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THE DIPLOMATIC WAR ON HEROIN: A SOUTHEAST ASIAN SUCCESS STORY

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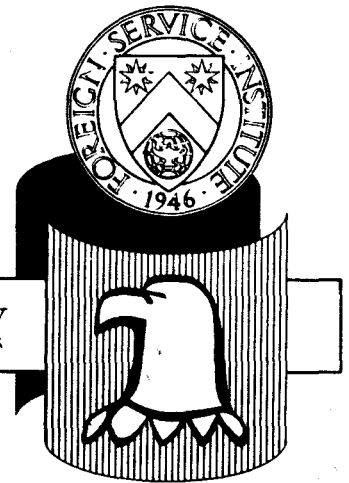
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SEVENTEENTH SESSION

SENIOR SEMINAR IN FOREIGN POLICY

DEPARTMENT OF STATE



1974-75

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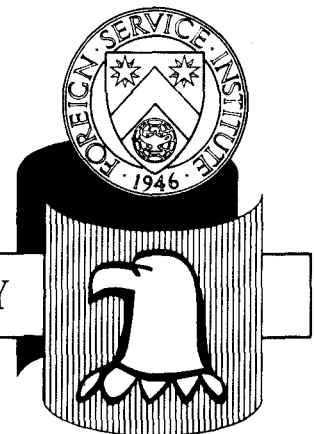
THE DIPLOMATIC WAR ON HEROIN: A SOUTHEAST ASIAN SUCCESS STORY

Case Study by CLYDE McAVOY

SEVENTEENTH SESSION

SENIOR SEMINAR IN FOREIGN POLICY

DEPARTMENT OF STATE



1974-75

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SUMMARY

As in 1971, again in 1975 the nation faces a heroin plague of stunning proportions. In the interim years some progress had been made in the field of international narcotics control, although the shadowy nature of the illegal drug market tends to obscure lessons which might be drawn from that period, 1971 to 1973.

Nevertheless, by isolating the events in a given area --Southeast Asia-- and examining them in the light of their impact on the availability of Southeast Asian heroin at the street level in the U.S., some tentative conclusions are possible. While these are offered, perhaps the major contribution is to juxtapose specific anti-narcotics actions with data, presented schematically, on the behavior of a high density market for Asian heroin during the period under study.

Inescapably, the story is also one of people: an addict pathetically caught up with Asian heroin; a pair of White House aides with a broad license for action; a State Department officer without it but who worked as though he had it; and two ambassadors, as different in personality and operating style as the problems they faced.

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REFINED POLICY
"Refined policy ever has been the parent
of confusion, and ever will be so, as
long as the world endures. Plain good
intention, which is as easily discovered
at the first view, as fraud is surely
detected at last, is, let me say, of no
mean force in the government of mankind."

Edmund Burke
1729-1797

INTRODUCTION

If 1971 was an epidemic year for heroin, 1972 and 1973 held the seeds of national ruin. More than 1,700 addicts died in 1971 and as the needle probed deeper into the national veins narcotics officials prematurely celebrating the Turkey poppy ban were awakened to an even more insidious threat.

Asian heroin, the product of opium produced in Burma, Thailand and Laos, moved aggressively onto the market in South Vietnam and addicted American soldiers and airmen in alarming numbers. In sheer quantity, the heroin production capacity of Asia dwarfed that of Turkey.

As a quarter of a million G.I.'s returned home with the reduction of approximately 50 percent in the American presence in Vietnam, the country would be taking in a trojan horse, some observers feared. Moreover, the courier and distribution network to feed a new generation of addicts was already in place.

Overseas Chinese, with the advantage of existing semi-clandestine business patterns and a common language, lived in all the countries where Asian heroin was produced, as well as in the U.S., and the countries where heroin would have to transit enroute from producer to consumer.

While Asian heroin had long enjoyed a limited place in the American market, producers who catered to the Vietnam G.I. market were now thoroughly awake to the possibility of filling the gap left by the Turks. They moved rapidly to exploit their advantage.

One of their early victims was a girl we'll call Cathy, although that is not her name. Cathy was, but is no longer, the wife of a well-to-do lawyer in northern California. She graduated from marijuana to the fine white powder of Asian heroin in the middle of 1972.

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•••••
••••• We called it 'China White' and I really
••••• liked it. I remember friends saying that
••••• it was so free of impurities that you
••••• didn't have to cook it. You could take
••••• it by snorting instead of shooting. And
••••• it never made you sick like Mexican heroin
••••• sometimes did. I started some time that
••••• summer and was hooked within three weeks.

"I thought I had the flu. I was no naive
I went to the doctor and he was the one
who told me. He referred to it as a
'stomach habit'. From then on my life
has gone steadily down stream.

"I don't have anyone to blame; I did it
all by myself. There were others who
went along. Socially we were a mixed
bag. Sure, if you lived down in junk
town, the ghetto, your chances of getting
onto dope were higher than average. I
used to go down to junk town to cop dope
and saw young kids still in grammar
school smoking grass while their brothers
had moved on to speed and China White.
It was taken for granted there that when
you reached a certain point in life you
would move on to hard dope. And usually
it was some one in the family who turned
you on the first time.

"But my friends, the ones I copped dope
with and later sold to, came from both
sides of the tracks. Addicts in our
town included a judge, a prominent
attorney, three respected businessmen,
and a narcotics agent who warned us
when the feds were coming to town."

This was the nature of the threat, and yet it never fully developed.
From a steady flow in 1971, Asian heroin slowed to a trickle by the end
of 1973. Instead of capturing an expanding American market, Asian
traffickers stood by frustrated and saw a much smaller producer, Mexico,
increase its share of the illegal heroin market from 20 to 60 percent.
How was the Asian threat averted?

The short answer is that a handful of single-minded men in the
White House and the State Department laid hands on a rigid and protest-
ing bureaucracy and wrung it until they got the actions they sought.

Ironically, because of unrelated events, these men left Washington
without knowing whether their international narcotics program in Asia
had succeeded or failed. The evidence is that in the case of Asian
heroin at least, from the beginnings of the program in 1971 to 1973,
they were surprisingly successful.*

*For a different type of study on the shortcomings of the overall inter-
national program, see "State Department Response to a New Policy Issue:
Narcotics Control", by Thomas J. Peters, March 25, 1975.

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The intellectual brainchild of the Administration's international narcotics program, of which the effort in Asia was a part, was Harvard Professor James Q. Wilson. Together with Assistant to the President for Urban Affairs Daniel Moynihan, he noted a correlation in the FBI Crime Index between heroin usage and the incidence of property crimes as opposed to crime against persons.

