare, The New York Times expressed concern that the paramilitaries' "collaboration with the military is becoming more overt and their involvement in drug traffic is deeper than that of the guerrillas." In March, a bitter interagency battle over estimates of Colombia's coca crop revealed the failure of U.S. strategy. To show progress from its massive defoliation effort, the White House sent strong signals that the State Department's annual drug report should show an 11 percent decline in crop area. But the CIA analysts, who did the estimates from satellite photography, insisted on undoctored data and, after a polite silence, released figures showing a 25 percent increase since the start of defoliation. In the end, the State Department issued a report showing that massive defoliation and millions in military aid had failed to stem the rise in the Colombia coca crop—up from 122,000 hectares in 1999 to a record-breaking 170,000 in 2001.
Even if Plan Colombia were to succeed, both Peru and Bolivia had the potential to fill any void with increased coca production. During the 1990s, Peru’s coca production had dropped steadily, but yields rose since farmers abandoned marginal defoliated lands to plant coca in better soil. After a decade of decline, Peru’s crop, spurred by a doubling of the price for coca leaf, climbed sharply from 43,000 hectares in 2000 to 51,000 hectares in 2001.

Outside Colombia, the strongest challenge to U.S. policy has come from the poorest of poor farmers—the so-called cocaleros of Bolivia. Though Washington has proven masterful at bending Andean governments to its will, its drug war now faces the prospect of strong resistance from ordinary peasants beyond the control of Bogotá or La Paz. Since the start of the U.S. drug war in Latin America, Bolivia was the battleground where Washington, after years of struggle, won its most important victories. In the early 1980s, a succession of economic shocks crippled the country’s main exports, tin and natural gas, plunging this impoverished nation of just seven million into a deep depression. As inflation soared to incredible heights of 24,000 percent and national output dropped 30 percent between 1980 and 1985, the number of coca growers tripled and coca production grew at an average annual rate of 35 percent—providing employment and foreign exchange that averted a virtual economic implosion. Under the military regimes of the 1970s, loans for cotton development had been diverted to coca, building the infrastructure for illicit industry around Santa Cruz. After years of modest harvests at 4,800 metric tons in 1963, Bolivia’s coca leaf production soared to somewhere between 56,400 and 155,500 tons in 1988.

By the early 1980s, Bolivia had become a narco-state. After seizing power in the notorious cocaine coup of July 1980, General Luis Garcia Meza and his interior minister, Colonel Luis Arce Gomez, allied with the country’s coca traffickers to fund their death squads and Special Security Service. To placate the United States, the junta arrested rival syndicates while protecting their own, a charade that soon led Washington to cut its aid and block World Bank loans. A year later, when the president launched a crackdown in Santa Cruz to repair relations with the United States, the country’s top trafficker, Roberto Suarez Gomez, paid the junta $50 million to abort the operation. By then, army trucks were hauling coca leaves, the head of the air force was on retainer to allow coca flights north, and the interior minister was flying coca paste to Colombia in a fleet of private aircraft. Although dissident officers ousted Garcia Meza in mid-1981 and democracy was restored a year later, the collusion lingered and coca’s economic influence kept growing. In 1983, during a meeting with the president’s narcotics adviser, the “king of cocaine” Suarez Gomez offered to loan the government $2 billion if given freedom
War on Drugs

451

to traffic in his northern fiefdom, an overture that sparked moralistic denunciations by Bolivia's Congress. Nonetheless, in 1985 the central bank, to avert economic collapse, appealed for drug money by selling bearer CDs for cash, no questions asked, doubling the country's net reserves to $245 million in less than a year.300 “Bolivia has gone from the economy of tin to the economy of coca,” former economics minister Flavio Machicado told The Economist in 1988. “If narcotics were to disappear overnight, we would have rampant unemployment. There would be open protest and violence.” By 1990, a UN official estimated that 30 to 40 percent of Bolivia's economy was “coca related.”301

These changes were most evident in the Chapare, the heart of a low-lying subtropical region that cuts a Vermont-sized swath of 12,000 square miles across central Bolivia. At the start of the coca cultivation in the mid-1970s, the Chapare was still a forest frontier of some 60,000 people. A few Indian communities grew coca leaf for shipment south to Santa Cruz, where it was stomped into paste for later processing into cocaine. But by 1986, the Chapare's population soared to 300,000, a change that brought violence and environmental degradation. As coca production boomed, the economic crisis mobilized thousands of peasants for the harsh work of stomping leaf into paste barefoot inside acid-filled pits, making the Chapare the center of Bolivia's new national industry.

Under President Reagan's drug war, Washington funded formation of a special anti-drug police, the UMOPAR, or Leopardos, that moved into the Chapare in 1983, followed a year later by the military. As this local drug war intensified, traffickers responded by refusing to handle the bulky leaf and buying only paste from Chapare peasants, reducing syndicate exposure and scattering the industry among thousands of communities. In a report to Congress in 1986, former presidential candidate Roger Cortez argued that this dispersal of illicit processing among the general population had rendered “sustained enforcement virtually impossible.” Nonetheless, under a tough agreement with the United States in 1987, Bolivian security forces intensified repression, shifting some coca cultivation to new frontiers and sparking a blockade by angry cocaleros at the DEA's Chapare base. To soften the impact, the agreement funded payments of $2,000 for each hectare eradicated, encouraging clever farmers to abandon existing fields while replanting in more remote areas. The cocaleros, with some 20 percent of the nation's work force, quickly emerged as a potent lobby and won passage of a law banning chemical herbicides—forcing police to march into coca fields for manual eradication and equalizing the balance of forces between military and protesters. By 1990, the Chapare's historic mix of subsistence farming and hunting had given way to cash-crop coca farming that burned off forested slopes for coca bush and filled the streams with acid
runoff from the paste pits. Within the district’s 6,000 square miles, there were some 1,000 crude paste factories and 40,000 hectares of coca bush. Despite an intense effort, early U.S. eradication had sliced just 2,000 tons off Bolivia’s 79,000-ton output between 1987 and 1990.302

During the 1990s, however, Washington’s constant pressure finally started driving Bolivia’s coca production down to just 23,000 tons by 1999.303 After campaigning against the U.S. enforcement effort, President Jaime Paz Zamora was inaugurated in 1989 with a pledge to balance “the fight against drug trafficking” with the “development and well-being of our people,” a promise he kept by pressing Washington, with limited success, to prioritize alternative development. In May 1990, Paz Zamora signed a bilateral agreement with the United States that soon deployed his military forces for anti-drug work, sparking protests by 60,000 coca farmers that slowed eradication. After the United States delivered 22 UH-1 helicopters and 35 river craft, the Bolivian military joined the DEA’s Operation Ghost Zone for a sustained attack on coca in the Chapare. In the aftermath of this assault, traffickers moved across the border into the wilds of western Brazil and coca growers shifted north to the Andean foothills of the Yungas, where rugged terrain impeded helicopter flights. By the end of Paz Zamora’s term in 1993, Bolivia had eradicated the 7,000 hectares required by its U.S. agreements, but net coca area had actually grown by 312 hectares to over 47,000 hectares and was still rising—a failure born of his government’s reluctance to confront the cocaleros.304

Washington finally achieved success through an ironic alliance between the liberal President Clinton and General Hugo Banzer, the aging dictator from the 1970s. After his election in 1997, President Banzer proclaimed his Plan Dignidad, a full-bore military assault that would achieve “zero coca” by 2001. With U.S. funding, Banzer formed the Joint Task Force in April 1998 and invaded the Chapare for three months of manual eradication that destroyed 30,000 hectares of coca and left sixteen dead. Under these pressures, the country’s coca area was halved to 24,000 hectares by late 1999. But such success also stirred a groundswell of cocalero resistance in Indian communities where the coca culture was rooted in traditions—daily chewing, folk medicine, and religious ritual—that gave it social legitimacy. Instead of direct payments to farmers for eradication, Banzer favored community contributions that were largely lost in the bureaucracy, leaving farmers few means to survive. A month-long blockade by the Six Coca Growers’ Federations on the Panamerican Highway near Cochabamba in September 2000 forced the government to abandon plans to build a U.S.-funded base for its new Ninth Army division. In June 2001, the government suspended eradication in the Yungas, an area of legal cultivation for traditional leaf chewing, in the face of violent protests that greeted the arrival of the Joint Task Force.
In September, when security forces pressed on for total eradication in the Chapare, the region erupted in six months of mass protests as peasants blockaded eradication camps and troops fired repeatedly into the crowds, killing seven and wounding many more. At midpoint in this tempest, the Catholic church mediated a settlement that suspended eradication, but U.S. ambassador Manuel Rocha threatened an aid cutoff, forcing renewed military action and more demonstrations.

After months of visible, violent protests, Bolivia’s June 2002 presidential elections became a national referendum over the future of coca. The cocaleros’ candidate, Evo Morales, a charismatic coca-chewing Aymara Indian, campaigned largely on his defense of the leaf as symbol of Bolivian culture and his promise to shut down the U.S. drug war. “I want to remind the Bolivian electorate that if you elect those who want Bolivia to become a major cocaine exporter again,” warned Ambassador Rocha just four days before elections, “this will endanger the future of U.S. assistance to Bolivia.” In Washington, the head of the State Department Office of Andean Affairs, Phil Chicola, stated bluntly that Bolivia risked becoming a pariah state if its voters started “playing footsie with coca growers.” Despite these direct U.S. attacks, Evo Morales still captured a stunning 21 percent of the vote to place second among eleven candidates, while his party won eight of 27 Senate seats. Clearly, future U.S. coca eradication in Bolivia will face formidable political obstacles.

Under four U.S. presidents, America’s drug war has imposed high social costs on the Andes. During the 1990s, the CIA’s close alliance with Peru’s security chief Montesinos built an antinarcotics apparatus that was both effective and outrageously corrupt. By allying with Colombian military factions and civilian elites that backed the brutal paramilitaries, Plan Colombia has the potential to foster the same corrupting political forces inside Colombia. By offering bullets instead of alternative development, U.S. coca eradication in Bolivia sparked a sustained mass mobilization by the hemisphere’s poorest peasants who had no viable alternative to coca.

This war on drugs, with all its costs, has had little impact on U.S. demand for illicit drugs. Throughout the 1990s, the U.S. drug market, like its counterparts in Europe and Australia, showed an extraordinary resilience. Although overall cocaine use dropped by 70 percent, the number of hard-core users held constant at 3.5 million. The number of heroin users surged from 600,000 to 980,000, and their average age dropped from 26 to 17. Even with ample supplies of natural narcotics, the dynamic U.S. youth drug market continued to experiment with synthetics—notably, methamphetamines (ecstasy) and pharmaceutical opiates (OxyContin). By the late 1990s, these synthetics had nurtured new networks of dealers and users outside established urban markets. Indicative of the scale of the ecstasy epidemic, U.S. customs seizures surged from
400,000 pills in 1997 to 9.3 million just three years later. Between 1996 and 2000, legal sales of OxyContin rose from $55 million to $1.4 billion, with an estimated 221,000 abusers of this synthetic opium. By mid-2001, pharmacies in the eastern United States were experiencing an epidemic of OxyContin robberies—particularly in Kentucky, with 5.5 percent of its 1,000 drugstores hit. Clearly, the U.S. drug market retained the resilience, first seen in the 1970s, to compensate for any shortfall in natural narcotics with chemical substitutes.

Although the Clinton and Bush administrations remained committed to the drug war, rising prison populations strained state revenues to the breaking point, forcing state houses across the country to reexamine the nation’s drug prohibition. After his appointment as drug policy chief under President George W. Bush, John Walters announced his commitment to prohibition orthodoxy, saying, “When we push back, the drug problem gets smaller.” The Bush Justice Department remained resolute in its support for the drug war and, in March 2002, opposed even a modest reform of penalties for possession of crack cocaine.

Despite Washington’s strong anti-drug rhetoric, American voters were wearying of the drug war’s escalating costs for police and prisons. In 2001, for example, California voters passed Proposition 36, mandating outpatient treatment instead of prison for drug possession—a move that Washington state followed a year later. Similarly, New York’s Republican governor George Pataki proposed reform of the repressive Rockefeller drug laws that had filled state prisons with 10,000 nonviolent drug users. In adopting these reforms, states seemed to be taking the first steps, not toward legalization, but toward “harm reduction”—a strategy exemplified by the 1990 Frankfurt Resolution of nine European cities that urged the decriminalization of drug possession and the use of criminal sanctions solely against traffickers. Although the drug war enjoyed strong bipartisan support in Washington, D.C., American voters, in state plebiscites and opinion polls across the country, were growing skeptical of a policy whose failure was, after thirty years, more than clear.

International Prospect

Within the logic of America’s war on drugs, it is the drug lords who are the ultimate enemy, the ultimate prize. As narcotics surged into the United States during the 1980s, Washington targeted the world’s top drug lords for elimination—General Manuel Noriega of Panama, Medellín cartel leaders like Pablo Escobar, and an obscure Burmese warlord named Khun Sa. “This is the end of an era,” said DEA’s top Miami agent Tom Cash when Pablo Escobar was gunned down in 1993. “It will be a long time before anyone takes his place.” As it turned out, Colombia’s drug traffic has grown far beyond anything Escobar could have imagined in
the decade since his death. Khun Sa's downfall has proven equally inconsequential.

More than any other man in the twentieth century, Khun Sa has shaped the world's narcotics traffic—increasing Burma's heroin production fivefold and changing the demographics of drug abuse in the United States. Despite all its drama, his surrender had little effect on the traffic. The poppy fields and urban addicts have remained, and another drug lord is reaping the profit that comes from their connection. In Burma over the past fifty years, four drug lords—General Li Wen-huan, Lo Hsing-han, Khun Sa, and, most recently, Wei Hseuh-kang—have, in turn, risen to extraordinary wealth by expanding opium output and then fallen from power without any perceptible impact upon the traffic.

The circumstances that created Khun Sa are being replicated, with variations of time and place, across the vastness of Central Asia. If these warlords and their regional revolts persist, Asia's opium harvest may rise to levels that will defeat any foreseeable solution to the world's heroin problem. The global drug traffic is, in fact, a vast commodities trade linking First World and Third in a complex commerce that interpenetrates every aspect of contemporary society. Just as those gnomes of Zurich or Wall Street bankers have little control over the price of gold or stocks, so drug lords do not a drug traffic make.

The United States has, in effect, declared war on a global commodity. Not even the capture of the world's most powerful drug lord can cause a flicker in this vast commerce. If the downfall of the heroin king is so inconsequential, then the global drug trade may well prove too elusive, too resilient for any repression, even a war on drugs. If so, then the United States and its allies need to admit that drug prohibition might be futile and seek another solution.

Clearly, there are reasons to question the effectiveness of the current prohibition effort. Perfect coercion has proven effective over the past two centuries, but imperfect coercion has unleashed a whirlwind of unforeseen consequences. With their near-perfect coercion, European colonial empires were able to promote cultivation where needed (India) and suppress it where not (Southeast Asia), fostering a commodity trade that was, by the late nineteenth century, integrated into the global economy.

For nearly eighty years, the League of Nations and, later, the United Nations have tried to prohibit opium, at first producing a sharp but short-lived decline in both production and consumption. But from the start of drug prohibition in the 1920s, criminal syndicates emerged to link highland growers and urban addicts in a global illicit market. A half-century later, President Nixon's forceful intervention in this market produced another round of unintended consequences. Through bilateral suppression, his drug war crippled the Mediterranean opium traffic, uprooting
poppy fields in Turkey and closing heroin laboratories in Marseille. Over the longer term, however, this exercise in imperfect coercion unleashed global market forces that ultimately stimulated drug trafficking on five continents.

Market response to imperfect coercion renders prohibition, over the long term, counterproductive. Since the 1920s, syndicate reaction to suppression has been supple, sophisticated, and subversive. Even the most effective suppression efforts can have unforeseen consequences. Nevertheless, the U.S. and UN have persisted, for over fifty years, in a Quixotic, self-defeating strategy that defies the dynamics of the global drug market. In its 1997 World Drug Report, for example, the UN defended its prohibition efforts vigorously, arguing that "drugs that would have appeared in the streets are being seized in ever-greater quantities" and financial controls "have the potential to inflict real harm on drug trafficking networks." A year later, a special session of the General Assembly committed the UN to working for the total eradication of narcotics by 2008. In 2002, UN officials remained supremely confident of success, seeing the remarkable collapse of Afghanistan's opium production a year earlier as a unique "opportunity to maximize the impact of programmes . . . to eliminate or significantly reduce opium cultivation and opiate abuse by the year 2008." This success, said the UN in its 2002 review of the global traffic, faced just two threats—possible "displacement" beyond Afghanistan to new opium sources or a resumption of production in Afghanistan itself. Focusing on the syndicates currently supplying Europe with Afghan heroin, the UN argued that they could not shift readily to new sources in Southeast Asia or elsewhere. Moreover, Afghanistan's unique geography concentrates opium in "narrow irrigated and fertile valleys . . . easily . . . accessed and controlled," thus allowing an easy eradication. Such optimism seems myopic. For nearly a century, agile crime syndicates have been able to leap continents to find new sources of supply and demand for illicit drugs. Moreover, as we will see in the next chapter, Afghanistan's opium production had already rebounded, even at the writing of this UN report, to the level of its past peak harvests and showed, for political reasons that trumped geography, strong potential for future growth.

Now that America is fighting its fifth drug war on foreign fields, it is time to ask some obvious questions. Can increased pressures upon the international drug traffic slow, if not stop, the flow of drugs into the United States? If not, why is the policy likely to fail? What are the likely consequences of such failure?

Any attempt at solving the U.S. heroin problem through a global war on supply seems, at multiple levels, unrealistic. Since America consumes a tiny share of world production and pays the highest price, eliminating
the U.S. heroin supply requires that illicit opium cultivation disappear almost completely from the face of the globe. In 1985, for example, the United States consumed only 6 tons of opium out of a worldwide harvest of 1,465 tons—just 0.4 percent of the total.\textsuperscript{314} In 1997, the White House estimated that the United States still consumed “only 3 percent of the world’s [heroin] production.”\textsuperscript{315} If the illicit drug traffic operates like any other market, then America’s drug warriors must eradicate at least 97 percent of the world’s opium before they finally get to those last few tons destined for the high-priced U.S. market.

Since the illicit character of the drug traffic denies us reliable statistics, historical case studies remain the best basis for assessing America’s attempt at drug prohibition. In the 1970s, President Nixon scored a total victory in the first U.S. drug war by destroying the Turkey-Marseille connection. During the next decade, however, American heroin dealers shifted their sources from Turkey to Southeast Asia, next to Mexico, and then to Central Asia—remaining one step ahead of U.S. narcotics agents. By the early 1980s, it was clear that Nixon’s victory was simply a down payment on defeat. Why?

Suppression, both bilateral and multilateral, effects a sharp, short-term reduction in supply that will, in succeeding crop years, encourage an increase in global drug production. Apparently, heroin supplies, when denied entry into one market, will seek another, producing a proliferation of consumption and an overall increase in global demand. After thirty years of failed eradication, there is ample evidence to indicate that the illicit drug market is a complex global system, both sensitive and resilient, that quickly transforms suppression into stimulus. If past experience in Turkey and Southeast Asia is any guide, then future eradication of opium in Afghanistan, through the UN drug program or U.S. intervention, could unleash unpredictable market forces that might ramify invisibly through the global system for years to come, contributing to a spread of narcotics production, drug consumption, and HIV infection. Should such suppression overcome myriad obstacles to effect a long-term reduction in narcotics supply, then domestic dealers, repeating the U.S. experience with speed (methamphetamine) in the 1970s, could turn to the manufacture of synthetics.

Simply put, narcotics are major global commodities that resist any attempt at localized suppression. Since the early nineteenth century, a growing consumer demand for drugs has created a global trade in opium and coca products. As long as the demand for drugs in the cities of the First World continues to grow, Third World producers will find a way to supply their markets. Ignoring these economic realities, the United States has, over the past eighty years, applied local police tactics to deal with a global drug problem. Before World War II, FBN agents tried to eradicate
America's illicit narcotics supply by pursuing drug dealers inside the United States, ignoring the world market that delivered the heroin supply. After the war, the U.S. Bureau of Narcotics, and later the DEA, operated abroad in bilateral operations with the police of host nations, seeking a localized interdiction of drug shipments bound for America.

Elaborating a local law enforcement model into a global strategy, the United States has applied police methods in ways that are not effective against global commodities. Confronted with localized repression, say in Turkey or Mexico, the global drug market responds by expanding production elsewhere, thereby elaborating smuggling routes and making the traffic more resistant to interdiction. When the blunt baton of law enforcement is brought down upon such a complex commerce, drug merchants react in ways not foreseen by enforcement agencies. Instead of eradicating narcotics, suppression has become another market stimulus that seems to expand drug trafficking.

There are indications that the U.S. and UN have not seriously explored the possibilities of demand reduction. A 1998 study argued that the 230,000 cocaine users actually admitted to treatment may have reduced U.S. cocaine imports by 35 tons annually, equivalent to one-third of federal seizures. Since these 230,000 patients represented only 7 percent of the country's 3.3 million hard-core cocaine users, this analysis indicates that treatment and other demand-reduction programs have an untested potential to reduce global supply.

Looking back on this century-long Anglo-American experiment in drug prohibition, we need to entertain the possibility that this effort has failed—both the international suppression of supply and the domestic control of individual behavior. Over the past thirty years, prohibition has not reduced the production or consumption of illicit drugs. Indeed, it seems to have had the opposite effect. Moreover, the price of this failure has been extraordinarily high: extensive defoliation, forced migration, and military conflict in the drug-source nations; mass incarceration, rising HIV infection, spreading drug use, and social polarization in the consuming countries. Invisible to the panopticon of modern media, the price that highland minorities in Asia and the Andes have paid for their involvement in narcotics production and eradication has been inhumanely high—guerrilla taxes, crop defoliation, military operations, and economic dislocation. Concealed behind America's invisible racial barriers, the price for domestic repression may prove politically unsustainable—escalating prison costs, mass incarceration of minorities, and widening racial disparities in laws and law enforcement.

With the end of the cold war, the nations of the world have opened their frontiers for free economic exchange, eliminating the coercive mechanisms that once allowed effective narcotics enforcement in colonial,
War on Drugs 459

Communist, and authoritarian states. Significantly, in the decade since the cold war's end, the UN's only real success in narcotics reduction has come in Afghanistan, where the Taliban's theocracy allowed, momentar­ily, an exceptional capacity for coercion. As we enter an era of democracy and global exchange, both the U.S. and UN drug prohibition efforts may seem more and more like irrational atavisms of an authoritarian age.

In reviewing this century of narcotics prohibition, it is impossible to overlook the mix of idealism and cynicism in America's drug war. Throughout the twentieth century, the anti-drug crusade has attracted impassioned social reformers and dutiful civil servants who have built a global prohibition regime of treaties, laws, and enforcement. Yet these same simple ideals have often been coopted by politicians with other, less lofty, agendas—racial repression, colonial dominion, partisan politics, covert operations, or, most recently, mass incarceration of unemployed minority males. How can a clear, narrowly focused policy, grounded in law and treaty, girded with budget and bureaucracy, be so easily hijacked to serve other ends? As a concept rooted in late-nineteenth-century Protestant social movements, drug prohibition retains, at its core, their Social Darwinist ideals of coercive control and social eugenics, making it a ready vehicle for racial and imperial policies. In the early twentieth century, ideas about the unique Chinese inclination to opium smoking justified colonial opium monopolies in Southeast Asia, just as American stereotypes of Irish drinking, Black cocaine use, and women's narcotics abuse inspired U.S. domestic drug prohibition. Rhetoric about the drug evil and the moral imperative of its extirpation has been matched by a paradoxical willingness to subordinate or even sacrifice the cause for more questionable goals. The same governments that seem to rail most sternly against drugs, such as Nationalist China in the 1930s and the United States since the 1940s, have frequently formed covert alliances with drug traffickers.

Nowhere is this contradiction between social idealism and political realism more evident than in the clash between prohibition and protection during the cold war. Throughout these forty years of global conflict, Washington seemed ready, whenever the need arose, to sacrifice its drug war to fight the cold war. Indeed, conservative administrations that housed the most militant drug warriors have often sanctioned, formally or informally, CIA alliances with drug lords. In the 1970s, Richard Nixon declared war on drugs in Asia while his emissaries tolerated heroin trafficking in Indochina. In the 1980s, Ronald Reagan extended this drug war into Latin America with ringing rhetoric while his CIA director, as the next chapter explains, allied with the Caribbean's top cocaine smugglers. In 2001-2002, George W. Bush diverted the massive $500 million in antinarcotics funding for Plan Colombia to a counter-guerrilla campaign that includes protecting a private oil pipeline. Indeed, Bush's war in Colombia may yet prove the ultimate
contradiction between prohibition and protection. After winning this anti-narcotics appropriation from a Congress wary of any involvement in civil conflict, he shifted these funds to fight leftist guerrillas in ways that may strengthen Colombia’s rightist paramilitaries and expand their control over the cocaine traffic. If the DEA’s drug warriors appeared, at times, to tilt naively against the power of a global commodity, then the CIA’s operatives seemed to maneuver cynically within this vast illicit traffic in ways that served its covert operations. This clash between prohibition and protection, idealism and cynicism, reveals a certain moral hollowness at the drug war’s core that overshadows even its dubious economic logic.

Looking back on these attempts at prohibition in the decades after World War II, we cannot ignore the role of cold war politics in complicating the effort at international interdiction. During the forty years of the cold war, American and allied intelligence agencies played a catalytic role in the rising global traffic by protecting highland drug lords and international smugglers. Any history of heroin would be incomplete without an account of the CIA operations that have contributed, albeit inadvertently, to the growth of the global drug traffic over the past half century.
The CIA's Covert Wars

BY MAY 1980, DR. DAVID MUSTO, A YALE UNIVERSITY PSYCHIATRIST and a White House advisor on drugs, was an angry man. Three years earlier, he had accepted President Carter's appointment to the White House Strategy Council on Drug Abuse on the understanding that this statutory policymaking body would "determine Federal strategy for prevention of drug abuse and drug trafficking." Over the next two years, Dr. Musto found that the CIA and other intelligence agencies denied the council—whose members included the secretary of state and the attorney general—access to all classified information on drugs, even when it was necessary for framing new policy. The council's specific inquiries took years to produce "the sketchiest information" or "superficial responses."¹

At one memorable briefing by CIA specialists on Colombia, Dr. Musto came armed with current World Bank data on the role of the U.S. dollar in the cocaine trade and began the interview with his loaded question. To his dismay, the agency experts replied with a direct lie about the dollar. When he confronted them with his World Bank data, the CIA men retracted their false statements without a blush. Dr. Musto's complaints to the White House about CIA lying produced no response.²

When President Carter reacted to the Soviet invasion of Afghanistan in December 1979 by shipping arms to the mujahedden guerrillas, Dr. Musto's disquiet grew. "I told the Council," he recalled, "that we were going into Afghanistan to support the opium growers in their rebellion against the Soviets. Shouldn't we try to avoid what we had done in Laos? Shouldn't we try to pay the growers if they will eradicate their opium production? There
was silence." As heroin from Afghanistan and Pakistan poured into America throughout 1979, Dr. Musto noted that the number of drug-related deaths in New York rose by 77 percent.4

Concerned by the mounting "heroin crisis," Dr. Musto joined another White House Drug Council member in writing an op-ed article in The New York Times to protest the Carter administration's failings. The two expressed their "worry about the growing of opium poppies in Afghanistan and Pakistan by rebel tribesmen." They asked: "Are we erring in befriending these tribes as we did in Laos when Air America (chartered by the Central Intelligence Agency) helped transport crude opium from certain tribal areas?" They could only question the cause for the CIA's tolerance, but the two drug experts had no doubts about the consequence—a flood of heroin from Pakistan and Afghanistan. "On the streets, this drug is more potent, cheaper and more available than at any time in the last twenty years." Although denied official intelligence, these two medical doctors warned, quite accurately as it turned out, that "this crisis is bound to worsen."5

At the same time Dr. Musto was voicing his concerns about a possible flood of Afghan heroin, field agents for the Drug Enforcement Administration (DEA) were already finding that his hypothesis was fast becoming their nemesis. After a decade of victories in the drug war, a sudden surge of heroin from Afghanistan and Pakistan disheartened the drug agents. As the first shipments of this new heroin began to arrive, the DEA called a special Middle East Heroin Conference at New York's Kennedy Airport in December 1979.

The DEA's intelligence chief opened this global gathering of agents by introducing a "new Middle Eastern heroin threat" that seemed to be growing without restraint. Seconding this sense of crisis, the assistant intelligence administrator, Gordon Fink, spoke of the "concern and frustration that DEA is finding in dealing with the problem . . . due mainly to lack of control and intelligence at the source points, namely, Pakistan, Afghanistan and Iran."

Just in from the Middle East, Special Agent Ernie Staples added to the gloom. Since the "political situations" in the region were unfavorable, he reported that DEA's "first line of defense"—interception near the growing areas—had collapsed. In a frank admission of failure, Staples stated that there are "no longer any DEA personnel working effectively in these source countries." Without any restraints at source, a torrent of Middle Eastern heroin was heading for world markets. "Europe at present is being flooded with Middle Eastern heroin," said agent Staples. As supply surged, wholesale heroin prices in Europe were falling and purity had risen to a new high—a statistic confirmed by 500 recent drug overdose deaths in West Germany.

With ample supplies of Middle East morphine, Marseille's Corsican
syndicates were cooperating with Sicilian mafia to open a new network of heroin laboratories. In February 1978, French police had seized "a working heroin laboratory" near Marseille, the first in five years, and found 40 kilograms of morphine base supplied by the Italians. In 1978, separate intelligence sources indicated that Lebanese smugglers were supplying Sicilian heroin laboratories. Judging from recent seizures of New York-bound heroin in Italy, Sicilian mafia groups based in Palermo were starting to smuggle the new heroin into the United States. "All indications," concluded Staples, "point to an increase of trafficking between Europe and the United States."

As DEA field agents from Boston to Chicago spoke in succession, their local reports added up to a national heroin crisis. Agents from the DEA's Newark District Office identified the local "Gambino, Sollena...Organized Crime factions" as the dominant group distributing the new Middle Eastern heroin. Significantly, the faction's boss Salvatore Sollena, who distributed the heroin through a chain of pizza parlors, was the nephew of Sicily's reigning mafia don, Gaetano Badalamenti—one of the first signs of a major heroin ring later dubbed the "pizza connection."

Speaking for the nation's premier heroin market, DEA's New York agents had been the first to see the impact of the new Middle Eastern heroin. Black syndicates in Harlem had long operated by importing "multi-kilo lots of SEA [Southeast Asian] heroin," which were reduced "in one cutting to New York Quarters." In recent months, however, Middle Eastern heroin had captured 42 percent of the uptown market. In the Lower East Side, Middle Eastern heroin had made even more rapid progress, taking 60 percent of the market. Most significantly, there were signs that the New York market of some 150,000 addicts was emerging from long drought—exhibits showed a "dramatic increase in purity," hepatitis cases were up, and heroin arrests were up.

Since New York consumed two tons of heroin worth about two billion dollars annually, changes in its market were soon felt in the rest of the country. Agent Bill McMullen of the DEA's Long Island office reported a rash of recent cases "involving Turkish, Spanish, and Italian principals moving Middle Eastern heroin." Philadelphia, like many district offices, reported that its heroin problem was "coming from New York." Agent Thomas Russo of Baltimore added that "trafficking is so easy between the two cities that the Baltimore pushers no long keep stashes in that city." Similarly, the DEA's Washington, D.C. district office reported that a recent rise in heroin supplies from New York had produced an "increase in overdose death statistics."

Within a year, these trends, seen so clearly by both Dr. Musto and the DEA in late 1979, began to transform the nature of the U.S. drug problem. After a quarter century of rising addiction, America had enjoyed a
brief respite during the mid-1970s. Drug war victories in Turkey and Bangkok had slowed Asia's exports, producing a drought in America's heroin supply for the first time since World War II. The number of addicts dropped from 500,000 in 1971 to only 200,000 three years later. In New York City, the street price doubled and purity declined by half—both clear indications of shortage.  

Why the decline? Perhaps Nixon's drug war had actually succeeded in disrupting the flow of drugs from Asia into the United States. Mexico soon captured nearly 90 percent of the remaining U.S. heroin market, but massive eradication and consequently erratic shipments of crude no. 3 heroin failed to satisfy American demand for the pure, powdery no. 4. Looking at these changes, we could conclude that Nixon's drug war had worked. Examining other evidence, however, we could attribute this decline to President Jimmy Carter's foreign policy, particularly his ban on major CIA covert operations from 1976 to 1978 that removed the protection that drug lords seem to require. Similarly, the Carter administration abandoned the supply-side drug war in favor of treatment, a demand-side intervention—possibly stilling, momentarily, the stimulus of prohibition. Given the complexities of the global drug trade, we cannot decide this issue with any certainty. Nonetheless, changes in the global traffic indicate that prohibition and protection were, on balance, significant factors—in both the decline of heroin supply in the 1970s and its subsequent increase during the 1980s.

In 1979–1980, that "flood" of heroin from Pakistan and Afghanistan captured 60 percent of the U.S. market, fueling the heroin crisis that Dr. Musto had predicted. As heroin-related injuries rose 25 percent during the year, the nation's addict population climbed back to 450,000.  

There were signs of worse to come. Without any restraint on production or processing, heroin exports from Pakistan and Afghanistan would continue to grow. From its usual level of 100 tons in 1971, Afghanistan's opium production reached 300 tons in 1982 and then doubled to 575 tons in the next harvest. After a two-year failure in the monsoon rains, Southeast Asia's Golden Triangle produced a bumper opium crop in 1981 that would, in the words of the U.S. attorney general, "provide enough heroin to glut the world market." Other illicit drug sales were also rising. In 1980, street sales of all illicit drugs in the United States increased by 22 percent to $79 billion. While heroin imports rose by 7 percent to four tons worth about $8 billion, cocaine supply jumped a remarkable 57 percent to 44 tons worth $29 billion.  

During the 1980s, America experienced an unprecedented drug crisis. Rising from insignificant levels, cocaine abuse, first as pure powder and then as crack, reached pandemic proportions. Between 1982 and 1985, U.S. cocaine consumption doubled to 72 tons. As supplies grew and prices dropped between 1981 and 1986, the number of Americans using
cocaine rose by 38 percent to 5.8 million. When cocaine use began to taper off, the rapid spread of cut-price "crack," a granular adulteration of cocaine suitable for smoking, won a growing clientele of younger minority users.14

Although eclipsed by the media glare on cocaine and crack, global heroin production and U.S. consumption rose steadily during the decade. World opium production tripled from an estimated 1,600 tons in 1982 to 4,700 in 1990.15 The U.S. addict population stabilized at about 500,000 in the early 1980s, but there were signs of rising heroin use. Between 1983 and 1986, the number of heroin-related deaths doubled. Moreover, a new Mexican "black tar" heroin appeared in the mid-1980s with a high purity and low price that made it competitive with crack in the western United States.16

Of equal importance, the character of the U.S. drug market experienced some significant changes. There were signs that the era of experimentation and casual soft-drug use was, after twenty years, coming to a close. For the first time in decades, marijuana use declined in the 1980s. A survey of high school seniors showed that the percentage of marijuana users dropped from 34 percent in 1980 to 21 percent in 1987. Indeed, the same survey showed a similar decline for most drugs—cocaine, hallucinogens, sedatives, stimulants, and tranquilizers.17 While casual use faded, a hard core of regular cocaine and heroin users remained.

Some local markets showed a preference for a particular drug, such as Miami for cocaine or New York for heroin, but there was a growing tendency across the country for regular drug users to take both. Between 1981 and 1985, deaths from "speedballs," a mixture of cocaine and heroin, rose by 754 percent.18 In 1989–1990, moreover, a flood of Southeast Asian heroin cut the wholesale price of "China white" in New York from $100,000 a kilogram to only $60,000, creating a new clientele for the drug. Crack addicts seeking an easier withdrawal were reportedly using heroin in large quantities, as were those mixing the two drugs for a more prolonged euphoria. "The heroin situation is growing on a daily basis," reported the DEA's expert Felix Jimenez in June 1990. "There's big profits, and the production of opium has doubled. . . . It is the tip of the iceberg."19

Although the drug pandemic of the 1980s had complex causes, the growth in global heroin supply could be traced, in large part, to two key aspects of U.S. policy—the failure of DEA prohibition in the war on drugs and CIA protection for drug lord allies in its covert wars. By attacking heroin trafficking in separate sectors of Asia's extended opium zone in isolation, the DEA had simply diverted heroin exports from America to Europe and shifted opium production from the Middle East to Southeast Asia and back again—raising both global consumption and production with each turn. Moreover, the rising opium harvests in Afghanistan and Pakistan, America's major suppliers, were unintended "fallout" from the
CIA's covert Afghan war. Just as earlier covert wars had increased Burma's opium crop in the 1950s, so the agency's aid to mujaheddin guerrillas now expanded opium production in Afghanistan and linked Pakistan's nearby heroin laboratories to the world market. After a decade as the sites of major CIA covert operations, Burma and Afghanistan were, in 1989, the world's first and second largest heroin suppliers. In the decade that followed his op-ed prediction, Dr. Musto's dismal vision of America's coming drug crisis would be fulfilled.

Central Asian Opium

Whatever the cause of the decline in U.S. heroin consumption during the 1970s, prohibition and protection again played a role in the revival of the America's drug problem in the 1980s. In 1979, the Soviets invaded Afghanistan and the Sandinistas took power in Nicaragua, prompting two major CIA operations with some revealing similarities. These covert wars would play a significant role in stimulating narcotics trafficking in drug source regions that later emerged, during the 1980s, as major suppliers for the United States.

During the 1980s, the CIA's covert war in Afghanistan transformed Central Asia from a self-contained opium zone into a major supplier of heroin for the world market. Since the sixteenth century, when recreational opium eating first developed, Central Asia had been a self-sufficient drug market. Until the late 1970s, tribal farmers in the highlands of Afghanistan and Pakistan grew limited quantities of opium and sold it to merchant caravans bound west for Iran and east to India. In its decade of covert warfare against the Soviet occupation of Afghanistan, the CIA's operations provided the political protection and logistics linkages that joined Afghanistan's poppy fields to heroin markets in Europe and America.

Unlike its effect in most of Asia, European colonialism could not penetrate the tribal highlands of Afghanistan. The rugged terrain, well-armed "martial tribes," and Islamic belief in jihad, or holy war, against Western invaders combined to make Central Asia impervious to conquest. To protect India's northwest frontier from the Russian advance, Britain invaded Afghanistan in 1838 and 1878, suffering humiliation and heavy casualties in both attempts. After a disastrous defeat in the Second Afghan War (1878–1880), Britain decided to negotiate a fixed boundary with the ruling amir of Afghanistan. Meeting with the amir at Kabul in 1893, Britain's emissary, Sir Mortimer Durand, drew up a boundary of mutual convenience separating Afghanistan from India. As this diplomatic exercise indicates, modern Afghanistan took shape as a buffer state, with boundaries drawn to please British India, Russia, and Iran. Imposing such arbitrary boundaries over sprawling tribal areas left large portions of Afghanistan's ethnic groups on the wrong side of the border—many
Pashtuns in India's North-West Frontier province and a majority of its Baluch in Iran and India.22

On its side of the boundary in the North-West Frontier, British rule remained tenuous. Constantly harassed by marauding Pashtun tribes along the Afghan border, Britain dispatched forty-two military expeditions into the mountains between 1849 and 1890, nearly one a year. In 1897, the British sent 30,000 regular troops into the Peshawar district to fight the redoubtable Afriadi tribe, with little effect. Unable to beat the Pashtun warriors, the British adopted a punitive policy known in the officers' mess as “butcher and bolt”—that is, march into the offending village, butcher the available civilians, and bolt before tribal warriors could retaliate.23 Unlike the peoples of Africa or the Americas, the Pashtun tribes did not fight with sword and spear. Supplied by arms merchants from the Persian Gulf or Central Asia, these mounted, mobile tribal warriors were lethal against British troops, first with smooth-bore muskets and later with modern European rifles.

Instead of trying to disarm the frontier tribes, an impossible task, the British adopted a policy of conciliation and control. By patrolling the Persian Gulf, the British tried to interdict arms shipments to rebellious groups.24 By contrast, the British allowed loyal tribes to trade in arms without restraint and recruited them for military service. The British formed tribal warriors into local militia such as the Tochi Scouts or the Khyber Rifles to patrol caravan routes through rugged terrain. By 1915, some 7,500 Pashtun were serving in Britain's Indian army. At the end of colonial rule in 1947, as the British governor prepared to turn the North-West Frontier over to the new nation of Pakistan, he reported that over half the tribal males owned firearms—no longer just muskets, but high-velocity rifles.25 In effect, the British had adopted a policy of alliance with the martial Pashtun tribes that preserved their arms and autonomy, thereby bequeathing the new Pakistan state with few other means of controlling these tribes along its sprawling North West Frontier.26

With such weak control, Britain subordinated its economic policies to issues of political control. Instead of encouraging opium production as they did elsewhere in India, the British saw the drug as a destabilizing factor in the North-West Frontier and worked for its gradual abolition. Since opium production was still limited in the area, the tribes did not resist. In 1870, the districts along the Afghan border cultivated only 1,130 acres of opium.27 Through a policy of gradual interdiction, the British reduced poppy cultivation until 1901, when “it had entirely ceased.” The colonial regime did not ban drug use, however, and allowed imports of Afghan opium from the nearby Jalalabad valley, where the poppy harvest was good.28 Although the ruling amir did not restrict Afghanistan's opium production, the country's harvest was still, at century's turn, limited. In 1908,
a British source reported opium cultivation in the four Afghan districts—the Herat valley, Kabul, Kandahar, and Jalalabad—“but not to any great extent.” At the end of the colonial era in 1947, the kingdom of Afghanistan and the state of Pakistan were minor opium producers with small addict populations.

The kingdom of Iran, by contrast, had become one of the world’s major opium producers and consumers. As the global opium trade grew during the nineteenth century, Iran emerged as an important secondary supplier for the world market with an annual opium harvest of some 600 tons by century’s turn. Resisting diplomatic pressures to reduce production in the 1920s, Iran’s opium crop peaked at 1,350 tons in 1936. Its exports accounted for 40 percent of the world’s medical morphine and earned 15 percent of Iran’s foreign exchange. Although the government banned opium smoking in 1910 and imposed prohibitive taxes in 1928, both measures found little support from a population that accepted recreational drug use without reservation.

When the U.S. Bureau of Narcotics opened an office at Tehran in 1949, its resident agent, Garland Williams, discovered the world’s most elaborate drug culture. Drawn from all regions and social classes, Iran had an addict population of 1.3 million, or one opium user for every nine adults—a rate exceeded only by China. Consumption was particularly high in the eastern opium-growing provinces adjacent to Afghanistan, where up to 80 percent of adults were addicts. In a personal tour of the capital Tehran, Williams found evidence of 500 public opium dens with a capacity for 25,000 smokers. In the city’s slums, opium dens were neighborhood social halls where ordinary “men and women sit around on the dirty, filthy floor and talk . . . or listen to a story teller recall the ancient glories of Persia.” In the capital’s great homes, the rich kept “very expensive and elaborate and . . . greatly treasured” opium pipes for family members and special guests. Williams was justifiably pessimistic about the chances of prohibition. Interviewing the head of the opium monopoly in Isfahan, Williams asked its director, Ansari, about the possibility of banning opium. “I am a thief and all my men are thieves,” the director answered. “We have been accepting bribes for so many years that it would be impossible for us to really enforce a law like that.”

Despite the director’s pessimism, the shah imposed a complete opium ban in 1955. In the years following William’s 1949 report, the country’s addict population had climbed to 1.5 million with some 5,000 opium dens in Tehran alone. Concerned over the dismal condition of the many addicts among military recruits, the shah decided to end his country’s policy of tolerance. Although Iran’s military soon eradicated poppy cultivation, it could not seal the long, rugged borders with Turkey and Afghanistan against the smugglers. In next decade, Iran’s addict population fell to some 350,000 consuming an average of 240 tons of Turkish and Afghan opium
annually. After fourteen years of this imperfect opium ban, in 1969 the shah announced that Iran would resume opium cultivation for sale to registered addicts. The United Nations called the shah's decision "tragic." Writing from his retirement, Harry Anslinger, former head of the U.S. Bureau of Narcotics, called the decision "highly disturbing news" and suggested that the UN's Division of Narcotic Drugs "attack the proposed move as being a retrogressive step in world control." To his critics, the shah responded that Iran would ban opium as soon as its neighbors did.

Anslinger's dire predictions notwithstanding, the shah's decision simply recognized the reality of Central Asia's self-contained opium trade. By 1972, three years after legalization, Iran's addict population had grown by 15 percent to some 400,000, of whom 105,000 were registered opium smokers. Registered addicts consumed the country's entire opium crop of 217 tons, while illegal smokers used some 195 tons of illicit opium smuggled from Turkey, Afghanistan, and Pakistan. Still unable to supply its own needs, Iran consumed all of Afghanistan's production, about 100 tons, and much of Pakistan's smaller crop.

There was, however, a disturbing new development in Iran's illicit traffic. The shah's restrictions had encouraged the growth of a local heroin industry to supply Tehran addicts unwilling to register. In 1974, U.S. ambassador Richard Helms, recently retired as CIA director, reported that Iran had about 30,000 heroin users supplied by illicit Tehran laboratories that refined morphine base from Turkey into a low-grade brown heroin. Despite a single seizure of Iran's heroin in West Germany, Helms emphasized that "there is little evidence to support the possibility that Iranian heroin produced from Turkish morphine base enters in international traffic." Quite the contrary, Helms argued that Iran's "considerable population of unregistered users . . . acts as a sponge for opiates produced elsewhere in the Middle East, thereby diverting supplies that might otherwise find their way as heroin to the United States."

Over the next two years, Helms monitored Iran's drug situation closely, concluding that there was no evidence of heroin exports. Then, in October 1974, the U.S. embassy in Iran saw the first signs of Central Asia's potential as a supplier for the world heroin market. When Tehran police intercepted 32.7 kilograms of "fairly high-grade heroin," the embassy cabled Washington that the seizure "tends to substantiate a long-held concern . . . that Iranian operators are capable of making quality heroin in commercial amounts." This seizure also provided the "first hard evidence" that Tehran's "heroin chemists have a connection with sources of opium in Afghanistan and/or Pakistan." In one of his last drug reports, dated June 1975, Ambassador Helms argued that, rising heroin production notwithstanding, the region's self-contained opium trade was still no threat to Western markets. Helms found that Iran's system of legal sales to registered opium addicts "works
fairly well.” Growers were tightly supervised and there was little diversion to the illicit traffic. But it had been “a fiasco from the viewpoint of reducing Iran’s addict population,” largely because most Iranians still had a remarkably “tolerant” attitude toward opium. “In some educated, high-society circles,” Helms noted, “it is smoked socially after dinner.” Such tolerance made it easy for the “few influential Iranians...involved in the illicit opium trade” to secure protection for a traffic that supplied the country’s 500,000 opium smokers and 50,000 heroin addicts. Using “every means of transport from backpacking to fast, long-range vehicles in convoys with heavily armed escorts,” traffickers smuggled opium base from Afghanistan across Iran to Tehran. Although a small group of some twenty-five men manufactured heroin in Tehran, Helms still found there was “no evidence” that either opium or heroin was being exported.

As late as 1975, all available evidence indicates that the historic patterns of Central Asia’s self-contained opium trade remained unchanged. The tribal areas of Pakistan and Afghanistan were still growing limited opium crops for the addicts of Iran’s cities. While Iran absorbed all the opium the region could produce, drug use in both Pakistan and Afghanistan was still uncommon. Heroin production had just started in Tehran, but heroin users were only 10 percent of all addicts and there were still no exports. Although poppy production and opium use were rising, they both seemed, to the U.S. embassy in Tehran, part of a venerable Asian drug culture beyond the ken or control of the West. Under such circumstances, Ambassador Helms’s odd confidence that a region with every sign of a booming drug industry—half a million addicts, opium harvest of 400 tons, and heroin laboratories—was still under control seems somehow justified.

Within only five years, however, Central Asia’s opium trade would experience a sudden transformation. By the early 1980s, Afghanistan had become the world’s second-largest opium grower, the Pakistan-Afghan border was the leading source of heroin for Europe and America, and mass heroin addiction was sweeping Pakistan. In retrospect, this rapid change seems the result of pressures in the global drug market, local political forces, and covert operations. As in Burma thirty years before, the CIA’s covert warfare served as a catalyst for the transformation of the Afghanistan-Pakistan borderlands into the world’s leading heroin supplier.

Covert Warfare in Afghanistan

Long something of a backwater in U.S. foreign policy, Central Asia emerged in the late 1970s as a flash point of cold war confrontation. As America and its allies dispatched covert operatives, secret arms shipments, and military aid to fight a covert war in Afghanistan, opium production soared and heroin poured out of the region into European and American markets. Although the causality was more complex than such
a simple sketch allows, there was nonetheless a close correspondence between covert operations and the region's rising heroin exports.

The Iranian revolution of February 1979 was the first in a series of events that changed the region's politics and its narcotics traffic. After mass demonstrations in Tehran toppled the shah, his controls over the country's opium traffic collapsed as his repressive apparatus was swept away. His successor, Ayatollah Khomeini, leader of the new Islamic regime, denounced drug dealers as "first class traitors and a danger to society." But the new religious rulers, reflecting Iran's traditional tolerance for the drug, did not place opium in the same forbidden category as alcohol, creating an ambiguity that allowed the traffic to flourish. Six months after the revolt, the CIA reported that drugs were being sold openly on Tehran's streets and the Revolutionary Guards, with many addicts in their ranks, did "not interfere with the dealers."

By September, CIA analysts in the U.S. embassy estimated that Iran's next poppy harvest would raise opium production from the current 200 tons to an estimated 325 tons. Since the regime had banned most entertainment, "drug use has sky-rocketed among the youth" and the country now had some two million addicts, a historic high. Agency analysts argued that Iran's opium boom had "created a new 'golden triangle' comprised of Iran, Pakistan and Afghanistan." Once the new bumper crop was harvested, Iran's opium "will join that produced in Afghanistan and Pakistan flowing over the 'silk route' of Marco Polo to Turkey and from there to Western Europe." The CIA concluded its report on Iran's opium cornucopia with a warning: "The world must brace itself for a flood of opium and heroin from Iran."40

As events turned out, the CIA was half right. Beginning in 1979, Central Asia sent growing heroin exports to Europe and America. But they came from the Pakistan-Afghan borderlands, not Iran. As it had for the past two centuries, Iran showed a remarkable appetite for opium and absorbed all of its own opium harvests, now greatly expanded. Although Iran did not produce a surplus for export, its increased harvests now met its own needs, freeing Afghanistan's opium for export to Europe. Over the next decade, the region's flood of heroin exports had far less to do with the Iranian revolution than the CIA's own covert operations inside Afghanistan.

