

OVERSIGHT HEARINGS ON FEDERAL DRUG STRATEGY

HEARINGS
BEFORE THE
SELECT COMMITTEE ON
NARCOTICS ABUSE AND CONTROL
HOUSE OF REPRESENTATIVES
NINETY-FIFTH CONGRESS
FIRST SESSION

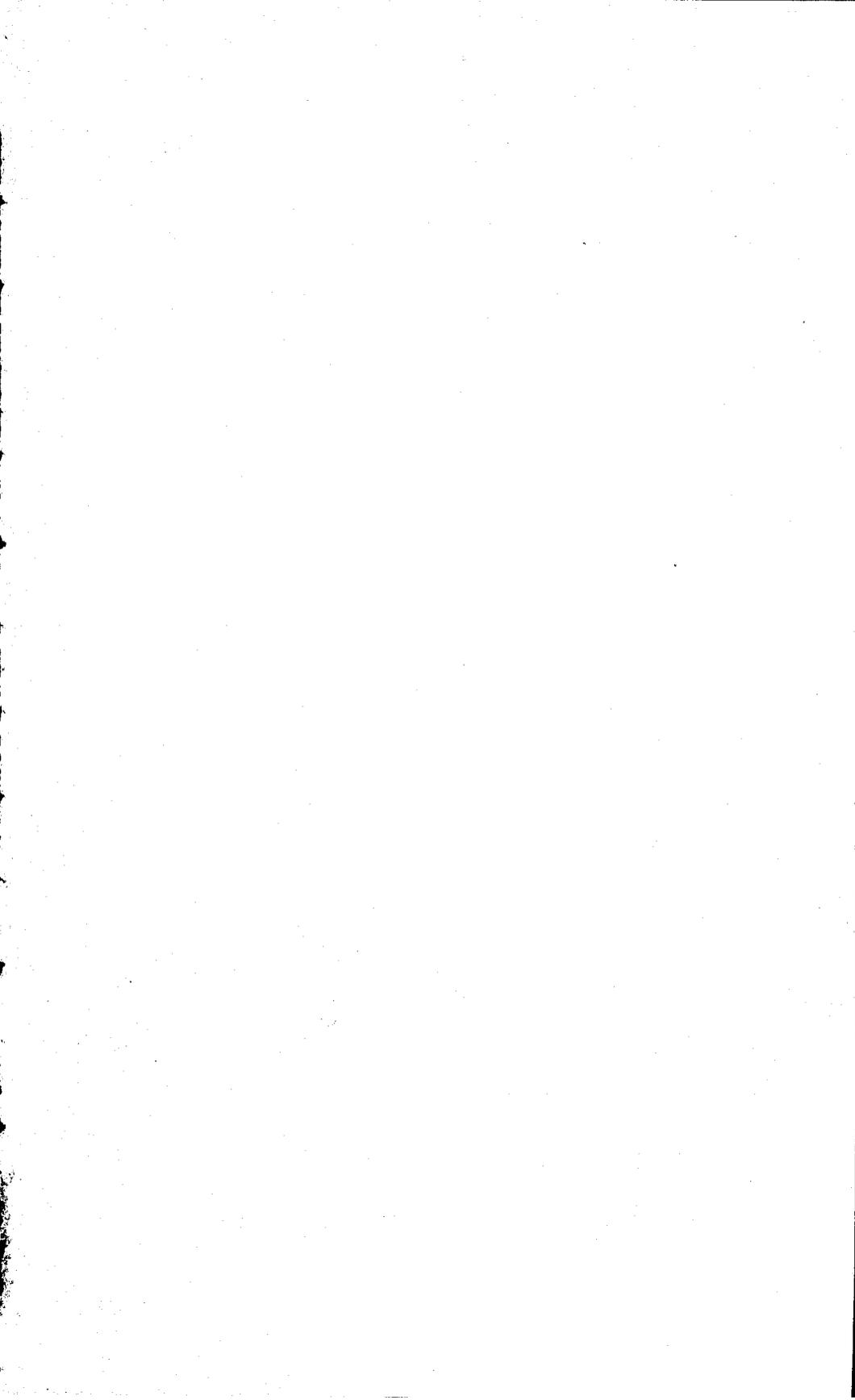
SEPTEMBER 23; OCTOBER 6, 12; AND NOVEMBER 15-16, 1977

Printed for the use of the
Select Committee on Narcotics Abuse and Control

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OVERSIGHT HEARINGS ON FEDERAL DRUG STRATEGY

FRIDAY, SEPTEMBER 23, 1977

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,
Washington, D.C.

The Select Committee met, pursuant to notice, at 10:58 a.m., in room 2257, Rayburn House Office Building, Hon. Lester L. Wolff (chairman of the committee) presiding.

Present: Representatives Morgan F. Murphy, Charles B. Rangel, Glenn English, J. Herbert Burke, Robin L. Beard, Benjamin A. Gilman, and Tennyson Guyer.

Staff present: Joseph L. Nellis, chief counsel; and William G. Lawrence, chief of staff.

Mr. WOLFF. The committee will be in order.

This committee is mandated by House Resolution 77 to exercise oversight with respect to the entire Federal effort in the area of drug abuse and control.

In furtherance of this mandate, the committee conducted rather extensive hearings a year ago and issued an interim report containing a variety of recommendations for the improvement of the Federal drug strategy.

We hope that the agencies whose efforts were then reviewed found constructive suggestions in the interim report. We are now embarked on a new set of oversight hearings to determine what progress, if any, has been made by the Federal agencies since last September.

At the outset, let me say again that I am well aware and I am sure this committee is well aware that there are no easy solutions to the overburdening problem of drug abuse in America. There is no magic wand we can wave to make the problems disappear. We have only intelligent choices rather than conclusive answers to the problem.

The purpose of our current oversight hearings is to assess the current situation and to determine whether the choices that have and are being made are choices that lead us in the right direction.

This is neither the time nor place to review in detail all that this committee has experienced since its organization some 13 months ago. I will say that in some areas, to be identified in this series of hearings, considerable progress has been made by some Federal agencies dealing with the problem.

In other areas, our experience indicates the opposite to be true. On this committee there sit Congressmen with many years of personal experience and bottom line positions on the subject of drug abuse.

We embark upon the current hearings not only with an open mind but also with the benefit of hard lessons from which we have learned

what some of the intelligent choices available to the Government are.

We have divided our current set of hearings into the following subject matters:

1. The present Federal drug strategy as to which we will hear from Dr. Peter G. Bourne, Special Assistant to the President, and Mr. Harrison Wellford of OMB this morning.

2. The problems of demand reduction—treatment and prevention.

3. The effectiveness of research.

4. Domestic law enforcement.

5. The efficiency of our compliance and regulatory function.

6. Our accomplishments in border interdiction.

7. And, finally, what we have managed to achieve in the international control of narcotics.

We have scheduled hearings on October 4, October 6, October 12, October 17, October 19, and October 20, in order to obtain a full record and to accommodate the schedules of all concerned.

Upon completion of the hearings, the committee will again undertake to render findings, conclusions, and recommendations to the standing committees of Congress and to the executive agencies involved, based upon our observations resulting from this comprehensive oversight review of the Federal drug abuse effort.

As I stated earlier, we now have before us Dr. Peter Bourne and Mr. Wellford. Before calling on Dr. Bourne to begin his testimony, I wish to note that, according to information received by the committee, after January 15, 1978, there will be no high-level policy mechanism to provide overall coordination of the Federal drug abuse effort in the form that presently exists in the Office of Drug Abuse Policy.

I am sure our witnesses will want to address themselves as to how these problems will be resolved and coordination developed and maintained. And how we as a Congress will relate to the Executive under those circumstances.

However, before we begin testimony from our witnesses, I would ask my colleagues if they have any opening remarks they would like to make.

Mr. Burke?

Mr. BURKE. I have only one statement I would like to make. That is with regard to the statement made following the raid and confiscation of heroin in Virginia, when the—even though it was presumed to be a big raid, I think it was the chief of police who made the statement that regardless of that raid, the public should not feel that anything is stopped because drugs and heroin can still be obtained almost anywhere in Virginia.

Now, I presume if it means in Virginia, it means almost every State where there is a problem in the Union. I think that is a serious statement. I think it is an important statement, I think it is a true statement, and I think the public must become aware of the serious and deep problems that we have in fighting this so-called war, and it is a war on narcotics use.

Mr. WOLFF. Mr. Beard?

Mr. BEARD. I have no statement.

Mr. WOLFF. Mr. Gilman, could you take the microphone down there?

Mr. GILMAN. Thank you, Mr. Chairman.

First of all, I want to commend you, Mr. Chairman, and the committee for undertaking these oversight hearings which I think are extremely important to our national effort with regard to where we have been and where we are going with our drug effort. I am pleased that we are opening up the hearing today with the discussion of ODAP's work and its relationship to the future plans by OMB. I think that ODAP is a very critical agency. I hope our exploration here will focus attention on the need to further continue the work of this agency.

I know that our time is brief. I will reserve any comments for the remainder of the hearing.

Thank you, Mr. Chairman.

Mr. WOLFF. Thank you, Mr. Gilman.

I might note in this circumstance that you see we have a two-tiered operation here, not upper and lower but it is just indicative of the activities of this committee. Each member of this committee serves on another committee which has jurisdiction to carry out the recommendations made by this committee as in the way of appropriations and the like. I just offer that as somewhat of a gratuitous comment.

Could we swear the witnesses, please, before the testimony?

[Dr. Peter G. Bourne and Mr. Harrison Wellford were sworn.]

TESTIMONY OF PETER G. BOURNE, M.D., DIRECTOR, OFFICE OF DRUG ABUSE POLICY AND SPECIAL ASSISTANT TO THE PRESIDENT FOR HEALTH ISSUES, ACCOMPANIED BY LEE I. DOGOLOFF, DEPUTY TO DR. BOURNE; HARRISON WELLFORD, EXECUTIVE ASSOCIATE DIRECTOR FOR REORGANIZATION AND MANAGEMENT, EXECUTIVE OFFICE OF THE PRESIDENT; FRANK WILSON, OMB; AND F. T. DAVIS, OMB

Mr. WOLFF. Dr. Bourne?

Dr. BOURNE. I would like to introduce Mr. Dogoloff, whom you know.

It is a pleasure to be here today to have an opportunity to testify before you about what ODAP has done.

I would also take the opportunity to thank you, Mr. Chairman, and the other members of the committee, for the considerable cooperation, help, and collaboration that we have had with you over the last several months, and particularly the outstanding help we have had from the staff of this committee.

We also would like to stress that we found the interim report this committee prepared extremely helpful. It has been a strong guiding influence in the activities ODAP has carried out during its period of existence.

I am submitting a fairly lengthy testimony in which we have tried to cover all of the major activities that ODAP has carried out. We will submit that for the record.

I would like to go through part of that testimony and highlight some of the things that I think are particularly significant.

Under the law which created ODAP, the Office was given a wide range of responsibilities:

First, to set goals and priorities for all Federal domestic and international drug abuse functions.

To coordinate the activities of the Federal departments and agencies which perform these functions.

To recommend changes in the organization, management, and personnel of Federal departments and agencies performing these duties.

ODAP has been in existence only 6 months, has a budget of a little over \$1 million, and currently consists of seven professional employees. Nevertheless, we have been successful in coordinating and streamlining the Federal Government's response to the problems posed by drug abuse and trafficking. Our activities have involved nearly all of the departments of our Government, and several independent agencies.

A particularly good example of the effectiveness of ODAP's coordinating role is the question of the commercial growth of *Papaver bracteatum* within the United States. This issue had been raised by previous administrations, but no decision was made in the past. There was great debate about the merits of allowing commercial cultivation of *Papaver bracteatum* within the borders of our country.

On the one hand, it was alleged that domestic cultivation would insure that the United States had a steady source of needed narcotic medicinal drugs. On the other hand, the fear was expressed that such a step would further contribute to the worldwide overproduction of narcotic raw materials and would weaken our credibility in the international arena when calling for the curtailment of narcotics production overseas.

After close consultation with the involved agencies, ODAP concluded that the public interest was best served by continuing to prohibit domestic cultivation of *Papaver bracteatum* for commercial purposes.

That was, I think, a fairly significant step for this Office to have taken in terms of being able to develop policy that then became Government-wide and resolved some really very long standing conflicts between the various agencies.

Mr. WOLFF. If I might interrupt, even overcoming some of the intense lobbying efforts exerted by some of the pharmaceutical companies involved.

Dr. BOURNE. That is correct.

In addition to our coordinating function, ODAP is responsible for implementing the congressional mandate found in section 221 of our legislation, to review and evaluate activities undertaken by Federal agencies in the drug abuse field. Toward this end, we set up seven inter-agency policy review teams led by ODAP to look at (a) border management and interdiction (b) demand reduction, (c) drug law enforcement, (d) international narcotics control, (e) narcotics intelligence, (f) regulatory and compliance activities, and (g) drug abuse assessment in the armed services.

Each study is a comprehensive review of Federal programs in its area, and will provide recommendations to the President as appropriate. Each will review all past policy decisions and activities, estab-

lish new priorities for this administration, and then implement them with ODAP as the key coordinating body.

Three of these studies are nearing completion and the rest are currently underway. We will provide them to the committee as soon as they are available.

I think we have already provided draft reports in some of these areas we are studying.

Summaries of these policy reviews with approximate dates of their completion are annexed to my prepared statement. Each is worthy of full discussion by your committee and we would be happy to brief the members and staff on their content and recommendations, and to discuss them more fully during these hearings.

Another important project was the preparation of the President's message on drug abuse. President Carter wanted an action-oriented document. In the message released on August 2, he directed seven Federal departments and several independent agencies to undertake specific measures aimed at reducing drug abuse. A complete list of those activities required in the President's message is appended.

ODAP has responsibility for working with Cabinet officers in following up on and coordinating the implementation of these directives. The Office will insure that all of the responsibilities are carried out within the stated time frame and will produce a report to the President by the end of the year.

At the same time, we will be working directly with the Congress to enact legislation mentioned by the President in his message.

I personally traveled to Southeast Asia a few months ago to investigate the situation in the "Golden Triangle." My deputy traveled with you on your recent visit to several South American countries.

I visited—together with Ms. Falco of the State Department—Mexico to discuss the impressive drug control efforts being undertaken in that country, particularly the opium poppy eradication program, and to insure that the close working relationships existing between our two governments are continued and where possible increased.

I have twice met with President Lopez-Michelsen of Colombia to discuss the drug problems affecting both his country and the United States.

We have been working on a bilateral and multilateral basis with Afghanistan and Pakistan, not now suppliers of drugs to this country, but potential suppliers of opiates to the U.S. market.

We have strongly supported the efforts of those bodies working within the framework of the United Nations dealing with drug abuse and control. In fact, I had the privilege last February of delivering President Carter's message to the Commission on Narcotic Drugs supporting the U.N.'s program.

This was the first time that any head of state had so addressed the Commission.

In the area of control, which I know is one of particular concern to this committee, we have developed in conjunction with the Department of State, the Department of Justice, and others, a coherent national policy on cocaine. Both short- and long-range domestic and international issues were considered.

The group concluded:

That while the current health hazards of cocaine use should not be overstated, the potential adverse consequences should be emphasized.

That the critical factor underlying this apparent lack of severe health consequences is the high price of the drug which restricts the general level and extent of use.

That the major focus of domestic cocaine strategy must be to maintain the high price of the drug while trying to curtail its availability.

That cocaine should be assigned a higher international priority since international drug smuggling is strictly an economic phenomenon, and cocaine is one of the most profitable drugs.

That the tremendous profits in cocaine smuggling support criminal elements both in the United States and abroad and the illicit traffic is seriously undermining the political and economic stability of a number of Latin American countries.

Another area where we feel we have made major policy decisions is in the area of barbiturates and other sedative/hypnotic drugs.

Every year barbiturates and certain other sedative/hypnotics are associated with a large number of drug-related deaths in the United States. They are too often overprescribed and overutilized. There is no doubt that for certain indications there are safer and more effective drugs now available.

Yet, out of lack of knowledge, or in some cases desire for financial gain, physicians continue to inappropriately prescribe them.

Under ODAP leadership, the concerned Federal agencies have been reviewing the risks and benefits associated with the use of these drugs and have undertaken specific actions aimed at limiting their availability to legitimate medical purposes. These include educational, regulatory, and enforcement measures.

In the upcoming months, we will determine whether those sedative/hypnotic drugs particularly subject to abuse should be removed from the market, taking into consideration not only their safety and efficacy for the individual, but also the dangers they pose to the public at large.

In drug law enforcement, we have:

Worked with the Administrator of DEA and the Commissioner of Customs to help their agencies to develop more effective cooperation and coordination in drug law enforcement and intelligence, an area, as you know, Mr. Chairman, where there have been interagency problems in the past.

Established and maintained a close working relationship with the major cities chief administrator's group of the International Association of Chiefs of Police.

Established liaison with State and local law enforcement agencies.

Worked with the State Department on plans for overseas opium poppy eradication and crop substitution.

Completed a review of Federal border control activities with the conclusion that a revised management structure is needed to provide a foundation for improving the effectiveness of border enforcement activities. This report has been furnished to the President's reorganization project for their consideration in developing a reorganization plan.

Engaged in diplomatic initiatives in conjunction with the State Department to intensify foreign supply reduction activities.

In the future, ODAP will:

Work with OMB, as needed, to implement the recommendations of the Drug Law Enforcement and Drug Intelligence reviews.

Expand involvement with State and local law enforcement decision-makers.

Work with State Department to: further clarify role of U.S. drug law enforcement personnel in foreign countries; enhance and expand crop substitution and opium poppy eradication programs overseas.

Examine and evaluate Federal drug law enforcement agencies' policy implementation. Recommend changes in operational practices and other policy applications when necessary.

Prepare a drug law enforcement component for the President's message on crime which is currently being drafted.

We have looked at the issue which has been discussed frequently in the past of maintaining an adequate supply of the narcotic raw materials for legitimate medical uses. A discussion of this issue is included in the testimony.

We feel particularly that the Office of Drug Abuse Policy is a policymaking body and has a need for the most precise data on drug abuse trends possible.

As you know, Mr. Chairman, the lack of data on which all agencies and this committee could agree has been a problem for all of us in the past.

