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Armies, Addicts and Spooks: the CIA in Vietnam and Laos

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At 7:30 a.m., on March 16, 1968, Task Force Barker descended on the small hamlet of My Lai in the Quang Nai province of South Vietnam. Two squads cordoned off the village and one, led by Lieutenant William Calley, moved in and, accompanied by US Army Intelligence officers, began

to slaughter all the inhabitants. Over the next eight hours US soldiers methodically killed 504 men, women and children.

As the late Ron Ridenhour, who first exposed the massacre, said years later to one of the present authors, "Above My Lai were helicopters filled with the entire command staff of the brigade, division and task force. All three tiers in the chain of command were literally flying overhead while it was going on. It takes a long time to kill 600 people. It's a dirty job, you might say. These guys were flying overhead from 7:30 in the morning, when the unit first landed and began to move into those hamlets. They were there at least two hours, at 500 feet, 1000 feet and 1500 feet."

The cover-up of this operation began almost from the start. The problem wasn't the massacre itself: polls right after the event showed 65 percent of Americans approved of the US action. The cover-up was instead to disguise the fact that My Lai was part of the CIA killing program called Operation Phoenix. As Douglas Valentine writes in his brilliant book, The Phoenix Program,

the My Lai massacre was a result of Phoenix, the 'jerry-built' counter-terror program that provided an outlet for the repressed fears and anger of the psyched-up men of Task Force Barker. Under the aegis of neutralizing the infrastructure, old men, women and children became the enemy. Phoenix made it as easy to shoot a Vietnamese child as it was to shoot a sparrow in a tree. The ammunition was faulty intelligence provided by secret agents harboring grudges – in violation of the agreement that Census Grievance intelligence would not be provided to the police. The trigger was the blacklist.

The My Lai operation was principally developed by two men, the CIA's Paul Ramsdell and a Colonel Khien, the Quang Nai province chief. Operating under cover of the US Agency for International Development, Ramsdell headed the Phoenix program in Quang Nai province, where it was his task to prepare lists of suspected NLF (called by the Americans "Viet Cong") leaders, organizers and sympathizers. Ramsdell would then pass these lists on to the US Army units that were carrying out the killings. In the case of My Lai, Ramsdell told Task Force Barker's intelligence officer, Captain Koutac, that "anyone in that area was considered a VC sympathizer because they couldn't survive in that area unless they were sympathizers."

Ramsdell had acquired this estimate from Col. Khien, who had his own agenda. For one thing, his family had been hit hard by the Tet offensive launched by the NLF earlier in the year. In addition, the NLF had seriously disrupted his business enterprises. Khien was notorious for being one of South Vietnam's most corrupt chieftains, an officer who had his hand in everything from payroll fraud to prostitution. But Khien apparently made his really big money from heroin sales to US soldiers.

For the CIA, the need to cover its involvement in the My Lai massacre became acute in August 1970, when Sergeant David Mitchell, a member of Task Force Barker, was put on trial for killing dozens of Vietnamese civilians at My Lai. Mitchell claimed that the My Lai operation had been conducted under the supervision of the CIA. The Agency's lawyer, John Greaney, successfully prevented Mitchell's lawyers from lodging subpoenas against any Agency personnel. But despite such maneuvers, high CIA and army brass were worried that the truth might trickle out, and so

General William Peers of US Army Intelligence was given the task – so to speak – of straightening out the furniture.

Peers was a former CIA man whose ties to Agency operations in Southeast Asia dated back to World War II, when he supervised the OSS's Detachment 101, the Burma campaign that often operated under the cover of Shan opium trafficking. Peers had also served as CIA station chief in Taiwan in the early 1950s, when the Agency was backing the exiled KMT supremo, Chiang Kai-shek and his henchman Li Mi, Peers had helped design the pacification strategy for South Vietnam and was a good friend of Evan Parker, the CIA officer who headed ICEX (Intelligence Coordination and Exploitation), the command structure that oversaw Phoenix and other covert killing operations. It's not surprising, then, that the Peers investigation found no CIA fingerprints on the massacre and instead placed the blame on the crazed actions of the enlisted men and junior officers of Task Force Barker.

