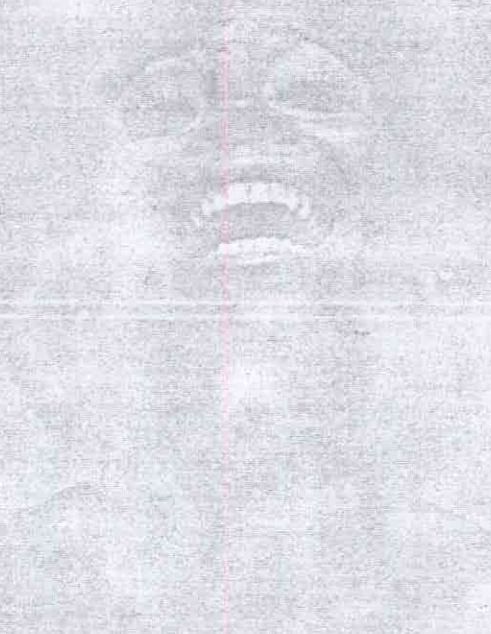


Heroin Traffic & the CIA

EARTH

March
1972
75 cents



THE SELLING OF THE CIA



Text by Morton Kondracke
Photography by Dennis Brack & Fred Ward

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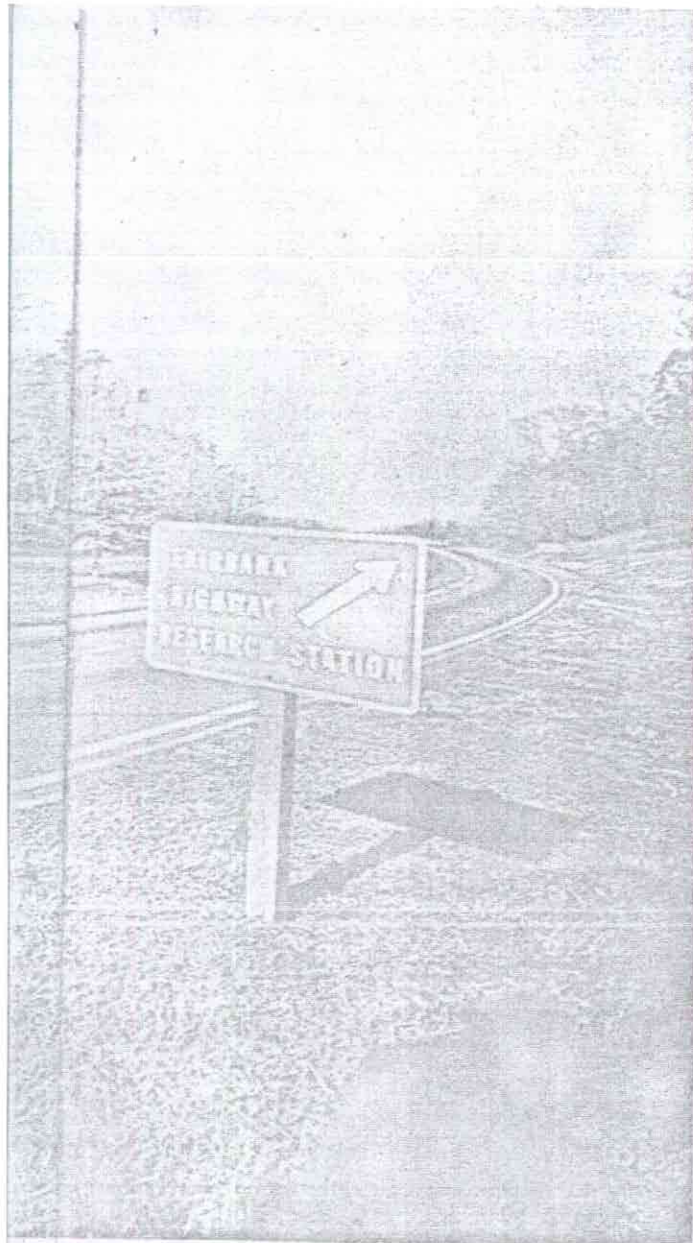


Victor Marchetti does not look, act or talk like a top spy. He looks like an overweight bureaucrat and he speaks quietly, in a voice that recalls, of all people, Red Skelton. Yet in the basement of his split-level Virginia ranch house hang autographed pictures of CIA Director Richard Helms ("To Vic—with appreciation for his support . . .") and former CIA Deputy Director Vice Admiral Rufus L. Taylor, whom Marchetti served as Executive Assistant. Marchetti says he has hung the pictures "for fun." He has *not* framed Admiral Taylor's recent letter to him, written since Marchetti began speaking out about the CIA, cautioning him not "to give help to our enemies within and without."

Taylor's letter refers to Marchetti's one-man campaign to rehabilitate the CIA's public image. The CIA has been trying to rehabilitate its *own* image, and thanks to the press, has been brilliantly successful at it. But Marchetti disagrees with the CIA press office's version and with most of the recent reportage on the agency.

Because of the Pentagon Papers, Marchetti told me, "the CIA comes out looking good in Vietnam because in the last years it was trying to get the straight poop to the White House. And it *does* look good by comparison to the military. But, one, the CIA was hawkish in the beginning and was pretty late to see the light on the analysis side; and, two, even now it is hawkish on the other—Clandestine Services—side, where the big money is. After all, the CIA right now is conducting a \$500,000-a-year secret war in Laos. The analysts can say it's a lost cause, just like Vietnam, but in my view the CIA can't take credit for being so great when at the same time they are carrying out policies like this."

Marchetti, 41, graduated from Penn State in 1955 with a degree in Russian studies and history and was recruited for the CIA by a professor there who was secretly on the CIA payroll as a talent scout. Marchetti says that the CIA's job offer came during a secret meeting in a hotel room, set up by a stranger who identified him-



Left: Ex-master-spy Victor Marchetti outside CIA headquarters in Langley, Virginia. Like other CIA security measures, the fake "Fairbank" sign fools only the public. Overleaf: CIA headquarters.

break. He says he told Helms that "the intelligence community and the Central Intelligence Agency were just too big and too costly, that I thought there was too much military influence on intelligence—with very bad effects from that—and that I felt the need for more control and more direction.

"The clandestine attitude, the amorality of it all, the Cold War mentality—these kinds of things made me feel that the Agency was really out of step with the times," Marchetti told one interviewer.

"I just got fed up," he told another. His wife, he said, "knew I was unhappy and becoming more and more just a bureaucrat and said, 'Look, you're young enough to do something else. I'll work.'" So she took a job as a hospital clerk and Marchetti set to work writing a just-published novel, *The Rope Dancer*, placed in and around the executive suite at the CIA.

Marchetti says he could not bring himself, at first, to speak out about the Agency directly. After finishing the novel, he began work on a nonfiction book about the CIA, but a publishing agent declared it was too dull. He has finished a second novel, and now is making another stab at non-fiction. In interviews, he closely guards details on CIA operations or techniques that might be useful for the book.

He has apparently been more generous, on a confidential basis, with some Senators and Congressmen, including Senator Stuart Symington, who last month led a vain effort to limit the budget of the intelligence community—the CIA and the Pentagon's vast intelligence apparatus—to \$4 billion a year. Marchetti does not say, if he knows, what the actual intelligence budget is, but he has adopted from published sources the figure \$6 billion a year, and the estimate that some 200,000 persons are employed in various facets of American intelligence. Of these, some 18,000 are with the CIA, 6,000 of them working in "Clandestine Services," that is, espionage, counter-espionage and covert actions ranging from propaganda to assassinations and paramilitary activity.

Marchetti figures that "the way to get people excited" about intelligence and its effects on the country is to start with its costs, always a concern to Congress and the taxpayers. Once the Senate got into the subject of costs, Marchetti recalls, it became apparent "how much the Congress really doesn't know about intelligence activities." Marchetti says that "even Symington doesn't know. He is on the Armed Services Committee and the Appropriations Committee, yet he doesn't know what's going on. The CIA subcommittee hasn't even met this year.