Initially, a peculiar twist in the global drug trade brought Central Asia's heroin to Europe in 1979. Although the region's opium harvest rose steadily from 400 tons in 1971 to some 1,200 tons in 1978, almost all of the increased production was consumed locally. Small quantities of Pakistan-Afghan heroin had first appeared in Europe in 1975. After the region's bumper harvest of 1,200 tons in 1978, European police still seized only 49 kilograms of Central Asian heroin, only a tenth of the 451 kilograms intercepted from Southeast Asia.41 After 1979, however, Southeast
Asia's monsoon rains failed for two years and its harvests plummeted, opening the European and American markets to new exports. As a network of heroin laboratories opened along the Afghan-Pakistan border to service these markets in 1979, Pakistan's opium production soared to 800 tons, far above its 1971 harvest of some 90 tons. By 1980, Pakistan-Afghan opium dominated the European market and supplied 60 percent of America's illicit demand.

During the early 1980s, Central Asia's opium trade stabilized with a new pattern of production and exports. Now largely self-sufficient in opium, Iran was no longer the main market for tribal opium growers in Pakistan and Afghanistan. Under pressure from the United States, Pakistan's military regime under General Zia ul-Haq imposed a draconian suppression that drove the country's opium production down from its peak of 800 tons to its more normal level of 100-200 tons. As Pakistan's production declined, guerrilla zones inside Afghanistan expanded production and shipped the opium across the border into Pakistan's heroin refineries. In January 1982, Pakistani troops mounted a well-publicized attack on the heroin industry by fighting their way through armed tribesman in the North West Frontier province to close just one refinery among hundreds. After that demonstration of good intentions, General Zia's pressure on the laboratories along the Afghan border remained ritualistic. Thus, by 1981-1982, Afghanistan's poppy fields were linked with laboratories on the Pakistan border in the production of high-grade heroin exports that supplied over half the American and European markets.

During the decade of the CIA's covert war in Afghanistan, U.S. government and media were silent about the involvement of Afghan guerrillas and Pakistan military in the heroin traffic. But as the covert operation wound down after the Soviet withdrawal in February 1989, American correspondents began probing the scandal, gradually gathering enough data for detailed reports on the close relationship between the mujaheddin resistance and the region's heroin trade.

In essence, the CIA's covert war in Afghanistan was a desperate response to a crisis that threatened the U.S. position in a strategic theater that arched from Saudi Arabia to India. When Tehran mobs toppled the shah's dictatorship in February 1979, they destroyed a regime that had served throughout the cold war as America's military surrogate in the strategic Persian Gulf, gateway for the West's oil supplies. Only eight months later, revolutionary guards seized the U.S. embassy in Tehran, taking the American officials hostage. Compounding this crisis, in April 1978 Communist factions inside the Afghan army overthrew the dictator Mohammad Daud and established a pro-Soviet regime. After months of internecine fighting between rival Communist factions, Soviet troops invaded Afghanistan in December 1979, occupying the capital Kabul and installing a more pliable Afghan Communist as president.
administration responded to this sudden erosion of U.S. influence de­fensively by arming the Afghan resistance and aggressively by stirring fund­amentalism among the Muslims of Soviet Central Asia.

As Soviet troops spread across Afghanistan for a prolonged occupation, President Carter reacted with ill-concealed rage, denouncing the Soviet leader Leonid Brezhnev as a liar in a television interview on December 31st and imposing economic sanctions against the Soviet Union. More im­portantly, Carter used his diplomatic and covert resources to mobilize military aid for Afghanistan’s mujahedden guerrillas. As chairman of the president’s Special Coordination Committee on Covert Operations, national security adviser Zbigniew Brzezinski embraced this mission with an un­bounded enthusiasm and, in January 1980, about the time Carter approved this covert operation, flew to the Middle East for meetings with Egypt’s President Anwar Sadat and Pakistan’s General Zia. As Sadat recalled the meeting, the American adviser asked: “Please open your stores for us so that we can give the Afghanis the armaments they need to fight,” and I gave them the armaments.” In February, Egypt’s defense minister, General Ka­mal Hassan Ali, announced that his forces were training Afghans in guer­rilla warfare. Simultaneously, U.S. Defense Secretary Harold Brown flew to Beijing to negotiate Chinese arms shipments, an overture that jettisoned the White House policy of even-handedness toward the two Communist powers. When Washington whispered its request, Saudi Arabia announced that it was giving $25 million in aid to brother Muslims fighting the Soviet invasion. Within weeks, the arms started flowing through Pakistan into Afghan liberated zones—antitank weapons from China, Kalashnikov ass­ault rifles from Egypt, munitions from Saudi Arabia, and a variety of Eastern-bloc infantry weapons from the CIA.

Once again, the CIA was mounting a major covert war in the remote highlands of the Asian opium zone—this time, from bases adjacent to Afghanistan in Pakistan’s North West Frontier province. “In the tribal area,” the U.S. State Department reported in 1986, “there is no police force. There are no courts. There is no taxation. No weapon is illegal. . . . Hashish and opium are often on display.” With some 300 trails and passes leading to Afghanistan and, in the CIA’s words, “the largest ex­pan­se of territory in the world without any government presence,” this remote region was an ideal base for the agency’s secret war against So­viet expansion. As in Burma and Laos, the CIA decided to conduct its war through a few local commanders, making its success contingent on their power. Under such circumstances, geographical and political, the CIA would have little leverage when its tribal warlords decided to exploit the clandestine operation to become drug lords.

Although President Carter, as he admitted in his memoirs, successfully launched the covert aid effort, his operations were limited by the cool­ness of his relations with General Zia, leader of the strategic front-line
state of Pakistan. After seizing power in a July 1977 coup, Zia had imposed a harsh martial-law regime, toughened by his own Islamic fundamentalism, and two years later executed his chief opponent, former president Zulfiqar Ali Bhutto—acts that aroused the enmity of a White House publicly committed to human rights.\(^{49}\) When President Carter offered Pakistan $400 million in military aid to serve as front-line state for the Afghan war, Zia rejected the offer as “peanuts.” Right after President Reagan took office in 1981, however, the White House announced a $3 billion program of military aid to Pakistan, including the latest F-16 fighters—an offer that General Zia readily accepted.\(^{50}\)

With Pakistan now committed to the mujaheddin struggle, Zia’s military soon assumed a dominant role in supplying the Afghan resistance forces. Although the Saudis delivered their aid directly to client guerrilla units inside Afghanistan, most allied agencies, the CIA included, worked through Zia’s chosen instrument, the Inter-Service Intelligence (ISI). The CIA’s relationship with the ISI was a complex give-and-take. We cannot really say, for example, that ISI was the CIA’s surrogate on the Afghan border or, conversely, that ISI manipulated the agency into writing a blank check for Zia’s Afghan ambitions. As the front-line agency in a covert war, the ISI clearly had superior intelligence and closer relations with the Afghan guerrillas. In turn, the CIA commanded a vast arsenal of funds and high-technology weapons that dwarfed ISI’s meager budget. In retrospect, the CIA-ISI alliance seems a balanced relationship, with a good deal of manipulation and misrepresentation on both sides. As correspondent Lawrence Lifschultz explained, “it was a proper marriage of mutual interest.”\(^{51}\) When General Zia seized power in 1977, ISI had been a minor military intelligence unit with an annual budget of no more than several million dollars. With the “advice and assistance of the CIA,” Zia soon built it into a powerful covert unit and made it the strong arm of his martial-law regime.\(^{52}\) In particular, Zia relied upon ISI to control the troublesome Pashtun tribes along the North West Frontier, many of whom had long been attracted to the idea of political union with the Pashtun majority inside Afghanistan.\(^{53}\)

When the Soviet Union began infiltrating Afghanistan two years later, the CIA worked through ISI to organize the first mujaheddin resistance groups. “Throughout most of the war,” explained Afghanistan expert Dr. Barnett Rubin, “the United States subcontracted to General Zia and ISI the main political decision about which Afghans to support.”\(^{54}\)

In fact, covert U.S. aid to the Afghan guerrillas began in mid-1979, six months before the full Soviet invasion, after White House security adviser Brzezinski convinced the U.S. National Security Council in April to “be more sympathetic” to the fledgling resistance. On July 3, when Carter signed the first orders for secret support to the Afghan opposition, Brzezin-
ski wrote the president that “in my opinion this aid was going to induce a Soviet military intervention.” Sources report that Brzezinski had also won $500 million for the CIA’s Operation Cyclone, a provocative attempt at destabilizing the Soviet Union by spreading militant Islam inside its Central Asian republics. “We didn’t push the Russians to intervene,” Brzezinski told an interviewer in 1998, “but we knowingly increased the probability that they would. . . . That secret operation was an excellent idea. Its effect was to draw the Russians into the Afghan trap.” Indeed, the day Soviet troops entered Afghanistan in December 1979, Brzezinski wrote the president: “We now have the opportunity of giving to the USSR its Vietnam War.”55 In contrast to Brzezinski’s boldness, the CIA approached the Afghan operation cautiously. Carter’s CIA director Stansfield Turner said that agency professionals felt they were throwing money at “a hopeless cause,” and the chair of the militant Congressional Task Force on Afghanistan, Senator Gordon J. Humphrey, later complained that “the CIA was very reluctant in carrying out its responsibilities for the longest time.”56

As the White House mobilized for covert warfare, a CIA special envoy first met Afghan resistance leaders, all carefully selected by Pakistan’s ISI, in May 1979 at Peshawar on the Afghan-Pakistan border.57 Instead of arranging a meeting with a broad spectrum of resistance leaders, ISI offered the CIA envoy an alliance with its own Afghan client, Gulbuddin Hekmatyar, leader of the small Hezb-i Islami guerrilla group. Surprisingly, the CIA accepted Pakistan’s lopsided bargain and, over the next decade, gave more than half its covert aid to Hekmatyar’s guerrillas. It was, as the U.S. Congress would find a decade later, a dismal decision. Unlike the later resistance leaders, who commanded strong popular followings inside Afghanistan, Hekmatyar’s guerrilla force was a creature of the Pakistan military. After the CIA built his Hezb-i Islami into the largest Afghan guerrilla force, Hekmatyar would prove himself brutal, incompetent, and corrupt.58 Not only did he command the largest guerrilla army, Hekmatyar would use it—with the full support of ISI and tacit tolerance of the CIA—to become one of Afghanistan’s leading drug lords.

Among the hundreds of American correspondents who covered the Afghan resistance during the 1980s, few bothered to probe Hekmatyar’s background. As an Islamic militant and former engineering student, Hekmatyar had founded the fundamentalist Muslim Brotherhood and led student demonstrations in Kabul during the late 1960s to oppose the king’s secular reforms.59 According to a later New York Times report, in the early 1970s “he had dispatched followers to throw vials of acid into the faces of women students who refused to wear veils.”60 Accused of murdering a leftist student in 1972, Hekmatyar fled into Pakistan’s North West Frontier, where, as a member of Pashtun tribes that straddle the border, he was able to continue his political work. Living in Peshawar, Hekmatyar was affil-
ated with Pakistan's Jamaat-i Islami (Party of Islam), a fundamentalist and quasi-fascist Muslim party with many followers inside the Pakistani officer corps.

Through these contacts with the military, Hekmatyar led a Pakistani covert operation to destabilize the new government in Kabul. When Mohammad Daud, a former prime minister, overthrew the King and established the Republic of Afghanistan in 1973, Pakistan's Prime Minister Zulfikar Ali Bhutto was rightly concerned about the security of his North West Frontier. As a descendant of the last Afghan ruler of Pakistan's Pashtun tribes, President Daud was publicly committed to the unification of all Pashtun peoples under Kabul's rule. To preempt any Afghan attempt to spark a Pashtun rebellion along his North West Frontier, in 1973 Bhutto ordered his military to train a secret force of 5,000 Afghan rebels at clandestine camps inside Pakistan. Armored and supplied by Islamabad, Hekmatyar led his guerrillas into Afghanistan and launched a revolt in the Panjshir valley north of Kabul in July 1975. His propaganda that Daud's conservative republic was a "godless Communist-dominated regime" was unconvincing, and his mercenary force floundered without popular support. When the Afghan army marched unopposed into the Panjshir valley and mopped up by placing a hundred of his captured mercenaries on trial, Hekmatyar fled back to Pakistan with his remaining troops. Shaken by the uprising, Kabul's President Daud dropped his militant pro-Pashtun rhetoric, distanced himself from the Soviets, and began to negotiate with Iran and Pakistan. In a remarkable policy reversal, President Daud made a state visit to Islamabad in 1976 and assured Prime Minister Bhutto that he was willing to recognize the Durand line as the legal boundary between the two countries. The final agreement between the two, which would certainly have ended Hekmatyar's career as a contract revolutionary, was eclipsed by General Zia's 1977 coup against Bhutto's government.

A year later, a Communist coup in Kabul toppled Daud and revived Hekmatyar's fortunes. Thus, when Carter's CIA envoy met the ISI's selected Afghan leaders in May 1979 and agreed to arm Hekmatyar's guerrillas, it was a momentous decision. After the Soviet army invaded Afghanistan in December, American covert aid took a quantum leap—but along lines set six months before. Similarly, in June 1981 when President Reagan and General Zia agreed to support a full-scale war inside Afghanistan, the flood of covert aid still followed the patterns set at Peshawar back in May 1979. But the aid remained limited until April 1985 when Reagan signed a classified order to drive the Soviets out of Afghanistan "by all means available," a directive that soon doubled the CIA's covert arms budget to $280 million. After conservative activists lambasted the CIA's restraint, forcing its deputy director John N. McMahon to resign, the president approved delivery of
Stinger missiles. On the first day they were used in Afghanistan, September 25, 1986, these lethal ground-to-air missiles destroyed three Soviet MI-24 helicopters, the first of some 270 Soviet aircraft the Afghan guerrillas would down in the last two years of war.63

In effect, the bargain struck at Peshawar, and confirmed by Zia and Reagan two years later, bound the White House and the CIA to subcontract their secret war in Afghanistan to Pakistan's military. There were important advantages for both sides. With generous American aid, Pakistan opened its border to three million Afghan refugees and allowed the CIA to conduct its secret war without restraint. Along the border, agency operatives ran training camps for the mujaheddin guerrillas. In the capital, Islamabad, the CIA maintained one of its largest foreign stations to direct the covert war. CIA director William Casey had direct access to General Zia and found himself warmly received during his regular visits to Islamabad. In a region where official attitudes toward America were often hostile, Zia allowed the CIA to open an electronic intelligence station facing the Soviet Union in northern Pakistan and gave U.S. spy flights landing rights at his air bases near the Persian Gulf. Aside from the $3 billion in formal U.S. aid, the Pakistan military also controlled delivery of the CIA's $2 billion in covert aid for the Afghan guerrillas. For General Zia's military loyalists, these contracts were a source of vast wealth.64 Of equal import, the CIA alliance would transform ISI from a small intelligence unit into a powerful covert agency.

At an operational level, Zia's military loyalists controlled the delivery of the CIA's covert arms shipments when they arrived in Pakistan. Once the arms landed at the port of Karachi in the south, the Pakistan army's National Logistics Cell, acting under orders from ISI, trucked them north to military cantonments around Peshawar and from there to the Afghan guerrilla camps along the North West Frontier. The governor of this critical borderland province was Lieutenant General Fazle Haq, Zia's closest confidant and the de facto overlord of the mujaheddin guerrillas.65 Even as the ranks of the resistance swelled after 1981, ISI insisted on maintaining the dominance of the "pre-1978 nucleus," that is Hekmatyar, and continued to deliver over half of all arms to his Hezb-i Islami guerrillas. Although Pakistan allowed formation of a few additional groups for prestigious Afghan exiles, ISI still insisted that Hekmatyar be given the bulk of CIA arms. From the outset, agency case officers were aware that ISI's distribution was creating what one correspondent called "a form of warlordism within the resistance command."66

Hekmatyar's forces conducted themselves in a way that raised questions about the CIA's choice of clients. At the start of the covert war in 1979, other mujaheddin leaders charged that Hekmatyar's followers were using violence to take control of rival resistance groups. The mujaheddins'
ultimate victory would require mass defections from Kabul’s Communist forces, but Hekmatyar’s fundamentalists were fighting a jihad, a holy war, and so killed defectors right from the start. Pakistan’s ISI gave Hekmatyar a free hand to rule the Afghan refugee camps that sprawled around Peshawar and he used it to run what one UN refugee worker called a “reign of terror.” During the decade of covert war, the American press published only positive reports about Hekmatyar, ignoring his heroin dealing and human rights abuses. But once the Soviet troops withdrew in 1989 and the operation ended, The New York Times reported what it called “the sinister nature of Mr. Hekmatyar” and The Washington Post published a page-one expose of his heroin syndicate.

From a purely military perspective, the bankruptcy of CIA policy was exposed in the mujaheddins’ abortive attack on Jalalabad in March 1989. Typical of the war’s overall conduct, the attack was planned at a meeting in Islamabad attended by U.S. ambassador Robert Oakley, senior Pakistani officials, and not a single Afghan. Since the mujaheddin had no central command, Pakistan’s ISI drew up the battle plans and then recruited independent resistance forces with promises of arms and money. Evidently, the aim of this attack was to establish a mujaheddin capital at Jalalabad in time to win recognition for the new Afghan Interim Government (AIG) at an upcoming meeting of Islamic states in Saudi Arabia. After the Soviet withdrawal only weeks before, many U.S. observers predicted a certain defeat for government forces, the first step in an unraveling that would defeat the Communist regime at Kabul. The chargé at the U.S. embassy in Kabul, John Glassman, called the Communist regime “a house without girders” and predicted its quick collapse when Soviet troops pulled out. Around Washington, the CIA gave briefings saying a rebel victory was assured. As it turned out, the operation was a debacle. After weeks of lackluster fighting by the mujaheddin, the Communist garrison at Jalalabad held and the guerrillas retreated to Pakistan, defeated and humiliated. Only four months earlier, one of the fundamentalist guerrilla groups had slaughtered seventy-four defectors from the Torkham garrison, a lesson that apparently inspired an extraordinary effort by Jalalabad’s Communist defenders. Indicating further discipline problems, in July the world press reported that one of Hekmatyar’s commanders had slaughtered thirty members of another mujaheddin group, an atrocity that inspired the president of the Afghan Interim Government to denounce Hekmatyar, a member of his own cabinet, as a “criminal” and a “terrorist.”

**Hekmatyar’s Heroin Trade**

As the CIA’s covert war wound down, the press began publishing exposes about the involvement of the Afghan guerrillas and Pakistani military in
the region's heroin trade. In May 1990, for example, *The Washington Post* reported that the United States had failed to take action against the heroin traffic "because of its desire not to offend a strategic ally, Pakistan's military establishment." The *Post* article also said that U.S. officials ignored Afghan complaints of heroin trafficking by Hekmatyar and the ISI, an allegation one American official confirmed. Specifically, the *Post* reported that "Hekmatyar commanders close to ISI run laboratories in southwestern Pakistan" and "ISI cooperates in heroin operations."72 Although the Pakistani press, angered by their own country's devastating heroin epidemic, had been reporting this same story for years, the international news organizations avoided the issue during the decade of covert warfare. Even as Pakistani heroin had flooded Europe and America in the early 1980s, there had been a curious silence about the origins of this new narcotics supply.

Only two years after start of the Afghan war, the CIA's covert supply apparatus that shipped arms to the mujaheddin had been inverted to serve a massive drug operation that moved opium from Afghanistan, through Pakistan's heroin laboratories, and into international markets. As heroin laboratories opened along the Afghan-Pakistan border to service Western markets in 1979–1980, Pakistan's opium production grew nearly tenfold to 800 tons. Within a year, Pakistani heroin supplied 60 percent of America's illicit demand and an even greater share of Europe's.73 As the mujaheddin captured prime agricultural areas inside Afghanistan, the guerrillas ordered peasant supporters to grow poppies, doubling the country's opium harvest to 575 tons between 1982 and 1983.74 After the mujaheddin hauled the opium across the border, they sold it to Pakistani heroin refiners operating under the protection of General Fazle Haq, governor of the North West Frontier province (NWFP). By 1988, there were an estimated 100 to 200 heroin refineries in the province's Khyber district alone.75 Trucks from the Pakistan army's National Logistics Cell (NLC) arriving with CIA arms from Karachi often returned loaded with heroin—protected by ISI papers from police search. "The drug is carried in N.L.C. trucks, which come sealed from the NWFP and are never checked by the police," reported *The Herald* of Pakistan in its September 1985 issue. "They come from Peshawar to Pirpri, Jungshahi, Jhimpir where they deliver their cargo, sacks of grain, to government godowns. Some of these sacks contain packets of heroin.... This has been going on now for about three and a half years." Writing in *The Nation* three years later, correspondent Lawrence Lifschultz cited police sources to charge that General Fazle Haq, provincial governor and Zia's intimate, was the primary protector of this frontier heroin industry. General Fazle Haq "had been implicated in narcotics reports reaching Interpol" as early as 1982. Both European and Pakistani police claimed that all investigations of the province's major heroin syndicates had "been aborted at the highest level."76 The general's
drug connections became an open secret in 1985, when he spoke publicly at a tribal caucus at Wana on the North West Frontier calling heroin a valuable Pakistani "mineral." 77

Further south in the Koh-i-Soltan district of Pakistan's Baluchistan province, Hekmatyar himself controlled six heroin refineries that processed the large opium harvest from Afghanistan's fertile Helmand valley. 78

Describing the corruption of the Pakistani military, the local Baluchistan governor, Mohammad Akbar Khan Bugti, a tribal nationalist critical of Islamabad, said: "They deliver drugs under their own bayonets." 79

One of General Zia's key contributions to the growing heroin trade was financial. After 1983, he gave permission for Pakistani traffickers to deposit their drug profits in the Bank of Credit and Commerce International (BCCI), a shady international institution with Abu Dhabi capital and a largely Pakistani management. The bank played a critical role in facilitating the movement of Pakistani heroin money that reached $4 billion by 1989, more than the country's legal exports. 80

The heroin boom was so large and uncontrolled that drugs swept Pakistan like a plague in the early 1980s, leaving it with one of the world's largest addict populations. Before the covert war, Pakistan did not have a heroin problem. After the political upheavals of 1979 blocked the flow of Afghan and Pakistani opium westward to Iran, traffickers in Pakistan's North West Frontier introduced heroin refining to reduce their mounting opium stockpiles and started exporting to Europe and America, quickly capturing over 50 percent of both markets. Unrestrained by police controls, these traffickers also shipped heroin to Pakistan's own cities, creating a heroin epidemic. From zero heroin addicts in 1979, numbers rose to 5,000 users in 1980, 70,000 in 1983 and then, in the words of Pakistan's own Narcotics Control Board, went "completely out of hand" to over 1.3 million addicts in 1985. 81

With ill-concealed official complicity and heroin processing booming beyond control, the politics of Pakistan's drug trade were elementary. On an official tour to witness Pakistan's crackdown on the heroin trade in 1982, U.S. Attorney General William French Smith was surprised when one of his aides spotted heroin samples displayed in a public market near the Khyber Pass. Pakistan dealt with the problem by closing the district to foreigners. 82

At the start of this covert war, Washington's decision to sacrifice the drug war to fight the cold war was articulated clearly during 1983 congressional hearings over a $583 million aid appropriation for Pakistan. Since the Rodino Amendment required suspension of aid to any country "not taking adequate steps to control production or shipment of illicit narcotics," the administration had to convince Congress that General Zia was our drug war ally. The chair of the House Foreign Affairs Committee,
Steven Solarz, put the problem succinctly in a question to an administration witness: "Considering the fact that 60 to 70 percent of the heroin on the streets of our country today reportedly comes from Pakistan, have you considered the political implications of my voting several billion dollars for Pakistan when my constituents are plagued by drug addiction and the Pakistanis do not appear on their way to solving the problem?" In his testimony, Dominick DiCarlo, assistant secretary of state for narcotics, admitted that Pakistan had become "the prime opium source for U.S. heroin" and the 50 laboratories along its North West Frontier now supplied over half the heroin for America's 500,000 addicts. Nonetheless, DiCarlo assured the committee that the Pakistani problem "has been taken up at the highest level." During visits to the United States, for example, "President Zia and NWFP governor Haq restated Pakistan's commitment to its opium poppy ban." In questioning, the assistant secretary praised Governor Fazle Haq's 1980 visit to Paris to seek assistance for opium eradication and concluded that Pakistan would pass narcotics certification "with flying colors." Without any explanation, DiCarlo also warned that pressing our ally further on the drug issue would "be disastrous." Similarly, a senior USAID official, Charles Greenleaf, hailed President Zia ul-Haq for his "noteworthy progress in reducing opium production." Echoing the administration's main concern, Representative Charles Wilson argued that Pakistan needed our support as a front-line state in the Afghan war. If, he added, we gave the Afghans "a tenth of what the Russians provided to the Vietnamese, the Russians would really have their hands full."83

Washington's priority was reflected in a weak enforcement effort by the DEA office at the U.S. embassy at Islamabad. With 17 agents, 16 staff, and a budget of $19.6 million between 1985 and 1988, this large, well-funded DEA team accomplished remarkably little during the decade of covert war. Its special agents compiled detailed reports identifying "forty significant narcotics syndicates in Pakistan," but did not mount productive investigations or participate in any arrests while the CIA was operating in the North West Frontier. Indeed, in 1988, the U.S. Government Accounting Office reported that "not a single significant international Pakistani trafficker is known to have been imprisoned prior to 1984" and those jailed after that date "were quietly released after serving a few months." Since there was, in the words of one correspondent, "clearly a conflict between the CIA which wanted no embarrassing disclosures about drug links...and the DEA," several narcotics agents asked for transfers and at least one resigned.84

In marked contrast to the dozens of DEA staffers who shuffled papers ineffectually in Islamabad, a single Norwegian detective tracked the heroin trail from Oslo into General Zia's living room. After a minor Pakistani trafficker named Raza Qureshi was caught at Oslo airport with 3.5
kilograms of heroin in December 1983, police traded details about his
drug syndicate for a reduced sentence. Armed with this intelligence, Oslo
detective Oyvind Olsen flew to Islamabad in mid-1984 and found leads
that had somehow eluded the DEA. After Norway’s public prosecutor
filed formal charges against three top Pakistani heroin merchants in Sep­
tember 1985, Pakistan’s Federal Investigation Agency (FIA) ordered their
arrest. When Pakistani police picked up Hamid Hasnain, vice president of
the government’s Habib Bank, they searched his briefcase and found the
personal banking records of President Zia. The night of his arrest, the
president’s wife telephoned senior FIA agents from Egypt to demand Has­
nain’s release, a request they could not grant. As Zia’s intimate, Hasnain
had the run of the president’s home and had managed his personal fi­
nances for the past five years. At the trial in June 1987, Hasnain and his
coaccused screamed death threats at the prosecution’s witness Qureshi
when he took the stand, continuing this performance for three days until
Norway threatened diplomatic protests. In the end, Hasnain was con­
victed and sentenced to a long prison term.

Similarly, in May 1983 a Japanese resident of Karachi disguised as a
Boy Scout was arrested in Amsterdam carrying 17.5 kilograms of heroin.
During interrogation, he named a Lahore cinema owner, Mirza Iqbal
Baig, as the boss of his drug syndicate. Two years later, the British Broad­
casting Corporation created a national scandal in Pakistan with the re­
lease of a television documentary, “The Scout Who Smuggled Heroin,”
that named Baig as a major dealer. After three years without an arrest,
Islamabad’s main daily The Muslim quoted a Pakistani customs officer
who described Baig as “the most active dope dealer in the country.” In
his investigation of the case, correspondent Lifschultz found Pakistani
police were barred from arresting Baig and American DEA agents were
unwilling to press for any arrest inside Pakistan, Baig’s included, with
embarrassing political implications. In a prison interview with the
Japanese smuggler, DEA agents collected enough evidence to justify
Baig’s arrest. But concerned that his trial might tug a thread that could
unravel General Zia ul-Haq’s regime, the DEA dealt with this “delicate
dilemma” by trying to lure Baig to a foreign jurisdiction where the polit­
ical explosion could be contained. In the end, Baig was too smart to be
stung and the DEA did nothing.

There was evidence, moreover, of a major heroin syndicate inside the
Pakistan military. In June 1986, Pakistani police arrested an army major
driving from Peshawar to Karachi with 220 kilograms of heroin. Two
months later, police arrested an air force lieutenant carrying an identical
amount, indicating a tidy military mind organizing uniform deliveries.
Before the two could be interrogated, both officers escaped from cus­
tody under what Pakistan’s Defense Journal called “mystifying circum­
stances." In 1986 alone, another fourteen military officers were arrested for heroin trafficking.

After a decade of covert warfare, a jarring juxtaposition of events in 1988–99 sparked some dramatic changes along the Afghan-Pakistan borderlands. In August 1988, General Zia died in an air crash, allowing a restoration of civilian rule and checking some of the systemic corruption that had shielded the drug trade. Typical of the misinformation that had blocked any U.S. action against Pakistan's heroin trade, the State Department's semi-annual narcotics review released the month after Zia's death called him "a strong supporter of antinarcotics activities in Pakistan." In a breathtaking inversion of reality, the report speculated that his death might slow the fight against drugs. As events would show, General Zia had left a legacy of drug corruption that soon made Pakistan a narco-state.

Soon after winning office in democratic elections, Prime Minister Benazir Bhutto declared war on the country's drug lords. In July 1989, police arrested General Fazle Haq, the former governor of the North West Frontier province who had a personal fortune estimated at several billion dollars. Since prosecutors had no evidence of his direct involvement in drugs, they charged him with the murder of a Muslim cleric and promised further indictments for destroying records of drug cases against his brother. Police began to pursue trafficking inside the military, exemplified by the arrest of the general's former pilot, air force Major Farooq Hamid, on charges of heroin smuggling. Not long after General Haq's arrest, Pakistan's most notorious drug dealer, Mirza Iqbal Baig, was once again the object of political controversy. In an interview with Pakistan's monthly magazine Newsline, President Zia's son charged that Baig had "close personal relations" with the Speaker of the National Assembly, a key leader of Prime Minister Bhutto's People's Party. Within a week, police had captured Baig and charged him with heroin trafficking. A few months later, however, embarrassed prosecutors had to release him since police files were empty and the only evidence against him was a videotape of the BBC documentary.

Despite Prime Minister Bhutto's good intentions, the outlook for an immediate attack on Pakistan's powerful heroin industry seemed bleak. After ten years of unchecked growth under General Zia, the traffic was now too embedded in the country's politics and economics for simple police action. Economists estimated the annual earnings from Pakistan's heroin trade at $8 to $10 billion, far larger than the government's budget and equal to one-quarter of its entire gross domestic product. With so much heroin money flowing into the country, Pakistan's commentators were concerned, with some prescience, that drug lords would use their money to influence the nation's leaders, giving the country's politics a Colombian cast.
Compounding the problem, heavily armed tribal populations of the North West Frontier were determined to defend their opium harvests. Police pistols were proving ineffective against tribal arsenals that now included automatic assault rifles, anti-aircraft guns, and rocket launchers. "The government cannot stop us growing poppy," one angry tribal farmer told a foreign correspondent in 1989. "We are one force, and united, and if they come with their planes we will shoot them down." 

In 1986, General Zia's attempts to placate the United States with heavy-handed attempts at poppy eradication had sparked angry demonstrations in the province's Gadoon district, stoking tensions further when ten opium farmers were gunned down by police. In the aftermath of the massacre, almost all national and local politicians were vocal in their support for the right of tribal farmers to choose their crops—opium included. By the time Prime Minister Bhutto took office in December 1988, there was no consensus for opium suppression in Pakistan. Even if Pakistan did eradicate all of its 130 tons of opium, Afghanistan's harvest of some 800 tons, the world's second largest, could easily expand to supply Pakistan's network of heroin laboratories.

Inside Afghanistan, the slow wind-down of the covert war starting in 1987 allowed increased opium production in rebel districts. Then, after the Soviet withdrawal of February 1989 brought a slackening in CIA support, there was a scramble among mujaheddin commanders for prime opium land. In Nangarhar province, opium cultivation spread rapidly to cover 80 percent of the arable land around the city of Jalalabad by 1992. Local commanders devoted themselves to the traffic and grew diffident about fighting their way to Kabul.

The struggle over opium was particularly intense in the fertile Helmand valley. During most of the fighting, warlord Mullah Nasim Akhundzada had controlled the best irrigated lands in the northern Helmand valley, once the breadbasket of Afghanistan, and decreed that opium be planted on half of all holdings. A ruthless leader and Hekmatyar's bitter enemy, Mullah Nasim issued opium quotas to every landowner and maintained his control by killing or castrating any who defied his directives. He balanced such harshness by playing benign patron to his opium-growing peasants, sharing drug profits, as he claimed in a 1987 interview, by building hospitals and forty Islamic madrasah schools. Known as the "King of Heroin," Mullah Nasim's methods won him most of the province's 250 tons of opium and made him one of the country's most powerful commanders. Visitors to Helmand during this period spoke "in awestruck tones of the beauty of the poppies which stretch mile after mile." In early 1986, New York Times correspondent Arthur Bonner spent a month in Helmand, where he found poppy fields in every village. "We must grow and sell opium to fight our holy war against the Russian nonbelievers," ex-
plained Nasim's elder brother, Mohammed Rasul. The mujaheddin's frankness contradicted assurances from the U.S. embassy in Islamabad. Just two months before this report, the embassy had issued a formal denial that Afghan guerrillas "have been involved in narcotics activities as a matter of policy to finance their operations."\textsuperscript{102}

While Mullah Nasim ruled Helmand's opium fields, Hekmatyar held the heroin complex at Koh-i-Soltan near the valley's southern end, just across the border inside Pakistan. Among the mujaheddin commanders, Hekmatyar, in the view of Barnett Rubin, "was the only leader to exploit the opium profits systematically as a basis for a hierarchically organized party and conventional army." In mid-1988, anticipating the Soviet withdrawal and a slackening of foreign support, Hekmatyar ordered his commanders to expand poppy planting and invested in a half-dozen heroin laboratories with Pakistani traffickers. About this time, Hekmatyar's local commander began to challenge Mullah Nasim's rule over Helmand's opium harvest. Once the snows melted in spring 1989, this local opium war revived, now focused on a bridge between the Helmand valley and Pakistan's heroin refineries. In savage fighting that brought heavy casualties and weakened local resistance forces, Mullah Nasim won control of the valley.\textsuperscript{103}

In the autumn after his victory, Mullah Nasim, then deputy defense minister in the Afghan Interim Government, met with the U.S. ambassador to Pakistan, Robert Oakley, to request $2 million in U.S. aid to eradicate opium cultivation in the Helmand valley. With the embassy's promise to deliver the aid after eradication, Nasim cut opium production and invited U.S. officials into his valley for an inspection in January 1990. The Americans reportedly found the poppy ban effective, and noted that opium prices in the nearby Baluchistan border areas had consequently tripled. Before the U.S. embassy could honor its promise, however, Mullah Nasim and five of his commanders were gunned down at Peshawar by troops loyal to Hekmatyar, reportedly angry at the rising prices for the Helmand opium that fueled his Baluchistan heroin refineries. Washington advised the ambassador that his ad hoc payments violated the U.S. prohibition on dealing with drug traffickers and thus voided his promised payment. Nasim's brother Mohammed Rasul inherited the command and was soon engaged in violent clashes with Hekmatyar's troops for control of the opium routes through the Helmand valley. "We haven't been able to provide for our mujaheddin," explained Mohammed Rasul. "If the Americans don't provide assistance, the cultivation of opium will have to begin again." When time for planting the next crop came, warlord Rasul ordered his peasants back to "full opium production."\textsuperscript{104} Similarly, in the second largest opium district, Nangarhar province, warlord Abdul Qadir accepted international aid to cut opium production by half, but then ordered expansion after the crop-substitution funds were exhausted and not renewed.\textsuperscript{105} Clearly, such localized solutions
were not working, and the U.S. embassy in Islamabad soon backed away from this ill-fated attempt at using opium warlords to eradicate opium.

After spending $2 billion to expel the Soviets from Afghanistan, the United States found itself responsible for a nation with a ruined central government and ruthless opium warlords ruling the provinces. As the cold war ended in 1989 and Washington's war on drugs began, warlord allies like Hekmatyar became a diplomatic burden for the United States. In a front-page exposé of May 1990, The Washington Post claimed that U.S. officials had refused for many years to investigate charges of heroin dealing by Hekmatyar and Pakistan's ISI largely “because U.S. narcotics policy in Afghanistan has been subordinated to the war against Soviet influence there.” Similarly, that July, Time magazine claimed the United States is “embarrassed by the widely bruited connections between the drug trade and elements of the insurgents, including such fundamentalist Islamic groups as Gulbuddin Hekmatyar's Hezb-i Islami.” The magazine pointed out that these drug links “are especially painful now that the United States is prosecuting an uncompromising war against drugs elsewhere in the world.”

As the covert war and its controversies faded, former CIA operatives have acknowledged that this operation led to an expansion of the Pakistan-Afghanistan heroin trade. In 1995, the former CIA director for this Afghan operation, Charles Cogan, spoke frankly about the agency's choices. “Our main mission was to do as much damage as possible to the Soviets. We didn't really have the resources or the time to devote to an investigation of the drug trade,” he told Australian television. “I don't think that we need to apologize for this. Every situation has its fallout . . . There was fallout in term of drugs, yes. But the main objective was accomplished. The Soviets left Afghanistan.” President Carter's former national security adviser, Zbigniew Brzezinski, was equally unapologetic about the long-term costs of his Afghan adventure. “What is most important to the history of the world?” he asked an interviewer who questioned his operation's legacy of guns, drugs, and militant Islam. “The Taliban or the collapse of the Soviet empire? Some stirred-up Moslems or the liberation of Central Europe and the end of the cold war?”

In Afghanistan, distance insulated the CIA from the political consequences of its compromises. Once the heroin left Pakistan, Sicilian mafia exported it to the United States, mafiosi distributed drugs through pizza parlors, and local gangs sold it on the street. Most Americans could not do the political calculus to equate Afghan warlords and Sicilian mafia with the heroin in their cities. But when the CIA used the same covert tactics, with similar compromises, to fight the Contra war in Central America, simple proximity sparked controversy and forced a succession of investigations—first by the press, then Congress, and, ultimately, the
agency's own inspector general. After decades of denial, the CIA's investigation would document, in surprising detail, the dynamics of its cold war alliances with drug lords.

**Contras and Cocaine**

During the 1980s, Latin American cocaine exports to the United States escalated, producing a pandemic of narcotics abuse. In a special report to the White House, Attorney General William French Smith stated that U.S. cocaine imports jumped to 44 tons in 1980, a 57 percent increase in just one year. Of America's illicit drug sales totaling $79 billion, the attorney general estimated that cocaine now accounted for $29 billion, the largest share for any single drug. Even after this rapid expansion, the cocaine market continued to grow. Between 1982 and 1985, the number of cocaine users in the United States rose by 38 percent to 5.8 million, more than ten times the number of heroin addicts. In 1986, 16.9 percent of American high school seniors admitted to trying cocaine at least once.

Then came crack. By chemically converting cocaine powder to a granular base suitable for smoking, American drug dealers produced a readily usable, cheap narcotic that could be sold for as little as $10 a dose. After crack became widely available in 1985–1986, its use spread to a new generation of younger users that could not afford pure cocaine or heroin. Only a year after the drug first appeared in most markets, 5.6 percent of U.S. high school seniors surveyed reported using crack at least once.

From the outset, the surge of exports was directed by a consortium of Colombian cocaine brokers known as the "Medellin cartel." In 1980, some 75 percent of U.S. cocaine came from Colombia, largely through the cartel's networks. Unlike many of the loose coalitions in the drug trade, this cartel actually operated as a coherent group, pooling finances and making collective marketing decisions. According to the U.S. Senate, the cartel began in 1980 when the Marxist revolutionary group M-19 kidnapped a member of the Ochoa family, a prominent cocaine-manufacturing clan. At a meeting in his Medellin restaurant, Jorge Ochoa convinced the major cocaine families to contribute $7 million each for a 2,000-man army equipped with the latest in automatic weapons. Over the coming months, the cartel's army fought and won a war with M-19, forcing many of its survivors into an unwilling alliance that strengthened the cartel. More importantly, this war against a common enemy strengthened ties among the city's drug families, allowing a close cooperation in later years. By 1982, in the words of a report by Senator John Kerry, the Medellin cartel had "perfected the cocaine smuggling business into a high-tech trade based on specialization, cooperation and mass production." The Escobars managed production, the Ochoas transportation, and, before his arrest, Carlos Lehder distribution. By 1988, the cartel's annual income was estimated at $8 billion and
Forbes Magazine had placed two of its leaders, Jorge Ochoa and Pablo Escobar, on its honor list of the world's richest men.\textsuperscript{114}

As the cartel's exports expanded in the early 1980s, there were signs that its smugglers were using CIA covert operations to protect their cocaine shipments into the United States. Indeed, the Medellín cartel's rise coincided with the start of a CIA covert war that used Contra guerrillas to fight Nicaragua's leftist Sandinista government. All major U.S. agencies have gone on the record stating, with varying degrees of frankness, that the Medellín cartel used Contra forces to smuggle cocaine into the United States. In a July 1986 report, the State Department said that "available evidence points to involvement with drug traffickers by a limited number of persons having various kinds of affiliations with, or political sympathies for, the resistance groups."\textsuperscript{115} In testimony before the U.S. Senate in July 1988, the DEA's assistant administrator David Westgate said that "people on both sides of the equation (in the Nicaraguan war) were drug traffickers and a couple of them were pretty significant."\textsuperscript{116} Referring to the Contra's Southern Front commander Eden Pastora, the head of the CIA's Central American Task Force stated in May 1986: "We knew that everybody around Pastora was involved in cocaine... His staff and friends... were drug smugglers or involved in drug smuggling."\textsuperscript{117}

The question, then, is not whether the Contra war involved cocaine trafficking, but in what way and to what degree. The State Department adopted a minimalist position, arguing that a few people affiliated with the Contras may have been involved with cocaine. But the DEA and CIA have reported that leading Contra commanders were major traffickers. After holding extensive hearings on the Caribbean cocaine trade, Senator Kerry's subcommittee concluded that systematic cocaine smuggling by the Contra forces and their allies became a major element in the region's drug traffic. In its summary, Kerry's subcommittee concluded that "individuals associated with the Contra movement" were traffickers; cocaine smugglers had participated in "Contra supply operations"; and the U.S. State Department had made "payments to drug traffickers... for humanitarian assistance to the Contras, in some cases after the traffickers had been indicted... on drug charges."\textsuperscript{118} At a more serious level, Senator Kerry's subcommittee gathered evidence that John Hull, an American rancher in Costa Rica who was either a CIA asset or agent, played a leading role in the region's cocaine traffic.\textsuperscript{119}

In the Caribbean's tangled web of smuggling routes, establishing responsibility is an elusive task. By contrast, determining control is relatively easy in the drug production zones of the Andes or Afghanistan. By simply hiking through the Afghan-Pakistan borderlands, for example, a New York Times reporter could quickly learn the Mullah Nasim rules Helmand's poppy fields or Hekmatyar owns heroin refineries at Koh-i-
The CIA's Covert Wars

Soltan. In these opium highlands, the fact of territorial control makes drug dealing too obvious to conceal. But by the time cocaine reached the Caribbean, it was already two steps removed from source. Deciding who controlled what aircraft in the cat's cradle of trans-Caribbean airlines was far more complex.

Yet Central America's proximity did allow more immediate, intensive investigations by the U.S. Congress and the American press. Instead of a decade's delay in such exposés as had happened in Afghanistan, media reports of the CIA's alliances with Contra-connected traffickers appeared only months after the start of the covert war. In 1985, for example, the Associated Press carried a wire story by Brian Barger and Robert Perry reporting that "Nicaraguan rebels operating in northern Costa Rica have engaged in cocaine trafficking, in part to help finance their war against Nicaragua's leftist government."120

A few years later, while these covert wars continued, Senator John Kerry's subcommittee investigated these Contra-cocaine links. Despite countless official obstacles, Kerry's investigation gathered a wealth of detail that allowed a preliminary assessment of the impact of covert operations on the Caribbean cocaine trade.121 After President Reagan took office in January 1981, the CIA, acting on White House directives, launched a covert operation to support Contra mercenaries based in camps along Nicaragua's border with Honduras. After the collapse of the Somoza dictatorship in 1979, his National Guard had fled across the border to escape revolutionary retribution and there formed the nucleus for later Contra forces.

When the Contra forces opened camps on Nicaragua's borders in the early 1980s, Honduras and Costa Rica were already serving as transit points for the Medellín cartel's flights north to America. Protected by the Honduran military leaders, Colombian cocaine traffickers were using "Honduran airstrips for refueling and transshipment of cocaine heading north."122 In the 1970s, the northern Costa Rica borderlands had been a staging area for the Sandinista revolution and the country's police had vacated that area, allowing the Medellín aircraft to land on their flights north.123 Once the CIA's covert war started, these same areas in Costa Rica became the site of the closest connection between the Contras and cocaine. In 1983, the Contras opened a Southern Front in Costa Rica under the command of Eden Pastora, an independent, charismatic figure whom both the CIA and Contra command found difficult to control. With comparatively limited U.S. military aid, the impoverished Southern Front soon turned to the cocaine trade to finance its operations. By permitting drug pilots to refuel at its camps, the Southern Front financed purchase of arms and supplies.124 Finding Pastora "disruptive" and "unpredictable" after his refusal to subordinate himself to the Contra command in Honduras, the CIA cut off all aid to his forces in 1984.125
As their troops began suffering "desperate conditions," Pastora's commanders struck a bargain with Jorge Morales, a leading Colombian smuggler based in Miami. Already indicted for drug smuggling, Morales sought an alliance with the Contras in the belief that their CIA contacts might help his case. According to a U.S. State Department report, in late 1984 Morales supplied Pastora's Southern Front with a C-47 aircraft and money to "fly narcotics shipments from South America to sites in Costa Rica and Nicaragua for later transport to the United States." Between October 1984 and February 1986, the C-47 made 24 flights south from the United States to Southern Front bases in Costa Rica with 156,000 pounds of material and returned north with unspecified quantities of drugs. The arrangement continued until early 1986, when the arrests began. In January, veteran Southern Front pilot Gerardo Duran was arrested in Costa Rica for transporting cocaine to the United States. At about the same time, Morales got into trouble over a cocaine flight from the Bahamas and was finally arrested in June. Although the CIA's Costa Rican station chief Thomas Castillo told the U.S. Senate that he had reported "narcotics trafficking by Pastora's supporters and lieutenants," Morales continued to work with the Contras for nearly two years, until he was arrested for an unrelated drug flight.

The Contras were not the only cocaine traffickers on the Southern Front. According to witnesses before Kerry's subcommittee, an American rancher in Costa Rica named John Hull who worked closely with the CIA was "involved in cocaine trafficking." After Congress passed the Borland Amendment cutting aid to the Contras in 1984, Hull, still nominally a private citizen, played a major role in the Contra supply effort. When Lieutenant Colonel Oliver North of the National Security Council formed a private network to fund the Contras after the aid cutoff, he recruited General Richard Secord, recently retired from the Pentagon, to establish a covert arms-supply operation. With little knowledge of infantry weapons, General Secord, a career Air Force officer, recruited former CIA agent Thomas Clines, whom he later described as "a very close associate of mine from CIA days." The phrase "CIA days" was, of course a reference to their service together in the agency's secret war in Laos during the late 1960s.

With funds from sale of U.S. arms to Iran and gifts from private donors like the Sultan of Brunei, the Clines-Secord partnership purchased aircraft and hired covert war veterans—"pilots, mechanics, and cargo handlers"—to ship arms south to the Contras. In the words of Senator Kerry's report, John Hull became the "central figure in Contra operations when they were managed by Oliver North, from 1984 through late 1986." Scattered across his sprawling ranch in northern Costa Rica, Hull had six airstrips operating beyond the control of local customs or police. According to the
CIA's Costa Rican station chief Thomas Castillo, Hull "helped the CIA with military supply" in the 1984–1986 period. Moreover, at North's direction, Hull received a stipend of $10,000 per month from the Contra command in Honduras.\footnote{134}

In hearings on Capital Hill, Senator Kerry's subcommittee took testimony from five witnesses who claimed direct personal knowledge of John Hull's involvement in the cocaine traffic, including Colombian drug smuggler Jorge Morales, who passed a polygraph test to establish his credibility.\footnote{135} A Costa Rican official, Werner Lotz, said "he heard" that drug pilots en route from Colombia to America paid Hull to stop and refuel at his airstrips. Gary Betzner, a veteran drug pilot for Morales, testified that he was present at two occasions when Hull witnessed cocaine being loaded on aircraft. In July 1984, Betzner flew into Hull's ranch in a Cessna 402-B loaded with weapons for the Contra's Southern Front. Betzner was "met at the airstrip by Hull and they watched the cargo of weapons being unloaded, and cocaine, packed in 17 duffel bags, and five or six two-foot square boxes being loaded into the now-empty Cessna." With his cargo of cocaine, Betzner flew north and landed at a field in Lakeland, Florida without any search. On another "guns for drugs flight" two weeks later, Betzner landed at an airstrip ten miles from Hull's ranch and again stood with Hull while they watched a half-ton of cocaine being loaded for the return flight to Florida.

When Hull's activities prompted investigation by the U.S. attorney for the Southern District of Florida, U.S. officials in Central America tried to protect him from arrest. In March 1985, U.S. attorney Jeffrey Feldman and two FBI agents came to Costa Rica to investigate Hull's activities. In an interview with Feldman, U.S. Ambassador Lewis Tambs and CIA station chief Castillo "gave the impression that Hull had been working for U.S. interests." A U.S. embassy security officer, Jim Nagel, told one of the FBI investigators that Hull was working for "agencies with other operational requirements and we shouldn't interfere with the work of these agencies." Since Hull was "receiving protection from some U.S. officials," Feldman abandoned his attempts to interview him. Three years later, the Justice Department still had not indicted him.\footnote{136}

Other aspects of the Contra operation protected the Caribbean cocaine trade. In 1986, for example, the U.S. State Department paid four contractors—all known drug traffickers—$806,401.20 to supply "humanitarian aid" to the Contra forces in Central America. For three years before it won the contract, SETCO had been hired by Honduras-based Contras to fly supplies from America. According to a U.S. customs report, SETCO's owner was Juan Ramon Matta Ballesteros, a Honduran cocaine trafficker listed as a "class I DEA violator." Another contractor was a Costa Rican seafood company, Frigorificos de Punterenas, whose owner Luis Rodriguez was
indicted on drug charges eighteen months after he finished the State Depart­ment's contract.137

As in Laos and Pakistan, CIA operations in Central America hampered the DEA's enforcement efforts, creating an enforcement-free zone. The conflict between the DEA's drug war and the CIA's Contra operation was particularly acute in Honduras, home of the critical "northern front" against Nicaragua's Sandinista government. In 1981, when Honduras emerged as a major transshipment zone for Colombian cocaine, the DEA opened a new office in the capital Tegucigalpa. During his two years as DEA chief agent in Honduras, Tomas Zepeda found that the country's ruling military officers were implicated in the transit traffic. Not surprisingly, they did everything possible to slow his operations. "It was difficult to conduct an investigation and expect the Honduran authorities to assist in arrests when it was them we were trying to investigate," agent Zepeda told the U.S. Senate. In June 1983, the DEA closed its Honduran office without consulting Zepeda and transferred him to Guatemala, "where he continued to spend 70 percent of his time dealing with the Honduran drug problem." In his testimony, the agent said that he would have argued, if asked, that the DEA's Honduran office remain open since he had "generated a substantial amount of useful intelligence."138 Four years later, as the CIA covert war wound down, Honduras was still a major drug transshipment zone and the DEA was forced to reopen its Tegucigalpa office.139 Why did the DEA close its Honduran office in 1983 just when the cocaine flow to the United States was rising? As one DEA agent told a reporter who asked this question, "The Pentagon made it clear that we were in the way. They had more important business."140

In effect, CIA operations had once again created a de facto zone of protection closed to any outside investigation. Read closely, the Kerry committee established a pattern of CIA complicity in Central America strikingly similar to the situation in Laos ten years before—tolerance for drug dealing by the agency's local assets and concealment of their criminal activity to protect its covert operation.