In the immediate aftermath of My Lai the polls may have shown 65 percent approval by Americans, but it's doubtful whether such momentary enthusiasm would have survived the brute facts of what Operation Phoenix involved. As Bart Osborn, a US Army Intelligence officer collecting names of suspects in the Phoenix Program testified before Congress in 1972,

I never knew in the course of all of these operations any detainee to live through his interrogation. They all died. There was never any reasonable establishment of the fact that any one of those individuals was, in fact, cooperating with the VC, but they all died and the majority were either tortured to death or things like thrown out of helicopters.

One of the more outlandish efforts to protect the true instigators of My Lai came during the 1970 congressional hearings run by Senator Thomas Dodd (father of the present US senator from Connecticut). Dodd was trying to pin the blame for My Lai on drug use by US soldiers. He had seized on this idea after seeing a CBS news item showing a US soldier smoking marijuana in the jungle after a fire-fight. The senator forthwith convened hearings of his subcommittee on juvenile deliquency, and his staff contacted Ron Ridenhour, the man who had first brought the massacre to light prior to Seymour Hersh's journalistic exposé. Ridenhour had long made it his quest to show that My Lai was planned from the top, so he agreed to testify on the condition that he would not have to deal with any foolishness about blaming the murder of over 500 people on dope.

But no sooner had Ridenhour presented himself in the hearing chamber than Dodd began to issue pronouncements about the properties of marijuana so outlandish that Harry Anslinger himself would have approved. Ridenhour got nowhere, denounced the proceedings and expostulated outside the hearing room that "Dodd is stacking the evidence. Nobody mentioned drugs at My Lai after it happened and they would have been looking for any excuse. Many, many Americans are looking for any reason other than a command decision."

Although Dodd had simply wanted to blame My Lai on drugs and move on, the press now began to take an interest in the whole question of drug use in Vietnam by US forces. The attention prompted a congressional delegation to travel to Vietnam headed by Rep. Robert Steele, a Connecticut Republican, and Rep. Morgan Murphy, a Democrat from Illinois. They spent a

month in Vietnam talking to soldiers and medics and returned with a startling conclusion. “The soldier going to Vietnam,” Steele said, “runs a far greater risk of becoming a heroin addict than a combat casualty.” They estimated that as many as 40,000 soldiers in Vietnam were addicted to heroin. A follow-up investigation by the New York Times reckoned that the count might be even higher – perhaps as many as 80,000.

The Pentagon naturally preferred a lower figure, putting the total number of heroin addicts at between 100 and 200. But by this time President Nixon had begun to mistrust the flow of numbers out of the Defense Department and dispatched his White House domestic policy council chief, Egil Krogh Jr., to Vietnam for another look. Krogh didn’t spend time with the generals, but headed out into the field where he watched soldiers openly light up joints and Thai sticks and brag about the purity of the grades of heroin they were taking. Krogh came back with the news that as many as 20 percent of the US troops were heroin users. The figure made a big impression on Richard Nixon, who readily appreciated that although Americans might be prepared to see their sons die on the front lines battling communism, they would be far less enthusiastic at the news that hundreds of thousands of these same sons would be returning home as heroin addicts.

Partially in response to these findings Nixon recruited the CIA into his drug war. The man the Agency chose to put forward as coordinator with the White House was Lucien Conein, a veteran of the CIA’s station in Saigon, where he had been involved in the coup in 1963 that saw South Vietnam’s President Ngo Dinh Diem, assassinated along with his brother Ngo Dhin Nhu. (The Diems were regarded by President Kennedy and his advisers as insufficiently robust in pursuing the war. What the CIA proposed, local South Vietnamese generals disposed, and the Diems died in a hail of machine-gun bullets.) At the time of his death Nhu was one of the largest heroin brokers in South Vietnam. His supplier was a Corsican living in Laos named Bonaventure Francisi.