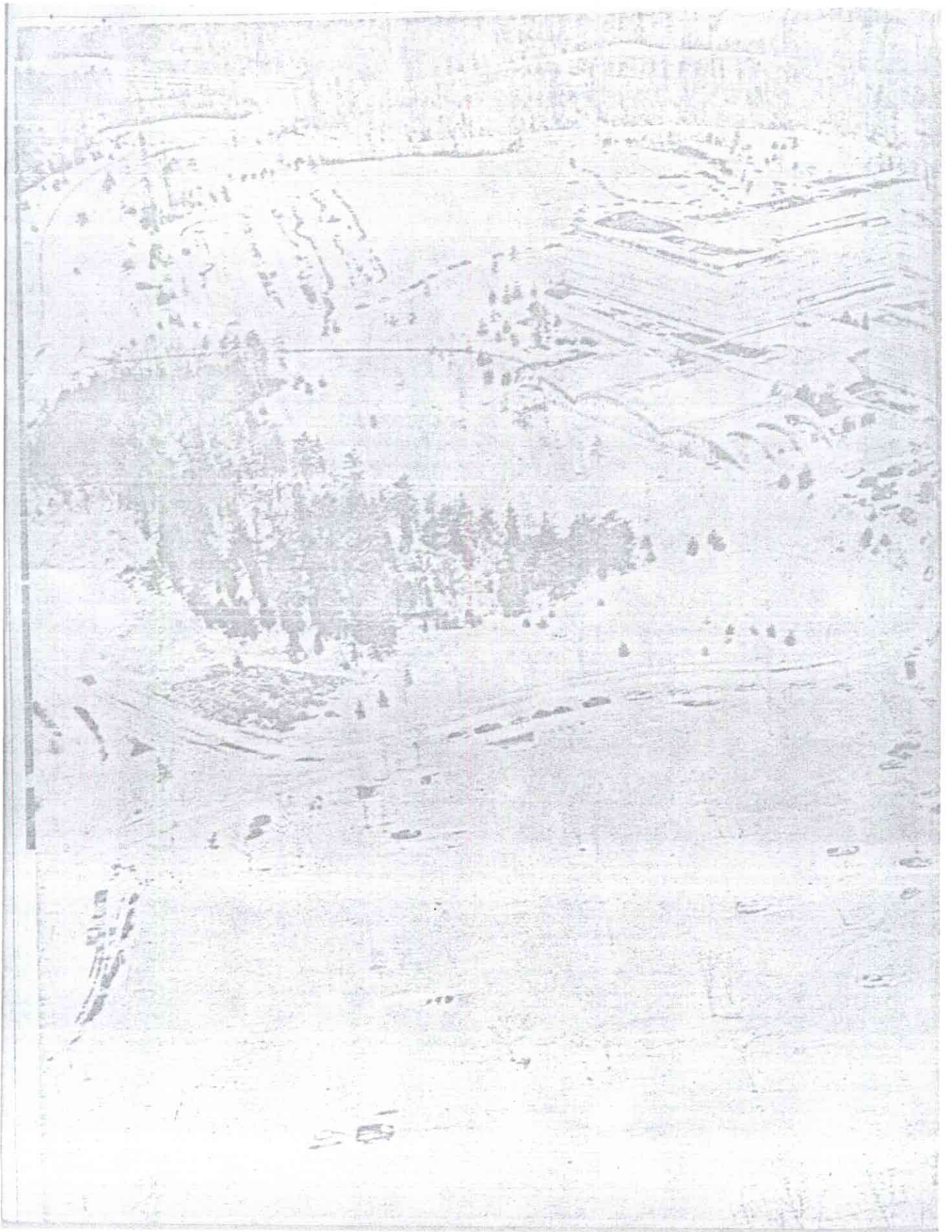
"At one place in the debate on the CIA budget, Stennis [Senator John Stennis of Mississippi, Chairman of Armed Services] said, 'You have to make up your mind that you are going to have an intelligence agency and protect it as such, and shut your eyes and take what's coming.'" In the same debate, Allen Ellender of Louisiana, Chairman of the Senate Appropriations Committee and one of the five Senators supposed to give closest scrutiny to the CIA, said of the Laotian war: "I wish to say that I do not know. I never asked, to begin with, whether or not there

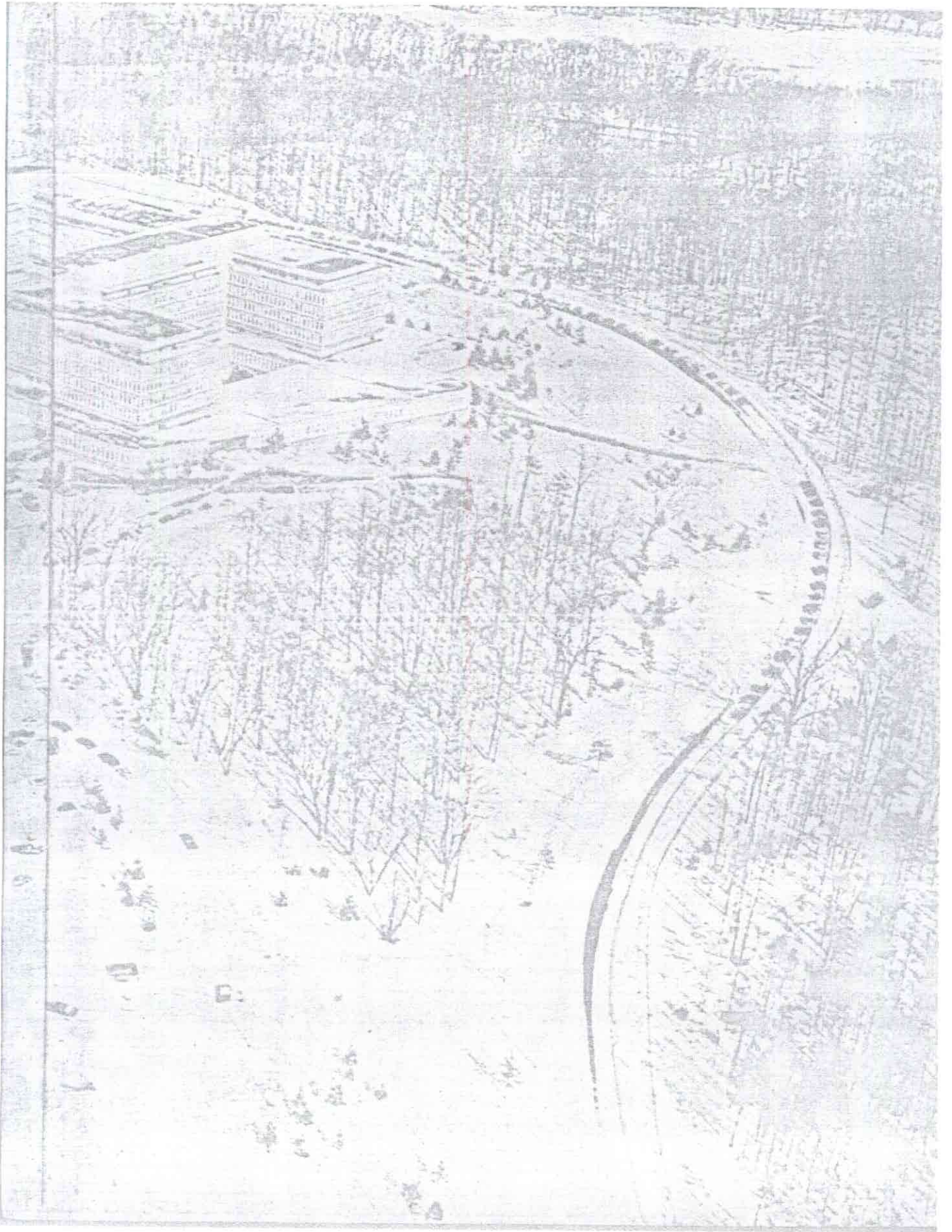
self over the phone as "a friend of your brother."

After spending one year as a CIA agent in the field, Marchetti came up through the "analysis side" of the agency and ultimately was promoted to the executive staff working on the top floor of the agency's headquarters in Langley, Virginia. For three years he was Special Assistant to the CIA Chief of Plans, Programs and Budgeting, then to the Agency's Executive Director and finally to Taylor.

Through much of his career, Marchetti has said, "I was a hawk. I believed in what we were doing." That was not the case with Vietnam, however. "In 1965 or '66, I came to the conclusion that this was the biggest damn blunder we'd ever made. I made a decision that I'd avoid Vietnam like the plague. Fortunately, I was working on Soviet military matters and I didn't have to pay much attention to it."

In 1969, Marchetti quit the agency. He has given different interviewers different reasons for making the final







ere any funds to carry on the war in this sum the CIA asked for. It never dawned on me to ask about it. I did see it publicized in the newspapers some time ago."

Marchetti said that Symington "made a good beginning" in his attempt to control the CIA budget, losing 6-31. Even Marchetti was apparently unaware that in 1956 an effort was made to create a joint House-Senate committee to control the CIA, like the one which oversees atomic energy. That effort lost, 59-27. In 1966, Senator J. William Fulbright, Chairman of the Senate Foreign Relations Committee, sought to create a special Senate panel on intelligence. That effort was defeated 11-28.