Overshadowed by the larger Iran-Contra scandal, these charges of Contra drug trafficking were forgotten for nearly a decade until new allegations sparked a spectacular debate. In August 1996, The San Jose Mercury News published an investigative series that tried to establish a direct connection between the Contra war and drug distribution in the United States. In the firestorm of controversy that followed, the national press attacked the Mercury's interpretation of these connections and the paper's editor was forced to publish an apology. But the series did uncover some questionable links between the CIA, the Contras, and several California drug dealers, even though its theory that this syndicate had played a catalytic role in the crack cocaine epidemic was open to ques-
tion. Most importantly, the controversy forced an internal investigation by the CIA's inspector general. Not surprisingly, the CIA's investigation challenged the *Mercury*’s charges that it had protected drug traffickers in California. But, with full access to classified correspondence and agency personnel, the inspector general uncovered a far more serious case of CIA complicity with traffickers in Central America.

According to the *Mercury*’s original story by reporter Gary Webb, this “dark alliance” began in the early 1980s when the Contra operation against Nicaragua’s leftist Sandinista government was failing for want of funds. In 1981, the CIA hired ex-Nicaraguan army Colonel Enrique Bermudez to organize what became the main Contra guerrilla army, the FDN. Bermudez then turned to two Nicaraguan exiles in the United States to supplement meager agency support with their profits from drug smuggling into the United States.

In California, Danilo Blandon, the former director of Nicaragua’s farm marketing program, used his formidable business skills to open a new drug distribution network for the Contras. Sensing the potential of the Los Angeles ghetto, Blandon allied with the then neophyte, now legendary, African-American dealer “Freeway Rick” Ross to convert tons of cocaine into low-cost crack, thus exploiting an untapped market among the city’s poor Blacks. With limitless supplies of cheap cocaine from Central America, Ross systematically undercut rival dealers and built a booming drug business that spread up the California coast and across the Midwest.

During its decade of operation, this crack distribution network, according to the *Mercury*, enjoyed a de facto immunity from prosecution. Whenever the DEA, customs, the L.A. county sheriffs, or the U.S. Congress tried to investigate, the CIA and the Justice Department denied information on grounds of “national security.” In 1986, Los Angeles sheriffs raided what their warrant called Blandon’s “sophisticated cocaine smuggling and distribution operation.” But deputies found every location wiped clean of evidence. The police were convinced that their investigation “had been compromised by the CIA.” By the late 1980s, the operation had lost its Contra connection and both dealers were soon arrested on drug charges. Freeway Rick started a ten-year sentence, but the Justice Department intervened to free the Contra-connected Danilo Blandon and arranged his repatriation to Central America.¹⁴¹

In sum, the paper concluded that Nicaraguan exiles allied with CIA-backed Contras had delivered tons of cocaine to Los Angeles’ street gangs during the 1980s.¹⁴² In an accusatory editorial, the *Mercury* charged that “the Contra-run drug network opened the first conduit between Colombia’s... cartels and L.A.’s black neighborhoods... It’s impossible to believe that the Central Intelligence Agency didn’t know.”¹⁴³
The CIA's alliances with Asian opium lords had long been lost in far-off mountains. But Central America's proximity sparked controversy and allowed close investigation by Congress and the press. Even though the operation had ended years before, allegations that the CIA's Contra assets were involved in street-level drug distribution in African-American communities still packed enough punch to arouse a bitter, even divisive, debate.

Only a few weeks after the story's publication, daily Internet hits at the Mercury's cutting-edge web site, with crime scene photos and audio intercepts, passed the million mark and African-American anger began rising. On talk-radio, some Black callers—going far beyond what the Mercury had actually said—accused the CIA of willfully destroying their communities with crack. In Washington, D.C., the Congressional Black Caucus demanded an investigation. But CIA Director John Deutch shot back that "the agency neither participated in nor condoned drug trafficking by Contra forces." Unconvinced, the leader of the Black Caucus, Representative Maxine Waters (Democrat-California), told an emotional meeting of 2,500 in the nation's capital that federal agencies "have responsibility" for the flow of illegal drugs. In Los Angeles, over 2,000 African Americans marched in South Central demanding that federal officials answer for their role in the crack epidemic. Representative Waters then wrote the U.S. attorney general charging that her city "may have been . . . introduced to the horror of crack cocaine because certain U.S.-government . . . operatives smuggled, transported and sold it to American citizens." To quiet this rising outrage, in November the Clinton administration sent CIA director Deutch to a public meeting of 800 angry African-Americans in South Central Los Angeles, where he promised a full investigation of the Mercury's charges—a remarkable incident in the CIA's extraordinary history.

As the controversy grew, the national press entered the lists on the side of the CIA. On October 4, The Washington Post published a front-page "investigation" denying that the rise of crack in Los Angeles was the work of just one syndicate and charging that the Mercury's expose merely "echoed decade-old allegations." Two weeks later, The New York Times and Los Angeles Times followed with parallel investigations, attacking the Mercury's story and accusing that paper of fanning the flames of racial discord.

Despite the CIA's denials and a skeptical reaction from the mainstream press, this controversy, in its waning hours, produced important insights into the dynamics of the agency's alliances with drug lords. In response to the outrage sparked by the Mercury's series, CIA director Deutch ordered his Inspector General Frederick Hitz to launch a thorough investigation. For nearly eighteen months, the CIA's seventeen in-
vestigators reviewed 250,000 pages of documents and conducted 365 interviews to produce a two-volume report. In presenting his report’s first volume to Congress in March 1998, Inspector Hitz found “absolutely no evidence to indicate that the CIA as an organization or its employees were involved in any conspiracy to bring drugs into the United States”—a charge that nobody, the Mercury included, had made.149

In general, the press followed the CIA’s lead to report that the Mercury’s series had been discredited, effectively closing coverage of the case. But Inspector Hitz himself made several important admissions in his congressional testimony about this report that opened important new avenues of inquiry.150 “Let me be frank,” Hitz added, “there are instances where CIA did not, in an expeditious or consistent fashion, cut off relationships with individuals supporting the contra program who were alleged to have engaged in drug trafficking or take action to resolve the allegations.” He also revealed that the CIA had, at the start of the Contra operation in 1982, concluded a “Memorandum of Understanding” with U.S. attorney General William French Smith exempting it from reporting drug trafficking by its nonemployees, meaning “assets, pilots who ferried supplies to the contras, as well as contra officials and others.” Even though this agreement was modified four years later to require some reporting, the CIA continued to operate with these individuals and investigations into their drug dealing were not done “as expeditiously as they should have been.” Remarkably, the waiver remained in effect until 1995.151 Several months later, The New York Times reported that the inspector’s still-classified volume two found that the CIA had worked with “about two dozen Nicaraguan rebels” known to be “trafficking in drugs.”152

In October 1998, the CIA finally posted a heavily censored version of the Hitz report’s volume two on its web site, revealing that the agency had been aware of the Contras’ involvement in drug dealing from the very outset and had done nothing to stop it. “In September 1981,” said The New York Times, paraphrasing the Hitz report, “as a small group of rebels was being formed from former soldiers in the National Guard of the deposed Nicaraguan dictator, Anastasio Somoza Debayle, a CIA informant reported that the leadership of the fledgling group had decided to smuggle drugs to the United States to support its operation.”153 Though Congress later gave the CIA direct orders to report any drug dealing by its Contra allies, the agency only admitted one such connection. In 1984, the CIA cut its ties to a Contra leader linked to the notorious cocaine trafficker Jorge Morales. But the agency, in the words of the report, “continued to have contact through 1986–87 with four of the (other) individuals involved with Morales.” Significantly, the inspector general’s report now revealed that the CIA had not only worked with 58 Contras implicated in cocaine trafficking, but it had also concealed their
criminal activities from Congress. "In six cases," the report explains, "CIA knowledge of allegations or information indicating that organizations or individuals had been involved in drug trafficking did not deter their use by CIA. In at least two of those cases, CIA did not act to verify drug trafficking allegations or information even when it had the opportunity to do so." In 1988, Senator Kerry and his staff investigators had only limited success in getting information on Contra drug activity from the CIA's congressional liaison, John Helgerson. In volume two, the inspector general now explained the reason for this reticence. "Helgerson says that he does not recall a concerted effort by the agency to get to the bottom of the allegations of narcotics trafficking," the Hitz report says. "The agency, as he puts it, was in the intelligence business, not law enforcement."154

With its lengthy quotations from classified agency memoranda and interviews, volume two of the Hitz report allows, for the first time, an inside look at the CIA's cold war alliances with drug lords—particularly the ways that covert warfare created enforcement-free zones closed to outside investigation. Despite front-page coverage of the humdrum findings in volume one, the national press failed to cover anything beyond the sanitized opening pages of volume two. But buried in the report's back pages starting at paragraph 913, Hitz explores the CIA's relationship with trafficker Alan Hyde, producing a revealing case study of the operational pressures that led to an agency alliance with one of the Caribbean's top cocaine smugglers. Over the space of 48 dense, detailed paragraphs, the inspector general quotes classified correspondence from field agents through CIA director to document the dynamics of an agency alliance with a drug lord—an important story that the national press failed to report.155

As often happens in covert operations, geography had circumscribed the CIA's choices. Lying astride the main smuggling routes between Colombia and the U.S. Gulf Coast, Alan Hyde's base in the Bay Islands, just off Honduras, was ideally suited for both cocaine smuggling into the United States and CIA arms shipments to Contra bases along the Honduras-Nicaragua border.

For over three years before the CIA allied with Hyde, every U.S. security agency active in Honduras—Defense, DEA, customs, and CIA—had ample intelligence that he was one of the top traffickers moving Colombian cocaine across the Caribbean into the United States. During the 1980s, Hyde had used his fishing fleet and fish-processing plant at Roatan Island, the largest of the Bay Islands, to emerge, in the words of the U.S. Coast Guard, as the "godfather for all criminal activities originating in Bay Islands." In 1984, the U.S. Defense Department attaché at Tegucigalpa reported that Hyde "is making much money dealing in 'white gold,'
Two years later, the U.S. Coast Guard reported that an "organized criminal organization" led by Hyde was smuggling cocaine from the Bay Islands on "fishing vessels bound for South Florida." In addition to his own ships, Hyde was also serving as master of the vessel M/V Bobby "as a favor to Pablo Escobar, a major Colombian cocaine trafficker." In July 1987, the CIA headquarters received a cable reporting that "according to Honduran military officers . . . Hyde had been using his fishing fleet and personal plane for 'at least the last five years for transporting illegal substances,' including drugs." The cable added that Hyde was well connected to "highly placed Honduran officials" and "has insulated himself from prosecution by judicious use of his money." In December 1986, the Coast Guard advised the CIA that Hyde Shipping of Miami had purchased fishing vessels in Brownsville, Texas that had sailed to Cartagena, Colombia "to be outfitted for drug smuggling." Indeed, in March 1988, the CIA's own Directorate of Intelligence issued an assessment titled "Honduras: Emerging Player in the Drug Trade," reporting that Hyde was smuggling chemicals for two cocaine-producing plants in the Bay Islands.

Nonetheless, the CIA worked with Hyde to supply its Contra allies from 1987 to 1989, a period when his reputation for drug dealing was already well established. Weighing the covert operational gains against compromising ties to a drug smuggler, agency personnel at all levels, in a striking instance of mission myopia, crafted an exculpatory logic that allowed them to work with a notorious criminal. In early July 1987, a CIA field operative first suggested that "using Hyde's vessels to ferry supplies would be more economical, secure and time efficient than using aircraft." At CIA headquarters in Langley, Virginia, the Central American Task Force (CATF) warned, for the record, that Hyde "might have ties to drug traffickers." But the task force still permitted ongoing contacts pending higher approval for a broader logistical alliance. On July 14, agency headquarters cabled a reply to field officers pointing out that "there is a very real risk that news of our relationship with subject, whose reputation as an alleged drug smuggler is widely known to various agencies, will hit the public domain—something that could bring our program to a full stop." Two weeks later, on July 27, Attorney W. George Jameson, then counsel to the director for operations, sent Alan Fiers, head of the CATF, a formal analysis that there was "no legal impediment to proceeding as planned." Clearly, he wrote, the "CIA use of a known drug smuggler would raise significant legal and policy implications," violating a specific congressional ban on ties to "any group that retains in its ranks any individual who has been found to engage in . . . drug smuggling." In this case, the contact could proceed, the lawyer said, since "neither the firm, nor its owner, Alan Hyde, is under indictment or investigation to
your knowledge and the allegations of drug trafficking are not substantiated. Moreover, you have no independent basis to believe the accusations are true."

When examined closely, the logic of this in-house legal opinion approaches the absurd. Instead of requiring that CIA headquarters investigate rigorously, this agency lawyer sanctioned ties to drug traffickers as long as the agents involved maintained a cynical, studied ignorance of any wrongdoing. If a contact were “under indictment,” then he would, of course, be in jail or out on bail, making him useless as an asset. To work with a useful, unindicted trafficker, CIA headquarters simply had to pretend that the DEA, customs, and Defense Department reports in its files “are not substantiated” and thus there was “no independent basis to believe the accusations.” What, we might ask, constituted some substantiation that would bar contact? In the CIA’s circular, Catch-22 logic, there was only one—an indictment, of course. By parsing Congress’s words so finely and problematizing the meaning of “found to engage in,” the CIA punched a loophole into a clear congressional ban and crafted a logic that allowed contacts with almost any trafficker out of jail.

Accordingly, on August 5, 1987, Alan Fiers, head of the CATF, advised his superior, CIA Deputy Director for Operations Clair George, that they “had no choice but to use Hyde on the grounds of ‘operational necessity,’” even though Hyde was “not attractive.” George, in turn, discussed Hyde with the CIA’s deputy director, Robert Gates, saying: “We need to use him, but we also need to figure out how to get rid of him.” After Gates approved the relationship at the agency’s highest level, George, in a cable dated August 8, 1987, issued the authorization to use Hyde to “provide logistical services to complete a project, after which all contacts must cease.” During the inspector general’s later investigation, Fiers recalled that Gates, then acting CIA director, had also given him verbal approval to use Hyde “on a highly restricted basis.” As often happens, marriage was easier than divorce.

Over the next two years, CIA headquarters sent what one agent called “mixed signals” about “the relationship with Hyde” to its field operatives. One CIA officer recalled that there was “a lot of pressure from Fiers and DCI [William] Casey to get the ‘job done.’” But lower-level officials insisted on procedures “to make sure that the agency would be protected in case the congressional intelligence oversight committees ‘came calling.’” Left to resolve these contradictory directives on his own, one CIA logistics officer bonded with the smuggler, admitting that he “never believed the drug allegations against Hyde, whom he came to regard as a close friend.” Since Hyde had thirty-five ships at sea, this officer did admit that “it might have been possible for an employee of Hyde to use one of the boats for smuggling.” Another CIA field officer who worked with
Hyde dismissed the many U.S. reports about his drug trafficking with a logic that typified the CIA’s mission myopia, saying, “If these allegations were true, DEA and the Coast Guard would have got him.”

Although repeated reports of Hyde’s drug dealing sparked no reaction from CIA headquarters, allegations that he was stealing arms destined for the Contras prompted an immediate investigation by the agency’s Nicaragua Operations Group (NOG). “It was an issue of relative order of priorities,” the former head of NOG recalled, in words that seemed to epitomize the agency’s perspective: “[T]he issue of stealing our guns had a higher priority than verifying whether Hyde was smuggling cocaine into the United States.” Indeed, in March 1988, CIA headquarters authorized the leasing of additional storage facilities from Hyde despite recent internal intelligence that he was “the head of an air smuggling ring with contacts in the Tampa/St. Petersburg area.”

Within several months, however, “the receipt of continuing allegations of Hyde’s involvement in cocaine trafficking” placed pressure on CIA headquarters to find an alternative—particularly once a resumption of shipments to the Contras, briefly suspended in response to congressional pressure, made the agency less dependent upon his storage facilities to “mothball” supplies. Throughout these operations, field officers resisted pressure from headquarters to sever ties, arguing that Hyde was their only reliable “delivery mechanism.” By early 1989, however, these logistics problems had apparently been resolved, and CIA headquarters finally ordered the field to break off all contact.

Even so, the CIA alliance continued to shield Hyde’s drug smuggling from serious investigation by both Honduran and American authorities for another four years. Indeed, if we examine the record closely, there are strong indications that the CIA protected a top cocaine smuggler from investigation for six years, 1987 to 1993—the peak of the crack cocaine epidemic in the United States. When the U.S. Senate Standing Committee on Intelligence questioned the CIA’s alliance with Hyde in August 1987, the head of the agency’s CATF, Alan Fiers, had replied that “persons such as Hyde could be used in the Contra program if there were no ongoing investigations of wrongdoing or no outstanding indictments.” If we are to take Fiers at his word, both the DEA and the Coast Guard, despite past reports that Hyde was smuggling cocaine into the United States, had suspended their investigations now that he was working with the CIA. Six months later, a CIA officer warned headquarters that Honduran authorities planned a “drug-busting effort” against the Bay Islands that would target Hyde since he was, in the CIA’s own words, “the ‘godfather’ of all criminal activities—[especially] drug smuggling—in the Islands.” But the agency’s report shows no record of any Honduran government raids, raising the possibility that the CIA may have, directly or
indirectly, discouraged the planned operation. Even five years after the agency finally cut relations with this top trafficker, its efforts to protect Hyde and his island haven from criminal investigation continued. In March 1993, an internal CIA directive stated frankly that it was agency policy to "discourage ... counternarcotics efforts against Alan Hyde because 'his connection to [the CIA] is well documented and could prove difficult in the prosecution stage.'"173

In effect, the CIA, understanding the sensitivity of drug smuggling by its Central American assets, had formalized its once informal policy of closing covert war zones to external investigation. While remoteness had allowed the CIA simply to ignore drug trafficking by its allies in Laos or Pakistan, Contra involvement in cocaine smuggling into the United States required a more formal waiver to protect the agency from later charges of illegality. In volume two his report, CIA Inspector General Hitz documented the agency's longstanding policy of protecting its covert assets from investigations of drug trafficking done in connection with CIA covert operations. In sum, Hitz's internal inquiry corroborated a pattern of CIA complicity in narcotics trafficking evident from external observations of its other covert wars in Burma, Laos, and Afghanistan.

**After the Cold War**

The end of the cold war did not erase the bitter legacy of the CIA's Afghan adventure, nor did it end the agency's alliances with drug lords. In retrospect, the CIA's decade-long Afghan war during the 1980s had destabilized a delicate political balance within Central Asia—devastating Afghanistan, destabilizing Pakistan, and mobilizing radical Islam. These forces, powerfully disruptive on their own, coincided with independence for the weak republics of Soviet Central Asia, plunging the region into chaos and sparking a proliferation of drug trafficking.

After the cold war, there were dramatic changes in Central Asia's drug traffic. As Afghanistan's opium production climbed relentlessly toward a record harvest of 4,600 tons in 1999, this war-ravaged land became history's first opium monocrop—with much of its land, capital, and labor dedicated to producing 75 percent of the world's heroin supply. Its rising heroin exports financed a bloody civil war inside Afghanistan and fueled an eruption of ethnic insurgency across a 3,000-mile swath from Central Asia to the Balkans. During the tumult of the 1990s, many of the ethnic rebels who roiled this region—in Uzbekistan, Chechnya, Georgia, Turkey, Kosovo, and Bosnia—armed themselves by participating in the westward flow of Afghan heroin toward Europe.

While Latin America's cocaine boom of the 1980s had created a succession of narco-states, Central Asia's rising heroin traffic of the 1990s
pushed many of the region’s newly independent nations further toward disorder by fostering “grey areas” where, in the words of one analyst, “the nation state has disappeared for good and where real power is exercised by coalitions between guerrillas or militias and drug traffickers.” Although Central Asia had rich potential for opium cultivation, most of the region instead became, by 2000, a transit zone for Afghanistan’s heroin exports. By 1998, for example, Kyrgyzstan had four million people employed in drug trafficking and, within two years, the country was exporting more heroin than Burma. Rather than responding forthrightly to the threat of instability posed by the drug traffic, Central Asian governments like the Karimov regime in Uzbekistan have used the drug war as a pretext for repression, just as Russia has played upon it to regain lost influence in Central Asia.174

As Afghanistan’s covert war wound down between 1989 and 1992, the Western alliance failed to sponsor a peace settlement or finance reconstruction, effectively abandoning a nation ravaged by years of warfare. After investing $2 billion in Afghanistan’s destruction, Washington refused to invest any diplomatic or financial capital in its reconstruction—leaving the country devastated with 1.5 million dead, three million refugees, a ravaged economy, a ruined central government, and well-armed warlords primed to fight for power. International aid for refugees and famine relief plunged from $87 million in 1981 at the height of the covert war to only $13 million in 2000, even though the country was suffering a devastating drought. In the early 1990s, special U.S. ambassador Peter Tomsen failed “to put together a polity in the ghost town Kabul had become”—a failure that CIA veterans like Charles Cogan applauded since such U.S. involvement might “lead to a dangerous over extension of American forces.”175 A decade later, The New York Times would condemn this decision to abandon Afghanistan as “a catastrophic mistake,” but at the time few outside the agency noticed.176

Without any means to resolve the past or plan the future, Afghan rebels, armed with opium profits, plunged into a bitter civil war that sent shock waves of instability throughout Central Asia.

The CIA’s Afghan war had disrupted a tenuous political balance in Pakistan. During the 1980s, the torrent of heroin transformed Pakistan into a narco-state, with drug money dominating politics and heroin profits making military intelligence independent of central control. In particular, the ISI’s role as the CIA’s surrogate in the Afghan war had invested this military intelligence unit with vast profits from the heroin trade and installed it inside Afghanistan as the patron of radical Islamic parties. In a 1992 report, the CIA concluded that “heroin is becoming the lifeblood of Pakistan’s economy and political system,” noting that the country’s drug trade was “virtually the same size as the legitimate economy.” Significantly, the agency’s report added that a group of senior ISI officials had used heroin...
profits "to fund separatist movements in India and the civil war in Afghanistan."\textsuperscript{177}

After General Zia's death in 1988 ended military rule, this flood of drug money corroded Pakistan's restored democracy, creating and destroying governments. During a democratic interlude from 1988 to 1999, two powerful politicians battled for power—Benazir Bhutto (1988–90, 1993–96) and Nawaz Sharif (1990–93, 1997–99)—attacking narco-corruption and being corrupted by it in turn. In opposition, each attacked the other for alliances with the drug mafia. In power, however, both protected their drug lord allies and harassed only those identified with the opposition.\textsuperscript{178}

In the 1988 parliamentary elections, a number of drug traffickers won seats under the banner of Benazir Bhutto's Pakistan People's Party. Her first cabinet included several of the most notorious, notably Minister of Tribal Affairs Malik Waris Khan Afridi. In response to U.S. pressure, however, the new prime minister cracked down on the drug traffic, arresting North West Frontier governor Fazle Haq, notorious for his complicity in the traffic. After narrowly surviving a no-confidence motion in November 1989, Bhutto charged that drug traffickers had spent 195 million rupees to buy votes in parliament—an accusation that was proven in the next election by the overt alliance between the opposition and drug mafia. The succeeding government of Prime Minister Nawaz Sharif (1990–93) had even deeper ties to the traffic.\textsuperscript{179} To cite the most outrageous example, Haji Ayub Afridi, chief opium broker for the Afghan resistance, emerged from the shadows of the covert war to win a parliamentary seat in 1990 by spending $2,000 per vote. From his fabulous, fifteen-acre palace at Landi Kotal near the Afghan border, this "Khyber King" became a power broker, first backing Sharif for prime minister and then allying with Bhutto to oust him in 1993. By the time Sharif's government fell from corruption charges in 1993, the UN reported that Pakistan's leading traffickers were operating a "parallel government" to protect the trade. After winning a second term (1993–96) on promises to attack the drug barons, Prime Minister Bhutto formed an aggressive Antinarcotics Task Force in 1994, arrested the notorious trafficker Mirza Iqbal Baig, and extradited the heroin kingpin Ayub Afridi to the United States. But just three years later, her government fell from power amidst reports that her husband, who was also her minister of water and power, was organizing bulk heroin shipments to Britain and America.\textsuperscript{180}

In a parallel trend, Pakistan's Inter-Service Intelligence (ISI) defied both civil and military controls in the aftermath of the covert Afghan war. Enriched by the CIA alliance and its share of the heroin traffic, ISI emerged from this decade of war with the fiscal autonomy to continue independent covert operations inside Afghanistan and Kashmir in alliance with militant Muslim parties.\textsuperscript{181} In 1988, a special committee headed by a Pakistani air
marshal warned Prime Minister Bhutto that the ISI was becoming "a de facto government," and she responded by dismissing powerful ISI chief Hamid Gul. As CIA covert funds slowed in 1991–1992, the army chief of staff Aslam Beg and ISI's new head Asad Duranni advised her successor, Nawaz Sharif, that they compensate by financing their covert operations with drug money—a conversation that stirred controversy when it was published in The Washington Post. After Bhutto's second government later objected to ISI's massive support for the Taliban, the military, she claims, pushed her from power in November 1996. Though Nawaz Sharif, who again succeeded her, was consequently careful to back the Taliban, he too lost power in October 1999, in part because he displeased the ISI by wavering in his support of Kabul when Washington pressed him to sever relations with the radical regime. Even after the attack on the World Trade Center in September 2001, the ISI's chief, General Mehmood Ahmed, urged the Taliban's head to resist American demands for the surrender of Osama bin Laden. When the United States began bombing Afghanistan a few weeks later, Prime Minister Pervez Musharraf fired General Ahmed and began the long, difficult process of curbing ISI's entrenched power as "a state within a state."\textsuperscript{182}

Heroin's influence was not limited to Pakistan's political elite. Along the border, the political economy of Baluchistan province, adjacent to Afghanistan, was transformed by the rising heroin exports of the 1980s. Leading tribal traffickers dominated provincial politics. In April 1991, for example, a member of the provincial assembly, Mohammad Asim Kurd, was caught with 500 kilograms of heroin in his official car and evaded arrest by seeking refuge in the provincial offices. Two years later, six delegates in the provincial assembly and three provincial ministers were "directly implicated in the traffic."\textsuperscript{183}

With heroin ravaging its urban poor and heroin politics corrupting its political elite, Pakistan struggled to sever the ties that made it a narco-state. By attacking the drug trade, Pakistan's secular elites, military and civilian, were restraining autonomy in the North West Frontier province, curbing the ISI's formidable independence, and preserving their power from Islamic fundamentalists. During the 1990s, Islamabad reduced its own opium harvest sharply from a peak of 800 tons in 1989 to 100–200 tons annually in the early 1990s, and then to just two tons in 1999. Under police and political pressure, heroin labs also disappeared from Pakistan between 1997 and 1999.\textsuperscript{184}

In an impressive display of global power, the United States had informally tolerated Pakistan's traffic when it supported the CIA's secret Afghan war in the 1980s. But then, in a reversal of policy, Washington pressed Islamabad for narcotics suppression in the 1990s, when security imperatives no longer interfered with its drug war. In addition to diplomatic pressure,
the United States financed the Pakistani army's Antinarcotics Force in 1995 and supported passage of the harsh Control of Narcotics Substances Act in 1997, providing Islamabad with the means to eradicate its own opium production. To symbolize the success of this bilateral effort, in February 1999 Pakistan staged a spectacular bonfire of 400 kilograms of heroin and opium at Peshawar. Though these changes reduced the influence of drug lords inside Pakistan, they had a limited impact on the traffic. Afghanistan's opium production grew quickly to compensate for any shortfall. The Afridi tribal traffickers operating around Peshawar simply moved their heroin labs 100 kilometers west across the border into Afghanistan, where they opened new labs around Jalalabad under Taliban protection.185

In marked contrast to Pakistan, Afghanistan remained an outlaw state and opium became its main cash crop. After covert warfare increased Afghanistan's opium crop tenfold in the 1980s, the next decade of civil war doubled its opium production, making Afghanistan the world's top producer by 1998. During the 1990s, Afghanistan's rising harvest funded all sides in a devastating civil war among rival mujaheddin factions. The damage from these two wars, covert in the 1980s and civil in the 1990s, rendered Afghanistan, in effect, doubly dependent upon opium. For most of the twentieth century, the narcotics traffic, concealed in interstices within and among societies, had been shaped by larger political forces; but in the 1990s opium so dominated Afghanistan's economy that it could emerge from the margins to shape a nation's future. This extraordinary chapter in opium's modern history commands our attention, partly because of its sheer scale but, more importantly, because the relentless rise of Afghanistan's output reveals much about the dynamics of the global drug trade.

After the Soviet army withdrew in February 1989, Pashtun mujaheddin armies in the country's southeast, distracted by struggles over booty and opium, failed to mobilize effectively and crawled toward the capital Kabul in fitful offensives. For the next two years, both superpowers funded a proxy war between the Marxist Najibullah regime in Kabul and the mujaheddin guerrillas in the southeast. Though the Soviets had withdrawn their troops, the CIA felt it had a "moral duty to arm the Mujaheddin" for a final assault on Kabul and raised its covert aid to $350 million in 1989, even though the "dominant fundamentalist strain in the movement . . . seemed to be turning increasingly against the United States."186 During this period, the de facto commander of this covert war was the ISI's chief, Lieutenant General Hamid Gul, an Islamic fundamentalist who encouraged the more militant tendencies among the Pashtun mujaheddin.187 After months of desultory fighting, rival rebel armies—Tajik and Uzbek commanders from the north and Hekmatyar's Pashtuns from the south—seized Kabul from the Soviet client regime in April 1992. Fighting broke out almost immedi-
ately within the ranks of the resistance, culminating in a series of destructive battles for control of the capital in September 1992, January 1993, and May 1993.188

In the civil war's first phase, from 1992 to 1994, ruthless local warlords emerged to combine arms and opium in a struggle for local power. Determined to install its Pashtun allies in Kabul, Islamabad, working through the ISI, backed its clients with arms and finance, serving as a catalyst for the bloody faction fighting. The nominal prime minister of this fractious Afghan coalition, the ISI's ally Hekmatyar, was determined to dominate, and spent two years shelling and rocketing Kabul in fighting that left the city ruined and some 50,000 dead.189 When Hekmatyar failed to take power, Pakistan then backed the formation of a new Pashtun force, the Taliban. With arms from the ISI and fanatical recruits from Pakistan's militant madrasah Islamic schools, the Taliban launched a campaign to capture Kabul in 1995 from its base around the southern city of Kandahar.

During this protracted civil war, rival factions used opium to finance the fighting, transforming and being transformed by the opium trade. If we combine U.S. satellite estimates and UN field surveys, Afghanistan's opium harvest had grown tenfold from 250 to 2,000 tons during the covert war of the 1980s; and now doubled from 2,000 to 4,600 tons during the civil war of 1990s.190 Through this twentyfold increase during two decades of warfare, Afghanistan's economy was transformed from a diverse agricultural system—with herding, orchards, and sixty-two field crops—into the world's first opium monocrop. With much of its arable land, labor, water, and capital devoted to opium, the drug trade became the dominant economic force. The superpower withdrawal from Afghanistan left behind chaos that encouraged a rapid growth in opium production. By 1992, when Russia and the United States ended military aid to their proxy armies, fourteen years of warfare had left—in a population of some 23 million—1.5 million dead, 4.5 million refugees, and 10 million land mines.191 One third of the country's population was displaced and rural subsistence economies had been "deliberately destroyed."192

Lying at the northern reach of the monsoon where rain clouds arrive already squeezed dry, Afghanistan is an arid land with a delicate ecology that could not recover unaided from such unprecedented devastation. Outside of the irrigated areas like the Helmand valley, the country's semi-arid highlands have a fragile ecosystem that was already straining to carry their heavy populations when war first came in 1979. To supplement field crops such as wheat, the traditional staple, tribesmen in these uplands practiced transhumance, the nomadic shifting of flocks to summer pasture. Every spring, tribes in the densely populated eastern provinces moved their flocks hundreds of miles west to summer pasture in the sprawling central uplands.193 Most importantly, these highlanders
planted perennial tree crops, fruit and nuts, which took many years to root and bear. In these dry mountains where irrigation depends on snowmelt and droughts are regular, Afghan villages have long relied on trees—walnut, pistachio, and mulberry—since they root deep, resist drought, and served as famine relief in the dry years. In the Hindu Kush uplands, such as the Nuristan valley in Afghanistan's northeast, “anarchic” societies had long favored tree crops since they were immune to burning by “local enemies.” In that region's traditional warfare, “the wealth and permanence of the community lay in the trees.” One walnut tree, for example, could sustain an adult for a full year. Further west, in the Shamali plain surrounding Kabul, mulberry trees, drawing water from deep beneath the ground, served as an “indigenous famine relief program” from the “omnipresent fear” of drought. Historically, these orchards gave villagers the “leisure time . . . to hone their skills in punitive warfare”—which, significantly, always spared these trees to avoid the certainty of deadly retaliation in kind. In the early 1970s, a survey of this plain's 410 villages found that 91 percent grew wheat and 72 percent tended mulberry trees. On the eve of war in the mid-1970s, many areas of northern Afghanistan, like the Shamali plain, still cultivated orchard crops but now used them for both subsistence and export to Pakistan on modern roads. Even so, these highlands were incapable of anything approaching ecological equilibrium. Instead, they produced a volatile history of “trading, caravan and slave raiding, conquest, starvation, and subsequent death, and continual migration to the plains.”

In sum, when the CIA's covert war started back in 1979, these highland societies of central and northeastern Afghanistan were struggling to survive through a fragile, inherently unstable balance of annual field crops, orchards, and herding. Burdened by recent population growth, the country's ecosystem was already showing “resource strain” when the severe droughts of the early 1970s brought starvation. During the fighting that followed in the 1980s, the Soviet army's modern firepower ravaged the herds and destroyed orchards that would have survived the traditional warfare of centuries past, crippling this unstable human ecology's capacity for recovery. In the decade of civil war that succeeded in the 1990s, both collateral damage and calculated destruction continued to ravage the country's herds and orchards. Along their ragged battlefront with the Northern Alliance, the Taliban's harsh pacification perpetuated the devastation of the Soviet war, increasing the society's dependence on opium. In 1999, for example, Taliban militia, with an unerring instinct for their society's economic jugular, attacked their enemy's mass base by cutting down mulberry and walnut trees across a swath of ethnic-Tajik areas on the Shamali plain north of Kabul.

As these strands of postwar devastation wove themselves into a Gordian knot of social, economic, and ecological suffering, opium became
The CIA's Covert Wars

the Alexandrine solution. In 1972, seven years before the war began, a U.S. cabinet committee had reported that Afghan farmers made $300 to $360 per hectare from opium, twice the average of $175 for fruit. "There is no substitute crop—except for hashish," the White House reported, "that can . . . provide anywhere near an equal income." Despite the harsh climate, Afghanistan's irrigated valleys were better suited for opium than the hills of Southeast Asia—yielding thirty kilograms per hectare compared to only ten in Burma. Without any aid to rebuild their ravaged herds and orchards after the covert war of the 1980s, farmers turned to opium, a reliable annual crop whose demands were already well known. "I fought in the Jihad for ten years," one Afghan farmer told a foreign correspondent. "In 1991, I returned to my village to farm. I planted 5 percent of my land with this filth (opium). This year, my family has returned from Pakistan to join me, and so I had to plant 25 percent this year." As the country plunged into civil war after 1992, Afghanistan did not have a recognized government to negotiate either foreign aid or trade agreements, so its farmers instead increased their plantings of a cash crop with ready markets and an informal laissez-passer at every customs barrier. Indeed, in late 1991 the UN reported that the Afghan guerrillas, anticipating a cut in CIA support, were already planting a greatly expanded opium crop as an alternative source of finance. In eastern Nangarhar province, a key battleground in the anti-Soviet struggle, villages were devastated and depopulated by 1989. But within five years, opium revived the local economy, producing harvests of 1,500 tons annually and creating additional employment from heroin production.

Opium also generated a major demand for labor at a time of high post-war unemployment. While the traditional staple wheat required only 41 workdays per hectare, opium needed 350 days. If we multiply 350 days by the 91,000 hectares harvested in 1999, then opium offered 30 days' seasonal employment for over a million Afghans, or about a quarter of the potential labor force. In a society with unemployment that reached 70 percent in Kabul by early 2000, 25 percent of the total available work force would mean a much larger, albeit unquantifiable share, of actual employment. By 1999, opium may have provided over half the employment in Afghanistan. In this devastated economy, moreover, opium merchants alone could accumulate capital rapidly to provide poor farmers with crop advances equivalent to over half their annual income—credit critical to the survival of many poor villagers. Although the 91,000 hectares planted in 1999 represented only 1.1 percent of Afghanistan's arable land, opium's economics were so favorable that this limited area absorbed a disproportionate share of essential resources—a quarter of the country's available labor, much of its merchant capital, and a considerable share of its water.

In such a lawless, isolated nation, opium had other advantages over
conventional crops—notably, in the words of the UN, “credit access, storeability, increasing value over time, permanent marketability, and easy transportability.”\textsuperscript{206} In an arid ecosystem with chronic water shortage and periodic drought, opium also has the advantage of using less than half the water needed for food crops such as wheat.\textsuperscript{207} Later UN studies, done in the late 1990s, found that twenty years of fighting had destroyed the infrastructure for nonfarm income, forcing “the great majority of households” to rely on a weak agriculture that, in many districts, could only feed the population five to ten months out of the year. In such a “highly volatile socio-economic, political, and legal environment,” opium cultivation, the UN reported in 1999, “represents a low risk strategy for an increasing number of households across Afghanistan.”\textsuperscript{208}

In 1996, following four years of civil war among rival resistance factions, the Taliban’s victory caused further expansion of opium cultivation. After capturing Kabul in September, the Taliban drove the Uzbek and Tajik warlords into the country’s northeast, where they formed the Northern Alliance and clung to some 10 percent of Afghanistan’s territory.\textsuperscript{209} Over the next three years, a seesaw battle for the Shamali plain north of Kabul raged until the Taliban finally won control in 1999 by destroying the orchards and irrigation in a prime food-producing region, generating over 100,000 refugees and increasing the country’s dependence on opium.\textsuperscript{210}

Once in power, the Taliban made opium its largest source of taxation. To raise revenues estimated at $20 to $25 million in 1997, the Taliban collected a 5 to 10 percent tax in kind on all opium harvested, a share that they then sold to heroin laboratories; a flat tax of $70 per kilogram on heroin refiners; and a transport tax of $250 on every kilogram exported.\textsuperscript{211} The head of the regime’s anti-drug operations in Kandahar, Abdul Rashid, enforced a rigid ban on hashish “because it is consumed by Afghans, Muslims.” But, he explained, “Opium is permissible because it is consumed by kafirs [unbelievers] in the West and not by Muslims or Afghans.” A Taliban governor, Mohammed Hassan, added: “Drugs are evil and we would like to substitute poppies with another cash crop, but it’s not possible at the moment because we do not have international recognition.”\textsuperscript{212}

More broadly, the Taliban’s policies provided stimulus, both direct and indirect, for a nationwide expansion of opium cultivation. Farmers saw the regime’s agricultural tax, called ushr, “as implicit support for the cultivation of the opium poppy.”\textsuperscript{213} Significantly, the regime’s ban on the employment and education of women created a vast pool of low-cost labor to sustain an accelerated expansion of opium production. With the “low opportunity cost associated with women’s labor,” opium became, the UN reported, “a more attractive option for the household.” In northern and eastern Afghanistan, women of all ages played “a fundamental role in the cultivation of the opium poppy”—planting, weeding, harvest-
ing, cooking for laborers, and processing by-products such as oil.\textsuperscript{214} The Taliban not only taxed and encouraged opium cultivation, they protected and promoted exports to international markets.\textsuperscript{215}

In retrospect, however, the Taliban's most important contribution to the illicit traffic was its support for large-scale heroin refining. As Pakistan responded to U.S. pressure by eradicating poppy cultivation and closing heroin refineries in the mid-1990s, heroin production moved westward across the border from Peshawar, Pakistan to Jalalabad, the capital of Afghanistan's opium-rich Nangarhar province. There the Taliban tolerated hundreds of heroin labs clustered around the city in exchange for a modest production tax of $70 per kilogram of heroin.

During its first years in power, the Taliban's leader Mullah Omar made periodic offers to both the UN and United States to swap opium eradication for international recognition. After capturing Kabul in September 1996, the Taliban made its first such overture. Only days after the DEA released a report in November saying that the "Taliban had reached a de facto agreement with the cultivators," the regime's foreign minister, Mullah Mohammed Ghaus, sent the UNDCP a note offering "necessary measures to suppress the traffic"—a commitment, the regime later hinted, contingent upon diplomatic recognition.\textsuperscript{216}

Though negotiations were inconclusive, these overtures allowed the UN access to Afghanistan for a more ambitious eradication effort. In 1997, the new head of the UN Drug Control Program (UNDCP), Dr. Pino Arlacchi, launched a program for the total eradication of opium in Afghanistan, then the world's second-largest producer, with modest plans for crop substitution and construction of a few factories.\textsuperscript{217} Although the Taliban promised a one-third reduction in cultivation, donors were unconvinced and provided only half the $16.4 million that the UN had requested. The United States, for example, contributed only $3.2 million from a $19 billion drug war budget. In a series of heavily publicized raids in February 1999, the Taliban destroyed 34 heroin laboratories in eastern Nangarhar province. But observers reported that the raids hit a negligible share of the 200 "kitchens" operating in the area. Although clearly not the Taliban's intention, the raids revealed a boom in heroin processing that was spreading into the Helmand valley and the northeastern borderlands.\textsuperscript{218} In May 1999, Kabul's Antinarcotics Department finally announced a modest eradication effort in three districts of Kandahar. But observers felt that the 325 hectares actually destroyed were an insignificant loss in a region with 5,602 hectares of poppy.\textsuperscript{219}

Instead of eradication, the UN's annual opium surveys showed that Taliban rule had doubled Afghanistan's opium production from 2,250 tons in 1996 to 4,600 tons in 1999—equivalent to 75 percent of world illicit production. In 1999, the UN's International Narcotics Control Board (INCB)
reported that poppy has “continued to spread” to new areas under the control of the Taliban regime that then ruled 96.4 percent of the country’s opium districts. In some areas of Nangarhar province, a Taliban bastion, farmers tore up food crops to plant opium on over 60 percent of all arable land. Consequently, the UN noted that the regime’s commitment to opium eradication “remains questionable, as it continues to collect taxes on the opium poppy crop that is harvested and the heroin that is manufactured.” In much less diplomatic language, the U.S. State Department’s 1999 report expressed strong pessimism about the country’s drug control efforts, claiming that the Taliban collected a 10 percent tax on the opium harvest and were “in active collusion with smugglers and criminal elements to manufacture and export heroin.” By its de facto legalization of the opium traffic, Afghanistan, along with Burma, had become an outlaw state.

Although the UN eradication proved ineffective, its regional office did a series of field studies that represent, in sum, the most detailed research into the opium trade in over a century. In essence, these UN studies were trying to understand how such a damaged society, without any institutional support, could sustain all the complex requisites for commodity production—credit, labor supply, and marketing. Significantly, the UN did its field surveys during the very years, 1994 to 1999, when Afghanistan doubled its production to become an opium monocrop—documenting how the country mobilized its land, labor, and capital to overcome its enormous poverty and produce 75 percent of the world’s heroin. More broadly, the UN corroborated, through these microlevel studies, the stimulus effect of crop eradication that had previously been evident only at the macro, or international, level.

These UN studies showed that opium had filled an economic void inside Afghanistan, helping rebuild a shattered society with networks of credit, labor, and commerce. Even though civil war still raged in many parts of the country, Afghan society ran this commodity trade largely on trust, moving the opium harvest from seed to refined heroin without any violence. Since opium was nonperishable and its price was stable, farmers favored it over other crops as a source of savings and credit. In a survey of 108 opium-growing households in 1998, the UN found that 95 percent had taken loans in the past year, most by borrowing against delivery of their future opium harvest. Similarly, landless farmers, with only their opium crop as collateral, borrowed an average of $709, or 53 percent of their annual household income, for necessities such as food, clothing, and medicine.

In a separate study, the UN found that opium, with labor demands nine times those for wheat, generated a heavy demand for itinerant harvesters. The Helmand valley, source of half the country’s opium production, drew seasonal workers from five surrounding provinces by offering
workers a one-fifth share of the harvest, or an average daily wage of only $2.50—an apt index of the country’s poverty. Since climatic and ecological differences between districts staggered the harvest, a majority of laborers worked two districts and a quarter worked three. Almost 80 percent of harvesters also cultivated poppy on their own small plots, supplementing their insufficient income by this seasonal labor. Even within this casual labor market, trust seemed to be an organizing principle. When the harvest looked poor and laborers knew their shares would be lower than expected, all regarded their agreement with the landowner as binding and none abandoned the crop.

The UN study discovered that the bulk of Afghanistan’s opium trade was concentrated in two markedly different commercial centers—Sangin bazaar in the south and Ghani Kel in the east. Lying at the heart of the Helmand valley, source of half of Afghanistan’s harvest, Sangin’s “free market” bazaar had some 200 traders who specialized in the export of smoking opium westward across the desert into Iran. By contrast, at the Ghani Kel bazaar in Nangarhar province, grower of a quarter of the country’s opium, the trade was centralized under 40 merchants who exported morphine and heroin eastward into Pakistan. Instead of a formal syndicate structure, the eastern trade operated through “vertical integration on the basis of tribe”—Baluchi tribes, who straddle the border, controlled smuggling, while various Pashtun tribes focused on cultivation and trading within Afghanistan. The Shinwari Pashtuns in the east, through their relations with Afridi Pashtuns across the border, had “developed a virtual monopoly on processing and final transportation of heroin into Pakistan.”

The merchants themselves, the UN found, were reputable members of their communities. In the south, the traders were educated, influential landholders who enjoyed local prestige (22 of 26 interviewed had done the haj to Mecca). Some were experienced merchants with 25 to 30 years in the trade, but most were civil servants, professionals, or landholders who sold opium to survive the chaos of civil war. Even though 60 percent handled less than 100 kilograms per annum, all had prospered. One trader’s capital had grown from $270 in 1994 to $9,000 only four years later. Although all traveled about this war-torn land carrying cash, traders were rarely victimized and they, in turn, dealt with farmers on the basis of trust by offering cash advances collected in opium at harvest. To maximize profits, a quarter of the traders followed the opium trail across the borders—with the price and profits rising from $82 per kilogram at the local bazaar to $95 at the border, and $126 inside Pakistan. Even with direct exports, Afghan traders retained only 2.5 percent of profits on the country’s harvest, leaving 1 percent for farmers, 5 percent for local smugglers, and 91.5 percent for traffickers beyond Afghanistan. In sum, the illicit opium trade within Afghanistan, like the farming that produced the
crop, was conducted in a civil culture that sustained the complex market relations needed to move this commodity from farmgate to international markets.

Central Asian Transit Traffic

During the 1990s, Afghanistan’s soaring opium harvest fueled an international smuggling trade that knitted Central Asia, Russia, and Europe into a vast illicit market of arms, drugs, and money laundering—drugs moving west from Afghanistan to Europe; guns and money flowing east. In this 3,000-mile journey toward Europe by truck, camel, air, and sea, narcotics swept westward with surprising speed across a dozen boundaries, almost immune to interdiction or interference. Yet wherever this invisible commerce touched ground for processing, packaging, or exchange, the illicit enterprise quickly ramified—encouraging drug production, official corruption, mass addiction, and HIV infection. Through the alchemy of capitalism, mafias formed, ethnic separatists armed, and a culture of criminality crystallized.

The northern routes toward Russia touched ground in Kyrgyzstan, where they fostered a lethal mix of intravenous injection and HIV infection, with 32 to 49 percent of all addicts in Osh infected by October 2000. From Kyrgyzstan’s cities, some routes moved northeast to Siberian cities such as Irkutsk and Vladivostok or northwest en route to Russia and Europe. In April 2000, only eighteen months after trafficking first reached into central Russia from Afghanistan, the city of Irkutsk, long free of both drugs and HIV, had registered 8,500 heroin addicts and 5,000 new HIV cases—with officials fearing that actual numbers for both could be ten times that high. About the same time in late 1998, these heroin routes reached Russia’s far-eastern port of Vladivostok, where Chechen, Tajik, and Azeri gangs controlled a traffic that soon engulfed the city in petty crime and fueled an illicit international trade with Japan and Korea in fish, timber, and stolen cars. In the first half of 1999, heroin use across Russia increased 4.5 times over 1998. Within a year, Russia’s official number of HIV cases had tripled to 58,000. In releasing the UN’s annual review of AIDS in November 2001, its program director, Dr. Peter Piot, highlighted an “explosion” of HIV from Eastern Europe to Central Asia with 250,000 new infections, largely from injected drugs, raising the total to over a million.

Across these vast distances with poor communications, ad hoc alliances within and among ethnic diasporas provided critical criminal linkages—Kosovars scattered from Geneva to Macedonia; Turks from Berlin to Kazakhstan; Azerbaijanis from Sungait to Kyrgyzstan; and Chechens from Baku to Kazakhstan. In the cities that served as trading posts in this traffic—Osh, Tashkent, Samarkand, Baku, Tbilisi, Skopje, Pristina, and
Tirana—extraordinary profits from drugs and guns have produced mafia
gangs, criminal diasporas, tribal warlords, and rebel armies. Among these
many ethnic syndicates, the Georgians, Azeris, and Chechens control
drug distribution in Russia, while the Turks dominate the refining of
Afghan opium into heroin for sale in Europe.\footnote{230}

In the grand hotels of Central Asia, the Caucasus, and the Balkans,
mafias and narco-nationalists were a distinctive presence in the 1990s—
muscular men with designer suits, high-powered weapons, and stolen
Mercedes sedans. Cutting across the ethnic syndicates, Osama bin Laden’s
Al Qaeda organization, in the view of British Prime Minister Tony Blair and
Saudi Crown Prince Abdullah, used its militant Muslim network to traffic
in drugs from Afghanistan to Bosnia.\footnote{231} Already attenuated by postsocial-
ist economic miasma and the strains of new nationhood, state control and
civil society weakened before the power of these new narco-mafias
with their superior firepower, wealth, and political influence.