Lucien Conein himself was of Corsican origin, and as part of his intelligence work had maintained ties to Corsican gangsters in Southeast Asia and in Marseilles. His role in the White House drug war team appears to have been not so much one of advancing an effective interdiction of drug supplies as in protecting CIA assets who were tied to the drug trade. For example, one of the CIA’s first recommendations – an instinctive reflex, really – was a “campaign of assassination” against global drug lords. The CIA argued that there were only a handful of heroin kingpins and that it would be easy to eliminate all of them. A White House policy memo from 1971 records this piece of Agency advice: “With 150 key assassinations the entire heroin-refining industry can be thrown into chaos.” On that list were relatively small-time players and those without any links to the CIA-backed KMT forces that controlled the crucial supply lines out of the Shan States. This discretion was nothing new, since there had been an agreement between Anslinger’s Bureau of Narcotics and Dangerous Drugs (the forerunner of the DEA) and the CIA not to run any of Anslinger’s agents in Southeast Asia, lest it discommode the CIA’s complex living arrangements in the region.

Another tactic advanced by Conein was to contaminate US cocaine supplies with methedrine, the theory being that users would react violently when dosing themselves with this potion and turn violently on their suppliers. There’s no evidence that either of these schemes – assassination or methedrine adulteration – was ever put into play. But the Agency was able to convince the Nixon

administration that its eradication effort should be directed at Turkey rather than Southeast Asia, said effort culminating in an attempt at export substitution, with opium growers in Anatolia being helped to set up a factory to produce bicycles.

The CIA was well aware that Turkey provided only between 3 and 5 percent of the world's supplies of raw opium at that time. In fact, the Agency had prepared an internal survey that estimated that 60 percent of the opium on the world market was coming from Southeast Asia and noted the precise whereabouts of the four largest heroin labs in the region, in villages in Laos, Burma and Thailand. This report was leaked to the New York Times, whose reporter relayed the main conclusions, without realizing that these villages were all next to CIA stations with the labs being run by people on the CIA's payroll.

In April 1971, the CIA's ties to the opium kings of Southeast Asia nearly sparked a major international confrontation. Crown Prince Sopsaisana had been appointed Laotian ambassador to France. On arrival in Paris, the prince angrily announced that some of his copious luggage was missing. He berated French airport officials, who meekly promised they would restore his property. In fact the prince's bags had been intercepted by French customs after a tip that Sopsaisana was carrying high-grade heroin; indeed, his luggage contained 60 kilos of heroin, worth $13.5 million, then the largest drug seizure in French history. The prince had planned to ship his drug cargo on to New York. The CIA station in Paris convinced the French to cover up the affair, although the prince was not given back his dope. It hardly mattered. Sopsaisana returned two weeks later to Vientiane to nearly inexhaustible supplies of the drug.

Why the CIA interest in protecting the largest trafficker nabbed on the French soil? The opium used to manufacture the prince's drugs had been grown in the highlands of Laos. It was purchased by a Hmong general, Vang Pao, who commanded the CIA's secret air base in Laos, where it was processed into high-grade Number 4 heroin in labs just down the block from CIA quarters. The heroin was then flown to Vientiane on Vang Pao's private airline, which consisted of two C-47s given to him by the CIA.

Vang Pao was the leader of a CIA-sponsored 30,000-man force of Hmong, which by 1971 consisted mostly of teenagers, fighting the Pathet Lao Communist forces. The Hmong had a reputation for fierceness, in part due to a century of conflict with the Chinese, who had, back in the nineteenth century, driven them into Laos after taking over their opium fields in Hunan. As one Hmong put it to Christopher Robbins, author of Air America, "They say we are a people who like to fight, a cruel people, enemy of everybody, always changing our region and being happy nowhere. If you want to know the truth about our people, ask the bear who is hurt why he defends himself, ask the dog who is kicked why he barks, ask the deer who is chased why he changes mountains." The Hmong practiced slash-and-burn agriculture, with two crops – rice and opium, the first for sustenance and the latter for medicinal and trading purposes.

