

# Session 3

**The Politics of Heroin in Southeast Asia**  
**October 3, 2018**



[The Golden Triangle](#)

(<https://www.economist.com/asia/2009/03/19/golden-days>)

In this session we'll follow the global illicit opiate trade from the 1930's to the 1970's in order to understand how Cold War rivalries contributed to a rebirth of the opium/heroin trade after WWII had essentially wiped it out. The history of the Golden Triangle illustrates the connections between the illicit drug trade and corrupt government officials which help protect and facilitate it. This section borrows heavily from Alfred McCoy's [Politics of Heroin: CIA Complicity in the Global Drug Trade](https://www.amazon.com/Politics-Heroin-Complicity-Global-Trade/dp/1556524838/ref=sr_1_1?s=books&ie=UTF8&qid=1529950122&sr=1-1&keywords=politics+of+heroin) ([https://www.amazon.com/Politics-Heroin-Complicity-Global-Trade/dp/1556524838/ref=sr\\_1\\_1?s=books&ie=UTF8&qid=1529950122&sr=1-1&keywords=politics+of+heroin](https://www.amazon.com/Politics-Heroin-Complicity-Global-Trade/dp/1556524838/ref=sr_1_1?s=books&ie=UTF8&qid=1529950122&sr=1-1&keywords=politics+of+heroin)). An earlier version of this book can be found on the internet [here](http://www.akha.org/content/drugwar/mccoy/chapters.htm) (<http://www.akha.org/content/drugwar/mccoy/chapters.htm>) or [here](http://scholar.google.com/scholar_url?url=https://www.researchgate.net/profile/Ivo_De_Sousa/post/In_what_ways_have_Indonesians_perceived_opiate_addiction_differently_than_Westerners_in_this_case_Americans/attachment/59d624c579197b807798316b/AS:314760103432214%401452056065039/download/SA%2BThe%2Bpolitics%2Bof%2Bheroin%2Bin%2BSoutheast%2BAsia.pdf&hl=en&sa=X&scisig=AAGBfm1Yr6ThnQKyBCeOn5X63vHpFZYejQ&noss=1&oi=scholar) ([http://scholar.google.com/scholar\\_url?url=https://www.researchgate.net/profile/Ivo\\_De\\_Sousa/post/In\\_what\\_ways\\_have\\_Indonesians\\_perceived\\_opiate\\_addiction\\_differently\\_than\\_Westerners\\_in\\_this\\_case\\_Americans/attachment/59d624c579197b807798316b/AS:314760103432214%401452056065039/download/SA%2BThe%2Bpolitics%2Bof%2Bheroin%2Bin%2BSoutheast%2BAsia.pdf&hl=en&sa=X&scisig=AAGBfm1Yr6ThnQKyBCeOn5X63vHpFZYejQ&noss=1&oi=scholar](http://scholar.google.com/scholar_url?url=https://www.researchgate.net/profile/Ivo_De_Sousa/post/In_what_ways_have_Indonesians_perceived_opiate_addiction_differently_than_Westerners_in_this_case_Americans/attachment/59d624c579197b807798316b/AS:314760103432214%401452056065039/download/SA%2BThe%2Bpolitics%2Bof%2Bheroin%2Bin%2BSoutheast%2BAsia.pdf&hl=en&sa=X&scisig=AAGBfm1Yr6ThnQKyBCeOn5X63vHpFZYejQ&noss=1&oi=scholar)).

Other scholars who have studied this history include Peter Dale Scott (see [American War Machine: Deep Politics, the CIA Global Drug Connection, and the Road to Afghanistan](https://www.amazon.com/American-War-Machine-Connection-Afghanistan/dp/074255595X/ref=sr_1_1?s=books&ie=UTF8&qid=1529949439&sr=1-1&keywords=american+war+machine) ([https://www.amazon.com/American-War-Machine-Connection-Afghanistan/dp/074255595X/ref=sr\\_1\\_1?s=books&ie=UTF8&qid=1529949439&sr=1-1&keywords=american+war+machine](https://www.amazon.com/American-War-Machine-Connection-Afghanistan/dp/074255595X/ref=sr_1_1?s=books&ie=UTF8&qid=1529949439&sr=1-1&keywords=american+war+machine))) and Hans Derks' [History of the Opium Problem: The Assault on the East ca 1600-1950](https://www.amazon.com/History-Opium-Problem-Assault-Leidensia/dp/9004221581/ref=sr_1_1?s=books&ie=UTF8&qid=1529949695&sr=1-1&keywords=history+of+the+opium+problem) ([https://www.amazon.com/History-Opium-Problem-Assault-Leidensia/dp/9004221581/ref=sr\\_1\\_1?s=books&ie=UTF8&qid=1529949695&sr=1-1&keywords=history+of+the+opium+problem](https://www.amazon.com/History-Opium-Problem-Assault-Leidensia/dp/9004221581/ref=sr_1_1?s=books&ie=UTF8&qid=1529949695&sr=1-1&keywords=history+of+the+opium+problem)).

## France and the establishment of a Narco-Colony in Indochina

France was a latecomer to the Far East colonization game. Britain had long established territories in India, Burma and modern day Singapore. The Dutch had "possessed" the East Indies (now Indonesia). By the time France got around to following its Catholic missionaries, all that was left was [Indochina](https://en.wikipedia.org/wiki/French_Indochina) ([https://en.wikipedia.org/wiki/French\\_Indochina](https://en.wikipedia.org/wiki/French_Indochina)), consisting of modern day Vietnam, Laos and parts of Cambodia which were consolidated together by France between 1858 and 1900. Initially, the French paid the cost of their colony by [revenue farming](https://en.wikipedia.org/wiki/Farm_%28revenue_leasing%29) ([https://en.wikipedia.org/wiki/Farm\\_%28revenue\\_leasing%29](https://en.wikipedia.org/wiki/Farm_%28revenue_leasing%29)): monopolies on opium, alcohol and salt were given to Chinese merchants who were then taxed. Through revenue farming the French avoided the taint of pushing drugs since it was the Chinese merchants who were spreading the habit. Opium cultivation in the colony was suppressed and all opium was imported from India and taxed at 10%. In this way Saigon was cash flow positive only six months after it was annexed in 1862.