During the 1990s, Afghan opium sustained both regional and interna-
tional markets, creating a complex of new illicit connections. In 1998, the
UN estimated that 42 percent of Afghanistan’s harvest fed European mar-
kets, but the balance, 58 percent, sustained addicts within the region—
three million in Iran, another two million in Pakistan, and lesser numbers
in Tajikistan, Kyrgyzstan, and Kazakhstan.\footnote{232} Within Afghanistan, opium
smuggling started at two points—Helmand province in the south and
Nangarhar province in the east. With easy transport through the Khyber
Pass, Nangarhar, source of a quarter of the country’s harvest, sent its
opium eastward to serve Pakistan’s million-plus heroin addicts. From
the fertile Helmand valley, home to half of Afghanistan’s opium harvest,
armed convoys joined the daily traffic of 300 trucks moving west from
Kandahar toward Iran and north into Central Asia, the main corridor in
Afghanistan’s $3 billion smuggling trade.\footnote{233}

Between 1990 and 1997, Iran’s opium seizures along its Afghan border
surged from 21 to 162 metric tons, forcing Tehran to close the border in
1998. In the violent shoot-outs that followed, Iran seized over 16 tons of
heroin and morphine base, much of the latter destined for heroin labora-
tories in Turkey.\footnote{234} Over the past 20 years, some 2,700 Iranian police have
been killed in clashes with drug smugglers, most along the Afghan bor-
der.\footnote{235} In 2000 alone, 142 Iranian personnel died in 1,532 armed con-
frontations. But not even this aggressive enforcement could stop smug-
gling by “fierce and rebellious” Baluchi tribes who move freely across the
desert frontier into southern Iran.\footnote{236} According to the UN, Iran’s drug
seizures of 254 tons in 2000 represented nearly 90 percent of the world’s
total. Fueled by this irrepresible flow, Iran’s addict population soared be-
yond the official tally of 1.2 million to an estimated 3.3 million in 2001.\footnote{237}
Although Iran could not seal this border, its efforts diverted much of the
Europe-bound traffic northward to Herat and then into Turkmenistan.\footnote{238}
After Iran and Pakistan absorbed the bulk of Afghanistan's harvest, the balance of some 40 percent began a complex westward journey that delivered 90 percent of Europe's heroin supply. One of the main flows started with a daily traffic of some 200 trucks north from Jalalabad and Kabul toward the country's desolate northeastern corner, adjacent to Tajikistan, where the independent commanders of the Northern Alliance financed their rebel armies with heroin. By 1996, heroin labs were opening along the northern border in Badakhshan under control of the Northern Alliance and in the provinces of Balkh and Faryab under the Uzbek warlord General Abdul Rashid Dostum. In the border province of Kunduz, the fundamentalist Hezb-i Islami faction under Gulbuddin Hekmatyar operated several heroin laboratories until the Taliban captured the area in May 1997, forcing him to shift operations eastward to Badakhshan.

From these northern borderlands, the young Muslim warlord Juma Namangani, backed by Osama bin Laden, coordinated a loose trafficking syndicate that spanned Central Asia—flying opium from Nangarhar's fields in eastern Afghanistan to labs in the northern city of Kunduz, operating heroin labs in Tajikistan, and “using its network of militants across the region as couriers” to Chechnya in the Caucasus. At the end of the Tajik civil war in 1997, this Uzbek Muslim militant had gathered rootless fighters into his Islamic Movement for Uzbekistan (IMU) and used them to dominate the drug routes through Tajikistan. By 2000, the IMU controlled an estimated 70 percent of the narcotics transiting through Tajikistan to Kyrgyzstan. After Afghanistan's record harvest of 1999, the IMU used drug money to extend guerrilla operations into Uzbekistan and Kyrgyzstan—a bid that reportedly ended with his death during the U.S. attack on Afghanistan in November 2001.

Through the plains and passes of northeastern Afghanistan, an array of rebel commanders sent heavily armed caravans across the border into Tajikistan, the first stage in a journey toward Central Asia, Russia, and Europe. In a vain attempt to stem this flow, Tajikistan's Federal Guards fought 96 armed clashes with smugglers in 2000, suffering 12 casualties and seizing three tons of opium and heroin. From 1992 to 1997, the Tajik civil war had expanded the country's role as a transit zone for Afghanistan's heroin as local warlords smuggled drugs to buy arms and then retained their drug connections after the peace settlement brought them into government. By 1997, the UN estimated that one-third of Tajikistan's gross national product was generated by the transit traffic in drugs.

Across this vast swath of the Eurasian landmass—500 miles south-to-north and 3,000 miles west-to-east—an ever-changing web of smuggling routes traced recurring patterns within three distinct sectors between Central Asia and the Balkans. As morphine and heroin shipments left Afghanistan's laboratories, they moved west through Iran, northwest across Turkmenistan, or, more commonly, north across Tajikistan to Osh.
and Bishkek in Kyrgyzstan—crossing a maze of indefensible, illogical borders, the legacy of a Stalinist strategy for blocking ethnic secession. From the Osh drug market, or lesser trade centers at Dushanbe and Bishkek, drug shipments then turned generally westward—by air to Moscow, over-land across Turkmenistan, or more circuitously through Uzbekistan and Kazakhstan. Indicative of the traffic's scale, in September 1997 Turkmenistan officials seized 502 kilograms of heroin in a truck carrying rice west from Kandahar, Afghanistan to Baku, Azerbaijan; in November, they intercepted 1.2 tons of heroin on a truck heading west to Gaziantep, Turkey; and then, in the first seven months of 1998, confiscated 41 tons of acetic anhydride, heroin's precursor chemical, from Iranian trucks eastbound for Afghanistan.\(^{246}\)

Once across the Caspian Sea, these diffuse westerly routes merged as they entered the Caucasus with its volatile mix of contested boundaries, ethnic insurgency, local mafias, and criminal clans. In this rugged isthmus between the Caspian and Black seas, an extraordinary array of armed groups processed morphine and smuggled heroin with near impunity: the Kurdistan Workers Party (PKK) in Azerbaijan; local Azerbaijani mafia clans in Baku, Sumgait, and Nakhichevan; Armenian syndicates allied with the nationalist Dachnak party; the Azeri Grey Wolves; Ossetian and Abkhazian separatists in Georgia; and Chechen nationalists to the north.

Whether directly across Iran, or less directly through Turkmenistan and the Caucasus, most shipments of heroin and morphine base pass through Turkey where 2.9 tons of Europe-bound heroin were seized in 1999, representing 30 percent of all seizures worldwide.\(^{247}\) In April 2002, Turkey's gendarmes seized a shipment of 7.5 tons of morphine base from Afghanistan, a record haul indicative of the enormous scale of Afghanistan's exports and Turkey's heroin industry.\(^{248}\) In a reprise of its role as a cultural crossroads, Turkey drew precursor chemicals from Europe and morphine from Afghanistan to become the transshipment point for an estimated 80 percent of the heroin seized in Europe.\(^{249}\)

Moving north from Turkey or around and across the Black Sea from the Caucasus, drug shipments, now almost entirely heroin, passed through the Balkans, where rival ethnic militias—Serb, Croat, Bosnian, and Kosovar—used drug profits to purchase arms and pay fighters. As Turkey became the site for refining Afghan opium into heroin for Europe, traffic along the so-called Balkan route soared. During the 1980s, an alliance between a new Italian syndicate, La Sacra Corona Unita, and rising Armenian crime groups made the Adriatic Sea a southern route between Turkey and Europe. After the abolition of Albania's security service, the Sigurimi, in July 1991, several thousand ex-agents used the Adriatic ports of Vlora and Durres as entrepôts on this route for the smuggling of guns, drugs, prostitutes, and stolen cars. Steady Armenian migration
to Europe intensified between 1992 and 1995 when 350,000 refugees fled Kosovo, creating a criminal diaspora that dominated heroin distribution in Switzerland and Germany. In 1990, Swiss Federal Police launched Operation Benjamin, which uncovered an arms-heroin traffic with Kosovo and, eight years later, reported that Albanians dominated heroin distribution in all cantons. A Kosovar criminal diaspora based in Skopje, Pristina, and Tirana smuggled heroin across the Adriatic Sea. In Western Europe, Albanian exiles used drug profits to ship Czech and Swiss arms back to Kosovo for the separatist guerrillas of the Kosovo Liberation Army (KLA). In 1997–98, these Kosovar drug syndicates armed the KLA for a revolt against Belgrade's army.250

After 1995, moreover, the drug traffic expanded along the northern route—from Turkey through Yugoslavia to Central Europe—making Belgrade a crime capital and providing a more direct route for Kosovar smugglers like Princ Dobroshi, one of Europe’s leading traffickers, who used his heroin profits to purchase arms for the KLA until his capture in March 1999.251 Within Serbia and its satellite states, the notorious Arkan (Zeljko Raznatovic), one of several narco-nationalists backed by Belgrade state security, used drugs, contraband, and counterfeiting to finance his Scorpion gang, which terrorized Kosovo and murdered rival Kosovar drug dealers in the mid-1990s.252

Even after the 1999 Kumanovo agreement settled the Kosovo conflict, the UN administration of the province, preoccupied with mediating ethnic conflict, allowed a thriving heroin traffic along this northern route from Turkey.253 The former commanders of the KLA, both local clans and aspiring national leaders, continued to dominate the transit traffic through the Balkans, battling Serbian police for control of strategic smuggling corridors. The most militant of these local commanders, Muhamed Xhemajli, had reportedly been a major drug dealer in Switzerland before joining the KLA in 1998.254 In May 2001, Italian peacekeepers in KFOR seized a truckload of heavy weapons, including 52 rocket launchers and five SAM-7 ground-to-air missiles, near the Kosovo border believed destined for Albanian guerrillas inside southern Serbia. According to Croatian police sources, Albanian syndicates had probably bartered heroin for these arms from Croatian criminals, many of them former army officers.255

War on the Taliban

All this traffic across Central Asia depended on high-volume heroin production in politically volatile Afghanistan. In July 2000, as a devastating drought entered its second year and mass starvation spread across Afghanistan, the Taliban’s leader Mullah Omar ordered a sudden ban on all opium cultivation in a bid for international recognition. With the drought reducing yields, the recently completed harvest was already
down to 3,276 tons of opium from the 1999 record of 4,600 tons. But Afghan farmers had hoarded up to 60 percent of their harvest, so the country still held massive stockpiles to cushion the blow. Right after the ban, the local price for a kilogram of opium shot up from $110 to $500—allowing the Taliban, in the words of the U.S. State Department, to profit by “dumping opium stocks at prices higher than otherwise could have been achieved.”

Only three months after the opium ban, in an attempt to barter prohibition for recognition, the Taliban sent a delegation to UN headquarters in New York. There its Deputy Foreign Minister, Abdur Rahman Zahid, denounced the Northern Alliance as a “band of thugs” who controlled the country’s heroin traffic. But the UN could not overlook the regime’s human rights violations and the Northern Alliance retained Afghanistan’s seat. Some months later, the Taliban’s foreign affairs spokesman, Faiz Ahmed Faiz, expressed deep disappointment at the UN’s cool reaction to their “epic task” of drug prohibition, saying: “The response to this tremendous achievement was unexpected. They imposed more and more sanctions on us.” Indeed, in December the United States led the UN Security Council in additional sanctions against the regime for harboring Osama bin Laden. Simultaneously, however, the United States rewarded the Taliban with $43 million in humanitarian aid for its opium eradication. Announcing this aid in May 2001, U.S. Secretary of State Colin Powell referred to “the ban on poppy cultivation, a decision by the Taliban that we welcome.” But he urged the regime to “act on a number of fundamental issues that separate us: their support for terrorism; their violation of internationally recognized human rights standards, especially their treatment of women and girls.”

Initially, UN and United States observers were skeptical, but firsthand observation showed that the regime, with its characteristic ruthlessness, had imposed a brutally effective poppy ban. The CIA reported that opium production dropped from 4,042 tons in 2000 to a potential harvest of only 81 tons in 2001. A later UN survey of 10,030 villages found that the Taliban, by enforcing its ban with mass arrests, had cut the harvest to only 185 metric tons in 2001, a 94 percent reduction that virtually eradicated cultivation in two of the country’s three main districts. But in the remaining district, the bastion of the opposition Northern Alliance in Badakhshan province, poppy planting more than doubled to 6,342 hectares.

Indeed, after the Taliban’s poppy ban, the warlords of the Northern Alliance raised Badakhshan’s opium output from 40 to 150 metric tons, accounting for 83 percent of Afghanistan’s harvest in 2001. This surge was the culmination of ongoing changes that made opium the mainstay of the northern province’s economy. Even before the covert war began in 1979, local farmers could supply only 50 percent of the province’s food, making
villagers dependent on long-distance cattle trading. After the civil war started in 1992, a combination of factors—easy credit from traders, strong demand from regional markets, and, above all, the dictates of local commanders—had encouraged a systematic shift from wheat and cattle to opium.265

"The bad side of the ban is that it's bringing their country ... to economic ruin," said Steven Casteel, the DEA's intelligence chief, adding that the Taliban's forced switch to food crops without any transitional support would bring serious hardship.266 In March 2001, a farmer named Rashid in eastern Afghanistan told reporters: "All the young people have gone to Pakistan. Ninety percent of this area used to be cultivated with poppy. How much money can you make from wheat?"267 Another Afghan farmer, Zulman Khan, said that the switch from opium to wheat would cut his annual income from $10,000 to $400.268 Villagers were cynical about the Taliban's motives, suspecting that Arab and Afghan traders close to the regime made bumper profits by cashing in surplus stocks at inflated prices.269

In banning opium, the Taliban destroyed the country's only major industry. As its dependency on the drug trade ratcheted upward, opium became, by the late 1990s, the mainstay for many sectors of Afghan society—the ruling Taliban, the opposition Northern Alliance, bazaar merchants, long-distance traders, small farmers, and landless laborers. Then, in 2000–2001, a drought devastated much of the countryside, further increasing the economy's dependence upon opium.270 In 1997, the Taliban's opium eradication officer for Kandahar, Abdul Rashid, warned that eradicating opium would alienate the growers, who were "an overwhelming majority of the population."271 By the time the Taliban banned cultivation in July 2000, Afghanistan had, by design and default, become an opium monocrop dependent on the drug trade for most of its tax revenues, almost all export income, and much of its employment. In this context, the Taliban's opium eradication was an act of economic suicide that brought an already weakened society to the brink of collapse. Two years later, in May 2001, a UN survey found that the "ban resulted in a severe loss of income for an estimated 3.3 million people," some 15 percent of the population, including 80,000 farmers, 480,000 itinerant laborers, and their millions of dependents.272

When the U.S. bombing began in October 2001, the Taliban regime collapsed, in the words of a New York Times analyst, with a speed "so sudden and so unexpected that government officials and commentators on strategy ... are finding it hard to explain."273 Although the U.S. bombing campaign did enormous psychological and physical damage, it probably played a catalytic, not a causal, role—accelerating an ongoing internal collapse that may have eventually swept the Taliban from power without foreign intervention. The Taliban's economic evisceration had left their
theocracy a hollow shell of military force that shattered with the first American bombs.

The outbreak of war with America in September 2001 ended the Taliban's opium ban. At the start of fall planting in early September, the Taliban had already rescinded its prohibition with an announcement over its Voice of Shariat radio. UN observers soon saw peasants preparing poppy fields in Nangarhar and Kandahar provinces, the regime's heartland. Only days after U.S. military operations began, local traders dumped their stockpiles on the market, sending opium prices down by 500 percent and filling any gaps in global supply. “All the ingredients for illicit cultivation are there,” said the UN Drug Control Program's Islamabad representative, Bernard Frahi, “war, continuing poverty, and a breakdown in law and order. We could see a huge resumption in cultivation.”

Although the Taliban formally reiterated its ban a few weeks later, the regime's loss of Kabul and its defeat by mid-November rendered its dictates irrelevant. Within weeks, a drug control official in the new interim government for the three eastern provinces around Jalalabad, Shamshul Haq, reported a burst of poppy planting in Nangarhar. “Without a lot of help from the world community,” he said, “they grow it not only in their fields but on the roofs and in their flowerpots.” In travels through the bleak, devastated villages of Nangarhar, one New York Times reporter found ruined orchards, farmers crippled by mines, and opium planting. “I know the poppy is poison for everyone,” said Timur Shah, a 27-year old farmer in Nangra village near the Ghani Kel opium bazaar. “But are you ready to tell me not to cultivate it? We will die from lack of bread and food.” By late November, the country's main opium bazaars were back in business. At Ghani Kel in Nangarhar, a third of the market's 300 stalls were selling opium stockpiled during the Taliban's poppy ban, while some 200 merchants at Sangin in Helmand were again trading opium for export, largely to Iranian smugglers who left in four-wheel-drive vehicles to speed across the desert.

As the Taliban collapsed in October and November, this dragons' teeth soil suddenly raised a new crop of warlords who used their drug money to arm fighters and seize territory. Under a covert-warfare doctrine first developed in Laos during the 1960s, Washington fought this war by deploying massive air power, CIA cash, and Special Forces as advisers to Afghan warlords—providing arms and money that reinvigorated local commanders long eclipsed by the Taliban. On September 26, only two weeks after the Twin Towers attack, a senior CIA agent from the Directorate of Operations helicoptered into the Panjshir valley north of Kabul carrying a suitcase with $3 million in nonsequential $100 bills, the first of $10 million paid to the Northern Alliance warlords. When the helicopter set down in this dusty valley, the veteran agent was greeted warmly by
personal contacts in the Alliance command, a reception that was the fruit of an ongoing CIA "covert program of maintenance... of several million dollars a year." For years the Alliance's reputation as "human rights abusers and drug dealers" had meant an arm's-length relationship, but now the CIA offered ruthless warlords arms, cash, and air power, both in the north and in the Pashtun southeast. As the money flowed and local commanders switched to the U.S. side, the Bush war cabinet joked that "you can't buy an Afghan but you can rent one"—a reference to the way "the warlords followed money and victory." Across Afghanistan, brutal commanders suddenly re-emerged to battle for territory, seize food shipments, and smuggle drugs. Along the country's northern tier, the CIA mobilized Northern Alliance warlords, long active in the local drug trade, to capture Kabul and other key cities. In the southeast, the agency delivered money to Pashtun warlords, who dominated drug smuggling on the Pakistan border, to drive the Taliban out of their spiritual heartland. By the time the Taliban forces were in full flight, the CIA had spent $70 million on "direct cash outlays on the ground in Afghanistan," an expense that President Bush called one of history's biggest "bargains." But it was a bargain with a high human cost. When the Taliban had fallen, these same "corrupt and brutal" warlords soon filled the political void by occupying cities and provinces across the country, creating conditions ideal for the resumption of heroin trafficking.278

In the northeast, the Taliban's defeat affirmed the authority of Northern Alliance commanders who had long dominated drug smuggling into Tajikistan. On the frontier near Uzbekistan, for example, the brutal Uzbek warlord General Abdul Rashid Dostum, who had controlled the region's heroin complex before his ouster by the Taliban, regained control with CIA support, using his arms to drive ethnic Pashtuns out of the north and battle a rival warlord for territory.279 "The Northern Alliance," the U.S. State Department reported in March 2002, "has... taken no action against cultivation and trafficking in the area it controls."280

In the Pashtun-dominated southeast, former warlords long active in the heroin trade suddenly reappeared to seize local power. Under the new Eastern Shura government, for example, the Pashtun warlord Hazarat Ali used his opium profits to arm 6,000 militia and then install himself as security minister in Nangarhar's capital, Jalalabad. In the early 1990s, warlord Ali had gained notoriety as head of Jalalabad's airport when weekly flights to India and the Gulf states often carried cargoes of illicit opium. In December 2001, during critical U.S. air attacks on Taliban and Al Qaeda leaders hiding in the Tora Bora caves, Hazarat Ali commanded the key sector along the Pakistani border where Arab terrorists escaped by paying his officers $5,000 a head for passage to Pakistan. In this same region, the overall warlord, Abdul Qadir, again ruled
Nangarhar province where, as governor before the Taliban, he had controlled the province's substantial opium harvest. In the early 1990s, he cut production by half in exchange for international aid, but then allowed an unchecked expansion after the crop-substitution funds were spent. Elsewhere in the Pashtun southeast, other commanders long active in the heroin trade quickly emerged to fight for local power with an extraordinary brutality. 281

Further south in Kandahar, Gul Agha Shirzai, the pre-Taliban governor of the province, returned to power at the head of 3,000 fighters after seven years on the Pakistan border engaged in what The New York Times called, with wry wit, "getting rich through commerce of a sometimes murky nature." During his month-long drive to retake the province in November, he advanced on Kandahar with a mix of cunning (buying off commanders with bundles of Pakistani currency from a Toyota Land Cruiser) and cruelty (summarily executing foreign-born Taliban). After a bloody battle, he captured the city's airport with U.S. Special Forces and paraded joyfully among the corpses. When the Taliban tried to surrender their sacred city to a friendly warlord, Mullah Naquib Ullah, also allied with Prime Minister Karzai, Gul Agha seized Kandahar with U.S. backing in a bold move that forced the Taliban to flee unconditionally, winning him the post of regional governor over both Kandahar and Helmand. 282 Only weeks after the Taliban's fall, all of Afghanistan's key opium-producing regions—Helmand, Nangarhar, and Badakhshan—were again under the control of powerful drug lords.

The new government in Kabul made diplomatic bows toward opium eradication. During its founding at Bonn in December 2001, the Interim Authority asked for aid "to combat . . . cultivation and trafficking of illicit drugs and provide Afghan farmers with financial, material and technical resources for alternative crop production." A few days before the Tokyo donors' conference in January 2002, Prime Minister Karzai proclaimed a ban on all drug production. 283 Although the conference produced generous aid commitments, serious gaps remain in the country's reconstruction that only opium could close. Donors promised just $4 billion of the $10 billion needed to rebuild the economy over the next five years. Moreover, donors had, by late March, committed only 5 percent of $285 million that the UN's World Food Program needed to feed five to nine million Afghans for the rest of the year. For normal agriculture to resume, Afghanistan needed 125,000 tons of seeds annually, new credit facilities, road reconstruction, law enforcement, and a viable government. 284

Among these many requisites for reconstruction, donors have been most reluctant to fund formation of an Afghan national army—the country's only means of checking the local warlords who control the drug trade. At current funding levels, the Afghan army will have only 12,000
troops by September 2003, half the minimum force needed for order. Despite rhetoric about a "Marshall Plan" for Afghanistan, the Bush administration confined the Coalition's 5,000 international peacekeepers to Kabul and provided only minimal training for a future Afghan army. Three months after taking office, Prime Minister Karzai's authority did not extend beyond the capital, making him appear "less a head of state than a mayor." Under such circumstances, the prime minister's aides estimated that it will take five years to build an army capable of checking the warlords, ample time for opium to proliferate. In the words of an anonymous British police adviser, "The fight against terrorism takes priority. The fight against narcotics comes in second." In March 2002, the former U.S. ambassador to the UN, Richard C. Holbrooke, criticized the Pentagon's "strict limits" on international peacekeepers, warning that "the country is in extreme danger of falling back into the hands of warlords and drug lords and terrorists." Sharing these concerns, in May 2002 the U.S. House of Representatives demanded that the president submit a plan for rebuilding Afghanistan and combating opium within 45 days and approved, by a wide margin of 390 votes to 22, funding of $1.3 billion for these initiatives.285

Without waiting for donors to write checks or a weak government to dole out the aid, the country's credit networks quickly financed extensive replanting of opium across the whole of southeastern Afghanistan. In February 2002, the UN estimated the country's opium area at 45,000 to 67,000 hectares and the spring harvest at 1,900 to 2,700 tons, while the British press, citing intelligence sources, projected a crop that would rival the 1999 record of 4,600 tons. Although the government's ban had closed the Sangin opium bazaar, farmers in surrounding Helmand province were cultivating the new poppy crop openly. To plant 1.5 acres of opium, one farmer near Sangin, Abdul Wahid, had borrowed U.S. $700 from a local shopkeeper, Abdul Bari, who in turn had borrowed $1,166 from a powerful Kandahar merchant—a series of debts that could only be satisfied when farmer Wahid harvested his crop in June 2002 and delivered 20 pounds of opium to shopkeeper Bari. Everyone in this district was similarly implicated in the opium trade—from the deputy mayor who was a warlord with an opium shop to the district elders, who all had opium farms. Even Helmand's provincial governor, a nephew of the famed mujaheddin drug lord Mullah Nasim Akhundaza, who had ruled this valley in the 1980s, stated bluntly that any attempt at eradication without compensation would mean revolt by local warlords. As one of Sangin's opium merchants put it, "No one can stop the opium smuggling until we have jobs, factories, schools."286

As Afghan farmers began harvesting in April 2002, the European powers, faced with a surge of heroin, provided $80 million for the Karzai gov-
ernment to pay farmers $1,250 a hectare for opium eradication. Since they could earn $8,000 for each hectare harvested, farmers in Nangarhar province killed nine officials who tried to eradicate their crops and protested by blockading the main highway to Pakistan for several days. Although angry at the West for imposing this poppy ban, the provincial governor, warlord Hajji Abdul Qadir, shut down the opium bazaar at Ghani Kel and seized, by his account, 2,000 kilograms of opium, which witnesses claimed was at least ten times that figure. Within weeks, observers reported that warlords were stealing the crop-eradication payments due farmers, while “miles of undisturbed poppy fields . . . [with] their opium capsules swollen to the size of tennis balls” were ready for harvest.

This bitterly contested crop eradication produced violence that soon shook the new national government. In July 2002, only a week after he was sworn in as Afghanistan’s vice president and the same day he became public works minister, warlord Hajji Abdul Qadir was assassinated in Kabul by two gunmen who riddled his Land Cruiser with Kalashnikov rifles. The New York Times described him as one of Afghanistan’s “wealthiest men” with a fortune that “stemmed from his links with the drug trade in his eastern fiefdom” and ascribed his assassination to rival drug lord Hazarat Ali, “a favorite of the American commanders.” A senior Afghan official argued that Qadir may have enraged “powerful members of the country’s opium mafia” when he acted, soon after becoming vice president, to stop officials from stealing opium payments meant for farmers who were eradicating their crops on his orders. Others speculated that he “may have made enemies by favoring one drug lord over another.” But the Pashtun majority was deeply suspicious that one of their own had been killed by the Tajik-dominated security services. A month later, the Pashtuns’ chief suspect, the ethnic Tajik leader and Defense Minister Muhammed Fahim, denied any role and blamed rival drug lords who were angered by Hajji Qadir’s raid on the Ghani Kel opium market. “Nobody had dared to do anything like that for years,” said Minister Fahim, “and the drugs mafia decided to take their revenge.” In a fitting tribute evocative of the ambiguity of America’s alliance with Afghan drug lords, President George W. Bush said of Hajji Qadir’s death, “It could be drug lords, it could be longtime rivals. All we know is a good man is dead and we mourn his loss.”

But Afghanistan supplied just 5 percent of America’s heroin, and the White House attached a low priority to these problems, saying that Britain and Germany would have to “pay the price” to curb the country’s heroin exports. In March 2002, the U.S. State Department reported, with a note of resignation, that “there is virtually no counternarcotics enforcement in Afghanistan” and predicted that “the drug trade will continue to flourish absent concerted enforcement efforts.” Indeed, in Oc-
tober the UN reported that the country’s 2002 opium harvest had surged from 185 tons the year before to 3,400 tons—the world’s highest and the same level that it had been before the Taliban’s poppy ban. Once again, Afghanistan was in the grip of warlords and its land was a dragon’s teeth soil of opium, arms, and endless warfare.

**Legacy of Complicity**

Looking back on the forty years of cold war, it is clear that the CIA’s four major covert wars transformed tribal warlords into major drug lords and protected covert assets from criminal investigation. Under its pragmatic policy of accepting any ally effective against Communism, the CIA used tribal leaders for proxy warfare in the mountains of Asia, unconcerned when these same warlords used its protection to become drug lords. In the history of drug trafficking during the cold war, there is a repeated coincidence between CIA covert assets and major dealers. In the 1950s, the CIA worked with the Corsican syndicates of Marseille to restrain Communist influence on the city’s docks, thereby strengthening this criminal milieu at a time when it was becoming America’s leading heroin supplier.

In Southeast Asia, the CIA’s two covert wars played a seminal role in developing the Golden Triangle drug trade. During the 1950s, the CIA provided Nationalist Chinese (KMT) irregulars in northern Burma with the arms and air logistics that they used to transform this region, in less than a decade, into the world’s largest opium producer. Although Burma would not become America’s main source of heroin for another thirty years, the CIA’s support for the KMT created a vast opium reserve that stood ready to fill any unmet demand anywhere in the world, including America. The decline of the KMT warlords after 1984 ended a direct link between the heroin trade and the CIA’s Burma operation, but their successor Khun Sa inherited an opium complex created by these CIA allies.

Similarly, in Laos during the Vietnam War, the CIA’s secret army of opium-growing Hmong tribesmen and its alliances with Laotian generals active in the traffic facilitated logistics that shipped heroin to U.S. forces fighting in South Vietnam. As the Vietnam War wound down, the heroin laboratories that the CIA’s covert-action allies had opened to supply American troops later serviced the U.S. domestic market. Through its covert action alliances with the region’s opium warlords, the CIA played a catalytic role in the Golden Triangle’s emergence as the world’s leading opium and heroin producer.

During the 1980s, the CIA’s covert wars were again interwoven with the global narcotics trade. The agency’s support for Afghan guerrillas coincided with the emergence of Central Asia as the major heroin supplier for European and American markets. Although the United States maintained a substantial DEA contingent in Islamabad during the 1980s, the
unit was restrained by the CIA’s covert Afghan war and did little to slow Pakistan’s booming heroin exports to America. Simultaneously, during the covert war against Nicaragua, CIA operations curtailed DEA enforcement in Central America while the agency allied with one of the most powerful players in the Caribbean cocaine trade.

If we reduce this complex chronicle to its essentials, the contradictions that hampered U.S. narcotics policy during the cold war emerge with greater clarity. In Bangkok and Islamabad, American drug agents, with limited budgets and side arms, tracked the drug flow as it moved toward America, occasionally intercepting a shipment but never approaching the source. Their ultimate enemies in this war on drugs were the tribal warlords of Burma and Afghanistan, many of whom ruled these opium hills with the arms and support of the CIA and its allied agencies. In the invisible bureaucratic battle for these strategic highlands, the DEA’s weak, distant attempts at drug interdiction were overwhelmed by the CIA’s direct alliances with drug lords.

Focused on their covert mission, CIA operatives usually ignored drug dealing by their assets. By investing a warlord such as Hekmatyar with the imprimatur of its alliance, the CIA brought a rising drug lord under its protection, blocking investigations and removing any restraints on his trafficking. Once the CIA had invested its prestige in an opium warlord, it could not allow one of its covert-action assets to be compromised by drug investigations. Respecting the priority of CIA operations, the DEA kept its distance from agency assets, whether in Afghanistan, Laos, or Honduras. Such implicit tolerance allowed covert war zones to become enforcement-free areas where drug trafficking could expand without limit.

During the ten years of the CIA’s Afghan war, some seventeen DEA agents collected intelligence in Islamabad and watched—without making a major arrest or seizure—as the flood of Afghan-Pakistan heroin captured 60 percent of the U.S. drug market. As Dr. Musto demonstrated with his prescient questions in 1980 when this operation was just starting, CIA complicity in opium traffic had by then achieved a certain predictability, whether in Afghanistan or Nicaragua.

Critics who look for the CIA’s agents to actually dirty their hands with drugs in the line of duty are missing the point. Under its covert warfare doctrine, the CIA avoided direct involvement in combat and instead worked through local clients whose success determined the outcome of the agency’s operation. The CIA’s involvement thus revolves around tolerance for, or even complicity in, drug dealing by its covert action assets—not, in most instances, any direct culpability.

From a narrow cold war perspective, such informal sanctioning of drug dealing often amplified the CIA’s operational effectiveness. In Burma, Laos, and Afghanistan, increased opium production provided critical sup-
port for covert operations. As tribal societies mobilized to fight the CIA's secret wars, they diverted manpower from subsistence agriculture to combat. Over time, casualties further reduced the food harvest, making tribal income from opium an important substitute for lost labor. In effect, the diversion of scarce manpower from subsistence farming was covered by a rapid increase in cash-crop drug sales. From the CIA's viewpoint, narcotics income spared the agency the high, perhaps prohibitively high, cost of providing full welfare for a tribe with dependents numbering in the hundreds of thousands. Of equal importance, control over this critical source of cash income allowed the CIA's chosen leader to command villages, clans, and tribes in bloody paramilitary campaigns that ground on for a decade or more. In sum, through its tolerance of the opium trade, the CIA's expenses went down and its operational effectiveness increased.

There is, however, a striking contrast between these wars' short-term gains and their troubling long-term legacy. During each war and its aftermath, there is a sharp rise in both opium production and opiate exports to international markets, including Europe and America. During the 1950s, when the CIA allied with Nationalist Chinese irregulars in northern Burma, the rising opium harvest contributed to the region's later emergence as the Golden Triangle opium zone. During the 1960s, the CIA's Laotian assets opened the region's earliest heroin refineries, exporting first to American troops fighting in South Vietnam and then following the GIs home to capture a quarter of the U.S. drug market. In the Afghan war of the 1980s, the CIA's regional assets exploited its protection to make the Pakistan-Afghanistan border into the world's largest source of illicit heroin. Simultaneously, CIA operatives in Central America, many of them veterans of these Asian campaigns, tolerated the involvement of their regional allies in the cocaine traffic that passed northward toward the United States.

Once the CIA's covert war comes to an end, its legacy persists in the form of steadily rising narcotics production. In Burma, Laos, and Afghanistan, opium and heroin production continued to increase in the decades after the agency's departure. By the time the CIA withdraws the logistic and political support instrumental in the traffic's early expansion, the local drug trade has achieved an economic takeoff that allows sustained independent growth. The American agents may have departed, but logistics, market linkages, and warlord power remain to make these regions major drug suppliers for decades to come. Of equal importance, the peculiar character of covert warfare denies its battlegrounds the postwar reconstruction that usually follows conventional combat. Since these secret wars are fought outside the normal diplomatic channels, their postwar rehabilitation often remains beyond the cognizance of national or international institutions. By their very nature, these covert wars were waged without legislative oversight or line agency participation, denying the U.S. Congress, the Pentagon,
or the State Department any role in postwar reconstruction. In lieu of international aid, these highland societies have expanded their opiate production as an ad hoc form of postwar reconstruction. Over time, narcotics production serves not only to sustain a traumatized society during its post-war recovery, but it also reinforces its isolation from the legitimate economic resources of the international community. Though small and remote, these highland societies have, in the aftermath of these covert wars, become significant sources of international instability—black holes in the new world order.

**Conclusion**

In retrospect, Inspector General Hitz's report into the Contra operation discussed earlier in this chapter allows us, for the first time, to probe four key questions about the CIA and its covert alliances during the long decades of the cold war. Was the agency ever allied with drug traffickers? Yes, beyond any doubt. Though once a controversial charge, not even the CIA any longer bothers to deny that it formed tactical alliances with drug dealers in Asia and the Americas.

Did the CIA protect these allies from prosecution? Yes, there is a recurring pattern of de facto protection. During a major CIA operation, the covert battleground becomes an enforcement-free zone where all U.S. foreign policy priorities are subordinated to the agency's mission. To insure the security of its Contra war, the CIA blocked all investigations—by the DEA, customs, Congress, and the local police. When the DEA's Honduras office began reporting that the country's senior military officers, then key CIA allies, were protecting the cocaine flow north to the United States, the CIA evidently forced the DEA to close this office. Inside Contra base camps, where it was now the only U.S. investigative agency, the CIA won a formal waiver from any responsibility for reporting on the criminal activities of its Contra assets. And the agency protected its asset Alan Hyde, one of the Caribbean's top drug smugglers, from any investigation for six years at the height of the cocaine flow into America. In effect, the CIA's key assets in its Contra war were given a de facto immunity from prosecution.

Did the CIA encourage cocaine smugglers to target African-American communities? This pattern of CIA complicity in drugs proceeds from the internal logic of its covert operations. Instead of targeting the downstream drug flow, the CIA, in its mission myopia, simply ignored it. The agency's complicity in the drug traffic was an inadvertent consequence of its tactics of indirect intervention through paramilitary operations. There is then a striking similarity in the patterns of CIA complicity with drug dealers in Laos, Afghanistan, and Central America. Just as there is little evidence, and less logic, to the proposition that the CIA in Laos
The CIA's Covert Wars 529

wanted a third of the U.S. troops fighting in South Vietnam to become heroin addicts, so there is no evidence that the CIA later targeted Blacks in South Central Los Angeles. During the 1980s, however, there was every indication that the CIA was aware that its Afghan and Central American operations contributed to the export of cocaine and heroin to the United States—and did nothing to slow this drug flow.

Finally, did the CIA's alliances with drug lords contribute significantly to an expansion of the global drug trade during the forty years of the cold war? One could argue that in Burma, Laos, and Afghanistan, CIA operations provided critical elements—logistics, arms, and political protection—that were catalytic in the rapid growth of opium and heroin production. It would not be unreasonable to conclude, therefore, that such CIA operations led to an increase in the production and processing of illicit drugs in these covert war zones and thus raised the global drug supply—perhaps significantly so. Moreover, at key moments when U.S. drug consumption dropped sharply in the late 1940s and late 1970s, the drug flow out of covert war zones raised U.S. supply and broke the drug drought. But it is difficult to state unequivocally that the individual drug lords allied with the CIA did or did not shape the long-term trajectory of supply and demand within the vastness and complexity of the global drug traffic.

Whatever the global impact of CIA covert warfare might have been, the agency's alliances with drug lords has left, in the aftermath of the cold war, a domestic legacy of illegality, suspicion, and racial division. From their mission myopia, CIA agents fighting secret wars in Laos, Pakistan, and Central America seemed to regard narcotics as mere "fallout"—even when the victims were U.S. soldiers in South Vietnam or Americans in the inner cities. By ignoring the drug trafficking of its covert allies, the CIA violated the U.S. National Intelligence Act and later executive orders requiring it to provide intelligence to support the drug war. In a society that seeks to perfect the rule of law, willful illegality has lasting repercussions. Indeed, such illegality, born of an apparent indifference toward the victims of these covert compromises, has sparked deep suspicions of institutional racism among African-Americans that will take decades to repair.

This history of CIA complicity also raises some important questions about the agency's future role in U.S. foreign policy. At the broadest level, it reveals a great deal about the moral and political costs of investing an executive agency with extraordinary powers—questions that American society has refused to address in a serious, sustained manner.

As the winner of the cold war, the United States has been spared any painful self-examination, any need to question the methods used or price paid for victory in the longest of this nation's wars. By contrast, our former enemies, the peoples of Russia and Eastern Europe, have been forced into an endless, agonizing self-reflection as they try to rebuild societies
ravaged by decades of authoritarian rule. Through these struggles for reform and renewal, Communism’s notorious espionage agencies—the Stasi, Securitate, and KGB—have been swept away, their files opened, and, in some cases, their leaders investigated and even indicted. Alone among the major covert agencies that fought the cold war, the CIA survives, its files still sealed, its crimes unexamined. Not only has the agency survived, but it has parlayed its claims of victory over Communism and now terrorism to win massive budget increases that make it one of the most powerful of federal agencies.

We need to put aside our comfortable self-assurance and begin asking some hard questions about the CIA’s future. Now that the cold war is over, do we really need a CIA armed with extraordinary powers that place it beyond the law? If so, do we want the CIA to fight the drug war with the same covert-action arsenal it used in the cold war?

On its fiftieth anniversary, in November 1997, the CIA looked into a future without Communism and proclaimed its new mission as the fight against international crime, particularly drug trafficking. As President Clinton put it, the agency would be charged with “protecting American citizens from new transnational threats such as drug traffickers, terrorists, organized criminals, and weapons of mass destruction.” Yet, there is good reason to doubt the CIA’s usefulness in the war on drugs. As an intelligence, espionage, and covert-action agency, the CIA has developed an ingrained institutional culture of operating outside the law. Unless we are to adopt President Nixon’s option of wholesale assassination of drug lords, the CIA is ill-equipped for the fight against crime. Unlike the FBI or DEA, it simply does not have the experience to collect evidence within the law in ways that will allow successful criminal prosecutions. Moreover, as evidenced in its relations with the Nationalist Chinese and the Contras, the CIA is compromised by its past alliances with drug lords. Whenever it has been confronted with an exposé of drug trafficking by its former allies, the agency has gone to extraordinary lengths to preempt these charges. In 1972, for example, the CIA paid the Nationalist Chinese irregulars in northern Thailand nearly $2 million to burn their “last” 26 tons of opium—a sham media spectacle staged to erase the agency’s long alliance with Asia’s leading drug lords. Clearly, the CIA is sensitive about its past complicity and may find itself compromised if it attempts to investigate its underworld allies.

Above all, we need to ask whether we want the CIA to preserve its cold war powers to conduct covert operations exempt from both legal restraint and legislative oversight. There is reason to believe that the CIA’s reliance on criminals for these special missions was not just a product of the cold war. Judging from its history, the CIA often needs criminals and their special skills to carry out these covert operations—whether desta-
bilitation of hostile regimes, assassination of foreign leaders, or mobilization of mercenary armies. These alliances with drug dealers and drug lords were not just an aberration, an expedient born of the cold war. During the U.S. invasion of Afghanistan in October 2001, the CIA recruited regional warlords as the main U.S. ground force for an attack on the Taliban, and then encouraged them to seize local power once the Taliban regime was defeated. Since these warlords were also the country’s top drug lords, Afghanistan’s opium cultivation and heroin production soon revived to dominate the world market. In mounting complex covert operations in remote foreign territories, CIA agents often seem to require the services of criminal assets skilled in what CIA agent Lucien Conein once called “the clandestine arts”—that unique capacity, shared by spies and criminals, to conduct vast major operations outside the bounds of civil society in ways that leave no trace. Simply put, criminal liaisons are an integral part of the CIA’s covert operational capacity.

When the White House orders future covert operations, rather than routine espionage, the agency will still need criminals who can operate in foreign cities or local warlords who can mobilize mercenaries in the mountains. In both cases, these allies will, in all probability, use the CIA’s protection to traffic in drugs. As we saw in the Contra operation, past regulations barring the CIA from criminal alliances have not proven effective. In sum, if the executive orders the CIA to carry out covert operations, the agency’s criminal associations and tolerance of drug dealing are likely to recur.

Now, more than a decade after the end of the cold war, we are faced with some clear choices. We can either deny the agency the authority to conduct covert operations, or we can accept that these missions will involve the CIA in criminal alliances that may well compromise some future war on drugs. There is, of course, a moral dimension to this choice. Every nation needs an intelligence service to warn of future dangers. But nations at peace have no right, under U.S. or international law, to conduct their foreign policy through covert operations involving assassination, bribes, black propaganda, criminality, or undeclared warfare.
Notes

Introduction: A History of Heroin

7. Ibid., p. 39.
15. Ibid., p. 3.


1 Sicily: Home of the Mafia

6. The CIA had its origins in the wartime Office of Strategic Services (OSS), which was formed to make sure that intelligence errors like Pearl Harbor did not happen again. The OSS was disbanded on September 20, 1945, and remained buried in the State Department, the army, and the navy until January 22, 1946, when President Truman formed the Central Intelligence Group. With the passage of the National Security Act in 1947 the group became an agency, and on September 18, 1947, the CIA was born (David Wise and Thomas B. Ross, *The Invisible Government* [New York: Random House, 1964], pp. 91–94).
12. Alan A. Block, “European Drug Traffic and Traffickers Between the Wars:
Notes, chapter 1


31. Ibid., p. 31.

35. Ibid., pp. 43–44.
36. Ibid., pp. 46–53.
37. Ibid., pp. 58–63.
38. Ibid., pp. 66–67, 93.
39. Ibid., p. 8.
40. Ibid., pp. 81–82.
47. Ibid., p. 20; Estes Kefauver, Crime in America, quoted in Lewis, Honored Society, pp. 18–19.
49. Ibid., p. 238.
50. Pantaleone, Mafia and Politics, pp. 54–55. Michele Pantaleone was probably Italy’s leading authority on the Sicilian Mafia. A native and long-time resident of Villalba, he was in a unique position to know what happened in the village between July 15 and July 21, 1943. Also, many of Villalba’s residents testified in the Sicilian press that they witnessed the fighter plane incident and the arrival of the American tanks several days later (Lewis, Honored Society, p. 19).
52. Pantaleone, Mafia and Politics, p. 56.
53. Ibid., pp. 56–57.
65. Telephone conversation between Col. S. V. Constant, 2d SVC, and PMGO Duty Officer, 17:30, June 18, 1945 (Alan A. Block Archive on Organized Crime, Pennsylvania State University).
66. Clarke, “Memorandum.”
70. Ibid., p. 52.
74. Ibid., pp. 83, 89.
76. Official correspondence of Michael G. Picini, Federal Bureau of Narcotics, to agent Dennis Doyle, August 1963. Picini and Doyle were discussing whether to use Sami El Houory as an informant now that he had been released from prison. The author was permitted to read the correspondence at the Bureau of Narcotics and Dangerous Drugs, Washington, DC, October 14, 1971.
79. Pantaleone, *Mafia and Politics*, p. 188.
80. Ibid., p. 192.
82. Ibid.
83. Interview with an agent, U.S. Bureau of Narcotics and Dangerous Drugs, New Haven, CT, November 18, 1971.
85. Messick, Lansky, p. 137.
86. Ibid., pp. 87–88.
87. Ibid., p. 89.
88. Ibid.
93. Ibid., p. 885.
95. Messick, Lansky, p. 169–70.

2 Marseille: America's Heroin Laboratory
5. Saccomano, Bandits, p. 75.
7. Saccomano, Bandits, p. 76.
8. Gabrielle Castellari, La belle Histoire de Marseille (Marseille: L'Ecole Technique Don Bosco, 1968), p. 120.
10. Ibid., pp. 93–94.
17. Beginning in September 1941, arms drops to the Marseille Resistance were supervised by Col. Maurice J. Buckmaster of the British Special Operations Executive. The arms were dropped to a special liaison group in Marseille attached to the non-Communist Resistance. (Ibid., pp. 21–23.)
27. Agulhon and Barrat, *C.R.S. à Marseille*, p. 145.
29. Ibid., p. 440.
31. Ibid., p. 147.
32. Ibid., p. 148.
33. Ibid., p. 171.
34. Ibid., pp. 149–150.
35. La Marseillaise (Marseille), November 13, 1947.
36. La Marseillaise, November 17 and 21, December 10, 1947.
38. Ibid., p. 157.
40. Ibid., pp. 48, 56.
44. Colby, Honorable Men, p. 73.
49. Filippelli, American Labor, pp. 112–13. Only a few months before he "provoked" the split between Communist and Socialist factions in the CGT, Socialist labor leader Léon Jouhaux came to Washington to meet with members of the Truman administration. Le Monde (Paris), May 12, 1967.
50. Filippelli, American Labor, p. 113.
52. Ibid. This was not the first time that the American intelligence community had used such covert funding to create dissension within the ranks of the leftist French labor movement. During World War II, OSS's Labor Branch under the direction of Arthur Goldberg supplied funds to the "Socialist leadership" of the clandestine CGT but refused to give funds to Communist elements in the same organization. This bias created an incident that soured relations among all parties involved (R. Harris Smith, OSS: The Secret History of America's First Central Intelligence Agency [Berkeley: University of California Press, 1972], p. 182).
53. Le Provençal (Marseille), November 8–9, 14, 1947.
54. "It was on this occasion that the leaders of the Force Ouvrière faction
separated themselves definitively from the C.G.T., and founded, with the aid of American labor unions, the coalition which still bears its name [emphasis added]" (Jacques Julliard, *Le IVe République* [Paris: Calmann-Lévy, 1968], p. 124).

55. Kolko and Kolko, *Limits of Power*, p. 370. This alliance between the CIA and the Socialists was apparently preceded by elaborate negotiations. While on a visit to Washington in May 1946, Socialist party leader Léon Blum told a French wire service correspondent, “Numerous American diplomats with whom I have talked are certain that Socialism can become the best rampart against Communism in Europe.” It was later reported in the American press that President Truman’s secretary of the treasury had urged Blum to unite the non-Communist parties and drive the Communists out of the government. (*Le Monde* [Paris], May 12, 1967).

58. Agulhon and Barrat, *C.R.S. à Marseille*, pp. 156–73.
60. Agulhon and Barrat, *C.R.S. à Marseille*, pp. 204, 215.
61. Ibid., pp. 76, 128.
62. Ibid., p. 196.
63. Interview with Lt. Col. Lucien Conein, McLean, Virginia, June 18, 1971. (Conein worked as an OSS liaison officer with the French Resistance during World War II and later served as a CIA operative.)
64. Castellari, *La belle Histoire*, p. 221.
65. Ibid., p. 222.
66. The close relationship between Marseille’s Vietnamese community and the French left also played a role in the history of the Second Indochina War. Immediately after the liberation, Marseille’s left-leaning commissioner Raymond Aubrac discovered the wretched conditions at the Indochinese work camps in the city’s suburbs and did everything he could to clean them up. His efforts won him the respect of Vietnamese nationalist organizations, and through them he was introduced to Ho Chi Minh, who visited France to negotiate in 1946. When the Pugwash Committee devised the deescalation proposal to end the Vietnam War in 1967, Aubrac was selected to transmit it to Ho Chi Minh in Hanoi (Agulhon and Barrat, *C.R.S. à Marseille*, p. 43).
71. Braden, “I'm Glad the CIA Is 'Immoral,' ” p. 10.
77. U.S. Bureau of Narcotics and Dangerous Drugs, “Persons Known to Be.”
80. U.S. Bureau of Narcotics and Dangerous Drugs, “Persons Known to Be.”
82. U.S. Bureau of Narcotics and Dangerous Drugs, “Persons Known to Be.”
86. Saccomano, *Bandits à Marseille*, p. 25.
96. Interview with an agent, U.S. Bureau of Narcotics and Dangerous Drugs, New Haven, CT, November 18, 1971.
98. Ibid.
101. *New York Times Magazine*, February 6, 1972, pp. 53–54. During 1972, French police scored some impressive successes in their attempts to eliminate Marseille's heroin industry. In the first seven months of 1972 French police seized five heroin laboratories, more than they had been able to uncover in the previous ten years (U.S. Cabinet Committee on International Narcotics Control [CCINC], “Fact Sheet: The Cabinet Committee on International Narcotics Control—A Year of Progress in Drug Abuse Prevention,” Washington, DC, September 1972, p. 2).
117. Murphy and Steele, World Heroin Problem, pp. 12, 16.
118. Ibid.
123. Reid, Grim Reapers, p. 97.
125. U.S. Bureau of Narcotics and Dangerous Drugs, "Persons Known to Be."
127. U.S. Senate, Committee on Government Operations, *Organized Crime*, pt. 2, pp. 527, 539. (In 1954 Santo Trafficante, Jr., was arrested by the Saint Petersburg police when he tried to bribe a police officer into destroying evidence of his involvement in the *bolita* lottery.)