Mr. WOLFF. I think it is still with us.

Dr. BOURNE. A variety of sources for information about domestic trends in drug abuse exist, both computerized systems within the Federal Government, and State and local data sources. These include the drug abuse warning network in the Department of Justice; the client-oriented data acquisition process in the Department of Health, Education, and Welfare; and Federal, State, and local police data and other community data sources.

The Office of Drug Abuse Policy has developed a method for integrating these data sources, and will develop a plan for the recommended institutionalization of such an integrated data system. Policymakers would then be able to answer with greater accuracy such basic questions as: Is the drug abuse situation getting better, or worse, by which drug, for how many, and what kind of people?

We have, in addition, made a strong commitment to seek ratification of the Psychotropic Convention. As you know, the United States was one of the original authors of this international agreement. That was in February 1971. It has now been ratified by 44 countries. It has not been ratified by the Congress of the United States.

We hope this is something we can accomplish in the very near future and will be a very high priority for us.

ODAP has an ambitious agenda over the next several months to finish many of the projects we have begun and to assure followthrough on those that have been completed.

We look forward to a continuing close working relationship with this committee in achieving our mutual goals.

[Dr. Bourne's prepared statement follows:]

PREPARED STATEMENT OF DR. PETER G. BOURNE

Mr. Chairman, Members of the Committee: It is a pleasure to be here today to discuss what the Office of Drug Abuse Policy (ODAP) has accomplished

since it was activated by the President in March 1977. Let me first take this opportunity, though, to thank you Mr. Chairman, as well as all of the members of this Committee for your assistance during this period and for the outstanding cooperation we have received from the Committee's staff. The contributions of this Committee towards our common goal of reducing the impact of drug misuse in our country are exemplified in some of our successes to date.

The law which created ODAP gave us a wide range of responsibilities:

To set goals and priorities for all Federal domestic and international drug abuse functions.

To coordinate the activities of the Federal Departments and agencies which perform these functions.

To recommend changes in the organization, management and personnel of Federal Departments and agencies performing these duties.

In addition to our Congressional mandates, President Carter is setting up ODAP directed us to fulfill the following duties:

Recommend government-wide improvements in the organization and management of Federal drug abuse prevention and control functions, and recommend a plan to implement suggested changes.

Assume the lead role in studying and proposing changes in the organization and management of Federal drug abuse prevention and control functions, as part of the President's promise to reorganize and strengthen government operations.

Provide policy direction and coordination among the law enforcement, international and treatment and prevention programs to assure a cohesive and effective strategy that responds to immediate issues and provides the framework for longer term resolution of problems.

ODAP has been in existence only six months, has a budget of a little over \$1 million and currently consists of 7 professional employees. Nevertheless, we have been successful in coordinating and streamlining the Federal Government's response to the problems posed by drug abuse and trafficking. Our activities have involved nearly all of the Departments of our government, and several independent agencies.

A good example of the effectiveness of ODAP's coordinating role is the question of the commercial growth of *Papaver bracteatum* within the United States. This issue had been raised by previous Administrations, but no decision was taken. There was great debate about the merits of allowing commercial cultivation of *Papaver bracteatum* within the borders of our country.

On the one hand, it was alleged that domestic cultivation would ensure that the U.S. had a steady source of needed narcotic medicinal drugs. On the other hand, the fear was expressed that such a step would further contribute to the worldwide overproduction of narcotic raw materials, and would weaken our credibility in the international arena when calling for the curtailment of narcotics production overseas.

Diplomatic negotiations, domestic drug abuse and law enforcement issues were all considered in the decision making process. After close consultation with the involved agencies, ODAP concluded that the public interest was best served by continuing to prohibit domestic cultivation of *Papaver bracteatum* for commercial purposes.

In addition to our coordinating function, ODAP is responsible for implementing the Congressional mandate found in Section 221 of our legislation, to review and evaluate activities undertaken by Federal agencies in the drug abuse field. Toward this end, we set up seven interagency policy review teams led by ODAP, to look at:

- (a) Border management and interdiction;
- (b) Demand reduction;
- (c) Drug law enforcement;
- (d) International narcotics control;
- (e) Narcotics intelligence;
- (f) Regulatory and compliance activities; and
- (g) Drug abuse assessment in the armed services.

Each study is a comprehensive review of Federal programs in its area, and will provide recommendations to the President as appropriate. Each will review all past policy decisions and activities, establish new priorities for this Administration, and then implement them with ODAP as the key coordinating body. Three of these studies are nearing completion and the rest are currently under way. We will make them available to the Committee as soon as they are available.

Summaries of these policy reviews with approximate dates of their completion are annexed to my testimony. Each is worthy of full discussion by your Committee and we would be happy to brief the members and staff on their content and recommendations, and to discuss them more fully during these hearings.

Another important project was the preparation of the President's Message on Drug Abuse. President Carter wanted an action-oriented document. In the Message released on August 2nd, he directed seven Federal departments and several independent agencies to undertake specific measures aimed at reducing drug abuse. A complete list of the activities required in the President's Message is appended.

ODAP has responsibility for working with Cabinet officers in following up on and coordinating the implementation of these directives. The Office will ensure that all of the responsibilities are carried out within the stated time-frame and will produce a report to the President by the end of the year. At the same time, we will be working directly with the Congress to enact legislation mentioned by the President in his Message.

On occasion, it is appropriate to work directly with Cabinet Members as was done in preparing the Presidential Message. However, experience has shown that on a day-to-day basis, Cabinet Members cannot devote substantial amounts of time to one specific issue. Therefore, for the most part, we work with the three agencies that are most immediately involved in drug control issues. My Deputy and I meet with the Senior Adviser and Coordinator for International Narcotics Matters to the Secretary of State, Mathea Falco, the Director of the National Institute on Drug Abuse, Robert DuPont, and the Administrator of the Drug Enforcement Administration, Peter Bensinger, on a bi-weekly basis to discuss matters of particular import. These informal meetings are much more effective in addressing critical issues than large, unwieldy working groups which gather a few times a year; they are critical to ODAP's policy-making and coordinating function.

Some of ODAP's other activities during the past few months include:

(1) INTERNATIONAL INITIATIVES

I personally traveled to Southeast Asia a few months ago to investigate the situation in the "Golden Triangle." My Deputy, Lee Dogoloff, traveled with you on your recent visit to several South American countries.

I visited Mexico to discuss the impressive drug control efforts being undertaken in that country, particularly the opium poppy eradication program, and to ensure that the close working relationships existing between our two governments are continued and where possible increased.

I have twice met with President Lopez-Michelsen of Colombia to discuss the drug problems affecting both his country and the United States.

We have been working on a bilateral and multilateral basis with Afghanistan and Pakistan, potential suppliers of opiates to the U.S. market.

We have strongly supported the efforts of those bodies working within the framework of the United Nations dealing with drug abuse and control. In fact, I had the privilege last February of delivering President Carter's Message to the Commission on Narcotic Drugs supporting the U.N.'s program. This was the first time that any head of state had so addressed the Commission.

(2) COCAINE

We have developed, in conjunction with the Department of State and others, a coherent national policy on cocaine. Both short- and long-range domestic and international issues were considered.

The group concluded:

That while the current health hazards of cocaine use should not be overstated, the potential adverse consequences should be emphasized if use increases.

That the critical factor underlying this apparent lack of severe health consequences is the high price of the drug which restricts the general level and extent of use.

That the major focus of domestic cocaine strategy must be to maintain the high price of the drug while curtailing its availability.

That cocaine should be assigned a higher international priority, since international drug smuggling is strictly an economic phenomenon, and cocaine is one of the most profitable drugs.

That the tremendous profits in cocaine smuggling support criminal elements both in the United States and abroad and the illicit traffic is seriously undermining the political and economic stability of a number of Latin American countries.

(3) BARBITURATES AND SEDATIVE/HYPNOTICS

Every year barbiturates and certain other sedative/hypnotics are associated with a large number of drug-related deaths in the United States. They are too often overprescribed and over-utilized. There is no doubt that for certain indications there are safer and more effective drugs available. Yet out of lack of knowledge, or in some cases desire for financial gain, physicians continue to inappropriately prescribe them.

Under ODAP leadership, the concerned Federal agencies have been reviewing the risks and benefits associated with the use of these drugs and have undertaken specific actions aimed at limiting their availability to legitimate medical purposes. These include educational, regulatory and enforcement measures. In the upcoming months, we will determine whether those sedative/hypnotic drugs particularly subject to abuse should be removed from the market, taking into consideration not only their safety and efficacy for the individual, but also the dangers they pose to the public at large.

(4) DRUG LAW ENFORCEMENT ACTIVITIES

In drug law enforcement, we have:

Worked with the Administrator of DEA and the Commissioner of Customs to help their agencies to develop more effective cooperation and coordination in drug law enforcement and intelligence.

Established and maintained a close working relationship with the Major Cities Chief Administrators group of the International Association of Chiefs of Police.

Established liaison with State and local law enforcement agencies.

Worked with the State Department on plans for overseas opium poppy eradication and crop substitution.

Completed a review of Federal border control activities with the conclusion that a revised management structure is needed to provide a foundation for improving the effectiveness of border enforcement activities. This report has been furnished to the President's Reorganization Project for their consideration in developing a Reorganization Plan.

Engaged in diplomatic initiatives in conjunction with the State Department to intensify foreign supply reduction activities.

In the future, ODAP will:

Work with OMB, as needed, to implement the recommendations of the Drug Law Enforcement and Drug Intelligence reviews.

Expand involvement with State and local drug law enforcement decision-makers.

Work with State Department to: Further clarify role of U.S. drug law enforcement personnel in foreign countries; enhance and expand crop substitution and opium poppy eradication programs overseas.

Examine and evaluate Federal drug law enforcement agencies' policy implementation. Recommend changes in operational practices and other policy applications when necessary.

Prepare a drug law enforcement component for the President's Message on Crime which is currently being drafted.

(5) RESEARCH INTO THE POTENTIAL THERAPEUTIC USES OF ABUSABLE DRUGS

There has been much recent debate over the potential therapeutic usefulness of abusable drugs such as cannabis and heroin. At the Federal level, we have firmly supported and encouraged the undertaking of scientific evaluations of the legitimate benefits which could be derived from such drugs. Cannabis may help patients having glaucoma where it apparently reduces intraocular pressure and those having cancer where it may serve as an antiemetic in chemotherapy. Likewise, heroin (diacetylmorphine) may be useful for the treatment of pain in terminal cancer and for other carefully circumscribed medical conditions.

I feel strongly that, to the fullest extent possible, research into the potential therapeutic usefulness of marijuana and heroin should be dealt with exclusively as a medical issue, with a completely objective assessment of the available scientific data, without being biased by historical precedent, legal status of the drug

or public prejudice. I would hope that bodies such as the National Cancer Institute would take the lead in evaluating the therapeutic potential of these drugs. Again, this is a question of appropriate drug use and not drug abuse.

(6) PROVISIONS FOR AN ADEQUATE SUPPLY OF NARCOTIC RAW MATERIALS FOR LEGITIMATE MEDICAL USE

Narcotic drugs are indispensable for medical purposes and adequate provision must be made to ensure their availability. To meet this need, international treaties provide that only countries having adequate means of controlling narcotic raw material production should be permitted to cultivate these crops. Recently, the following events have taken place:

The Turkish prohibition on opium production from 1972 to 1974 and the crop failures in India during that period, caused a temporary shortfall in the supply of narcotic raw materials used in the manufacture of medicines such as codeine.

The perceived shortfall led a number of governments, in both developing and developed countries, to consider instituting or expanding the growth of narcotic raw materials such as *Papaver somniferum* and *Papaver bracteatum*.

Since then, increased supplies have become available from the traditional suppliers; Turkey has reinstated poppy cultivation and some developed countries have expanded their production.

All this has resulted in probable vast oversupply of these drugs. This is an extremely dangerous situation. The risk lies in the possible diversion of opiates into illicit channels from sources already producing, as well as in the impetus given to countries unable to adequately control growth to enter the market.

ODAP has been working with the concerned agencies to ensure that this overproduction does not have severely negative consequences. We will continue to support the International Narcotics Control Board in its task of assessing the supply of and the demand for narcotic raw materials. We will work within the framework of the United Nations, specifically with members of the Commission of Narcotic Drugs, to ensure that both producers and consumers of narcotic raw materials are made aware of the dangers attendant to overproduction and that, if necessary, steps are taken to reduce the extent of cultivation of these substances.

(7) INTEGRATION OF INFORMATION SYSTEMS

The Office of Drug Abuse Policy as a policy-making body has a need for the most precise data on drug abuse trends possible. A variety of sources for information about domestic trends in drug abuse exist, both computerized systems within the Federal government and state and local data sources. These include:

The Drug Abuse Warning Network, in the Department of Justice;
The Client Oriented Data Acquisition Process, in the Department of Health, Education, and Welfare;
Federal, State, and local police data and other community data sources.

The Office of Drug Abuse Policy has developed a method for integrating these data sources, and will develop a plan for the recommended institutionalization of such an integrated data system. Policy-makers would then be able to answer with greater accuracy such basic questions as: Is the drug abuse situation getting better, or worse, by which drug, for how many and what kind of people?

(8) CONVENTION ON PSYCHOTROPIC SUBSTANCES

In February 1971, the United States signed the Convention on Psychotropic Substances. This treaty places under international control a number of drugs such as amphetamines, barbiturates and hallucinogens which are widely abused throughout the world. Full implementation of this Convention would permit international bodies to monitor the manufacture and trade of these drugs and reduce their diversion into illicit channels. Although the United States was one of the main supporters of adoption of this treaty, after six years we are still not a party to it.

ODAP, with the full support of President Carter and in cooperation with members of Congress, is attempting to ensure that legislation introduced to implement our responsibilities under the Psychotropics Convention is quickly enacted. Thereafter, we will work with the Senate Foreign Relations Committee to ensure prompt ratification of this agreement.

I believe that our international drug control efforts are hampered by not having ratified this agreement. It has validly been charged that we are willing to

demand that government of narcotics-producing countries should adhere to the relevant treaties while we are unwilling to be bound by a Convention controlling those drugs manufactured within our own borders. I therefore request members of the Select Committee to assist us in our endeavor to have the Convention on Psychotropic Substances ratified before the next Commission on Narcotic Drugs meeting in February 1978.

ODAP has an ambitious agenda over the next several months to finish many of the projects we have begun and to assure follow through on those that have been completed. We look forward to a continuing close working relationship with this Committee in achieving our mutual goals.

DRUG LAW ENFORCEMENT (DRAFT REPORT)

An interagency review team, under the guidance of the Office of Drug Abuse Policy and in conjunction with the Office of Management and Budget, is in the final stages of preparing a report that comprehensively reviews Federal drug law enforcement policies and activities.

The draft report briefly recounts the history of the Federal commitment to drug law enforcement, presents a current assessment of the extent and nature of drug abuse in the United States, and sets forth the present Federal illicit drug supply reduction strategy. The five major components of that strategy are identified in the report as International Programs, Domestic Investigation, Drug Smuggling Interdiction Regulation and Compliance, and Support Functions (Intelligence, Training, Science and Technology, etc.¹).

Six conditions have been identified as major impediments to effective drug law enforcement:

(1) The inability to measure accurately the magnitude of drug abuse in the United States and the effectiveness of efforts to control it;

(2) Too frequent changes in control policies and strategies;

(3) Insufficiencies in judicial resources and practices;

(4) Inadequate laws;

(5) Deficiencies in prosecutory resources and practices; and

(6) The need for a higher degree of coordination and cooperation among governmental agencies involved in illicit drug supply reduction activities.² Each of these areas has been discussed, possible organizational options presented and tentative conclusions drawn.

The tentative conclusions of the Review Team are:

Heroin should continue to receive the highest enforcement priority among drugs.

DEA should continue to target selectively major drug trafficking organizations wherever they are vulnerable.

One agency should continue to have sole responsibility for drug investigations. However, increased emphasis should be placed on interagency efforts to disrupt drug trafficking networks, as well as drug smuggling activities. No reorganization is needed at this time.

Legislation is needed to support timely and equitable prosecution and sentencing of drug traffickers.

The Department of Justice should define drug prosecution priorities and allocate sufficient resources to support them.

A draft of the report has been prepared and distributed to the involved agencies and departments for review and comment. After the comments are received, the final report will be prepared and should be ready for general distribution by the end of October.

Additional policy issues discussed concerning which recommendations were made or options offered were:

¹ "Etc." includes those activities that directly support drug law enforcement administration: Internal Security, Legal Counsel, Equal Opportunity, Congressional Affairs, Program Planning and Evaluation, Public Information and Prevention Programs.

² Problems in coordination and cooperation were noted and findings and conclusions made in the following areas:

- (1) Intelligence production and dissemination.
- (2) Integrating intelligence analysis and drug law enforcement functions.
- (3) Use of IRS resources to immobilize major narcotics traffickers.
- (4) DEA/State Department interrelationship.
- (5) DEA/IRS/Custody relationships.
- (6) Coordination of drug investigation and drug interdiction.

1. National priorities. Support of:
 - a. Assignment of priorities to various drugs: heroin, barbiturates, cocaine, etc.
 - b. Continued balanced approach to both supply and demand reduction efforts.
 - c. Strengthening Border Interdiction capability.
 - d. Strengthening International programs: poppy eradication, crop substitution, cooperative intelligence and investigation efforts, etc.
2. The Federal/State/local relationship.
3. Single purpose vs. multipurpose agencies. Options:
 - a. Status quo.
 - b. Status quo with broadened functional responsibilities.
 - c. DEA-FBI merger.
 - d. DEA-FBI merger with all domestic investigation and intelligence responsibilities—border agency, including Customs with total responsibility for investigation and intelligence gathering for all smuggling activities including drugs.

DEPARTMENT OF DEFENSE DRUG ABUSE ASSESSMENT REVIEW GROUP

The Office of Drug Abuse Policy initiated in July of 1977 a review of the assessment and identification functions performed as a part of the drug abuse prevention efforts of the Department of Defense (DOD). The review was conducted by an interagency team, including the DOD, the National Institute on Drug Abuse, the Veterans Administration, and outside consultants.