A much touted, but poorly served, objective in the Administration's first four years had been law and order. So it was that the White House turned to Moynihan in 1971 for recommendations in this field. Moynihan tied the law-and-order campaign to the drug campaign and proposed a program which would marshal the peculiar specialties of several federal agencies under a cabinet-level committee.

It was this Ad Hoc Cabinet Committee on Narcotics under the aegis of Henry Kissinger and General Alexander Haig which conceived and brought off the first blow against heroin in the form of the Turkey poppy ban.

Following this coup, the White House shifted responsibility for the international program to Domestic Council head John Erlichman, who gave it continuing oversight. However, Erlichman asked Egil Krogh to draft an international control program and then had Krogh direct it on a full-time basis.

Bud Krogh, a gently balding Clark Kent, played the game of government hard. A young lawyer out of Seattle, he arrived in the Capital with genuine fervor for his work and a determination to make a success of the Administration's programs.

"Krogh had the clout," one senior narcotics program administrator recalls today. "He saw Nixon regularly and privately on this subject and when he said the President wants this or that done in the narcotics field, you could believe him."

Others agree Krogh had good credibility. Use of the President's name by White House staffers to get Executive agencies to move along given paths is a highly developed art. Faced down with a request for a direct show of interest by the President, White House staffers frequently drop their demands. But when Krogh asked for something, the average bureaucrat soon became aware that he could back up his request.

One reason is that Nixon gave more of himself to the narcotics fight than to many other administration programs. In 1971, for example, a small meeting of under-cover narcotics agents in downtown New York City was surprised to find Nixon and Krogh in their midst. A relatively routine training session became instead a talk with the President, who commended their work and exhorted them to further efforts against narcotics in New York.

Exasperated by a General who told him that addicted Vietnam G.I.'s numbered only about 50, Krogh told Nixon in June 1971 that he was having difficulty in getting the Pentagon to face up to the problem. Nixon convoked the Secretary of Defense, Chief of the Joint Staff and the chiefs of services to a breakfast meeting and spelled out a request for a major program to identify and correct the problem.

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Melvin Laird started to protest that the figures showing extensive G.I. addiction were in dispute, but Nixon treated him brusquely. As long as a drug problem of any size existed, Nixon said, he wanted it dealt with. The well known Operation Yellowstream followed, turning up a level of drug usage in Vietnam which startled the Pentagon into a whole series of anti-narcotics programs, many of which continue today. Of the half-million troops in Vietnam, 43 percent were found to have used narcotics and 20 percent to have been addicted.

Thus forewarned, DOD moved to isolate the problem cases before they returned to the U.S. and then institute after-discharge follow-up programs which drastically reduced these figures. One year after their return, less than 10 percent of Vietnam veterans was found to be users and only one percent was still addicted.

Early on Krogh had determined that the program would have to be based on the active cooperation of nations where heroin was produced, refined and sold. To prod other nations into action he had, in the Department of State, the right man in the right job at the right time.

Nelson Gross, former Republican Party Chairman of New Jersey, brought to the job some of the same skills and determination which had helped him make his way to the top of the political heap in New Jersey. As Senior Advisor to the Secretary of State for International Narcotics Matters, Gross also chaired a Working Group at the Assistant Secretary level which was responsible for recommending policy to the Cabinet and to the President.

But it was Gross' international contact work that provided perhaps his greatest contributions, rather than any actions he may have taken in his bureaucratic role.

A senior officer of the Drug Enforcement Administration recalls that a major frustration in Thailand was the Embassy's refusal to permit DEA to establish a small unit in Chiang Mai, in the north where the major trafficking took place. The Embassy felt that DEA agents, which it saw as a group of ex-policemen whose proclivities ran to direct action, would bruise relationships with the Thai government. Besides, anything that needed doing in Northern Thailand could be done as well by the Embassy consulate staff in Chiang Mai, the Embassy held.

Gross arrived in Bangkok for a visit in 1971 already briefed on the problem. As a senior State Department officer he might be expected to take the Embassy's side against the DEA or, if he could not, at least to refrain from taking sides in what was basically an Embassy decision. Perhaps that sort of behavior would have been foreign to anyone raised on Bergen County politics.

A meeting was arranged in the Embassy as a forum for Gross to introduce senior diplomats in Bangkok to Washington's views on the international narcotics program and for a general discussion of the threat from the Golden Triangle. One of the participants recalls Gross' entrance and first words.

"What's all this crap I hear about the Embassy keeping DEA out of Northern Thailand?" he demanded. After much coughing and shuffling of papers it was allowed that this was a complex question on which a final decision had not yet been made. Within days, DEA was told by the Embassy to establish itself in Chiang Mai.

DECEASED

On another occasion, a notorious international narcotics figure had been run to ground in a small Latin American country. Requests for extradition to the U.S., where an iron-clad case could be made against him, were unsuccessful. The suspicions were that the trafficker had used his considerable means to buy off his government, which by now was probably sorry it had made the arrest. When State Department telegrams to the Ambassador there were unsuccessful in obtaining action, Gross himself travelled to Latin America to talk to the government concerned.

Accounts vary as to what it was that Gross said to the president of that country that produced action. One White House staffer in a position to know insists that Gross threatened that small country with nuclear extinction. Others, while acknowledging that this was a clear possibility where Gross was concerned, states that Gross merely hinted at the possibility by telling the prime minister that news of his refusal to extradite a notorious trafficker would hit the U.S. public like "a hydrogen bomb."

Whatever the fact, the world's most notorious heroin trafficker ever bagged now languishes in a U.S. prison as a result of direct action by Nelson Gross when conventional diplomatic methods failed to do the job.

Another major player on the international narcotics stage during the '71 to '73 period was Walter Minnick. Like the others a lawyer with a fascination for government, Minnick fast earned a reputation as one of the most tenacious of the White House wunderkind. In appearance Minnick looked even younger than his 20-odd years. In performance, he matched the inventiveness and the long hours put in by Krogh, whose assistant he became.

To prepare himself Minnick started at the root of the problem, talking to addicts, riding squad cars, observing stakeouts in areas where drugs were sold, and talking at length to working-level officers from each of the agencies with a piece of the responsibility for the White House program. His study was thorough and served him well, but more importantly he acquired a stable of working level contacts in the U.S. and around the world that proved invaluable in dealing with the various agencies in Washington working on narcotics.

When Krogh complained about weak and watered down narcotics programs submitted by State and other executive agencies, it was Minnick who knew how to pry more imaginative thinking out of them based on conversations he had had with their representatives in the field.