Vang Pao was born in 1932 in a Laotian hamlet called Nong Het. At the age of thirteen he served as an interpreter for the French forces then fighting the Japanese. Two years later he was battling Viet Minh incursions into Laos in the First Indochina War. He underwent officer training at the French military academy near Saigon, becoming the highest-ranking Hmong in the Royal

Laotian Air Force. In 1954 Vang Pao led a group of 850 Hmong soldiers on a fruitless mission to relieve the beleaguered French during their debacle at Dien Bien Phu in Vietnam.

The Hmong were first marshaled into a surrogate army by a French colonel called Roger Trinquier, who confronted a crisis in the French budget for local covert operations and intelligence in a fashion that covered more than one objective. "The money from the opium," he wrote later, "financed the maquis [that is, the Hmong mercenaries] in Laos. It was flown to Cp. St. Jacques [a French military base sixty miles south of Saigon] in Vietnam in a DC-3 and sold." The money was put into an account and used to feed and arm the guerrillas. Trinquier cynically added than the trade "was strictly controlled even though it was outlawed." Overseeing the marketing in Saigon was the local French director of the Deuxiéme Bureau, Colonel Antoine Savani. A Corsican with ties to the Marseilles drug syndicates, Savani organized the Bin Xuyen River gang on the lower Mekong to run the heroin labs, manage the opium dens and sell the surplus to the Corsican drug syndicate. This enterprise, called Operation X, ran from 1946 through 1954.

Ho Chi Minh made opposition to the opium trade a key feature of his campaign to run the French out of Vietnam. The Viet Minh leader said, quite accurately, that the French were pushing opium on the people of Vietnam as a means of social control. A drugged people, Ho said, is less likely to rise up and throw off the oppressor.

During World War II, OSS officers working to oust the Japanese from Southeast Asia developed a cordial relationship with Ho Chi Minh, finding that the Viet Minh leader spoke fluent English and was well versed in American history. Ho quoted from memory lengthy passages from the Declaration of Independence, and chided the intelligence agents, noting that Vietnamese nationalists had been asking American presidents since Lincoln for help in booting out the French colonialists. As with Mao's forces in China, the OSS operatives in Vietnam realized that Ho's well-trained troops were a vital ally, more capable and less corrupt than Chiang Kai-shek's Kuomintang army and the pro-French forces in Indochina. When Ho was stricken with malaria, the OSS sent one of its agents, Paul Helliwell, who would later head up the CIA's Overseas Supply Company, to treat the ailing Communist. Similar to Joe Stilwell's view of Mao, many military and OSS men recommended that the US should back Ho after the eviction of the Japanese.

After arriving in Vietnam in 1945, US Army General Phillip Gallagher asked the OSS to compile a detailed background on Ho. An OSS operative named Le Xuan, who would later work for the CIA during the Vietnam War, acquired a dossier on Ho from a disaffected Vietnamese nationalist: Le Xuan paid the man off with a bag of opium. The dossier disclosed to US intelligence agencies that Ho had had extended stays in the Soviet Union, a revelation that doomed any future aid from the Americans for his cause. Le Xuan would later turn on the CIA, showing up in Paris in 1968 to reveal his services to the Agency and denounce its murderous policies in Vietnam.

In 1953, Trinquier's Operation X opium network was discovered by Colonel Edwin Lansdale, at the time the CIA's military adviser in Southeast Asia. Lansdale later claimed that he protested about this French role in opium trafficking, but was admonished to hold his tongue because, in

his words, exposure of "the operation would prove a major embarrassment to a friendly government." In fact, the CIA's director, Allen Dulles, was mightily impressed by Trinquier's operation and, looking ahead to the time when the US would take over from the French in the region, began funneling money, guns and CIA advisers to Trinquier's Hmong army.

The post–Dien Bien Phu accords, signed in Geneva in 1954, decreed that Laos was to be neutral, off-limits to all foreign military forces. This had the effect of opening Laos to the CIA, which did not consider itself a military force. The CIA became the unchallenged principal in all US actions inside Laos. Once in this position of dominance the CIA brooked no interference from the Pentagon. This point was driven home by the military attaché to Laos, Colonel Paul Pettigrew, who advised his replacement in Vientiane in 1961, "For God's sake, don't buck the CIA or you'll find yourself floating face down on that Mekong River."

