

Congressman John Ashbrook (R-Ohio) however, was sufficiently disturbed to protest on April 25, 1972 that "There is a conscious effort to cover up Red China's nefarious part in the international illicit drug traffic."

With Nixon and his "all-out war" on drugs out of the way by 1974, British intelligence networks in the U.S. moved into their second phase of implementing the Kissinger-New Left "China opening" policy, the

domestic correlate of which was to put the nation's population on heroin and other drugs, by moving to dissolve the counterintelligence and special operations capacities of the CIA, which Nixon had been seeking to mobilize for his antidrug fight. In chorus, the *New York Times*, *Washington Post* and other London-linked media simultaneously denounced the "illegalities" of the CIA — while calling for illegal drugs to be made legal!

## 5. Finance and drugs: the London connection

Until the 1920s or so, as the historical and diplomatic record so richly testifies, it was no secret to anyone in informed government circles that it was London and its historical financial and oligarchical allies that were the controlling and profiting elements in the international traffic in drugs.

So contemptuous, in fact, were London and allied circles of the ability of sovereign nations to halt this traffic, that British colonies still openly published the percentage of colonial revenues derived from government opium monopolies. (See Table 1.)

It was only out of subsequent prudence, following the First World War, when the U.S. became the nominally dominant financial power of the world, that London banks controlling the trade began scurrying to conceal their tracks, making avail of the preeminent control they exerted over the main U.S. publishing firms as the channel for this fraud.

Despite the subterfuge, the tracks are still there. With minor modifications and expansions, the same London, Amsterdam, and associated "black nobility" families and factions (Knights of Malta, Order of Orange Nassau, and so on) who founded the international illegal drug trade two centuries ago are still running the trade today.

### The paradigm: Crown Colony of Hong Kong

The Hong Kong situation is exemplary. A British Crown Colony to this day, Hong Kong boasts the highest per capita concentration of narcotics addicts in the world.

Hong Kong is also notorious as the world's top refining center for turning opium into heroin. It is the leading transshipment point for opium and heroin entering the international narcotics traffic. The numerous British, Canadian, and other ships and airlines that call in Hong Kong are the essential mediation for this traffic. With the most corrupt police force in the world in a colony otherwise run under the friendly protection of the British Crown, British intelligence, and the Foreign Office, Hong Kong continues to play the opium-center role for which it was originally founded over a century ago by Lords Palmerston and Russell.

The dominant institution in Hong Kong is the **Hong Kong and Shanghai Banking Corporation**. The "Hongshang," as it is abbreviated, was founded in 1862 to function as the "central bank" for the opium trading companies situated in the extraterritorial concessions of Hong Kong and Shanghai, opium concessions forced on China by the British during two notorious Opium Wars.

The "Hongshang," although a private institution, functions as the Colony's de facto central bank to this day.

Still represented on the Bank's board are representatives of Jardine, Matheson and Co., Limited, and the P and O Steamship Line. Both companies, like the "Hongshang" itself, have been active in the opium trade for more than a century. Jardine, Matheson, was founded in 1828 for the sole purpose of engaging in the opium trade. It still displays as its emblem on annual reports and company stationery an opium poppy (although in coy moments the company pretends this is a thistle!).

Today's "Hongshang" dominates the Colony's gold market. "Hongshang"-mediated gold bars are the payment the Chinese Communist government receives for the opium bricks shipped across the bay to Hong Kong under the eyes of British Crown officials. To further facilitate this process, Maoist Chinese have been integrated into the financial structure of Hong Kong.

The policy control over the "Hongshang" is exercised by the Bank's London Committee. On it sit some of the most distinguished members of the City's Anglo-Dutch merchant banking community. These include:

**Lord Catto of Cairncatto**, the chairman of Morgan Grenfell;

**Sir Philip de Zulueta**, who represents the Rothschild interest on the boards of numerous mining companies, including gold mines;

**Two members of the Keswick family**, the same family that was handling Jardine's opium-running activities already in the 19th century;

**Sir John Saunders**, whose presence on the Hongshang board interlocks the bank with the P and

O. The P and O's board, in turn, features **Lord Cromer** of Baring Bros. and, as chairman, **Lord Inchcape**, namesake of the Lord who authored a famous 1920s British government report that justified the continuation of opium production (for addicts' consumption) in British India.

**Sir Michael Turner**, the former Chief Manager in Hong Kong for the "Hongshang," who is a Commander of the Knights of St. John.