Soft spoken and, some would say, stoic, Minnick possessed sharp bureaucratic instincts honed during a tour as a junior officer with the Army in the Pentagon. One American ambassador to a Latin America country learned this only after Minnick had him summarily recalled. "He wasn't carrying to his counterparts the message we were asking him to convey," Minnick explains matter-of-factly. It is probably seldom if ever, that an officer of such junior rank has ever arranged for the release of an ambassador and made it stick. While isolated, the incident illustrates the extent of the license enjoyed by Krogh and Minnick in pursuing narcotics control programs.

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A major stumbling block to early progress in the international program was that the first year's budget of \$42.5 million was controlled by the Agency for International Development. How AID would and would not spend this money was the subject of long hours of often acrimonious debate between Gross and the White House on one side and AID Director John Hannah on the other.

These were honest differences. Hannah felt that an agency committed to international development could not be a party to putting into the hands of Asians helicopters, for example, which would be used to hunt down and kill other Asians, even if the targets were drug traffickers. White House staffers and State took the position that the programs had great sympathy in Congress, if not explicit approval, and AID was unlikely to come under attack for extending military type assistance. Both sides won a little and lost a little in these arguments.

Even on expenditures where AID could agree, bureaucracy often worked ponderously. As a consequence the White House found it difficult to impart a sense of urgency to other nations when the U.S. was not able to organize itself to expedite funds for narcotics activities.

Rather than tilting with personalities, Krogh and Minnick attacked this problem at its bureaucratic roots by working with OMB to remove the narcotics budget completely from AID and make it independent. Following extraordinary exertions, this was done in time for the FY 74 budget and Minnick regards this as his bureaucratic monument.

Individually the White House crew and Gross shared some common traits. They believed deeply in the importance of the anti-narcotics fight and were impatient with others who may have shared the same goals but moved towards them more timidly. Collectively, they could be devastating where conventional Washington methods were concerned.

Inevitably, perhaps, these men alienated some career civil servants. Even today, though they have long since departed Washington, mention of their names evokes strong sentiment for or against. How one regards them is determined, in part, by how one feels about the narcotics imperative. In general, those whose career is committed solely to dealing with this threat find much to commend in the work of Gross and the White House Domestic staff during the period of '71-'73. Those Cabinet departments and executive agencies whose priorities were arbitrarily reordered for them understandably shed no tears over the departure of these men. Differences aside, Washington and overseas officers state that the heat applied to them on narcotics goals while these men in office surpassed anything in their experience.

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In 1971 analysts put the annual total output of illegal opium from the three countries forming the Golden Triangle at 700 tons, more than seven times the production of Turkey. By far the world's largest producer was Burma at 500 tons, Thailand was thought to grow 100 tons and tiny Laos another 100. As is the case in measuring any underground activity the figures must be suspect. But in terms of relative output the percentages would be roughly accurate. (See Table I)

Among the national producers, the biggest was also the most aloof. President Ne Win had charted a course of neutrality for Burma which was unique in Southeast Asia. While Sihanouk and Sukarno boasted of neutrality, Ne Win alone practiced it. In Asia, Burma hewed proudly to a purity of neutral policy which, in the wake of the Vietnam war, is the envy of the region.

In practical terms this meant that the normal levers of influence enjoyed by an ambassador were not available in Rangoon for purposes of getting Burmese attention for new programs. The AID mission in Rangoon had been an early casualty to Ne Win neutrality. Now, in 1971, just weeks before the White House launched its international narcotics program, Ne Win terminated the U.S. military aid mission as well.

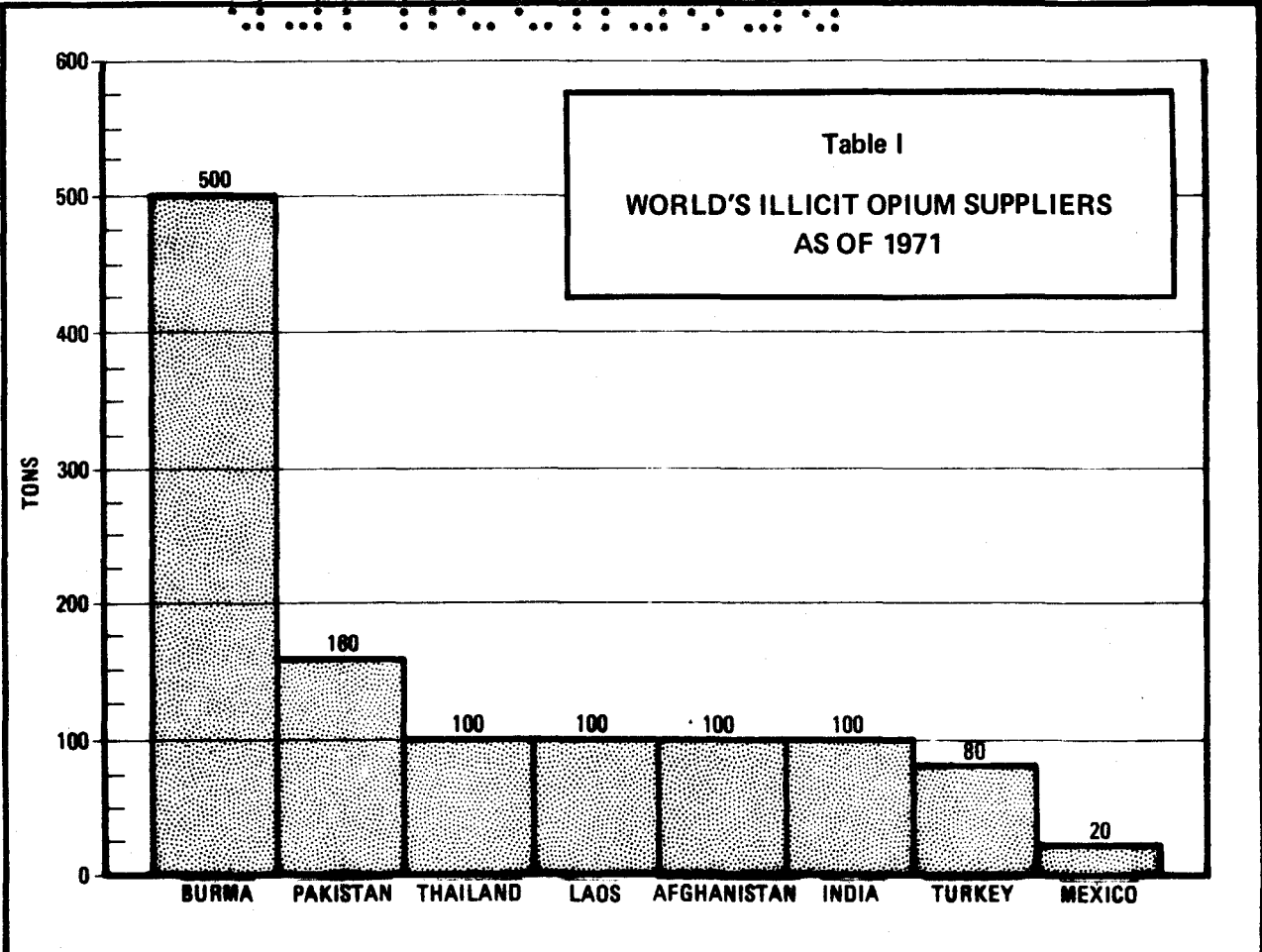
Even when these programs were in full swing an American ambassador typically saw the head of state only about three times during a 3-year tour: when he presented credentials; when he took his leave; and, if he was lucky, for an accidental encounter sometime between those occasions. Ne Win had nothing against Americans; he treated all ambassadors equally badly, especially those who represented big powers. On the other hand he could be genuinely gracious to Europeans and Asians who had no international political axes to grind. Rather, at the root of Ne Win's neutrality, and thus his treatment of big powers, was Burma's 1500-mile unprotected border the Communist China.*