However the cost of expanding their colony pushed the colony into deficit and threatened the entire project. It was saved in 1897 by a

new Governor-General from Paris: [Paul Doumer](http://www.akha.org/content/drugwar/mccoy/21.htm) [.\(http://www.akha.org/content/drugwar/mccoy/21.htm\)](http://www.akha.org/content/drugwar/mccoy/21.htm), who established an Opium Monopoly that took over opium sales from the Chinese merchants, and added low cost opium from Yunnan Province in China.. Within four years opium was supplying one third of all tax revenues and France was able to build Indochina into a highly profitable colony.

Saigon and Hanoi were the capitals of Indochina and were jeweled with beautiful [Beaux Arts buildings](https://www.google.com/search?q=vietnam+beaux+arts+architecture&client=firefox-b-1-ab&tbm=isch&tbo=u&source=univ&sa=X&ved=0ahUKEwjn2v3Mwu_bAhXKwFkKHdvBDlwQsAQIKA&biw=993&bih=469#imgrc=_)) [.\(https://www.google.com/search?q=vietnam+beaux+arts+architecture&client=firefox-b-1-ab&tbm=isch&tbo=u&source=univ&sa=X&ved=0ahUKEwjn2v3Mwu\\_bAhXKwFkKHdvBDlwQsAQIKA&biw=993&bih=469#imgrc=\\_\)](https://www.google.com/search?q=vietnam+beaux+arts+architecture&client=firefox-b-1-ab&tbm=isch&tbo=u&source=univ&sa=X&ved=0ahUKEwjn2v3Mwu_bAhXKwFkKHdvBDlwQsAQIKA&biw=993&bih=469#imgrc=_)).



Table 27. Costs and Revenue of French Opiumregie in Cochinchina, 1882-1898 (x 1000 piaster\*)<sup>27</sup>

Year	Gross Income	Costs				Profits		
		Opium buying	Production in %	Personnel in %	Building etc. in %	Total costs		in % of gross income
1882	1 356	328	6	27	13	605	751	55
1884	2 106	537	8	19	4	780	1 326	63
1886	2 015	553	8	22	4	836	1 179	59
1888	1 855	412	10	28	4	704	1 151	62
1890	1 653	344	8	34	2	606	1 046	63
1892	1 815	814	8	19	2	1 157	658	36
1894	2 686	1 524	5	19	3	2 098	588	22
1896	2 981	1 218	4	28	2	1 869	1 112	37
1898	4 092	1 003	6	32	6	1 792	2 300	56
<i>Total 1882-1898</i>	<i>37 915</i>	<i>12 420</i>	<i>7</i>	<i>26</i>	<i>4</i>	<i>19 165</i>	<i>18 750</i>	<i>50</i>
—	—	---	---	—	---	—	---	—
1919	17 981	---	—	—	—	5 133	12 848	71
1920	13 321	---	—	---	—	2 947	10 374	78
1921	15 099	---	—	—	—	4 717	10 382	69
1922	17 862	---	—	—	---	6 190	11 672	65
1923	18 332	—	—	—	—	6 730	11 602	63
1924	14 912	—	—	—	—	6 429	8 483	57

Derks Table 27

\* The Southeast Asian piaster refers to the Mexican dollar. Therefore, the indication is often with a \$ sign. One piaster is in this period valued at 5.55 French francs; until 1913 this is nearly equal to 1 US\$.

While Indochina's economy boomed, the opium trade sowed the seeds of Vietnamese discontent which would lead to war fifty years later. As [McCoy](http://www.akha.org/content/drugwar/mccoy/21.htm) [\\_ \(http://www.akha.org/content/drugwar/mccoy/21.htm\)](http://www.akha.org/content/drugwar/mccoy/21.htm) observes, *"the social costs of opium addiction were heavy indeed. Large numbers of plantation workers, miners, and urban laborers spent their entire salaries in the opium dens. The strenuous work, combined with the debilitating effect of the drug and lack of food, produced some extremely emaciated laborers, who could only be described as walking skeletons. Workers often died of starvation, or more likely their families did. While only 2 percent of the population were addicts, the toll among the Vietnamese elite was considerably greater. With an addiction rate of almost 20 percent, the native elite, most of whom were responsible for local administration and tax collection, were made much less competent and much more liable to corruption by their expensive opium habits. (63) In fact, the village official who was heavily addicted to opium became something of a symbol for official corruption in Vietnamese literature of the 1930s."*

## Pre-War China

When we last discussed China in Session 2, the British had signed a [treaty with the Qing Dynasty in 1907](https://en.wikipedia.org/wiki/History_of_opium_in_China#Domestication_and_suppression_in_the_last_decades_of_the_Qing_dynasty) [\\_ \(https://en.wikipedia.org/wiki/History\\_of\\_opium\\_in\\_China#Domestication\\_and\\_suppression\\_in\\_the\\_last\\_decades\\_of\\_the\\_Qing\\_dynasty\)](https://en.wikipedia.org/wiki/History_of_opium_in_China#Domestication_and_suppression_in_the_last_decades_of_the_Qing_dynasty) in which both parties agreed to phase out opium production and sales over a ten year period. This was largely successful at first; by 1911 opium production in China had decreased from 35,000 tons to 4,000 tons. However, the Qing Dynasty fell in 1911 and the country was overtaken by regional warlords who financed their operation by resuming opium production and sales. In the 1920's Shanghai, with a population of 3 million, became a cabaret town, a city of expensive nightclubs and brothels. France had received a large land concession due to its assistance to Britain in the last Opium War. Derks relates that by 1920 there were 70,000 prostitutes in Shanghai with 40,000 in the French Concession. The French Concession became known as the "dirtiest spot in the Orient", with the largest opium dens, the biggest brothels, and the fanciest casinos. [Du Yuesheng](http://takaoclub.com/opium/postjapan.htm) [\\_ \(http://takaoclub.com/opium/postjapan.htm\)](http://takaoclub.com/opium/postjapan.htm), the boss of the Green Gang, the largest of the criminal gangs, paid protection money to the French officials so that he could operate openly. Du (also spelled Tu) allied with other criminal gangs and eventually controlled all narcotics in Shanghai. He was also an innovator, selling "anti-opium" pills by the millions that could cure opium addiction. The pills contained heroin and sold so well that at one point Du was importing 10 tons of European heroin annually.