The review covered the effectiveness of current policies and programs of the DOD and the Military Services regarding the methods by which the Armed Services identify and assess the nature and extent of their drug abuse problems.

At the end of these hearings, the Review Group provided conclusions regarding the ability of the current identification process to reflect changes in the drug-using patterns of servicemen and to detect early the hidden use of opiates, stimulants, or sedative-hypnotics. The group also made appropriate recommendations for improving the overall assessment capability of the DOD.

The team reached several general conclusions after review of the DOD program. They are:

1. Drug use in the Military often has risk implications beyond those normally associated with drug use in society in general. Unlike the general social concern which focuses on the narrower patterns of chronic, intensive drug use, the Armed Services are concerned with not only those patterns of use, but also with what is often referred to as "recreational" drug use. In society, such latter use is often considered benign, but not always so (e.g., driving under the influence of drugs can have grave, even tragic consequences). Even occasional use in the Military Services can have an important impact on the ability of the Force to function. Every day there are literally hundreds of thousands of tasks performed which directly affect the ability of the Force to respond. Jet mechanics, riflemen, radar operators, munitions loaders, security police, and many others perform tasks organic to military preparedness. In these and other work environments, the consequences of even casual use can be substantial. The Review Group accepts the fact that different standards of conduct are necessary for the proper functioning of a Military Force, and that the Armed Services have a special obligation to know the extent and understand the impact of its drug use.

2. Levels of drug use remain consistent in the Military. That the rates are not higher is due to the 7 years of intensive effort on the part of the DOD in developing drug abuse prevention programs. What is certain is that widespread drug use within the Military will continue to be a problem, and only by continued, persistent efforts will the DOD be able to moderate the adverse consequences of such drug use.

3. The DOD and the Military Services have dedicated programs which give senior managers and Commanders a variety of information related to drug use in the Armed Forces. This information, however, is often disparate from the standpoint of definition or comparability of data, both within each of the Services and among the Services.

4. All information presently used by the Department of Defense and the Military Departments as the basis for management decisions regarding drug abuse prevention is subject to bias. There is no process to validate current information. The former random urinalysis program of the DOD—now prohibited by Congress—did provide a reliable independent indicator of drug use. This lack of a validating mechanism makes it impossible to measure or audit with assurance the current level of drug use within any of the Military Services or to iden-

tify and compare levels of drug use by type of drug, Service, Command, geographical area, and so forth.

5. Management emphasis regarding drug abuse is waning. This lessening of emphasis may lead to a false sense of security by senior Defense managers and Commanders regarding the nature of drug abuse in the Armed Services.

6. The DOD and the separate Military Departments should have the option of using drug monitoring surveillance programs (i.e., random urinalysis, sample surveys) where circumstances warrant. The operational benefits of these programs are too great to deny their use to Commanders who face a drug abuse problem. This option should be exercised by installation Commanders under general policy guidance from the DOD. Lodging discretion with the installation Commanders ensures efficient targeting as a result of their extensive local knowledge. Bounding their discretion with policy directives from the DOD makes it somewhat easier for them to take the actions. To maintain incentives for installation Commanders to pay attention to the drug use problem and to provide some capability for the DOD to monitor levels of drug use in installations over time, a small, centrally directed surveillance system should be maintained. Without this small central capability, the incentives of the installation Commanders to manage the drug use problem would be too small.

7. There are no active drug abuse prevention or treatment programs primarily for civilian employees or Military dependents, especially those stationed or living overseas. The absence of such programs represents a serious shortfall in the existing drug abuse prevention program of the DOD.

8. The current prohibition on DOD "drug abuse research" by Congress clearly hinders the development of knowledge essential to a better understanding of those patterns of drug use which most adversely affect the readiness of the Military Force.

RECOMMENDATIONS

1. Congress should consider withdrawing its current opposition to the DOD using random urinalysis as a management tool. The present prohibition denies both the DOD and the Military Services (one reliable method of independently assessing drug use. The current restriction on DOD severely limits its ability to confidently know the nature and extent of drug abuse within the Armed Forces.

2. The DOD and the Military Services should review their existing drug abuse indicators and develop a limited number (three or four) of standardized data elements and reporting requirements so that data gathered within each Service can be compared in a more meaningful way. The DOD should determine which of the family of drug abuse indicators it needs most to make its policy decisions, and should establish clear guidelines to the Military Departments as to the standardization and collection of such information.

3. An independent drug abuse assessment program should be established within DOD to validate other indicator systems. This program should include a modified random urinalysis effort and an integrated survey effort which would serve as the lynchpins of this independent system. The information developed in this program will be used for trend analysis only, and will not be used as an identification and referral process. Identification and referral can continue through existing programs.

4. The DOD should identify those areas of "basic research" which are valuable for a better understanding of drug abuse, and encourage HEW to give priority support to such research. Further, DOD should identify those areas of applied research which will help it better understand the nature and extent of drug use in the Military and the consequences of such drug use in the Military and the consequence of such drug use on the Force readiness. A research plan should be developed on a priority basis and should be integrated into existing DOD research programs. If the DOD does not want to manage such research directly, the Review Group recommends that the National Institute on Drug Abuse (NIDA) be designated the research agent for DOD in this regard, and that funds be specifically identified in the DOD budget for this research. If the current or proposed DOD budget does not include funds for such activities, such funds should be requested from Congress.

5. The DOD should assess the drug abuse problem of its civilian force and dependent contingent, and develop special programs for these populations.

6. Greater emphasis on the drug abuse prevention programs must be given by DOD. In addition to those reviews now completed by DOD managers, special trend reports should be made quarterly to the Secretary of Defense and the

Service Secretaries. Further, DOD should initiate a program of concentrated field visits to not only learn about programs in the field, but to evaluate their ability to well and reliably reflect drug abuse trends and levels. Each overseas' area should be visited at least once a year, and major CONUS components should be visited at least biannually.

7. Current resource levels should be reviewed with a view towards reversing the downward trend in personnel and budget support. Areas such as drug and alcohol abuse, race relations, and other human resources programs are always vulnerable in times of budget restrictions. The current resource commitment to the drug abuse prevention effort must not be allowed to deteriorate any further. Adequate staffing and funding must be maintained to ensure that an aggressive, viable drug abuse prevention program can exist.

The study will be completed on October 15, 1977.

BORDER MANAGEMENT AND INTERDICTION

An interagency Review Team, under the leadership of the Office of Drug Abuse Policy, conducted a comprehensive review of Federal border control and associated law enforcement activities. The basic assumption is that improved effectiveness of border control will enhance all related programs (drugs, aliens, guns, revenue, etc.), as opposed to the traditional, but self-limiting response of dedicating resources to a single purpose.

The report describes the vastness and distinctness of our border areas, as well as the operation of land, sea and air ports of entry. Many problems associated with effective law enforcement at ports of entry and with patrolling between ports are attributed to past and present practices of dealing with border management in a fragmented manner. The current organizational structure contributes to the problem with personnel from eight agencies representing seven different departments directly involved in border operations.

The two principal functions of border control are inspection of persons and goods at ports of entry, and patrolling between ports to prevent surreptitious entry. The principal agencies involved in these key functions are the U.S. Customs Service (Treasury) and the Immigration and Naturalization Service (Justice). Other agencies provide support and specialized skills in their areas of responsibility.

After a thorough problem analysis, two major issues are identified; overall lack of coordinated border management, and the overlap and duplication of effort in the principal border control functions. The principal overlap and duplication is in the patrolling between land ports of entry (Immigration and Customs) and in the primary inspection at ports of entry (Immigration and Customs). Massive workloads and duplicate management systems compound the problems.

Several options are considered, ranging from assigning budget priority to selected functions to creation of an expanded border management agency. The report concludes that a revised management structure is needed which can achieve maximum effectiveness with available resources, respond to changing priorities, and provide adequate border control, as well as better service to the public. Further, the first phase of any reorganization should be directed at correcting the fundamental problems. From this basic foundation, border management can evolve toward further improvements in effectiveness and efficiency.

The Review Team recommends a consolidation of the Customs Service and the Immigration and Naturalization Service into a border management agency to provide central management over the key border functions and resources. Specific criteria are suggested to minimize opposition and turbulence associated with reorganization.

Comments received from the departments and agencies involved in border operations reflect general agreement with the findings, but lack of agreement regarding which department should have responsibility for a new border management agency.

The President's Reorganization Project in the Office of Management and Budget (OMB) has responsibility for developing specific reorganization plans and the Office of Drug Abuse Policy will assist OMB in developing any reorganization plan related to this review. Additionally, the report will be used in conjunction with other policy reviews in preparing a new Federal drug abuse strategy.

The study was completed on September 7, 1977.

THE DEMAND REDUCTION POLICY REVIEW

An interagency review team, under the leadership of the Office of Drug Abuse Policy and with the cooperation of the Office of Management and Budget is conducting a comprehensive review of the current national programs to reduce the demand for drugs in our society. The review, which commenced on August 29, 1977, will involve senior representatives from the Veterans Administration, the Department of Defense, the Department of Labor, the Department of Justice, the Department of Transportation, and the Department of Health, Education, and Welfare and working groups from all concerned agencies within these Departments. In addition, representatives from state and local government and private, interested groups will participate.

The President, in his Message on Drug Abuse, stated that the national goal is to discourage all drug abuse, and to reduce the health and social costs of abuse when it does occur. The Review Team has begun an in-depth analysis of the health, social, and economic consequences of drug abuse, and will prepare an assessment of the magnitude of their impact in terms of human suffering. Subsequently, the Team will analyze the current stated national strategies and goals to ensure that our efforts are directed to the most serious social costs, affecting the greatest number of people. The result will be either a reconfirmation or realignment of our national strategy.

INTERNATIONAL NARCOTICS CONTROL

The Office of Drug Abuse Policy in coordination with the Department of State and the Agency for International Development undertook an organizational review of the current functions and structures applicable to the International Narcotics Control Program. This review culminated in the Deputy Secretary of State approving an organizational realignment which consolidates all International Narcotics Control functions in the Office of the Senior Adviser and Coordinator for International Narcotic Matters. The implementation of this change is currently under way.

The next phase of the Office of Drug Abuse Policy's review of international narcotics control will be to assess the role and relationships of all agencies operating abroad with narcotics responsibilities and the effectiveness of these efforts in reducing the flow of illegal drugs into the United States. These reviews will be started shortly and the initial report should be completed in January 1978.

As a second step, the Team has begun an inventory of current Federal programs to determine how well these programs conform to the national strategy. The Team will look at these programs from the perspective of target populations—youths, elderly, minorities, women, etc.—those served, and those not. The scope of the review will include both deviant and non-deviant episodic and chronic misuse of all psychotropic drugs, including alcohol.

The Review will complete its analysis within the next four months, and will prepare for the President a report stating our national goals and strategy, for each target population, and recommending either reinforcement or change in the drug abuse programs dealing with those populations.

The study will be completed on January 15, 1978.

NARCOTICS INTELLIGENCE POLICY REVIEW

The Narcotics Intelligence Policy Review, undertaken by the Office of Drug Abuse Policy as part of the President's reorganization and policy review, addresses the quality and quantity of narcotics intelligence, as well as its dissemination and use. To this end, a team consisting of representatives from the principal agencies and departments (Department of Justice, DEA, FBI; the Department of the Treasury, Customs, IRS; the Department of State; CIA and NSA) concerned with the collection and use of narcotics intelligence was assembled. This Team was asked to respond to the following questions:

1. Is the U.S. Government obtaining and utilizing all available sources of foreign and domestic narcotics intelligence? If not, what constraints prevent the Federal agencies from doing so? What changes can be made to relieve these constraints?

2. What procedures and systems do and/or should exist within each agency to formulate and coordinate narcotics intelligence collection requirements and to evaluate the information collected against these requirements.

3. Should there be a structure within the Executive Branch to assure inter-agency guidance and coordination of narcotics intelligence activities? If so, what form should this structure assume and what responsibilities should it fulfill?

From written submissions and numerous discussions, the Team was able to identify a number of key issues, which, if the appropriate action were taken, could substantially improve the narcotics intelligence product needed by policy-makers and the drug law enforcement agencies to meet their responsibilities. Among the issues which the Team is addressing at this time are:

1. More specific definitions of the roles and responsibilities of the principal Federal agencies engaged in narcotics intelligence collection and production, with particular emphasis on the interagency aspects of these roles.

2. The structures and responsibilities of an interagency coordination mechanism for narcotics intelligence activities such as setting collection requirements, tasking, dissemination, production of strategic intelligence studies, etc.

3. Improved procedures to assure that U.S. Customs receives the volume and flow of narcotics interdiction intelligence required to fulfill the Customs' mission at the U.S. borders and ports of entry.

4. Improved standards and procedures for the exchange of financial intelligence among those agencies capable of immobilizing the narcotics traffickers through prosecutions.

5. Specific ground rules and procedures to permit better exploitation of narcotics intelligence acquired abroad by the U.S. foreign intelligence agencies.

6. The development of a reliable system for forecasting worldwide opium poppy cultivation and the development of a tactical information system to support an active eradication program.

The study does not deal with any structural reorganizations as such. However, recommendations of this Team will benefit the entire narcotics control effort.

The Members of this Committee will be pleased to know that among the many documents and reports studied by the Team, the Interim Report of February 1977, prepared by your Committee, proved to be invaluable in that it served as a point of departure and fostered fresh introspection among those in the Executive Branch responsible for improving the narcotics intelligence effort.

The study will be completed on November 30, 1977.

THE PRESIDENT'S MESSAGE ON DRUG ABUSE

The Office of Drug Abuse Policy has the responsibility for following up on and coordinating the implementation of the directives in the President's Message on Drug Abuse. These directives involved all of the Federal Departments, and several independent agencies. The Office will ensure that all of the directives are carried out within the stated time-frame, and will produce a report to the President on all the mandated activities by the end of the year.

In addition, the Office of Drug Abuse Policy is working closely with the Congress to enact legislation mentioned by the President in his Message.

A list of the required activities follows:

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Prevention

The President underlined that a sustained effort must be made to identify the reasons that people turn to drugs, including alcohol and cigarettes, and to respond in more constructive ways to the human psychological needs they satisfy.

Consolidation of Federal research

The President directed the Secretary of HEW to study the feasibility of making the Addiction Research Center responsible for coordinated research on a variety of drugs, including opiates, alcohol, and tobacco.

HEW review

The President directed HEW to review those sedative-hypnotic drugs particularly subject to abuse to determine whether they should remain on the market, taking into consideration not only their safety to the individual but the dangers they pose to the public at large.

Safety and efficacy study

The President instructed the Secretary of Health, Education, and Welfare to undertake a study of barbiturates and other sedative-hypnotic drugs to determine the conditions under which they can be most safely used.

Non-opiate drug abuse

The President directed the National Institute on Drug Abuse to place high priority in its treatment programs on providing care for abusers of barbiturates, amphetamines and combinations of drugs, including alcohol.

DEPARTMENT OF JUSTICE

Organized crime

The President directed the Attorney General to intensify investigations of the link between organized crime and the drug traffic, and to recommend appropriate measures to be taken against these organizations.

Expanded Department of Justice prosecutorial program

Special units exist in 18 United States Attorneys' Offices, devoted to the prosecution of major drug traffickers. This program will be expanded.

Study of denial of release prior to trial for certain major drug traffickers.

The President directed the Attorney General to study the necessity and constitutionality of proposals to deny release prior to trial for certain major drug trafficking offenders, in order to prevent them from using their immense wealth to post bail and escape justice. He said that if enactment of such proposals appeared necessary and constitutional, their application should be tightly restricted, and that a provision for granting the accused an expedited trial would be included. He expected a report back within 90 days.

Review of the adequacy of penalty structure

The President directed the Attorney General to review the adequacy of penalties for major trafficking offenses and to provide recommendations within 90 days.

Overprescribing physicians

The President directed the Attorney General, in cooperation with State officials, to intensify efforts and prosecute physicians who knowingly overprescribe a wide variety of drugs, including barbiturates.

Special audit

Under the direction of the President, the Drug Enforcement Administration has placed high priority on barbiturate regulatory and compliance cases. In the near future, DEA will conduct a special accelerated audit of the 120 companies lawfully manufacturing barbiturates in this country.

DEPARTMENT OF STATE

State Department priority

That the Secretary of State attach high priority to the international narcotics control program.

Aid requirements

That the U.S. Agency for International Development include such measures as crop and income substitution in its development programs for those countries where drugs are grown illicitly.

DEPARTMENTS OF STATE, TREASURY AND JUSTICE

International cooperative arrangements

He directed the Department of Justice in conjunction with the Departments of State and Treasury to study arrangements with other countries consistent with Constitutional principles to revoke the passports of known major traffickers, and to freeze assets accumulated in the illegal drug traffic.

DEPARTMENTS OF STATE AND TREASURY

International financial institutions

That the U.S. representatives to international financial institutions use their votes and influence to encourage well-designed rural development and income substitution projects in eligible countries which now produce dangerous drugs.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation should expedite its study of the dangers of driving while under the influence of marijuana.

CENTRAL INTELLIGENCE AGENCY

Intelligence priority

That the intelligence community emphasize the collection and analysis of information relating to international drug trafficking.

VETERANS AFFAIRS, DOD AND HEW

Review of prescribing practices

He instructed the Secretary of Defense, the Secretary of Health, Education, and Welfare, and the Administrator of Veterans Affairs to review the prescribing practices of physicians under their jurisdiction, and to discourage the medical use of barbiturates and sedative-hypnotics except in cases where it is unmistakably justified.

DEPARTMENTS OF THE TREASURY AND JUSTICE

Tax Reform Act

The President also stated that he will consider requesting the amendment of certain provisions of the Tax Reform Act, if those provisions are found to impede unnecessarily investigations of major narcotics traffickers, and if they can be changed without infringing on the privacy of citizens.

DEPARTMENT OF LABOR

Rehabilitation and job training

The President stressed the importance of adequate rehabilitation and job training so that a former drug abuser can regain a productive role in society. He directed the Secretary of Labor to identify all Federal employment assistance programs which could provide aid to former drug abusers and to provide recommendations for increasing the access of drug abusers to these programs within 120 days.

Mr. WOLFF. Thank you, Dr. Bourne. We are going to hear first from Mr. Wellford first and then open the hearing to questions.