Said Marchetti: "It's one of my strong beliefs that the CIA has to be more tightly overiewed by Congress. As it is now, the Agency operates almost exclusively under the authority of the President. Add the shroud of secrecy that surrounds intelligence, and all kinds of things can go on. They're arrogant in the intelligence community. They think they know what's good for the country, and that the people and the Congress will eventually catch up. Because they are not tightly controlled, a lot of things can go out of whack."

The CIA's secret agents, according to Marchetti, "still tend to be WASPS from the Ivy League. They are super-patriots, believers in the American Imperium, America as the new England that should spread its philosophies around the world. They went to work for the agency during the Cold War because they wanted to do something for their country, which they thought was the Good, and to stop the spread of Communism, which is the Bad."

"They aren't right-wing extremists. They are very sophisticated. They don't come across at all like John Birchers, but like Ted Sorensen, Arthur Schlesinger, Jr., the Bundys—Eastern Liberals who are interested in advancing America overseas."

Marchetti said that "theoretically, it's possible for the CIA to pull the President into a war with the President kicking and screaming, but it's never been done to my knowledge; and all things being equal, I don't think it's very likely. The major covert activities of the agency have always been cleared with the White House, and, since Kennedy, there has been a mechanism—the 303 Committee, it used to be called, now it's the 40 Committee—chaired by the National Security Adviser and including the deputy secretaries of State and Defense and the CIA Director.

"Whenever any intelligence agency is going to launch a clandestine operation that has high flak potential, it has to be brought to the attention of the Committee. This covers most of the big dirty tricks."

While it may not be possible, according to Marchetti, for the CIA to start a war without the President's approval, it is most certainly possible to do so without the knowledge of the Congress or the people—and, in fact, it has been done again and again. "The President of the United States," says Marchetti, "even now can get us involved in a goddam war without going through the process of getting war declared or even getting approval

Richard Helms, Director of the CIA:
"Let's review everything again and let the chips fall where they may."

of Congress. He can say, 'Well, I'm not really committing U.S. troops. I'm using CIA agents, and they're hiring the actual forces overseas. The President can act without really 'acting' or being responsible for his actions, since it's all secret. The American people don't know about it. Congress doesn't know about it. After all, the war in Laos started in 1962. The CIA was there."

The United States gets involved in such operations as the Laorian war, according to Marchetti, by initially developing a secret capacity to act, and then by using it. "You establish a phony airline, you make friends, you buy up arms and you stash them away," he said. "For example, Civil Air Transport was once a Taiwanese national airline run jointly by the CIA and the Nationalist government. "In the late 1950's, when things began to heat up in Indochina," said Marchetti, "George Dole, who developed the airline for the CIA, developed Air America as a spinoff. It built up into a huge airline. I once saw reports indicating that Air America had 10,000 employees and more planes than any commercial fleet in the United States."

According to Marchetti, the CIA's other airlines include Rocky Mountain Air, located near Phoenix, and Southern Air Transport, near Miami. Rocky Mountain, he said, "poses as a private general purpose air company. It gets contracts from the Interior Department, ostensibly to train firefighters. Of course, the way you train firefighters is to make parachuists out of them, which is what the CIA uses the airline for." The CIA also maintains, he said, a major arsenal known as Midwest Depot "out around Kansas City somewhere," where it stores a "huge inventory" of untraceable weaponry for arming CIA-supported movements overseas. For training its own personnel, according to Marchetti, the CIA has a base known variously as "Camp Nowhere," "The Farm," and "Isolation," near Williamsburg, Virginia, and another in North Carolina known as "Isolation Tropic."

Marchetti said that the CIA's clandestine resources are apt to be applied nowadays only in countries where instability is great, especially in Latin America, Asia and Africa. They are of no use any longer, as they were immediately after World War II, in Europe. Marchetti's list of nations where extensive CIA operations were mounted includes the Dominican Republic, the Congo in 1961 and 1964, Chile in 1966 and Laos.

And, of course, Vietnam.

"In the 1950's," said Marchetti, "the CIA had people like [Colonel Edward] Lansdale planning secret operations against North Vietnam. They were mucking about in traditional style, supporting the corrupt regime that happened to be in power. When it didn't work, we got involved in the coup against President Ngo Dinh Diem and his brother, Ngo Dinh Nhu. In the early 1960's, it was the CIA that came in with pacification and counter-terror programs. The CIA originated the 'Phoenix' program [the campaign to 'neutralize'—by death, if necessary—the Viet Cong infrastructure]. It's interesting how CIA liberals justify murder. They pretend they aren't responsible for it. They hire the guy who hires the guy who actually commits the act, but they pretend they had no part in it.

Even into the middle 1960's, the CIA analysts were doing all they could to support McNamara and the President. They would ask CIA for these contingency

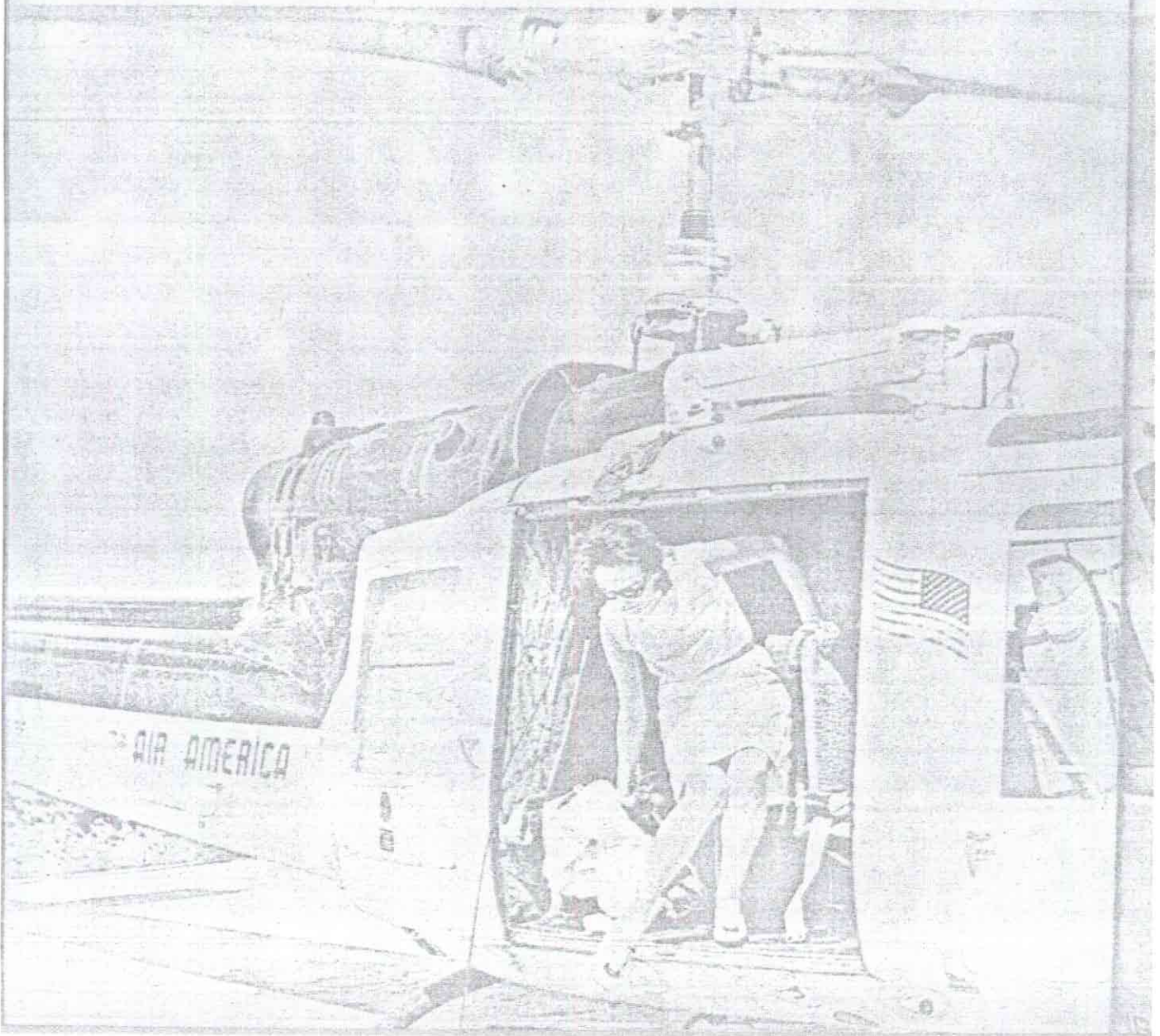
estimates—'What will the Communist reaction be to a certain US action, such as the bombing of Hanoi?' The CIA would reply that the Soviets would scream and yell, but neither they nor the Chinese would enter the war. There were many contingency estimates done in the early and mid-1960's, when the US was considering various steps—from blockades all the way to bombing Hanoi and Haiphong. The estimates always read that the Chinese hordes were not going to come down, as in Korea.