During the 1920's Chiang Kai-Shek's Nationalist, or Kuomintang Party (KMT), moved to consolidate control over China. In 1927 as Chiang's forces approached Shanghai, labor unions allied with the KMT had moved against warlord control and foreign economic domination and begun a general strike, planning to welcome Chiang's armies to a liberated Shanghai. Chiang delayed his approach to the city and allowed the Green Gang to unleash a reign of terror against the labor movement, so by the time the KMT entered the city, the Green Gang was firmly in control. From that point forward, the KMT became closely aligned with the criminal gangs and drug

dealers, protecting their businesses and helping to import opium from Yunnan Province to Shanghai, in return for a tax of \$30 million per year by 1933 (per Derks, page 698).

### **Chinese Production of Heroin for the American Market**

In 1931, the League of Nations sponsored a conference in Geneva which led to the [Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs](https://sencanada.ca/content/sen/committee/371/ille/library/history-e.htm#C.%20The%201925%20Geneva%20Opium%20Conventions) [\\_ \(https://sencanada.ca/content/sen/committee/371/ille/library/history-e.htm#C.%20The%201925%20Geneva%20Opium%20Conventions\)](https://sencanada.ca/content/sen/committee/371/ille/library/history-e.htm#C.%20The%201925%20Geneva%20Opium%20Conventions). This was an attempt to limit the production and export of heroin, cocaine and morphine among its signatories to justifiable medical and scientific uses. The pressure was on European countries and their pharmaceutical firms to stop the diversion of pharmaceutical grade drugs for the illicit American market. As a result, Du Yuesheng set up laboratories to refine opium into morphine and produce heroin. In the early 1930's, the American Mafia under Lucky Luciano forged links with these Chinese drug lords both in Shanghai and California in order to replace the supply lost from Europe. Over the next few years this supply line slowly dried up as the depression cut heroin demand in the United States and then WWII interrupted international supply lines.

### **Collaboration between the U.S. Government and the American Mafia in World War II**

[\\_ \(https://en.wikipedia.org/wiki/Collaborations\\_between\\_the\\_United\\_States\\_government\\_and\\_Italian\\_Mafia\)](https://en.wikipedia.org/wiki/Collaborations_between_the_United_States_government_and_Italian_Mafia)

During the early years of WWII, the Office of Naval Intelligence was concerned about the risk of sabotage by Italian American dockworkers in ports on the Eastern seaboard. The fire and sinking of the [SS Normandie](https://en.wikipedia.org/wiki/SS_Normandie) [\\_ \(https://en.wikipedia.org/wiki/SS\\_Normandie\)](https://en.wikipedia.org/wiki/SS_Normandie) spurred the U.S. Navy to contact Meyer Lansky to broker a deal with Charles Lucky Luciano, who was serving a 30-50 year prison sentence at Clinton Dannemora Prison. Luciano was moved much closer to New York City and he pledged his organization to keep subversives from the New York ports. Luciano's organization helped the Allied forces plan the invasion of Sicily in 1943; due to Luciano's contacts, the remnant Italian Mafia which had been driven by Mussolini into the Sicilian hills, rose up and helped the Allies conquer the island in one month. Following the invasion, Allied forces allowed the Mafia to rule the island as the Allies moved on to the Italian mainland. In the summer of 1945, Luciano petitioned the government to release him due to his cooperation with the U.S. Government. On January 4, 1946, Governor Thomas E. Dewey, the former prosecutor who placed Luciano into prison, commuted Lucky Luciano's sentence and allowed him to move to Italy where he rebuilt his international narcotics empire.

### Indochina's [Opium Crisis of 1939-1945](http://www.akha.org/content/drugwar/mccoy/22.htm) [\\_ \(http://www.akha.org/content/drugwar/mccoy/22.htm\)](http://www.akha.org/content/drugwar/mccoy/22.htm)

Prior to World War II, French Indochina had 2,500 licensed opium dens and 100,000 addicts. The opium trade was providing 15% of all tax revenues. The French outlawed domestic opium production in order to protect their monopoly and imported 60 tons of opium annually from China's Yunnan province and Iran, which had replaced India as a major opium exporter. However when war broke out in 1939, the Opium Monopoly was placed at risk, as the supply from Iran was threatened. Japan invaded Indochina in 1940 and Britain placed a naval embargo on shipping to China. The Japanese allowed the French bureaucrats to continue to administer Indochina under Japanese oversight. In order to continue the Opium Monopoly, the French induced the [Hmong](https://en.wikipedia.org/wiki/Hmong_people) [\(https://en.wikipedia.org/wiki/Hmong\\_people\)](https://en.wikipedia.org/wiki/Hmong_people) (or Miao or Meo) hill tribes in Laos to plant and harvest opium (see map above). The Golden Triangle region, consisting of the mountains of Burma, Thailand, Laos and Southern Yunnan province, is ideally suited to grow the opium poppy due to both climate and the alkalinity of the soil which covers limestone bedrock. By paying the tribal leaders, the French were able to increase opium production from 7.5 tons in 1940 to 60 tons in 1944 and not only preserve the Opium Monopoly, but also increase opium revenues by 60%.