3 Opium for the Natives


3. Ibid., p. 2.

4. Ibid., p. 6.


10. Ibid., pp. 31–44.


19. Ibid., pp. 127, 221.
24. Greenberg, British Trade, pp. 221; Owen, British Opium Policy, pp. 113–45.
26. Ibid., p. 177.
27. Ibid., pp. 52–54.
28. Ibid., pp. 65–82.
30. Owen, British Opium Policy, pp. 146–89.
32. Lubbock, Opium Clippers, pp. 280–85.
34. Stackpole, Captain Prescott, p. 35.
41. Spence, “Opium Smoking,” p. 16. Opium was so important to Szechwan’s economy that a local opium suppression campaign in 1901–1911 alienated much of the province’s population from the imperial government and created support for the 1911 revolution. (S. A. M. Adhead, “The Opium Trade in Szechwan 1881 to 1911,” *Journal of Southeast Asian History* 7, no. 2 [September 1966], 98–99).
55. The Philippines became an exception soon after the Spanish were replaced by the American colonial government in 1898. The Spanish opium franchise had been established in 1843, and had earned the colonial government about $600,000 in silver per year. It was abolished by the American colonial government shortly after the U.S. army occupied the island (Arnold H. Taylor, *American Diplomacy and the Narcotics Traffic, 1900–1939: A Study in International Humanitarian Reform* [Durham: Duke University Press, 1969], pp. 31–32, 43).


69. For a discussion of the opium franchise operations in the Philippines, see Edgar Wickberg, *The Chinese in Philippine Life* (New Haven: Yale University Press, 1965), pp. 114–19. For statistics on the percentage of revenues derived from opium sales, see League of Nations, Advisory Committee on the Traffic in Opium and Other Dangerous Drugs, *Annual Reports*, 1921–1937. Revenue from opium in the British Malayan Straits Settlements was even higher. In 1880 it accounted for 56.7 percent of all government revenues, in 1890 it dropped slightly to 52.2 percent, and in 1904 it climbed back up to 59 percent (Cheng U Wen, "Opium in the Straits Settlements, 1867–1910," *Journal of Southeast Asian History* 2, no. 1 [March 1961], pp. 52, 75).


72. Ibid., pp. 27–28.


84. Ibid., pp. 9, 46–47.


105. Ibid., p. 346.


108. Purcell, *Chinese in Southeast Asia*, pp. 105–6. The Thai government also did its best to restrict local opium production. A British official traveling in northern Thailand in the 1920s came across a party of Thai police leading a group of captured Hmong opium smugglers into Chiangrai. He reported that opium cultivation was prohibited, but “the small scattered tribes living among the remote mountains still pursue their time-honored habits, and although it is, as a rule, dangerous and profitless work for the gendarmes to attack the tribes in their own fastness, still captures are occasionally made . . . when the poppy is brought down for sale” (Reginald le May, *An Asian Arcady* [Cambridge: W. Heffer & Sons, 1926], p. 229).


119. Ibid., pp. 93–94.


129. Paul T. Cohen, “Hill Trading in the Mountain Ranges of Northern Thailand” (1968), pp. 1–3. One anthropologist who traveled in northern Thailand during the 1930s reported that although the Akha were devoting full attention to the opium crop and were engaged in regular opium commerce, Hmong production was quite sporadic (Hugo Adolf Bernatzik, *Akha and Meo* [New Haven: Human Relations Area Files Press, 1970], pp. 522–23).


134. This can be inferred from data on Thai wartime imports. The opium
imported in 1943 was valued at 9.7 million baht (the Thai currency). Countries exporting goods into Thailand in excess of this amount were Malaya, China, Japan, Penang, Singapore, and Burma. However, only exports from Burma in 1943 show a peculiar jump in value of 10 million baht. In 1942, Burma’s exports into Thailand were valued at 500,000 baht. In 1943, the value rose to 11 million before resuming a more stable level of 1 million in 1944 and 900,000 in 1945. The uncharacteristic single-year rise of 10 million baht in the value of exports from Burma in 1943 is most likely accounted for by Shan state opium imported by the Thai opium monopoly. Furthermore, unlike exports from other Japanese-held territories, no Burmese exports were received in Thai ports in 1943, indicating that what Thailand did import from Burma came overland as would be expected with Shan state opium (Thailand Department of His Majesty’s Customs, _Annual Statement of the Foreign Trade and Navigation_ [Bangkok, 1946], pp. 53, 81-91).

136. Ibid.
139. General Phao, as personal aide to Prime Minister Phibun Songkhram, was no doubt assigned to serve as a liaison between Bangkok and Shan state military groups during the war. When Phibun fell from power in 1944, Phao was placed on inactive duty. In 1947, he joined his father-in-law, General Phin, to launch a coup that brought down the civilian government. Phao reached his peak of power in the mid-1950s as director-general of the Thai police and deputy minister of the ministries of finance and interior, but his police repression and his involvement in illicit opium trading eventually compromised his position. In the aftermath of the 1957 coup, he was exiled to Switzerland, where he died a few years later.

With the expulsion of Phao from the country, members of the Sarit faction, many of them veterans of the Shan state campaign, quickly moved in to take over the opium trade. Sarit had commanded the 33rd Infantry Battalion, which proved a key unit in the seizure of Mong Hsat and later in the Northern Army’s drive to the Chinese border and the occupation of Chieng Lo. By 1945, Sarit was a colonel and military commander of Lampang province, one of the major transit points in the illicit opium trade. As commander of the 1st Regiment, Sarit played an important role in the 1947 military coup. In the 1950s, he rose through the ranks, replacing Phin as commander in chief of the army in 1954 and becoming a field marshal in 1956. A year later, he engineered a coup, driving Phibun and Phao from the country. Before he died in the early 1960s, Sarit outlawed opium use and distribution, but allowed his protégés to take control of the illicit drug trade.

Reputedly the last “strongman” of the Thai military, General Krit Siwara had served as company commander under Sarit in the Shan states and was
a member of both the 1947 and 1957 coup groups. Although he was never linked to the opium trade, Krit's rise through the military was made possible through his association with Praphat Charusathien, a military dictator who dominated heroin trafficking through Thailand in the 1960s. Weeks before the student demonstrations brought Praphat down in 1973, Krit became commander of the Thai army. Krit died only two days after being appointed defense minister under a civilian government in 1976.

Another Shan state veteran with confirmed links to the drug-running armies of the Kuomintang (KMT) and Khun Sa is General Kriangsak. In 1941, Kriangsak was a lieutenant and commander of the 1st Company, 27th Infantry Battalion. In 1943, he became captain and was awarded a medal for his part in securing a Thai victory in the Shan states. After serving in the Korean War, Kriangsak was sent to the United States for military training. In 1959, he became chief of the SEATO Affairs Division. As perhaps the most significant of Praphat's protégés throughout the 1960s, Kriangsak was involved at the operational level of the drug trade while serving as the Thai military command's liaison to the KMT. After staging a coup that toppled the civilian government in 1976 and more firmly establishing his power in yet another coup in 1977, Kriangsak became prime minister, supreme commander of the Thai armed forces, and minister of the interior. After a series of political challenges by his political opponents, Kriangsak resigned as prime minister in 1980. The following year Kriangsak formed his own political party and was elected to the Thai parliament. In 1985, he joined with one of the Thai Young Turks in an unsuccessful coup and was subsequently charged with sedition. He has recently been pardoned by Prime Minister Chatchai Choonhawan. See David K. Wyatt, *Thailand: A Short History* (New Haven: Yale University Press, 1984), p. 273. See also "List of Members of the Coups of 1932–1957"; Phin Choonhawan, "Events in the Life of Field Marshal Phin Chunahawan"; Khana Ratthamontri, "The History and Works of Field Marshal Sarit Thanarat," in Thak Chaloemtiarana, *Thai Politics*, pp. 556–61, 568–71, 692–703; Who's Who in Thailand 1987 (Bangkok: Advance Publishing, 1987).


141. For example, in 1947 the Thai government imported 9,264,000 baht worth of opium, compared with 10,135,000 baht worth of alcoholic beverages (*Far Eastern Economic Review* [November 23, 1950], p. 625).


146. Ibid., pp. 56-59.
148. Ibid., pp. 215, xxxiii-xxxvii.
150. League of Nations, Annual Reports for 1939, p. 42.
154. Ibid., p. 269.
158. Ibid., p. 8.
160. Doumer, Situation de l'Indochine, p. 158.
161. Ibid., p. 163.
166. A. Viollis, Indochine S.O.S., quoted in Association Culturelle pour le Salut du Viet-Nam, Témoignages et Documents français relatifs à la Colonisation française au Viet-Nam (Hanoi, 1945).
168. Nguyen Cong Hoan, The Dead End (originally published in 1938), quoted in


175. Ibid., p. 222.


180. The information on these clans is based on interviews with Hmong clan leaders who were living in Vientiane in the early 1970s. Information on the Lynhiavu family was supplied by Nhia Heu Lynhiavu, Nhia Xao Lynhiavu, and Lyteck Lynhiavu. Touby Lyfoung himself provided most of the information on the Lyfoung branch of the clan. Since almost all of the prominent Lo clansmen were living in the Pathet Lao liberated zones, it was impossible to interview them directly. However, Touby Lyfoung's mother was a Lo clanswoman, and he was a nephew of Lo Faydang, currently vice-chairman of the Pathet Lao. Nhia Xao Lynhiavu's father, Va Ku, was a close political adviser to *kaitong* Lo Bliayao for a number of years and absorbed a good deal of information, which he passed on to his son.


182. Ibid.

183. Ibid.
186. Interview with Touby Lyfoung, Vientiane, Laos, September 1, 1971.
187. Ibid.
193. Interview with Nhia Heu Lynhiavu and Nhia Xiao Lynhiavu, Vientiane, Laos, September 4, 1971. A former Viet Minh officer who was in Muong Sen when Faydang arrived from his village was quite certain that Faydang had no prior contact with the Viet Minh (interview with Lo Kham Thy, Vientiane, Laos, September 2, 1971). At the time Thy was manager of Xieng Khouang Air Transport, which flew between Long Tieng and Vientiane.
197. Interview with Jean Jerusalemy, Paris, France, April 2, 1971. (Jerusalemy was an adviser to the Tai Federation from 1950 to 1954.)
201. Association culturelle pour le Salut du Viet-Nam, Témoignages et Documents français, p. 115.
203. Ibid.
204. Ibid., pp. 22, 27.
206. U.S. Drug Enforcement Administration, Office of Intelligence, International


211. Garland H. Williams, District Supervisor, Bureau of Narcotics, letter to Harry Anslinger, February 1, 1949, p. 3 (Historical Collections and Labor Archives, Pennsylvania State University).

212. Ibid.


4 Cold War Opium Boom


7. Ibid.


10. Ibid., p. 36. In 1952 French customs purchased absolutely no opium in
Notes, chapter 4


11. Ibid., p. 18.

12. Interview with Col. Roger Trinquier, Paris, March 25, 1971. A number of high-ranking South Vietnamese officials also confirmed the existence of Operation X, including Col. Tran Dinh Lan, former director of military intelligence for the chief of staff of the Vietnamese army (interview, Paris, March 18, 1971), and Nghiem Van Tri, former minister of defense (interview, Paris, March 30, 1971). One former CIA agent reports that it was General Salan who first organized Operation X in the late 1940s (interview with Lt. Col. Lucien Conein, McLean, Virginia, June 18, 1971).


15. Interview with Touby Lyfoung, Vientiane, Laos, September 1, 1971.


18. Interview with Col. Roger Trinquier, Paris, March 23, 1971. (Colonel Trinquier read from a training manual he prepared for MACG officers during the First Indochina War. All of the following material on his four-stage method is based on this manual.)


22. Ibid., p. 111.


32. Interview with Col. Roger Trinquier, Paris, March 25, 1971. Jules Roy said that on May 4 the Dien Bien Phu defenders learned that "Colonel Trinquier, thanks to a fund in the form of bars of silver, had just recruited fifteen hundred Meos [Hmong] and was beginning to come upcountry with them from the Plain of Jarres toward Muong Son, about sixty miles south of..."


43. Ibid., p. 825.


53. Interview with Touby Lyfoung, Vientiane, Laos, September 1, 1971. After reading the first edition of this book, Col. Roger Trinquier sent the following letter to Harper & Row, Publishers. It contains additional noteworthy details on MACG’s involvement in the opium trade, as well as presenting Col. Trinquier’s explanation.

Paris
November 24, 1972

Gentlemen:
Thank you for having sent me a copy of your book, *The Politics of Heroin in Southeast Asia*, which I found particularly interesting on the whole and relatively precise if I judge by the parts that I know and certain of which concern me. This did not offer any difficulties to your authors since for that part I gave them in full confidence the information that I possessed.

I did this all the more voluntarily since I always strictly controlled the use of the X funds, as I did others, in order that they never be turned away from their destination: the upkeep of the Meo [Hmong] maquis in Laos.

This is the reason why I could expose in all good conscience
facts which it would have been easy for me to keep quiet if I had had something for which to reproach myself or my officers.

However, in the second paragraph of page 107, you write, “There was an ironic footnote to this last MACG. . . . What irony. What irony.”

This paragraph leads one to believe that I or my officers were able to use for ourselves the 5 million piasters, the balance of the MACG funds when it was dissolved. This is therefore a very serious accusation which it is my duty to rectify. Here are therefore the exact facts.

When Touby had collected the opium from his Meo with the aid of the officers of MACG Laos, he asked me to assure its transport by air to its recipient in Saigon. Then he came to collect the funds and gave me the agreed price for the transport, 5,000 piasters per kilo which were deposited in the account of the MACG X funds.

All the officers of the Meo maquis in Laos knew about the sums I had deposited for the upkeep of their maquis. I sent funds back to these officers according to their needs when they presented the requisite vouchers. The control was therefore absolute.

I left command of MACG on September 1, 1954. Not having been able to settle my accounts between the end of hostilities and the end of my command, I asked to stay in Saigon for the time necessary to do this. In fact this was a large job since the MACG was spread out over all of Indochina, from Dong Van in the north to the Ca Mau peninsula in the south.

The accounts were settled about December 15, 1954. There remained in the account of MACG, the regional representatives having sent me their accounts, a sum slightly above 5 million piasters.

I then went to the chief of cabinet for General Elie, High Commissioner and Commander in Chief for Indochina, General Noiret, in order to present my accounts to him—a large chest of documents—and the remainder of the funds. I insisted particularly that the accounts be verified before my departure and that a release be given me. The general answered that the accounts of the special services did not have to be verified and that he did not have the intention of doing so. In spite of my insistence, he refused. But I informed him that I would take the accounts back to France with me and that I would hold them at the disposition of any verifying organization wishing to examine them. They never have been. But I kept them and they still could be verified today.

Concerning the 5 million piasters, General Noiret seemed concerned for a moment about their fate and then said to me:

“We will give them to the casualties of Orleansville.” Orleansville was a city in Algeria which had just been destroyed by an earthquake. General Noiret only came to Indochina for short, infrequent inspections of the airborne troops. On the other hand, he had spent a long part of his career in North Africa and, obviously, if I judge by this decision, Algeria interested him more at the time than Indochina.

I parted from the General, took away my accounts and left the funds. Since then I have never heard of them.
I was, however, disappointed. These funds would have been very useful to compensate the men in our services who had dedicated themselves to France and who we were going to abandon.

But I had left my command; their fate no longer depended on me, but on my successor, an artillery captain newly arrived from France who did not know any of our problems.

Here are therefore the exact facts which are still easy to verify today since General Noiret as well as General Elie are still alive...  

Yours sincerely,

(signed) R. Trinquier

54. Interview with Lt. Col. Lucien Conein, McLean, Virginia, June 18, 1971. One anonymous American officer interviewed by an Australian journalist attributed the American refusal to the myopia of Lt. Gen. Samuel T. Williams: "The French officer handling the intelligence organization embracing all the montagnard tribes in the High Plateau and the Annamite Chain offered to turn it all over to Williams. He was not interested" (Denis Warner, *The Last Confucian* [London: Angus & Robertson, 1964], pp. 129–30).


56. Interview with Gen. Maurice Belleux, Paris, March 23, 1971. This is Gen. Belleux's version of the incident; a French author has a simpler account:

For opium it was exactly the same. The MACG aircraft made millions of piasters transporting the merchandise, and each level took its cut of this traffic, often in good faith. Until the day when, at a base, an ingenuous officer noticed the transfer of mysterious trunks from one DC-3 to another, which was none other than that of the commander in chief. Shocked, he reported it to his superiors. Then, by chance, the Vietnamese Police (who were hardly a model of virtue) made a raid on a Saigon warehouse where there were stockpiles of hundreds of kilos of opium.

This was the beginning of a shadowy and sordid affair in which everybody attacked and defended himself over the extent to which he was hostile or favorable to the conduct of the "dirty war." (Claude Paillat, *Dossier secret de l'Indochine* [Paris: Les Presses de la Cité, 1964], p. 340)

57. Ibid.

58. In 1929, for example, out of 71.7 tons of opium sold by the Indochina Opium Régie, 38.0 tons were consumed in Cochin China (Exposition coloniale internationale, Paris, 1931, Indochine française, Section générale, *Administration des Douanes et Régies en Indochine* [Hanoi: Imprimerie d'Extrême-Orient, 1930], pp. 61–62).

59. Chef de Bataillon A. M. Savani, "Notes sur les Binh Xuyen" (mimeographed, December 1954), pp. 4–5. In making this analogy it is the intention of the author to point out that the Binh Xuyen can be considered representative of the historical phenomenon of "social banditry." For a discussion of social banditry, see Eric J. Hobsbawm, *Primitive Rebels* (New York: Norton, 1959), pp. 13–29, and *Bandits* (New York: Delacorte, 1969). Hobsbawm's argument that the social bandit's diffuse internal structure
and lack of ideology generally make him incapable of playing a major role in a social revolution is borne out by the Binh Xuyen's experience. However, one interesting aspect of the Binh Xuyen's history is not touched on by Hobsbawm—the transformation of a social bandit from an active revolutionary force into a counterrevolutionary force with strong “Mafia” characteristics. The decline of the armed wing of the Philippine Communist party, the Hukbalahap, from an effective guerrilla force to a local “Mafia” living off the bars and bordellos near the U.S. air force base at Clark Field, is a similar case of the phenomenon. (See Eduardo Lachica, *The Hiks, Philippine Agrarian Society in Revolt* [New York: Praeger, 1971], pp. 139–43).


62. Ibid., pp. 6–8.


66. Ibid., p. 16.


70. The Avant-Garde Youth Movement had been started by Governor-General Decoux to channel the enthusiasm of Vietnamese youth in a pro-French direction, and by 1945 it was one of the most powerful political groups in Saigon, with a cell in each city ward. By this time its tone was strongly anticolonialist, and its director, Dr. Pham Ngoc Thach, was a secret member of the Viet Minh (Philippe Devillers, *Histoire de Vietnam de 1940 à 1952* [Paris: Editions du Seuil, 1952], pp. 140–41).


72. Hammer, *Struggle for Indochina*, p. 120.

73. Savani, “Notes sur les Binh Xuyen,” p. 44.


77. Ibid., pp. 70-71.
80. Ibid., pp. 110-11.
83. Ibid., pp. 121-22.
86. Lancaster, Emancipation of French Indochina, p. 164.
89. Bodard, Quicksand War, p. 110.
92. In reference to the Binh Xuyen's involvement in opium trade, the 2ème Bureau commented, "Naturally all of the clandestine traffics, the most interesting by definition, are not forgotten and cover a wide range including arms, opium, and contraband of all forms as well as other unsavory activities" (F.T.S.V. 2ème Bureau, "Les Binh Xuyen," p. 16).
94. Warner, Last Confucian, p. 17.
95. The French had few illusions about Bay Vien as a 1954 report noted: "The thundering success of this former resident of Puolo Condore [Con Son Prison Island] should not be surprising if one considers that he has preserved intact from his tumultuous past certain methods which are closer to those of the celebrated bands of the heroic epoch of Chicago than to ordinary commercial transactions" (F.T.S.V. 2ème Bureau, "Les Binh Xuyen," p. 15). However, in contrast to this frankness in classified documents, 2ème Bureau officials avoided any mention of the Binh Xuyen's criminal character and described it in public statements simply as an "extreme nationalist" force. (See, for example, A. M. Savani, Visages et Images du Sud Viet-Nam [Saigon: Imprimerie Francaise d'Outre-Mer, 1955], pp. 100-105.).
97. Ibid., p. 15.
Notes, chapter 4

101. Ibid., p. 182. Although U.S. support for Diem remained an open question on the diplomatic level, the CIA gave him its unqualified support from the very beginning of his tenure as prime minister. According to a State Department official, “the Central Intelligence Agency was given the mission of helping Diem” in June 1954 and Col. Lansdale was sent to Saigon to carry out this mission (Chester L. Cooper, The Lost Crusade [New York: Dodd, Mead, 1970], p. 129).


104. In 1958 a U.S. narcotics agent told a Senate subcommittee, “When French Indochina existed, there were quantities of opium that were shipped to the labs . . . around Marseille, France, to the Corsican underworld there, and then transshipped to the United States” (U.S. Congress, Senate, Select Committee on Improper Activities in the Labor Management Field, Hearings, 85th Cong., 2nd sess. (Washington, DC: U.S. Government Printing Office, 1959), p. 1225.


106. Bodard, Quicksand War, pp. 121, 124.


110. Ibid., p. 2.

111. Ibid., p. 11.


113. Fall, Two Vietnams, pp. 245–46.


119. Lansdale, In the Midst of Wars, p. 270.

120. Gravel, Pentagon Papers, vol. 1, p. 231.

121. Ibid., p. 233.


126. Ibid., p. 318.

130. See Chapter 5.
134. Ibid., pp. 34, 265, 354–55, 487.
144. Ibid.
150. Ibid., pp. 147–48.
153. William M. Leary, *Perilous Missions: Civil Air Transport and CIA Covert


159. Leary, Perilous Missions, pp. 131–32.


161. After 1960, William Bird, through his construction firm Bird & Son, began constructing CIA landing strips in Laos and acquired a fleet of fifty aircraft to fulfill a CIA contract for air transport in Laos. In 1965, Bird sold his airline for about one million dollars to Continental Air Services, headed by Robert Rousselot, the CAT pilot who had flown the first arms for the KMT to Chiangmai in February 1951 (Peter Dale Scott, The War Conspiracy: The Secret Road to the Second Indochina War [Indianapolis: Bobbs-Merrill, 1972], pp. 207–8; Leary, Perilous Missions, pp. 129–31).


164. Hsueh, “Minutes of a Conference.”

165. For a useful compilation of secondary sources and a simple chronicle of the KMT operation, see Robert H. Taylor, Foreign and Domestic Consequences of the KMT Intervention in Burma (Ithaca: Southeast Asia Program, Cornell University, Data Paper No. 93, 1973); Union of Burma, Kuomintang Aggression, p. 15.

166. Union of Burma, Kuomintang Aggression, p. 35.


169. The Ambassador in Burma (Key) to the Secretary of State [Top Secret Priority], Rangoon, August 29, 1951, Foreign Relations of the United States 1951, pp. 290–91.
Ambassador in Burma, Foreign Relations of the United States 1951, pp. 288–89.

Union of Burma, Kuomintang Aggression, p. 16.


Union of Burma, Kuomintang Aggression, pp. 40–41.


Smuggling across the Chinese border became increasingly difficult after the defeat of the Nationalist government. After interviewing Chinese Muslim exiles in Rangoon in June and July 1962, an Israeli scholar reported, “The frontier, which had never been clearly marked or demarcated, was closed and strictly guarded after 1950 when the Government of Communist China established its authority in these regions. Until then the Panthays [Chinese Muslims] had been able to move freely and easily between Yunnan and Burma” (Moshe Yegar, “The Panthay (Chinese Muslims) of Burma and Yunnan,” Journal of Southeast Asian History 7, no. 1 [March 1966], 82).


Leary, Perilous Missions, pp. 131–32.


Hsueh, “Minutes of a Conference.” The precise nature of Gen. Frank Merrill’s assignment in Southeast Asia was evidently concealed. After retirement from the U.S. army in 1948, Merrill became New Hampshire state highway commissioner, but was recalled by the army in December 1951 for an active-duty assignment that did not appear on the regular army roster. By May 1952, Merrill was back in New Hampshire planning the state’s new tollway system. His activities during his last Asian tour are omitted from all biographies. See New York Times, August 2, 1950; December 15, 1951; and December 13, 1955; and The Cyclopedia of American Biography (New York: James T. White, 1963), vol. 46, p. 134.

Union of Burma, Kuomintang Aggression, p. 16.


Union of Burma, Kuomintang Aggression, p. 12.

Ibid., p. 15.


Notes, chapter 4

(William vanden Heuvel was executive assistant to Ambassador Donovan and had noted this incident in his personal journal.)

191. Tinker, Union of Burma, pp. 53–54.

192. Interview with Rev. Paul Lewis, Chiangmai, Thailand, September 7, 1971. (At the time of this interview, Rev. Lewis was acting as a mail link for many of these separated Lahu families and received two or three letters a week from Taiwan.)


197. Tinker, Union of Burma, p. 55.

198. Interview with Col. Chen Mo Su, Chiang Khong, Thailand, September 10, 1971. (Colonel Chen was KMT commander at Chiang Khong.)


209. Ibid., April 12, 1961.

210. Interview with William Young, Chiangmai, Thailand, September 8, 1971.


213. Ibid., p. 131; Leary, Perilous Missions, p. 131.


244. Riggs, *Thailand*, p. 239.


246. *New York Times*, November 6, 1957, p. 34.


251. Ibid., p. 326.
255. For examples of such incidents, see Bangkok Post, March 11, 1955; July 14, 1955.
256. For some of Phao's public statements, see Bangkok Post, February 10, 1950; February 20, 1950.
257. Ibid., December 3, 1953; December 4, 1953.
258. Ibid., July 14, 1955.
264. Ibid., September 4, 1955, p. 5.
272. Interview with William Young, Chiangmai, Thailand, September 14, 1971.
276. Interview with a retired CIA operative, Chiangmai, Thailand, August 1971. This operative was a Thai language specialist and was involved in monitoring CIA audio intercepts from Field Marshal Sarit's home and offices as a part of his agency duties.
277. The text of this decree is found in Prasert Rujirawong, "Kanluk Supfin," pp. 34–35.
278. Field Marshal Sarit is quoted in Prasert Rujirawong, "Kanluk Supfin," pp. 35–36.
THE POLITICS OF HEROIN


284. League of Nations, Advisory Committee on the Traffic in Opium and Other Dangerous Drugs, Minutes of the First Session (Geneva: League of Nations, May 24–June 7, 1923), p. 187. Anthropological research has shown that there was no substantial increase in Thai opium production until 1947 (Cohen, “Hill Trading,” pp. 1–2).

285. In 1967 a U.N. survey team estimated Thailand’s opium production at 145 tons. Since most of the expansion in production had taken place during the 1950s, an estimate of more than 100 tons for the early 1960s is believed to be a conservative one (Report of the United Nations Survey Team on the Economic and Social Needs of the Opium Producing Areas in Thailand [Bangkok: Government House Printing Office, 1967], p. 59).


5 South Vietnam’s Heroin Trade


4. Ibid., vol. 1, p. 240.


7. Ibid., p. 71.


11. Lt. Col. Lucien Conein was one of Lansdale’s chief assistants during the 1955 battles that put Diem in power, and he was the CIA liaison man with the coup plotters who overthrew Diem in November 1963. Interestingly, Diem’s two key supporters in the 1955 fighting—Gen. Mai Huu Xuan and Gen. Duong Van Minh—were two of the leaders of the 1963 coup group.
15. Interview with Bernard Yoh, Washington, DC, June 15, 1971. (Bernard Yoh was an adviser to President Ngo Dinh Diem during the 1950s.)
17. Gen. Mai Huu Xuan claimed that most of Nhu's dealings with the Chinese syndicates and business community were conducted through a Chinese businessman named Ma Tuyen (interview with Gen. Mai Huu Xuan, Saigon, Vietnam, July 19, 1971). Following the November 1963 coup, Diem and Nhu hid in Ma Tuyen's house in Cholon just prior to their murder (*New York Times*, November 4, 1971, p. 8).
21. The Can Lao was a clandestine organization formed by Ngo Dinh Nhu shortly after Diem took office. Party members were recruited from every branch of the military and civil bureaucracy, but were usually conservative Catholics. The party functioned as a government within the government, and through it Nhu was able to exercise direct control over every aspect of the government. Its membership list was kept secret to enable party cadres to spy more effectively on their co-workers.
24. Denis Warner, *The Last Confucian* (Sydney: Angus & Robertson, 1964), p. 224; for one U.S. official's opinion of Dr. Tuyen, see Cooper, *Lost Crusade*, p. 205. Ironically, Tuyen later became one of the earliest plotters of the coup that ultimately overthrew the Diem regime in November 1963. After a series of quarrels with Madame Nhu that cost him Nhu's friendship, Tuyen began to elaborate plans for a coup, which were postponed in September 1963 when Nhu sent him to Cairo as consul. Immediately after the coup, Tuyen returned to Saigon but was imprisoned by the military regime (Shaplen, *Lost Revolution*, pp. 197–98, 211).
27. Interview with an exiled Can Lao party official, Paris, April 1, 1971.
30. A number of sources confirmed that Ky was hired to fly these missions: interview with Col. Phan Phung Tien, Tan Son Nhut Air Base, South Vietnam, July 29, 1971 (Colonel Tien was commander of the Fifth Air Division, the air transport division); interview with Lt. Col. Lucien Conein, McLean, Virginia, June 18, 1971; interview with Bernard Yoh, Washington, DC, June 15, 1971.
32. Interview with Col. Do Khac Mai, Paris, March 29, 1971. (Col. Do Khac Mai was commander of the Vietnamese air force in 1963.)
38. Ibid., p. 524.
40. Ibid., p. 410.
43. Interview with an exiled Can Lao party official, Paris, April 1, 1971.
44. Interview with Nguyen Xuan Vinh, Ann Arbor, MI, June 22, 1971. (Nguyen Xuan Vinh was commander of the Vietnamese air force from 1958 until 1962.)
45. Interview with Col. Do Khac Mai, Paris, March 29, 1971. According to Colonel Mai, Mrs. Ly had raised prices and was grafting from the base food budget. Air force officers complained to the high command, and Ky was removed from command of Tan Son Nhut after an investigation by a ranking army general.
47. Interview with Nguyen Xuan Vinh, Ann Arbor, MI, June 22, 1971.
50. Ibid.
51. Ibid.
52. Interview with Charles Sweet, Washington, DC, May 1971. (Charles Sweet
was an adviser to Air Vice-Marshall Ky when Ky was minister of sports and youth in 1965. Sweet later served as an assistant to Gen. Edward G. Lansdale in the senior liaison office attached to the U.S. embassy in Saigon.)

53. Shaplen, *Road from War*, p. 185.
56. Interview with Tran Van Dinh, Washington, DC, February 16, 1971. (Tran Van Dinh was a South Vietnamese ambassador to the United States.)

63. Ibid.
65. U.S. Congress, Senate, *Congressional Record* 114, no. 16 (February 5, 1968).
75. Shaplen, *Road from War*, pp. 156–57.
77. Ibid., pp. 11, 15.
78. Ibid., p. 10.
80. Ibid.
81. Ibid.
83. Interview with Col. Tran Van Phan, Saigon, Vietnam, July 23, 1971. (Colonel Phan was information officer for the national police.)
85. Interview with Col. Tran Van Phan, Saigon, Vietnam, July 23, 1971. (Colonel Phan was then assistant to the director-general of the national police for personnel training. He suffered a serious leg wound in the accident and was hospitalized for three months.)


89. Interview with a senior MACCORDS official, Saigon, Vietnam, July 1971.

90. Most of the visible corruption in the National Assembly seems to have been the work of lower house members. As in many European parliaments, the Senate had less nominal authority and its members were generally more reserved.


100. Ibid., p. 6.

101. For an analysis of the impact of the army’s marijuana suppression campaign, see Norman E. Zinberg, “Gls and OJs in Vietnam,” New York Times Magazine, December 5, 1971, p. 120. Dr. Zinberg said that the crackdown on marijuana began in 1968. Since large numbers of Gls did not start using heroin until spring 1970, it is obvious that the crackdown on marijuana was only a contributing factor in the switch to heroin.

102. Interview with Captain Higginbotham, Can Tho, Vietnam, July 23, 1971. (Captain Higginbotham was a medical doctor working in the IV Corps amnesty program.)


108. Milford Citizen (Connecticut), June 29, 1971. (The paper carried a UPI dispatch from Phnom Penh that said, “Since its inclusion in the Indochina War 15 months ago Cambodia has become a small but growing ‘way station’ for hard drugs bound for American Servicemen in Vietnam.”)
109. Interview with an agent, Washington, DC, October 21, 1971. (Huu Tim-heng's involvement in the heroin traffic was confirmed by the U.S. Bureau of Narcotics and Dangerous Drugs, October 21, 1971).


116. Interview with the U.S. air force adviser to the Fifth Air Division, Tan Son Nhut Air Base, Vietnam, July 1971.

117. Ibid.

118. On June 29, 1971, United Press International reported, "Vietnamese air force C 119 flying boxcars or C 123 providers, which fly military cargo to Cambodia, return to Saigon empty, except for the drug shipments, sources claim" (Milford Citizen, June 29, 1971).


120. Interview with the U.S. air force adviser to the Fifth Air Division, Tan Son Nhut Air Base, Vietnam, July 1971; interview with a Vietnamese intelligence official, Saigon, Vietnam, July 1971.


122. Ibid., July 17, 1971.

123. Ibid., July 18, 1971.


125. Shaplen, Road From War, pp. 88, 125. According to the official Defense Department study of the Vietnam War, Gen. Quang was considered one of the “most corrupt generals” in South Vietnam in 1965–1966. His removal from command by IV Corps in late 1966 was the result of American pressure on the Ky regime to do something about the corruption problem (Gravel, Pentagon Papers, vol. 2, pp. 384, 391).

According to one of the most acute American observers of South Vietnamese politics, “a brisk trade in rice and opium” were the chief forms of corruption engaged in by Gen. Quang when he was IV Corps commander in 1965–1966 (FitzGerald, Fire in the Lake, p. 311.)


127. Interview with a senior MACCORDS official, Saigon, Vietnam, July 1971. As of late 1972, Gen. Quang continued to play a key role in President Thieu's apparatus despite accusations about the general's involvement in the
heroin traffic. Following the peace negotiations in Paris, the New York Times reported "that on Oct. 7 President Thieu set up a 50-member Central Study Committee headed by his close aide, Lt. Gen. Dang Van Quang, to draw up detailed plans on what Government ministries should do in the event of a ceasefire" (New York Times, October 23, 1972, p. 1).

128. Ibid.
135. The floods were some of the worst in central Vietnam's history. The typhoon rains killed 5,000 people and left thousands homeless (Don Luce and John Sommer, Viet-Nam: The Unheard Voices [Ithaca: Cornell University Press, 1969], pp. 243-44). Adm. Cang's grafting outraged the residents of central Vietnam, and the I Corps commander, Gen. Nguyen Chanh Thi, initiated an official investigation of the affair. It was largely due to Gen. Thi's persistent demands for punishment that Rear Adm. Cang was removed from command (interview with Gen. Nguyen Chanh Thi, Washington, DC, October 21, 1971).
136. Vietnamese navy records show that Rear Adm. Chung Tan Cang held the following positions after he was removed from command in 1965: (1) 1966, special assistant to the joint generals staff; (2) December 1, 1966-August 14, 1969, commander of the Military Academy; (3) August 14, 1969-July 1, 1970, detached to the Ministry of Defense; (4) July 1, 1970-July 1, 1971, detached as a research assistant.
138. Vietnamese naval records show that Commo. Lam Nguon Thanh reached the position of deputy commander in chief of the navy before being sent to the U.S. Naval War College in Newport, RI, in 1966. From 1966 until August 1970 he served successively as assistant to the chief, political warfare directorate and commandant, Political Warfare College in Dalat.
140. Ibid. President Thieu's choice of key officials to carry out this "antinarcotics" campaign in mid-1971 was a source of some irony for high-level American officials in Saigon. On May 4, 1971, President Thieu "designated a team of five experienced intelligence and police officials, headed by Lieutenant General Dang Van Quang, to develop and carry out an effective program of action" against drug traffic in South Vietnam. On June 17 Prime Minister Khiem "appoints Rear Admiral Cang as his Special Assistant for anti-narcotics effort . . . to prepare a three-month campaign from July 1 through September 30, similar to three-month campaigns conducted in field of pacification." The irony lay in the fact that these officers, particularly Lt. Gen. Quang, were then believed to be the "biggest pushers" in South Vietnam (Department of State,

141. All of the following information is based on extensive interviews with Redactor Ly Ky Hoang, chief of the Narcotics Bureau of the national police (interviews with Ly Ky Hoang, Saigon, Vietnam, August 5 and 12 and September 11, 1971). Agents of the U.S. Bureau of Narcotics and Dangerous Drugs who participated in the raids were unwilling or unable to be interviewed. The Thai official involved, Col. Pramual Wanigbandhu, was out of the country when the author was in Bangkok.

142. Pacific Stars and Stripes, July 30, 1971. This reputation for corruption was apparently well deserved. Indeed, Col. Pramual himself, the Thai police official in charge of these raids, engaged in corruption. On January 16, 1973 the Miami Herald printed a photograph of a luxurious Bangkok villa, complete with manicured gardens and swimming pool, with the following caption:

This luxurious home in Bangkok is the residence of Col. Pramual Wanigbandhu, a top narcotics suppression official in the government of Thailand. The colonel's salary is about $250 a month. The house is reported to be worth more than $100,000 and the colonel's private bank account stands at $500,000. The Herald obtained the photograph privately from Bangkok.

In January 1973 Col. Pramual was arrested by the Thai police for “narcotics trafficking as well as dereliction of duty, falsifying official documents, and using his position to earn money.” According to the New York Times report, “the Colonel was suspected of accepting bribes from traffickers operating through Thailand from Asia’s opium-producing area.” The colonel learned he was under suspicion while in the United States attending an international conference of narcotics officers in October 1972. He disappeared until January when he surrendered to Thai police in Bangkok (New York Times, February 3, 1973, p. 6).

143. Competition between the Vietnamese and Thai police created complications in the investigation and arrests. Redactor Hoang was openly resentful of the Thai police for the commanding attitude they displayed at the various planning meetings. Hoang told the authors “the whole story” because “the Thais are claiming all the credit” (interview with Ly Ky Hoang, Saigon, Vietnam, August 12, 1971).

144. Vietnamese navy records show that Capt. Nguyen Huu Chi was transferred from command of Task Force 213/DP to an unspecified post on August 9, 1971.


146. Interview with a senior MACCORDS official, Saigon, South Vietnam, August 1971.

147. Corps commanders had been a key feature of the Vietnamese corruption system since the early 1960s. In a report prepared for Ambassador Ellsworth Bunker in May 1968, Gen. Edward G. Lansdale of the CIA described how the corps commanders tended to become corrupt warlords:
... the civil apparatus and Armed Forces in most of the country have operated more on the basis of a system of the patronage revolving around each corps commander under which ... each has appointed and replaced virtually all province and district chiefs and to a considerable degree division and regimental commanders in the Corps Tactical Zone. As a result, these officers are more responsive to the corps commander than to the central government ... and not infrequently the corps commander's policies differ from those of Saigon. Certain facets of this system have also led to considerable corruption within the government ("Nationalist Politics in Viet-Nam," p. 6).

148. The competition between Gen. Dzu and Gen. Lu Lan sparked a major controversy in South Vietnam during the summer of 1971. In a widely publicized speech in early 1971, Gen. Dzu claimed that he could not clean up the II Corps drug traffic because he had inherited the problem from his predecessor, Gen. Lu Lan. After U.S. Representative Robert Steele accused Ngo Dzu of being one of the chief drug traffickers in South Vietnam, Gen. Lu Lan, who had since been promoted to inspector general of ARVN, announced that he was undertaking a full investigation of the charges. Gen. Dzu counterattacked, accusing Lu Lan of being the man responsible for Steele's allegations (Auchincloss, Johnson, and Lynch, Newsweek [Saigon Bureau], July 9, 1971; New York Times, July 8, 1971, p. 1; July 10, 1971, p. 2).

In his report to Ambassador Bunker cited in note 147, Gen. Lansdale reported that "General Lu Lan is personally loyal to Thieu" and implied that Gen. Lu Lan was fast becoming a corrupt warlord. ("Nationalist Politics in Viet-Nam," p. 6).


150. The U.S. army's Criminal Investigation Division (CID) also filed three reports on Gen. Ngo Dzu's involvement in the drug traffic.

1. Dated January 6, 1971. Source reported to CID that Gen. Dzu and his father were involved in narcotics trafficking. This source said that Gen. Dzu was cooperating with a number of other individuals, including the ARVN provost marshal in Qui Nhon, certain South Vietnamese navy officers, and an officer in a South Korean division.

2. Dated May 12, 1971. Source reported that Gen. Ngo Dzu's father, Ngo Khoung, was trafficking in heroin with an ethnic Chinese. According to this source, Gen. Dzu's father was working with a former special assistant to President Thieu.

3. Dated July 10, 1971. Source alleged that Gen. Dzu controlled a sizable heroin ring through a number of associates, including his mistress, Mrs. Tran Thi Khanh.


156. *Cong Luan* (Saigon), May 19, 1971.
159. The bloc committee chairman and their committees, as of June 12, 1971, were as follows:
   - Rep. Tran Quy Phong, Communications and Public Works
   - Rep. Pham Huu Giao, Foreign Affairs
   - Rep. Hoang Thong, Interior
   - Rep. Le Van Dien, Information and Open Arms
   - Rep. Truong Dinh Tu, Public Health

   Also, a former Independence Bloc member, Rep. Tran Kim Thoa, was chairman of the Labor, Social Welfare, and Veterans Committee.
161. *Cong Luan*, May 19, 1971; *Chinh Luan* (Saigon), May 19, 1971.
176. Gen. Khiem had a history of successful coup plotting. During the November 11, 1960 coup against President Diem, he advanced on Saigon from the Delta, telling both sides that he was coming to help them. When it was apparent that the coup group was weakening, he ordered his troops to attack the rebels, delivered the decisive blow, and took credit for saving the Diem regime. Three years later he allied with Gen. Duong Van Minh to topple President Diem, but only three months after that he played a key role in the coup that overthrew Gen. Minh’s government. Although he occupied a number of important positions in succeeding governments, he was one of the architects of a coup against the new regime in February 1965. This last coup is perhaps
General Khiem's most remarkable achievement; he organized it from the Vietnamese embassy in Washington, DC, nine thousand miles from Saigon (Kahn and Lewis, *United States in Vietnam*, p. 173).

180. Ibid., p. 10.


182. Ibid., p. 2.
183. Ibid., pp. 4–5.


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. 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.

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. (D. Gareth Porter, "Premier Khiem's Family Mafia," Indochina Chronicle, no. 18 [August 1, 1972], pp. 23-24.)

193. Interview with a Vietnamese intelligence officer, Saigon, Vietnam, July 1971. (Some other sources reported that Colonel Binh was a member of Khiem's army faction during the early 1960s. These sources felt that Colonel Binh may have been a member of the Khiem faction until the 1970s, even though he was Mrs. Thieu's nephew.)


195. Interview with John Warner, Washington, DC, October 14, 1971; other U.S. officials, including Representative James H. Scheuer, the comptroller general of the United States, and the assistant secretary of state for East Asia and Pacific Affairs observed this shift to Southeast Asia (U.S. Congress, House, Committee on Foreign Affairs, International Aspects of the Narcotics Problem, 92nd Cong., 1st sess., 1971 [Washington, DC: U.S. Government Printing Office, 1971], pp. 61, 119, 149). In mid-1972, the U.S. Bureau of Narcotics supplied the following supplemental testimony in response to questioning concerning "shifts in this geographical pattern of heroin trafficking" by Sen. William Spong of the U.S. Senate Foreign Relations Committee: "Immediate shifts for which there is already some indication involve greater exploitation of Southeast Asia and Mexican sources." Moreover, in September 1972, the former deputy director of BNDD issued the following statement to the press:

Increasingly the American heroin market is being supplied from the Golden Triangle region of Laos, Burma, and Thailand. Southeast Asia clearly has the potential to replace Turkey as the major supplier of heroin to the illicit market places of this country. We are at present in the midst of a dramatic changeover. Although the seizures of heroin from Southeast Asia are smaller than those from Europe, the incidence of seizures are growing at
an alarming rate. (Statement of John Finlator, Former Deputy Director, Bureau of Narcotics and Dangerous Drugs, Justice Department, September 18, 1972.)


197. Cabled dispatch from Shaw, Vientiane (Hong Kong Bureau), to Time Inc., received September 16–17, 1965.


200. As of the early 1970s, French commercial shipping companies still maintained regular schedules between Saigon and France. In August 1971, for example, there were four scheduled departures from Saigon to either Le Havre or Marseille.


202. Ibid.

203. In September 1965, Gen. Lansdale’s Senior Liaison Office began advising the Vietnamese Central Rural Construction Council, headed by Premier Ky, on pacification and social reform. (Kahin and Lewis, United States in Vietnam, p. 242.)

204. Interview with Norma Sullivan, Singapore, September 24, 1971. (Norma Sullivan was a special assistant to William Crum and had worked in Saigon business circles since the early 1960s.)


207. Ibid., pp. 28, 34.

208. Ibid., p. 68.

209. Ibid., p. 43.


211. Ibid., pp. 12–13.

212. Ibid., p. 73.

213. Ibid., pt. 5, p. 1045.

214. Ibid., pt. 2, pp. 478–79.

215. Ibid., pt. 5, pp. 1046–47.

216. Fine Foreign Foods Ltd., described as the “restaurant proprietor” of the San Francisco Steak House (Ground Floor, 67 Peking Road, Kowloon), registered with the Inland Revenue Department, Hong Kong, on August 1, 1967.


218. Ibid., p. 85.

219. Ibid., p. 86.
220. According to corporate records filed with the Hong Kong government, Frank Carmen Furci resigned from his position as director of Fine Foreign Foods Ltd. on March 18, 1970. He transferred 1,667 shares to James Edward Galagan, his partner for the previous few years, and 1,666 shares to Setsui Morten on March 25, 1970. Since the corporate report filed in 1969 showed that Frank Carmen Furci owned 3,333 shares, it is presumed that these events marked the end of his connection with the company and its restaurant.

221. U.S. Senate, Permanent Subcommittee on Investigations, Fraud and Corruption, pt. 2, p. 279. This testimony before the committee was given by Senate investigator Carmine Bellino, "conceded to be the best investigative accountant in the country" (Victor S. Navasky, Kennedy Justice [New York: Atheneum, 1971], p. 53).

222. Reid, Grim Reapers, p. 296.


226. New York Times, January 9, 1972, p. 25; in September 1972 Ricord was extradited to the United States and in December was found guilty by a New York Federal District Court. Subsequent investigations by U.S. narcotics agents turned up more evidence of the same pattern, and in November more Corsican heroin dealers residing in Latin America were arrested (New York Times, November 18, 1972, p. 1; December 2, 1972, p. 1; December 8, 1972, p. 90; December 16, 1972, p. 1).


231. The army CID filed reports detailing Gen. Ngo Dzu's involvement in the heroin traffic on January 6, May 12, and July 10, 1971. These reports and other information gathered by the U.S. Bureau of Narcotics and Dangerous Drugs convinced several of its ranking agents that Gen. Dzu was involved.


233. Ibid., July 10, 1971, p. 2. Whether by design or by accident, the U.S. embassy failed to forward these reports on Gen. Ngo Dzu's involvement in the heroin traffic to the State Department in Washington. Testifying in July 1971, the assistant secretary of state for East Asia and Pacific Affairs,
Marshall Green, said that he had "no information" on Gen. Ngo Dzu's involvement in the traffic (U.S. House Committee on Foreign Affairs, *International Aspects of the Narcotics Problem*, p. 157).

251. Telephone interview with Jerome Hollander, Los Angeles, California, June 25, 1971. (Jerome Hollander was the public information officer, U.S. Customs Regional Commission.)
254. Ibid., November 12, 1971, p. 93.
259. Ibid., pp. 125–26. The Anti-Corruption Movement's first manifesto accused President Nguyen Van Thieu of five specific kinds of corruption and cited this book's first edition as documentation for the charge that the Saigon regime was involved in heroin trafficking ("Phong Trao Nhan Dan Chong Tham Nhung De Cuu Nuoc Va Kien Tao Hao Binh," [Hue, mimeograph, September 8, 1974]).
261. Ibid., p. 343.
262. Interview with Pham Nguyen Binh, Ho Chi Minh City, September 4, 1981.
263. Interviews with bar employees, taxi drivers, cyclo drivers, and taxi dancers, Ho Chi Minh City, September 3–6, 1981. These conclusions about the role of middle-grade corruption in sustaining the traffic were confirmed in an interview with a member of the Politburo, Lao Dong Workers party, Hanoi, Vietnam, September 8, 1981.

6 Hong Kong: Asia's Heroin Laboratory

4. Ibid., p. 52.
6. Ibid., pp. 142–45.
8. Wang, “Tu Yueh-sheng,” pp. 438–39. According to one history of wartime China, Tu used these “welfare” activities to good advantage: “As a member of the Opium Suppression Bureau, for example, Tu expanded his control over the narcotics distribution network of Shanghai, which flourished as never before” (John Hunter Boyle, *China and Japan at War, 1937–1945* [Stanford: Stanford University Press, 1972], p. 278).
10. Ibid., Annex 6, pp. 2–7.
15. Ibid., Survey, p. 7.
19. U.S. Congress, Senate, Committee of the Judiciary, *The AMERASIA Papers: A Clue to the Catastrophe of China*, 91st Cong., 1st sess., 1970 (Washington, DC: U.S. Government Printing Office, 1970), pp. 272–73. (In the original document the date given for the beginning of Tu Yueh-sheng's opium dealings in Chungking was 1944. However, since the report was submitted in
October 1943, this must be a misprint. The author believes that 1942 was the likely date.

26. Ibid., pp. 77–78.
27. Interview with a retired Green Gang member, Hong Kong, July 13, 1971.
29. Interview with George Dunning, Hong Kong, July 6, 1971. (George Dunning was superintendent of police, Narcotics Bureau, Royal Hong Kong Police.)
33. Interview with George Dunning, Hong Kong, July 6, 1971.
34. Interview with a retired Green Gang member, Hong Kong, July 13, 1971. In August 1972, the U.S. cabinet published the following summary account of the recent history of the Hong Kong drug trade:

Before the 1950s the drug of choice in Hong Kong was opium. Opium dens were operated chiefly by vice syndicates in Hong Kong’s large Ch’ao-chou [Chiu chau] community. Ch’ao-chou is a coastal region of China, on the Fukien-Kwangtung border, from which millions of people have migrated in the past century to nearly every country in Southeast Asia. They are notorious throughout the area for their activities in vice and smuggling rings. Because of these proclivities and their clannishness they are sometimes called the Mafia of Southeast Asia.