"The estimates always had an encouraging tone. I think they were correct. The agency was never so hawkish as to suggest that our actions would lead to a military victory, but they did say that our actions would have a generally beneficial result. What started to happen in 1966 or so, when we were really building up in Vietnam, was that a split began developing in the agency. The clandestine types wanted to continue supporting the

effort. The analysts began to imply that things were going badly, and they started to challenge what the military was saying about the war.

"If you're Director of the CIA, it's your duty to report to the President that intelligence says things are going badly. But it's also your duty to support his policies with your clandestine guys. It was getting pretty daffy over there, but it's my impression that Helms, a Clandestine Services guy, was not appreciative of analysis. I got the impression that he was playing the role of good soldier for the President.

"About 1968, one morning after Helms had had a pretty difficult time at the White House, he said at a staff meeting that I was at, 'You know, we're getting pretty dovish in our reporting to the White House. The President doesn't like it. We'd better look at this stuff and see if we can't come up with some stuff to give him some

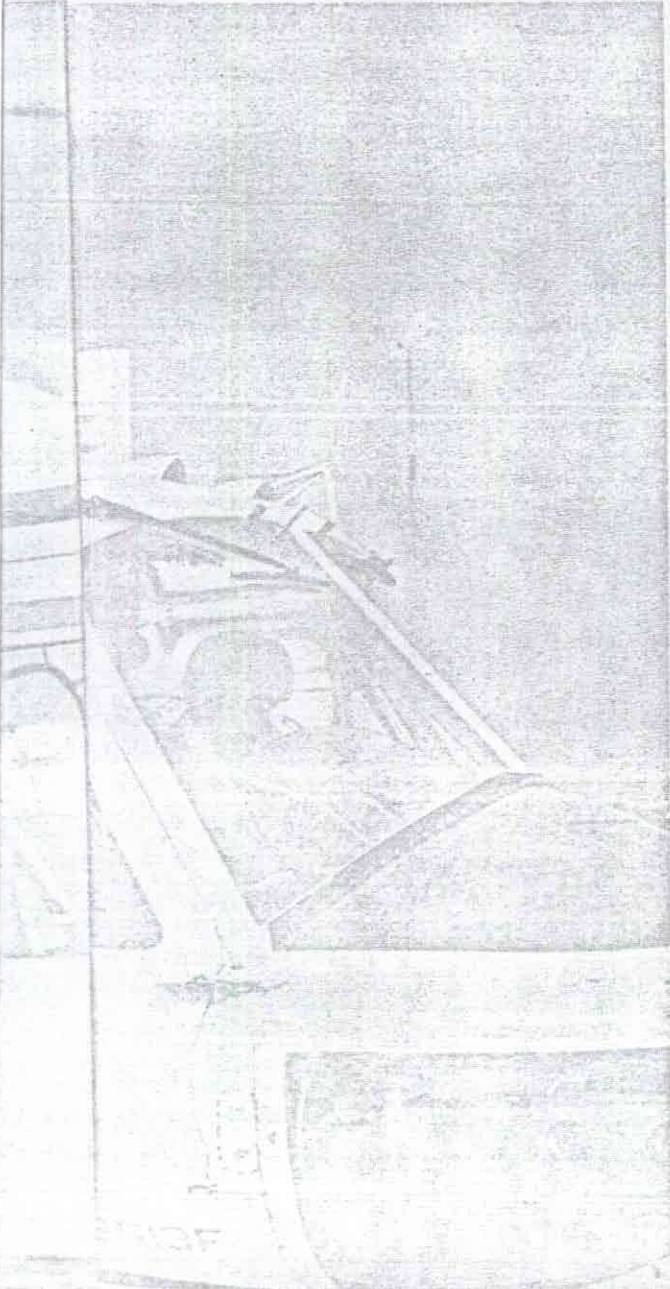


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encouragement.' At this point, the analytical guys argued strongly and passionately that the President was wrong and he had to be told. The argument got hot across the table, but for the first time there was a full scale debate on the domino theory, the economic, political and military importance of Vietnam. The Director kind of blinked, and he said, 'Let's review everything again and let the chips fall where they may.'

"That's when the CIA finally began turning around as a whole, but it was in 1968, after the Tet offensive. You just can't say that the CIA was so dovish. It's a misconception from the Pentagon Papers."

According to Marchetti, the favorable CIA image that is abroad in the land is also the result of some careful planning on the part of Richard Helms. Soon after taking over at the CIA, Marchetti said, Helms appointed Jake Goodwin, a burned-out spy, to head the CIA Press Office.



"Previously," he says, "the Press Office was relegated to minor roles, mostly clipping papers in the basement of the building and saying 'no comment' on the telephone. Helms brought Goodwin into high-level staff meetings and listened to his advice on what to get into the press and how to do it. For one thing, Helms used to have lunch often with reporters at the Occidental Restaurant. His executive assistant told me once that Helms had lunch more often with reporters than at the agency, the White House or with Congressmen. This technique neutralized the *Washington Post* and the *New York Times*," the two most influential newspapers in Washington. "In the mid-1960's, the *Post* would attack the agency indiscriminately. It was like the FBI—the *Post* would print anything against it. I remember, I almost cancelled my subscription, except that I like the *Post's* sports page. You can see the difference in the *Post* and the *Times* now. They're highly favorable, Helms always gets a pat on the back, and he's always referred to as the 'able' director or something like that.

"The Phoenix program—or something bad and nasty like it—never gets mentioned or, if it is mentioned, never gets tied too closely to the CIA and never at all to Helms."

By coincidence, the *Post* carried a story the day after Marchetti made this remark reporting that the bloody Phoenix program had been judged a failure by US officials in Saigon. The story ran on page 13, buried amidst Indo-Pakistani war stories. It referred to the CIA, but not to its Director.

What to do about the CIA? Besides exertion of congressional control over intelligence and its budget, Marchetti recommends separating intelligence analysis and intelligence collection into separate organizations. *Clandestine Services* should be a "small, highly professional, very well-covered operation, very secret along the lines of British intelligence and limited to the collection of information by human means.

"Covert action—that is, all those things from propaganda, secret contact with movements overseas, influencing elections, paramilitary operations—should be eliminated entirely. I don't think we've had a successful paramilitary operation yet. Even those thought to have been successful—like the Guatemalan overthrow—we're paying an awful price for now in terms of damage to our reputation and opposition from radicals and guerrillas. Covert action served a useful purpose, perhaps, in the early days of the Cold War, when the Soviets were behaving pretty crudely, but it doesn't make sense any more.

"The United States government does not need to save the world from Communism. Why support corrupt old dictators just because students are mouthing Communist slogans? What do we expect them to mouth? They can't be expected to recite our Constitution any more, the way they used to. It's time for us to try to influence the world, if at all, by example. I do think that we should continue to collect intelligence—though, as much as possible by overt and technical means. Because it is still a fact that you can't trust everybody."

The CIA runs pr tours, along with opium, on Air America, its Asian-based airline. Marchetti: "Air America has 10,000 employees and more planes than any commercial fleet in the US."