### The Arrival of the Kuomintang in Burma and Thailand

Small amounts of opium had been traditionally grown in the Golden Triangle region by hill tribes, used primarily for local medicinal usage. The British annexed Burma during the 18th century and administered it as part of neighboring India. The British encouraged opium production among the Shan hill tribes which was exported by mule caravan south to Thailand. Thailand (Siam) was the only area in Southeast Asia never to have been colonized by a Western power; the British and French used it as a buffer state to separate Burma and Indochina. The kingdom of Siam benefited greatly by establishing a Royal Opium Monopoly and addicting approximately 100,000 of its citizens. In the early 20th century Britain outlawed opium production in Burma, but they continued to tax the Shan hill tribes, thus implicitly encouraging the continuation of opium production. During World War II, the Japanese invaded Thailand and Burma but allowed the opium trade to continue as it had before. McCoy estimates that by 1945 opium production across the Golden Triangle: Burma, Thailand and Laos, amounted to a total of less than 80 tons. Thirty years later, production would increase to over 1,000 tons, transforming the Golden Triangle into the dominant opium supplier in the world.

[Doug Valentine](https://books.google.com/books?id=YMpNBAAQBAJ&printsec=frontcover&dq=the+strength+of+the+wolf+valentine&hl=en&sa=X&ved=0ahUKEwjD84GFsPHbAhXKtlkKHfsrAdIQ6AEIKTAA#v=onepage&q=mid-1947&f=false) [\\_ \(https://books.google.com/books?id=YMpNBAAQBAJ&printsec=frontcover&dq=the+strength+of+the+wolf+valentine&hl=en&sa=X&ved=0ahUKEwjD84GFsPHbAhXKtlkKHfsrAdIQ6AEIKTAA#v=onepage&q=mid-1947&f=false\)](https://books.google.com/books?id=YMpNBAAQBAJ&printsec=frontcover&dq=the+strength+of+the+wolf+valentine&hl=en&sa=X&ved=0ahUKEwjD84GFsPHbAhXKtlkKHfsrAdIQ6AEIKTAA#v=onepage&q=mid-1947&f=false) traces the start of this growth to 1947 when "Wild Bill" Donovan, former head of the



OSS during WWII and the father of American intelligence, traveled to Bangkok, Thailand to negotiate with squabbling factions of the Thai Army and police who were fighting over the opium trade and unite them to fight against the Communists. Valentine notes that opium from Thailand was showing up in America by mid-1947, being smuggled through Mexico and distributed by the Mafia throughout the United States. [Peter Dale Scott](https://apjff.org/-Peter-Dale-Scott/3436/article.html) [\\_ \(https://apjff.org/-Peter-Dale-Scott/3436/article.html\)](https://apjff.org/-Peter-Dale-Scott/3436/article.html) quotes William Stevenson who wrote “that because [General] MacArthur had cut Donovan out of the Pacific during World War II, Donovan “therefore turned Siam [i.e., Thailand] into a base from which to run [postwar] secret operations against the new Soviet threat in Asia.” A State Department report from July 1947 noted that the Chinese Nationalists were “selling opium in a desperate attempt to pay troops still fighting the Communists.” By 1948 U.S. intelligence was arming and training a new army which became the Thai Border Police. And in 1949 the Chinese Communists finally won their protracted war against the KMT. An army of around [12,000 KMT soldiers](https://en.wikipedia.org/wiki/Kuomintang_in_Burma) [\\_ \(https://en.wikipedia.org/wiki/Kuomintang\\_in\\_Burma\)](https://en.wikipedia.org/wiki/Kuomintang_in_Burma) led by General Li Mi, the 93rd Division, who had been stationed in Yunnan Province and had been helping to fund the KMT through the opium trade moved south and settled among the Shan tribes of Burma. Since the KMT were violently anti-Communist, the U.S. government decided to fund this army to protect against the threat of the Chinese Communists moving south. In March 1950, Truman approved \$10 million for the Thai military, over and above \$5 million which had been supplied to the Thai border police. The CIA also took over Civil Air Transport (later renamed Air America), the airline that Chiang Kai-shek’s friend Claire Chennault had organized with postwar UN relief funds to airlift supplies to the KMT armies in China. [Scott](https://apjff.org/-Peter-Dale-Scott/3436/article.html) [\\_ \(https://apjff.org/-Peter-Dale-Scott/3436/article.html\)](https://apjff.org/-Peter-Dale-Scott/3436/article.html) reports “*With the outbreak of the Korean War in [June] 1950, CAT played an important role in airlifting supplies to the U.S. troops. But both MacArthur and Chennault spoke publicly of trapping communist China in what Chennault called a “giant pincers”—simultaneous attacks from Korea and from Burma.*” The idea that the KMT troops could successfully attack Red China was either a fantasy or a cover story. The 93rd Division did make a few cross border forays into Yunnan Province but were easily repulsed by the Chinese Red Army. Nevertheless, under [Operation Paper](https://apjff.org/-Peter-Dale-Scott/3436/article.html) [\\_ \(https://apjff.org/-Peter-Dale-Scott/3436/article.html\)](https://apjff.org/-Peter-Dale-Scott/3436/article.html), the Americans supplied arms and supplies to the 93rd, flying them into their mountain bases. According to William R. Corson (a marine colonel assigned at one point to the CIA),