Heroin was introduced to Hong Kong by refugees who fled Shanghai in 1949 and 1950. As consumption gradually shifted from opium to heroin, the Ch’ao-chou organizations began to take over and today are again in firm control of Hong Kong’s narcotics trade. (U.S. Cabinet Committee on International Narcotics Control [CCINC], *World Opium Survey 1972* [Washington, DC: CCINC, 1972], p. A41.)

35. Interview with Brian Webster, Hong Kong, July 9, 1971. (Brian Webster was superintendent of police, Triad Society Bureau and Juvenile Liaison Office.)
37. *South China Morning Post* (Hong Kong), May 25, 1971.
38. Interview with T. G. P. Garner, Hong Kong, July 7, 1971. (T. G. P. Garner was deputy commissioner of prisons.)
42. Interview with T. G. P. Garner, Hong Kong, July 7, 1971; interview with James Chien, Hong Kong, July 8, 1971. (James Chien was director of the Society for the Aid and Rehabilitation of Drug Addicts.)
43. *Hong Kong Standard*, December 1, 1970.
45. Interview with a Ma Shan customer, Hong Kong, July 1971; interview with a Chiu chau secret society member, Hong Kong, July 1971.
46. Interview with a government narcotics expert, Hong Kong, July 8, 1971.
47. Interview with a retired Royal Hong Kong police officer, London, March 2, 1971.
48. Interview with George Dunning, Hong Kong, July 6, 1971.
49. Interview with Maj. Chao La, Ban Nam Keung, Laos, September 12, 1971.
50. Interview with police Col. Smith Boonlikit, Bangkok, Thailand, September 17, 1971. (Col. Smith Boonlikit was employed in the Foreign Bureau of the Central Narcotics Bureau, Thailand.)
51. Interview with Redactor Ly Ky Hoang, Saigon, Vietnam, August 12, 1971. (Ly Ky Hoang was chief of the Narcotics Bureau of the National Police, Vietnam.)
54. Interview with Liao Long-sing, Singapore, September 24, 1971. (Liao Long-sing was deputy director of the Central Narcotics Intelligence Bureau, Singapore.)
56. Interview with George Dunning, Hong Kong, July 6, 1971.
57. Police records show that he was a Kowloon resident who was known to the police for his involvement in gambling and narcotics. He had never been arrested and had no provable Triad connections (interview with Brian Webster, Hong Kong, July 10, 1971). Privately, one narcotics officer labeled him as Hong Kong's major drug importer and provided much of the following information (interview with a Narcotics Bureau police officer, Hong Kong, July 13, 1971).
58. Interview with a Chiu chau secret society member, Hong Kong, July 1971.
59. Interview with a Narcotics Bureau police officer, Hong Kong, July 13, 1971.
62. Interview with flight crew, Market Time Surveillance Patrol, Cam Ranh Bay, Vietnam, August 2, 1971. In January 1972, an interagency task force with members from the State Department, CIA, and BNDD was dispatched to
Southeast Asia to investigate the international drug traffic. A month later the committee filed a report containing suggestions for disrupting the trawler smuggling.

63. Interview with Graham Crookdake, Hong Kong, July 5, 1971. (Graham Crookdake was assistant chief preventive officer, Royal Hong Kong Preventive Services.)

64. John Hughes, *The Junk Merchants* (Boston: Christian Science Publishing Company, 1970), p. 31. (This description assumed that the Market Time intelligence data were actually finding their way through the maze of British and American bureaucracies to the Preventive Services. Sources in South Vietnam assured the author that this information was in fact being used by Hong Kong authorities.)


66. Interview with George Dunning, Hong Kong, July 6, 1971.


68. Interview with a Hong Kong government chemist, Hong Kong, July 9, 1971.

69. Ibid.

70. Interview with a Narcotics Bureau police officer, Hong Kong, July 13, 1971.


72. Interview with a Narcotics Bureau police officer, Hong Kong, July 13, 1971.


74. Interview with an agent of the U.S. Bureau of Narcotics and Dangerous Drugs, Washington, DC, October 14, 1971. This incident was only the beginning of known Filipino involvement in the Southeast Asian heroin traffic. In October 1972, the Philippine government seized a heroin laboratory operating in the greater Manila area and arrested seven alleged drug manufacturers and dealers. On January 15, 1973, a firing squad executed a fifty-two-year-old Chinese printer named Ling Seng (alternately, Lim Seng) who had been convicted of manufacturing and selling millions of dollars worth of heroin over a ten-year period (*New York Times*, October 5, 1972, p. 19; January 15, 1973, p. 3).

75. In March 1970, the director of the Bureau of Narcotics and Dangerous Drugs estimated that the United States consumed a total of 2.5–3.0 tons of heroin a year (*New York Times*, March 6, 1970, p. 44), but later estimates were revised upward: to 3.0–3.5 tons annually in 1964–1966 and about 10 tons in 1971 (interview with John Warner, Washington, DC, October 14, 1971).


78. Interview with an agent, U.S. Bureau of Narcotics and Dangerous Drugs, New Haven, CT, November 18, 1971.
Notes, chapter 7


7 The Golden Triangle

2. Ibid. (#1459/71), April 24, 1971.
3. Ibid. (#1460/71), April 26, 1971.
5. Interview with diplomatic officials, Vientiane, Laos, August and September 1971.
10. Alain Y. Dessaint, “The Poppies Are Beautiful This Year,” *Natural History*, February 1972, p. 31. A cabinet-level report published in mid-1972 contained the following details on the impact of the GI heroin epidemic on the Southeast Asian drug trade:

Up to 1970, Southeast Asian farmers apparently received around $17 per kilogram for their opium, most of which was used for production of smoking opium and no. 3 heroin. The Hong Kong wholesale price for white heroin—for which there was little demand at that time—averaged around $2,000. The sharp increase in demand for heroin, engendered by growing use of the drug by U.S. troops in Vietnam in 1970, led to an increase in prices paid to farmers for opium to $20 per kilogram and by mid-1971 to a doubling of the Hong Kong wholesale price to $4,000. Furthermore, new operators entered the heroin production business at this time.
By early 1972, the collapse of the U.S. serviceman market had led to a drop in prices paid to farmers and a decline in the Hong Kong wholesale heroin price to around $3,500. (U.S. Cabinet Committee on International Narcotics Control [CCINC], World Opium Survey 1972 [Washington, DC: CCINC, 1972], pp. 36–37.)


15. Interview with police Col. Smith Boonlikit, Bangkok, Thailand, September 17, 1971. In mid-1971, the going price for a gram of no. 4 heroin in Bangkok was about $2 (40 baht), compared with about 12¢ (2.5 baht) for no. 3 heroin.

16. About 65 tons of opium were smuggled into the major cities in upper and central Burma for local consumption, but almost none got beyond these cities into the international markets (interview with William Young, Chiangmai, Thailand, September 8, 1971). (William Young worked for the CIA from 1958 until 1967.)

17. Ibid.


24. Ibid., p. 646.


27. Interview with Edward Fillingham, Vientiane, Laos, September 5, 1971. (Edward Fillingham was the director of the Foreign Exchange Operations Fund.)


29. Ibid., p. 54.

30. Far Eastern Economic Review, 1971 Yearbook (Hong Kong), p. 216; Straits
Notes, chapter 7

*Times* (Singapore), August 22, 1969; *Eastern Sun* (Singapore), February 24, 1971.


32. For example, Sisouk himself made this statement before the U.N. Commission on Narcotic Drugs in 1957:

   The Royal Government is determined, as it always has been:
   1. to prohibit the production or consumption of opium derivatives throughout the national territory under its control;
   2. to take vigorous measures to combat illicit traffic;
   3. to ensure effective and complete enforcement of the prohibition of the consumption of opium.


34. Interview with police Col. Smith Boonlikit, Bangkok, Thailand, September 21, 1971. (Col. Boonlikit allowed the author to read and copy reports from U.S. customs, U.S. Bureau of Narcotics, and Interpol relating to Corsican syndicates in Southeast Asia. Practically all of the following information is based on these reports unless otherwise noted.)


37. Paul Louis Levet's syndicate consisted of six men, including himself:
   1. Jacques Texier.
   4. Charles Orsini, an elderly Corsican resident of Phnom Penh who served as the contact man in Cambodia.
   5. Tran Hung Dao, an alias for a Vietnamese member of the syndicate.

38. In late 1959 or early 1960, for example, a small Beaver aircraft chartered from Roger Zoile picked up 300 kilos of opium at Muong Sing, in northwestern Laos, for Levet's "account." The aircraft landed at a small strip on the western edge of Tonle Sap lake in Cambodia, where the opium was repacked in orange crates and trucked to the Cambodian seaport of Kompot. From there half was shipped to Hong Kong and the other half to Singapore.


44. Ibid.

45. *L’Express*, no. 1052 (September 6–12, 1971), p. 18. (This article identified Jean-Baptiste Andréani, a Guerini partisan during the vendetta discussed in Chapter 2, as an associate of Antoine Guerini and Bonaventure Francisci.)

46. U.S. Bureau of Narcotics and Dangerous Drugs has the following information on this incident:
   1. Owners of the aircraft: René Enjabal and Lucien Don Carlini.
   2. Vientiane opium dealers: Roger Lasen, Maurice Lecore, Ao Thien Hing (Chinese resident of Laos), and Thao Shu Luang Prasot (Chinese resident of Laos).
   3. Waiting for the opium on the ground in Ban Me Thuot were Charles Merelle (French), Padovani (French Corsican), and Phan Dao Thuan (Vietnamese).
   4. Opium was destined for two Chinese distributors in Cholon: Ky Van Chan and Ky Mu.
   5. Also believed to be involved as financiers: Roger Zoile and François Mittard.

   (Telephone interview with an agent, U.S. Bureau of Narcotics and Dangerous Drugs, Washington, DC, December 20, 1971.)


49. Also arrested were Mme. Isabela Mittard, Roger Boisviller, Roger Paul Jean, Etienne Kassubeck, and Jean Roger Barbarel. Barbarel escaped from prison in 1960 and by 1972 had not been apprehended.


51. Hong Kong Dispatch #222, from Jerry Rose (November 9, 1962).


Notes, chapter 7

58. Interview with William Young, Chiangmai, Thailand, September 14, 1971.
60. Dommen, Conflict in Laos, p. 219.
64. General Ouane gave the author the following statistics:

**Contrôle du Opium au Laos**

<table>
<thead>
<tr>
<th>Month</th>
<th>Report no.</th>
<th>Amount exported</th>
<th>Profits</th>
<th>Dollar equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 1963</td>
<td>Report 1/A</td>
<td>1,146 kgs.</td>
<td>1,948,200 baht</td>
<td>$97,410</td>
</tr>
<tr>
<td>December 1963</td>
<td>Report 2/N</td>
<td>1,128 kgs.</td>
<td>1,917,000 baht</td>
<td>$95,880</td>
</tr>
<tr>
<td>January 1964</td>
<td>Report 2/N</td>
<td>1,125 kgs.</td>
<td>1,912,500 baht</td>
<td>$95,625</td>
</tr>
</tbody>
</table>

(Interview with Gen. Ouane Rattikone, Vientiane, Laos, September 1, 1971.)
65. Ibid.
66. General Kouprasith told one reporter that “some of the things he [Phoumi] has done with the economy of the nation are wrong, including the introduction of gambling and the monopolies. Some of the things he has done have helped to support and strengthen the Communists in their attack on us” (Dommen, Conflict in Laos, p. 265); Lao Presse (Vientiane: Ministry of Information #3764), April 20, 1964.
70. Lao Presse (Vientiane: Ministry of Information #3998), February 8, 1965.
71. Cabled dispatch from Shaw, Vientiane (Hong Kong Bureau), to Time Inc., received September 16–17, 1965.
74. The author visited Long Pot village in the region west of the Plain of Jars in August 1971 and interviewed local officials, opium farmers, and soldiers who confirmed Air America’s role in the local opium trade.
77. Interview with Lt. Col. Lucien Conein, McLean, Virginia, June 18, 1971.

80. Interview with William Young, Chiangmai, Thailand, September 8, 1971.


83. Interview with William Young, Chiangmai, Thailand, September 8, 1971.


85. The CIA's Tibetan operations began in August 1959, when twenty Khamba tribesmen from southern Tibet arrived in Camp Hale, Colorado, for special training. These men, and others like them, served as cadres in the CIA's guerrilla army, which devoted most of its resources to mining the two major roads between Tibet and China. Through these operations the CIA hoped to slow the flow of Chinese men and matériel moving into Tibet and thereby strengthen the political position of the exiled Dalai Lama. When the operations were curtailed in May 1960, there were an estimated 42,000 Khamba guerrillas fighting for the CIA inside Tibet (L. Fletcher Prouty, *Empire Gazette* [Denver, CO], February 6, 1972).


88. Interview with Maj. Chao La, Ban Nam Keung, Laos, September 12, 1971. (Maj. Chao La was commander of Yao mercenary troops in Nam Tha province for the CIA.)


94. Interview with Touby Lyfoung, Vientiane, Laos, September 1, 1971.


96. Interview with a Royal Laotian army officer, Vientiane, Laos, August 1971. (This interview is the basis for the foregoing description of Vang Pao's early career.)
100. *Lao Presse* (Vientiane: Ministry of Information #2,692), September 1, 1960.
101. Ibid. (#2,716), September 29, 1960.
102. Interview with a Royal Laotian army officer, Vientiane, Laos, August 1971.
103. Interview with Touby Lyfoung, Vientiane, Laos, September 1, 1971.
108. Interview with William Young, Chiangmai, Thailand, September 8, 1971.
115. Ibid., pp. 162–63.
117. Interview with William Young, Chiangmai, Thailand, September 8, 1971; interview with a former USAID official in Nam Tha province, Laos, June 1971.
118. Interview with William Young, Chiangmai, Thailand, September 8, 1971; Schanche, *Mister Pop*, pp. 171–73.
122. An Australian anthropologist working in northern Thailand has shown that the high price of opium enabled the Hmong in one village to support themselves on only one-third of the land it would have required to produce an adequate amount of rice for the village's subsistence (Douglas Miles, “Shifting Cultivation—Threats and Prospects,” in *Tribesmen and Peasants in North Thailand*, Proceedings of the First Symposium of the Tribal Research Center [Chiangmai, Thailand: Tribal Research Center, 1967], p. 96).
128. Interview with high-ranking Hmong officials, Vientiane, Laos, September 1971.
130. Ibid., pp. 470, 490.
132. A Hmong social scientist of Paris working for his doctorate at the University of Paris estimated that there were 80,000 Hmong in Xieng Khouang province and 55,000 in Sam Neua province before the mass migrations began (interview with Yang Than Dao, Paris, March 17, 1971). One USAID refugee official at Ban Son estimated that there were a total of about 250,000 hill tribesmen living in the mountains of these two provinces (interview with George Cosgrove, Ban Son, Laos, August 30, 1971).
134. Interview with George Cosgrove, Ban Son, Laos, August 30, 1971.
136. Interview with Lyteck Lynhiavu, Vientiane, Laos, August 28, 1971. (Lyteck Lynhiavu was a member of one of the most prestigious Hmong clans in Laos and director of administration in the Ministry of the Interior.)
137. Ibid.; interviews with Hmong villagers, Long Pot village, Laos, August 1971. The Royal Laotian government conducted an investigation of Vang Pao’s regular infantry battalions in September 1970 and found that all of them were far below their reported payroll strength of 550 men: the Twenty-first Battalion had 293 men, the Twenty-fourth Battalion had 73, the Twenty-sixth Battalion had 224, and the Twenty-seventh Battalion had 113. According to Laotian army sources, Vang Pao was pocketing the difference.
138. Interview with George Cosgrove, Ban Son, Laos, August 30, 1971. (George Cosgrove was a USAID refugee officer for Military Region II.)
141. Interview with Chinese merchants, Vientiane, Laos, August 1971. It is very difficult to measure the exact impact that the U.S. bombing campaign and refugee movements had on Laotian opium production. However, the U.S. Bureau of Narcotics made an attempt. In 1968, the Bureau estimated Laos's production at 100–150 tons. In mid-1971, it estimated Laos's total production at 35 tons (U.S. Bureau of Narcotics and Dangerous Drugs, "World Opium Situation," p. 10; U.S. Senate, Committee on Appropriations, Foreign Assistance and Related Programs Appropriations for 1972, p. 583).

142. The author visited Long Pot District from August 18 to August 23, 1971. Most of the following information is based on these six days in Long Pot unless otherwise noted.


145. One Thai government study reported that "tasting" is an important part of opium cultivation: "In each village, one or a few men are able to determine the suitability of the terrain for poppy by tasting the soil; apparently a highly respected qualification. When the ph [soil acidity index], after several years of continual use, begins to decrease, these men can 'taste' when the soil becomes unsuitable for further poppy cultivation" (F. R. Moormann, K. R. M. Anthony, and Samarn Panichapong, "No. 20: Note on the Soils and Land Use in the Hills of Tak Province," in Soil Survey Reports of the Land Development Department [Bangkok: Kingdom of Thailand, Ministry of National Development, March 1964], p. 5).


149. Keen, The Meo of North-West Thailand, p. 35.

150. Ibid., p. 36; Dessaint, "The Poppies Are Beautiful," p. 36.

151. In comparison, Geddes found that the Hmong village of seventy-one houses he surveyed in northern Thailand produced a minimum of 1,775 kilos, or more than 1 3/4 tons of raw opium. This is an average of 25 kilos per household, compared with an estimated 15 kilos for Long Pot village (Geddes, "Opium and the Miao," p. 7).

152. Interview with an agent, U.S. Bureau of Narcotics and Dangerous Drugs, Southeast Asia, August 1971.


154. A Report on Tribal Peoples of Chiangrai Province North of the Mae Kok River, Bennington-Cornell Anthropological Survey of the Hill Tribes in

155. Interview with the headman of Nam Suk village, refugee village, Long Pot District, Laos, August 21, 1971.

156. Interview with the headman of Nam Ou village, refugee village, Long Pot District, Laos, August 21, 1971.

157. Many Hmong clan leaders regarded Vang Pao as something of a usurper. According to a number of influential Hmong, Vang Pao was aware of his low social stature and tried to compensate for it by marrying his relatives into Touby’s family. In 1967, Vang Pao’s daughter May Keu married Touby’s son Touxa Lyfoung. In 1969, Vang Pao’s son François Vangchao married Touby’s daughter May Kao Lyfoung. Finally, in 1970, Vang Pao’s nephew Vang Geu married Touby’s niece May Choua Lyfoung. Vang Pao was threatened by military setbacks and mounting opposition from the Lynhiau clan and so felt compelled to arrange this last marriage to shore up his declining political fortunes.

158. Interview with Edgar Buell, Ban Son, Laos, August 31, 1971.


160. Ibid.

161. When I left Long Pot district on August 23, a number of village headmen explained that their people would begin dying from starvation in several months and urged me to somehow force the Americans into making a rice drop. Upon return to Vientiane, I explained the situation to the local press corps and an article appeared several days later in the Washington Post (August 31, 1971) and on the Associated Press wires. As might be expected, many American officials denied that the rice had been cut off.

Edgar Buell was incensed and told me, “When you’re saying that no f——rice gets into that village you’re not saying that Charlie Mann [USAID director] won’t send it in. And sending or not sending soldiers don’t make any difference. Hell, hippies, yippies, and every other thing won’t go. Now if they won’t send soldiers we don’t take ‘em out of college or put ‘em in jail; we give ‘em rice....

“You shouldn’t have snuck into that village and then talked to Charlie Mann. You should have come here right off and talked to Pop Buell and got the real story. You’ve caused a lot of trouble for people here. Hell, I’d kill anybody who’d say old Pop Buell would let somebody starve” (interview with Edgar Buell, Ban Son, Laos, August 30, 1971).

On September 2, Norman Barnes, director of United States Information Service, and Charles Mann, director of USAID/Laos, flew to Long Pot village to make a report on the situation for USAID/Washington. Barnes later contradicted Buell’s assertion that the rice drops had not been cut off and admitted that there had been no deliveries since early March. Barnes denied that there were any ulterior motives and explained that the presence of Pathet Lao troops in the immediate area from early March until August 20 made it impossible for aircraft to operate in Long Pot...
district. But Barnes was now happy to report that deliveries had been restored and a rice drop had been made on August 30 (interview with Norman Barnes, Vientiane, Laos, September 3, 1971).

However, I saw an Air America UH-1H helicopter land at Long Pot on the afternoon of August 19 and was told by villagers at the time that Air America's helicopters had been flying in and out of the village since the rice drops stopped. Moreover, villagers reported that Pathet Lao forces had left the area several months earlier.

162. Interview with the assistant headman of Ban Nam Muong Nakam, Long Pot village, Laos, August 21, 1971.

163. Interview with Ger Su Yang, Long Pot village, Laos, August 19, 1971. In late 1971, one American reporter flew over the Plain of Jars and described what he saw:

A recent flight around the Plain of Jars revealed what less than three years of intensive American bombing can do to a rural area, even after its civilian population has been evacuated. In large areas, the primary tropical color—bright green—has been replaced by an abstract pattern of black, and bright metallic colors. Much of the remaining foliage is stunted, dulled by defoliants.

Today, black is the dominant color of the northern and eastern reaches of the Plain. Napalm is dropped regularly to burn off the grass and undergrowth that covers the Plain and fills its many narrow ravines. The fires seem to burn constantly, creating rectangles of black. During the flight plumes of smoke could be seen rising from bombed areas.

From an enlarged negative of a photograph covering one small, formerly grass-covered hill about 100 feet high, I spotted several hundred distinct craters before losing count. In many places it is difficult to distinguish individual craters; the area has been bombed so repeatedly that the land resembles the pocked, churned desert in storm hit areas of the North African desert. (T. D. Allman, “Plain Facts,” Far Eastern Economic Review, January 8, 1972, p. 16)


165. Interview with George Cosgrove, Ban Son, Laos, August 30, 1971.

166. The bombing seriously disrupted opium production even in villages that managed to survive the attacks and remain in their original location. In August 1971, the author visited the Yao village of Pha Louang, in the mountains eighty miles north of Vientiane. Residents reported that their village had been bombed in August 1964 by a squadron of T-28s bearing Royal Laotian air force markings. When the planes first appeared over the village, people hid in their houses. But as the bombs began hitting the houses they tried to flee into the forest. The aircraft strafed the village, shooting the people as they tried to climb up the steep ridges that
surrounded the village. All the houses were destroyed, most of the livestock was killed, and twelve people (about 20 percent of the inhabitants) were killed. There were five Pathet Lao soldiers hiding in a cave about a mile away and villagers felt they might have been the cause of the attack. Once the planes left, the Pathet Lao emerged from the cave unharmed and marched off. Villagers reported that the mid-1971 opium harvest would equal the harvests before the bombing attack. However, intervening harvests had been much smaller because of the material and human losses they suffered.

Four months after our visit, Long Pot itself was no longer producing opium. In late 1971, Royal Laotian Army troops turned the village into a forward combat base in preparation for the upcoming dry season offensive by Pathet Lao forces. When the offensive got under way in December, Pathet Lao forces attacked the area and reportedly “overran” Long Pot on January 10, 1972. (South Vietnam in Struggle [Hanoi, DRVN], January 17, 1972, p. 7).

But this disruption was not the end of Ger Su Yang’s troubles. Around the time of the first publication of this book, the CIA pressured Ger Su Yang into retracting his statements about Air America’s involvement in the Long Pot opium trade. In September 1971, following the publicity about the CIA’s rice cutoff in Long Pot district, officers in the CIA’s Secret Army had visited Long Pot village to advise Ger Su Yang that he would be arrested and taken away if any more news came out of Long Pot. The ultimatum was delivered in such a way as to convince Ger Su Yang that he would never come back alive if that happened.

Similarly, Ger Su Yang was more than apprehensive when a CIA helicopter arrived in his village sometime in July 1972 and CIA mercenaries ordered him aboard the aircraft for a flight to CIA headquarters in northern Laos, Ban Son. Coincidentally, my photographer, John Everingham, arrived in the Long Pot area the very day that Ger Su Yang returned from his ordeal, and so we have a remarkably complete report of what actually passed between the CIA and this Hmong district officer.

According to Everingham’s account, Ger Su Yang reported that he was interrogated for more than an hour by a “short, fat,” rather irate American in a building near the runway at a CIA base. Ger Su Yang later recounted to Everingham the following details of the interrogation.

The American [CIA agent] asked if I had a photo of you [Everingham], if I knew how to contact you in Vientiane. It was easy to see the American was angry that you had come to Long Pot to talk to me.

I was afraid. I didn’t know what was best to say to him. So I said I knew nothing about everything he asked me.

He also asked if it’s true the American helicopters carried away our opium. Again I didn’t know what was best to say. So I said I didn’t know if it was true or not.

How frightened and intimidated Ger Su Yang had been is revealed by
his last question to Everingham: "Do you think they will send a helicopter to arrest me or send Vang Pao's soldiers [CIA mercenaries] to shoot me?" (Alfred W. McCoy, "A Correspondence with the CIA", New York Review of Books 19, no. 4 [September 21, 1972], p. 34).


173. Interview with Gen. Thao Ma, Bangkok, Thailand, September 17, 1971.


175. Interview with Gen. Thao Ma, Bangkok, Thailand, September 17, 1971.


177. Gen. Thao Ma had good reason to fear Kouprasith. Following the February 1965 coup, Gen. Phoumi's right-hand man, Gen. Siho, fled to Thailand. After consulting with a monk in Ubon, Thailand, who told him that it would be good luck to go home, Siho returned to Laos. Kouprasith had him arrested and imprisoned at Phou Khao Kquai, where he was shot while "attempting to escape" (Dommen, Conflict in Laos, p. 287). According to a former USAID official, Loring Waggoner, Kouprasith's right-hand man Gen. Thonglith Chokbengboung told him at a funeral for one of Thonglith's relatives several years after the incident that "Siho was dirty and corrupt" and that he was "glad" that he had a hand in eliminating him (interview with Loring Waggoner, Las Cruces, New Mexico, June 23, 1971).


183. Dommen, Conflict in Laos, p. 291.


185. Interview with Jimmy Yang, Chiangmai, Thailand, August 12, 1971.


187. Interview with William Young, Chiangmai, Thailand, September 8, 1971.

THE POLITICS OF HEROIN

189. Interview with a former USAID official in Nam Tha Province, Laos, June 1971.

190. Interview with William Young, Chiangmai, Thailand, September 8, 1971.

191. Interview with a former USAID official in Nam Tha Province, Laos, June 1971.


193. Interview with William Young, Chiangmai, Thailand, September 8, 1971.


195. Interview with William Young, Chiangmai, Thailand, September 8, 1971.

196. Interview with Maj. Chao La, Nam Keung, Laos, September 12, 1971.

197. Interview with a former USAID official in Nam Tha Province, Laos, June 1971.

198. Ibid.

199. Interview with a former USAID official from Nam Tha province, Laos, New York, June 1971; interview with William Young, Chiangmai, Thailand, September 8, 1971.

About the time of this book’s first publication, the CIA stated publicly that “last year CIA identified a refinery operated by Chao La and had it confiscated. The production equipment was dismantled and forwarded to the Bureau of Narcotics and Dangerous Drugs (BNDD) in Washington, D.C.” (Alfred W. McCoy, “A Correspondence with the CIA,” *New York Review of Books* 19, no. 4 [September 21, 1972], p. 31).

Despite the CIA’s implications in that statement that the drug trade in Nam Keung was cleaned up, a *New York Times* correspondent on a USAID public relations tour of northwestern Laos several months later reported: “Shortly after the delegation of officials arrived in Nam Keung, a pack train of 20 mules, like those that carry most of the opium in this area, moved silently and swiftly through the village. The visitors [which included Edgar Buell] were too polite to inquire about the carefully wrapped cargo carried by the mules.” The correspondent also reported that a contingent of KMT troops was camped in the forest near Nam Keung and a KMT officer lived in Chao La’s home in the village (*New York Times*, October 16, 1972, p. 12).

200. In the early 1950s, for example, anthropologists estimated that there were 139,000 Lahu in China’s Yunnan Province, 66,000 in northeastern Burma, and 2,000 in Nam Tha. In 1970 there were 16,000 Yao in Nam Tha and probably more than 100,000 in Yunnan, most of whom dwelled in the border regions (Frank M. Lebar, Gerald C. Hickey, and John K. Musgrave, *Ethnic Groups of Mainland Southeast Asia* [New Haven: Human Relations Area Files Press, 1964], pp. 31, 82; interview with Maj. Chao La, Nam Keung, Laos, September 12, 1971; Peter Kunstadter, “China: Introduction, ” in Kunstadter, *Southeast Asian Tribes*, vol. 1, p. 154).


204. Interview with William Young, Chiangmai, Thailand, September 14, 1971.


208. One of the first camps used for training was located in a river valley about twelve miles due north of Nam Keung, but this was closed in 1965 when Chao La and a group of Chinese opium smugglers opened an opium refinery nearby. Young was afraid that the constant movement of mule caravans and boats in and out of the area would compromise the base's security; eventually it was moved across the Mekong River into Thailand and rebuilt in an uninhabited mountain valley, known only by its code name, “Tango Pad” (interview with William Young, Chiangmai, Thailand, September 8, 1971).

209. Interview with a former USAID official in Nam Tha province, New York, June 1971.


211. Boston Globe, September 3, 1970; interview with a former USAID official in Nam Tha province, Laos, New York, June 1971. In general, the security on these cross-border operations was terrible, and many hill tribesmen in the Golden Triangle region knew about them. In mid-1971, the author met several Yao tribesmen in northern Thailand who knew the names of the five or six Yao who had been on the forays and could recite their itinerary with remarkable accuracy. Both the Chinese and Burmese governments knew about the operations, since they had captured a number of teams. In retrospect, it seems that the American public were the only interested party ignorant of their existence.

212. Interview with William Young, Chiangmai, Thailand, September 14, 1971; interview with U Ba Thein, Chiang Khong district, Thailand, September 11, 1971.

213. Interview with U Ba Thien, Chiang Khong district, Thailand, September 11, 1971. There were a number of reports that Air America helicopters had been forced to land in Burma because of mechanical failure. According to one report by Dispatch News Service International correspondent Michael Morrow, an Air America helicopter was forced to make an emergency landing in May 1971 in the eastern Shan states. The helicopter had been chartered from Air America and was reportedly carrying a CIA operative (Dispatch News Service International, November 8, 1971).


217. Interview with William Young, Chiangmai, Thailand, September 14, 1971.


219. Interview with William Young, Chiangmai, Thailand, September 14, 1971.


225. Interview with Jimmy Yang, Chiangmai, Thailand, September 14, 1971. (This story was confirmed by several former members of the SNA, leaders of other Shan armies, and residents of the Huei Krai area.)

226. Out of the 700 tons of raw opium produced in northeastern Burma, approximately 500 tons were exported to Laos and Thailand. A maximum of 15 percent of the opium harvest was consumed by hill tribe addicts before it left the village (Gordon Young, The Hill Tribes of Northern Thailand [Bangkok: The Siam Society, Monograph no. 1, 1962], p. 90). In addition, an estimated 65 tons were smuggled into Burma’s major cities for local consumption (interview with William Young, Chiangmai, Thailand, September 8, 1971).

227. Interview with Jimmy Yang, Chiangmai, Thailand, August 12, 1971.

228. Interview with William Young, Chiangmai, Thailand, September 8, 1971.


230. Dommen, Conflict in Laos, p. 193; according to President Kennedy’s assistant secretary of state for Far Eastern affairs, Roger Hilsman, Kennedy pressured Taiwan to withdraw the KMT forces from Burma to improve relations with mainland China. However, Taiwan insisted that the evacuation be voluntary and so “a few bands of irregulars continued to roam the wilds” (Hilsman, To Move a Nation, pp. 304–5).

231. Interview with William Young, Chiangmai, Thailand, September 8, 1971.


233. Ibid., pp. 2–3.

234. Ibid., pp. 11–14.

235. Young, Hill Tribes of Northern Thailand, p. 83.
Notes, chapter 7


238. Ibid., p. 37.


240. Interview with Col. Chen Mo-su, Chiang Khong district, Thailand, September 10, 1971.

241. Interview with William Young, Chiangmai, Thailand, September 8, 1971.


246. Interview with Jao Nhu, Chiangmai, Thailand, September 8, 1971.

247. Interview with Jimmy Yang, Chiangmai, Thailand, August 12, 1971.


251. Interview with William Young, Chiangmai, Thailand, September 8, 1971.

252. Ibid.


254. Interview with Jimmy Yang, Chiangmai, Thailand, August 12, 1971.

255. In May 1965, for example, the New York Times reported that General Ma was operating in a mountainous area of western Yunnan about twenty miles across the border from Ving Ngun and said that unmarked aircraft were making regular supply drops to his troops (New York Times, May 18, 1965, p. 1).

256. Interview with U Ba Thein, Chiang Khong district, Thailand, September 11, 1971.


258. Interview with William Young, Chiangmai, Thailand, September 8, 1971.
261. Interview with William Young, Chiangmai, Thailand, September 8, 1971.
265. Race, "China and the War in Northern Thailand," p. 27; interview with Lawrence Peet, Chiangrai, Thailand, August 9, 1971. (Lawrence Peet was a missionary working in Lahu villages near the caravan trail at the time of the Opium War.)
266. Interview with the principal of Ban Khwan public school, Ban Khwan, Laos, August 9, 1971.
268. Race, "China and the War in Northern Thailand," p. 27.
270. Ibid.
274. Race, "China and the War in Northern Thailand," p. 28.
277. Interview with the principal of Ban Khwan Public School, Ban Khwan, Laos, August 9, 1971.
281. Ibid.
284. Weekend Telegraph, p. 27.
285. According to a 1961 report by Gordon Young, 50 percent of the Hmong, 20 percent of the Lahu, 75 percent of the Lisu, and 25 percent of the Akha tribesmen in northern Thailand had some fluency in Yunnanese. In contrast, only 5 percent of the Hmong, 10 percent of the Lahu, 50 percent of the Lisu, and 25 percent of the Akha spoke Thai or Laotian (Young, *Hill Tribes of Northern Thailand*, p. 92).

286. Interview with Col. Chen Mo-su, Chiang Khong district, Thailand, September 10, 1971.


291. Interview with Jimmy Yang, Chiangmai, Thailand, August 12, 1971.


293. Interview with Jao Nhu, Chiangmai, Thailand, September 8, 1971.

294. Interview with Jimmy Yang, Chiangmai, Thailand, August 12, 1971.

295. The Shan Unity Preparatory Committee was a coalition of the right-wing Shan rebel groups formed mainly to provide effective joint action against the Burmese Communist party. This quotation from one of their communiqués conveys the group's conservative character and its anti-Communist first principles: "In the areas bordering Communist China in the Kachin and Northern Shan States particularly, armed bands trained and armed by the Communist Chinese composed mostly of China born Kachins and Shans are now very active. . . . The Shan Unity Preparatory Committee (SUPC) believes unity within the Union of Burma is definitely attainable and there is no reason why unity based on anti-communism, a belief in Parliamentary democracy and free economy, and last but not least, a unity based on the principles of Federalism cannot be achieved." (Shan Unity Preparatory Committee, "Communiqué No. 5," mimeographed [Shan State, March 14, 1968], pp. 1–2).

296. Interview with Jimmy Yang, Chiangmai, Thailand, August 12, 1971.


299. Interview with William Young, Chiangmai, Thailand, September 8, 1971.


301. In September 1971, for example, the author was invited to visit a Shan rebel camp near Huei Krai. However, on the morning of the visit (September 13) the author received the following note:
Sorry to inform you that your trip with us to Mae Sai is not approved by the Thai authorities. Because it is near the Burmese border and it might be possible for the Burmese to know it.

It is better to stay within the regulations since the host, the Thais, is giving us a warm and friendly reception.

[signed] Hsai Kiao


303. Interview with William Young, Chiangmai, Thailand, September 8, 1971; interview with Jao Nhu, Chiangmai, Thailand, September 8, 1971.

304. Interview with Hsai Kiao, Chiangrai, Thailand, September 21, 1971; interview with Jimmy Yang, Chiangmai, Thailand, September 14, 1971. The foregoing description of the Shan states' opium trade focused mainly on the traffic in the eastern Shan states (Kengtung, Wa, and Kokang) since this was the most important opium-growing area in northeastern Burma. However, it should be noted that guerrillas in the southern Shan states were also actively involved in the trade. The Palaung National Force, Gen. Mo Heng's Shan United Revolutionary Army, the Mong Ngai KKY, and the Pa-O rebels (divided between Chairman Hla Mong's Shan National Liberation Organization and Gen. Kyansone's Pa-O National Freedom League) were the major indigenous participants in the southern Shan states' opium trade. On the divisions within the Pa-O rebels, see The Pa-O National Freedom League, General Kyansone (Chan Son), "The Opinion of the Pa-O National Freedom League Concerning the Shan National Liberation Organization" (Chiangmai, January 1970).

Perhaps to blunt criticism of Thai and Laotian complicity in the Golden Triangle opium trade, U.S. officials exaggerated the importance of Lo Hsing-Han. In June 1972, the senior adviser to the secretary of state and coordinator for international narcotics matters, Nelson Gross, testified before a congressional committee in response to earlier testimony by the author:

Mr. McCoy somehow missed the name of the kingpin of the heroin traffic in Southeast Asia. The man is Lo Hsing Han of Burma. His control of the area opium runs the gamut from opium poppy fields, along the smuggling routes, to his heroin refineries. Lo has a virtual monopoly on heroin refining in the section. Many of the refineries driven out of Laos and Thailand have come under Lo's control in Burma. (U.S. Congress, Congressional Record, 92nd Cong., 2nd sess., 118, no. 106, June 28, 1972, p. H6274.)

305. Interview with Hsai Kiao, Chiangrai, Thailand, September 12, 1971.


310. Interview with William Young, Chiangmai, Thailand, September 8, 1971.
311. It was not possible for U Nu to ally with the Kachin Independence Army (KIA), which controlled much of Kachin State. Its leaders were Baptist Christians who resented U Nu's establishment of Buddhism as a state religion. The head of the KIA was a Baptist Christian named Zau Seng. He founded the Kachin Independence Army with his brothers in 1957, and with the exception of brief negotiations with Ne Win in 1963, continued to fight the Burmese government. When he was in Thailand trading in opium and buying arms, his brothers, Zau Dan and Zau Tu, directed military operations in Kachin State. Unlike the Shans, Zau Seng was the undisputed leader of the conservative Kachins, and his troops controlled most of the Kachin state. Relations between Zau Seng and the Kachin Communist leader, Naw Seng, were reportedly quite hostile. The Kachin Independence Army was also distinguished by the fact that it was associated with an American Baptist Mission couple from Louisiana, Robert and Betty Morse. As of late 1972, Betty Morse had retired to Baton Rouge, but her husband Robert was still in the hills with the Kachin guerrillas.

312. Interview with Jimmy Yang, Chiangmai, Thailand, September 14, 1971.
313. Interview with William Young, Chiangmai, Thailand, September 8, 1971.
314. Interview with Jimmy Yang, Chiangmai, Thailand, September 14, 1971.
315. Interview with William Young, Chiangmai, Thailand, September 14, 1971.
317. Interview with William Young, Chiangmai, Thailand, September 8, 1971.
318. Interview with Hsai Kiao, Chiangrai, Thailand, September 13, 1971.
319. It appeared that the Young family was revered mainly by the Black Lahu of northern Kengtung state and western Yunnan. The original prophecy of the White God was made by a Black Lahu, and the Youngs had a remarkable conversion rate among them. In contrast, the Red Lahu generally remained animist and regarded Bu-jong Luang, the “Man God,” or “divine deliverer,” as their living deity. The “Man God” had his headquarters west of Mong Hsat and was influential among the Red Lahu of southern Kengtung state. The terms “red” and “black” derive from the different-colored clothing worn by different Lahu subgroups. On the other hand, the term “Red Meo” was a political term used to designate Communist Hmong insurgents. Many Red Lahu tribesmen in the 1970s feared that their ethnolinguistic designation would be misinterpreted as a political label. Red Lahu tribesmen in northern Thailand usually claimed to be Black Lahu when questioned by anthropologists. Thus, when Bu-jong Luang’s son spoke, he said that the Red Lahu were not Communists as many people thought and would willingly join their fellow Lahu in the struggle against Ne Win (interview with William Young, Chiangmai, Thailand, September 8, 1971).

320. Ibid.
322. Ibid., pp. 40-41.
323. Pacific Research and World Empire Telegram 2, no. 3 (March–April 1971), p. 6.
324. The Burmese Communist party's (BCP) reasons for abolishing the opium trade were very pragmatic:
   1. Since the BCP was a political enemy of the Burmese government, the KMT, and the Shan rebels, it would be impossible for it to send an opium caravan into Thailand even if it had wanted to.
   2. Continuing the exploitative opium tax would have alienated the people.
   3. Since Shan rebels and government militia were interested only in occupying opium-producing territories, opium eradication weakened their desire to retake lost territory (interview with Jimmy Yang, Chiangmai, Thailand, August 12, 1971).
326. Interview with residents of Chiang Saen, Thailand, August 1971.
330. According to a U.S. narcotics analyst, Gen. Ouane's control over the opium traffic in the Ban Houei Sai region was further improved in 1968 when Col. Khampay, a loyal Ouane follower, was appointed regional commander. Col. Khampay reportedly devoted most of his military resources to protecting the Ban Houei Tap refinery and moving supplies back and forth between Ban Houei Sai and the refinery (interview with an agent, U.S. Bureau of Narcotics and Dangerous Drugs, New Haven, CT, May 3, 1972); Evening Star (Washington, DC), June 19, 1972.
332. Interview with William Young, Chiangmai, Thailand, September 8, 1971. According to a U.S. cabinet report, these laboratories in the tri-border area were in Bangkok before 1969, “but during 1969 and 1970 most or all moved upcountry for security reasons.” The same report goes on to say: that “A consortium of Chinese merchants in Vientiane handles the processing and distribution of most smoking heroin and opium to urban markets in Laos and Vietnam. They also produced much of the no. 4 heroin supplied to U.S. servicemen in Vietnam in 1970 and 1971.” This consortium apparently shifted these Laotian laboratories across the Burmese side of the border in mid-1971 (U.S. CCINC, World Opium Survey 1972, pp. 27, 29).
333. The attack on Long Tieng in early 1972 inevitably created problems for narcotics dealings among Vang Pao's troops. It was entirely possible that they were no longer in the heroin business.
335. Cabled dispatch from Shaw, Vientiane (Hong Kong Bureau), to Time Inc., received September 16–17, 1965.
337. Lao Presse (Vientiane: Ministry of Information #58/66), March 18, 1966.
Notes, chapter 8

339. Interview with a Thai police official, Bangkok, Thailand, September 1971.
341. Interview with Western diplomatic official, Vientiane, Laos, August 1971; interview with Third World diplomatic official, Vientiane, Laos, August 1971 (this account of the incident was corroborated by reports received by the U.S. Bureau of Narcotics and Dangerous Drugs [interview with an agent, U.S. Bureau of Narcotics and Dangerous Drugs, New Haven, CT, November 18, 1971]); interview with a Laotian political observer, Vientiane, Laos, August 1971.
343. Lao Presse (Vientiane: Ministry of Information #1566/71), September 6, 1971.
344. Interview with an agent, U.S. Bureau of Narcotics and Dangerous Drugs, Southeast Asia, September 1971.
345. Ibid.
346. Hamilton-Paterson, Greedy War, p. 194.
348. In its July 19, 1971, issue, Newsweek magazine hinted that the United States had used its “other means of persuasion” to force Gen. Ouane Rattikone into retirement. This suggestion was based only on the imagination of Newsweek’s New York editorial staff. According to the Vientiane press corps, Newsweek cabled its Vientiane correspondent for confirmation of this story and he replied that Ouane’s retirement had been planned for more than a year (which, in fact, it had been). Reliable diplomatic sources in Vientiane found Newsweek’s suggestion absurd and Gen. Ouane himself flatly denied that there had been any pressure on him to retire (Newsweek, July 19, 1971, pp. 23-24).
352. Ibid., pp. 228, 232.
353. Ibid., p. 233.
354. Ibid., p. 229.
355. Ibid., p. 205.

8 The War on Drugs


22. Confidential interview with DEA special agent, Southeast Asia, December 1975.
29. Confidential interview with DEA special agent, Southeast Asia, December 1975.
30. U.S. House Committee on International Relations, Narcotics Situation, pp. 50–51; Select Committee on Narcotics Abuse and Control, Southeast Asian Narcotics, pp. 154–55.
35. Confidential interview with officer, New South Wales police; Sydney, Australia, October 1978.
37. Ibid, p. 94; confidential interview with DEA special agent, Singapore, December 1975.


50. Ibid., pp. 81–82; confidential interview with Philippine Constabulary, Manila, Philippines, November 1975.

51. Interview with Romeo J. Sanga, Dangerous Drugs Board, Manila, Philippines, November 27, 1975.

52. Confidential interview with Philippine Constabulary, Manila, Philippines, November 1975.


64. *South China Morning Post*, November 13, 1974.
65. Interview with David Hodson, Narcotics Bureau, Royal Hong Kong Police, December 2, 1975.
66. Interview with Senior Inspector Brian Woodward, Hong Kong, December 3-4, 1975.
67. Ibid.
70. Interview with Martin Bishop, ICAC, Hong Kong, December 3, 1975; Annual Report by the Commissioner of the Independent Commission Against Corruption (Hong Kong: Government Printer, 1974), Appendix 10; *Hong Kong Star*, December 1, 1975; U.S. House Select Committee on Narcotics Abuse and Control, *Opium Production*, pp. 17-18.
74. Confidential interviews with Hong Kong police, December 1975; correspondence with senior Hong Kong Police narcotics officer, November 1976.
76. *Hong Kong Star*, September 17, 1977.
78. *Hong Kong Star*, January 10, 1979; *Hong Kong Standard*, May 16, 1979.
83. Confidential interview with narcotics agent, Hong Kong, December 1975; U.S.

89. Interview with John Johnston, Narcotics Bureau, Royal Hong Kong Police, December 4, 1975.
106. Confidential interviews with Philippine Constabulary, Royal Hong Kong Police, DEA Southeast Asia, Royal Malaysia Police, November–December 1975.


114. Interview with Col. Chawalit Yodmani; confidential interview with Royal Thai Police, Chiangmai, Thailand, December 1975.


116. Confidential interviews with DEA special agents, Southeast Asia, December 1975.


118. Interview with I.M.G. Williams, Bangkok, Thailand, December 12, 1975.


120. Confidential interview with DEA special agent, Southeast Asia, December 1975.


135. The conclusion that the CIA was responsible for this rather curious public ceremony was revealed inadvertently by John Doyle, DEA deputy chief of operations for the Far East, in July 1977 testimony before the U.S. Congress. In answering a question about responsibility for the decision to purchase the KMT's 26 tons, Doyle denied that the Bureau of Narcotics and Dangerous Drugs had made the decision and implicated the CIA: “But the only thing I am aware of,” he said, “is there was a decision made certainly above the then BNDD to do this. We in some small fashion as an *overt* agency were involved as an agent in transferring the certain moneys that were involved.” (Emphasis added). Doyle's use of the word “overt” is significant since the CIA is generally referred to in administrative parlance as the reverse, as a “covert” agency. (See U.S. House Select Committee on Narcotics Abuse and Control, *Southeast Asian Narcotics*, pp. 178–79.) The CIA was then being criticized for its complicity in the Southeast Asian narcotics traffic, and was apparently sensitive about its longstanding relationship with the KMT 3rd and 5th armies. It is likely that the ceremony was designed to remove the CIA from further criticism on the subject of its relations with the KMT rather than a serious attempt at retiring the KMT from the narcotics traffic.
175. Confidential interview with DEA special agent, Thailand, December 1975.
207. Ibid., p. 13.
208. Ibid., pp. 33, 324–25.
Notes, chapter 8

214. Khun Sa: His Own Story and Thoughts, p. 48; Shan State National Congress, Historical Facts about the Shan State, p. 22.


216. Even in his official statements on the need for “national unity,” Khun Sa’s staff tried to deal with the issue of his Chinese ethnicity: “Idle talk like ‘Khun Sa, is he not a Chinese?’ are only meant to divide us. Other nations also have leaders who come from Chinese background (like King Taksin in Thailand and Aquino in the Philippines, and even New Win, himself, in Burma).” (See Khun Sa: His Own Story and Thoughts, p. 55.)


218. Khun Sa: His Own Story and Thoughts, p. 61.

219. Asiaweek, June 15, 1994; Far Eastern Economic Review, January 20, 1994. See, for example, the reaction of the DEA chief to Khun Sa’s 1989 opium proposal in “King of Heroin” (20/20, ABC Television.)


Notes, chapter 8


266. Ibid., p. 118.


279. Ibid., p. 53.

280. Ibid., p. 53.


282. Ibid., pp. 196–205.


9 The CIA’s Covert Wars


2. Interview with Dr. David Musto, Madison, WI, May 12, 1990.

3. Ibid.


5. Ibid.


12. Ibid., pp. 2–5.


17. Ibid., 6.

18. Ibid., 13.


30. U.S. Central Intelligence Agency, Directorate of Intelligence, *International


37. Richard Helms, From: Amembassy Tehran; To: Department of State; Subject: Revised Narcotics Action Plan; Date: March 4, 1974; airgram, Department of State.

38. Richard Helms, From: Amembassy Tehran; To: SecState WashDC; R: 260919Z Nov 74; telegram, Department of State.

39. Richard Helms, From: Amembassy Tehran; To: SecState Wash DC 2222; SUBJ: Narcotics Matters Related to Iran; R: 261315Z Jun 75; Department of State.


64. Lifschultz, "Dangerous Liaison," pp. 52–53.


67. Ibid., pp. 53–54.

68. Rubin, testimony before the House Subcommittee on Europe and the Middle East, p. 29.


70. Ibid., pp. 27–28.


76. Lifschultz, "Inside the Kingdom of Heroin," pp. 495–96.


80. Emdad-ul Haq, *Drugs in South Asia*, pp. 204–05.


88. Ibid., p. 495.


95. Ibid., pp. 14-a, 17.


100. Rubin, *Fragmentation of Afghanistan*, pp. 213, 245, 256–57; Rubin, testimony before the House Subcommittee on Europe and the Middle East, pp. 18–19.

103. Rubin, Fragmentation of Afghanistan, pp. 257–58; Rubin, testimony before the House Subcommittee on Europe and the Middle East, pp. 20, 35.
108. Aspire Films, "Dealing With the Demon: Part II" (Sydney, Australia: produced by Chris Hilton, 1994).
112. Ibid., pp. 7–8.
114. Forbes, July 25, 1988, p. 64.
115. U.S. Senate Committee on Foreign Relations, Drugs, Law Enforcement and Foreign Policy, report, p. 37.
116. Ibid., p. 39.
117. Ibid., p. 38.
118. Ibid., p. 36.
119. Ibid., pp. 53–58.
121. U.S. Senate Committee on Foreign Relations, Drugs, Law Enforcement and Foreign Policy, report, pp. 26–29, 39–54.
122. Ibid., pp. 73–75.
123. Ibid., pp. 39–40.
124. Ibid., p. 41.
125. Ibid., p. 49.
126. Ibid., p. 50.
127. Ibid., p. 49.
128. Ibid., p. 51.
129. Ibid., p. 49.
130. Ibid., p. 53.
131. Ibid., p. 53.
132. Ibid., pp. 53–54.
134. U.S. Senate Committee on Foreign Relations, *Drugs, Law Enforcement and Foreign Policy*, report, pp. 53–54.

