

Kissinger's China card: the drug connection

by Scott Thompson

Just as Red Chinese tanks rolled over the "Goddess of Liberty" statue erected by Chinese students in Tiananmen Square, Henry Kissinger went on a propaganda offensive through articles and TV appearances to denounce the students as a chaotic element that threatened the Communist reform program of Deng Xiaoping, the Butcher of Beijing. Kissinger, working also through his two "Scowgleburger" clones (Gen. Brent Scowcroft as national security adviser and Lawrence Eagleburger as deputy secretary of state), publicly and privately advised President George Bush to act with "caution," rather than give moral support to the students, who were motivated by the principles of the American Revolution as reflected through Chinese leader Sun Yat-sen. Kissinger warned ominously, that the Soviets might take advantage, if the United States criticized Deng.

Kissinger's China card is a hoax, which sends Soviet military strategists into uproarious laughter. The entire Soviet strategy of Sino-Soviet rapprochement had been built upon the same Deng Xiaoping, so praised by Henry Kissinger. While Kissinger has repeatedly said that the concepts of "good" and "evil" must be eliminated from his Metternichean balance-of-power geopolitics, *EIR* investigators found Kissinger's stand so contradictory and filled with lies, that we sought to uncover Dr. K's real motives.

It can be demonstrated that Henry Kissinger, through his global influence-peddling firm, Kissinger Associates, Inc., has profited substantially from the fact that Communist China remains the world's leading producer of the heroin that floods the United States, causing thousands more casualties in this war to corrupt "capitalist America." Moreover, it was Kissinger, when he was President Nixon's national security ad-

viser, involved in the "open door" policy to China, who forced U.S. anti-narcotics and intelligence officers to lie systematically that Communist China was no longer a major source of the heroin then addicting U.S. troops in Vietnam—a coverup that remains intact to this day, as four successive administrations have continued to uphold the China card.

The opium war in reverse

The drugging of GIs in Vietnam was a conscious policy of the Red Chinese government, which was running an opium war in reverse. That had been their tactic since Mao Zedong gave birth to the strategy of corrupting "white zones" with opium, starting in 1928, according to former U.S. intelligence officer Joseph D. Douglass in *America the Vulnerable*, A.H. Stanton Candlin in *Psycho-Chemical Warfare: The Chinese Communist Drug Offensive Against the West*, and several other reliable sources. First, the Red Chinese softened up American GIs with marijuana. Then, when alarm over this menace spread, the Chinese Communists formed a special intelligence unit, located in south China, near the border area of Laos, North Vietnam, and Cambodia, that flooded U.S. troops with heroin at rock bottom prices.

Rep. Seymour Halpern (R-N.Y.), who had toured Vietnam after this opium war offensive had just commenced, reported back to Congress in June 1971, that by a conservative estimate 60,000 GIs were using hard drugs (the actual number of users among troops ranging roughly between 20% to 30%). Evidence that this was irregular warfare was not only that the packaging was all uniform, but, most importantly that an ounce of number three heroin that would cost \$4,000 in the United States, sold in South Vietnam to GIs for

only \$20. The sudden proliferation of heroin, sold through black market Vietnamese profiteers, was so great, that GIs were even inhaling it, rather than using the more effective means of "mainlining" the narcotic into veins.

Communist Chinese leader Chou En-lai, who had been meeting secretly with Kissinger at the time this offensive was unleashed, had actually bragged about the strategy years earlier, when he met with Egypt's Gamal Abdel Nasser while on a 12-day trip to that country in June 1965. The story first appeared in the London *Sunday Times* in an article by Mohammed Heikal, a close adviser to Nasser, who got it by reviewing Nasser's private diary entry of the June 23 meeting. Nasser had written:

"One of the most remarkable statements Chou En-lai made on that evening during our discussion of the demoralization of American soldiers was that: 'Some of them are trying opium and we are helping them. We are planting the best kinds of poppies especially for American soldiers in Vietnam.' Nasser appeared to be somewhat disturbed, but Chou continued: 'We want them to maintain a large army in Vietnam that will serve us as a hostage, and we wish to demoralize the troops. The effect of this demoralization on the United States will be much greater than anyone can imagine.' Nasser thought that Chou . . . left no doubt that this was his course of action."