Thus it was that Hackensack's Nelson Gross proposed to visit Burma as a special emissary of the President to carry word of the international campaign against narcotics. Patiently, State desk officers explained to Gross the political facts of life concerning Burma, Ne Win, and Burmese aloofness. Ne Win would refuse to see Gross, they said, and it would be a net loss to request an appointment and be turned down.

Gross, who had never been afraid to fail, did not buy either point. While in London on narcotics control business Gross learned of a warm and long standing personal relationship between Ne Win and a German businessman. Although he had just come from Germany, Gross retraced his steps, walked in on the German and requested his assistance as a go-between in arranging a meeting between Gross and Ne Win to discuss the international narcotics threat. Most undiplomatic behavior. Nevertheless, Gross got his appointment with Ne Win and Washington desk officers got a lesson in the art of the cushion shot.

*Whether neutrality has succeeded for Burma and how that country has fared at the hands of China compared with, for example, neighboring Thailand is sufficient question for an entirely separate study.

SECRET



Gross met with Ne Win in Rangoon in September 1971 and made his pitch. It would be convenient, but not accurate, to report that the phlegmatic Burmese leader was immediately enlisted in the world wide war on the poppy. Instead, Ne Win had his own message for the Americans, various versions of which the Embassy was to hear often from Burmese officials in the next few months.

Burmese are fond of tracing the origin of Asian opium, relating how it had been brought to China and Burma from India by the British, who had used it to enslave Asians. True enough, the poppy was still grown in remote areas of Burma and opium was used by backward mountain tribes to ease their way into old age, or to dull the pain of a gunshot wound or broken leg.

SECRET

The Burmese will acknowledge also that tribesmen in insurrection against the government carry Burmese opium out of the hills for sale in Thailand. There, the Burmese had heard, profiteers process it into morphine and heroin which some fools in New York and other cities are crazy enough to inject into their veins. The way to stop this, the Burmese implied, is to stop the production of heroin in Thailand, not the growing of opium by simple mountain people. Besides, the Burmese hinted archly, the U.S. had closer relations and considerable bargaining leverage with the Thai.

The logic of the Burmese position was unassailable. Thailand was indeed a close ally, and an AID recipient, and a SEATO partner. With socialist Burma our relations were tenuous at best. Exactly half way around the world from the U.S., Burma finds it difficult to identify any basis for close relations between our two countries. Beyond agreeing to exchange information on narcotics, the Ne Win-Gross meeting produced nothing concrete.

Yet it was useful in that it signalled to the world's largest producer of illegal opium that the U.S. was embarking on a maximum effort to stamp it out. And it was educational in showing the U.S. the depths to which poppies are rooted in Asia and the thinking of the people who would have to do the uprooting.

Despite his lecture to Gross, it became evident that Ne Win was not turning him down, perhaps merely taking the edge off his hubris. Ne Win speaks fluent English, but what he was telling Gross elliptically translated as an assurance that Burma acknowledged the problem and would deal with it in "the Burma way," meaning without outside counsel or aid.

Fortunately, the U.S. had in Rangoon at this time and for the next two years a sensitive diplomat and a keen student of "the Burma way." Ambassador Ed Martin had also served in Burma in the early '50's as a junior officer. One of the last Americans to tour remote areas of China before the Communist takeover, Martin understood Asians better than most. Correctly, he perceived a gap in understanding on the part of the Burmese, who assumed that the production of heroin and other opium by-products was taking place solely in Thailand.

While some heroin was being produced in Thailand, Martin knew that by far the majority of the poison could be traced to what was probably the largest facility of its kind in the world, a clandestine refinery in the mountain fastness near the Burmese town of Tachilek on the Thai border.

A small city in itself, the refinery was made up of rows of long houses with corrugated roofs containing steel cookers. There Chinese chemists from Hongkong reduced opium first to morphine base, then to coarse-grade Number 3 heroin for Thai use or, the Cadillac of drugs, the fine white powder of Number 4 for onward shipment to Bangkok, Hongkong, and, by ships to Vancouver, Seattle, San Francisco, and thence to New York. The refinery was protected by a number of strategically placed strong points, manned when threatened by well-armed soldiers of the khakweyei, a paramilitary force of irregular troops who augmented the Burma Army when needed in counter-insurgency operations in the mountainous Shan States.

Martin also knew that the opium got to the refinery from poppy fields in the extreme northeast corner of Burma on the backs of mules and horses owned and escorted by the khakweyi. Implicitly, some of the regional officials of the Burma Army would have to have been knowledgeable and to have been corrupted to permit trafficking of this level.

One course of action would have been to leak the story of this refinery on Burmese soil to the American press and sit back to permit world opinion, perhaps expressed through the U.N., to force the Burmese into action.

However, Martin knew this would have had the effect of freezing Burmese attitudes against cooperative efforts to reduce the narcotics trade. Even such low profile U.S. activities as exchanging information on narcotics would be endangered.

Patiently, Martin waited until a strong case could be made before confronting the Burmese.

In Southeast Asia, corruption is a way of life to the point where the word loses its meaning. Burma under Ne Win goes against the tide, however. It is a point of pride with the Burmese that their leaders live solely on their modest salaries and no one leaves office a wealthy man. It would be difficult, then, for a foreigner, especially an American, to reveal the corruption of low-level Burmese officials in the Thai border area.