135. Ibid., pp. 53–54.

136. Ibid., pp. 55–56.

137. Ibid., pp. 42–49.

138. Ibid., p. 75.


140. Mort Rosenblum, "Hidden Agendas," *Vanity Fair*, March 1990, p. 120.


156. Ibid., paras. 914, 916–917, 921.
157. Ibid., para. 916.
158. Ibid., para. 920.
159. Ibid., para. 917.
160. Ibid., para. 922.
161. Ibid., para. 925.
162. Ibid., para. 930.
163. Ibid., para. 936.
164. Ibid., paras. 938–939, 942.
165. Ibid., para. 943.
166. Ibid., para. 927.
167. Ibid., paras. 932–933.
168. Ibid., para 944.
169. Ibid., para. 951.
170. Ibid., para. 957.
171. Ibid., para. 953.
172. Ibid., para. 948.
173. Ibid., para 953.


Notes, chapter 9


224. United Nations, Strategic Study #2 (1998); Rashid, Taliban, p. 119.


237. New York Times, August 18, 2001; Gary Reid and Genevieve Costigan,
Revisiting the 'Hidden Epidemic': A Situation Assessment of Drug Use in Asia in the context of HIV/AIDS (Fairfield: Centre for Harm Reduction, Burnet Institute, 2002), pp. 101-03.


244. Virtual Information Center (VIC), Afghanistan Primer (September 25, 2001).


Bibliography

Articles and Theses


Bacon, John, "Is the French Connection Really Dead?" Drug Enforcement (Summer 1981).


Bibliography


Braden, Thomas, "I'm Glad the C.I.A. Is 'Immoral'," Saturday Evening Post, May 20, 1967.


Colby, W. E., Executive Director, Central Intelligence Agency, Let-
Cusack, John T., “Turkey Lifts the Poppy Ban,” Drug Enforcement (Fall 1974).
Dessaint, Alain Y., “The Poppies Are Beautiful This Year,” Natural History (February 1972).
Bibliography

Studies (Gaya, Bihar, India: Centre for South East Asian Studies, 1988).
“The Illicit Manufacture of Diacetyl­morphine Hydrochloride (No. 4 Grade),” paper of a Hong Kong govern­ment chemist, typescript (n.d.).
Jerusalemy, Jean, “Monographie sur le Pays Tai,” typescript (n.d.).


McCoy, Alfred W., “Requiem for a Drug Lord: State and Commodity in the Career of Khun Sa,” in Josiah


Popham, Peter, "Taliban is a 'monster hatched by the US,'" *Independent* (London), September 17, 2001 (<http://www.independent.co.uk>; site last visited September 22, 2002).


Race, Jeffrey, "China and the War in Northern Thailand," typescript (1971).


Shahzad, Syed Saleem, "US turns to drug baron to rally support," On-
THE POLITICS OF HEROIN in Opium to China in the Nineteenth Century," Pacific Historical Review 9 (December 1940).


U.S. Drug Enforcement Administration, Office of Intelligence, "The Heroin Labs of Marseille," Drug Enforcement (Fall 1973).
Bibliography


Zaw, Aung, "Drugs, Generals and Neighbors," Irrawaddy 9, no. 5 (June 2001).


Books


Anderson, John, M.D., Mandalay to Momien: A Narrative of the Two Expeditions to Western China of 1868 and 1879 under Colonel Edward B. Sladen and Colonel Horace Browne (London: Macmillan, 1876).


Association Culturelle Pour le Salut du Viet-Nam, Temoignages et Documents français relatifs à la Colonisation française au Viet-Nam (Hanoi: 1945).

Avineri, Shlomo, Karl Marx on Colonialism and Modernization (Garden City, NY: Doubleday, 1969).

Ayme, G., Monographie de Ve Territoire militaire (Hanoi: Imprimerie d'Extrême Orient, 1930).


Brailey, Nigel J., Thailand and the Fall of Singapore: A Frustrated
Bibliography

Castellari, Gabrielle, La belle Histoire de Marseille (Marseille: L’École Technique Don Bosco, 1968).
Critchfield, Richard, The Long Cha-
Emdad-ul Haq, M., Drugs in South Asia: From the Opium Trade to the Present Day (New York: St. Martin's, 2000).
Bibliography


Jennings, John M., *The Opium Em-
Keppel, Arnold, Gun-Running and the Indian North-West Frontier (London: John Murray, 1911).
Klare, Michael, Rogue States and Nuclear Outlaws: America’s Search for a New Foreign Policy (New York: Hill & Wang, 1995).

THE POLITICS OF HEROIN

Lamour, Catherine and Michel R. Lamberti, The International Connection: Opium from Growers to Pushers (New York: Pantheon, 1974).
Lintner, Bertil, Burma in Revolt: Opium and Insurgency Since 1948 (Boulder: Westview, 1994).
Litwak, Robert S., Rogue States and U.S. Foreign Policy: Containment After the Cold War (Washington,
Bibliography

Lobe, Thomas, United States National Security Policy and Aid to the Thailand Police (Denver: Graduate School of International Studies, University of Denver, 1977).
Lubbock, Basil, The Opium Clippers (Glasgow: Brown, Son & Ferguson, 1953).
Moscow, Alvin, Merchants of Heroin (New York: Dial, 1968).
Moyle, Rev. A. E., Church Missionary Society, The Use of Opium and Its Bearing on the Spread of Christianity in China (Shanghai: Celestial Empire Office, 1877).
Nghiem Dang, Viet-Nam: Politics
and Public Administration (Honolulu: East-West Center, 1966).
Niblock, Tim, “Pariah States” and Sanctions in the Middle East: Iraq, Libya, Sudan (Boulder: Lynne Rienner, 2001).
Prakash, Om, The Dutch East India Company and the Economy of Bengal, 1630–1720 (Delhi: Oxford University Press, 1988).
Reid, Gary and Genevieve Costigan,
Bibliography

Revisiting the ‘Hidden Epidemic’: A Situation Assessment of Drug Use in Asia in the context of HIV/AIDS (Fairfield: Centre for Harm Reduction, Burnet Institute, 2002).


Rowntree, Joshua, The Imperial Drug Trade (London: Methuen, 1905).


Sao Saimong Mangrai, The Shan States and the British Annexation (Ithaca: Southeast Asia Program, Cornell University, data paper no. 57, August 1965).

Savani, Antoine M., Visages et Im-


Schanche, Don A., Mister Pop (New York: David McKay, 1971).


Slack, Edward, R. Jr., Opium, State, and Society: China’s Narcotic Economy and the Guomintang,


THE POLITICS OF HEROIN


Timberlake, James H., *Prohibition and the Progressive Movement*
Bibliography


Vigneras, Marcel, United States Army in World War II: Rearming the French (Washington, DC: Office of the Chief of Military History, Department of the Army, 1957).


Zarco, Ricardo M., Street Corner Drug Use in Metropolitan Manila: A Comparison of Two Socio-Economic Categories of Illicit Social Drug Users (Manila: Narcotics Foundation of the Philippines, 1972).


Films

Aspire Films, "Dealing With the Demon: Part II" (Sydney, 1994), produced by Chris Hilton.

Frontline, Documentary Consortium, WGBH-Boston, "Guns, Drugs and the CIA" (Boston, 1988), Reporter: Judy Woodruff, produced by Andrew and Leslie Cockburn.

Government Publications

Australia

Burma (Myanmar)
Report by the Government of the Union of Burma for the Calendar Year 1950 of the Traffic in Opium and Other Dangerous Drugs (Rangoon: Government Printing and Stationery, 1951).

Hong Kong
Annual Report by the Commissioner of the Independent Commission Against Corruption (Hong Kong: Government Printer, 1974).
The Problem of Dangerous Drugs in Hong Kong (Hong Kong: Government Printer, 1974).

India
Imperial Gazetteer of India: Provincial Series, North-West Frontier Province (Calcutta: Superin-


**Laos**


**Pakistan**


**Philippines**


**Thailand**


**United States**

U.S. Bureau of Narcotics and Dangerous Drugs, “Persons Known to Be or Suspected of Being Engaged in the Illicit Traffic in Narcotics” revised (Washington, DC: March 1965).


U.S. Congress, House, Committee on International Relations, The Nar


U.S. Congress, House, Committee on International Relations, The Shif
ting Pattern of Narcotics Traffick


U.S. Congress, Senate, Congressional Record 114, no. 16 (February 5, 1968).

U.S. Congress, Senate, Committee on


U.S. Drug Enforcement Administration, National Narcotics Intelligence Consumers Committee 1995, "The Supply of Illicit Drugs to the United States, August 1996."


U.S. State Department, Bureau of International Narcotics Matters, International Narcotics Control
Bibliography


U.S. Treasury Department, Bureau of Narcotics, “History of Narcotic Addiction in the United States,” in U.S. Senate, Committee on Government Operations, Organized Crime and Illicit Traffic in Nar-

Vietnam

International Bodies
League of Nations, Advisory Committee on the Traffic in Opium and Other Dangerous Drugs, Minutes of the Twelfth Session (Geneva: League of Nations, February 2, 1929).
League of Nations, Advisory Committee on the Traffic in Opium and Other Dangerous Drugs, Annual Reports on the Traffic in Opium and Other Dangerous Drugs for the year 1931 (Geneva: League of Nations, 1931).
League of Nations, Advisory Committee on the Traffic in Opium and Other Dangerous Drugs, Summary of Annual Reports in the Traffic in Opium and Other Dangerous Drugs for the Years 1929 and 1930 (Geneva: League of Nations, March 22, 1932).
League of Nations, Advisory Committee on the Traffic in Opium and Other Dangerous Drugs, Annual Reports on the Traffic in Opium and Other Dangerous Drugs for the Year 1939 (Geneva: League of Nations, 1940).


United Nations, International Drug


United Nations, Office for Drug Control and Crime Prevention, Country Profile: Islamic Republic of Iran. 5. Drug Situation (<http://www.odccp.org/Iran/country_profile>); site last visited October 31, 2001).


Interviews


Martin Bishop, ICAC, Hong Kong, December 3, 1975.


Bibliography

Maj. Chao La, Ban Nam Keung, Laos, September 12, 1971.
James Chien, Hong Kong, July 8, 1971.
George Cosgrove, Ban Son, Laos, August 30, 1971.
Graham Crookdake, Hong Kong, July 5, 1971.
George Dunning, Hong Kong, July 6, 1971.
David Hodson, Narcotics Bureau, Royal Hong Kong Police, December 2, 1975.
Jerome Hollander, Los Angeles, California, June 25, 1971.

Jao Nhu, Chiangmai, Thailand, September 8, 1971.
John Johnston, Narcotics Bureau, Royal Hong Kong Police, December 4, 1975.
Le Quang Chanh, Ho Chi Minh City Hall, Saigon, September 4, 1981.
Le Van Nam, Ho Chi Minh City Planning Institute, Saigon, September 5, 1981.
Redactor Ly Ky Hoang, Saigon, Vietnam, August 5 and 12, September 11, 1971.
Dr. David Musto, Madison, Wisconsin May 12, 1990.
Lawrence Peet, Chiangrai, Thailand, August 9, 1971.
Pham Nguyen Binh, New Youth College, Ho Chi Minh City, September 4, 1981.
Romeo J. Sanga, Dangerous Drugs Board, Manila, November 27, 1975.
Thao Ma, Bangkok, Thailand, September 17, 1971.

Touby Lyfoung, Vientiane, Laos, August 31, September 1, 4, 1971.
U Ba Thien, Chiang Khong District, Thailand, September 11, 1971.
Loring Waggoner, Las Cruces, NM, June 23, 1971.
Brian Webster, Hong Kong, July 9, 1971.
I.M.G. Williams, Bangkok, Thailand, December 12, 1975.
Jimmy Yang, Chiangmai, Thailand, August 12, 14, 1971.
William Young, Chiangmai, Thailand, September 8, 14, 1971.
Index

A
A Pi, 430
acetic anhydride, xviii
Adams, Samuel Hopkins, 8
Addario, Daniel, 394
Adonis, Joe, 31, 32
Adriatic Sea, 516–17
Advertising Council, 390
Afghanistan
see also CIA covert action
Afghan Interim Government (AIG), 478, 485
Antinarcotics Department, 509
as buffer state, 466
civil war in, 501, 510, 519
climate, agriculture, and livestock raising practices, 505–7
and cold war confrontation, 14–15
Communist factions in, 472, 478
Communist rule in, 476, 478
compared to Laos, 462
Daud Mohammad, overthrow of, 472
determining control of narcotics trade, 488–89
Drug Enforcement Administration (DEA) in, 526
drug policy under Taliban, 508–9
Hekmatyar, Gulbuddin, 477–87, 504–5, 515, 526
heroin processing in, 398, 472, 485, 509, 527
as heroin source, 456, 462, 464, 466, 470, 500, 510
heroin trade and, 479, 486, 521
history of, 466–67
impervious to conquest, 466
Interim Authority, 522
media silence about drug trade, 489
mujaheddin, 461, 466, 472, 473, 474, 477–78, 484–85, 504
Najibullah regime, 504
as narco-state, 23
Northern Alliance, 506, 508, 515, 518–19, 520–21
opium addiction in, 468
opium as monocrop in, 500, 505, 510, 519
opium cultivation in, 14–17, 75, 125, 440, 456, 462, 465–68, 484–85, 504–25, 527
opium eradication in, 509–10, 517–20, 522–24
opium trade, 468–69, 479, 485, 510–12, 519–24
Afghanistan (continued)
postwar reconstruction, 501, 506-7, 510, 522-23, 527-28
Republic of established, 476
Second Afghan War, 466
Shura government, 521
since 1990, 500-512
and Soviet Union, 461, 466, 472-73, 475, 504, 506, 507
starvation in, 506, 517
Taliban, 459, 466, 503, 504, 505, 506, 508-10, 515, 517-25, 531
U.S. military aid, 461, 476
and war on drugs, 526-27
war with United States, 515, 517-25, 531
women under Islamic rule, 508-9, 518
African-American communities, 493-95, 528-29
Afridi, Ayub, 502
Afridi, Malik Waris Khan, 502
Afridi tribe, 467, 504
Ahmed, Mehmood, 503
AIDS
see HIV
Air America
see also Civil Air Transport
author sees helicopter of, xv
delivers humanitarian aid, 291
and Long Pot village, 322, 325, 327, 329-31
and secret war in Laos, 307, 310-16, 318, 321, 462
transports opium, 288, 304
Air Laos Commerciale, 203, 296, 298
Akbar, 78
Akhundaza, Nasim, 484, 485, 488, 523
Al Qaeda, 514, 521
Albania, 516
Albright, Madeleine, 441
Albuquerque, Affonso de, 78, 79
alcohol, 2-3, 7, 11, 18, 27-28, 459, 471
Alfieri, Paul A., 33, 34
Algeria, 137, 138
Ali, Hazarat, 521, 524
Ali, Kamal Hassan, 473
Allied Military Government (AMGOT), 35, 36, 37
Allure, 432
American Federation of Labor (AFL), 58, 62
American Medical Association (AMA), 6, 390
Amkha, General, 311
amnesty, 407, 427
amphetamine, 3, 20, 439-41
see also ecstasy (MDMA); speed; synthetic drugs
Amsterdam, 389, 396, 482
Anatolia, 20-21
Anderson, Jack, 417
Andes, 3, 11, 19-22, 447, 458, 488
Andreani, Jean-Baptiste, 65
Anglo-Chinese opium treaty of 1907, 9
Anglo-Oriental Society for the Suppression of the Opium Trade, 9, 97
Annamite Mountains, 132, 196
Anon, Captain, 179
Ansari, 468
Anslinger, Harry, 18-19, 124, 469
anti-American sentiment, 477
anti-Communism, x, 14-17, 19, 406, 409-10, 417-18, 428, 460, 525
Anti-Drug Abuse Acts, 445
Antioquia, 444
Arce Gomez, Luis, 450
Arlacchi, Pino, 509
Aron Israkhakdi, 410-11
Arrow War, 87
see also Opium Wars
ARVN (Vietnamese Army), 155, 157-60, 238-40, 260
Asia
see South Asia; Southeast Asia; various countries
Astor, John Jacob, 82
Aung San Suu Kyi, 442
Avant-Garde Youth, 150
Avanti!, 39
Aviation Investors, 205
Ayatollah Khomeini
see Khomeini, Ruhollah
Azerbaijan, 516
Azerbaijanis, 512
Azeris, 512, 514, 516
B
Ba Duong
see Duong Van Duong
Badakhshan, 515, 518
Badalamenti, Gaetano, 72, 463
Bahamas, 490
Index

Baig, Mirza Iqbal, 482, 483, 502
Baku, 512, 516
Balkans, 514, 515
Balkh, 515
Baltimore, 463
Baluch tribes, 467, 511, 514
Baluchistan, 480, 485, 503
Ban Hin Taek, 418–19, 427, 428, 429
Ban Khwan, battle of, 355–61
Ban Wat, 103–4, 350
Bangkok
  see also Thailand
  American ex-servicemen as traffickers in, 395
  Chinese immigrants in, 90
  Chiu chau syndicates in, 389
  and cold war opium boom, 178–84, 186, 188–90
  DEA agents in, 394, 411, 413
  as heroin source, 397, 411
  Joint Chamber of Commerce, 417
  Lim Chiong syndicate in, 400
  and Ng Sik-ho’s front operations, 403–4
  opium trade in, 94, 95, 145, 270, 273
  opium use and addiction in, 10, 128, 130
  police corruption in, 22
  and royal Thai opium monopoly, 100, 104, 105
  and secret war in Burma, 168, 169, 173, 175, 178
  U.S. monitors drug flow, 526
  vice sector of, 11
  war on drugs success in, 464
Bangkok Opium Conference, 102
Bank of Credit and Commerce International (BCCI), 480
Banz, Hugo, 452
Bao Dai, 152, 153–54
Barger, Brian, 489
Bari, Abdul, 523
Bartels, John R., Jr., 396
Bastouil, Ivan, 284
Bisti, Fulgence, 41
Battelle Institute, xxiv
Baxer, James, 103
Bay Islands, 496–97, 499
Bay Vien
  see Le Van Vien
Bayer Company, 6
Bayhan, Kudret, 73
Beg, Aslam, 503
Beijing, 473
Belgrade, 517
Belize, 444
Belleux, Maurice, x, 134, 145
Bengal, 78, 79, 80–84, 93
Benjamin Fine gang, 26
Bennett, William J., 445
Bentinck, William, 83
Bermudez, Enrique, 493
betel, 3
Betznner, Gary, 491
Bhutto, Benazir, 483, 484, 502, 503
Bhutto, Zulfiqar Ali, 474, 476
Big Minh
  see Duong Van Minh
bin Laden, Osama, 503, 514, 515, 518
Bird, William, 168, 169
Bird, Willis, 168, 169
Bishkek, 516
Black Mai
  see Nguyen Thanh Tung
black market, 426, 429
Blair, Tony, 514
Blandon, Danilo, 493
Bo Loi Oo, 369, 374
Bo Mya, 428, 436
bolita lottery, 75
Bolivia, 3, 20, 22, 443–44, 446–48, 450–53
Bonn, 522
Bonner, Arthur, 484
Bonnet, Mrs., 68
Border Patrol Police (BPP), 184
Borland Amendment, 490
Bosnia, 500, 514
Bosnians, 516
Brad, Thomas, 57, 58, 59, 62, 178
Brady, Phil, 229
Brazil, 404, 452
Brent, Charles, 9, 98, 99
Brezhnev, Leonid, 473
British Broadcasting Corporation (BBC), 482, 483
British East India Company, 5
Brown, Harold, 473
Brown, Irving, 59, 62
Brownsville, Texas, 497
Brunei, sultan of, 490
Brzezinski, Zbigniew, 473, 474–75, 486
Buchalter, Louis “Lepke,” 27, 28
Bugatti, Lars, xviii–xix, 379
Bugti, Mohammad Akbar Khan, 480
Bundy, McGeorge, 208
Bunker, Ellsworth, 213, 214, 218, 221, 256
Bureau of Customs, 391
Bureau of Narcotics and Dangerous Drugs (BNDD), 49, 124
Burke, Edmund, 81
Burma
see also Golden Triangle; Shan States
arms deal with China, 437
army, xxiii, 427, 431
battleground of 1970s drug war, 399
British opium policy and monopoly in, 96, 102, 106–9
CIA’s covert war in, 15, 16, 162–78, 466, 473, 500, 525
Drug Enforcement Administration (DEA) leaves, 434
financing of opium armies in, 415
heroin processing in, 288, 370, 421–22, 429, 434, 527
as heroin source, 1, 397, 455, 466, 525
HIV in, 442
Japanese 15th Army, invasion by, 104 and Karens, 435
and Khun Sa, 419, 425, 431, 435, 438–39
KMT’s secret war in, 162–78
Kriangsak Chamanan supplies rebels, 416
Lo Hsing-han supported by government of, 423–24
military regime after Khun Sa, 441
as narco-state, 23, 435, 437–38, 441
narcotics eradication by, 441–42
opium addiction in, 89, 90, 128
opium cultivation in, 16–17, 102–3, 414, 431–32, 434, 442, 466, 507, 527
opium eradication in, 441, 442
opium trade in, 91, 93, 95–96, 145, 196, 287, 333–34, 348–49, 361, 367–70
protection of drug lords, 2
sawbwas governments in, 200–201
and Shan rebellion, 366, 367, 369, 370, 414
THE POLITICS OF HEROIN

State Law and Order Council (SLORC), 437–39, 440
synthetic drug production in, 441
Thailand-Burma relations, 414, 421, 423, 427–29, 431, 436–37
and Thailand’s opium trade, 179–81, 185, 189, 191, 421
UN opium survey in, 442
and United States, 434
and war on drugs, 526–27
Burma National Democratic Army (BNDA), 433
Buscetta, Tomasso, 72
Bush, George H. W. administration, 1, 388, 445
Bush, George W. administration, 20, 449–50, 459, 521, 524, 531
“butcher and bolt,” 467
C
Cabinet Committee on International Narcotics Control (CCINC), 391, 394
Caffery, Jefferson, 58
Calcutta, 79, 80, 81–83, 86
Cali cartel, 447, 448
Cambodia, 110, 225–26, 228, 231
Can Lao party, 204, 206
Canada, 39, 48, 63, 64, 404
Canfield, Cass, Sr., xx
Cang (Admiral)
see Chung Tan Cang
cannabis cultivation, 398, 444
Canton, 82, 85, 86, 89, 109
Cao Dai, 149, 157, 158
Cap-Saint-Jacques, 69
Carbone, Paul Bonnaventure, 49–51, 53
Carcassonne, Gabriel, 64
Caribbean, 40, 48, 63, 74, 443, 488–89, 491, 496, 526
Carlini, Michel, 54
Cartagena, 446, 497
Carter administration, 416, 461–62, 464, 472–75, 476, 486
Casey, William, 477, 498
Cash, Tom, 454
Castaño, Carlos, 448
Casteel, Steven, 519
Castillo, Thomas, 490, 491
Caucasus, 514, 516
Index

CBS Evening News, xx
Cecchini, Achille, 64
Central America, 486, 489
Central Asian republics (formerly of USSR), 475
Central Asian smuggling network, 512–17
Central Intelligence Agency
see CIA
Central Intelligence Organization (CIO), 210, 228
Cesari, Joseph, 69
Chan Shee-fu
see Khun Sa
Chao La, xviii, 274, 288, 338, 377
Chao Mai, 336, 337, 338
Chapare, the, 444, 451–53
Chatchai Choonhawan, 106, 420, 421
Chechens, 512, 514
Chechnya, 500, 515
Chen Mo-sup, 363
Chennault, Claire, 167, 170
Chiang Ching-kuo, 352
Chiang Kai-shek, 123, 163, 165, 174, 265–66, 267, 355
Chiangmai, 104, 173, 174, 180, 186, 413–14, 428, 430
Chicago, 11
Chicola, Phil, 453
Chihuahua, 395
children in combat, xv
China
see also Kuomintang (KMT);
Nationalist China; Opium Wars
and Burma, 179, 423, 431–32, 437, 438, 441
Chinese stereotyped as opium smokers, 459
and CIA, 129, 339
crime syndicates in, 226
heroin labs closed, 25
heroin trade, 27
imperial campaigns of, 94–95
and international drug diplomacy, 97, 98
Japanese invasion of, 24
and Khun Sa, 435
opium addiction in, 468
opium cultivation in, 4, 5, 9, 77–79, 89, 91
opium eradication in, 5, 14, 123–24,
183
and opium finance in French Indochina, 109, 110
opium trade in, 77–79, 80–89, 91, 101–6, 123
opium use in, 4–5, 80–89
organized crime, 226
People’s Liberation Army (PLA), 169, 176
People’s Republic’s popularity with overseas Chinese, 185
and Southeast Asian opium dens, 91–92
and Taiwan, conflict with, 405–6
and Thailand, 179, 185–86
China Yearbook, The, 265
Chinese Irregular Force, 416
Chiu chau syndicates
in Cholon, 234
compared to Sicilian mafia and Corsican syndicates, 226
in Hong Kong, 262–64, 269, 270–76, 401–8, 411
Lim Seng, execution of, 399–401
and Ma Sik-yu, 405
in Malaysia, 408–9, 411
in Manila, 401, 411
and narcotics trade, 276–82, 395, 395–96, 407
origins of, 389
in Singapore, 91, 411
and Thailand, 389, 396, 408, 411
Cholon, 146, 148, 152, 203, 234–35, 239
Chronolog, xxi
Chu (Lieutenant Colonel)
see Pho Quoc Chu
Chu Tsun, 85, 86
Chulalongkorn, 100
Chung Tan Cang, 231, 234
CIA alliances with drug lords
in Afghanistan, xxvi, 15–16, 500, 528–29
air support for drug lords, 15
in Burma, 17
in California, 492–93
in Caribbean, 459
in Central America, 489, 494–97, 527, 528–29
CIA inspector general reveals, 486–87
congressional ban on circumvented, 497–98
consequences of, 530–31
CIA alliances with drug lords
(continued)
conservative administrations support, 459–60
Corsican syndicates, 17, 43, 47, 146
Hitz report details, 496, 500
in Laos, 528–29
and military aid, 479
in Pakistan, 481, 502–3
Phoumi Nosavan, 299–305
protection from prosecution, 528
Thai police, 17
CIA (Central Intelligence Agency)
see also Air America; CIA alliances
with drug lords; CIA covert action
Afghan forces, funding for, 504, 507
and African-American communities, 493–95, 528–29
and anti-Communism, 14–17
in Laos, 305–21, 473, 490, 500, 525, 529
Central American Task Force (CATF), 488, 497, 498, 499
child fighters used by, xv
“clandestine arts,” 16
and Colombia, 448, 449
Congressional oversight ineffective, 531
denies involvement in drug trade, xxii–xxvii, 493, 495
Directorate of Intelligence, 497
enforcement-free zones, 19, 492, 496, 526
established, 14
extraordinary powers of, 529–31
and France, 53–63, 155–61, 249
and Fujimori government, 447
and GI heroin epidemic, 528–29
Hitz report, 494–96
and Hmong, 284, 289–92, 305, 307–8, 312–16, xv
intimidates author and sources, xii, xv, xx, xxi
in Laos, 129, 146, 284–92, 299–300, 304, 327, 328–31, 335–43, 349
legacy of complicity in drug trade, 525–28
Memorandum of Understanding on Contras, 495
and Montesinos, Vladimiro, 446–47
Nicaragua Operations Group (NOG), 499
and Northern Alliance, 520–21
and Office of Strategic Services, 19
On Chan’s forces as mercenaries for, 369
Operation Cyclone, 475
and Operation X, 140, 144
and Pakistan’s Inter-Service Intelligence (ISI), 474
resists Bureau of Narcotics involvement, 381
reviews author’s first manuscript, xx–xxi
and Saigon, fall of, 260–61
and Shah rebellion, 365, 366
in Vietnam, 195, 203
and Wei Hseuh-kang, 440
and White House Strategy Council, 461
CIA covert action
Afghanistan, operations in, 18, 146, 502–3, 529
Afghanistan, war in, 15, 16–17, 466, 470–78, 486, 500, 503–4, 506, 525–26
arms budget for, 476
in Burma, 15, 16, 19, 162–78, 466, 473, 500, 525, 529
Carter, Jimmy, bans major operations, 464
Contra war, 487–500, 526
covert warfare doctrine, 520, 526
financed by drug trade, 526–27
and global drug trade, 129, 130, 287–88, 384–86
and Islamic fundamentalism, 500
in Kashmir, 502–3
in Laos, 15, 305–21, 473, 490, 500, 525, 529
military and intelligence aid, 416, 503
in Nicaragua, 15, 466
in Pakistan, 503, 529
as undeclared warfare, 531
without legislative oversight, 527, 530
CIA Dope Calypso, x–xi
Index

Civil Affairs Control Office, 35
Civil Air Transport (CAT), 140, 167–68, 174, 175, 177, 178, 204
see also Air America
Clarke, Carter W., 37
Cliffon, William, 83
Clines, Thomas, 308, 490
Clinton administration, xxiv, xxv, 20, 434, 449, 452, 494, 530
Cloche d’Or casino, 153
Cloyes, Shirley, xxii
Cobain, Kurt, 432
coca, 3, 6
Coca-Cola, 6
coca cultivation, 3, 17, 20, 443, 444, 446–49, 450, 450–51, 500
see also under various countries and regions
coca eradication, 448, 451–53
see also under various countries and regions
cocaine, 26, 445, 454, 464–65, 487, 492–93
cocaine processing, 6, 443, 451, 452, 487, 497
see also under various countries and regions
cocaine trade, 2, 3, 443–46, 448, 464, 487–500
see also under various countries and regions
cocaine use and addiction, xxii, 6, 7, 445, 464, 453, 454, 464–65, 487, 492–93
see also under various countries and regions
Cochabamba, 452
Cochin China, 132, 146, 149, 151, 153–54
colccrion, perfect and imperfect, 455, 458–59
coffee, 5, 7, 80
Cogan, Charles, 486, 501
Colby, William, 57, 166, 260, 290, 308
cold war politics, 11, 14–18, 460, 480, 486
Colliers, 8
Collins, J. Lawton, 156, 160
Colombia
Bush, George W.’s war in, 459–60
cannabis cultivation in, 398, 444
civil war, 447–48, 449, 453, 460
coca cultivation in, 3, 446–49
cocaine processing in, 443
and cocaine trade, 2, 487–88, 489
coffee production, 80
in critical narcotics trafficking area, 22
defoliation in, 21, 444, 448
as heroin source, 21, 448
and Mexican cartels, 443
as narco-state, 23, 444, 448
opium cultivation in, 3, 447
Plan Colombia, 20, 449–54, 459
Revolutionary Armed Forces of (FARC), 447–448
United Self-Defense Forces (USDFC), 448
United States, criminal linkages to, 398
U.S. aid to, 446
Combat, 62
commodification of narcotics, 2–5, 8, 432, 443, 455, 457–59
Compagnies Républicaines de Sécurité (CRS), 54
Con Son (Puolo Condore) island, 149
Conein, Lucien, xi, 144, 203, 210–11, 249–50, 305
Confédération Générale du Travail (CGT), 54, 58, 59, 61
Confucian ideal, 200
Congressional Black Caucus, xx, 494
Congressional Task Force on Afghanistan (CATF), 475
Constant, Serge, 68
Contras, 477, 487–500, 526, 528, 530, 531
Contrôle du Opium au Laos, xvii
Convention Against Transnational Organized Crime, 18
Convention for Limiting the Manufacture of Narcotics Drugs, 10
Convention on Psychotropic Substances, 3
Conyers, John, xx
Coppola, "Trigger Mike," 42
Coquette, 87
Cordoliani, Antoine, 64
Corsican airlines, 197, 203, 294–99, 317–18, 378
Corsican syndicates
alliances of, 46–47
and CIA, 525
French-American operations against, 69, 70

687
Corsican syndicates (continued)
genesis of, 49–51
and heroin processing and trade, 24, 43, 63–65, 73
and Middle East morphine, 462–63
milieu of, 63–65
and Nazi Gestapo, 24–25
Resistance affiliation of, 51–53
and Sicilian Mafia, 44–45, 47–48, 70–71
in Southeast Asia, 75, 135, 156–60, 197, 203–4, 248–54, 377–79
Cortez, Roger, 451
Corvo, Max, 33
Cosgrove, George, xvi
Cossman, Max, 42, 43
Costa Rica, 488, 489, 490–91
Cotroni, Giuseppe, 64
Cowell, Adrian, 426
Covasjie, Rustomjee, 83, 84, 87
Cox, Alfred T., 167, 168
crime syndicates
see also locations of syndicates; specific syndicates
Armenian, 516–17
conflict among rival syndicates, 402–8
criminal diaspora, 444
and ethnic diasporas, 512, 514
front operations of, 403
of Hekmatyar, Gulbuddin, 478
of Hyde, Alan, 496–97
Islamic Movement for Uzbekistan (IMU), 515
Kosovar, 517
Los Angeles street gangs, 492–93
of Luciano, Salvatore C. (Lucky), 38–41
of Ng Sik-ho, 403–4
of Ouane Rattikone, xvi–xvii
and police corruption, 22, 404
prohibition and emergence of, 10
protection of declines, 407
of Qureshi, Raza, 481–82
size of, 22
Third and First world syndicates, links between, 2
Yunnanese, 438
Criminal Investigation Division (CID), 255, 256
“Crippled Man”
see Ng Sik-ho
Cristofol, Jean, 55, 60
Croatia, 517
Croats, 516
crop substitution, 393, 395, 413–14, 440, 442, 449, 519
Crown Prince Abdullah, 514
Crum, William J., 252, 253
Cuba, 39, 40, 42, 74, 75
“Cultivation of the Medicinal Plant Poppy, The,” 78
Cundinamarca, 448
Cuong (Colonel)
see Luu Kim Cuong
Cushman, John, 224–25
D
da Gama, Vasco, 78
dachnak party, 516
D’Agostino, Antoine, 64
dang Van Quang, 225, 229–30, 234, 239, 255
Dangerous Drugs Act (Malaysia), 409
daniels, Jerry, 331
d’Argenlieu, Thierry, 153
daud, Mohammad, 472, 476
de Gaulle, Charles, 54, 58, 66, 67, 138
de Jongh, A. A., 99
de Lattre de Tassigny, Jean, 131, 135
de Louette, Roger, 68, 69
de Marco, Aldo, 71
DEA
see Drug Enforcement Administration (DEA)
death squads, 450
death threats, xii, xv, xvi
decriminalization of drug possession, 454
Defferre, Gaston, 52, 53, 54, 59–60, 67
defoliation, 20, 21, 444, 447, 448, 449–50, 458
demand reduction, 19–20, 458, 464
deng Xiao-ping, 431
deo Van Long, 115, 121, 134, 138, 141, 142
deo Van Tri, 121
deutch, John, 494
dewey, Thomas E., 29, 30, 38
diCarlo, Dominick, 481
dick, Fred, 236, 237
dickey, Orange C., 36, 37
diem
see Ngo Dinh Diem
Index

Dien Bien Phu, 116, 140–41, 142–43, 155
Dispatch News Service, xi
Do Khac Mai, 206
Dobroshi, Princ, 517
Doi L草ng, 430, 431
Don Calogero, 34–37, 38–39
Donovan, William, 174, 175, 185
Dooley, Thomas A., 194
Dostum, Abdul Rashid, 515, 521
Dourier, Paul, 110, 111
Drucker, Charles, 43
Drug Abuse Office and Treatment Act, 300
Drug Enforcement Administration (DEA), 69, 70, 481–82
see also under various countries and regions
in Andes, 447
author's movements monitored by, xix
and Baig case, inaction in, 482
and burning of KMT opium, 416–17
in Central America, 492, 526
Chapare base of blockaded, 451
and CIA, 19, 492, 493, 498, 499, 526, 528
and criminal syndicates, 397
enforcement-free zones, 19, 492, 526
established, 19, 391
Fujimori government, alliance with, 447
and GI heroin epidemic as "consumer test," 395
heroin flow reduced by overseas operations of, 17–18, 402
and Ma brothers' activities, report on, 406
in Malaysia, 408
and Middle Eastern Heroin Conference, 398, 462
Operation Ghost Zone, 452
priorities shift, 394, 413
protests by agents about protection of drug lords, 481
Strategic Intelligence Office, 394
and trade-route complexity, increase in, 397
Drug Traffic, ix, xxii
Duran, Gerardo, 490
Durand line, 476
Durand, Mortimer, 466
Durango, Mexico, 395
Dubrow, Elbridge, 206–7
Durres, 516
Dushanbe, 516
Dutch, the, 79, 80, 90–91, 92, 93
Dutton, Hal, xx
Dzu (General)
see Ngo Dzu
E
E. Merck & Company, 5–6
E. P. Dutton, xx
East India Company, 77, 80, 81–84
Eastern Europe, 529
economic sanctions, 473
ecstasy (MDMA), 3, 453–54
Egypt, 473, 482
Eisenhower administration, 193–94
El Khoury, Sami, 39
Elgin, Lord, 88
Eliopoulos brothers, 24, 25
Ely, Paul, 156
Enjalbal, René “Babal,” 295, 296–99, 378
Erawan Antique Shop, 400
Erskine, Graves B., 168
Escobar, Pablo, xxv, 444, 447–48, 454–55, 488, 497
Escobars, 487
Esso, xviii
eugenics, social, 459
Europe, 27, 50, 70–76, 79, 123, 130
Everingham, John, xi–xii, xiv–xv, xxi
F
Faccia, Charles Henri
see Spirito, François
Fahim, Muhammed, 524
Faiz, Faiz Ahmed, 518
famine relief, 501, 506
Faryab, 515
Fascism, 36, 38, 50
Faure, Edgar, 161
Federal Bureau of Investigation (FBI), 491
Federal Bureau of Narcotics (FBN), 18–19, 30, 38, 43, 63–64, 67, 387, 390, 457–58
Feldman, Jeffrey, 491
Ferri-Pisani, Pierre, 62
THE POLITICS OF HEROIN

Fiers, Alan, 497, 498, 499
Fink, Gordon, 462
First Indochina War, 25, 48, 131–46, 157, 193, 249, 251, 294, 308
First Kachin Rifles, 373
First Transport Group, 197, 206, 214
First World consumers, Third World producers, 387, 455, 457
Fitzgerald, Desmond, 167
Flipse, Joseph, xii, 316, 336
Florida, 22, 40, 41, 74, 443
Flying Cloud, 87
Foccart, Jacques, 67
Forces Françaises de l’Intérieur, 52
Ford, Gerald, 410
foreign aid, 393, 434, 446
Forever Printing Press, 400
Four-Nation Military Commission, 174
Fourrier, Paul, 68, 69, 146
Fox, Tom, xiv
Frahi, Bernard, 520
see also French entries; Marseille; Operation X
Franchini, Mathieu, 157, 251
Franchini, Philippe, 251
Francisci, Bonaventure “Rock,” 203, 296–99
Francisci, Jeannot, 64, 65
Francisci, Marcel, 65–70
Francisci, Zeze, 64, 65
Frans-Tireurs et Partisans (FTP), 52
Frankfort Resolution, 454
Fredericks, Jimmie, 30
Free Shan State, 429
French Communist Party, 17, 52, 53–63
French Expeditionary Corps, 131–39, 144, 157, 193, 194, 251, 294
French Gaullist party, 58, 60, 66, 67, 68
French Socialist Party, 53–63
Freud, Sigmund, 6
Frigorificos de Punterenas, 491
Fujimori, Alberto, 446–47
Fulbright, William, xx
fumigation, 444
Furci, Dominick, 251, 253
Furci, Frank Carmen, 252, 253
G
Gadoon district, 484
Galante, Carmine, 64
Galen, 4
Gambiez, F., 159
gambling, 404, 405
Garcia Meza, Luis, 444, 450
Gates, Robert, 498
Gaziantep, Turkey, 516
Geneva Convention of 1925, 99
Genovese, Vito, 30, 35, 36–37, 73, 74
George, Clair, 498
Georgia (former Soviet republic), 500, 516
Georgians, 514
Ger Su Yang, xiv–xv, xxi, 322, 325, 326, 327, 329
Germany, 517, 524
Ghani Kel, 511, 520, 524
Ghaus, Mohammed, 509
GI heroin epidemic
see under heroin use and addiction
Giacobetti, Jean-Baptiste, 64
Giao (Representative)
see Pham Huu Giao
Ginsberg, Allen, x–xi
Glassman, John, 478
globalization, 20–23
Godber, Peter F., 404
Godley, G. McMurtrie, 304, 381
Golden Crescent, 3
Golden Triangle
see also Burma; Laos; Thailand
Bangkok as drug entrepôt of, 414
and CIA’s complicity in drug trade, 129–30, 191, 288–92, 384–85
as cold war flashpoint, 14–15
cold war opium boom, 126, 127–28
colonial opium policy in, 96
defined, 3
drought in, 409
Drug Enforcement Administration (DEA) in, 388
as heroin source, xxv
heroin trade, 17, 180, 191, 285–86, 288, 433
heroin use, 14, 399
and Khun Sa’s fall, 440
legacy of CIA’s covert wars in, 525
morphine prices in, 325
narcotics trade, diversification of, 440
Nixon war on drugs in, 394
opium cultivation in, xviii, 3, 14, 93, 192, 222, 421, 432, 434, 464
opium trade in, 196, 285, 388, 421–35
Opium War of 1967, repercussions for, 361
Thailand’s role in heroin production, 411
trafficking patterns shift, 421
U.S. involvement, consequences of, 383
Gracey, Douglas D., 150
Grall, Colonel, 135, 145
Grambo, Norris A., 62
Grande Monde casino, 151, 153, 154
Great Britain, 5, 80–89, 92, 97, 98, 101, 106–9, 201, 467, 524
Green Gang, 263–64, 266, 268–70
Greenleaf, Charles, 481
grey areas, 501
Gross, Nelson, 424
Grunein, Albert, 214
Guatemala, 492
Guerrini, Antoine, 53, 65, 69
Guerrini, Barthélémy, 53, 64, 65, 66, 69, 157
Guerrini brothers, 53–63, 65–70, 297
Guerrini, Pascal, 66
Guerrini, Pierre, 67
Gul, Hamid, 503, 504
Haad Yai, Thailand, 408
Habib Bank, 482
Haffenden, Charles R., 31, 32, 33, 38
Hague Opium Conference, 97
Hai (Colonel Hai) see Tran Van Hai
Haiti, 16
hallucinogens, 465
Hamid, Farooq, 483
Hang Loon Company, 403–4
Hanoi, 138, 142
Haq, Fazle, 477, 479, 481, 483, 502
Haq, Shamshul, 520
Harlem syndicates, 463
Harper & Row, xx–xxi
Harper’s magazine, xvii
Harrison Narcotics Act, 9–10, 26, 99
hashish, 473, 507, 508
Haskins, Warren G., 62
Hasnain, Hamid, 482
Hassan, Mohammed, 508
Hastings, Warren, 80, 81
Haussmann, Cercle, 66
Havana, 40–41, 42, 74
Haw, 93, 351–52
Hayden, Joseph, 268
Health, Education, and Welfare, Department of (HEW), xx
Heigerson, John, 496
Helliwell, Paul, 167, 168
Helmand province, 522, 523
Helmand valley, 480, 484–85, 505, 509, 510–11, 514, 520
Helms, Richard, 469–70
hepatitis, 463
Herat, 514
Herat valley, 468
herbicides, 397–98
Herlands, Williams B., 31, 34
heroin brands and grades
black tar, 465
brown heroin, 469
China White, 432, 465
Double U-O Globe, xviii, 395, 431
Golden Dragon Pearl, 410
no. 4, 262, 272, 285, 287, 376, 396, 400, 407, 410, 464
heroin chic, 432, 434
heroin markets
see also heroin use and addiction under various countries and regions
American GIs in Vietnam, 395, 417
Amsterdam, 410
Australia, xxii, 396, 397
Europe, xxii, 396, 397, 456, 462, 465, 472, 515
geographical shifts in, 465
Japan, 396
Malaysia, 408
Manila, 400, 410
New York City, 10, 432, 463
U.S. Army camps, xvi
heroin processing
see also under various countries and regions
heroin processing (continued)
efforts to close laboratories, 472
financing of, 399–400
geographical shifts in, 504
history of, 6
in Malaysia, 409
in Mexico, 395
morphine base for, 215, 400, 402, 408, 469
on Thai-Burma border, 388, 421–22, 430–31
volume of, 400

heroin sources
see also under various countries and regions
Central America, xxii
Central Asia, 18, 398, 399, 470–72, 525–26
Latin America, 442
Malaysia, 397
Mexico, 21, 397, 399, 457, 464, 465
Middle East, 463
the Philippines, 400, 401

heroin trade
see also under various countries and regions
American ex-servicemen as traffickers, 395
in Asia, 27, 43, 70
in Central Asia, 500–501
finances Burmese military campaign, 437
geographical shifts in, 387, 397–99, 457
global, 2, 465
history of, 2–23
increase in traffic, reasons for, 17
market share competition, 396
purity of heroin, 394, 432, 448, 462, 463, 464
and SDECE, 67–69
through Amsterdam, 396
transport of heroin, xi, 396, 434–35, 479
volume of, 395, 432
Heroin Trafficking Act, 392

heroin use and addiction
see also under various countries and regions
addict populations in U.S., 17–18,
24–25, 395, 432, 446, 463–65, 481, 487
addict populations outside the U.S., 396, 408, 409, 410, 470
of American journalists and novelists, xiv
in Australia, xxii
and cocaine use, 465
in Europe, xxii, 396
fatalities caused by, xi, 463
history of, 6, 6–7
and HIV, 442
injuries caused by, 464
in Los Angeles, 529
methods of use, 432
in the Philippines, 399, 400, 401
popularization of use, 432, 434
rates of use, 453, 465
in Singapore, 409–10
statistics manipulated, 393
of veterans, 527
Hersh, Seymour, xxi
HEW, xxi
Hewitt, Henry K., 33
Hezb-i Islami, 475, 477, 486, 515
Hilton, Chris, xxii–xxiii
Hindu Kush, 506
Hindu worldview, 200
Hitz, Frederick, 494–96, 500, 528
HIV, 22, 432, 442, 457, 458, 512
Hmong
and Buell, Edgar "Pop," 307–8
of China, 115–16
and CIA, xiv–xvi, 130, 289–92, 303–4, 305, 307–8, 312, 315–16, 525
and food aid, 307, 317
of Long Pot village, 322–30
migration of, 103
and Operation X, 130, 134, 138–43
opium trade, xv, 94–95, 130, 290–92, 304, 317–19, 325–30
and "Red Meo" revolt, 362–63
and secret war in Laos, 307–21
Vang Pao's guerrillas, 436
and World War II opium crisis, 113–15
Hmong Resistance League, 120
Index

HMS Si Ayuthaya, 182
Ho Chi Minh, 61, 112, 152, 155, 163, 193
Ho Chi Minh trail, xi
Hoa Hao, 149, 151, 157, 158
Hoang (redactor)
   see Ly Ky Hoang
Hogan, Frank, 31
Hoi Se-wan, 400, 410
Holbrooke, Richard C., 523
homicide, 445
Homong, xxiii, 429, 435-36, 437, 438-39
Honduras, 16, 491–92, 496–97, 499, 526, 528
Hong Choeng Yuen Company, 403
Hong Kong
   addict population of, 271–72, 389
   battleground of 1970s drug war, 399, 401–8
   crime syndicates in, 389, 396–97, 401–8, 402–8
   DEA in, 394
   global narcotics traffic, changing role in, 408
   heroin laboratories in, 17, 262, 269, 276, 278–79, 285, 407
   heroin processing in, 17
   and heroin trade, 275–82, 397, 435
   heroin use and addiction, 389, 408, 410
   as major illicit drug trafficker, 75–76, 135, 254, 269–72
   money laundering in, 408
   and opium trade, 186, 189
   police corruption in, 22, 404, 407
   protests by police in, 407
   synthetic drug production in, 441
   Trafficante's visit to, 253, 254
   vice sector of, 11
   war on drugs in, 401–8, 409
Hong Kong Boy Scouts, 405
Hong Kong Precious Stone Company, 403
Hong Kong Star, 406
Hoover, J. Edgar, 18, 27
Hop Tac program, 207–8
Hosie, Alexander, 88
hostage crisis (in Iran), 472
House Committee on International Relations, 427
House Foreign Affairs Committee, 480–81
Housset, 378
Hsai Kiao, 372
Hsu Nai-Tsi, 84, 85
Hull, John, 488, 490–91
human rights commitment of Carter administration, 474
Humphrey, Gordon J., 475
Hu Hu Tim-heng, xviii, 227, 377
Hyde, Alan, 496–500, 528
Hyde Shipping, 497
I
Iem Norasin, 431
incarceration rates, 20, 445, 454, 458
Independence Bloc, 241
Independent Commission Against Corruption (ICAC), 404, 405–7
India, 5, 75, 78-84, 89, 97, 104, 113, 466–67, 501–2, 521
   see also Kashmir; North West Frontier
Indochina, x, 46, 48, 49, 396–97
Indochina Communist party, 149
Indochina War, 61, 129
Indonesia, 441
industrialization, 6–7
Inle Lake, 439
inter-American economic relations, 443
interdiction, 391, 394–98, 408–9, 440, 443, 448, 453–54, 458, 467
Internal Revenue Service (IRS), xxi
International Conference on Opium at the Hague, 99
International Opium Commission, 98, 99
International Opium Convention of 1912, 9
International Opium Convention of 1925, 10
International Settlement, Shanghai, 263, 264
Interpol, 374–75
Iran
   and Afghanistan's boundaries, 466, 476
   Contra connection, 490–92
   heroin addiction in, 469
   heroin processing in, 469–70
   as heroin source, 462
   history of opium in, 468–70
   Khomeini's opium and alcohol policy, 471
Iran (continued)
Nixon meets with shah, 391
opium addiction in, 468–70, 471, 515
opium cultivation in, 183, 468–70, 471
opium seizures by, 514
opium trade, 73, 104, 113, 124–25, 511
opium use in, 14, 468–70, 471–72
registration of opium users, 469–70
revolution of 1979, 471
shah's opium policy, 469, 471
and U.S. hostages, 472
Iran-Contra scandal, 490–92
Irawaddy River Delta, 422
Irkutsk, 512
IRS
see Internal Revenue Service
Isfahan, 468
ISI
see Pakistan
Islamabad, 477, 478, 505, 525–26
Islamic Movement for Uzbekistan (IMU), 515
Islamic states, cooperation of, 478
Istanbul, 22
Italian Communist Party, 36
Italy, 30, 37–38, 44, 48, 50, 51, 71, 463
see also Sicily