Would you please proceed, Mr. Wellford.

Mr. WELLFORD. Thank you, Mr. Chairman. I want to apologize for the absence of A. D. Frazier, who was not able to be with us this morning. I have with us Tread Davis, the General Counsel of the President's reorganization project, and Mr. Frank Wilson, a member of our reorganization staff.

I appreciate the opportunity to appear before you and explain the effects of Reorganization Plan No. 1 on drug abuse policy functions in the Executive Office of the President.

On July 15, the President submitted Reorganization Plan No. 1 to the Congress. Plan No. 1 is the first in a series for reorganizing the executive branch of Government. As you know, the plan abolishes the Office of Drug Abuse Policy and vests its functions in the President for redelegation within the Executive Office of the President. We are mindful of the role which you, Mr. Chairman, and the members of your committee played in the creation of the Office of Drug Abuse Policy, and we understand your concern that its functions continue.

I am here today both to reaffirm the President's commitment to reducing the Nation's drug abuse problem and to explain the Office of Drug Abuse Policy decision within the context of the whole Executive Office of the President reorganization and the new decisionmaking process that we have instituted.

As the President noted, this reorganization plan was difficult because it involved his own staff. It was a little bit like trying to reorganize your own family. When I and my staff visited the White House mess, we were greeted with all the enthusiasm that Atlanta

greeted General Sherman. We had a rule on the project that whenever anyone left the office, they had to walk in pairs. [Laughter.] Reorganizing the Executive Office was our duty and we carried it out according to the President's directives.

It was also difficult because it involved programs designed by the Congress and other elements in the Government to meet real and pressing contemporary problems. Placing these programs within the Executive Office of the President traditionally has been viewed as increasing their influence, allowing staff to coordinate across many department lines while enjoying a special access to the President. This view, as our study pointed out, conflicts with reality. The truth of the matter is that placement in the Executive Office of the President is no guarantee of influence for a unit.

When President Carter assumed office, there were 19 separate units in the Executive Office. The growth of the EOP has had a ratchet effect. Any time a President or the Congress wanted to emphasize a policy initiative, they frequently did so by placing within the Executive Office a statutory unit to emphasize that function.

There was rarely any housecleaning when a new President came in. We found that the Executive Office was made up of a hodgepodge of units, a collection that had grown up over the years, reflecting the priorities of different Presidents and Congresses over the years.

Almost immediately the President abolished two offices. The plan that we now have pending on Capitol Hill will eliminate seven others. The surviving 10 units in the Executive Office work directly with the President on a daily basis, providing the information on which he bases his decisions. These remaining 10 units have been greatly simplified in order to structure and limit the functions of the Executive Office to bear on the daily work of the President.

The overall purposes of the plan are to improve the manner in which policy alternatives are presented to the President, to strengthen the role of the Cabinet, and to provide a prototype of the lean but efficient Government organization, a goal which the President strongly feels is his mandate from the American people. A basic thrust of the plan is strengthened Cabinet government. The President is opposed to concentrating large numbers of staff within the Executive Office, and prefers that Cabinet officers manage their own departments without excessive interference from the White House staff.

To achieve this goal, the President has taken steps to insure the predictable flow of information, advice, counsel, and criticism to his office by instituting a new policy management system. The combination of an effective Cabinet and policy management system, we hope, will assure a free, orderly flow of information from diverse sources on policy issues which if unresolved at a lower level will reach the President's desk.

These issues arrive through two main channels. All issues of direct concern to the President arrive through either a national security or domestic policy channel. It is this second conduit which is of direct interest to this committee, so I would like to provide a little background describing how issues such as drug abuse are guaranteed a hearing by the President.

Plan No. 1 abolishes the Domestic Council, but retains the domestic policy staff as an integral part of the President's staff. Replacing the Council will be ad hoc task forces of Cabinet and agency officials convened for specific issues. The domestic policy staff will function as conveners, coordinators, and neutral brokers, wherever and whenever appropriate. The system will dictate, we expect, a fair hearing for all proposals. This flexible assembly and disassembly of ad hoc working groups will allow maximum use of the expertise in the Cabinet departments and other agencies.

Although the following changes are not included in the plan, we recommended and the President approved some modifications in the Presidential decision process which may affect how vital issues such as drug abuse policy will be handled. These improvements include: Having the Vice President chair a committee of senior President advisers to set priorities, oversee staffing, and coordinate both domestic and international issues; instituting, for domestic and economic issues, a system similar to the Presidential review memorandum now in use by the national security staff; giving the Assistant to the President for Domestic Affairs and Policy clear responsibility for staffing domestic and most economic issues for Presidential decision; assuring that Presidential decision memorandums on policy issues are coordinated with affected Cabinet and Executive Office of the President advisers.

The policy management system guarantees that the President will use the resources of the executive branch and the Executive Office more effectively by including more interested officials and individuals earlier in the process of developing options for decision. This policy management system strengthens the role of Cabinet departments by having the departments involved from the earliest stages of policy formulation. Finally, policy management system precludes the waste of Presidential time and attention on matters better resolved at a lower level.

That the American people are concerned about the apparently uncontrolled growth and perceived lack of responsiveness of Government is no secret to this committee or to the Congress. As the President said shortly after his inauguration, "It's almost as if our own Government is the enemy." This administration is trying to address these problems, and reorganization is one of the tools we shall use. The Congress and the President have the critical roles in this process, and we ask for your continued support.

The first plan is a small but very important step toward our goal of a leaner, more effective, and responsive Government. It reflects the President's goal of focusing the resources of the Executive Office on those activities which must be addressed there. It complies with the President's directive to find ways to enhance the role of department and agency heads in the review and determination of Government policy. It also reflects the view that the President is better served by a smaller group of close support staff whose primary role is to assure that the full resources of the Government are brought to bear on major issues requiring Presidential decision.

Now, I would like to place the ODAP decision in the context of the larger plan. No one here would ever suggest that drug abuse is not an

acutely serious problem or that the administration's attack on the problem should in any way be lessened.

The plan for the Office of Drug Abuse Policy is in concert with the President's August 2, 1977, message to the Congress on drug abuse. In that message, the President noted that he expected the work of the Office of Drug Abuse Policy to be completed in January 1978 and that he would act quickly upon their recommendations. The President's decision on the Office of Drug Abuse Policy is an attempt to clearly and forcefully carry out drug policies through new management tools—a new organizational structure and policy process that he intends to use.

The President's message stressed his continued deep personal concern about the effects of narcotics, their drain on our human resources, and the need to act.

The President directed that his staff begin formulating a comprehensive national drug abuse policy that will reduce fragmentation of Federal efforts. He intends to use the policy management system to develop and integrate this policy, and will use the reorganization project to execute needed organizational reform.

He has asked Dr. Peter Bourne, a man whose deep concern with drug issues need not be detailed for this committee, to lead in formulating this policy. Planning and coordination will involve the active participation of members of the Cabinet and heads of all relevant independent agencies through a revitalized Strategy Council on Drug Abuse. The drug policy development, coordination, and reorganization functions previously performed by the Office of Drug Abuse Policy will be improved because they will be put in the mainstream of the President's work under the policy management system and the President's reorganization project, where more resources are available to do the job.

Incidentally, the Office of Drug Abuse Policy is already functioning in this mode. They have set up working groups of agency and departmental personnel which have carried out several studies in just a few months. Therefore, we feel confident that Dr. Bourne and the domestic policy staff will be very successful in maintaining this momentum through this new policy management process.

When plan No. 1 is implemented, a permanent specialized office in the Executive Office of the President devoted to drug policy will no longer be required as a separate unit.

As this committee knows, the effectiveness of an adviser to the President or a director of any office in the Executive Office is directly related to both access to the President and the confidence the President has in that individual. Dr. Bourne, who will serve as the adviser on drug abuse and health issues, clearly has both and will continue to serve as the President's chief spokesperson on drug abuse.

As such, the President intends to allow him to continue providing testimony to the Congress. We have already made assurances to the House Government Operations Committee that personnel will be retained on the domestic policy staff and on Dr. Bourne's personal staff to insure continuity of policy formulation and interagency coordination as the policy work of the ODAP is phased into the policy management system. The President's reorganization project will assume responsibility for maintaining the reorganization initiative after the Office of Drug Abuse Policy finishes its current reorganization work.

We have also made assurances to the House Government Operations Committee that ODAP will not be quickly terminated when the plan is approved. Instead, it will be allowed to complete its current agenda by early 1978. The Office of Drug Abuse Policy's ongoing concerns will be carried out by Dr. Bourne and the Domestic Policy staff. We have asked Dr. Bourne to work with us to map out the details and implementation to smooth the transition.

Implementing the President's Reorganization Plan No. 1 will bring needed changes to the Executive Office of the President. Overall, changes in the Executive Office of the President will emphasize staff—as opposed to line—functions in the office and put important issues such as drug abuse in the mainstream of predictable decision channels that the President regularly uses. By improving administrative support and transferring functions which can be better performed elsewhere, we will provide the President a leaner, more efficient Executive Office.

I thank you, Mr. Chairman and members of the committee, for the opportunity to explain plan No. 1 and hope you will see the merit of this reorganization plan. I look forward to a continuing close relationship with the Congress as reorganization of the executive branch continues.

Mr. WOLFF. Thank you very much, Mr. Wellford.

First, let me just pass on to the head of ODAP my compliments for the work of your organization, yourself and Mr. Dogoloff, over the short time that you have been in operation.

I must say that you have been extremely responsive to this committee; I believe extremely responsive to the overall objective of reducing the addict population in this Nation, both in the short range as well as to the long-term approaches.

I want to say publicly that the relationship that has been built up between your office and our committee has been an extremely profitable one for this committee because it has enabled us to reach into the Executive at—or through a process that was not normally available to us. This presents my great concern for the future and for the cessation of operations of ODAP itself.

I would like to question you on some of the statements that you have made as well as to look at some of the information contained in a draft report that I have seen recently on drug policy. However, I would like to direct my attention, first, to Mr. Wellford, if I could.

Mr. Wellford, you indicate that you hope to continue to work with this committee in implementing the overall objectives of drug policy. Can you tell us why we were not even questioned or informed as to the change until we read it in the newspapers about ODAP?

Mr. WELLFORD. Mr. Chairman, we worked very closely with the Government Operations Committees that have primary jurisdiction over these plans, and we had very extensive meetings with both the staff and the members of those committees. We consulted at various times with other committees and the general membership of the House and Senate requesting comments on the project at the beginning and seeking review on specific issues during the process of the study.

Mr. WOLFF. I take it you were aware that this committee existed?

Mr. WELLFORD. Yes, sir, we were aware that the committee existed. Mr. Wilson, who was involved in the day-to-day conducts of the study can perhaps respond specifically to your question.

Mr. WILSON. Yes, Mr. Chairman. We did forward a letter to you—to this committee, asking for specific comments on—notifying you that there was going to be a reorganization in the Executive Office of the President and asking for your comments that we were going to be looking at ODAP.

We received from you, on June 2, a letter with comments. One of the main comments which you did make was that you were interested in seeing that the Strategy Council was revitalized and in the annual report evaluating the effectiveness of the current Federal strategy and publishing of a yearly breakdown of all Federal narcotics expenditures—you were interested in those particularly.

Mr. WOLFF. In that letter to us, did it indicate that there was consideration being given to the elimination of ODAP?

Mr. WELLFORD. I don't believe that we singled out ODAP as a unit that was particularly targeted for elimination.

Mr. WOLFF. It was a general letter asking for certain recommendations on drug policy, I take it?

Mr. WELLFORD. No; as I remember—do we have a copy of the letter here?

As I remember, Mr. Chairman, we were requesting comments on the Executive Office units that were presently in existence; and the implication of the letter was that we were doing a zero-based review of every one of them. The burden was going to be on those who wanted to continue the units. That is the basic burden that the zero-based process imposes.

I don't think that we singled out ODAP and predicted that it was going to be eliminated. At that time our study was still in process.

Mr. WOLFF. I take it, according to your statement here, where it indicates that the American people are concerned about the apparently uncontrolled drugs; that you are talking about the redundancy of agencies and the costs that are involved in maintaining that—those agencies; am I correct in that?

Mr. WELLFORD. We are concerned about redundancy—concerned about the conflict that develops between agencies that have similar, but institutionally distinct functions. We are concerned particularly about the conflict in regulation that various agencies impose upon the private sector, when they have goals that overlap. Sometimes these regulations are in conflict with each other.

Mr. WOLFF. Can you give us an idea of the cost-saving in the elimination of ODAP?

Mr. WELLFORD. I think the cost saving was less than \$1 million; is that correct?

Mr. WOLFF. Wasn't it \$300,000?

Mr. WELLFORD. Something like that, yes, sir.

Mr. WOLFF. Now, I notice there were two offices that were maintained, however; the Office of Environmental Quality, as I understand it—

Mr. WELLFORD. That's correct.

Mr. WOLFF. And there was one other one that was maintained.

Mr. WELLFORD. There are 10 units that still remain in the Executive Office.

Mr. WOLFF. So in other words, though, you feel that the purposes of the office can be accommodated by the reorganization that has been recommended to the Congress?

Mr. WELLFORD. Obviously, sir, we feel that way. Otherwise we would not have recommended it.

Mr. WOLFF. Could you tell us, in OMB, who are the narcotics experts that worked on this?

Mr. WELLFORD. We had at various times a group of four people on the staff and various outsiders that we brought in for consultation at various times. Mr. Wilson worked on it; Mr. A. D. Frazier worked on the project; Mr. Rick Heuwinkle and others at various times.

Mr. WOLFF. They are people who are all expert in the field of narcotics?

Mr. WELLFORD. No, sir, we do not have the staff or the money to bring in a group of special policy experts for every single unit we were looking at.

What we did was conduct a functional analysis of exactly what those units were doing. We gave summaries of our report to the units. We asked them to comment on it and tried to involve them in the study process as it went forward.

It simply was impractical for us to bring in a stable of telecommunications experts, a stable of drug policy experts or whatever.

Mr. WOLFF. That may be your opinion of it, but I don't think Congress would share that. I think we do have to have experts to make determinations. I don't think these can be done by computers, efficiency people, or just legal people.

That is one of the criticisms that I do have. I personally. I don't know whether that is shared by my colleagues here.

I can say one thing: It is quite obvious that there were well over 100 Members of Congress that communicated to your office and communicated to the President relative to the fact that we did not want to see this agency eliminated in the reorganization. The savings that are to be effected certainly do not compensate for the losses which we feel will be accompanied by the dissolution of this office.

You have indicated in your statement that what you propose to do here is to establish a staff function rather than a line function; and that is just the basic reason why the Congress is opposed to this change. The fact is that in a line function, rather than in a staff function, the work that this organization is supposed to do with the problems, the interagency problems that we do have, it would be much easier to knock a couple of heads together which need knocking together.

It is unfortunate that there has been created a sort of supergovernment in the OMB which makes determinations which totally disregard the wishes and desires of the people of this country and the elected representatives. I think that it is extremely important that we do have some input which we have not had in this case.

Mr. GUYER. Will the chairman yield?

Mr. WOLFF. Yes.

Mr. GUYER. I would like to augment that by saying that I think this judgment was made by a quasi-political budget judgment rather than by a professional judgment in the field.

Mr. WOLFF. I thank the gentleman for his comment, but I feel very strongly that this committee, which is charged with the responsibility of coordinating the entire drug effort within the House of Representatives, should have been consulted and should have been

brought very closely into the consultation before a decision was made.

We are not able to, under the circumstances, take one particular part of the reorganization plan and single out and vote upon that in the Congress.

I assure you, if we were able to do that, we would override your decision.

Now, the point, however, that I think there should be much more in the way of cooperation. There has to be a greater line of communication. If there is one element that stands in the way of greater cooperation between the Executive and the Congress of the United States, it is OMB. I do not find any place in the Constitution where it indicates that OMB shall be the determining factor as to whether legislation shall be implemented or not.

Today when we report legislation to Congress we have to get a comment from OMB. We now have been able to circumvent the need for OMB by having a Congressional Budget Committee, and I think if we are going to have some reorganization in the future—with all due respect to you—this is not intended personally—I think one of the reorganizations that should take place should be the dissolution of OMB.

Mr. WELLFORD. May I respond, Mr. Chairman?

Mr. WOLFF. Please do.

Mr. WELLFORD. I am not the first representative of OMB to be subject to these kinds of remarks. OMB's job is inherently unpopular, because we are the institutional "no men" of the administration. We have the responsibility of trying to prevent unnecessary budgetary expenditures. We also have the added responsibility of trying to streamline, make more efficient, the Government.

Obviously, we are going to differ over the decisions that have to be made.

Mr. GILMAN. Would the gentlemen yield?

Mr. WELLFORD. Could I finish?

Mr. WOLFF. Would the gentleman hold for just a minute?

Mr. WELLFORD. I think you are misinformed about that one aspect of this. It is not through any fault of yours. I would agree and hope that we would have a lot more consultation in the future on plans that would impact this committee or any other.

It was not OMB's secret plan that led to the decision on ODAP.

Mr. WOLFF. May I interrupt you at this point?

Dr. Bourne and Ms. Falco came before this committee 2 days before the announcement with Dr. DuPont and under sworn testimony—and that's why we swear our witnesses—under sworn testimony indicated that ODAP was to—counsel is refreshing my memory, that ODAP represented the prime interest in the President in continuing his effort at the overall drug picture, so that I do feel, Mr. Wellford, that it may not have been a secret plan, but it was kept secret from us.

Mr. GILMAN. Would the gentleman yield for a moment? You said that it was not a secret—that due consideration was given. Yet, testimony before this committee, and statements made by your representatives clearly indicate that there was never any consultation with the chief narcotics policymakers in the executive branch. There was no consultation with Dr. Bourne, no consultation with Mathea Falco,

no consultation with Dr. DuPont, and no consultation with Peter Bensinger—the four chief narcotic policymakers in the executive branch.

Yours is the Office of Management and Budget, but it seems to me that you are becoming an office of policymaking.

I am concerned about where you derive that authority and how far that policymaking should go in a budgetary function.

Mr. WELLFORD. Mr. Gilman, as I was going to say, the reorganization project reported to a committee made up of senior White House advisers and various heads of the Executive Office of the President units. It was not—we were not operating out of OMB's base alone. We were constantly being reviewed by this committee.