C I A DOPE CALYPSO

by Allen Ginsberg (for Peter Dale Scott)

IN NINETEEN HUNDRED FORTY SIX
CHINA WAS WON BY MAO TSE-TUNG
CHIANG KAI-SHEK'S ARMY RAN AWAY
AND THEY'RE WAITING THERE IN THAILAND TODAY

SUPPORTED BY THE C I A
PUSHING JUNK DOWN THAILAND WAY

FIRST THEY STOLE FROM THE MEO TRIBES
UP IN THE HILLS THEY STARTED TAKING BRIBES
THEN THEY SENT THEIR SOLDIERS UP TO SHAN
COLLECTING OPIUM TO SELL TO THE MAN

PUSHING JUNK IN BANGKOK TODAY
SUPPORTED BY THE C I A

BROUGHT THEIR JAM ON MULE TRAINS DOWN
TO CHIENG MAI THAT'S A RAILROAD TOWN
SOLD IT NEXT TO POLICE CHIEF BRAIN
HE TOOK IT TO TOWN IN THE CHOOCHOO TRAIN

TRAFFICKING DOPE TO BANGKOK ALL DAY
SUPPORTED BY THE C I A

THE POLICEMAN'S NAME WAS MR. PHAO
HE PEDDLED DOPE GRAND SCALE AND HOW
CHIEF OF BORDER CUSTOMS PAID
BY CENTRAL INTELLIGENCE'S U.S. AID

THE WHOLE OPERATION NEWSPAPERS SAY
SUPPORTED BY THE C I A

HE GOT SO SLOPPY & PEDDLED SO LOOSE
HE BUSTED HIMSELF & COOKED HIS GOOSE
TOOK THE REWARD FOR AN OPIUM LOAD
SEIZING HIS OWN HAUL WHICH SAME HE RESOLD

BIG TIME PUSHER A DECADE TURNED GREY
WORKING FOR THE C I A

THE WHOLE OPERATION FELL INTO CHAOS
TIL THE U.S. INTELLIGENCE CAME INTO LAOS
I'LL TELL YOU NO LIE I'LL SPREAD NO RUMOR
OUR BIG PUSHER THERE WAS SOUVANNA PHOUMA

THREE STRONG PRINCES IN A POWER PLAY
BUT PHOUMA WAS THE MAN FOR THE C I A

TOUBY LYFONG HAD WORKED FOR THE FRENCH
BIG FAT MAN LIKED WINE AND WENCH
PRINCE OF THE MEOS GREW BLACK MUD
OPIUM FLOWED THROUGH THE LAND LIKE A FLOOD

COMMUNISTS CAME AND CHASED THE FRENCH AWAY
SO TOUBY TOOK A JOB WITH THE C I A

AND HIS BEST FRIEND GENERAL VANG PHAO
RAN OUR MEO ARMY LIKE A SACRED COW
HELICOPTER SMUGGLERS FILLED LONG TIENG'S BARS
IN XIENG QUANG PROVINCE ON THE PLAIN OF JARS

IT STARTED IN SECRET THEY WERE FIGHTING
CLANDESTINE SECRET ARMY OF THE C I A
YESTERDAY

ALL THROUGH THE 'SIXTIES THE DOPE FLEW FREE
THRU TAN SON NHUT SAIGON TO MARSHALL KY
AIR AMERICA FOLLOWING THROUGH
TRANSPORTING CONFITURE FOR PRESIDENT THIEU

ALL THESE DEALERS WERE DECADES AND TODAY
THE INDOCHINESE MOB OF THE C I A

-- January 5, 1972

Heroin traffic:
Some amazing coincidences linking the CIA, the Mafia, Air America, several members of the Brook Club, Chiang Kai-Shek, the Kuomintang, Prince Puchartra of Thailand, many banks and insurance companies — practically everyone except Richard Nixon. Wasn't he asked?
by Peter Dale Scott

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

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

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

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

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

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



Harry S. Truman

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

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

against the Communist mainland.⁶ Willis Bird (OSS, China) headed a Bangkok "trading company" called Sea Supply, Inc., which supplied arms and other supplies to the Kuomintang troops of General Li Mi in Burma,⁷ and later trained the Thai border police under Thai Interior Minister Phao Sriyanon.⁸

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

CAT. Civil Air Transport (Chinese Nationalist)

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

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

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

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

Chinese Nationalists"; while in January, 1949, George Kennan predicted that "by next year at this time we will have recognized the Chinese Communists."¹²

All such thoughts were frustrated by the sudden outbreak of the Korean War in June, 1950—an event still imperfectly understood, but which may have been anticipated by certain Kuomintang speculators; who, because of the war, "cleared an estimated profit of about \$30,000,000" in soybeans.¹³

Shortly after the outbreak of the Korean War, the CIA proprietary, CAT Inc., was chartered in Delaware. The American CAT promptly supplied planes, pilots and US airlift contracts to the Taiwan's CATCL, which in this period was the sole flag air carrier of Chiang's new Republic.¹⁴ While Tommy Corcoran continued to represent Soong, Chennault, and CATCL, the aviation law firm of Pogue and Neal handled the incorporation of CAT Inc. During this period of formation, a vice-president of the National City Bank of New York, Walter Reid Wolf, was recruited briefly as a CIA Deputy Director from 1951 to 1953; soon afterwards, two of Wolf's fellow-directors in the small Empire City Savings Bank, Samuel Sloan Walker and Arthur B. Richardson, were named to the board of CAT, Inc. At the same time, Desmond Fitzgerald entered the CIA. He was a cousin of Walker's and a close business associate of Wolf's and, like them, a member of New York's 400-member Brook Club, "perhaps clubdom's richest from the point of view of inherited wealth."¹⁵ Other Brook Club members included three directors of CAT, Inc., two directors of Pan Am, and Chiang Kai-shek's promoters Walter S. Robertson, who for six years was Eisenhower's Assistant Secretary of State for Far Eastern Affairs, and journalist Joe Alsop.

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

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

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

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

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



Walter Spencer Robertson

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

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

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

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

Senator Pat McCarran



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

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

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

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



Madame Chiang Kai-Shek

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

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

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

backing" as a mobile armed force against the Communist guerrillas. This "Kinta Valley Home Guard" is given credit for restoring security to the Malayan tin industry by 1954.³⁸

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

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

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

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

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

Thailand. In 1960, Ross Y. Koen, in his book, *The China Lobby in American Politics*, wrote that

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

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

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

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

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

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

40 CIA 'protection.'"⁵¹

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

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

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

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

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

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

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

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

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

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

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

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

Walter B. Smith



Hoffa's close business associates Paul and Allan Dorfman.⁶⁹

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

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

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

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

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

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

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

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

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

A Short History of CIA Intervention in Sixteen Foreign Countries

In July, 1947, Congress passed one of the most significant pieces of legislation in the history of America in peacetime. The National Security Act of 1947 created The National Security Council, the Department of Defense, the Joint Chiefs of Staff, the United States Air Force and, not least of all, the CIA. This act provided the Agency with five principal duties:

1. To advise the National Security Council on matters concerning intelligence.
2. To make recommendations for the coordination of such intelligence matters.
3. To correlate and evaluate intelligence relating to national security and disseminate it to other government departments.
4. To perform "such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally."
5. To perform "such other functions and duties as the NSC would direct."

In 1949 Congress passed the Central Intelligence Agency Act, allowing the agency to disregard laws that required disclosure of information concerning the organization, to expend funds without regard to laws and regulations governing expenditures with no other accounting than the Director's vouchers, and to make contracts and purchases without advertising.

With such unprecedented authority, with unlimited access to money, with liberty to act without regard to scrutiny or review by either civilian or governmental organizations, the CIA has become a self-contained state. One observer ranks the CIA as the fourth world power, after the U.S., Russia, and China.

Partly because of the CIA's special "secret" status and partly because of the laziness of the press, the total history of CIA intervention in foreign countries has never been reported. What you read instead are fragments—an attempted bribe in Mexico last July, an assassination in Africa last November.

What emerges here is an atlas of intrigue but not a grand design; on the contrary, the CIA's record is as erratic and contradictory as that of any bureaucracy in the Federal stable. But you do begin to comprehend the enormous size of the CIA and its ruthless behavior. The rules permit murder, defoliation and drug addiction for political ends. Look at the record:



Francis
Gary
Powers, U.S.

Mohammed Mossadegh, Iran



BOLIVIA: 1964 An uprising of the Bolivian people and Army took the reins of power from the National Revolutionary Movement and appointed Antonio Arguedas as Minister of the Interior. Within two months he was approached by United States Air Force Colonel Edward Fox. Fox told Arguedas to resign his new post or economic aid to Bolivia would be suspended. Soon after his resignation Arguedas was approached by a known CIA operative and asked to co-operate with them in a secret mission, and in return the CIA, working behind the State Department's back, pledged to restore Arguedas as Minister of the Interior. When Arguedas was back in office the CIA requested that he exercise authority on an American mining claim. When Arguedas claimed that he could do nothing, the CIA attempted to frame him with pro-Castro/Guevara documents. Luckily Arguedas saw the ploy and related the entire story at a press conference held in Peru several days later.

BOLIVIA: 1971 A CIA "Brain trust" was formed for the specific purpose of gathering together exiled leaders of several Latin American countries. Victor Paz Estenssoro, former President of Bolivia, was contacted by the Agency while residing in Lima, Peru. A revolt was arranged to return Paz to power. But the agency's plans went unexpectedly awry when Colonel Hugo Bauzer took over the office just prior to Paz's triumphant return.