Meanwhile, Martin did all the things asked of him by the State Department. He urged the Burmese to join U.N. bodies dealing with international narcotics control, he offered training assistance to help Burmese customs officials identify and control narcotics smuggling, and he offered planes and helicopters valued at several million dollars for use in spotting and attacking opium caravans from the air. The Burmese politely but firmly deflected all of these approaches.

Meanwhile, Martin went about making his case against the khakweyi and attempting to prove the existence of the giant clandestine refinery at Tachilek.

Gradually the villains in the piece emerged. Principal among them was Lo Hsing-han, a Shan Chinese and khakweyi leader who had insinuated himself into a position as one of the biggest buyers, transporters, refiners and traffickers of heroin in Asia. At the same time, with his 1500-man irregular army and vast stable of mules and horses, Lo was an invaluable ally of the Burma Army against fresh incursions into Burma of Peking-sponsored guerrillas which started in December 1971.

Krogh and Minnick made separate visits to Burma in '71 and '72, following up on the Gross visit and satisfying themselves that the program was on track. Unlike Gross, the White House team spent only minimal time with the Burmese, but concentrated on poking into unfamiliar corners of the problem with working level officers and familiarizing themselves with the nuances of operations in Burma.

They saw the nature of Martin's problem and, while their instincts were towards immediate action, agreed that the Embassy should follow its own course in dealing with the Burmese.

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Following the visit of Gross, the curtain had come down once more between Ne Win and U.S. officials. This situation implied no anti-American bias by Ne Win. On the contrary, he received old friends and made new ones among unofficial Americans during this period. Lloyd Hand, former Director of Protocol at State and now senior vice president of TRW, visited Burma and played golf with Ne Win. Bob and Audrey Six of Continental Airlines also were guests of Ne Win during this period.

Martin naturally briefed these and other visitors on the Embassy's objectives with regard to international narcotics goals in Burma. It is assumed that Ne Win noted the repeated reappearance of this subject in conversations with Americans and drew the correct inference.

The one slender reed of Burma-U.S. relations available to Martin was the narcotics information exchange agreed to between Ne Win and Gross. Gradually over the months of late '71 and early '72 the lanky diplomat used this channel to sensitize Ne Win to the fact that he had a problem in the long ignored corner of Burma near Tachilek. Ne Win had just the man to look into it.

Colonel Tin Oo, chief of Burmese intelligence, is an unlikely Burmese. Six feet three inches tall, he towers over his countrymen, looking out on the world through large almond eyes framed by heavy, owlsh eyeglasses. He is meticulous. He is incorruptible. And he works 20 hours a day.

Tin Oo went about the investigation of Tachilek with great care since, in addition to drug traffickers, the target included locally assigned Burmese Army officers and, indeed, some of Tin Oo's own low ranking intelligence officers. When he had finished he unrolled before Ne Win an unpleasant picture which verified the presence on Burmese soil of the world's largest known heroin refinery. Possibly worse as far as Ne Win was concerned, the investigation revealed a pattern of corruption of local officials by Lo Hsing-han. False reporting designed to cover up the presence and activities of the refinery was also apparent.

Stung, Ne Win (1) ordered troops in to demolish the refinery, (2) arrested officials who had been corrupted and transferred others, and (3) ordered all khakweyei to disband and to turn in their arms to the Government.

This last step took considerable political courage. The Communists were now pressing into areas of Wa and Kengtung states far beyond their usual area of operations. If the Burma Army was to cope it badly needed the support of the khakweyei, whose M-16's were a better match for Chinese AK-47's than were the Burma Army's ancient bolt-action rifles. Additionally, khakweyei mules and horses constituted badly needed logistics support for fighting on the sharp slopes of the mountains of the Shan State.

Burma Army field commanders naturally protested: prohibit khakweyei opium trafficking certainly, but don't deprive the Army of this needed auxiliary firepower, they urged. Ne Win made his decision stick, however, in effect telling the Burma Army to stop the Communists and to do it without khakweyei support.*

*In a series of bloody battles the Burma Army did eventually contain the Communists, but not before Chinese-trained troops had occupied the entirety of Wa State and the northern tier of Kengtung State east of the Salween River.

In response to Ne Win's order, some khakweyei leaders, including Lo Hsing-han's brother, did turn themselves in. Others, including Lo himself went underground and attempted to stay in the opium business. A wide variety of Burmese insurgent bands had long been able to operate into Burma from bases in Northern Thailand while the sympathetic Thai, no friends of socialist Burma, looked the other way. Lo now sought to emulate these groups by drawing the flag of anti-Burmese insurgency around his small army.

Lo called a meeting of all Burmese insurgencies for June 1972 just inside Burma near the Thai border. By now Lo's forces were deeply penetrated by Tin Oo's intelligence operations, and Lo's plans were closely tracked in Rangoon. An operation was hastily mounted calling for six battalions of the Burma Army to "join" Lo's meeting. It was no contest. Despite monsoon rains which washed out ferry crossings, the Burma Army conducted a long and difficult approach march and closed with its target after only minor skirmishes. Lo's army refused to fight and threw down its guns.

Seeing this, Lo stepped across the border into Thailand on July 17, 1972, and, to his great surprise, was arrested and extradicted to Burma where he serves a life sentence.

It was a satisfying victory, as much for the model it provided for future operations by the Burma Army as for the removal of a key trafficker. In the developing situation Chinese-sponsored guerrillas in the Wa State were now unwitting accomplices in the narcotics war, for they pushed underground khakweyei out of traditional opium caravan routes, forcing them west of the Salween River where they were more vulnerable to Burmese interdiction.

The Burma Army, on the basis of Tin Oo's now wide spread intelligence operations against traffickers, took to intercepting opium caravans and disrupting a significant part of the trade. Some caravans still got through, of course, but they were smaller, carried less, and deliveries were irregular. Some heroin was still refined in small scattered cookers in the mountains along the Thai border, but there was less of it, and it was less pure.

By the end of 1973 a thoroughly awakened Burma had cut the amount of illegal opium leaving its borders by approximately half and was considered the most cooperative of any of the Asian governments working on the problem.

A reflexive action on the part of U.S. embassies around the world when confronted with new requirements relating to the international narcotics program had been to enlarge their staffs and budgets. Martin could take considerable satisfaction in having accomplished what he did in Burma without adding to his staff and without spending a dollar.

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THAILAND: THE NEXUS

While total output of illegal opium was smaller at approximately 100 tons, the problem itself was much larger in Thailand than in Burma.