When several of *EIR*'s editors were preparing the book *Dope, Inc.*, (New York: first edition, 1978; second edition, 1986), they encountered a former CIA officer, who, in coordination with Harry Anslinger's old Bureau of Narcotics and Dangerous Drugs, which had done much to publicize Red Chinese opium trafficking, had mounted an investigation to discover the origin of this flood of cheap heroin, discovering the infamous "Golden Triangle" as a result. The original field map of the "Golden Triangle," according to this CIA source, had: its southern vertex just north of Chiang Mai, in northern Thailand; its eastern vertex was at Kunming, the capital city of Yunnan province in the People's Republic of China; and, its western vertex just west of Bhamo, Burma, a major town on a main smuggling route from China. When the results of the investigation were forwarded to Kissinger, then national security adviser, he reportedly threw one of his infamous "rug-chewing" fits, and the official map of the "Golden Triangle" has been inverted to exclude Red China ever since.

This story is partially corroborated by the late Rep. John Ashbrook (R-Ohio), who is quoted in Allan C. Brown's pamphlet "The Peking Connection: Communist China and the Narcotics Trade," as having said:

"When the President [Nixon] journeyed to Red China many of us who had observed the Red Chinese participation in the opium traffic hoped that at least Mr. Nixon would pressure the Red bandits to stop this illicit contribution to world misery. . . . It now appears that Mr. Nixon never even broached the subject . . . to Mao or Chou. Henry Kissinger

vetoed bringing up the issue because it would have been too explosive at the initial meeting. The Communists won once more and American interests were subordinated."

It was not only Chou En-lai, the acknowledged head of the policy to run an "opium war in reverse" since the 1950s and 1960s, to whom Henry Kissinger kowtowed in this manner. Candlin's book *Psycho-Chemical Warfare* states that another major Chinese Communist leader involved in this trade was Yeh Ch'ien-ying, who had helped organize the Long March in 1935, then established opium plantations at the end of the march to obtain hard currency with which to resupply Red Chinese forces. Marshal Yeh Ch'ien-ying was "prominent in discussions with Henry Kissinger," according to Candlin. Just how much money Red China earns from opium traffic remains a matter of some dispute among reliable sources reporting on it, however, it is generally acknowledged that the income from China's production of between 2,000-8,000 metric tons (making it the largest single producer in the world) is significantly more than the hard currency earnings from all trade, including Chinese arms sales to Iran and so forth.

Communist China's Crimes in Drugging the World published by World Anti-Communist League (WACL), China Chapter, Asian Peoples' Anti-Communist League, from the Republic of China in June 1983 quotes a Nov. 27, 1971 article from the *Stars and Stripes* to the effect that Chinese Communists netted \$1 billion from selling drugs in Southeast Asia (including American GIs) in the previous five years, according to CIA estimates. A June 3, 1974 English newsletter entitled *Red Chinese Peddling of Drugs* released by the information office of the Soviet embassy in Thailand claimed that China exported about 2,000 tons of opium each year (a standard, minimum production figure) worth \$12-15 billion, which would then have been two to three times its normal income from foreign trade. The WACL pamphlet states: "Judging by the above figures, Chinese Communist earnings from drug trafficking were enough to bankroll their activities of external infiltration, subversion and propaganda. Such income also contributed immensely to Beijing's financial revenues."

Kissinger profits from China dope

One look at the clients of Kissinger Associates, Inc., dispels the belief that Kissinger has simply chosen the "lesser evil" by covering up Red China's drug production for his mistaken "geopolitical goals." He has demonstrably profited from Red China's drugging of the world, as the following cases illustrate:

● **Chase Manhattan Bank.** Henry Kissinger is the deputy to David Rockefeller in charge of the international advisory board of Chase Manhattan, which is a major client of Kissinger Associates. According to sources at the bank, Kissinger works closely with Sir Yue-Kong Pao (another member of Chase's international advisory board) to drum up busi-

ness in mainland China. Sir Y.K. Pao of Hong Kong was identified by *EIR* investigators in *Dope, Inc.* as a major overseas Chinese figure implicated in Red China's heroin trafficking, because of his previous position as vice chairman of the Hongkong and Shanghai Banking Group, which, again as documented in *Dope, Inc.*, has been since its founding in 1865 one of the principal financiers of opium production in the region and beneficiaries of trafficking in the multibillions of dollars earned from such traffic.