BRITISH GUIANA: 1962-66 CIA operations in British Guiana revealed the extent to which the Agency has penetrated the mainstream of American life. Cheddi Jagan, the Marxist-oriented Premier of British Guiana was not trusted by the US. The CIA through operatives in AFL-CIO affiliated unions supported lengthy strikes in this small South American country in their eventually successful effort to overthrow Jagan. Approximately \$1,000,000 of American union and government money was channelled through the CIA-controlled affiliate unions.

BRAZIL: 1965 Organized labor again became a tool of the CIA in its effort to break up the politically active labor unions of Brazil. Masquerading as the International Federation of Petroleum and Chemical Workers, the CIA funnelled \$30,000 into various Brazilian petroleum unions, persuading them to join with the Interamerican Regional Organization of Workers, an AFL-CIO affiliate. So far the CIA has been successful in its efforts.

CHILE: 1970 With Marxist-leaning Salvador Allende as President, Chile is currently beyond the bounds of CIA activities. The policy of the agency is to "wait and see." The CIA hopes that Allende's socialization program will go sour with the peasants within the next year and a half, and that the country will be ripe for a takeover by Allende's predecessor, Eduardo Frei, a Christian Democrat.

CONGO: The CIA, fearing Soviet influence on the new republic, chose to support Joseph Mobutu as their champion over Patrice Lumumba, whom the agency claimed was too much influenced by the Communists. Although there is no direct evidence there have been many implications that the CIA was instrumental in Lumumba's murder. Many of the CIA and State Department personnel were later moved nearly en masse from the Congo to Laos under the assumption that similar situations required similar solutions.

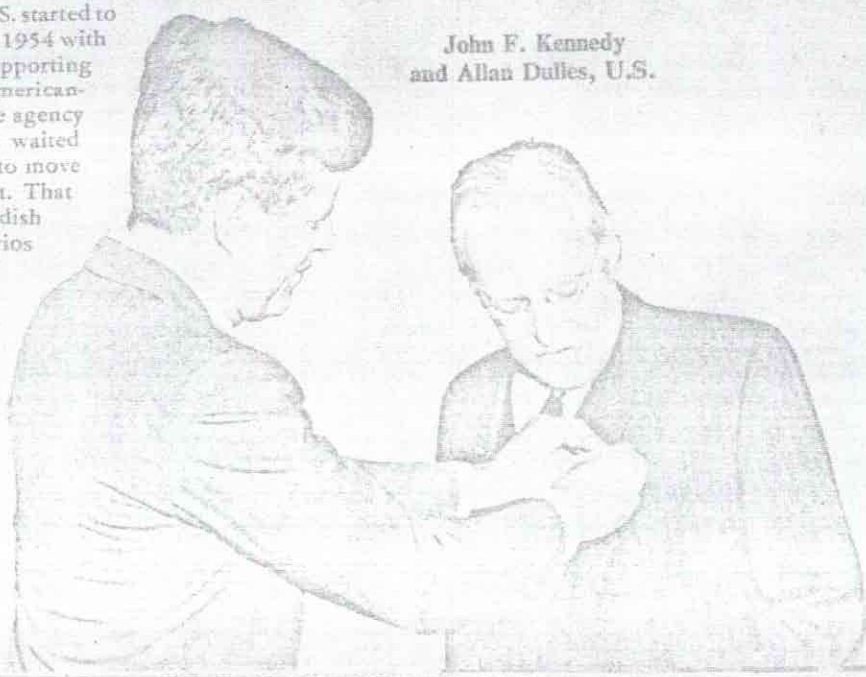
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COSTA RICA: 1954-56 Jose Figueres was a moderate socialist who became President of this small democratic country in an open election in 1953. His presence was particularly bothersome to the CIA because of Figueres' government policy allowing asylum to anyone who desired it. The CIA accordingly saw this as a strain upon their intelligence gathering and surveillance capabilities. To get rid of Figueres the CIA engineered a twofold plan; first, to create embarrassment within the Communist Party, and second to somehow link Figueres with the Communists. The first succeeded in creating confusion within the State Department, since the straight diplomats hadn't been informed of the plan; and the second failed entirely. The agency also managed to work at cross purposes with the US Ambassador, who at the same time had been urging President Eisenhower to invite Figueres to Washington in order to lend him a measure of prestige.

DOMINICAN REPUBLIC: 1962 Through contacts with the CIA made by the American Consulate, two prominent landowners and former politicians conspired with the help of the CIA to assassinate Rafael Trujillo, the arrogant dictator of this small Caribbean nation.

EGYPT: 1952 Seeing no advantage in supporting the decaying monarchy of King Farouk, the CIA played an important role in support of the revolt that placed General Naguib and Gamal Abdul Nasser at the head of the country. Nasser, though, proved to be more independent than the US government would have liked; so the State Department convinced President Eisenhower to refuse American aid in building the Aswan Dam.

GUATEMALA: 1954 One of the most tragic examples of CIA intervention in foreign affairs was the Guatemalan Revolution of 1954. Jacobo Arbenz Guzman, the popularly elected socialist President of the small country was a man marked by the CIA. Guzman had become too friendly with the Soviet Union, and had committed the unpardonable sin of expropriating 225,000 acres of United Fruit Company holdings. The U.S. started to move against Guzman in June of 1954 with the CIA calling the shots. Supporting Carlos Castillo-Armas, an American-trained Guatemalan Colonel, the agency trained men in Honduras and waited patiently for the right moment to move against the Arbenz government. That moment came when a Swedish freighter docked at Puerto Barrios and prepared to unload 2,000 tons of Czechoslovakian armaments. The Arbenz government fell in ten days and Castillo-Armas' repressive regime took over, fully sanctioned by the CIA. One of the first actions of the new government was to appoint "defense committees" which could meet in secret and declare anyone a "Communist."



John F. Kennedy
and Allan Dulles, U.S.

Cheddi Jagan, British Guiana



INDONESIA: 1958 Washington became annoyed at President Sukarno's leftist tendencies. He had become friendly with the Soviets, began expropriating huge tracts of former Dutch properties, and welcomed a Communist coalition into his Jakarta government. With the wild riches of the Indonesian Archipelago at stake, the CIA took to the air to strike at the Sukarno government. Once again the familiar scenario emerged: the State Department denied everything while the CIA flew its B-26 bombers out of the southern Philippines, raining bombs on the small islands populated by Indonesians partial to Sukarno. When one American pilot was shot down over Ambonia in the Spring of 1958, the State Department in Washington was left to answer for the CIA.

IRAN: 1953 Mohammed Mossadegh, the Shah-appointed Premier of Iran, bowed to popular sentiment and nationalized the British-owned Anglo-Iranian Oil Company in 1953. The action spawned a boycott of Iranian oil and the economy began to falter. In the face of these conditions, the British and American governments decided that Mossadegh would be better done away with. Kermit (Kim) Roosevelt, the grandson of Teddy, illegally entered the country and began organizing CIA operatives to overthrow Mossadegh. Roosevelt did his job well. Mossadegh was promptly arrested and the Shah returned from unofficial exile in Rome. The incident also worked well for American business. The British lost their monopoly and a consortium of Gulf Oil, Standard Oil and Mobil Oil received 40 percent of the concession in a reorganization of the former company. Roosevelt later left the CIA officially to take a position with Gulf.

IRAQ: 1958 The CIA was less successful in Iraq than it was in Iran in 1953. The revolution killed King Feisal but the new government was faced with a series of revolts from various tribal factions who were angered at the murder of Feisal. This instability was encouraged by the CIA, who actively supported the tribes. Because of the oil companies, it was mandatory to maintain a friendly pro-Western government in Iraq, so the CIA worked to offset the Arab Unity cries beaming from Radio Cairo by setting up many of their own clandestine stations.

JORDAN: 1958 King Hussein's pro-Western sentiments had shackled pro-Arab factions within the country and weakened the all-Arab alliance. The CIA stayed in Jordan to protect these sentiments and successfully repulsed two separate rebellions against the crown.

LAOS: 1960-present Since the French withdrawal from Indo-China in 1954, Laos has been in turmoil. The CIA has been involved in every aspect of espionage activity over the past 20 years in Laos. In December, 1959, the high-living right-wing military leader, Phoumi Nosouvan, was assisted by the CIA in overthrowing the US State Department-supported government of Phoui Sananikone. Using rigged elections in April 1960, the CIA was able to keep Nosouvan in power. When Nosouvan himself was overthrown by a determined young paratrooper, the CIA assisted Nosouvan in setting up his military government further down the Mekong in the province of Savannaket. The State Department sided with the paratrooper, Kong Le.