From the moment the Geneva Accords were signed, the US government was determined to undermine them and do everything in its power to prevent the installation of Ho Chi Minh as president of all Vietnam, even though elections would have clearly showed he was the choice of most Vietnamese, as President Dwight D. Eisenhower famously admitted. Eisenhower and his advisers decreed that Laos's neutral status should be subverted. On the ground this meant that the neutralist government of Prime Minister Souvanna Phouma, which had amicable relations with the Pathet Lao, should be subverted by the CIA, whose preferred client was General Nosavan Phoumi. The Agency fixed elections in 1960 in an attempt to legitimize his rule. Also in 1960 the CIA began a more sustained effort to build up Vang Pao and his army, furnishing him with rifles, mortars, rockets and grenades.

After John Kennedy's victory in 1960, Eisenhower advised him that the next big battleground in Southeast Asia would not be Vietnam but Laos. His counsel found its mark, even though Kennedy initially snooted Laos as "a country not worthy of engaging the attention of great powers." In public Kennedy pronounced the country's name as L-AY-o-s, thinking that Americans would not rally to the cause of a place pronounced "louse." In 1960 there were but a thousand men in Vang Pao's army. By 1961 "L'Armée Clandestine" had grown to 9,000. By the time of Kennedy's assassination in late 1963, Vang Pao was at the head of some 30,000 troops. This army and its air force were entirely funded by the United States to the tune of $300 million, administered and overseen by the CIA.

Vang Pao's original CIA case officer was William Young, the Baptist missionary-become-CIA-officer we met in the preceding chapter. Young never had any problem with the opium trafficking of the Hmong tribes. After Young was transferred out of the area in 1962, the CIA asked the Frenchman Trinquier to return as military adviser to the Hmong. Trinquier had just completed his tour of duty in the French Congo and consented to perform that function for a few months before the arrival of one of the most notorious characters in this saga, an American named Anthony Posephny, always known as Tony Poe.

Poe was a CIA officer, a former US Marine who had been wounded at Iwo Jima. By the early 1950s he was working for the Agency in Asia, starting with the training of Tibetan Khamba tribesmen in Colorado (thus breaching the law against CIA activities inside the US), prior to leading them back to retrieve the Dalai Lama. In 1958 Poe showed up in Indonesia in an early

effort to topple Sukarno. In 1960 he was training KMT forces for raids into China; his right hand was by now mangled after ill-advised contact with a car's fanbelt. In 1963 Poe became Vang Pao's case officer and forthwith instituted new incentives to fire up the Hmong's dedication to freedom's cause, announcing that he would pay a cash bounty for every pair of Pathet Lao ears delivered to him. He kept a plastic bag on his front porch where the ears were deposited and strung his collection along the verandah. To convince skeptical CIA superiors, in this case Ted Shackley in Vientiane, that his body counts were accurate, Poe once stapled a pair of ears to a report and sent it to HQ.

This souvenir of early methods of computing the slaughter of native Americans was not as foolproof as Poe imagined. He himself later described going up country and finding a small boy with no ears, then was told that the boy's father had sliced them off "to get money from the Americans." Poe shifted his incentive to the entire heads of Pathet Lao, claiming that he preserved them in formaldehyde in his bedroom.

This man, described by an associate as an "amiable psychopath," was running Phoenix-type operations into Lao villages near the Vietnam border. The teams were officially termed "home defense units," though Poe more frankly described them as "hunter-killer teams." Poe later claimed that he was booted out of Long Tieng because he had objected to CIA tolerance of Vang Pao's drug trading, but his description suggests more an envy for the French style of direct supervision of the opium trade. In a filmed TV interview at his home in Northern Thailand Poe said in 1987,

You don't let 'em run loose without a chain on 'em. They're like any kind of animals, or a baby. You have to control 'em. Vang Pao was the only guy with a pair of shoes when I met him. Why does he need Mercedes and hotels and homes when he never had them before? Why are you going to give him them? He was making millions. He had his own avenue for selling heroin. He put his money in US bank accounts and Swiss banks, and we all knew it. We tried to monitor it. We controlled all the pilots. We were giving him free rides into Thailand. They were flying it [that is, the opium cargoes] into Danang, where it was picked up by the number two man to Thieu [at the time South Vietnam's president]. It was all a contractual relationship, just like bankers and businessmen. A wonderful relationship. Just a Mafia. A big organized Mafia.