This is a paradox, because all of the economic and financial leverage the U.S. was missing in Burma was available to us in Thailand. A SEATO partner, Thailand was also the recipient of sizable economic and military grants. Thai government officials at all levels from the Prime Minister on down were available to the Embassy in Bangkok for hearing whatever proposals the U.S. chose to make.

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Certainly some of these proposals were acted on/the gains against international goals, if less than total, were still significant. Yet, even today, there remain on Thai soil overt bases with official Thai protection which facilitate the opium trading of Burmese insurgents and Chinese Nationalist remnants.

Some, like the Kachin Independence Army headquarters at Tham Ngop, Thailand, undoubtedly believe themselves to be pursuing honest grievances against the Burmese Government. Others, like the Shan State Army, began as well-intentioned insurrections financed by opium trading and over a period of time saw the narcotics side of their activities increase to the point where operations against the Burma Army are now virtually non-existent. Chinese Nationalist remnants under the command of "General" Li Wen-huan, with the removal of Lo Hsing-han and much of the khakweyi, have assumed the role of the largest traders and refiners of heroin in the Golden Triangle, and their motives are entirely mercenary.

Why should a friendly Government such as Thailand afford piers à terre to heroin traffickers in the face of express U.S. disapproval? The reasons are many and varied, and go back in some cases to the Burmese conquest of Ayudhia in 1564 following demands for two white elephants the Thai refused to turn over.

Thus Thai-Burma enmity is as long standing as it is difficult to explain to Westerners, who are not expected by the Thai to understand 400-year old ethnic antagonisms. The Thai do not try. Rather, they put it in terms which, if not valid, they nevertheless believe Americans will understand. The reason they permit opium-trafficking Burmese rebels to base themselves in Thailand, they say, is because they are needed as a buffer against Chinese-sponsored Burma Communist Party troops in the Shan States.

In truth, however, Thai-based Burmese rebels almost never clash with the BCP and if they do it is inadvertent. In the case of the Kachin Independence Army this reasoning is even more specious inasmuch as the Kachins are not located geographically to act as a buffer between the Chinese and the Thai.

The rationale in the case of the Chinese Nationalist remnants (which have no further relations with Taiwan) is more straight forward. Just as the Burmese found it expedient to use the khakweyi to carry

the government flag into remote Communist-occupied terrain east of the Salween River, so Thailand prefers to use Li Wen-huan's troops, when they are not escorting opium caravans out of Upper Burma, to fight Communist insurgents in northern Thailand.

The misfortune is that whereas Burma had a Ne Win with the political courage to disband the khakweyi, Thailand's leaders could not bring themselves to match that decision in the case of the Chinese Nationalist remnants.

Still, the Thai cooperated whole-heartedly in other respects and the results in some cases were a model for successful narcotics control programs, costing the U.S. a relatively modest \$1 million in FY 72 and \$1.67 million in FY '73.

Both producer and a transit point for Burmese and Lao heroin, Thailand is, as with so many other problems in Southeast Asia, the vital link. Whether Asian heroin exits through Bangkok, or Penang or Singapore, it first must travel overland from the Golden Triangle through Thailand. This is the area of greatest vulnerability for traffickers.

In Thailand, a Drug Enforcement Administration unit headed by Bill Wanczek and later by Fred Dick was the workhorse of the narcotics control program. Under arrangements negotiated by the Embassy in Bangkok, DEA agents worked side by side with Thai narcotics officers in every phase of the problem from training, to investigation, to building the case, and final arrest.

Most particularly, Wanczek's men worked with the Special Narcotics Organization, five highly mobile military strike teams whose purpose was the interdiction of opium caravans and other targets of opportunity. Given the mountainous terrain in the SNO operations area, the problem of predicting the routes and timetables opium caravans would use was formidable. A blocking position in one valley can end up being several days' march from the route actually used. This was a major frustration for both Thai and Burmese interdiction forces.

In Thailand the problem was met imaginatively with the use of U.S.-supplied helicopters. When a caravan was spotted from the air, or if intelligence reporting had been particularly good, SNO teams were in a position athwart the smugglers' route of march within hours.

SNO teams took on an elite character as a result of their special mission status and the fact that they had aircraft dedicated to them on a full time basis. Proposed in August '71 as one of the responses to the President's June 17 call for action in the field of narcotics control, the first SNO units were armed, trained and helicopter-equipped by March of the following year. They have been an important factor in the narcotics war ever since.

The Thai made good use of another paramilitary element, the Border Patrol Police. Although lightly armed and not air mobile, the BPP is also an elite force and one in which King Phumiphon Aduldet has taken a personal interest. Working with intelligence supplied by DEA, or

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generated by their own investigations; the BPP in June '72 made seizures of 230 kilograms of opium and 5.2 kilograms of heroin on the Thai-Burma border near Mae Sai. These units grabbed another 193 kilograms of opium at Ban Kae Noi in June '73, and two months later surpassed themselves with a seizure of 3,516 kilograms of opium.

Not all Thai initiatives went that smoothly. To head up a special narcotics suppression unit headquartered in Bangkok, the Thai appointed a journeyman officer from the national police named Colonel Pramuan Waniphaphan. It was like sending a goat to guard the cabbage. Unknown to anyone, Pramuan was himself elbow deep in the narcotics trade. DEA agents, operating gingerly because of the close proximity of Pramuan to many of their operations, worked behind the scenes with honest Thai officers to trap him, and in the summer of '73 the Colonel was sentenced to 20 years in prison for drug trafficking. While the affair no doubt was of considerable embarrassment to the Thai Government, to its credit no attempt was made to whitewash the incident.

Notwithstanding the cops and robbers aspects of the caravan interdiction operations in the north, the most striking Thai operation, and perhaps the most economically crippling to traffickers, took place at sea.

In early 1973 the preferred method of moving opium in bulk to Hongkong for processing and onward shipment was by trawlers. These small craft, which seldom if ever put into port after leaving Bangkok harbor, customarily dumped opium overboard in international waters just outside their destination. The opium was then retrieved by ubiquitous Chinese working junks which were able to come and go from Hongkong with only minimal control.

DEA agents working with Thai investigators in April '73 monitored the preparations for one such shipment, tracked the trawler out of Thai national waters enroute to Hongkong and, with the help of South Vietnamese naval units, seized the ship and 6 tons of opium. The seizure amounted to approximately one-tenth of the amount consumed in the U.S. during one year. A few months later they repeated the operation and grabbed another 3 tons of opium.