### Other centers of the world drug trade

Other centers of the international narcotics traffic closely link into the cited London networks.

**Amsterdam.** Now the acknowledged drug capital of Europe, Amsterdam is the Dutch financial center of the Anglo-Dutch financial community. Amsterdam is also the center of the Social Democratic Socialist International, and hence a coordinating center of the drug networks centered around French Socialist Party mayor of Marseilles, Gaston DeFerre. West German Socialist Party chairman Willy Brandt, honorary chairman of the Knights of Malta-controlled German Red Cross, controls similar drug networks in West Berlin, where he was formerly mayor.

**The Mafia.** The involvement of the Sicilian Mafia and its relocated American offshoots, as well as the Corsican syndicates that function in Marseilles as well as in transplanted networks in the Americas, are a reflection of the same London-allied networks, in this case the historical financial networks associated with the Knights of Malta and the linked financial communities of Genoa and the banking towns of Switzerland, notably Geneva.

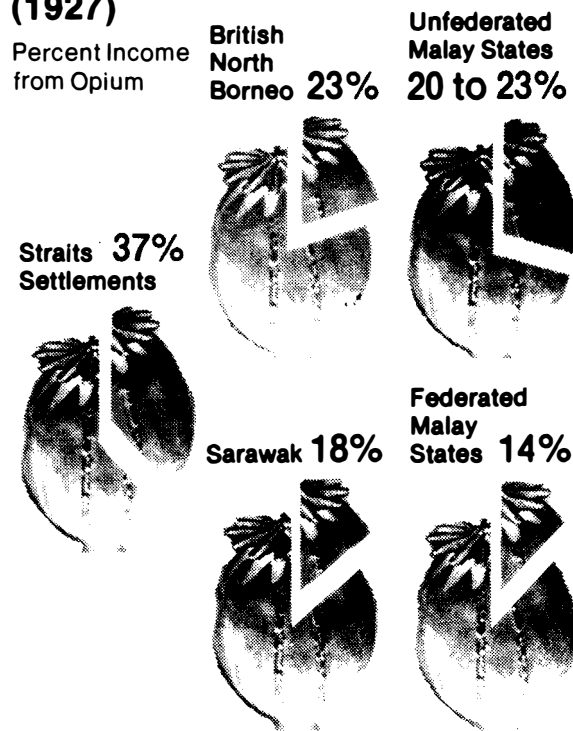
**Persian Gulf.** Drug and gold-smuggling operations in the Persian Gulf are dominated by the British Bank of the Middle East, a subsidiary of the Hong Kong and Shanghai Banking Corporation. Collateral political support is provided by the networks in that area associated with the Anglo-Dutch-controlled Royal Dutch Shell Co. and British Petroleum.

Both smuggling and money-laundering operations for the drug trade are conducted out of the various extra-territorial relics of the colonial period and other historical residues from the Middle Ages. Besides Hong Kong and Switzerland, these include Macao, Singapore, the various political detriti left behind in the Persian Gulf by the retreating British Imperial glacier (Bahrein, Dubai, Kuwait, etc.), Malta, Liechtenstein, Luxembourg, Jersey, Guernsey, the various havens for financial criminals and gangsters in the British and Dutch Caribbean.

The historical production centers for opium and other narcotic substances show a similar pattern. The poppy-cultivating areas running laterally from Yugoslavia and Greece down through Turkey and Iran, and thence to India, Burma and into China too closely map with the old British "Imperial Lifeline" —

**Table 1.**

### British Colonies' Revenues from Opium (1927)



Suez to India and Burma — for the knowledgeable individual not to draw the appropriate conclusion.

To an astonishing extent, the historical and diplomatic record also corroborates this impression.

### The history and diplomacy of drugs

The historical origin of a worldwide traffic in narcotics is unambiguously traceable to the late 18th century commercial activities of the Anglo-Dutch-controlled East India Company, which was given a monopoly license from the British government at that time to do what it wished to the subcontinent of India. The Company, determined to recoup the bloody nose it and its allies had suffered as a result of the American Revolution, established a world trade in opium, using India as the initial production center.

From the late 18th century down to the 1930s, it was notorious that the opium trade, the world's principal narcotics problem at the time, was a virtual British monopoly. The principal opium-producing countries for the illicit trade were the British Colony of India and, subsequently, British-finance-dominated China.