With the North Vietnamese incursions onto Laotian territory, the CIA has been actively trying to organize the hilltribe people who are scattered throughout the mountains of Indochina.

PORTUGUESE ANGOLA AND MOZAMBIQUE:

1965 A number of planes were flown from the United States to Portugal for use against black liberation movements in these countries. During a rather bizarre trial, the two men apprehended openly admitted, just as Francis Gary Powers had before them, that they worked for the CIA and that the planes were flown across the United States and through Customs with the full knowledge of a number of government agencies. Seven planes eventually reached Africa.

URUGUAY: 1969-71 Using martial law to quell the student and worker disturbances in this bankrupt country, President Jorge Pacheco Areco, with the assistance of in-country CIA operatives, is pressing for an amendment to the Uruguayan constitution which would allow him to run again for President.

VIETNAM: 1955-present The CIA has been involved in a myriad of activities since the CIA's predecessor—the Office of Secret Services—left the Indochinese theater soon after WW II. The Agency's influence has permeated the entire range of US policy in Vietnam. It was the CIA which at first developed the "intimate" relationship between President Diem and Madame Nhu. It was also the CIA which plotted with the Buddhists several years later to have Diem assassinated.

The CIA was designed to collect intelligence, but as the scope of the war expanded, so did the agency. The CIA originated the "pacification effort" and agents were given carte blanche to make it work. With CIA funds they formed Revolutionary Development Cadre teams assigned to perform "good deeds" for the villagers. But their real function was to collect intelligence and serve as militia.

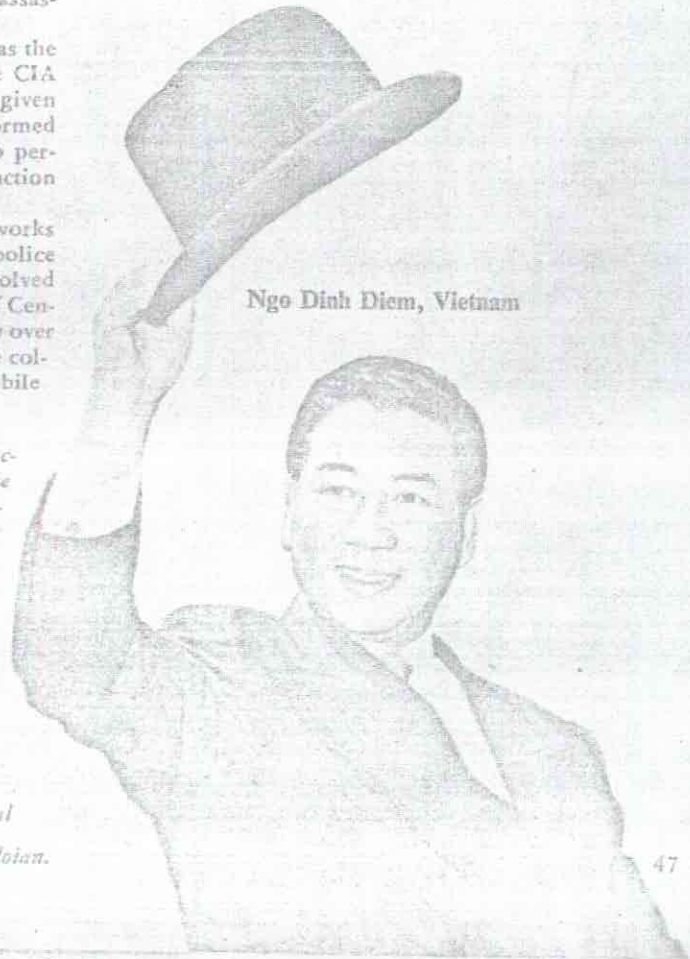
The Agency also set up the Vietnamese FBI and works closely with the USAID people to co-ordinate police activities at the village level. They were previously involved with the training of Montagnards in the Highlands of Central Viet-Nam but have since turned that responsibility over to the Special Forces. The CIA organized intelligence collection systems which could be co-ordinated with mobile CIA troops (The Provincial Recon Unit—PRU).

This short history of CIA activities defines three characteristics of the Agency's operations: 1) That the CIA will use any means to achieve its goals; 2) that its goals are contradictory and often only self-interested; 3) and that in pursuing the goals, the agency frequently contracts alliances that are, even in terms of the real politic that dominates CIA thinking, self-defeating to the United States.

The game goes on, because we allow it to. In the past, perhaps our acquiescence has been based on a feeling that it only happens over there, that CIA subversion has had no material effect at home. But in the light of recent research by Peter Scott [see pages 35 to 42] and others, it begins to look like the CIA is also a crucial force in the subversion of American culture. The means?

Heroin addiction. The CIA's natural ally? The National Crime Syndicate. The goal? Who knows?

—Victor Bedoian.



Ngo Dinh Diem, Vietnam

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

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

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

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

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

5. Frank G. Wisner (OSS) came to the government in 1949 from the Wall Street legal firm of Carter, Ledyard and Milburn, which represented various Rockefeller, Whitney, and Standard Oil interests. As Director of the "Office of Policy Co-ordination," which became the CIA's Plans Division on Jan. 4, 1951, Wisner was in charge of the CIA's covert operations.

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

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

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

Walter Reid Wolf (Republican), a Vice-President of the Na-

tional City Bank of New York and of its investment affiliate City Bank Farmers Trust, was a CIA Deputy Director (presumably McConnel's successor) from 1951 to 1953.

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

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

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

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

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

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

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

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

(continued on page 92)



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(continued from page 90)

planes and we lease them from her" (*San Francisco Chronicle*, 2 April 1970, p. 31).

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

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

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

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

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

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

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

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

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

20. *New York Times*, 8 April 1966, p. 62; US Congress, House, Committee on Armed Services, Special Subcommittee on National Airlift, *Hearings*, 86th Cong., 2nd Sess. (Washington: G.P.O., 1960), pp. 4616-50, 4730-34. The President of Pan Am testified that his company would have to release 300 pilots during the next six months "if traffic—other than normal civil traffic—doesn't become available." It has been noted that the Congressional compromise between the Pentagon and the commercial airlines contained "no recommendation about what to do if the combination of more strategic airlift and continuing guarantees to the (airlines) industry produced too much airlift in nonwar situations" (Frederick C. Thayer, *Air Transport Policy and National Security*, Chapel Hill, N.C.: University of North Carolina Press, 1965, p. 225). Thanks to the Laotian airlift and war, that problem was not faced.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37. Blythe, pp. 449, 441.

38. Blythe, pp. 441-42.

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

40. Skinner, p. 337.

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

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

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

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

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

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

47. Joseph Keeley, *The China Lobby Man* (New Rochelle, N.Y.: Arlington House, 1969), p. 148, emphasis added.

48. Michael Straight, "Corruption and Chiang Kai-shek," *New Republic*, 8 October 1951, p. 12.

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

Times, 20 February, 1961, p. 1.

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

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

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

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

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

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

56. UN Commission on Narcotic Drugs: *Report of the Seventeenth Session* (1962), E/CN.7/432, p. 11.

57. APACL, *Free China and Asia* (October, 1959), p. 14.

58. *Free China and Asia*, October 1959, p. 31.

59. In fact Veba Akhat was little more than a front for the Nationalist Chinese airlines from which it chartered six planes and pilots. On 19 February 1961, four days after the CAT/FCRA

plane was shot down by the Burmese, a Veba Akhat C-47 leased from a Taiwan company was shot down over Laos; four of the six personnel aboard were said to be Nationalist Chinese officers. (*Bangkok Post*, 22 February 1961, p. 1; *Singapore Straits Times*, 22 February 1961, p. 3). The same year Taiwan's second airline, Foshing, reported a decrease in its air fleet from three C-47's to two. Foshing Airlines was headed by Moon Chin, a former Assistant Operating Manager of Pan Am's China subsidiary, CNAC, under William Pawley.