We did not present just one recommendation to the President. We presented a series of options. People that came before this committee, I am sure, knew there was a series of options being presented. They did not know—indeed, we did not know—until fairly late in the game what the President's decision was going to be. That decision has been reviewed until quite recently.

Mr. GILMAN. If the gentleman will yield, it is my understanding that you only presented two options to the President: either abolish ODAP or continue it only for a few months after the reorganization plan goes into effect.

Mr. WELLFORD. No, sir.

Mr. GILMAN. There was, to my knowledge, no third option to keep ODAP in existence; isn't that correct?

Mr. WELLFORD. On two of the units we were addressing, the CEQ and ODAP, we presented a full record of the—

Mr. GILMAN. Mr. Wellford, could you answer my question? What were the options presented to the President? How many options did you present to him?

Mr. WELLFORD. These are the options.

Mr. GILMAN. How many options did you present to him?

Mr. WELLFORD. Mr. Gilman, these are the options. We basically presented four options.

Mr. GILMAN. Did any of your four options recommend continuing ODAP?

Mr. WELLFORD. Yes; No. 1, maintain current functions for 1 year during which ODAP will develop plans for the drug abuse area and make institutional improvements within Government agencies, allowing ODAP to terminate at the time it was supposed to terminate.

Mr. GILMAN. I am not talking about a 1-year duration. I am talking about continuing the life existence of ODAP. Did any of the four options continue the existence of ODAP, Mr. Wellford?

Mr. WELLFORD. Mr. Gilman—

Mr. GILMAN. Can you answer whether any of those options continued ODAP's existence?

Did you present to the President any proposal to continue the existence of ODAP?

Mr. WELLFORD. Yes; we presented to the President an option to continue ODAP until its appropriation ran out.

At that point, the Congress and the President would have to decide whether or not ODAP should be extended.

Mr. WOLFF. Mr. Gilman, you will have your time, but we have to get the other members here. I just want to ask one final question of Mr. Wellford.

Mr. Wellford, I understand—by rumor—that the President was ready to continue ODAP, and that the OMB did not want to continue it, because they felt that this would interfere with their image, and that they would have to backtrack on a recommendation.

That is a pretty strong rumor, Mr. Wellford. I want to know—I would like to get for the record—you are under oath, so I would like to get for the record what the position is and what the position was.

Mr. WELLFORD. Mr. Chairman, the recommendation to the President on ODAP was made after serious study and consideration by OMB and by the committee of advisers which made up the top policy staff in the Executive Office of the President.

When the recommendation was made to the President, a series of options were presented. We also got feedback from Capitol Hill; we were constantly going back and trying to reevaluate this recommendation and a number of others. The decision from the reorganization project standpoint was to stay with all of the basic recommendations that we made.

In one case, we were overruled by the President. But our position has been consistent all the way through.

Mr. WOLFF. In other words, that you stayed with your original position on everything?

Mr. WELLFORD. In one case we were overruled by the President.

Mr. WOLFF. The additional facts that came in subsequent to your decision have no bearing?

Mr. WELLFORD. Excuse me, Mr. Chairman, we have made a couple of small changes that are really in the way of technical changes. For example, we did rename an office that we had given another name to in the original plan. We have also stated a termination date which was not in the original plan. And we have specified where those functions delegated to the President for redelegation outside of the EOP are going to go. Those are only changes made in the plan.

Mr. WOLFF. You are telling me now that the information that I had secured is incorrect, that there was no willingness upon the part of the President to continue the operation until the mandate that had been given by the Congress had concluded? In other words—

Mr. WELLFORD. Mr. Chairman, we never received any communication from the President that he—

Mr. WOLFF. Informally or formally?

Mr. WELLFORD. No, sir.

Mr. WOLFF. None whatsoever?

Mr. WELLFORD. No, sir.

Mr. WOLF. Mr. Rangel?

Mr. RANGEL. Thank you, Mr. Chairman.

Mr. Wellford, your office and some, unidentifiable at this point, top policy staff have shattered 8 years of hard work by this Congress to clearly place the problems, domestically and internationally, of drug abuse in the Executive Office.

Now, at a savings of some \$300,000, you have reduced the staff that we can identify; you have kicked the ODAP out of the Executive Office; and you have performed this act without the input of the people

from whom all the testimony of this committee is received and has access to the President, who is deeply concerned, is committed. Since we don't legislate concern and commitment, we legislate something that we can identify that is going to coordinate the Federal effort.

Now, my problem is that if it is well known that a number of us on this committee—and we fought desperately hard within the Legislature to get this committee functioning—is it brought out people, Members of Congress, that districts have a very serious drug problem that could not be included in this committee.

All I want to know is, because this is going to affect the future relationship that we have with the President and with Dr. Bourne, just with whom did you discuss the problems of narcotics, not the problems of how much money you are going to save, because if it is clear from the testimony that no Member of Congress was involved, and I am not taking an ego trip. We are not managers. We are merely concerned with the problem. If you don't consult with those that have the ear of the President, if the outsiders—if you don't have enough money to bring in experts, if the people that worked on this problem were concerned with bookkeeping rather than the problem, then who in God's name on this top policy staff could we identify as Members of Congress that would have a better understanding of the problem than the managers that are appointed by the President?

Mr. WELLFORD. Mr. Rangel, the way we operated on all of the units, was to try to work to the extent that we could as a team with the expert staffs on these various units. We did that with CEQ, OTP, and ODAP. We worked carefully with Dr. Bourne's staff on ODAP.

Mr. RANGEL. No; wait; just a minute, now. Just 1 minute now.

I clearly remember when the experts that have been appointed by the President for drug abuse, Ms. Falco, Dr. Bourne, Dr. DuPont, Peter Bensingler. We know they have the President's ear. We know about the President's commitment. We know the responsibilities that they had. Now you are not going to tell us that they have access to the President and don't have access to OMB. If they came here and testified under oath that they had no reason to believe that they will be out of business as relates to ODAP, which the Congress created. All I am asking, Mr. Wellford, is that you identify by name who in OMB we would know by name or can find out something about that is sensitive to the problem of drug abuse. That is all I am asking, because I cannot go back to whom the President appointed in drug abuse.

We stayed here trying to find out whether or not we could get help. Dr. Bourne told me he did not need help. Now, I know he is a friend, but so was Bert Lance. We do not know what happens over there, so we do not have the legislation. We do not have the oversight. And we are right back to where we were with Nixon and Ford as relates to being able to clearly identify who has the responsibility.

Mr. GILMAN. We had clear identifications by those administrations.

Mr. WOLFF. We have a vote. The committee will stand in recess until the vote is concluded, which will be in about 7 minutes.

Mr. WELLFORD. May I answer Mr. Rangel's question when I come back?

Mr. WOLFF. Yes.

Mr. RANGEL. Concentrate on the name of the person that we can identify other than the ones that testified before us, because that testimony was under oath. I would not want you to jeopardize their posture.

[Recess.]

Mr. WOLFE. The committee will come to order.

Because of a dual responsibility that I bear now, having been appointed as congressional delegate to the United Nations, there is a meeting being held this afternoon that I must attend, although I had anticipated I would be able to stay longer. I just recently got a call and will have to leave.

I might say to Mr. Wellford, and Dr. Bourne, my apologies for not having the opportunity of questioning you in the depth I would like to. I take it that you will make yourself available so that we can follow through, especially on the question of cocaine, in which I am very much interested. There has been very little in the draft report particularly which I am very much interested in, where in the draft report there is a recommendation that cocaine be treated with the same emphasis as cannabis, which gives me great pause and which concerns me greatly.

I have asked Mr. Rangel to take over the chair.

Mr. Wellford, I would say that there are a number of questions—further questions that I personally have. I take it the committee as well has questions that they will ask you. I want to assure that you have adequate time for your answers. There seem to be more questions here or statements than answers that we have made.

Perhaps you can see from the enthusiasm with which we address those questions, some of the frustrations that we share. You will have to forgive us for the—I guess you would call it enthusiasm that we have exhibited here or the emotionalism. More important than that, each one of these members has a very, very deep commitment to this problem, and it is because of that that there is such emotionalism attached to it.

When I first heard of the whole ODAP situation I had somewhat of a *déjà vu*, if you will excuse me, harkening back almost to the days of Vietnam where we had to destroy a village to save it. I hope that is not the policy of OMB in the future so far as this very serious problem is concerned.

Most of us who are on this committee have had experiences with the Domestic Council. We have had experiences that are very frustrating experiences in that we got a lot of lipservice and got very little in the way of response. We have had and heard numerous declarations of war being made upon narcotics and addiction, narcotics abuse and trafficking.

Unfortunately, each time the declaration of war was made, someone found it convenient to talk about another declaration of war in another direction, and we had to use our forces elsewhere.

My particular area of interest that I wish Dr. Bourne would address in further remarks to the committee members here is this question of cocaine and the importance of cocaine in the total structure and picture of narcotics and narcotics abuse, and another very important aspect is to whether or not the State Department is running our overseas drug policy or will it be someone in the Office of the President, and is there an opportunity of seeing to it that foreign relations do not take precedence over American priorities—the kids of our country.

I think that this is most important. I found on my recent trip that the intercession of the State Department representatives—the local State Department representatives, the American Ambassador and the

like, was for rendering for the most part lipservice to the whole question of drug abuse. They are supposed to have offices in charge of this essentially duplicative, by the way, of the DEA, overseeing the decisions of the DEA.

I find this most disconcerting. I find in some areas, Brazil, where there hasn't been a meeting of the drug traffic task force for a year and a half. There is a ton of cocaine coming out of Brazil according to our best available estimates, although no estimates are really very accurate today.

But the fact is that the Department has not followed through on the directives that they have been given, and, therefore, I find that this is impeding the drug effort.

I thank you for bearing with me.

Mr. Rangel, will you chair, please.

Mr. Wellford was in the process of answering your question.

Mr. RANGEL [presiding]. Thank you, Mr. Chairman.

Mr. Wellford?

Mr. WELLFORD. I think the last question that was addressed to me had to do with the people that we consulted in the process of our study.

Let me point out that Mr. Joe Linneman who was a member of Dr. Bourne's staff, worked with our staff regularly throughout the process.

At various times other members of Dr. Bourne's staff were consulted as was Dr. Bourne himself. Let me go beyond that point to say that what we are really discussing here is whether or not the President's commitment to strong action in the drug area, which he stated in the policy statement he made last month, will be carried out. Dr. Bourne's presence in the White House, as a close adviser to the President, I think, emphasizes this. We have to ask the question whether or not the process that we are introducing in any way is going to impede firm Presidential action in this area.

I am convinced, sir, that the process that we have recommended is going to permit as much Presidential attention and priority to drug-related issues in the future as it has in the past. Hopefully even more so.

Mr. RANGEL. On the question, sir, as to when you talk about constant communication with top policy staff, are you now saying in answer to my question, which was my only question, that I am misinformed as to the relationship that Dr. Bourne had with your office and that the top policy staff that you did consult were people who at one time worked for Dr. Bourne, because that was my only question?

Mr. WELLFORD. No, sir, let me explain. We had as a general oversight body for the project, a committee made up of senior White House advisers, and some EOP unit heads.

Mr. RANGEL. I would like to talk about that group.

Mr. WELLFORD. If I may, the basic work in conducting the study, developing the recommendations, was done between the coordinators on my staff and the various staff members of the units that we were studying.

For example, Joe Linneman was meeting with Mr. Wilson and other members of my staff throughout this process.

Mr. RANGEL. Well, if this is going to be an indication of the future, of the awareness of Dr. Bourne's—of what is happening with the Presi-

dent and top policy staff, then we have a problem because you were the one that said it wasn't done in secret.

Mr. WELLFORD. That is right.

Mr. RANGEL. You have been rather secretive, as far as this Member is concerned, in indicating who that top policy staff person is. Because I don't want to talk with Dr. Bourne—

Mr. WELLFORD. I think there is a misunderstanding between us.

Mr. RANGEL. That is what it is. I would rather talk with top policy staff people than Dr. Bourne, because it is clear to me that Dr. Bourne didn't know that his ODAP was going to be wiped out.

Mr. WELLFORD. Yes.

Mr. RANGEL. So if I have to have a relationship with the Executive, all I want, Mr. Wellford, is the name of the top policy staff people, not subordinates of Dr. Bourne because you didn't do it in secret. The President followed on your recommendations.

I have to quit talking because other members have questions. I just want an answer as to when you refer to top policy staff, who would have some knowledge of the problem this country is facing with narcotic abuse that you were communicating with?

Mr. WELLFORD. Mr. Rangel, the committee that I am talking about was made up of senior White House advisers like Mr. Jordan, for example, Mr. Watson, Mr. Schultze, et cetera.

Mr. RANGEL. So it had nothing to do with anyone expert in drugs. You consistently spoke with people that dealt with political questions and other people that dealt with dollars and cents questions, but the vacuum will still exist as to those of us that worked in the Congress to set up this ODAP, narcotics experts which you could not afford to get, and people who have testified in front of this committee that have expertise in the area, they would not be—so the vacuum will still exist?

Hamilton Jordan, Jody Powell, those people? That is top policy?

Mr. WELLFORD. My point was that the narcotics experts that helped develop the options—I am not saying we agreed on every point. We obviously didn't. They were working on Dr. Bourne's staff.

Now, that is why we presented a series of options to the President.

Mr. RANGEL. I see.

I yield. It is clear that—

Mr. BURKE. Let me follow up that question.

You mean to tell me you had top policy people advising you from Dr. Bourne's staff and he didn't know anything about it?

Mr. WELLFORD. No, sir.

Mr. BURKE. Well, that is what you said.

Mr. WELLFORD. No, sir, that is not what I said. What I said was that in the conduct of our study, we worked with the staffs of every unit in the Executive Office. Dr. Bourne's staff, the staffs of the CEA, OSTP, OTP, et cetera.

Mr. BURKE. When did you start that work?

Mr. WELLFORD. March 17, I believe.

Mr. BURKE. In your statement, you say the plan for the Office of Drug Abuse is in concert with the President's statement of August 2, message to the Congress on drug abuse. In that message, the President noted that he expected the work of the Office of Drug Abuse

Policy to be completed in January 1978, and he would act quickly upon their recommendation.

Now, how are you following the President's message to Congress, if you make a recommendation without the advice of the—Dr. Bourne's office, who has the responsibility to make the recommendations under which the President will act?

Mr. WELLFORD. Mr. Burke, we presented a series of options to the President. Those options were informed by consultation with Dr. Bourne's staff.

Mr. BURKE. Not Dr. Bourne. You said the President brought to the Congress of the United States a message in which he said he would act upon the recommendation of Dr. Bourne's office, not part of his staff. Therefore, you, long before the President sent his message to us, had decided what you were going to do, and then you make the recommendation without any report from Dr. Bourne's office? I don't understand it.

Mr. WELLFORD. Mr. Burke, I think there's a simple misunderstanding between us again. Let me just try to explain it. We have said all along that the work of ODAP, the work Dr. Bourne has had underway since ODAP was instituted last spring, was going to be permitted to be completed. We consulted Dr. Bourne's staff. We were told in early summer most of their projects could be completed by January 1978. We have given some leeway with that. If more time is needed, more time will be given to complete those projects.

There is nothing inconsistent with that policy.

Mr. BURKE. Yes; there is. Is it your policy at OMB to disregard completely the one who is in charge of an agency and talk to their staff?

Mr. WELLFORD. No, sir, we haven't done that.

Mr. BURKE. You did that with Dr. Bourne. What is your policy?

Mr. WELLFORD. We consulted with Dr. Bourne and with Dr. Bourne's staff.

Mr. BURKE. Forget Dr. Bourne's staff. You keep saying that.

I am talking about Dr. Bourne and how much was he brought into consultation, so that he knew what his staff was telling you and vice versa?

Mr. WELLFORD. I am sure that Dr. Bourne's staff kept him informed about the discussions going on. We also had a meeting with Dr. Bourne both before the options were presented to the President and subsequently during the amendment period when we could make amendments, changes in our plan.

Mr. BURKE. Yes, but you did all this following the President's message, before the President's message of August 2 to us in which he said he is going to wait until the report of Dr. Bourne is submitted to him, and he would act. So you have acted separately from what Dr. Bourne decided?

Mr. WELLFORD. No, sir, the President in his message said he was going to act on the recommendations for organizational change that came from various study groups that ODAP has underway.

Mr. BURKE. No; he didn't. He said he expected the work of the Office of Drug Abuse Policy—and that's what you say in your statement—to be completed in January 1978, and he would act quickly

upon that recommendation. That's your statement. That isn't everybody else in between, as far as I understand it.

Mr. WELLFORD. The President said he would act quickly on their recommendations for policy change or organizational change. He was not talking about the future of ODAP in that statement.

Mr. BURKE. Well, I don't see where your statement then leaves something out, because that isn't what your statement said. Let me read your statement again.

In that message, the President noted that he expected the work of the Office of Drug Abuse Policy to be completed in January 1978, and he would act quickly upon their recommendation.

That doesn't mean some staff from his organization or a group over at the White House. It is the recommendation of the committee that's already been formed.

Mr. WELLFORD. As I said a few minutes ago, the President was referring to the studies that Dr. Bourne's staff, ODAP had underway at that time.

Mr. BURKE. But do they become official until they are submitted by—as a report from the organization, or does some staff fellow tell you something, here is what we have done?

Mr. WELLFORD. No; Peter can answer this.

Mr. BURKE. Let Peter answer it. I don't mind who answers it. I just don't understand it.

Remember, Dr. Bourne, you said, technically, you weren't consulted, if I understand it, in detail on this suggestion, report.

Dr. BOURNE. The recommendations that are referred to in the statement from the President relate to recommendations that ODAP would make with regard to reorganization of the rest of the Government, but not with regard to ODAP itself. These studies, looking at what is happening in the rest of the Government, we are now going to try to finish by January 1 and will make recommendations for any changes to the President. He then will act on them subsequent to that, and if there are any reorganizations in the Government, he presumably would then have them carried out.

Those particular studies, though, are completely apart and separate from ODAP itself and its own future in this particular reorganization.