So were the principal refining and distribution centers. In Asia the main centers were the British Crown Colony of Hong Kong and the International

Settlements of Shanghai. The latter were ruled by a Municipal Council which up through 1941 was dominated by the British. The trading companies who plied their opium to and from there and then throughout the world were predominantly British. In the earliest period there was the monopoly of the East India Company; from the 1930s on, the private companies moved to the fore — Jardine, Matheson and Company, the P and O shipping line, the Sassoons, and others. In 1862 a majority of these formed the Hong Kong and Shanghai Bank as their financial institution for the drug trade. The London banking factions heavily involved in the trade — from the East India Company to Baring Bros. — were and are strongly Anglo-Dutch.

Evidence regarding London control of the drug trade through the 1930s is also clear cut. The 19th century Opium Wars of Lord Palmerston and Lord Russell (Bertrand Russell's grandfather) are well known. That "diplomatic" and military tradition was continued in only less blatant form into the 20th century.

#### *The Hague Convention*

In 1911 an international conference was held at The Hague. The conference agreed to regulate the narcotics trade, with the goal in mind of gradually suppressing it. The success of this "Hague Convention," as it was called, depended on the earlier Anglo-Chinese agreement of 1905. Under that agreement, the Chinese were to reduce domestic opium production in phased amounts, while the British were to reduce their exports from British India to China correspondingly.

The outcome? The Chinese, who had subscribed enthusiastically to both the 1905 and 1911 agreements soon discovered that the British were evading both by sending opium to their extraterritorial concessions in China (Hong Kong, Shanghai). The British argued that these enclaves were not really "China" for export purposes — i.e., the British cried "loophole."

The consequences of this treachery were soon visible. Opium dens in the Shanghai International Settlement jumped from 87 licensed dens in 1911, the year of the Hague Convention, to 663 dens in 1914. The loophole also provided a means of warehousing the opium where it could readily be smuggled out of the enclave into China proper.

In a second act of contempt for the 1911 Convention, Britain issued a new loan to Persia, the collateral for which was Persia's opium revenues.

#### *The League of Nations*

The next significant international diplomatic effort to suppress the opium trade occurred after World War I, under the aegis of the League of Nations in Geneva. By now, Britain's dominance of the narcotics trade had become so notorious that exposés of its perfidy were even being published in the Anglophile U.S.

weekly, *The Nation*. But even London-Dutch-Swiss domination of the League of Nations was not sufficient to prevent certain embarrassing revelations from getting out.

At the Fifth Session of the League's Opium Committee a delegate pointed out the enormous discrepancy between Britain's reported figures of its 1916-1920 exports of morphine to Japan (Britain reporting virtually no such exports) and Japan's figures for the same period, wherein Japan showed an enormous importation of morphine from Britain. When confronted with the discrepancy — prima facie evidence of opium smuggling — the British representative suggested that it was an argument in favor of the British-backed plan for government opium monopolies — presumably so the "figures" if not the shipments could be better coordinated!

That was another scandal — the government opium monopolies in Britain's numerous Asian colonies. In the Straits Settlement during the first decade of the 20th century, opium duties had sometimes provided the bulk of the revenue of the colony. Even in 1918 opium still accounted for 60 percent of the Straits Settlements' entire income.

The Straits Settlement situation was by no means exceptional. Even in 1927, despite numerous post-World War I exposé of Britain's continued active narcotics role, government opium monopoly revenues continued to provide a significant portion of reported revenues in Britain's colonies in the Southwest Pacific, as Table I shows.

Britain maintained a similarly paternal attitude toward drug revenues in its colony of India. When Gandhi in 1921 began agitating against opium,

... his followers were arrested on charges of "undermining the revenue." So little concerned were the British about the views of the League of Nations that after a Commission under Lord Inchcape had investigated India's finances in 1923, its report, while recognizing that it might be necessary to reduce opium production again if prices fell, went on to warn against diminishing the area cultivated, because of the need to safeguard "this most important source of revenue." (From Brian Inglis, *The Forbidden Game*, 1975.)

The sites notorious as the chief smuggling centers continued to be the British colonies of Hong Kong and Malaya and the British-dominated Shanghai International Settlement, much to the "embarrassment" of His Majesty's officialdom, who were depicted as sparing no efforts to root out this corruption which some malevolent force had situated under their nose.

The League attempted one last public relations effort in 1931. It claimed that as a result of its activities in the preceding three years (1928-1930), the price of raw opium had been reduced by 25 percent. Thus did the League summarize its memorable accomplishments: by taking credit for the general price collapse of the Great Depression.