LAOS

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Again in Laos, the Embassy had a full range of channels to the Government. But the White House found its most effective instrument was Ambassador G. McMurtrie Godley himself. In the course of overseeing extensive economic and military aid programs in Laos, big, garrulous Mac Godley had established warm personal relationships at all levels of Lao officialdom.

Godley had extraordinary support assets at his finger tips and the courage to use them. This was apparent to Bud Krogh based on the tenor of Godley's diplomatic messages alone. A visit to Vientiane in the fall of 1971 confirmed this impression and the White House thereafter gave Godley a long leash in the narcotics program.

His methods were not only effective, they made good theatre. On June 30, 1971, less than two weeks after the President's call for an all-out war on narcotics, one of the Air America helicopters under contract to Godley's mission descended on a suspicious location at Houei Phi Lark in northwest Laos and plucked from the jungle an entire heroin refinery, complete with boilers, screens and chemicals, the first such seized in Southeast Asia.

Of even more importance was that the owner of the refinery was one Chao La, King of the Yao tribe, who had been a major supplier of recruits for the American-sponsored guerrilla army fighting the North Vietnamese on and around the Plaine des Jarres. Godley thus served notice on his friends and foes alike among the Lao that there would be no compromise of international narcotics objectives in the interests of fighting the war.

Opium growing and trafficking was not a crime in Laos until Godley set out to make it one. An important ally in this task was Laos' beleaguered neutralist Prime Minister Souvanna Phouma, with whom Godley dealt on a warm social basis.

With a big push from Souvanna, and after cashing in several I.O.U.'s from up-country Lao National Assemblymen, Godley saw an anti-narcotics law go through the Assembly on 10 August 1971, signed by King Sawang Vattana in September and in full effect in November just as the new crop of 1973 poppies was due to be put into the ground. In the Lao context, this was something like passing a ban on beer drinking in Germany during Oktoberfest. Opium had been part of everyday life in up-country Laos for over a century and several Lao fortunes had been based upon the dependable economics of the poppy.

Like opium smoking, what Westerners call corruption was also well engrained in the character of the Lao, not surprising in a primitive economy based in large part on the exchange of goods and services.

What Godley needed for his next project was a senior Lao with a military background and an impeccable reputation for honesty. He found his man in Colonel Khamhou Boutsarath and built around him with U.S. funding a new narcotics unit called the Groupe Speciale

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d'Investigation. Galle's untouchables were unique in Asia and
certainly Laos had not seen an organization like it.

One of Khamhou's first seizures was an incredible 3 tons of
acetic anhydride, the chemical which, when mixed with morphine base
at a ratio of one to one, makes one part heroin.

The seizure set off frenzied efforts by traffickers and their
political spokesmen to place bribes which would obtain the release
of the chemicals. The effort expended by traffickers in arranging
to buy, ship and import this amount of chemicals was worth as much
if not more than the purchase price. A failure to obtain a release
would set back heroin refining for many months.

In the face of considerable pressure Khamhou, with support from
Souvanna, was adamant and the case ended with the destruction of the
chemicals under guidance from DEA officers. The amount of heroin thus
removed from circulation equalled approximately ten percent of the
entire U.S. consumption for one year.

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DOMESTIC INTERDICTIONS

Not all of the efforts against Asian heroin began and ended in the region. Often narcotics intelligence leads were developed in Asia and decisions made to permit a given smuggling operation to mature with a view to rolling up an established network in the U.S.

Imaginative programs by DEA in the Northwest U.S. (Operation Seawall) and in New York's Chinatown (Operation Dragonboy) were aimed specifically at Asian heroin and scored significant successes. These operations were in cooperation with the Immigration and Customs services and, in the case of Operation Dragonboy, scored an 85% conviction rate.

One of the biggest DEA domestic successes began in Bangkok, Thailand, on Christmas Eve, 1972. A Scandanavian seaman recruited to carry heroin from Bangkok to San Francisco provided information which led to two directions. In Thailand the trail led upwards in a heroin smuggling network to the kingpin, Wong Shing-kong. In the U.S. the biggest investigation ever conducted into Asian drug distribution networks turned up an elaborate scheme extending to New York City and using Scandanavian seamen to deliver drugs to Chinese distributors.

Between 1970 and 1972 this network had put onto the streets of American cities 300 pounds of pure heroin and over 100 pounds of opium. The investigation resulted in five Federal indictments naming 58 defendants and 25 co-conspirators, almost all of them Chinese.

The effectiveness of this and similar operations, here and abroad, are illustrated by Table II, showing a dramatic increase in the amounts of narcotics from all sources seized from 1970 through 1973.

	<u>FY 70</u>	<u>FY 71</u>	<u>FY 72</u>	<u>FY 73</u>
Opium	0	2243	1433	52,071
Morphine Base	585	2205	1628	2934
Heroin	300	488	2340	1174

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THE RESULTS

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By the end of 1973, two years and six months after the White House had thrown down the gauntlet to international traffickers, the heroin market was in turmoil from combined U.S. efforts around the world.

Evidence of a severe heroin famine beginning as early as mid-1972 has been described by corrections officers and drug-user inmates in New York City houses of detention. Medical examiners have supported this theory, noting an increase in the use of multiple drugs by heroin addicts whose corpses were submitted to autopsy following death by overdose. If a heroin shortage had not existed, they reason, it is unlikely that heroin addicts would have resorted to such a degree to drugs other than heroin.

Importantly, what heroin was available was poor quality. In a report to the American Psychiatric Association in May 1973 Dr. Robert Dupont of the Strategy Council on Drug Abuse cited evidence of a dramatic decline in heroin purity to an all-time low of 1.7 percent at the street level as of December 1972.

The problem for one studying these developments with the objective of extracting lessons for application elsewhere is one of measuring the precise effects of the international program in Southeast Asia. For example, Burmese heroin travels, typically, from the Burma-Thai border to Bangkok, thence to either Hongkong or Amsterdam depending on its ultimate market destination on the East or West coast of the U.S. On the West coast it melds into a market shared with Mexican heroin, while the East Coast is served by heroin from Asia, Latin America and Europe.