By the time Poe left this area of Laos in 1965, the situation was just as he described it twenty years later. The CIA's client army was collecting and shipping the opium on CIA planes, which by now were flying under the American flag.

"Yes, I've seen the sticky bricks come on board, and no one challenged it," Neal Hanson, an Air America pilot, said in a filmed interview in the late 1980s. "It was as if it was their personal property. We were a freebie airline. Whoever was put on our plane we flew. Primarily it was the smaller aircraft that would visit outlying villages and bring it [the opium] back to Long Tieng. If they put something on the airplane and told you not to look at it, you didn't look at it."

The Air America operation played a key role in expanding the opium market. CIA and US Agency for International Development funds went to the construction of more than 150 short, so-called LIMA landing strips in the mountains near the opium fields, thus opening these remote

spots to the export trade – and also ensuring that such exports went to Vang Pao. The head of AID in that area at the time, Ron Rickenbach, said later, "I was on the air strips. My people were in charge of supplying the aircraft. I was in the areas where the opium was grown. I personally witnessed it being placed on Air America planes. We didn't create the opium product. But our presence accelerated it dramatically." In 1959 Laos was producing about 150 tons. By 1971 production had risen to 300 tons. Another boost to opium production, much of which was ultimately destined for the veins of Americans then fighting in Vietnam, was enabled by the USAID's supplying rice to the Hmong, thus allowing them to stop growing this staple and use the land to cultivate opium poppies.

Vang Pao controlled the opium trade in the Plain of Jars region of Laos. By buying up the one salable crop the general could garner the allegiance of the hill tribes as well as stuff his own bank account. He would pay $60 a kilo, $10 over the prevailing rate, and would purchase a village's crop if, in return, the village would supply recruits for his army. As a village leader described it, "Meo [that is, Hmong] officers with three or four stripes came from Long Tieng to buy their opium. They came in American helicopters, perhaps two or three men at one time. The helicopter leaves them here for a few days and they walk to the villages, then come back here and radio Long Tieng to send another helicopter for them and take the opium back."

John Everingham, an Australian war photographer, was at that time based in Laos and visited the Hmong village of Long Pot; he recalled in the late 1980s that

I was given the guest bed in a district village leader's house. I ended up sharing it with a military guy, who I later discovered was a leader in Vang Pao's army. I was wakened by a great confusion of people and noise at the bottom of the bed, where there was a packet of black sticky stuff on bamboo leaves. And the village leader was weighing it out and paying quite a considerable amount of money. This went on several mornings. I found out it was raw opium. They all wore American uniforms. The opium went to Long Tieng by helicopters, Air America helicopters on contract to the CIA. I know as a fact that shortly after Vang Pao's army was formed, the military officers gained control of the opium trade. It not only helped make them a lot of money. It also helped the villagers who needed their opium carried out, a difficult task in wartime. The officers were obviously paying a very good price because the villagers were very anxious to sell it to them.

In the early 1960s the trading chain from Long Tieng was as follows: the opium would be shipped into Vietnam on Laos Commercial Air, an airline run jointly by Ngo Dinh Nhu and the Corsican Bonaventure Francisi. Nhu, brother of South Vietnam's President Diem, had presided over a huge expansion in Saigon's opium parlors in order to fund his own security operation. But after the Diem brothers' assassination, Marshall Nguyen Cao Ky, the man selected by the CIA as South Vietnam's new leader, began bringing the opium in from Long Tieng on Vietnamese air force planes. (Ky had previously been head of South Vietnam's air force.) A CIA man, Sam Mustard, testified to this arrangement in congressional hearings in 1968.