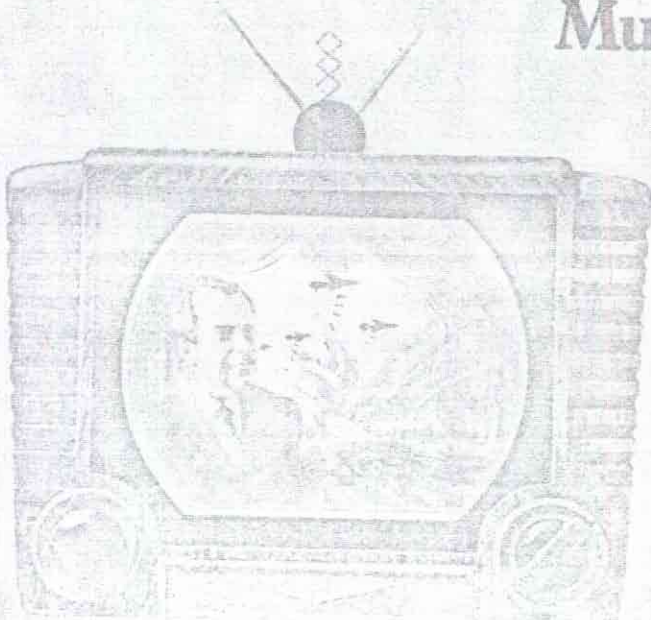
60. *Bangkok Post*, 18 April 1964.

61. *San Francisco Chronicle*, 16 August 1971, p. 12.

62. It is striking that in 1961, when the CIA inaugurated covert air operations from Saigon against North Vietnam, it spurned the available planes and facilities of CAT at Saigon's Tan Son Nhut airport and set up a new, unrelated "proprietary," "Aviation Investors, Inc.," d/b/a/ Vietnam Air Transport. Vietnam Air Transport is said to have hired Nguyen Cao Ky, then fired him after learning that he used his "Operation Haylift" flights as a cover for opium-smuggling from Laos to Saigon.

63. Stanley Karnow once named a "debonaire, pencil-moustached Corsican by the name of Bonaventure Francisci" as one of the top opium-runners in Laos ("The Opium Must Go Through," *Life*, 30 August 1963, p. 12). The Francisci family has been linked to the Spirito-Venturi arm of the Corsican mafia in Marseilles, which in turn reaches to America through Syndicate associate Vincent Cotroni of Montreal (US Congress, Senate, Committee on Government Operations, *Organized Crime and Illicit Traffic in Narcotics, Hearings*, 88th Cong., 2nd Sess., Washington, G.P.O., 1964, pp. 956, 961; cited hereafter as *Narcotics Hearings*.) This

(continued on page 94)



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(continued from page 93)

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

64. In 1963 Bird's air fleet was sold to Continental Air Services, a newly created subsidiary of Continental Air Lines headed by Robert Rousselot, a CAT and Air America veteran. The sale price was said to have been over \$1 million (*Wall Street Journal*, 23 August 1963, p. 20; Continental Airlines, *Annual Report*, 1965, p. 13; *New York Times*, 27 August 1964, p. 6).

65. US Congress, House, Committee on Government Operations, *US Aid Operations in Laos*, House Report No. 546, 86th Cong., 1st Sess. (Washington: Government Printing Office, p. 1959), p. 2; *Hearings*, p. 327; *New York Times*, 24 March 1959, p. 19.

66. *New York Times*, 2 February 1962, p. 8.

67. Stanley Karnow, *Washington Post*, 16 March 1970, A10. Theodore Sorenson records that "Chiang was . . . vexed with Kennedy . . . over our quiet pressure for the removal of his foraging force from Burma" (*Kennedy*, New York: Harper, 1965, p. 661). The KMT lobbied publicly for these troops to be given the job of stopping communism as a "volunteer force" in Laos (*Free China and Asia*, December 1960, pp. 3-6); and were supported in the USA by elements in the Pentagon and American Security Council (including Admiral Felix Stump, Air America's Board Chairman). Western Laos was the area of the celebrated "opium battle" of July 1967, between 800 KMT troops and the forces of the opium-smuggling Laotian general Ouane Rattikoune, who also figures prominently in the Laotian invasion fraud of September 1959; *San Francisco Chronicle*, 16 August 1971, p. 12; Feingold, in Adams and McCoy, *Conflict in Laos*, p. 323; Frank Browning and Banning Garrett, "The New Opium War," *Ramparts*, May 1971, p. 34.

68. *New York Times*, 19 March 1964, p. 4; *Bangkok Post*, 20

March 1964; *New York Times*, 27 August 1964, p. 6; *South China Morning Post*, 22 June 1964, p. 1; *Saturday Review*, 11 May 1962, p. 44.

69. *McClellan Hearings*, pp. 15262-72.

70. Hank Messick, *Lansky* (New York: G. P. Putnam's, 1971), p. 89. In 1963 Citibank refused to produce a \$200,000 certificate of deposit which had been subpoenaed in an investigation of stock fraud. (*New York Times*, 1 December 1969, p. 42).

71. *New York Times*, 13 May 1950, p. 34.

72. Pawley, on the advice of President Roosevelt and Tommy Corcoran, set up the Flying Tigers under a secret presidential executive order, exempting him from the neutrality provisions of the US code (Anna Chan Chennault, *Chennault and the Flying Tigers*, New York, P. S. Eriksson, 1963, pp. 76-83). In 1949 Pawley petitioned the State Department to secure similar authorization for the Commerce International (China) mission, but was turned down (US Congress, Senate, Committee on Judiciary, *Communist Threat to the United States through the Caribbean*, *Hearings*, 86th Cong., 2nd Sess., testimony of William D. Pawley, 2 September 1960, p. 729). Admiral Charles Cooke, later a member of the American Security Council, proceeded anyway.

73. *Washington Post*, 9 September 1951, A1, A5; reprinted in Congressional Record, Senate, 10 September 1951, p. 11066-67; *Reporter*, 29 April 1952, pp. 10-11; Koen, p. 50.

74. T. A. Wise, "The World of Alexander Guterma," *Fortune*, December 1959, p. 160. Also figuring in the Guterma scandals were Matthew Fox, a former registered lobbyist for Indonesia with possible CIA connections (Chester Cooper, *The Lost Crusade*, New York, Dodd Mead, 1970, p. 52), and William Brann, a former intelligence agent. Guterma himself came from Shanghai and the Philippines, and used Philippine capital to launch himself into Florida land development.

75. Through Chesler's Seven Arts Productions, Ltd., of Messick, *Lansky*, p. 228; Ed Reid, *The Grim Reapers*, p. 107.

76. Messick, *Lansky*, p. 211.

77. *McClellan Hearings*, p. 12246.

78. The company's president was an officer for the realty investment interests of Lindsey Hopkins, Jr., himself an officer of CIA proprietaries in Miami (e.g. Zenith Enterprises and Melmar, Inc. in the 1960's). As a director of Sperry Corp. and its subsidiaries, Hopkins had been linked to William Pawley's establishment of the Flying Tigers in 1941 (through a Sperry subsidiary, Intercontinent Corp.). Through the Carl G. Fisher Corporation, Hopkins inherited a fortune in Miami Beach hotels, and took part in the post-war land boom in the Bahamas. One of his business associates, the former singer Morton Downey, was also involved in a Las Vegas casino.

79. *New York Times*, 1 December 1969, p. 42.

80. *New York Times*, 14 August 1959, p. 11; Messick, *Lansky*, p. 268. Allan Dorfman, whose friendship with Hoffa helped win the Teamsters' insurance contract for US Life in 1950, has recently been indicted for accepting kickbacks on Teamster loan to the Neisco Corp. (*San Francisco Chronicle*, 15 July 1971, p. 3). Neisco's Chairman G. A. Horvath was Board Chairman and principal owner of the Miami National Bank in 1964.

81. The Thai King's general counsel in New York from 1945 to 1950, Carl O. Hoffmann of OSS, is today Board Chairman of the First Florida Resource Corp.

82. Reid, *Grim Reapers*, pp. 225-26.

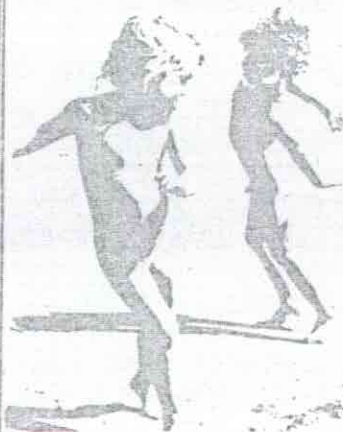
83. Reid, *Grim Reapers*, p. 296.

84. Messick, *Lansky*, p. 241.

85. In March 1970, for example, Air America flew in several hundred Thai troops to defend the CIA's Meo outpost at Long Cheng (*New York Times*, 5 April 1970, p. 22; *Flight International*, 16 July, 1970).

86. Eliot Marshall, "Heroin: The Source of Supply," *New Republic*, 24 and 31 July 1971, p. 24: "Shutting down the Turkish opium route . . . is likely to do no more than drive the industry further east."

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