Pao, who was made a Knight of the British Empire in 1979, had been the first overseas Chinese to be officially received in Beijing in 1980, where he has since been involved in Deng's "reform" programs of free enterprise zones based on the Hong Kong model. Even otherwise lying State Department world drug surveys—e.g., *International Narcotics Control Strategy Report* of March 1989—acknowledge that Hong Kong is a major outlet for heroin from the Golden Triangle (over half of which is smuggled through southern China), as well as the single largest drug money laundering capital of the region. This collaboration between overseas Chinese in Hong Kong and Red China on the drug trade is the real secret of the free enterprise zones, not the joint ventures that Pao and Chase have become involved with in similar zones in Red China.

While the Rockefeller family has had longstanding ties with mainland China, it was reportedly Kissinger, assisted by drug money launderer Pao, who got them re-involved there. One source reports that Kissinger gave an added assist through the American-China Society that he runs from the office of his Kissinger Associates consulting firm. This is a stellar group including: ex-Presidents Nixon, Ford, and Carter as honorary chairman; former Secretaries of State Henry Kissinger and Cyrus Vance as chairmen; and former National Security Advisers McGeorge Bundy, Robert McFarlane, and Zbigniew Brzezinski and former Secretaries of State Dean Rusk, Edmund Muskie, Al Haig, and William P. Rogers as vice-chairmen. However, at least one officer of this society denies that it has a "commercial" aspect to it.

● **Midland Bank PLC.** This bank is another client of Kissinger Associates. Deputy Secretary of State Lawrence Eagleburger admitted in financial disclosure forms that in his previous incarnation as president of Kissinger Associates, he had handled this account. Midland Bank has been intimately involved with the Hongkong and Shanghai Banking Group for years (the keystone bank in Golden Triangle opium production), and this arrangement became even closer with the 1987 purchase by the "HongShang" of 14.9% of Midland Bank for \$714 million. Since that time, according to Midland's 1988 annual report, the two banks have initiated a process of regional rationalization, that places Midland in charge of HongShang facilities in such drug-trafficking spots as Canada, Amsterdam, Hamburg, and money-laundering sites as Zurich, Switzerland, while Midland turns over its Asian facilities to the HongShang.

The degree of integration is shown by the position of two board members of Midland Bank, Sir Kit McMahon and John A. Brooks, simultaneously on the board of the HongShang. Another Midland Bank director is Thomas Jefferson Cunningham, who is vice-chairman of Kissinger Associates and its leading expert on Third World debt, of which Midland is also a major holder of bad loans that may require profits from drug-money laundering to sustain. While Cunningham refused to speak to *EIR* on the nature of ties to the HongShang, his secretary lied that Midland could not have been guilty of the proven money-laundering by a previous subsidiary, Crocker National Bank of San Francisco, because Midland sold the subsidiary to Wells Fargo in 1986. On Aug. 27, 1985, Crocker National was slapped by the U.S. Treasury Department with a fine of \$2.25 million for failure to report 7,877 separate currency transactions, totaling \$3.98 billion, of which \$3.43 billion involved six Hong Kong banks, including the HongShang. In his press conference announcing the fine, John M. Walker, Jr., Assistant Treasury Secretary for Enforcement and Operations, noted that large volumes of Golden Triangle heroin that come into the United States are "financed out of Hong Kong."

Actually, a spokesman for Wells Fargo confirmed that Midland Bank had bought into Crocker National in 1981, shortly after the money laundering that was part of the indictment began and had attained a majority interest in 1985, right before the indictment, making a proverbial "fit like a glove." Further, the HongShang is today buying into the Asian holdings of Wells Fargo, the current owner of Crocker National, which was convicted of money laundering from Hong Kong.

Cunningham came to Kissinger Associates from being president of the Orion Group, which was Chase Manhattan Bank's London affiliate, a sort of offshore facility established with Royal Bank of Canada, National Westminster Ltd., and other firms identified by the authors of *Dope, Inc.* as major profiteers from the \$300-500 billion drug money laundromat.

● **Everbright Industrial (Holdings) Co.** Apart from Sir Y.K. Pao's enterprises, another Chinese facility with which Henry Kissinger has done business on the mainland is this Hong Kong-based firm, which is a "state-policy" trading company controlled by Red China to prepare for reversion of the colony in 1997. As of 1984, on behalf of China's government, the firm was involved in more than 30 joint ventures with Japanese, American, and European firms. Everbright chairman Wang Guangying has close relations with China's leaders, including Deng Xiaoping, the Butcher of Beijing. He is the brother of Wang Guangmei, the widow of Liu Shaoqi, who had been president of China. Kissinger, who is also a board member of American Express, is known to have introduced Amex's chairman, James Robinson III, and other clients to conduct their business in mainland China through Everbright.