At the Laotian end, General Phoumi had placed Ouane Rattikone in charge of overall opium operations, and his dealings resulted in about a ton of opium a month being landed in Saigon. For his services, however, Rattikone was getting only about $200 a month from the parsimonious

Phoumi. With the backing of the CIA, Rattikone rebelled and launched a coup in 1965 against Phoumi, driving his former boss into exile in Thailand. Rattikone now wanted to drop the contract with the Corsican's Air Laos, which, despite Marshall Ky's switch, was still doing business. Rattikone's plan was to use the Royal Lao Air Force, entirely funded by the CIA. He referred to the opium shipments on the national air force as "requisitions militaires." But CIA air commander Jack Drummond objected to what he deemed a logistically inefficient use of the Royal Lao Air Force's T-28s and instead decreed that the CIA would furnish a C-47 for the dope runs "if they'd leave the T-28s alone."

That's precisely what happened. Two years later, in 1967, the CIA and USAID purchased two C-47s for Vang Pao, who opened up his own air transport company, which he called Xieng Khouang Air, known by one and all as Air Opium.

At the time the CIA decided to give Vang Pao his own airline, the CIA station chief in Vientiane was Ted Shackley, a man who had gotten his start in the CIA's Paperclip project, recruiting Nazi scientists. Before he came to Laos Shackley had headed the Agency's Miami station, where he orchestrated the repeated terror raids and assassination bids against Cuba and consorted with the local Cuban émigrés, themselves deeply involved in the drug trade. Shackley was an ardent exponent of the idea of purchasing the loyalty of CIA clients by a policy of economic assistance, calling this "the third option." Tolerance – indeed active support – of the opium trade was therefore a proper military and diplomatic strategy. He also had a reputation for preferring to work with a team of long-term associates whom he would deploy in appropriate posts.

Thus one can follow, through the decades, the Shackley team from Miami, to Laos, to Vietnam (where he later became CIA station chief in Saigon) to his private business operations in Central America. When Shackley was in Vientiane, his associate, Thomas Clines, was handling business at Long Tieng. Another CIA man, Edwin Wilson, was delivering espionage equipment to Shackley in Laos. Richard Secord was supervising CIA operations, thus participating in a bombing program depositing more high explosive on peasants and guerrillas in the Plain of Jars than did the US on Germany and Japan during the whole of World War II. Shackley, Clines, Secord and Air America cargo kicker Eugene Hasenfus show up later in our story, in Central America, once again amid the CIA's active complicity in the drug trade.

By the time Shackley moved to Saigon in 1968, the war had turned against Vang Pao. The Pathet Lao now had the upper hand. Over the next three years the story of the Hmong was one of forced marches and military defeats, and as the ground war went badly the CIA took to bombing campaigns that killed yet more Hmong. As Edgar "Pop" Buell, a missionary working in the hills, wrote in a memo to the CIA in 1968, "A short time ago we rounded up 300 fresh recruits [from the Hmong], 30 percent were 14 years old. Another 30 percent were 15 or 16. The remaining 40 percent were 45 or over. Where were the ages between? I'll tell you – they're all dead."

By the end of the war in Laos a third of the entire population of the country had become refugees. In their forced marches the Hmong experienced 30 percent casualty rates, with young children often having to put their exhausted parents, prostrated along the trail, out of their misery. By 1971 the CIA was practicing a scorched-earth policy in Hmong territory against the incoming Pathet Lao. The land was drenched with herbicides, which killed the opium crop and

also poisoned the Hmong. Later, when Hmong refugees in Thai refugee camps reported this "yellow rain," CIA-patronized journalists spread the story that this was a Communist essay in biological warfare. The Wall Street Journal editorial page ran an extensive propaganda campaign on the issue in the early Reagan years. Vang Pao ended up in Missoula, Montana. General Ouane Rattikone went into exile in Thailand.

This CIA-transported opium engendered an addiction rate among US servicemen in Vietnam of up to 30 percent, with the soldiers spending some $80 million a year in Vietnam on heroin. In the early 1970s some of this same heroin was being smuggled back to the US in the body bags of dead servicemen, and when DEA agent Michael Levine attempted to bust the operation, he was warned off by his superiors because it might have led to exposure of the supply line from Long Tieng.