Mr. BURKE. That I agree with. Recommendations have been made for ODAP in the statement made by Mr. Wellford, separate and apart from any recommendations you make based upon what the President said in August.

Dr. BOURNE. Presumably, ODAP is not charged with the authority of making recommendations about itself. That responsibility lies with the President's reorganization plan.

Mr. BURKE. Before any detailed discussion with you as the administrator?

Dr. BOURNE. Well, there were various discussions with my staff during the time that—

Mr. BURKE. No; I don't want to hear about the staff. I think the staff runs the country today, not the elected officials.

Dr. BOURNE. I did also have an opportunity to comment on the options that went to the President prior to the time that they went to him. We did submit those in writing.

In fact, I believe we made available to this committee those particular memos which were mine, my comments on the—not the recommendations, but the options as they were laid out to the President.

Mr. BURKE. Peter, let me ask you another question.

You stated in Mr. Wellford's—on page 8 of his statement—that:

As this committee knows, the effectiveness of an adviser to the President or director of any office in the Executive Office is directly related both to access to the President and the confidence the President has in that individual.

I don't see any great confidence at this stage of the game the President may have had, if he turned this all over to the Office of Management and Budget. I may be wrong, but then it says:

Dr. Bourne will serve as an adviser on drug abuse and health issues. He will continue to serve as the President's chief spokesman on drug abuse.

Well, where have you been the chief spokesman, if OMB now is going to be the spokesman on drug abuse policy and enforcement and all? How much access will we really have to you, if OMB runs the show?

Dr. BOURNE. Well, I think we made a fairly strong commitment that I would continue to be available to this committee.

Mr. BURKE. You have always been available. I don't quarrel with that.

Dr. BOURNE. Much as they desire it; I think what Mr. Wellford has said in there is very true, that the ability to be effective does have to do very often more with the faith the President has in you and your judgment than the organizational structure you have behind you.

I think there are a number of organizations in the Government which are fairly large and substantial, but the person running them doesn't have the President's ear.

Mr. BURKE. I agree with that. Mr. Wellford talked to all the staff members. As I recall, he didn't talk to you. I don't know if the President did either about any of this.

I have no further questions.

Mr. RANGEL. Thank you.

Mr. English?

Mr. ENGLISH. Thank you very much, Mr. Chairman.

Mr. Wellford, forgive me if this has already been brought out. Would you mind going over and explaining exactly why Dr. Bourne personally was not included in drawing up these recommendations?

Mr. WELLFORD. Mr. English, he was included in the same way that other EOP heads were included. I think you would agree if you are trying to make decisions about duplication or alternative ways of accomplishing a particular mission, you don't want to turn over that decision to the unit heads who have a personal stake in their own survival. What we needed to do was to have consultation, to get a full and complete picture about what those units were doing, how they impact the President's daily decisions, and whether or not we can, through less formal mechanisms, accomplish the same purpose.

Now, because drug policy is of special importance in our reorganization, we have put more people on the domestic policy staff reporting to Dr. Bourne concerned with drug issues than we really have devoted to any other single policy issue, to the best of my knowledge.

At the same time, we have reinstated the Strategy Council to

provide a mechanism for regular consultation and coordination between agencies.

We have an ongoing reorganization staff that is concerned with drug law enforcement activities Government-wide, and we fully expect that with Dr. Bourne's staff on the domestic policy staff, and in the White House, using informal working groups made up of key officials from the affected agencies, we will be able to carry on both the policy formulation and coordination functions that ODAP was previously charged with.

We would be able to do it in a less formal, more flexible way.

Mr. ENGLISH. That sounds nice, but it didn't answer my question. The point is why was Dr. Bourne not included and why would you include his staff and not him?

I want to tell you something right now. As far as I personally am concerned, if I was the head of an agency, and I had some other group come in with the authority of OMB and got together with my staff, and my staff was the group that was going to be making the recommendations, and providing the information that was necessary to carry out a reorganization of my office, I personally would be mad as hell.

I don't know whether Dr. Bourne felt that way or not. I would imagine that he did; but it appears to me that without at least involving him at some point—and I am not talking about his staff, I am talking about him—

Mr. WELLFORD. Mr. English, we did involve Dr. Bourne. We did talk to him.

Mr. ENGLISH. Just a minute. A while ago you were complaining that you were not allowed to finish a statement. Now you are not letting me finish a statement.

The point is this: Whenever you move in under those circumstances, without question you are undercutting Dr. Bourne's authority. Without question, you are making a decision on which he could provide valuable insight and valuable information.

I am not saying Dr. Bourne should be the one to have the ultimate decision. Obviously that rests with the President; but I do think that any plan that is going to be drawn up along these lines should at least hear his views; at least he should have an opportunity to have some input: at least he should be considered.

And the next question I want to ask you along those lines, was Dr. Bourne given an opportunity to comment—and I believe you mentioned something about this earlier, and I am talking about Dr. Bourne, not his staff—was he given the opportunity to comment on these recommendations before they went to the President; and No. 2, if so, were those comments and those views provided to the President in exactly the same manner in which Dr. Bourne provided them?

Mr. WELLFORD. The answer to both those questions is "Yes." He did have a chance to comment before the recommendation went to the President. His comments went to the President without being changed by anybody.

Mr. ENGLISH. He commented directly upon what those recommendations were?

Mr. WELLFORD. Upon the options.

Mr. ENGLISH. He knew what they were?

Mr. WELLFORD. That's correct.

Also, I wasn't trying to interrupt you, Mr. English, but I wanted to make clear in no sense—and I am sure Dr. Bourne would agree with this—in no sense was his staff working with the reorganization staff except at Dr. Bourne's request and in cooperation. There was never any attempt to get information from the staff without Dr. Bourne's consent. They were very cooperative with us as were all the units we worked with in the Executive Office.

Mr. ENGLISH. I can certainly understand that. When you have a company that controls the purse strings, it has a tendency to make people very cooperative.

Mr. WELLFORD. You must also understand everybody in the Executive Office serves the President. They are concerned with being responsive to the goals and directions he sets. I think while he may have differences occasionally in the way to do things, we all basically feel that particular loyalty.

We had complete cooperation from Dr. Bourne's staff and from Dr. Bourne. Dr. Bourne was traveling a lot during that period. He wasn't able to meet with us at every single opportunity that came up. He was personally consulted face to face at various times.

Mr. ENGLISH. Another point—it is my understanding it was made earlier—that this plan was carried out and that a great deal of discussion took place with the Government Operations Committee; is that correct?

Mr. WELLFORD. Yes; we did meet with the committees in both the House and the Senate at various times and discussed—

Mr. ENGLISH. You met with the committees and discussed this particular plan?

Mr. WELLFORD. We met with various members of the committee at various stages in the process—with staff primarily; sometimes with members.

Mr. ENGLISH. You discussed this particular proposal?

Mr. WELLFORD. The particular proposal on ODAP?

Mr. ENGLISH. Yes.

Mr. WELLFORD. I wasn't present at all those meetings.

Mr. WILSON. We discussed the full range of the units in the Executive Office and attempted as best we could to lay out the options that would be presented to the President for each of the units.

Mr. ENGLISH. Who did you discuss that with?

Mr. DAVIS. With the counsel. In the House we discussed with Bill Jones and Joy Chambers.

Mr. ENGLISH. Which members did you discuss it with?

Mr. WILSON. I would have to go back and check that, sir.

Mr. WELLFORD. We had 11 meetings with the committee and subcommittee staff on the various aspects of the EOP units.

Mr. ENGLISH. With regard to ODAP?

Mr. WELLFORD. I don't think that that issue came up every single time. We were briefing them on the general scope of the study.

Mr. RANGEL. The gentleman's time has expired.

Mr. Beard?

Mr. BEARD. Thank you, Mr. Chairman.

You mentioned the four options. Could you briefly tell me, without going into detail, what the four options were? One was to terminate. One was?

Mr. WELLFORD. The first option was to permit ODAP to continue until its statutory termination date which is this fall.

The second option was to eliminate ODAP and transfer its international negotiation functions to State and its remaining functions to HEW.

A third option was to eliminate ODAP, establish a health adviser to the President with a small support staff, transfer reorganizational responsibility to the President's reorganization project, transfer international negotiation functions to State and other functions to drug abuse agencies.

The fourth option was to eliminate ODAP, transfer policy development to sub-Cabinet working groups, transfer reorganization functions to the President's reorganization project and transfer international negotiation functions to State.

Mr. BEARD. None of the options presented the possibility of ODAP continuing in the present form?

Mr. WELLFORD. The first one did, sir.

Mr. BEARD. Until the statutory limitations ran out this fall?

Mr. WELLFORD. That's right. At that point we would have to consider whether or not we wanted to continue.

Mr. BEARD. One thing, is it a statutory limitation that would run out or the appropriation aspect that would run out? From my understanding, the statutory limitation was a permanent authorization-type situation.

Mr. WELLFORD. Appropriation.

Mr. BEARD. So really—therefore, statutory limitation as far as the authorization would not have run out? It would take an act of Congress, would it not?

Mr. WELLFORD. Yes, sir, but under the reorganization plan authority that we have to operate under, we are not permitted to continue a function beyond the point when its appropriations run out.

Mr. GILMAN. Would the gentleman yield?

Mr. WELLFORD. When I questioned you earlier today, you indicated that the options you submitted to the President were based upon the expiration of the authority of ODAP. Now you are telling us that it is not—that it does not expire statutorily, but that it is only the appropriation that expires.

Was that explanation set forth in your recommendation to the President?

Mr. DOGLOFF. It has to come up for reauthorization.

Mr. GILMAN. Only the appropriation has to be reauthorized. Not the statutory authority for the agency itself. The underlying statutory authority for the Office of Drug Abuse Policy does not expire under the statute. The statute does not have a sunset clause in it. It is only the appropriation that expires.

Was that explained fully to the President in the options you presented to him? As I recall, you stated, "at which time ODAP expires," when you talked about limiting it to 1 year. How did option No. 1 read to the President?

Mr. WELLFORD. The phrase we used was terminate operations.

Mr. GILMAN. Then it seems to me that you are talking about ODAP's statutory authority. Did you explain to the President that it was only the appropriation that expires in fiscal year 1978?

Mr. WELLFORD. In the meeting with the President, the fact that it was the appropriations that expire was explained to him. I do not believe we got involved in those distinctions in the background paper we submitted to him on ODAP.

Mr. WILSON. We were very—if I might, sir, we were very concerned about this one particular office. There were three offices we were very concerned about. ODAP was one because of the President's—because the President brought it up.

We specifically asked him whether or not it would be even worth our while to take a look at it. Our instructions came back that we should take a look at all offices, all functions in the Executive Office and treat them all alike. We were still concerned especially because of Dr. Bourne's close personal relationship with the President, the long-standing relationship, that he have all the information we developed on this particular office.

So when the report went to the President, we included all of the background documentation, as much of the legislative history as we could summarize for him, all of the options that were developed, and all of the correspondence which was exchanged between Dr. Bourne's office.

Mr. BEARD. I really need my time back.

Mr. GILMAN. I thank the gentleman for his time.

Mr. BEARD. The point I would like to ask is, Dr. Bourne, you were made aware of these four options apparently sometime between the 2 days—the 2 days before you testified here under oath to this committee, at which time there was no real knowledge of any possible termination—is this not correct?

So, in other words, you apparently had to have this information fed into you, maybe sometime between the decision that was made and the 2 days before the decision was made when you testified before this committee?

Dr. BOURNE. Actually, I was made aware of the options earlier. I had an opportunity to comment on the options. I didn't know what recommendation was to be made to the President. I didn't have an opportunity to comment on the recommendation, and among those four options, one was recommended to him.

That's what I didn't have an opportunity to comment on.

I think you have a copy of the comments that I made on the options. My concern was more with some misperceptions about the legislation creating the office and the different functions. For instance, I was concerned that functions were to—if the reorganization occurred, there were functions to be transferred to different agencies. And I felt that this—I was concerned that, for instance, the Justice Department element, law enforcement element, was not addressed in the options and a number of problems such as that which were largely procedural problems.

Mr. BEARD. If I may ask unanimous consent for just one additional question on this line of questioning, Mr. Chairman, I just would like to ask did you make any understanding—your concern about some of the procedural questions in regard to the four options, did you make to the President any firm—have any firm reaction to the four options?

Did you favor or come out in favor of any one of the four, or did you into you, maybe sometime between the decision that was made and the and say, "I don't think those four are the way to go"?

Or did you ever come out to the President—have the opportunity to come out to the President, saying, “I feel ODAP should remain in existence”?

Dr. BOURNE. Well, I suppose that could be inferred from what I said. I did not select out one or two options and say these are inappropriate or unacceptable.

What I tried to do for him was to lay out what I saw as the difficulties with each option.

I have had an opportunity since the decision was made to comment to him on, first, the concern that this committee has about ODAP and also some of the difficulties that I see or have seen in the implementation of the plan.

Mr. BEARD. Your support for the option selected seems anything but overwhelming. [Laughter.]

Is that an accurate observation on my part?

Dr. BOURNE. No; I don't think so.

I think one of the things that needs to be considered is the—not just the drug issue but the overall responsibility that the President has to carry out the duties of his job, and I am sure that there are many things far more important than drug abuse that he has to deal with.

I think the decisions that were made by OMB and by the President were related to the carrying out totally of his job. I think it is still very reflective of the concern that he has about drug abuse, that of all the many issues that the Domestic Council and NSC consider, drug abuse is still singled out for very special attention, for special staffs. So that I think the functions can be carried out relatively effectively.

We will try to see that the desires of this committee are still met with this new structure.

Mr. BEARD. It almost sounds like—I must say that's a very tactful answer. It sounds like one I am given when I am back home and ask a controversial question on a controversial issue. I respond by saying, “I am all right on that issue,” which is—but, no, I can understand your position on that.

Thank you, Doctor.

Mr. RANGEL. It is just a question of trust. Mr. Gilman?

Mr. GILMAN. Gentlemen, were you required to present your testimony to OMB before you came here?

Mr. DOGOLOFF. No.

Dr. BOURNE. No.

Mr. GILMAN. I understand that OMB requires executive department officials to submit their testimony to OMB for review before presenting it to congressional committees.

Is that right, Mr. Wellford? Is there such a requirement?

Mr. WELLFORD. That is the general practice, not followed in all cases.

Dr. BOURNE. Actually, on this particular issue, we have always—when we have testified here, we have always had a very close collaborative relationship with OMB.

We have as a courtesy shared our testimony with them, but there has been no attempt by OMB in any way to alter what our testimony was.

Mr. WELLFORD. OMB is in this case submitted testimony for Dr. Bourne's clearance.

Mr. GILMAN. I am pleased to hear that there was finally some consultation between OMB and ODAP.

Dr. Bourne and Mr. Dogoloff, I want to commend both of you for the work you have been doing and for the efforts you have undertaken in attempting to coordinate this vast bureaucracy.

This committee supports your efforts in achieving that goal.

We are concerned that under the reorganization plan your efforts will be diverted from the mainstream and your good work will go down the river without a paddle.

I question OMB's objective and their decision to abolish ODAP. In my view, that is an unwise decision. It does not serve the President well. The President has indicated his concern and interest in making narcotics a high priority on his agenda. OMB's decision to scrap ODAP is a disservice to that objective.

I am not going to embarrass you by asking whether you abide by that thinking, but I would like to inquire if you recommended that ODAP be abolished?

Dr. BOURNE. I did not, but I didn't make a recommendation specifically saying it should be continued. I really was not asked to give an original opinion.

Mr. GILMAN. That is exactly what distresses me. Neither you nor Dr. DuPont nor Peter Bensinger nor Mathea Falco were consulted in this matter.

I understand that the four of you constitute a working group on narcotics policy in the executive branch; isn't that true?

Dr. BOURNE. That is correct.

Mr. GILMAN. Apparently, OMB did not have the courtesy to discuss this policymaking decision with any of you. That is astounding to me.

Mr. Wellford, when did OMB acquire the policymaking function of the Federal Government? I understood it to be an Office of Management and Budget.

When did you take on a policymaking responsibility and that is apparently what you are doing?

Mr. WELLFORD. Mr. Gilman, we take on the functions that the President assigns to us. Those functions include responsibility for the carrying through of three major priorities that he has: the budgeting function, the institution of the zero-based budgeting system, and the reorganization of the Federal Government.

Mr. GILMAN. Mr. Wellford, you talked about the good work ODAP has been doing. You were impressed with the good job Dr. Bourne has been doing. Isn't that your testimony?

Mr. WELLFORD. We think he has done a very good job.

Mr. GILMAN. You talk about preserving his staff. You believe that they are good people and that you want to keep them in office. And yet you talk about folding their staff of some 20 to 40 people into the Domestic Council.

How many people serve on the Domestic Council?

Mr. WELLFORD. About 43.

Mr. GILMAN. Who is going to make the policy there? Who will be the narcotics specialist in the Domestic Council?

Mr. WELLFORD. There will be, as I noted before, members of the domestic policy staff reporting to Dr. Bourne—and selected by Dr.

Bourne, whose responsibilities will be to advise Dr. Bourne and the President on drug policy issues.

Mr. GILMAN. Do these people have prior working experience in narcotics, or are they going to be new people without any experience?

Mr. WELLFORD. I don't know that they have been selected, have they, Peter?

Dr. BOURNE. They haven't been selected. The presumption is they would be certain members of the staff of ODAP.

Mr. GILMAN. I still fail to understand OMB's objective. If you are trying to streamline and trying an objective approach to a drug priority problem and if, as you state, you are trying to support the President, then you are disbanding the one agency that could accomplish your objective. You are folding that office into the Domestic Council, and you are taking these people and making the report to the Domestic Council.

You state you are saving only \$300,000, and you are further fragmenting programs that the Congress has tried to centralize and to coordinate.

Maybe I am wrong in my thinking, but I would like to learn more about your rationale.

Mr. WELLFORD. There are three basic functions that Dr. Bourne's staff has performed. One of these is to help develop Presidential policy on drug issues.

Mr. GILMAN. You state that he has been doing a good job in this regard; is that correct?

Mr. WELLFORD. That's correct. The second would be to coordinate the various drug functions of the Federal Government.

Mr. GILMAN. Has ODAP started in the right direction to perform that objective? It seems to me that it has.