J
Jackson, William Henry, 258
Jaffe, Jerome, 390
Jakab, Elisabeth, xx–xxi
Jakarta, 79, 80, 89, 128
Jalalabad, 468, 478, 504, 509, 515, 520, 521
Jalalabad valley, 467
Jamaat-i Islami (Party of Islam), 476
Jamaica, 444
Jameson, W. George, 497
Jao Nhu, 367
Japan, 80, 104–5, 106, 149, 150, 181, 266–67, 268, 420, 512
Jardine Matheson & Co., 87
Java, 5, 79, 80, 89, 91, 92
Jehan, Jean, 70
Jerusalem, Jean, 141, 142, 143
Jhimpir, 479
jihad, 466, 478, 484
Jimenez, Felix, 465
Johnson, Lyndon, 19
Joost, Sherman B., 168, 169, 178
Jouhaux, Léon, 58
Jungshahi, 479
K
Ka Kwe Ye (KKY), 424, 425, 426, 429
Kabul, 472, 475, 501, 504–5, 506, 508, 509, 520–22
Kachin Independence Army (KIA), 433
Kachin state, 107, 108, 171, 374
Kandahar, 468, 505, 508, 509, 514, 516, 522, 523
Karachi, 477, 479, 482
Karen National Liberation Army, 428
Karens, 171, 172, 414, 435, 436, 438
Karimov, Islam, 501
Karzai, Hamid, 522, 523–24
Kashmir, 502–3
Katzenberg, Jacob "Yasha," 27
kava, 2–3
Kazakhstan, 514, 516
Kehilla, 26, 27
Kempeitai, 148
Keng Khoai, 118, 119
Kengtung, 423
Kennedy administration, 176, 191, 300
Kennedy, John F., 19, 205, 206, 391
Kentucky, 454
Kerenni National Progressive Party, 438
Kerry, John, 487, 488, 489, 490–91, 492, 496
Key, David M., 170, 177
KFÖR, 517
KGB, 530
Kham Hou Boussarath, 309, 310, 311
Khamphan Panya, 380
Khan, Zulman, 519
Khan (General)
see Nguyen Khanh
Khiem (Prime Minister)
see Tran Thien Khiem
Khin Nyunt, 437, 440, 441
Khmer Rouge, 436
Khoi (chief of Fraud Repression Division)
see Tran Thien Khoi
Khomeini, Ruhollah, 471
Khu Duc Nung, 212
Khun Sa
army, size of, 388
author meets with, xxiii–xiv
biography of, 348–49, 424–25, 429
Index

bombs Li Wen-huan's mansion, 430
capture and imprisonment of, 419, 425, 427
decline and fall of, xxv, 435-43, 448, 455
and drug trade, xviii, 421-35, 455, 525
expelled from Thailand, 418-19, 429
indictment of, 1-2
"King of the Golden Triangle," 418
and KMT, 355-61
and Opium War of 1967, 333, 334, 370, 425
power in 1990s, xxiii
purges enemies, 435
and Shan rebellion, 363-64, 369, 435-36
and United States, 427-28, 435-36, 439, 454
Khyber district, 479
Khyber Pass, 480, 514
kidnapping, 426-27, 447
Killam, Jack, 178
KKY
see Ka Kwe Ye (KKY)
Knowlton, Winthrop, xx
Koh-i-Soltan district, 480, 485
Kokang, 423, 424, 426, 433, 434, 438, 441
Kong Le, 310, 311, 316, 331, 333
Kong Sum-chuen, 404, 405
Korea, 512
Korean War, 165, 166
Kosovars, 512, 516
Kosovo, 500, 517
Kosovo Liberation Army (KLA), 517
Kouprasith Abhay, 302, 303, 331, 332
Kriangsak Chamanan, 106, 415-20, 421
Krirksin (General), 363
Krit Siwara, 106
Krogh, Egil M., Jr., 394
Kuala Lumpur, 396, 408
Kumanovo agreement, 517
Kunlong Bridge, 424
Kuomintang (KMT)
see also Nationalist China
and battle at Ban Khwan, 355-61
Chiang Kai-Shek becomes commander, 265
and CIA, 16, 17, 162-78, 417, 525, 527
driven out of Burma, 424, 425
and Khun Sa, 424-25
and Kriangsak Chamanan, 416, 419
and Lo Hsing-han, 426

and opium trade, 173, 176, 178, 287, 353-54, 370, 374, 383, 416
and organized crime, 268
and Shan rebellion, 365, 366, 371
and Shan States, 425, 428, 435
and Thailand, 162, 180, 183-86, 191, 333-34, 349-55, 370, 430
weakens, 422, 432
Kurd, Mohammad Asim, 503
Kurdistan Workers Party (PKK), 516
Ky, Marshall
in CIA Dope Catypso, xi
Ky (Premier)
see Nguyen Cao Ky
Kyansone (General), 367
Kyaw Ba, 439
Kyber Rifles, 467
Kyrgyzstan, 501, 512, 514, 515-16
L
La Sacra Corona Unita, 516
Labay, André, 69
Labenski, Gérard, 295, 298, 379
Lahu tribe, 173, 175, 306, 333, 338-42, 372-73, 430
Lai Chau, 121, 135, 141, 142
Lai Huu Tai, 152, 153
Lai Van Sang, 150, 153
Lakeland, Florida, 491
Lam Nguon Thanh, 234
land mines, 505, 520
Landi Kotal, 502
Lansdale, Edward G., xi, 140, 156-61, 195, 218-19, 221, 249, 251, 305-6, 315
Lansky, Meyer, 28, 32, 40-45, 73, 76
Lanza, Joseph "Joe Socks," 31
Lao Theung tribe, 321, 325, 326
Laos
see also Golden Triangle
Air America, 462
Air Opium, 294-99
CIA in, 15, 129, 146, 284-92, 299-300, 304-21, 327-31, 335-43, 349, 526-27
Communists in, 431, 442
as contraband kingdom, 292-94
Corsican airlines in, 294-99
in critical narcotics trafficking area, 22
Drug Enforcement Administration (DEA) in, 526
Laos (continued)
drug trade to finance covert operations in, x
French annexation of, 110
gold smuggling in, 292–93, 302
heroin processing in, 286–87, 288,
300, 304–5, 376–277, 382, 431, 527
heroin trade, 21
Highland poppy farmers of, 115–21
KMT in, 163, 165, 287
and Operation X, 134, 135, 138, 139,
141, 144, 195–96
opium boom of cold war, 127
opium cultivation in, xiv, xv, 17, 21,
93, 293–94, 329–31, 431, 527
opium eradication in, 442
opium trade, 94–95, 300–305, 316–18,
321–31, 381, 442
opium use in, 442
Ouane Rattikone’s operations in,
331–35, 338, 375–76
Royal Lao army, xv–xvii
smuggling between South Vietnam
and, 196–97, 203–5, 212, 216,
225–26, 227–28, 230, 261
supports opium production, 431
synthetic drug abuse in, 442
Laos Air Charter, 378
Laotian Opium Control, xvii
Lashio, 424, 434
Latin America, 48, 70, 75, 500
Lattin, John H., 171
Lawn, John, 1
Le Monde, 55
Le Ngoc Tru, 220
Le Provençal, 56, 60
Le Quang Tung, 205
Le Rouzie, 378
Le Van Vien, 148, 152–53, 156–57, 160,
208–9, 210
League of Nations, 10, 97, 99, 107, 267,
455
Leh, Patrick, 449
Lebanon, 39, 63, 124
Lee Kuan Yew, 409
legalization of drug use, 469–70
Lehder, Carlos, 487
Leopardos (UMOPAR), 451
Letourneau, Jean, 145
Leung Fat-hei, 401–2
Levet, Paul Louis, 249, 295, 298, 299, 379
Lewis, Paul, 173
Li Causi, Girolama, 37
Li Choi-fat, 270
Li Hung-chang, 97
Li Mi, 163, 165, 168–72, 174, 175
Li Wen-huan, 416–17, 425, 428, 430, 455
Libert, Michel, 298, 299, 379
Lifsultz, Lawrence, 474, 479, 482
Lim Chiong syndicate, 400
Lim Seng, 395, 399–401
Lin Ming-xian, 438
Lin Tse-hsu, 86
Lintner, Bertil, xxiii
Livorsi, Frank, 42
Lo Biyao, 117, 118, 121
Lo clan, 116, 118, 120
Lo Faydang, 118–21, 139
Lo Hsing-han, 369, 374, 423–27, 433, 434,
438, 455
Lo Kham Thy, 318
Loan (General)
see Nguyen Ngoc Loan
Loc (customs director)
see Nguyen Van Loc
Lodge, Henry Cabot, 208, 209, 249
Loi Maw, 424–25
Long Cheng, xi
Long Pot village, xiv–xvi, 321–31
Long Tieng, xv, 195, 284, 289, 316–18,
320–21, 325–27, 329, 330, 377
Los Angeles, 493, 494, 529
Los Angeles Times, 494
Lotz, Werner, 491
Lu Han, 163
Lu Lan, 239
Lu Wi-eng, 105
Luciano, Lucky (Salvatore C.), 28–35,
38–41, 43–45, 61, 71, 73, 74, 76,
265
Lung Yun, 162–63
Luu Kim Cuong, 214, 215, 220
Luyen (legislator)
see Nguyen Quang Luyen
Lvovsky, Jacob, 27
Ly clan, 116, 118, 120, 121
Ly Ky Hoang, 236, 237
Ly, Mrs.
see Nguyen Thi Ly
Ly Nhiavu, 116, 117
Ly Wen-huan, 352–53, 354, 355–56, 363,
367, 371, 372
Lynch, Mark, xiii
Index

M

M-19, 487
Ma Ching-kuo, 352, 355, 356
Ma Shan, 273
Ma Sik-chun, 405–6
Ma Sik-yu, 275–76, 402, 405–6
Machicado, Flavio, 451
MacLehose, Murray, 407
madrasah schools, 484, 505
Mae Hong Son, 427, 429, 437
Mae Salong, 288, 418, 419, 427
Mafia, 18–19, 25–41, 43–45, 47–48,
63–65, 70–76, 248–54, 269–75, 463,
486
Magaysay, Ramón, 156
Mahathir bin Mohamad, 409
Mai Den
see Nguyen Thanh Tung
Mai Huu Xuan, 159
Malaysia, 123, 389, 396–97, 399, 400,
408–10
Malwa opium, 78, 83
Manchu dynasty, 116
Mandroyan, Jean Paul, 66
Manila, 22, 98, 128, 394, 396, 399–401
Mao Tse-tung, 25, 185
Maradem Ltd., 253
Marcos, Ferdinand, 400, 401
marijuana, 3, 398, 444, 445, 465
Marseille
CIA in, 25
Corsican Resistance fighters in, 51–54
crime syndicates in, 17, 25, 44–45,
47–51, 63–65, 157
geroin-Francisci vendetta in, 65–70
heroin processing in, 14, 17, 39, 45,
250, 262, 285, 299, 456, 463
and heroin trade, 21, 397
as hub of Corsicans' international
network, 48–49
police corruption in, 22
Socialists, Guerinis, and CIA in, 53–63
Turkey-Marseille connection
destroyed, 457
underworld of, 11, 49–51
Marshall Plan, 25, 57, 58, 59
Marhoe, Anthony J., 34
massacres
of Burmese student demonstrators,
434, 437
by fundamentalist guerrillas in
Afghanistan, 478
by Khun Sa, xxiii
My Lai, xi, 224
of opium farmers in Pakistan, 484
September 11 attacks, 503, 520
of Thai demonstrators, 415, 420
Mau (Representative)
see Vo Van Mau
Maung Aye, 440–41
Maung Thint, 439
McCaffrey, Barry, xxv
McFall, Roscoe C., 31
McGee, Gale, xx
McGovern, George, 392
McMahon, John N., 476
McMullen, Bill, 463
MDMA
see ecstasy (MDMA)
Meany, George, 58
Mecca, 511
Medellin cartel, 444, 447, 448, 454,
487–88, 489
media silence and denial, 472, 478, 479,
494–95, 496
Mekong Delta, 110, 156, 208, 224, 239
Mekong River, 107, 130, 139, 176, 179
Meltzer, Harold, 41–44
Mendès-France, Pierre, 155, 157
Merck
see E. Merck & Company
Merrill, Frank D., 171, 172
methadone treatment, 390
methamphetamine
see amphetamines
Mexico, 3, 22, 23, 41–44, 391, 395, 397,
398, 443–44
Mexico City, 22
Meyer, Cord, Jr., xx
Miami, 41, 75, 465, 490, 497
Middle East, 24, 39, 48, 67, 123
Middle East Heroin Conference, 398,
462
migration, forced, 458
Miles, Milton E., 268, 269
military aid, 461, 473, 474, 476–77, 479,
486, 489
Military Secret Service (MSS), 159, 210,
237
Mintz, Sidney, 8
Mittard, François, 298, 379
Mixed Airborne Commando Group
(MACG), 134–35, 138–45, 146, 154
Mo Heng, 367, 428, 430, 435
Moch, Jules, 59, 60
Mohammad, Omar, 509, 517
Molière, M., 266
money laundering, 408, 512
Mong Hkan base, 342
Mong Hisat, 165, 169, 170, 173, 175
Mong Pa Liao, 176
Mong Tai Army (MTA), 435, 439
Mong Yawn, 440
Mongkut, 101
monopolies, state, 5
Montesinos, Vladimiro, 446–47, 453
Morales, Evo, 453
Morales, Jorge, 490, 491, 495
Mori, Cesare, 30
morphine, 5–6, 7, 8, 39, 130, 256–57, 324, 406, 426, 468
Moss, George, 259
Moule, A. E., 97
Mouvements Unis de Resistance (MUR), 52, 53
Mrs. Winslow’s Soothing Syrup, 8
Mua clan, 116
mujaheddin
see Afghanistan
Mullah Nasim
see Akhundaza, Nasim
Mullah Omar
see Mohammad, Omar
Municipal Opium Monopoly, 263
Murphy, John M., 258
Musharraf, Pervez, 503
Muslim Brotherhood, 475
 Mussolini, Benito, 30, 35, 55
Mustard, S. M., 206
Musto, David, 461–62, 463, 464, 466, 526
My Lai massacre, xi, 224

N
Nagel, Jim, 491
Nakhichevan, 516
Nam Keung, heroin laboratories in, 288
Nam Tha province, 335–36, 337, 338, 349
Namangani, Juma, 515
Nangarhar, 484, 507, 509, 511, 514, 515, 520, 524
Nangra, 520
narco-states
see also grey areas
Afghanistan, 23
Bolivia, 450–51
Burma, 23, 435, 437–38, 441

THE POLITICS OF HEROIN
Colombia, 23, 444, 448
in Latin America, 500
Mexico, 23, 395
Pakistan, 23, 483, 501, 503
narcotics addiction, 7, 10–11, 20, 390, 398, 406, 455, 487, 512
see also narcotics use
narcotics cultivation, 21–22
narcotics eradication, 429, 441–42, 456, 457
narcotics trade
see also narco-states; under various countries and regions
armed defense of, 11, 485, 487
in Central Asia, 500, 512–17
and CIA’s covert wars, 525–26
Communist complicity in, 431
economic dependence on, 11
financing of, 421
geographical shifts in, 20, 394, 421, 471–72
nations harmed by, 22, 458
and police corruption, 22
prices and profits, 20–21, 22, 394, 406
product substitution, 398
through Yugoslavia, 517
trafficking areas, three global, 22
volume of, 464
war on drugs strengthens, 387
narcotics use, 22, 459, 462, 465, 470, 487
see also narcotics addiction
Narňño, 449
Narong Kittikhachon, 190, 415
Narong Wongwan, 420
Nation (New York), 479
Nation (Rangoon), 176
National Democratic Front (NDF), 428
National Drug Control Strategy, 445
National Liberation Front (NLF), 207, 208, 220
National Security Council, 474, 490
National Security Decision Directive No. 221, 443
Nationalist China, 128, 145, 180, 265, 459
see also Kuomintang (KMT)
Naw Seng, 373, 374
Nazism, 50
Ne Win, 367, 423, 439
Nellis, Joseph, 417
Netherlands, 4–5, 396, 398, 441
Netherlands Indies, 10
new world order, 528
New York City, 11, 18–19, 22–23, 26–27, 29, 41, 64, 389, 398, 464–65

New York Daily Tribune, 88

New York Times, xxi, 177–78, 288, 449, 484, 494–95

Newsweek, xiii

Ng Chun-kwan, 402, 403, 404

Ng Kam-cheung, 404

Ng Sik-ho, 402–3, 406


Ngo Dinh Nhu, 197, 203–4, 207, 208–9, 216, 296, 297, 299

Ngo Dzu, 239, 255, 256

Ngo Quang Truong, 225

Nguyen Bao Thuy, 220

Nguyen Binh, 151

Nguyen Cao Ky, 197, 205–6, 209–22, 227–28, 244, 250, 255, 260

Nguyen Chanh Thi, 212

Nguyen Cong Hoan, 113

Nguyen Huu Chi, 238

Nguyen Huu Tho, 207

Nguyen Khac Binh, 248

Nguyen Khanh, 207, 208, 209, 210

Nguyen Ngoc Loan, 161, 210–13, 215–16, 219, 220, 221, 228, 230

Nguyen Ngoc Qui, Mrs., 242

Nguyen Quang Luyen, 241, 243

Nguyen Thanh Chau, 231

Nguyen Thanh Tung, 212, 228

Nguyen Thi Ly, Mrs., 209, 212, 227

Nguyen Van Loc, 212–13, 219, 220

Nguyen Van Luan, 220

Nguyen Van Thieu

in CIA Dope Calypso, xi

and Khiem, 243–44, 247–48

and Ky, 210, 216–22, 255

and National Assembly's smuggling operations, 226, 240–43

regime of, 197, 229–31, 239, 250–60

Nguyen Van Thong, 231, 238

Nhu (head of South Vietnam's secret police)

see Ngo Dinh Nhu

Nicaragua, 16, 466, 489–90, 496, 526

Nicholson, M. R., 265, 266

Nitya Bhanumas, 238

Nixon administration, 69, 72–73, 256, 341, 381, 389, 391–93, 530

see also under war on drugs

Nong Het, 116, 118, 119, 120

Noriega, Manuel, xxv, 1, 2, 444, 454

North Africa, 33, 46, 48

North, Oliver, 490

North Vietnam, 204–6, 223, 260–61

see also South Vietnam; Vietnam

North West Frontier (NWFP), 467, 472–73, 475–77, 479–81, 483–84, 502–3

Northern Alliance

see under Afghanistan

Norway, 481–82

Nuristan valley, 506

O

Oakley, Robert, 478, 485

Obst, David, xx

Ochoa family, 487

Ochoa, Jorge, 487–88

Office of Drug Enforcement Policy and Support, xxiv

Office of Naval Intelligence (ONI), 31

Office of Naval Intelligence (ONI), ongoing operations with the Mafia, 31–35

Office of Policy Coordination (OPC), 57–58, 62, 166–68, 178

Office of Social and Political Study (Vietnamese Secret Police), 204

Office of Strategic Services (OSS), 19, 25, 33–34, 37, 57, 105, 166–67, 175, 185, 268

Ohn Gyaw, 439

Olsen, Oyvind, 482

Omnibus Crime Bill, xxv, 449

On Chan, 369

Operation Benjamin, 517

Operation Condor, 397

Operation Cyclone, 475

Operation Haylift, 206

Operation PAPER, 169

Operation X, 131–46, 195–96

opium, 3, 97–100, 109–13, 113–15, 203–9, 453–54, 466

Opium Act, 106

Opium Commission (British), 9

opium cultivation

see also under various countries and regions

in Asia, 3, 125, 130

in Bangkok, 94
opium cultivation (continued)
on Burma-China border, 438
in Central Asia, 398, 455, 466–70
and drought, 429, 442, 472
extent of, 3, 5, 20, 398, 399, 414, 442
financial support of, 15–16
forced, 484
geographical shifts in, 22, 397, 398–99, 442, 465
in Golden Crescent, 3
history of, 4, 467–68
in India, 4
limits of, 439
in Long Pot village, 322–27, 329–30
in Mexico, 3, 395
military defense of, 484, 485
in Southeast Asia declines, 472
stimulated by CIA’s covert wars, 16
volume of, 464, 467, 468
women in, 300, 508–9
Opium Den Suppression Act, 109
opium eradication, 397–98, 429, 441, 442, 485
see also under various countries and regions
opium poppy, 4–5, 322–25
Opium Régie, 90, 91, 92
opium trade
see also under various countries and regions
armed defense of trade routes, 485
for arms, 422
in Asia, 77–80, 125, 130
between Burma and Thailand, 17
in Central Asia, 470
Chinese caravan traders, 388
control of, xvii
Dutch, 4
extent of, 4, 5, 7
finances Shan State Army, 426
financing of, 415, 417
geographical shifts in, 480
history of, 4–7, 10, 77–80, 467–69
between India and China, 4, 9
in Mediterraneaen, 455
monopolies, 9, 10, 100–106, 209–16, 389
Portuguese, 4
prices and profits, 442, 520
prohibition aids, 2–3, 10
in Siam, 93–96
state marketing in Turkey, 14
suppression efforts by Britain, 9
in Tai country, 121–26
transport of opium, xiv, xv
triangular, 5
opium use and addiction, 4–8, 9, 89, 90–91, 469–70
see also under various countries and regions
Opium Warlords, The, 426
Opium Wars
of 1839–1842, 86, 87, 263
of 1856–1858, 87
opium zone, 3, 14, 22
organized crime
see crime syndicates
Oriental Daily News, 405, 406
Osh, 512, 515–16
Oslo, 481–82
Ouane Rattikone
author’s interview with, xvi–xvii
and battle at Ban Khwan, 356–57, 360–61
heroin laboratories of, 227, 288
Interpol questioning of, 374–77
monopolizes opium trade, 299, 317, 331–34
and Phoumi Nosavan, 300–303
and Shan National Army (SNA), 344–45, 348
and Vang Pao, 309
Oudone Sananikone, 331
OxyContin, 453–54

P
Pa Dua, 382
Pacific Industrial Company, 295
Pakistan
and Afghan civil war, 505
and Afghan opium cultivators, 15–16
and Afghan resistance to Soviets, 473–77, 481
Antinarcotics Task Force, 502, 504
Bhutto, Benazir, election of, 483
Bhutto, Zulfiqar Ali, execution of, 476, 477, 480–81
coup of 1977, 474
and cocaine trade, xxii
congressional hearings on aid to, 480–81
congressional hearings on aid to, 480–81
created, 467
crime syndicates in, 481–82
democratic leaders and narco-
corruption, 502
Drug Enforcement Administration
(DEA) in, 481–82, 525–26
Federal Investigation Agency (FIA), 482
heroin addiction in, 480, 514
heroin as "mineral" of, 480
heroin displayed in public market, 480
heroin processing in, 398, 466, 472, 479–80, 503
as heroin source, xxii, 462, 464, 470, 481
heroin trade, 20, 396, 479, 481–83, 485, 486
Inter-Service Intelligence (ISI), 15, 18, 474–78, 479, 486, 501–5
Islamic fundamentalist leadership in, 474, 475–76
Jamaat-i Islami (Party of Islam), 476
as narco-state, 23, 483, 501, 503
Narcotics Control Board, 480
National Logistics Cell, 477, 479
new golden triangle, part of, 471
opium addiction in, 468
opium cultivation in, 462, 465–66, 467–68, 472
opium eradication in, 472, 481, 483–84, 503, 509
opium trade, 515
People’s Party, 483, 502
Taliban escapees to, 521
and Taliban, support of, 505
Zia coup and administration, 472–74, 476
Palermo, 34, 39, 70, 71, 463
Panama, 1, 2, 16, 444, 454
Panjshir valley, 476, 520
Pantaleone, Michele, 34, 37, 38
Panthays, 93, 94
Pao Yuchang, 440
Paraguay, 444
Parke-Davis, 6
Parliamentary Commission of Inquiry
into the Activities of the Mafia, 72
Parrsinnen, Terry, 7
Pashtuns, 467, 474, 475, 476, 504–5, 511, 521–22, 524
Pastora, Eden, 488, 489–90
Pastrana, Andres, 448
Pataki, George, 454
patent medicines, 7–8
Pathet Lao, 139, 291, 303, 311–12, 316, 319–20, 328–30, 332, 336
Patterson, Anne, 449
Patton, George, 33, 34, 35
Paz Zamora, Jaime, 452
peacekeepers, 517, 523
Pegu, 422
Peng Jiasheng, 441
Pentagon, xxiv, 492, 523, 527
Pentagon Papers, 194
People’s Progress Bloc, South Vietnamese National Assembly, 222
Pepsi-Cola, xviii, 227
Perry, Robert, 489
Persian Gulf region, 467, 472, 477, 521
Peru, 3, 443, 444, 446–47, 450
Peshawar, 467, 475–77, 478, 479, 485, 504, 509
peyote, 2–3
Phac Boun, 118
Pham Chi Thien, 242, 243, 247
Pham Huu Giao, 241, 242
Pham Nguyen Binh, 261
Pham Van Lieu, xiii
Phan Phung Tien, 228, 229, 251
Phao-Phin clique, 415
pharmaceutical industry
see specific companies
pharmaceutical opiates, 453–54
Phetsarath, 118
Phibun Songkhram, 102, 103, 104, 105, 106, 169, 181, 182, 185, 187–88
Philadelphia, 398, 463
Philippines, 5, 90, 91, 98, 279–80, 399, 400–401, 441
see also Manila
Phin, author’s interpreter, xvi
Phin Choonhawan, 181, 182, 415, 420
Phnom Penh, 226, 228, 231
Pho Quoc Chu, 215, 220
Phoenix, River, 432
Phou Pha Thi, 319
Phoumi Nosavan, xvii, 288, 299–305, 310–12, 331, 344, 349
Piot, Peter, 512
Pirpri, 479
Plan Colombia, 20, 449–54, 459
Pol Pot, 436
Polakoff, Moses, 32
Poletti, Charles, 35, 36
Polgar, Thomas, 260
Police Aerial Reconnaissance Unit (PARU), 184
Pompidou, Georges, 67
Poonsiri Chanyasak, 431
Porter, D. Gareth, xiii
Portugal, 4, 78, 79, 92
Posepy, Anthony
see Poe, Tony
Powell, Colin, 518
Pramuang Vangbandhu, 190, 236, 237
Praphat Charusathien, 188, 189, 190–91, 415
Prem Tinsulanon, 418–20, 421, 429
Prescott, James, 87
Pristina, 512, 517
prohibition of narcotics
contradictions of, 459–60
forces women out of narcotics market, 11
and geographical shifts in trade, 457, 458
history of, 8–11
in imperial China, 5
in Iran, 468
in Pakistan, 472
and price of narcotics, 20
and protection of narcotics trade, 14, 459–60, 464, 465, 466
and rise of crime syndicates, 4, 10–11, 26, 455–56
stimulates narcotics production and consumption, 2–3, 18, 20–22, 456, 457, 458
successes, 11, 457, 459
Proposition 36, 454
prosecution and sentencing of drug offenders
under Clinton, 449
and crack cocaine, 454
death penalty, 409, 415–16
in Hong Kong, 404
in Malaysia, 415–16
mandatory sentencing, 392, 398, 444–45
under Nixon, 392, 393
racial disparities in, 445, 458, 459
and Reagan’s war on drugs, 443
in Singapore, 409–10
in Thailand, 410, 427
prostitution, 29, 30, 404, 419
proxy warfare, 525
Puglieli, Vince, xxiv, xxv
Pullman, John, 44, 45, 253
Pure Food and Drug Act, 8
Putumayo, 449
Q
Qadir, Abdul, 485, 521–22, 524
qat, 3
Quang (General)
see Dang Van Quang
Qui, Mrs.
see Nguyen Ngoc Qui, Mrs.
Quiet American, The (Greene), xiii, 156
Quito Declaration, 443
Qureshi, Raza, 481–82
R
Rach Gia, 235, 236, 237
Raffles, Stamford, 91
Rainbow, 87
Rama II, 101
Rangle, Charles, xx
Rangoon, 90, 91, 104, 165, 170, 176, 177, 423, 427
Rankin, Karl L., 171, 174
Rappa, Francisco, 72
Rashid, Abdul, 508, 519
Rasul, Mohammed, 485
Raznatovic, Zeljko “Arkan,” 517
Reagan administration, 19, 476–77, 489
Reassemblment du Peuple Franken (RPF), 54
Red Rover, 83, 84
refugees, xvi, 336, 477, 478, 501, 505, 508, 516–17
Reid, Ogden, xxi
Reina, Giacomo, 64
Reiner, Fred, 42, 43
Rennell, Lord, 35
Revolutionary group, Thailand, 189, 190
Revolutionary Guards (Iran), 471
Roatan Island, 496
Roberts, George, 213, 219
Index

Rocha, 453
Rockefeller, Nelson, 390, 454
Rodino Amendment, 480
Rodriguez Lopez brothers, 446
Rodriguez, Luis, 491–92
Rogers, Paul, 257
Rolling Stone, 493
Roosevelt, Theodore, 9, 98
Rosen, Nig, 42
Ross, "Freeway Rick," 493
Rostow, Walt W., 191
Rothman, Max "Chink," 43
Rothstein, Arnold, 26, 28
Roundup, 449
Royal Air Lao, 213
Royal Hong Kong police, 401
Rubin, Barnett, 474, 485
Rung Sat, 148, 150, 151, 152, 155
Russia, 466, 484, 501, 512, 514, 515, 529
see also Soviet Union
Russo, Genco, 35
Russo, Thomas, 463
S
Sabiani, Simon, 49, 50, 51
Sadat, Anwar, 473
Saeng Wan, 346
Saigon
Binh Xuyen in, 146–61, 203
Chuan chau syndicates in, 396
Corsican airlines in, 295–96, 299
Corsican and Chinese syndicates in,
48, 156–60, 215, 229
fall of, 259–61
heroin trade, 240
and new opium monopoly, 209, 210,
211, 213, 214
as open city, 207
and Operation X, 132, 134–35, 137,
142, 145
opium refinery in, 111
Opium Régie in, 90
opium trade in, 76, 90, 95, 110, 121
opium use and addiction in, 10, 128,
129
and the Thieu-Ky rivalry, 216, 218,
220, 221
vice sector of, 11
and Vietnamese Navy’s smuggling op-
erations, 234, 236
Salan, Raoul, 131, 134, 145
Salinas de Gortari, Carlos, 444
Salween River, 107, 108, 169, 172,
173–74, 423, 424, 437, 438
Sam Thong, Laos, xvi
Samarkand, 512
Samlor, Major, 346
Samper, Ernesto, 447
San Jose Mercury News, 492–95
Sandinistas, 488, 489, 492, 493
Sangin, 511, 520, 523
Santa Cruz, Bolivia, 450, 451
Sao Gnar Kham, 344, 345, 346, 347
Sarit Thanarat, 106, 181–84, 187–90, 201,
415
Saturday Evening Post, 58
Saudi Arabia, 473, 474, 478
Savani, Antoine, 131, 132, 133, 151, 152,
160
Schiaparelli, 38, 44
Schulz, Arthur "Dutch," 28
Schwechat Airport, Vienna, 408
Scorpion gang, 517
Scott, Peter Dale, xii
"Scout Who Smuggled Heroin, The," 482
Sea Supply Corporation, 168, 170, 184,
188, 191
Sea Witch, 87
Secord, Richard, 490
Securitâte, 530
sedatives, 465
Senate Appropriations Committee, xx
Sensenbrenner, F. James, Jr., 411
September 11 attacks, 503, 520
Serbia, 517
Serbs, 516
Service d'Action Civique (SAC), 67, 68
Service de Documentation Extérieure et
du Contre-Espionage (SDECE), 25,
67, 68–69, 133–34, 145, 146
SETCO, 491
Shah, Timur, 520
Shamali plain, 506, 508
Shan National Army (SNA), 344–48, 364,
366, 369
Shan State Army (SSA), 365–66, 422,
423, 426–28, 432, 433, 435
Shan State National Congress, 435–36
Shan States
see also Free Shan State
Burmese Communist Party in, 423
independence movement in, 341,
343–49, 435–36
Khun Sa in, 355–61
Shan States (continued)
kidnapping of Russian doctors, 426–27
KMT in, 173, 175, 183, 191, 348–49, 353–61, 365
opium-arms trade in, 422
radio posts in, 339, 342, 353
rebellen in, 363–74
rebels attacked by Burma and Thailand, 429
rebels splinter, 422, 423
sawbwas fiefdoms in, 200–201, 365
Shan States Opium Act, 109
Shan United Army (SUA), 427, 430, 432, 433
Shan United Revolutionary Army (SURA), 428, 430
Shan Unity Preparatory Committee, 364
Shanghai, 10, 11, 16, 24–25, 27, 84, 98, 263–69, 389
Shanghai Commission, 9
Shanghai Missionary Conference, 97
Shanghai Opium Commission, 92
Shaplen, Robert, 208, 211
Sharif, Nawaz, 502, 503
Sheridan, Brian, xxiv
Shirzai, Gul Agha, 522
Siam, 89, 90, 93–96, 100–106
see also Thailand
Sicily, 25, 30–31, 32–38, 39, 43, 70–71
Siegel, Benjamin "Bugs," 28
Sihanouk, 226
Simonpietri, Ange, 68
Singapore, 76, 84, 91, 93, 183, 186, 189, 275, 408, 409–10
Single Convention on Narcotic Drugs, 18, 390
Sino-Japanese War, 268
Sinola, Mexico, 395
Sisouk na Champassak, 293
Sithi Sawetsila, 168
Six Coca Growers’ Federations, 452
Sixteen Musketeers, 336, 339
Skopje, 512, 517
SLORC
see Burma
Smith, R. Harris, 33
Smith, Walter Bedell, 175, 177, 178
Smith, William French, 398, 480, 487, 495
Smoking Opium Exclusion Act of 1909, 9
Social Darwinism, 459
Solarz, Steven, 481
Sollena, Salvatore, 463
Somoza Debayle, Anastasio, 489, 495
Song Tou, 118
Sopsaisana, 283, 284, 379–80
Sore, Albert, 139
Sorrenti, Davide, 434
South America, 490
South Asia, 396
see also Southeast Asia; various countries
South Vietnam
see also North Vietnam; Vietnam
Army syndicates of, 238–40
as creation of the U.S., 194
Diem dynasty in, 203–9
and fall of Saigon, 259–61
GI heroin epidemic in, 222–26
heroin trade in, xvi, 196–97
heroin use in, 222–29
Hop Tac program, 207–8
and Khiem apparatus, 243–47
Mafia and Corsican syndicates in, 248–54
National Assembly’s smuggling operations in, 240–43
Navy of, involved in drug traffic, 231–38
and new opium monopoly, 209–16
and Thieu-Ky rivalry, 216–22
Thieu regime in, 229–31
U.S. complicity in drug traffic in, 254–59
Southeast Asia
see also various countries
CIA’s complicity in drug trade in, 385–86
as heroin source, 280, 285, 395, 432, 434, 442, 457
and international drug diplomacy, 99–100
Mafia in, 248–54
narcotics abuse in, 98
opium cultivation in, 93–96
opium eradication in, 111, 123, 455
Index

opium trade, 75, 107, 183
opium use and addiction in, 89–93, 89–93, 128
postwar opium boom in, 123–26
synthetic drug markets in, 442
tradition and corruption in, 200–203
vies with Central Asia for heroin market share, 396, 440
Souvanna Phouma, 293, 300, 301, 302, 310–11, 357, 380
Soviet Union, 426–27, 461, 466, 472–78, 484, 486, 500, 504–7
see also former Soviet republics; Russia
Spain, 5
Special Action Office of Drug Abuse Prevention, 390
Special Coordination Committee on Covert Operations, 473
speed, 398, 457
speedballs, 465
Spellman, Cardinal, 193
Spirito, François, 49–51, 53, 64, 65, 265
SS Exeter, 49
Stalin, Joseph, 516
Staples, Ernie, 462
starvation and hunger, xv, 506, 517
Stasi, 530
Steele, Robert H., 256
Steinbeck, John, Jr., xiii–xiv
Stilwell, Richard, 167, 177
stimulants, 465
Stinger missiles, 476–77
Straits Times, 103
Stroessner Matiaude, Alfredo, 444
Su Che, 78
Su Sung, 78
Suarez Gomez, Roberto, 450–51
Suchinda Kraprayoon, 420
sugar, 7
Sukree Sukreepiom, 404, 410–11
Suleiman, Sultan, 94
Sullivan, Norma “Silky,” xviii
Sullivan, Stephan, 81
Sulzberger, C. L., 185
Sumgait, 516
supply-side suppression, 19–20
Swai Saenyakorn, 188, 189
Sweet, Charles, 211
Switzerland, 44, 45, 517
Sydney, 11, 22, 396
Sylph, 84
synthetic drugs, 441, 442, 446, 453
Szechwan, 88, 95, 97, 116
T
Tachilek, 163, 165, 168, 288, 370, 439
Taft, William Howard, 98, 99
Tai country, Tonkin, 121–26
Tai Federation, 141–44
Tai Li, 268
Tajikistan, 514, 515, 521
Tajiks, 504, 506, 508, 512, 524
Taliban, 459, 486, 503, 504, 505, 506, 508–10, 515, 517–25, 531
Tambis, Lewis, 491
Tampa/St. Petersburg, 499
Tang Hai, 235–38
Tashkent, 512
Taunggyi, 425, 426
taxation, 5, 22, 414–15, 431, 437, 458, 468, 508–9
Tbilisi, 512
tea, 5, 7
Tegucigalpa, 492
Tehran, 468, 469, 470, 471, 472
temperance movement, 8, 9
Tet offensive, 220, 283
Thai Border Patrol, 428
Thailand, 315
see also Bangkok; Golden Triangle antinarcotics program of, 442
battleground of 1970s drug war, 399, 410–21
Board of Anti-Corruption Practice, 415–16
and Burma, 15, 414, 421, 423, 427–28, 431, 436–37
Chiu chau syndicates in, 396–97
CIA in, 530
and cold war opium boom, 127
coups and coup attempts, 415, 419–20
DEA in, 410, 413
democratization in, 420–21
Department of Public Prosecution, 410–11
economy of, 420, 436–37
finances Golden Triangle narcotics trade, 434
“godfathers,” 420
government corruption in, 130, 201–2, 411, 415
Thailand (continued)
heroin addiction in, 412, 440
heroin processing in, 274, 363, 421–22, 427
heroin trade, 397
Justice Unity Party, 420
and Khun Sa, 419, 431, 435, 436–37
KMT in, 162, 333–34, 348–55, 428, 430
and Lo Hsing-han, 427
massacre of student demonstrators, 415
and methamphetamines, 5, 439–40
military rule, 414–15, 420–21
narcotics control agreement with U.S., 391
Narcotics Suppression Center, 410
narcotics trade, 276–78, 403, 405, 414, 421, 434
opium cultivation in, 93, 287, 442
opium trade, 100, 123, 179–92, 196
opium use in, 412
police corruption in, 415, 421
political bosses in, 420
“Red Meo” revolt in, 362–63
Royal Thai Navy, 400
and Shan States, 366, 367, 370, 371, 427
state opium monopoly in, 100–106, 389
synthetic drug abuse in, 441
Thai Rangers, 419
war on drugs in, 410–21
Thanh, Fr.
see Tran Huu Thanh
Thanin Kraiwichien, 415–16, 417
Thanom Kittikhachon, 188, 189, 190, 415
Thao Ma, 318, 331, 332, 334
Thé (Cao Dai dissident)
see Trinh Minh Thé
Thelwall, Algernon, 84
Thi (I Corps commander)
see Nguyen Chanh Thi
Thien (Representative)
see Phan Chi Thien
Thieu
see Nguyen Van Thieu
Third World producers, First World consumers, 387, 455, 457
Thom Chitvimol, 188
Thornburgh, Richard, 1, 434
Tibet, 107
Tien (Colonel)
see Phan Phung Tien
Tientsin, 24, 27, 88
Time, 62, 230
Time/Life, xi
Tirana, 514, 517
tobacco, 3
Tochi Scouts, 467
Toledo, Alejandro, 447
Tomsen, Peter, 501
Tonkin, x, 96, 110, 113–14, 121–26, 134–35, 138, 141, 149, 163
Topping, Seymour, 177
Tora Bora, 521
Torkham, 478
Torrington, 87
Trafficante family, 40
Trafficante, Santo, Jr., 41, 74–76, 77, 250, 253
Trafficante, Santo, Sr., 41, 43
Tran Huu Thanh, 260
Tran Kim Tuyen, 204, 206, 211
Tran Minh, 235, 236, 238
Tran Thien Khiem, 197, 222, 226, 230, 240, 243–48, 255
Tran Thien Khoi, 244, 246, 247, 248
Tran Van Giau, 149
Tran Van Hai, 221
Tran Van Ho, 209
tranquilizers, 465
Travellers in Peru (Tschudi), 6
treatment for drug addiction, 390, 392, 408, 409–10, 454, 458, 464
Treaty of Nanking, 87, 88
Triads, 403, 409
Trinh Minh Thé, 158
Trinquier, Roger, x, 131–35, 138, 140, 143, 144–45
Tripodi, Tom, xix
Truman administration, 57, 163, 165–66, 168, 177
Truong (General)
see Ngo Quang Truong
Tsai Noie, 346
Tschudi, J. J. von, 6
Tsouanis, Yanis, 27
Tu Yueh-sheng, 264, 265–69, 270
Tuan Shi-wen, 129, 352, 353, 354, 355, 356, 362, 363, 419
Turkey
  heroin processing in, 14, 514, 516
  heroin seizures in, 516
  as heroin source, 21, 457
  heroin trade, 44
  Marseille-Turkey connection destroyed, 457
  narcotics trade, 22, 49, 517
  opium cultivation in, 21, 63, 125, 280–81, 285, 397
  opium eradication in, 70, 72–73, 387, 390, 393–94, 455–56
  opium trade, 14, 25, 48, 82, 113, 468–69
  rebels funded by heroin trade, 500
  war on drugs success, 464
Turkish Marketing Organization, 72
Turkmenistan, 514, 515–16
Turks, 512, 514
Turner, Stansfield, 475
Tuyen (head of Nhu’s secret police)
  see Tran Kim Tuyen
TV Myanmar Network, 439
U
U Ba Thien, 336, 339, 341, 342, 343–49
U Nhu, 370, 371, 372
Ullah, Naquib, 522
UMOPAR, 451
UN Division of Narcotic Drugs, 469
UN Drug Control Program (UNDCP), 440, 441–42, 509, 520
UN Fund for Drug Abuse Control (UNFDAC), 395, 413–14
UN International Narcotics Control Board (INCB), 509–10
UN Security Council, 518
UN World Food Program, 522
United Daily, 405
United Front, 159
United National Liberation Front (UNLF), 370, 371
United Nations, 18, 97, 174, 176, 177, 188, 441, 518
  see also UN entries
United States
  see also U.S. entries
  bans opium in Philippines, 90
  and Bolivia, 450
  and Burma, 434
  cocaine pandemic, 487
draws Soviets into Afghanistan, 475
and France in Vietnam, 155–61
funding for opium eradication in Afghanistan, 509
Iranian hostage crisis, 472
Islamic fundamentalism, complicity in spread of, 473, 475
and Khun Sa, 435–36, 439, 454
and Pakistani antinarcotics efforts, 503–4
self-examination needed, 529–31
Special Forces, 520, 522
synthetic drug markets, 453
and Taliban, 503, 517–25
and Thailand, 185
warlords become diplomatic burden, 486
United Wa State Army (UWSA), 433, 438, 440, 441
U.S. Army, xv–xvi, 33, 34, 35, 36, 53
U.S. Agency for International Development (USAID), 227, 318, 320, 330, 449, 481
U.S. Bureau of Narcotics, 124, 228, 254, 277, 279, 284–85, 380–81, 458, 468, 469
U.S. Coast Guard, 496–97, 499
U.S. Congress, 99, 480, 490, 497
U.S. Customs Service, 453–54, 493, 497–98, 528
U.S. Department of Defense, 390, 446, 447, 498
U.S. Department of Justice, 1, 19, 391, 454, 491
U.S. Department of State, 427–28, 439, 444, 483, 488, 491–92, 512, 528
U.S. Department of Treasury, 10, 18–19, 391
U.S. embassies, xvi, xvii, 426, 469, 472, 485–86
U.S. Government Accounting Office, 481
U.S. Internal Revenue Bureau, 10
U.S. National Intelligence Act, 529
U.S. Senate Standing Committee on Intelligence, 499
U.S. Supreme Court, 10
Utley, Garrick, xxi
Uzbekistan, 500, 501, 515–16, 521
Uzbekks, 504, 508, 515
V
Van Van Cua, 220
Vech Pechborom, 411
Venturi, Dominique, 64, 65, 67
Venturi, Jean, 64, 65, 67
Veterans Administration, 390
Vienna, 408
Vientiane, xiv, 213, 227, 301, 310, 318, 330, 377, 431, 442
Viet Minh, 120, 131–32, 137–44, 146, 149–54, 161, 193, 208, 255
Vietnam
see also North Vietnam; South Vietnam
Army smuggling operations, 238–41
Binh Xuyen operations in, 146–61
Chinese in, 109
before colonial era, 116
in colonial era, 121, 139, 179
heroin trade, 395, 396–97
imperial opium franchise in, 110
Muslim opium trade in, 94, 95
Navy smuggling operations, 231–38
opium addiction in, 112–13
state opium monopoly in, 389
and U.S. counterinsurgency tactics, 135–36
Vietnam Air Transport (VTA), 205, 206
Vietnam War, 128, 475, 525
Villalba, 34–35, 36, 37
Vinh Loc, 212
Vizzini, Calogero
see Don Calogero
Vladivostok, 512
Vlor, 516
Vo Nguyen Giap, 131–32, 143
Vo Van Mau, 242
Voice of Shariat, 520
Volstead Act, 10
W
Wa Alternative Development Project, 442
Wa narcotics syndicates, 438
Wa states, 169, 170, 172, 369, 431, 433, 438
Wa tribes, 372, 373, 432, 434, 437, 439–40
Walters, John, 454
Wang Hi, 4
WANZECk, William, 236
war on drugs
see also various countries and regions
allocation of resources, 388, 390, 391, 394, 411
in Andes, social costs of, 453
Clinton’s, 449, 454
and cocaine, 443–46
cold war politics supersede, 480, 486
compared to colonial and Communist antidrug efforts, 398–99
contradictions of, 526
financing of, 445
futility of, 456–58
George H. W. Bush’s, 445–46
George W. Bush’s, 454, 459–60
history of, 18–20
ineffectiveness of, xxv, 2, 20, 22, 443, 444, 446–47, 449
in Malaysia, 408–10
in Manila, 399–401
militarization of, 445–46
Nixon’s, 19, 21, 389–99, 443, 445, 455, 457, 459, 464, 530
objectives in 1990s, xxv
Reagan’s, 443–44, 446, 451, 459
strengthens global narcotics trade, 387
successes, 464
Warner, John, 249, 280, 281, 394
Washington D.C., 463
Washington Post, xv–xvi, xxi, 478, 479, 486, 494, 503
Washington (state), 454
Waters, Maxine, 494
Webb, Gary, 493
Wei Hseuh-kang, 440, 455
Weisberg, Willie, 42
West Germany, 462, 469
Westgate, David, 488
Wexler, Irving “Waxey Gordon,” 26, 28, 30, 42
Wharton, Captain, 33
White House Strategy Council on Drug Abuse, 461–62
“White Powder Ma”
see Ma Sik-yu
Williams, Garland, 124, 125, 468
Williams, I.M.G., 413
Wilson, Charles, 481
Winchell, Walter, 27
Wisner, Frank, 57, 166, 167, 168, 178
Wolff, Lester L., 417, 427-28
women under Islamic rule, 475, 508-9
Woodward, Brian, 402
Wooldridge, William O., 252
World Bank, 450, 461
World Daily, 405
World Drug Report, 456
“World Opium Situation, The," 124
World Trade Center attack, 503, 520
World War II, 31-38, 105, 109, 113-15, 120, 128, 163, 180
Wright, Hamilton, 9
X
Xhemajli, Muhamed, 517
Xieng Khouang, 115, 116, 120, 138, 139, 144, 310
Xieng Khouang Air Transport, 318
Y
yaba, 439
Yacknowsky, Charlie “The Jew,” 42, 43
Yang, Jimmy, 367, 371-72, 373, 374, 423
Yang, Olive, 169, 423, 424
Yang, Sun, 369, 370
Yangon Airways, 440
Yawngwe, 425
Yoh, Bernard, xi, 205
Young, Gordon, 339
Young, Harold, 306, 339
Young, Reverend, 306, 339
Young, William, xviii, 306-7, 312, 316, 335-39, 342, 344-46, 349, 371, 373
Yung, Chen, 79
Yungas, the, 452
Yunnan, 88-89, 93-95, 104-7, 111, 128, 162-63, 165, 170-72, 341
Yunnan Province Anti-Communist National Salvation Army, 169, 175, 178
Yunnanese, 351, 438
Z
Zam Mong, 428
Zau Seng, 367
Zepeda, Tomas, 492
Zia ul-Haq (General Zia), 472, 473-74, 476, 477, 479, 480-84, 502
Zicarelli, Joseph “Bayonne Joe,” xix, 64
Zoile, Roger, 295, 378
Zu Calo
see Don Calogero
Alfred W. McCoy is professor of Southeast Asian History at the University of Wisconsin-Madison. Educated at Columbia and Yale, he has spent the past thirty years writing about Southeast Asian history and politics. The first edition of this book, published in 1972 as *The Politics of Heroin in Southeast Asia*, sparked controversy, but is now regarded as a "classic work" and has been translated into nine languages. Three of his books on Philippine history have won that country's National Book Award. In 2001, the Association for Asian Studies awarded him the Grant Goodman Prize for his career contributions to the historical study of the Philippines.

"A valuable corrective to the misinformation being peddled by anti-drug zealots on both sides of the aisle."

—Publishers Weekly

"The appalling fact is that McCoy's new and extensive update of [his] classic work remains as relevant as ever. After first trying to suppress the book's publication, the CIA simply denied its message and got away with the lie."

—San Francisco Chronicle


A stunning expose of moral hypocrisy, The Politics of Heroin probes the failure of the U.S. "war on drugs" and meticulously documents CIA complicity in international drug trafficking both during and after the Cold War—in Afghanistan, Southeast Asia, Central America, and Latin America. The consequences of this complicity are evident today in an epidemic of heroin trafficking worldwide, just as the legacy of the CIA's covert wars manifests in vast regions that have become black holes of global instability.

After five U.S. drug wars at a cost of over $150 billion, production and consumption of narcotics are currently at record levels. Drug prosecutions in America have packed our prisons without curtailing drug use. This book confronts the utter failure of U.S. drug policy at home and abroad, and raises disturbing questions about the future role of the Central Intelligence Agency in U.S. foreign policy.

Alfred W. McCoy is professor of Southeast Asian history at the University of Wisconsin-Madison.