In 1971 a second-year grad student at Yale named Alfred McCoy met the poet Allen Ginsberg at a demonstration for Bobby Seale in New Haven. Ginsberg found out that McCoy had studied up on the drug trade and also knew several Southeast Asian languages as well as the political history of the region. He encouraged McCoy to research allegations about CIA involvement in the drug trade. McCoy finished his term papers and traveled to Southeast Asia in the summer of 1971, where he embarked on a courageous and far-reaching investigation that yielded brilliant results. He interviewed troops and officers in Saigon, and there also met John Everingham, the photographer who had witnessed the opium dealings in Laos. Everingham took him back into Laos to that same village. McCoy interviewed Hmong, both villagers and chiefs. He tracked down General Ouane Rattikone in Thailand. He interviewed Pop Buell and the CIA agent William Young.

Back in the United States by the spring of 1972, McCoy had finished the first draft of what was to be the path-breaking The Politics of Heroin in Southeast Asia. In June of that year he was invited to testify before the US Senate by Senator William Proxmire of Wisconsin. Following that testimony, he was called by his publisher Harper & Row, demanding that he come to New York and meet with the company's president, Winthrop Knowlton. Knowlton told McCoy that Cord Meyer, a top-ranking CIA officer, had paid a visit to the owner of Harper & Row, Cass Canfield, and had told Canfield that McCoy's book posed a national security threat. Meyer demanded that Harper & Row cancel the contract. Canfield refused, but did agree to let the CIA review McCoy's book before publication.

While McCoy was deliberating what to do, the CIA's approach to Canfield leaked out to Seymour Hersh, then working at the New York Times. Hersh promptly published the story. As McCoy wrote in the preface to a new edition of his book published in 1990, "Humiliated in the public arena, the CIA turned to covert harassment. Over the coming months, my federal education grant was investigated. My phones were tapped. My income tax was audited and my sources were intimidated." Some of his interpreters were threatened with assassination.

The book was duly published by Harper & Row in 1972. Amid Congressional disquiet, the CIA told the Joint Committee on Intelligence that it was pressing forward with an internal review by the CIA's Inspector General. The Agency sent twelve investigators into the field, where they

spent two brief weeks in interviews. The report has never been released in its entirety, but this is its conclusion:

No evidence that the Agency or any senior officer of the Agency has ever sanctioned, or supported drug trafficking, as a matter of policy. Also we found not the slightest suspicion, much less evidence, that any Agency officer, staff or contact, has ever been involved with the drug business. With respect to Air America, we found that it has always forbidden, as a matter of policy, the transportation of contraband goods. We believe that its Security Inspection Service which is used by the cooperating air transport company as well, is now serving as an added deterrent to drug traffickers.

The one area of our activities in South East Asia that gives us some concern has to do with the agents and local officials with whom we are in contact and who have been or may still be involved in one way or another in the drug business. We are not referring here to those agents who are run as penetrations of the narcotics industry for collection of intelligence on the industry but, rather, to those with whom we are in touch in our other operations. What to do about these people is particularly troublesome in view of its implications for some of our operations, particularly in Laos. Yet their good will, if not mutual cooperation, considerably facilitates the military activities of the Agency-supported irregulars.

The report admitted that "the war has clearly been our over-riding priority in Southeast Asia and all other issues have taken second place in the scheme of things." The report also suggested that there was no financial incentive for the pilots in Air America to be involved in smuggling, since they were "making good money."

Reviews of McCoy's book were hostile, suggesting that his hundreds of pages of well-sourced interviews and reporting amounted to conspiratorial rumor-mongering by a radical opponent of the war. McCoy's charges were dismissed out of hand in the Church hearings of 1975, which concluded that allegations of drug smuggling by CIA assets and proprietaries "lacked substance."

As McCoy himself summed it up in 1990, in words which no doubt strike a chord in the heart of Gary Webb, "Although I had scored in the first engagement with a media blitz, the CIA won the longer bureaucratic battle. By silencing my sources and publicly announcing its abhorrence of drugs, the Agency convinced Congress that it had been innocent of any complicity in the Southeast Asian opium trade."