*“The opium grown by the ChiNat guerrillas . . . was transported by OPC [CIA] contract aircraft from the forward base to Bangkok for sale to buyers from the various “connections.” This allowed the KMT to greatly expand the opium trade. According to Bertil Lintner, the foremost authority on the Shan states of Burma, “The annual production increased from a mere 30 tons at the time of independence [1948] to 600 tons in the mid-1950s.” Scott suspects that the Federal Bureau of Narcotics did not take steps to stop the supply of Thai opium because it was protected by national security. Scott notes that the FBN reported seizures of Thai heroin in 1948 and 1950 but after Operation Paper began, no more Thai drug seizures were reported until 1962. Instead, Harry Anslinger got on board with the rise of McCarthyism and [railed against the Red Chinese](https://apjff.org/2013/11/37/Jonathan-Marshall/3997/article.html) [\\_ \(https://apjff.org/2013/11/37/Jonathan-Marshall/3997/article.html\)](https://apjff.org/2013/11/37/Jonathan-Marshall/3997/article.html) who he blamed for “causing a rise in juvenile addiction on the West Coast by “flooding the illicit market” with heroin “for financial gain.” McCoy debunks*

this as propaganda, quoting British sources as claiming the opium that was refined to heroin in Hong Kong laboratories [all came from Bangkok](http://www.akha.org/content/drugwar/mccoy/31.htm) [\(http://www.akha.org/content/drugwar/mccoy/31.htm\)](http://www.akha.org/content/drugwar/mccoy/31.htm). What is most ironic about this are the [reports](https://www.alternet.org/did-americas-first-drug-czar-secretly-supply-dope-sen-joe-mccarthy) [\(https://www.alternet.org/did-americas-first-drug-czar-secretly-supply-dope-sen-joe-mccarthy\)](https://www.alternet.org/did-americas-first-drug-czar-secretly-supply-dope-sen-joe-mccarthy) that Harry Anslinger, the head of the Federal Bureau of Narcotics, was secretly supplying Senator Joe McCarthy with morphine to support his drug addiction.

## Postwar Vietnam

In the paragraph above, we see that Burma and Thailand represented a huge growth in the supply of opium following World War II. As the supply exceeded demand in Thailand, much of the excess was shipped to Hong Kong for refinement into heroin. As it became apparent that the Chinese Communists would defeat the KMT, the Green Gang and much of the rest of the underworld in Shanghai had moved en masse to Hong Kong where they overwhelmed the local police and set up their drugs and prostitution rackets. Until the late 1950's Hong Kong was the source in the Far East of heroin, mostly derived from Thai opium, which was then shipped around the world with the help of the Mafia.

Just as Burma/Thailand represent much of the supply growth in the Far East, Vietnam represented much of the demand growth.

Following the defeat of the Japanese in August 1945, [Ho Chi Minh](https://en.wikipedia.org/wiki/Ho_Chi_Minh) [\(https://en.wikipedia.org/wiki/Ho\\_Chi\\_Minh\)](https://en.wikipedia.org/wiki/Ho_Chi_Minh) who had led the Việt Minh guerrilla resistance movement against the Japanese declared Vietnam's independence. However, France had no intention of giving up her profitable colony and by December 1946 the Việt Minh were at war with the French occupiers. Initially the French viewed the war in conventional tactical terms of controlling territory and winning battles against fixed armies. The Việt Minh viewed the war in political terms of winning the hearts and minds of the population through propaganda and fomenting resistance so widespread that the French would be harassed everywhere. After several years of frustrating maneuvers against guerilla fighters, the French by 1950 came to see Indochina as "[a vast chessboard where hill tribes, bandits, and religious minorities could be used as pawns to hold strategic territories and prevent Viet Minh infiltration](http://www.akha.org/content/drugwar/mccoy/27.htm)." [\(http://www.akha.org/content/drugwar/mccoy/27.htm\)](http://www.akha.org/content/drugwar/mccoy/27.htm) Two of the key groups the French recruited were the Hmong (or Meo) hill tribes in Northwestern Vietnam and Laos, and the [Binh Xuyen gangs](https://en.wikipedia.org/wiki/B%C3%ACnh_Xuy%C3%AAn) [\(https://en.wikipedia.org/wiki/B%C3%ACnh\\_Xuy%C3%AAn\)](https://en.wikipedia.org/wiki/B%C3%ACnh_Xuy%C3%AAn) that ran the rackets in Saigon. Both groups were unlikely to welcome a communist takeover, especially if it would eliminate the opium trade. In 1946 France, bowing to international pressure, announced it would phase out its Opium Monopoly in Indochina. However, as McCoy describes, the SDECE (Service de Documentation Extérieure et du Contre-Espionage: the French version of the CIA) took over the opium trade in [Operation X](http://www.akha.org/content/drugwar/mccoy/27.htm) [\(http://www.akha.org/content/drugwar/mccoy/27.htm\)](http://www.akha.org/content/drugwar/mccoy/27.htm). The French bureaucrats running the Opium Monopoly instituted a program

whereby addicts in licensed opium dens were slowly weaned off their opium and the monopoly went from purchasing 60 tons of opium in 1943 to none by 1951.



[1949: Opium addicts at Saigon detox clinic](http://time.com/4160275/1949-saigon-opium-detox-clinic/) [\(http://time.com/4160275/1949-saigon-opium-detox-clinic/\)](http://time.com/4160275/1949-saigon-opium-detox-clinic/)

However the SDECE stepped in and continued to purchase the entire opium crop from the Hmong tribesmen and sold it to the Binh Xuyen who ran illicit dens in Saigon. At that point in time half the population of Saigon smoked opium. The French protection of the Binh Xuyen gangsters allowed them to become legitimate. By 1954 the Binh Xuyen military commander was director-general of the Vietnamese National Police and their chief, the illiterate Bay Vien, was nominated as prime minister of Vietnam. Any excess opium the gangsters couldn't sell locally was sold to Corsican gangsters who shipped it to Marseilles to be refined into heroin for the illicit American market. The SDECE used the money to equip and train the Hmong tribesmen as fighters. By 1954 French Colonel Roger

Trinquier had a force of 40,000 hill tribe mercenaries operating under the command of 400 French officers. Unfortunately for the French, the Viet Minh beat the French in a decisive battle at [Dien Bien Phu](https://en.wikipedia.org/wiki/Battle_of_Dien_Bien_Phu) [\\_ \(https://en.wikipedia.org/wiki/Battle\\_of\\_Dien\\_Bien\\_Phu\)](https://en.wikipedia.org/wiki/Battle_of_Dien_Bien_Phu) and the French decided to withdraw from their former colony. This was formalized at the 1954 [Geneva Conference](https://en.wikipedia.org/wiki/1954_Geneva_Conference) [\\_ \(https://en.wikipedia.org/wiki/1954\\_Geneva\\_Conference\)](https://en.wikipedia.org/wiki/1954_Geneva_Conference) at which there was an agreement to hold free and fair elections by 1956 for a unified North and South Vietnam. The United States realized that Ho Chi Minh would win in a landslide, so neither the U.S. nor the government of South Vietnam was a signatory to the Geneva Agreement. Instead, the United States, which had been funding 78% of the costs of the French war, determined to take full responsibility for preventing South Vietnam from going communist. Had the United States not been so arrogant, things might have turned out differently. But the U.S. disdained the French and rather than learning from their long experience the U.S. decided to do things differently.