Mr. WELLFORD. There has certainly been effective activity in this area.

The third area is reorganization.

Mr. GILMAN. Do we have to reorganize for the sake of reorganizing? Do you have to reorganize and shuffle just because you have been directed to reorganize? Did you look at the functions of the agency? Since you felt that ODAP is effective and that Dr. Bourne is doing such a good job, I can't understand for the life of me why you suddenly want to disband his agency.

Mr. WELLFORD. When ODAP was instituted, we didn't have certain institutions or processes underway that we now have. We didn't have, for example, the reorganization staff underway with its Government-wide mandate. We didn't have this new policy management system underway. The President has, as a general rule, moved away from permanent statutory units in the Executive office and toward informal policymaking units that use White House-EOP staff as coordinators.

Mr. GILMAN. But you haven't eliminated all of these policy advisory groups. You are still keeping the Office of Wage and Price Stability. You are keeping several other groups. In your opinion, do those agencies have a higher priority than narcotics trafficking and drug abuse?

Mr. WELLFORD. No; but we felt the narcotics functions could be performed as well by this alternative process, by use of the Strategy

Council, by having Dr. Bourne remain as a Presidential adviser; by having drug policy issues developed within the regular domestic policy process, and by giving drug policy the distinction of having more people devoted to it on the domestic policy staff than any other single issue.

Mr. GILMAN. Are you talking about expanding the staff rather than keeping it to seven people?

Mr. WELLFORD. We have planned to have four professionals on the domestic policy staff working on issues that Dr. Bourne assigns them and reporting to Dr. Bourne and selected by Dr. Bourne.

Mr. GILMAN. Plus Dr. Bourne's prior staff?

Mr. WELLFORD. Plus a staff that Dr. Bourne will have in the White House. The total numbers will be less than he presently has with ODAP.

Mr. GILMAN. So now you are going to have four from the domestic policy staff plus a certain number for Dr. Bourne. What will be the total number of professionals working on drug abuse?

Mr. WELLFORD. Well, when you take into account the experts in the agency, the detailed people that are working with us, we think the number is adequate. We should point out across the board there was an effort to reduce the number of people in the Executive Office of the President. The drug area was no different from any other. Some of these reductions were very painful.

Mr. GILMAN. Actually, you are not making a reduction at all; are you? You started with a professional staff of seven. It looks like you may have more than seven when you end up with the people who will be working on this issue. Am I correct in that assumption?

Mr. WELLFORD. What is it, Frank?

Mr. WILSON. There are seven full-time permanent professional staff right now. We are suggesting that after reorganization that there will be four full-time permanent staff on the domestic policy staff and possibly two additional on Dr. Bourne's White House staff. So we are talking about a difference of one—

Mr. GILMAN. One position? What is the cost of that position in dollars? What does that one position amount to in dollar savings?

Mr. RANGEL. \$300,000.

Mr. GILMAN. Are you talking about \$300,000?

Mr. WILSON. No, sir.

Mr. GILMAN. How did you arrive at the \$300,000 saving?

Mr. WELLFORD. The \$300,000 was that part of the ODAP budget that would not have been spent at the time the ODAP ceased to exist as a unit.

Mr. GILMAN. But then you are not talking about a saving? You are talking about the unused portion of that budget when you eliminated it. You are not really talking about a saving as a result of eliminating this office; are you? You are talking about an annual cost that could equal or even exceed what they were expending? Is that correct, Mr. Wellford?

Mr. WELLFORD. That obviously depends on how many staff members are assigned to drug policy functions in this new process. If the number is going to be four professionals on the domestic policy staff, I don't know precisely what sum that leads up to, but—

Mr. GILMAN. You just stated that it is going to be four from the domestic policy staff plus two from Dr. Bourne's staff. So far we have a saving of one individual. Are there any additional people that you are going to eliminate?

Mr. WELLFORD. Dr. Bourne has got a number of functions to perform for the President besides strictly drug policy functions.

Mr. GILMAN. Does he have those functions in his present position?

Mr. WELLFORD. Yes; he has been working on international health issues that are not strictly drug related.

Mr. GILMAN. Are you going to give him additional duties under the reorganization proposal?

Mr. WELLFORD. He will have basically the same range of duties he had before, sir.

Mr. GILMAN. Will he have more responsibilities under the reorganization plan?

Mr. WELLFORD. I don't believe that he will have more responsibilities. His responsibilities are very broadly stated. International health is a huge area. You could have a staff of 400 developing that if you wanted to. He had a very wide ranging mandate that reflects the priorities of the President.

Mr. GILMAN. He will be working on many issues in addition to narcotics; is that correct?

Mr. WELLFORD. I think the drug policy area will be his primary responsibility, but he also is involved in some other areas.

Mr. GILMAN. These six people that you mentioned are they going to be primarily narcotics specialists?

Mr. WELLFORD. We expect that most of this activity will be drug related, but that obviously depends on the President's priorities and on Dr. Bourne's.

Mr. GILMAN. Then how do we save \$300,000 each year by eliminating this Office?

Mr. WELLFORD. We will provide you a justification for that.

Mr. RANGEL. The time of the gentleman has expired.

Mr. GILMAN. Mr. Chairman, with your permission, I would like that statement itemizing a \$300,000 saving by eliminating ODAP to be included as part of this record.

Mr. RANGEL. Before I turn this over to counsel, Mr. Wellford, I was supportive of your responsibilities in the Office of Management and Budget. Certainly, this is something the Congress indicated a lack of understanding of. That \$300,000 savings, to me, was the only handle that you really had on the problem that Congress has been very sensitive to, but if your testimony stands as it is, it seems to me that without any clear savings, as it relates to the abolishing of ODAP, that with the expansion of Dr. Bourne's responsibilities as assigned to him by the President, that you have reduced his staff and shattered the work done by the Congress in being able to more clearly identify the coordination of Federal agency as it relates to drug abuse.

So, unless you come up with how you gain your expertise in management, where clearly you never talked with anybody that had any expertise in international or national drug abuse—we went down the list, Mr. Wellford.

With the exception of some staff members that you talked to on Dr. Bourne's staff, it is clear you talked to no member who held himself out to have expertise, that you did not discuss this with the so-called working group that held themselves out to have not only expertise, but the confidence of the President, so you made a managerial decision without taking into consideration the sensitivity of the Congress or the expertise of outsiders which you could not afford.

So you have done this. You have done this. I think it is a heavy weight to carry, because some of us are going to use this past experience as to how we deal with the administration in the future.

I, for one, would not have been an early supporter of reorganization if I knew that this type of thing could happen in shattering the work of the Congress.

Mr. WELLFORD. Mr. Rangel, in the first place, I should point out it is obvious that the President decides, when you are dealing with his own house, which is the Executive Office, what the structure and procedures in that house should be.

Mr. RANGEL. And he decides this based upon the information furnished to him, by the persons he has confidence in.

Mr. WELLFORD. Precisely, including senior White House advisers, Dr. Bourne and others, and outsiders.

Let me point out the basic thrust of what this plan tried to accomplish was to reduce the amount of interference with the day-to-day leadership of Cabinet agency heads in the executive branch and to rely less on large staffs in the Executive Office and more on coordinating staffs, ad hoc working groups made up of experts supplied from the agencies and departments.

That's the only way we know to do it to keep the growth of the White House staff within certain bounds.

Mr. RANGEL. You have done an excellent job there, but you have done exactly what the Congress opposed. We wanted those experts to be able to know what was happening within all of the agencies that have jurisdiction. So, right, informal relationships, the Congress believes that every President has that, and we didn't want an informal relationship. We wanted a very formal relationship.

Now, I don't know what Dr. Bourne is going to be doing in international health, or whether he can identify just how much the Domestic Council is going to be using his four people that have this national and international responsibility or God knows what his two White House people will have to do as he takes care of his additional responsibilities, but you have to agree with me, that the Congress doesn't know what the heck is going on with these informal arrangements, so you have been very effective in what you have done, but you have done it at the expense of the majority of Members of Congress that have a deep, sensitive feeling about narcotic abuse.

You have made your decisions in the executive branch. It is clear what you have done. We know where we stand on OMB's priorities.

Unfortunately—and with all due respect and admiration for Dr. Bourne—I kind of figure where you stand, too.

Mr. GILMAN. Mr. Chairman, would the gentleman yield?

Mr. RANGEL. Yes.

Mr. GILMAN. I want to commend the chairman for his remarks. They certainly were well taken and well stated. Mr. Wellford, your

statement that your objective was to remove or to reduce the interference of large groups within the executive branch does not seem to hold water when you are taking a seven-man executive group and substituting it for a six-man executive group.

Now, that doesn't seem to hold up under your premise that this was the objective. Where is the elimination of interference? It would seem to me that this is the kind of interference we want. This is the kind of close relationship we need. This is the kind of expertise and coordination that is so sorely needed.

That is why Congress created ODAP in March 1976. And the President activated this office just this past March. ODAP has undertaken a man-sized program and is well underway in that direction. You, yourself, admit that it is a sound program. But suddenly, you are ready to fold in that Office without even waiting for it to submit its reports.

Mr. RANGEL. Counsel may inquire.

Mr. NELLIS. Mr. Wellford, I have one question for you and one for Dr. Bourne. I would like to illustrate what Congressman Gilman and the chairman have been saying.

At the present time, under one of the current functions of the Director of ODAP is to represent the United States at the President's discretion in international discussions and negotiations related to drug abuse functions.

After this reorganization plan goes into effect, that function will go back to the Department of State where it has been for the past God knows how many years and where this committee has found very serious problems, such as the one mentioned by the chairman this morning, relating to conflicts between the foreign policy of the United States and narcotic policy.

What we are doing in effect, is pointing out areas where after reorganization we will have serious instances of duplication, fragmentation, and other such problems which existed prior to the institution of ODAP.

Mr. WELLFORD. Mr. Nellis, in the first place, the President retains the discretion to involve Dr. Bourne in various international forums. He has been doing that in the past. I am sure he will be doing that in the future.

Mr. NELLIS. In the past, he has had a statutory basis for so doing. In the future, the discretion will be with the President.

Mr. WELLFORD. I believe he was involved in those forums before ODAP was activated. In any case, there is no statutory barrier to him being involved in those forums. Let me also point out, Mr. Nellis, that we have underway a very comprehensive reorganization study of the law enforcement area of which drug enforcement is clearly an important part. We hope, with your help, that when we are prepared to present recommendations from this study, and if we can get the Congress to support them, that we will go a long way to reducing some of these problems of fragmentation and overlap that you alluded to.

I think that that is ultimately where we have to focus our efforts. We have to look at problems in the field that are interfering with effective drug enforcement activity.

Mr. NELLIS. Mr. Wellford, we have been doing that for ages.

The problem is not identifying the problems; the problem is to solve or attempt to solve.

Mr. WELLFORD. We agree entirely.

Mr. NELLIS. What I am saying, therefore, is that in that one specific instance fragmentation is promoted rather than demoted under the reorganization package.

I think that is one of the things that this committee—I am talking about the State Department having this jurisdiction—the committee is finding in all its trips overseas.

I want to do this, Mr. Wellford, Dr. Bourne. I want to take a specific example of what might happen after reorganization.

We sat the other day with officials of NIDA. Here is how it works. NIDA's budget goes through HEW and then to OMB. There is one individual at OMB that reviews NIDA's budget.

Let's take prevention, a subject matter very much concerning this committee.

In prevention, NIDA presents a budget which then goes to an individual at OMB who says, or has said in the past, "You don't need this much money for prevention. I am going to shift some of this money elsewhere."

Once he makes that decision, we are advised, the only person who changes that is the Director of OMB.

The agency has no input into the discussions between that officer and the Director of OMB, and neither will Dr. Bourne.

Now, after reorganization, how is Dr. Bourne going to have specific input in a situation of that kind?

Mr. WELLFORD. The basic budget decisions, as I am sure you know, are made toward the end of the year. After appeals are heard from agencies about preliminary decisions from OMB, the Director of OMB meets with the President and discusses the major budget options that he has to consider.

Now, at these meetings it has been this President's practice to have key advisers to him who have an interest in the particular area under discussion to be in the room and to comment on the proposals from OMB and the various options presented.

I am sure the President would want Dr. Bourne to be present when drug policy budget options were being considered.

He would have plenty of opportunity to make an input there, and he could also follow the practice that the domestic policy staff and other staffs within the EOP have followed, of being involved at various stages in the development of the budget options for the President long before this penultimate stage in November when we actually meet with the President.

Mr. NELLIS. I would like to make one comment, and then yield, with the chairman's permission, to Mr. English.

Is there any established procedure in the Executive Office of the President for making certain that that will occur in the future; that the agency's position with respect to prevention, for example, will be represented by Dr. Bourne?

You have nothing like that in the works, have you?

Mr. WELLFORD. There is no statutory procedure.

Mr. NELLIS. No; I am talking about internal White House procedure.

Mr. RANGEL. It is informal, counsel.

Mr. NELLIS. What if Dr. Bourne is on a trip to Indiana and this very important subject comes up? Who is going to make the presentation?

Mr. WELLFORD. As I said, there are a number of opportunities for comment by Dr. Bourne and other people interested in drug policy in the budget processes.

I would hope the schedule would permit Dr. Bourne and the OMB presentation to coincide.

We will have to work on that to be sure it happens.

Mr. NELLIS. May I yield to Mr. English?

Mr. RANGEL. Mr. English?

Mr. ENGLISH. Thank you very much.

As I understand it from what you are saying with regard to this, it is that when it comes down to time to make out the budget, when you get your preliminary requests in from all the different departments, and then you make your preliminary estimate, and then the departments and the various areas within those departments then submit their objections to the cuts you made, and then this is taken up with the Director of OMB who then takes all this up with the President, my question to you is: About how much time do you figure that the Director of OMB spends during this short period—I would assume this would be a couple or 3 months in there—about how much time would you suspect that he spends sitting down with the President and going through the budget and pointing out all these difficulties or these differences that arise between OMB's estimate and what the Department's estimate is?

About how much time would you figure that?

Mr. WELLFORD. Well, this is our first budget season in this administration. I can't speak from experience.

During the spring previews we went through last spring which is really a kind of trial run—it is not a final decisionmaking stage at all—OMB spent, as I remember—I have to check this to be sure of it—over 30 hours in face-to-face meetings with the President discussing various budget options, which is an extraordinary amount of time. This President takes a very detailed professional interest in the budget.

Mr. ENGLISH. OK; let me stop you right there.

You spent about 30 hours. And you seem to feel like this is a pretty good amount of time for the President to spend with regard to this type of activity.

Mr. WELLFORD. Let me explain, Mr. English, that is 30 hours in meeting time. Face-to-face meeting time.

Mr. ENGLISH. That is what I wanted to know. OK; you spent 30 hours there with the President.

Now, about what is the size of the budget? What is it running this year? How many billions?

Mr. WELLFORD. \$450 billion plus.

Mr. ENGLISH. How many items are within that \$450 billion, would you figure?

Mr. WELLFORD. A great many.

Mr. ENGLISH. Any guess? Give a ballpark guess.

Mr. WELLFORD. I am not sure that I would even venture.

Mr. ENGLISH. A million?

Mr. WELLFORD. Obviously it depends upon your definition of items. We are introducing the zero-based budget system which tends to change the way things are presented.

The point is well taken. The subject is massive. There is an enormous amount of detail to master.

At the same time, though, what we attempt to do—

Mr. ENGLISH. Wait a minute. Let me go ahead and finish my little deal.

Fifty thousand, 100,000, 500,000? Is that fair? 500,000 items within the budget?

Mr. WELLFORD. If you are talking about line items in the budget?

Mr. ENGLISH. Yes.

Mr. WELLFORD. I do not know the number.

Mr. ENGLISH. Let us say a half million. Give or take 100,000 there. Just use a half million. We have 30 hours the President is spending. He has a \$450 billion budget. He has a half million items. And you are going to tell me, then, that we are going to work out all these little problems that we have got, little differences, and this priority with regard to the drugs, and Dr. Bourne is going to be able to come in and sit down with the President and the Director of OMB and perhaps some of you fellows, and you all are going to sit there and visit about it? Dr. Bourne is going to tell you about all these things, the needs, the reason he needs it?

Are you trying to tell me that is how it works?

Mr. WELLFORD. Obviously not for all those items. The budget process—

Mr. ENGLISH. Now, wait a minute. You are missing my point. The point I am getting at is there are only 30 hours there.

Mr. WELLFORD. That is exactly the point I was going to respond to. I said in the spring preview period it was 30 hours.

Mr. ENGLISH. You were telling me you thought this was a pretty good chunk of time for the President to spend with the Director of OMB in a face-to-face confrontation. What you were alluding to earlier—and the impression that you left with this committee—was the fact that any of these little differences that come up, that Dr. Bourne is going to be in a position, if he has a problem; he is going to be able to go on in there with the Director of OMB and sit down with the President and they are all going to have a cup of coffee and work these problems out.

What I am saying to you is with the number of differences of opinion that you have from the different departments and the number of problems that arise with regard to the budget request, and with the number of differences that they have to take up with the President, I just seriously doubt that Dr. Bourne is going to have much time to go in there and shoot the breeze. Is that a fair statement?

Mr. WELLFORD. I am—

Mr. ENGLISH. Would it not also be a fair statement to say for all practical purposes Dr. Bourne is not going to get in the front door? During those discussions?

Mr. WELLFORD. No, sir, I do not agree with that statement, because if the issue is important—and as we have all agreed—

Mr. ENGLISH. Who is going to determine if the issue is important?

Mr. WELLFORD. Dr. Bourne will have a major say in doing that.

Mr. ENGLISH. He will have a major say. He is not going to get to talk about it until you decide—until the Director of OMB and the President decide he can come in and talk about it.

Mr. WELLFORD. What I was going to say is that the budget process is a continuous process. It doesn't take place over a couple of months. We went through the spring review process in which a number of major issues are identified. They are discussed, negotiated, argued out during the summer and early fall. Then we go through the final process in September, October, November.

Mr. ENGLISH. What we are talking about here is when the final decision is going to be made. That is the point. When we are down to the nitty-gritty and going to make the decision. That is what you were coming down with 30 hours on. That is when his input is going to be worth something.