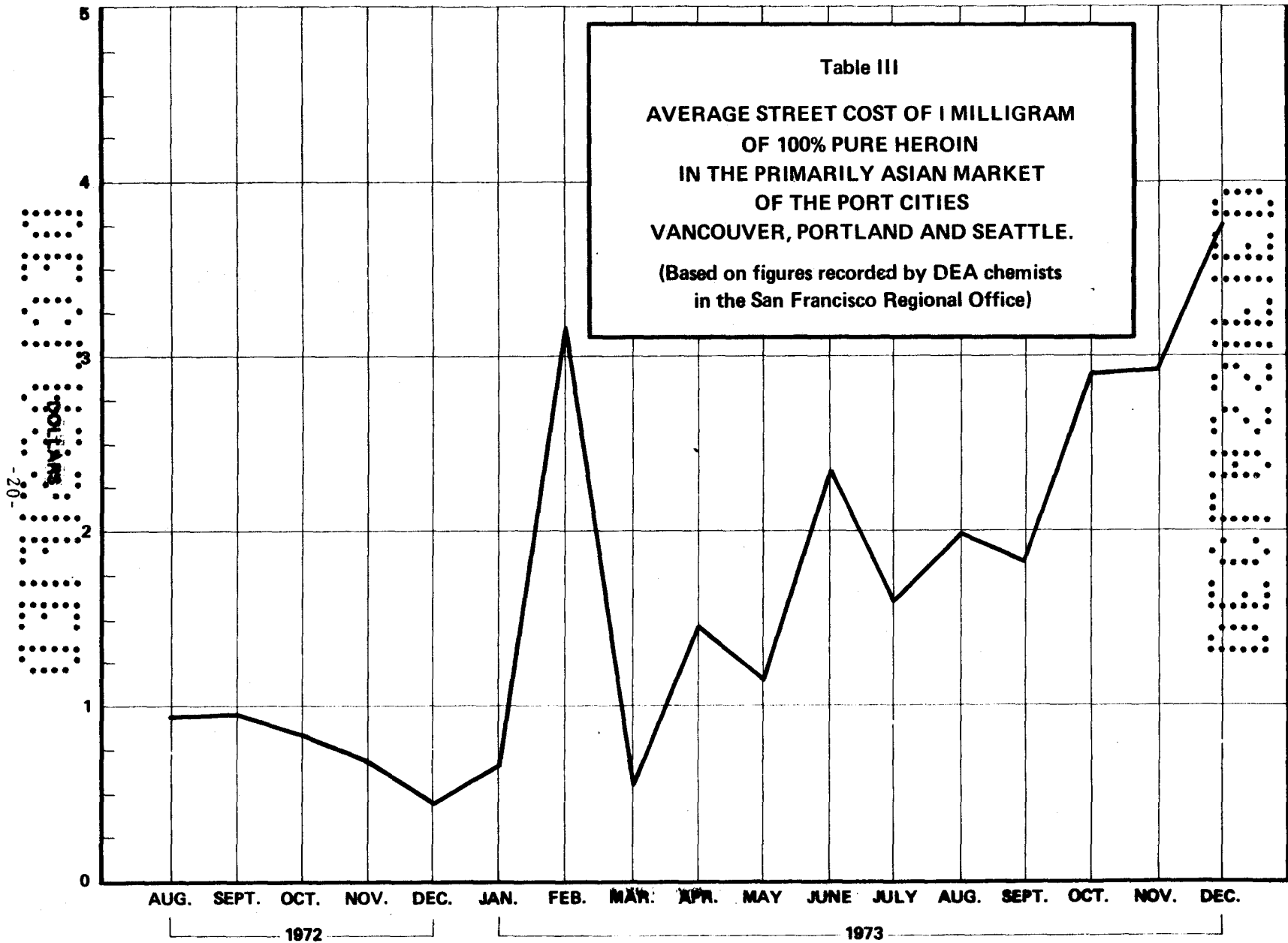
However, some markets are almost exclusive domains of one or another heroin source because of geographical factors. Thus it is difficult to find anything but Mexican heroin in southern California and Texas. For similar reasons, addicts near the port cities of the Northwest U.S. have been spoiled by the high-grade white powder which is usually the trademark of Asia heroin.

By isolating known ports of entry for Asian heroin -- Vancouver, Seattle, Portland, and San Francisco -- and examining the price behaviour of street purchases there for the period under review, then, some degree of correlation can be shown. (See Table III)

It is tempting to attempt to correlate Table III to show a cause-and-effect relationship with, for example, the fact that Ne Win's ban on the khakweyi reduced the amount of opium delivered to the Thai border by those groups during the first six months of 1973 to 43 tons, versus a total of 160 tons during the 1972 harvest months. But, in fact, much of the khakweyi trade was taken over by Thai-based Chinese Nationalist remnants.

The reduction of the total output from the Golden Triangle by almost half in 1973 is also inviting grist for the analyst. But against the fact that the total U.S. annual consumption amounts to only approximately 50 tons the significance of that analysis, taken by itself, fades.

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Until better tools are found, such as a "signature" program now under development by DEA chemists to classify heroin samples by source, an examination of street prices in isolated markets must serve.

By that measure, an increase in the price of Asian heroin by a factor of 3 or 4 is illuminating when viewed against the fact that Mexican heroin in southern California markets remained steady at approximately 50 cents an ounce. Importantly, the market for Asian heroin also was fluctuating wildly as reflected in Table III for the month of February '73.

The significance of this is that an addict must have access to a reliable delivery system which produces at a predictable price level.

If deliveries are erratic, supply and demand dynamics insure that prices will rise and fall accordingly and the addict must then make some basic decisions about his life.

Again, this is best exemplified by Cathy's experience:

"By the end of 1973 'China White' had just about disappeared from the market and I was scared. From \$15 when I started in the summer of 1972, my habit was costing \$300 a day by December 1973. I borrowed \$6,000 from my sister and I was still working, but before long I was flat broke.

"Even if I stopped snorting and started shooting, my expenses still would have been \$80 a day and I would probably lose my job because of the needle tracks.

"In January 1974 my brother visited me and discovered I was hyped. My brother didn't touch narcotics himself, but he had a good connection for Mexican heroin and needed someone like me to sell it. He told me that if I got my heroin off the street, with the way the supply was then, I would be dead sooner or later from bad dope. He promised to take care of my habit free if I helped him. At that point in my life he looked like Santa Claus to me.

"Six months later I was lucky to get arrested because it was just a matter of time before I overdosed. DEA agents rolled up 67 of us in our town, including the attorney and businessmen. The judge who was one of our customers was on the bench for the pre-trial hearing, although that didn't help much. I guess they've got him now, too.

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Q Before the trial, while we were out on
bail someone picked up my brother on the
street and he was found dead with a needle
in his arm. The police put it down as an
overdose, but I know it was a hotshot be-
cause my brother never would touch dope.
I'm sure some of those arrested did it
because they thought he gave their names
to the feds. Maybe he did.

"I don't know who went to my brother's
funeral. I didn't. Addicts don't go to
funerals."

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