### Vietnam Post 1954

The first mistake the U.S. made was backing Prime Minister [Ngo Dinh Diem](https://en.wikipedia.org/wiki/Ngo_Dinh_Diem) [\\_ \(https://en.wikipedia.org/wiki/Ngo\\_Dinh\\_Diem\)](https://en.wikipedia.org/wiki/Ngo_Dinh_Diem). The Americans liked Diem because he was strongly [anti-communist and also anti-colonial French](https://www.mtholyoke.edu/acad/intrel/pentagon/pent9.htm) [\\_ \(https://www.mtholyoke.edu/acad/intrel/pentagon/pent9.htm\)](https://www.mtholyoke.edu/acad/intrel/pentagon/pent9.htm). However, one of the first things that Diem did was to outlaw the opium trade and go to war against the Binh Xuyen gangsters. Diem was successful and consolidated his power base in Saigon by May 1955, but at the expense of losing both the anti-communist Binh Xuyen and the Hmong hill tribe mercenaries. In 1958, Diem's brother and head of the secret police, Ngo Dinh Nhu, decided to revive the opium traffic to fund his intelligence work and political repression. Nhu hired several groups of [Corsican gangsters](http://www.akha.org/content/drugwar/mccoy/52.htm) [\\_ \(http://www.akha.org/content/drugwar/mccoy/52.htm\)](http://www.akha.org/content/drugwar/mccoy/52.htm) to fly the opium from Laos to Saigon. In Saigon, he sold the opium to the Binh Xuyen who within months had reestablished 2,500 opium dens, casinos and houses of prostitution. Nhu's head of the secret police used the profits of the opium trade to pay tens of thousands of government bureaucrats, prostitutes, and taxi drivers. Whenever he wanted information on a person, he would send out a message to his informants and they would all report back on wherever the person went and what he did, without having to have him followed. More importantly, Saigon was now impenetrable to the Viet Minh. Whenever a communist cell tried to penetrate Saigon, informers would notice and the gangsters would torture and eliminate them. It was a well run repressive police state.

The American's second mistake was getting rid of the Diem brothers. Politicians in Washington were increasingly frustrated by Diem's inability to expand his base beyond the Catholics and Nhu's increasing repression of all opponents including the Buddhist monks.

Lucien Conein, a CIA agent based in Saigon helped plan a [military coup](https://nsarchive2.gwu.edu/NSAEBB/NSAEBB101/) [\\_ \(https://nsarchive2.gwu.edu/NSAEBB/NSAEBB101/\)](https://nsarchive2.gwu.edu/NSAEBB/NSAEBB101/) which took place on 1 November 1963. Diem and his brother escaped to a church where they called the American ambassador, Henry Cabot Lodge. [Lodge claimed he didn't know what was going on](https://nsarchive2.gwu.edu/NSAEBB/NSAEBB101/vn23.pdf) [\\_ \(https://nsarchive2.gwu.edu/NSAEBB/NSAEBB101/vn23.pdf\)](https://nsarchive2.gwu.edu/NSAEBB/NSAEBB101/vn23.pdf), and the next




day Diem and his brother were murdered. With Nhu gone, his secret police organization fell apart and both the overworld and underworld governments of South Vietnam devolved into competition among a wide variety of factions. This left a security vacuum in Saigon which the Vietcong exploited, infiltrating propagandists, saboteurs, and terrorists and even blowing up the U.S. officer's club. By mid-1964 the Vietcong-controlled territory encircled the city and Viet Cong cadres entered the city at will. The Americans decided to back a new team, Premier Nguyen Cao Ky and his powerbroker, Gen. Nguyen Ngoc Loan.

## Expansion of the Opium Trade

There are [reports](https://en.wikipedia.org/wiki/Air_America_(airline)#Allegations_of_drug_smuggling) [\\_ \(https://en.wikipedia.org/wiki/Air\\_America\\_\(airline\)#Allegations\\_of\\_drug\\_smuggling\)](https://en.wikipedia.org/wiki/Air_America_(airline)#Allegations_of_drug_smuggling) that the CIA proprietary airline, Air America (formerly Civil Air Transport) was active in the transport of opium from the Hmong hill tribes in Laos to the Laotian capital, Vientiane. If true, it would certainly fit with United States objectives: the French had originally done the same thing in the service of building a large mercenary force of Hmong tribesmen. It's a shame that it took the United States ten years to reinvent the strategy.

Certainly the Hmong became a critical component of the American war effort. Following the end of the war, America allowed [100,000 Hmong refugees](https://www.jefflindsay.com/hmong.shtml) [\\_ \(https://www.jefflindsay.com/hmong.shtml\)](https://www.jefflindsay.com/hmong.shtml) to settle in the U.S.

The CIA must have been fully aware of the scope and scale of the opium/heroin trade. In 1971 Laos' new ambassador to France was caught at Orly Airport with suitcases packed with 130 pounds of high grade Laotian heroin which had been financed by the head of CIA's secret army [Vang Pao](http://isthmus.com/opinion/opinion/vang-pao-drugs-and-the-cia/) [\\_ \(http://isthmus.com/opinion/opinion/vang-pao-drugs-and-the-cia/\)](http://isthmus.com/opinion/opinion/vang-pao-drugs-and-the-cia/) and refined at a laboratory at Long Tieng, Laos, where the CIA's main clandestine base was located. In June 1971 a New York Times article, [CIA Identifies 21 Asian Opium Refineries](https://canvas.harvard.edu/courses/41939/files/6221863/download?wrap=1) [\\_ \(https://canvas.harvard.edu/courses/41939/files/6221863/download?wrap=1\)](https://canvas.harvard.edu/courses/41939/files/6221863/download?wrap=1)  [\\_ \(https://canvas.harvard.edu/courses/41939/files/6221863/download?wrap=1\)](https://canvas.harvard.edu/courses/41939/files/6221863/download?wrap=1), blamed the problem on "insurgent armies", not acknowledging that the trade was controlled by the KMT armies the United States had been supporting for twenty years and the [Royal Laotian army which was backed by the U.S.](http://alphahistory.com/vietnamwar/laos-during-vietnam-war/) [\\_ \(http://alphahistory.com/vietnamwar/laos-during-vietnam-war/\)](http://alphahistory.com/vietnamwar/laos-during-vietnam-war/) in their fight against the Pathet Lao rebels. [Major-General Ouane Rattikone](http://www.akha.org/content/drugwar/mccoy/63.htm) [\\_ \(http://www.akha.org/content/drugwar/mccoy/63.htm\)](http://www.akha.org/content/drugwar/mccoy/63.htm), Commander in Chief of the Royal Lao Armed Forces [ran the opium refineries in Laos](https://en.wikipedia.org/wiki/1967_Opium_War) [\\_ \(https://en.wikipedia.org/wiki/1967\\_Opium\\_War\)](https://en.wikipedia.org/wiki/1967_Opium_War). In his [memoir](https://books.google.com/books?id=hgf-1AGqla4C&printsec=frontcover&dq=spymaster+my+life+in+the+cia+shackley&hl=en&sa=X&ved=0ahUKEwiZjbf8ufTbAhUck1kKHSj8AOoQ6AEIKTAA#v=onepage&q=drug&f=false) [\\_ \(https://books.google.com/books?id=hgf-1AGqla4C&printsec=frontcover&dq=spymaster+my+life+in+the+cia+shackley&hl=en&sa=X&ved=0ahUKEwiZjbf8ufTbAhUck1kKHSj8AOoQ6AEIKTAA#v=onepage&q=drug&f=false\)](https://books.google.com/books?id=hgf-1AGqla4C&printsec=frontcover&dq=spymaster+my+life+in+the+cia+shackley&hl=en&sa=X&ved=0ahUKEwiZjbf8ufTbAhUck1kKHSj8AOoQ6AEIKTAA#v=onepage&q=drug&f=false), Ted Shackley, CIA station chief in Vientiane and a close friend of Major-General Ouane, stated that he knew that opium was woven into the entire economy of the country but all he could do was to ensure that his direct reports and guerrilla groups stayed out of the trade.



Opium production in Southeast Asia grew from perhaps 10 tons before WWII to 80 tons after WWII, to at least 1,000 tons by the late 1960's. At least half the production was in Burma and transported to Bangkok. Since 80 tons had been sufficient to supply the addicts of Indochina and Thailand after the war, where did the rest go?

[The French Connection](https://en.wikipedia.org/wiki/French_Connection) [\\_\(https://en.wikipedia.org/wiki/French\\_Connection\)\\_](https://en.wikipedia.org/wiki/French_Connection), or [How Lucky Luciano Organized the Postwar Heroin Trade](#)

[\\_\(http://www.akha.org/content/drugwar/mccoy/09.htm\)\\_](http://www.akha.org/content/drugwar/mccoy/09.htm) During the 1930's most of the heroin and morphine in the United States came from Europe, diverted from legal pharmaceutical companies, or from Shanghai's Green Gang, through the West Coast and Mexico. During the war, the heroin supply dried up and almost all addicts became clean. When Lucky Luciano was released from U.S. prison in 1945 he moved to Italy and established the French Connection, one of the largest narcotics empires in history, which lasted for over twenty years. During that time the number of heroin addicts in the U.S. grew from perhaps 20,000 at the end of WWII to 60,000 by 1952 and 150,000 by 1965. Luciano initially purchased heroin directly from Schiaparelli Pharmaceuticals in Italy. In 1950 the FBN traced the source to Schiaparelli, and Luciano set up his own manufacturing operation. The major Middle Eastern opium sources were in the mountains of either Turkey or Iran. Luciano purchased morphine base from a source in Lebanon and shipped it to heroin refineries in Sicily and Marseilles, France. After a few years, the Mafia got out of the heroin refinery business and relied exclusively on [Corsican gangsters](#) [\\_\(http://www.akha.org/content/drugwar/mccoy/10.htm\)\\_](http://www.akha.org/content/drugwar/mccoy/10.htm) in Marseilles. From Marseilles the heroin was shipped primarily to Mafia families in the United States, both through Montreal as well as through Cuba. Meyer Lansky managed the financial side of the business in the United States and Santo Trafficante Senior managed much of the smuggling operations. The Corsican gangsters had developed a strong power base in Marseilles by aligning themselves with the CIA against the French communists. The French Communists had a strong presence in France post war, in part because they were dedicated to better conditions for the average worker and because they had resisted the Germans during WWII. After the war, the CIA was quite concerned about the rise of communism in France and Italy. [Between 1947 and 1950, the CIA provided cash and arms to two Corsican gangsters, the Guerini brothers](#) [\\_\(http://www.akha.org/content/drugwar/mccoy/14.htm\)\\_](http://www.akha.org/content/drugwar/mccoy/14.htm), whose gang fought the communists and beat back two crucial dock strikes in Marseilles, the largest port in France. The Guernini brothers used their local influence to run a large heroin refining and smuggling operation for twenty years.

## Realignment to Southeast Asia

The United States continued to pressure countries that were involved in the drug trade. Iran was a major producer. After China halted domestic production in 1950, Iran was a large exporter to the Far East, accounting for about half the opium seized in Singapore and other Far East countries in the early 1950's. However, in 1955, Iran bowed to U.S. pressure and [completely prohibited](https://repository.upenn.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1845&context=edissertations) (<https://repository.upenn.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1845&context=edissertations>) the growing of opium, leaving Turkey as the only Middle Eastern opium source. Most histories give Turkey as the source of 80% of the opium/heroin for the U.S. market during the 1960's. However McCoy points out this anomaly: *"that although Southeast Asia produced 70 percent of the world's illicit opium, it was credited with being the source of only 5 percent of America's heroin supply, while Turkey, with only 7 percent of the world's illicit opium, was allegedly responsible for 80 percent of our heroin."* The implication is that the tremendous growth in Southeast Asian production was fueling a heroin epidemic in the United States. The longstanding participation of Corsican gangsters in Laotian opium smuggling dating back to the late 1950's makes it likely that they would later ally with the Corsican/Mafia groups supplying the United States ten years later. More interestingly, the French SDECE's reorganization of the opium trade in the 1950's raises the question of whether they continued in the trade through the French Connection. As it turns out, it seems that the Guerin brother's seeming political protection probably extended to the French SDECE. In spite of being the primary suppliers of heroin in the United States for twenty years, the Guerini's were never prosecuted. Indeed, it seems that the French government may have allowed them to operate with impunity as long as they did not ship heroin into the French market. While the heroin epidemic grew in the United States, [there was almost no heroin in France until the Guerini's were overthrown in 1971](https://canvas.harvard.edu/courses/41939/files/6221873/download) (<https://canvas.harvard.edu/courses/41939/files/6221873/download>). Finally, McCoy relates that [U.S. prosecutors suspected that the SDECE was using the heroin trade](http://www.akha.org/content/drugwar/mccoy/16.htm) (<http://www.akha.org/content/drugwar/mccoy/16.htm>) to finance off the books operations in the late 1960's. In 1971 a top SDECE official, Colonel Paul Fournier was indicted by a prosecutor in New Jersey for conspiring to smuggle 100 pounds of heroin into the U.S.

## G.I. Junkie

The other market for the burgeoning Southeast Asian heroin was the American G.I. in Vietnam. The [common story](http://www.akha.org/content/drugwar/mccoy/38.htm) (<http://www.akha.org/content/drugwar/mccoy/38.htm>) is that by 1968 the Army determined that they had a big problem with marijuana; nearly 70% of G.I.'s were smoking pot regularly. The Army decided to crack down and brought in drug sniffing dogs to ferret out the problem. At which point the G.I.'s switched to small packets of heroin. The heroin was so potent, 96% pure, that they could sniff it to get high, and didn't have to shoot it up intravenously. In a 1971 study, The Vietnam Drug User Returns, the White House determined that one third of G.I.'s in Vietnam had used heroin and 10% were physically addicted when their tour of duty was over.

As [McCoy recounts](http://www.akha.org/content/drugwar/mccoy/49.htm) [\\_ \(http://www.akha.org/content/drugwar/mccoy/49.htm\)](http://www.akha.org/content/drugwar/mccoy/49.htm)\_, the seeds of the G.I. heroin epidemic may have been sown in Thailand years before. *“Shortly after the Thai government closed the opium dens and launched a crackdown on opium smokers in 1958, Hong Kong heroin chemists arrived in Thailand, set up heroin laboratories in the Bangkok area and began producing low grade, no.3 heroin for the local Thai market. (34) Since opium's distinctive odor made smokers vulnerable to arrest, within several years the police anti opium campaign forced most Thai opium addicts to become heroin users. The arrival of new chiu chau chemists from Hong Kong in 1969-1970 introduced the complex technique for producing highgrade,no. 4 heroin and represented a significant upgrading of the region's heroin industry-and the opening up of a new market, since no. 4 heroin is used almost exclusively by a Western clientele, mainly Americans.”* Laboratories in Laos as well as Thailand were producing high grade no. 4 heroin in the late 1960's. That provided the supply. The G.I.'s provided the demand. How were the drugs distributed? McCoy provides evidence that officers in the [South Vietnamese Army](http://www.akha.org/content/drugwar/mccoy/43.htm) [\\_ \(http://www.akha.org/content/drugwar/mccoy/43.htm\)](http://www.akha.org/content/drugwar/mccoy/43.htm) managed the distribution. *“After bulk shipments of heroin have been delivered to cities or ARVN bases near U.S. installations it is sold to GIs through a network of civilian pushers (barracks' maids, street vendors, pimps, and street urchins) or by low-ranking ARVN officers. In Saigon and surrounding 11 Corps most of the heroin marketing is managed by ordinary civilian networks, but as GI addicts move away from the capital to the isolated firebases along the Laotian border and the DMZ, the ARVN pushers become more and more predominant. "How do we get the stuff?" said one GI stationed at a desolate firebase near the DMZ, "just go over to the fence and rap with an ARVN. If he's got it you can make a purchase .*

*Even at Long Binh, the massive U.S. army installation on the outskirts of Saigon, Vietnamese officers work as pushers. As one GI addict based at Long Binh put it, "You can always get some from an ARVN; not a Pfc., but the officers. I've gotten it from as high as Captain.”*

The specter of thousands of veteran addicts causing an American crime wave was one of the elements which spurred President Nixon to declare his War on Drugs, which we'll discuss in Session 4.

## Preparation

Please read the text above and click through the hyperlinks and read whichever of them look interesting. Please email me with any questions or topics that you would like to discuss in class. Please send the email no later than the day before class, to [ocurme@gmail.com](mailto:ocurme@gmail.com) [\\_ \(mailto:ocurme@gmail.com\)](mailto:ocurme@gmail.com)\_-.

## **Additional Resources**

List resources