Mr. WELLFORD. The final decision obviously is made by the House of Representatives.

Mr. ENGLISH. I am glad to hear that.

Mr. WELLFORD. That is a fail-safe device for decisions that you do not think get enough attention.

Mr. BEARD. I will take issue with that statement.

Mr. RANGEL. We are going to try to conclude so the Members will not have to come back after this vote.

Would the panel allow themselves to respond to certain written questions for the record?

Mr. WELLFORD. Yes, sir.

Mr. NELLIS. I would like to allude to one, Mr. Chairman, that the chairman is very much interested in, as you know, Dr. Bourne: The problem with cocaine and its high availability. Could we have some of the initial studies that you have made that relate to those four points that you referred to in your statement?

Mr. RANGEL. That could be done in writing.

Dr. BOURNE. We would be happy to do that in writing. This is a highly complicated issue, as you know, as a result of the trip the committee made to South America. We would be glad to come back and appear before you on that issue.

Mr. RANGEL. Mr. Lawrence, you wanted a question.

Mr. LAWRENCE. I had one short question, sir.

For years the Congress has been putting out reports as ODAP just put out on border interdiction, border studies, cooperation between various Federal agencies. It has been a slow process. You cannot just tell the agencies, obviously, to cooperate, because they will not. It is a fact of life. Many of these agencies have turf to protect. With OMB cutting out ODAP, who is going to implement the report on agency interaction?

Mr. RANGEL. That can be responded to in writing.

Any questions?

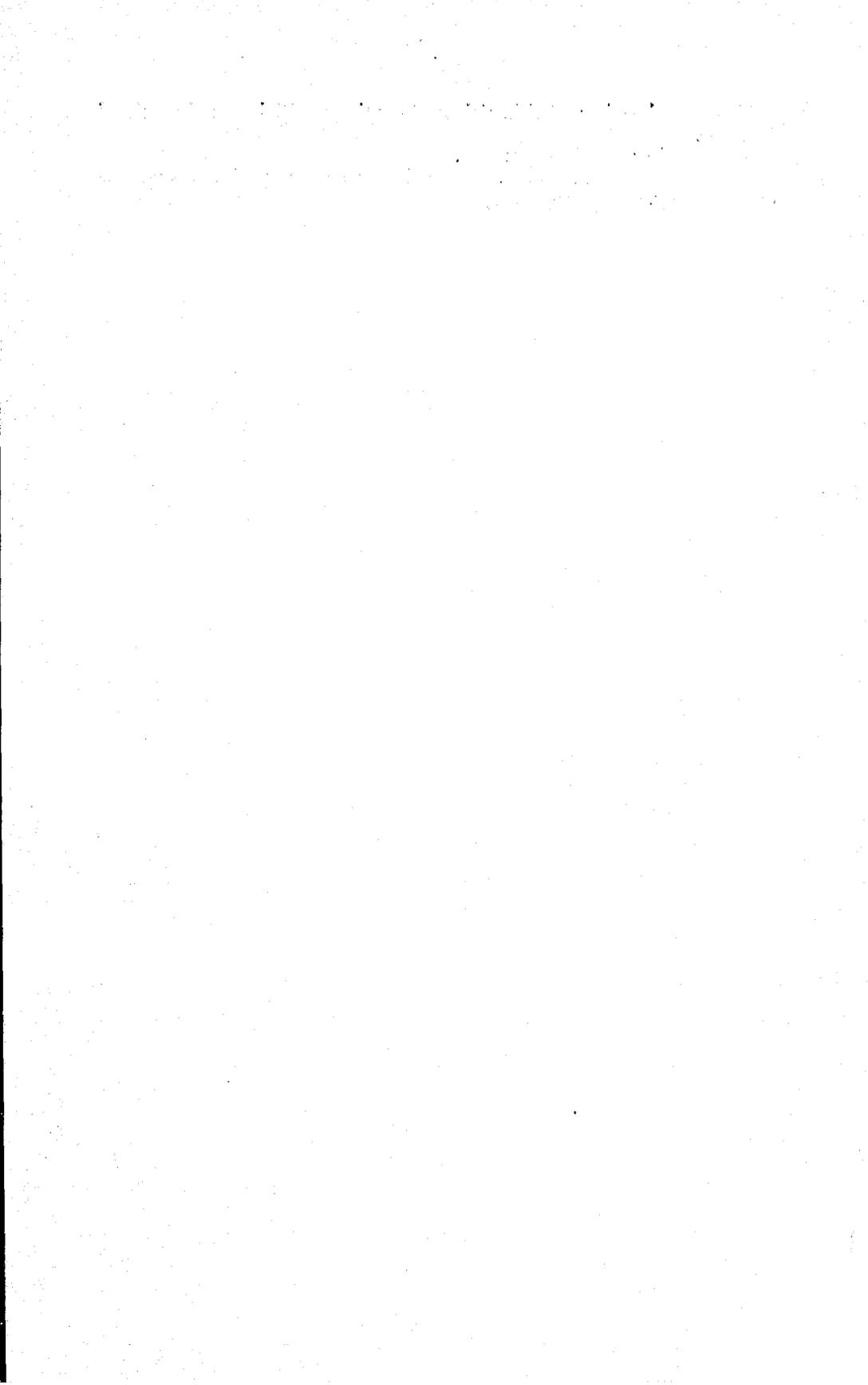
Mr. GILMAN. Just one request, Mr. Chairman. With your permission, I request that OMB submit for the record the proposed options that it presented to the President.

Mr. RANGEL. On behalf of the chairman, I want to thank the panel for their candid response to our inquiries. We do hope that some of the damage that has been done will be cleared up for future cooperation between agencies.

The next hearing of this Select Committee will be on the 6th of October.

The meeting stands adjourned.

[Whereupon, at 1:28 p.m., the hearing was adjourned, to reconvene on Thursday, October 6, 1977.]



OVERSIGHT HEARINGS ON FEDERAL DRUG STRATEGY

THURSDAY, OCTOBER 6, 1977

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,
Washington, D.C.

The Select Committee met at 10 a.m., in room 2337, Rayburn House Office Building, Hon. Lester L. Wolff (chairman of the committee) presiding.

Present: Representatives James R. Mann, Charles B. Rangel, Glenn English, J. Herbert Burke, Benjamin A. Gilman, and Joe Skubitz.

Staff present: Joseph L. Nellis, chief counsel; William G. Lawrence, chief of staff; David Pickens, project officer; and Charles A. Anderson, staff counsel.

Mr. RANGEL. The committee will come to order. I would like to read for the record the statement of Chairman Wolff.

The purpose of today's oversight hearing is to review the Federal narcotics research effort. The Select Committee is pleased to have appearing before us Mr. James Gregg of the Law Enforcement Assistance Administration, Dr. DuPont of the National Institute on Drug Abuse, and Dr. Quentin Jones of the Department of Agriculture's Research Service.

These oversight hearings on the Federal narcotics research effort will determine:

1. The type of research being conducted;
2. The amounts of funding allocated for these projects;
3. The agencies and organizations involved in narcotics research; and
4. Possible overlap and duplication of these research efforts.

We in the Congress are aware of past Federal narcotics research efforts dealing with subjects such as herbicides, crop substitution, opium substitutes, and other magic-bullet ways of combating our country's narcotic and drug abuse problem. Rather than just review past efforts, we hope this hearing will bring us up to date on present administration programs and future plans. We also hope that we will learn what benefit our communities have received and will receive because of the role played by the Federal Government in the field of narcotics research.

The Federal Government spent hundreds of millions of dollars in this area. In fiscal year 1978, it has been estimated by ODAP—is there still an ODAP?

Dr. DUPONT. Yes, sir, they are represented here in the audience.

Mr. RANGEL. We also have an employment center on the Hill for them.

In fiscal year 1978, it has been estimated by ODAP that over \$40 million will be spent by the Federal Government on drug abuse

research. What are we getting for our money? How worthwhile are the results? Is the Federal effort well coordinated? What can we realistically expect to achieve?

Each of the witnesses appearing before our committee today represents organizations that play a role in the Federal narcotics research effort. However, each of these organizations plays a somewhat unique role, and therefore the focus of each witness' testimony is expected to be different.

In the case of LEAA, it is hoped that Mr. Gregg will explain the part that LEAA plays in Federal narcotics research. The committee will be interested in learning how the LEAA decides which research topics to fund. It will also be helpful to learn the expertise of the LEAA decisionmakers in the area of narcotics research, and the amount of money allocated by LEAA for use in narcotics research. Mr. Gregg will also be asked how the results gained from Federal narcotics research is implemented in other programs funded by the LEAA.

Dr. DuPont of NIDA has provided the committee staff with a large amount of information on Federal narcotics research. It is hoped that Dr. DuPont will include in his testimony a discussion of the present status of NIDA's research efforts such as: the development of longer acting narcotic substitutes and antagonists; research on different treatment modalities; and research in areas with a high likelihood of successful clinical application.

Dr. Quentin Jones of the Agricultural Research Service will represent the Department of Agriculture. This will be the first time that Department has appeared before our committee and it will be an opportunity for us to learn about the work the Agricultural Research Service is doing in the field of narcotics research. It will be interesting to hear Dr. Jones tell us about his department's research work relating to control of narcotics plants and crop substitution. Perhaps Dr. Jones will also brief us on techniques being developed to assist in the identification of opium sources.

These hearings are being held in response to the congressional mandate which gave the Select Committee responsibility for reviewing in depth all ongoing programs concerning the Federal effort to control narcotics and drug abuse.

From the information provided by our witnesses today the Select Committee plans to develop recommendations that will help create a more effective Federal drug abuse control policy. These recommendations will then be passed on to the appropriate standing committees of the House of Representatives.

Dr. DuPont, on behalf of the staff of this committee, I welcome you here.

I hope you will identify your assistants here.

TESTIMONY OF ROBERT L. DUPONT, M.D., DIRECTOR, NATIONAL INSTITUTE ON DRUG ABUSE, ACCOMPANIED BY WILLIAM POLLIN, M.D., DIRECTOR OF RESEARCH, NIDA, AND GEORGE BESCHNER, DEPUTY CHIEF, SERVICES RESEARCH BRANCH, NIDA

Dr. DuPont. On my right is William Pollin, M.D., Director of the Division of Research at NIDA, and on my left is Mr. George Beschner, Deputy Chief of the Services Research Branch of the Division of Resource Development, at NIDA.

Mr. RANGEL. We thank you for your attendance here.

I would like to put the witnesses under oath.

[Witnesses sworn.]

Mr. RANGEL. You may proceed with your prepared statement, Doctor, or have the statement placed in the record, and testify as would be most convenient.

[Dr. DuPont's prepared statement follows:]

PREPARED STATEMENT OF ROBERT L. DUPONT, M.D., DIRECTOR, NATIONAL INSTITUTE ON DRUG ABUSE

Good morning Mr. Chairman and Members of the Committee. Thank you for this opportunity to talk with you about the research programs of the National Institute on Drug Abuse (NIDA).

The legislative mandates for drug abuse research derive from the Drug Abuse Office and Treatment Act (P.L. 92-255 and P.L. 94-237 and amendments). Over \$52 million of NIDA research and demonstration research funds supports 776 active projects (based on fiscal year 1976 aggregated data from the NIDA inventory). This research is balanced between basic and applied, and distributed among targeted, developmental, and comprehensive programs. This \$52 million expenditure represents a little more than 20 percent of NIDA's total budget, and only 6 percent of the total spending for all Federal activities in both drug abuse supply reduction and treatment, prevention, and rehabilitation (appendix A). The vast amount of information generated can be subdivided into eight goal or topic categories: Epidemiology, Etiology, Hazards, Prevention Research, Treatment Research, Treatment and Rehabilitation Services, Basic Research, and General Research and Development Support (appendix B). Of these eight areas, seven are primarily applied, programmatic, or services evaluation research, and represented last year (fiscal year 1976) about 80 percent of our research funding. More basic research, the biomedical, behavioral, and psychosocial areas represent about 20 percent of the program. Biomedical research accounts for about 23 percent of our total research funding. Of this, about 64 percent is applied or programmatic research, such as toxicity and abuse liability studies of new drugs and drug combinations. It may be helpful in considering these figures to recognize that not all basic research is biomedical and that not all biomedical is basic research. These two categories are often confused.

A major product of our research programs is annual surveys of drug use as it presently exists in the U.S. general population. The keystone of the survey program is the national survey on drug abuse, which provides estimates on prevalence or extent of use and incidence or proportion of the population being recruited as new users. Although our survey program is less than 10 years old, it has been critical in dispelling a number of widespread myths about drug abuse which had gained currency when our only information was drawn from heavily using clinical populations. Young adults (between 18 and 25) are the heaviest current users of both licit and illicit drugs outside of medical supervision. The population most likely to have a long-term and heavy involvement with drugs are those who begin licit drug experimentation at an early age (8-11).

Studies about the nature of drug abuse promise help for prevention. If we can understand the factors that predispose a person to drug-abusing behavior, then we can begin to develop programs to counteract them. These factors are biological, behavioral, psychological, and social. For example, ethnographic studies that address the lifestyle influences and concomitant drug-using behaviors, the role of family, neighborhood environment, parent and peer influence, can make prevention and education programs more realistic in engaging the interest and concern of users and nonusers in different subcultures. Indirectly, these studies provide raw data about drug users in their natural setting to help treatment people tailor various treatment regimens to the specific psychological and sociological needs of special racial/ethnic clients.

We also follow new patterns or fads in drug abuse, or new dimensions of investigating old drugs, in addition to continuing assignments in assessing the toxicity and abuse liability of both abused and treatment drugs. Before 1971 use of PCP or phencyclidine, also known as "angel dust" or the peace pill, was only seen sporadically, principally on the West Coast. Originally synthesized as an anesthetic, PCP is now abandoned for humans because of disturbing and unpredictable psychic side effects. It is now used only as an anesthetic in veterinary

medicine. We know that PCP is easily synthesized from widely available ingredients and primarily produced for street use by small illicit laboratories. Its adverse effects range from an inability to verbalize to a catatonic-like stupor sometimes culminating in convulsions and death. A number of particularly bizarre, violent crimes have been associated with PCP use. Despite wide knowledge of its adverse effects and its generally bad street reputation, some users are still attracted to it. This may, in part, be the result of the user's pride in having survived the unpredictable risks of use. Although its unpleasant effects may prevent widespread popularity, PCP may have special appeal for disturbed individuals. Our present knowledge of its serious adverse consequences is limited, but sufficient to recognize that PCP poses a problem disproportionate to its presently limited extent of use. The Institute is presently preparing materials to inform professional audiences of how to deal with emergencies arising from PCP use and to make the general public more aware of the hazards.

Although our knowledge of marihuana has expanded rapidly in the past several years and has been summarized in the most recent "Sixth Marihuana and Health Report," much remains to be learned. The large number of people using the drug—over half of those 18 to 25 have at least tried the drug, and half of those continue to use it with some regularity—virtually dictates that we better understand the public health implications of its use. Our primary concerns now center around driving impairment from marihuana use, possible detrimental effects on the growth and development of users in late childhood and early adolescence, possible effect on the body's natural defense against disease (the immune response), possibly more serious adverse consequences for subgroups that may be at risk from pre-existing health abnormalities, and populations which use marihuana frequently over a long period of time.

Treatment research seeks to determine the most effective therapeutic procedures for treating drug addiction. We have for several years been sponsoring the development of two new drugs, LAAM (levo-alpha acetylmethadol) and the narcotic antagonist naltrexone, for use in the treatment of heroin addiction. In addition, a comparatively new substance, buprenorphine, which has both agonist and antagonist properties, is being investigated by the Addiction Research Center (ARC), our intramural research facility currently located in Lexington, Kentucky. For naltrexone we are developing several capsules or devices for insertion in the skin for a long-acting effect that will last up to 6 months.

LAAM, now entering the later stages of widespread clinical testing, is a methadone-like drug, though longer lasting and smoother in effect. Its strengths as a drug for treatment include its convenience for both clients and staff since it only need be dispensed 3 times a week, although this does not mean that client contact for counseling will be reduced. LAAM will also virtually eliminate the need for take-home doses of medication and help to prevent a serious problem of methadone diversion to the street with consequent overdose deaths.

Two thousand two hundred patients are now receiving LAAM in some 80 clinics around the country as part of Phase III clinical trial. This trial is gathering data for submission to FDA to support a New Drug Application (NDA) for LAAM so that it can be manufactured and marketed for use in treatment clinics.

Unfortunately the FDA has found serious discrepancies in a number of long-term animal studies conducted in support of the marketing of LAAM and has requested that these studies, which are essential for approval of products for marketing, be audited to determine their validity.

The FDA is assisting NIDA in the audits of toxicologic studies on LAAM and naltrexone. If the studies are shown to be valid, they will be acceptable in order to approve the drug. If they are found invalid, the studies will have to be repeated, which may result in some delay before the drugs can be approved.

NIDA enjoys a close working relationship with the FDA on the LAAM issue and is also exploring with FDA alternatives to the NIDA procedure which might significantly shorten the time before LAAM is available to drug abuse clinics in the United States.

Naltrexone, unlike LAAM and methadone, is an antagonist that blocks the effect of opiates, so that the user experiences no rush or euphoric effect. The reasoning is that without this effect, the user will no longer want the narcotic. The antagonist also prevents the development of physical dependence and tolerance.

Naltrexone has now completed Phase II, limited testing in patients under carefully controlled conditions, clinical trials, and been tested in over 1,000 individuals. It has been shown to be relatively safe and effective in testing to date,

and must now be tested in Phase III clinical trials where its use will nearly approximate its use after marketing. We are currently developing contracts and designing research protocols for this Phase. A potential delay similar to that described above for LAAM faces the development of naltrexone because the same laboratory did the preclinical testing. However, because LAAM is to be used as a long-term maintenance drug and naltrexone may be used for short periods, the latter may not be required to meet the same safety requirements as chronic-use drugs, and hence may actually reach the NDA stage earlier than LAAM.

Buprenorphine is another narcotic drug that has been shown to be a potent, long-lasting partial agonist of the morphine type, which may become valuable as another treatment drug for heroin addiction and also in the management of pain. Its particular value is that its maximal effects do not exceed that of 20 milligrams of morphine. This plateau or ceiling means that a patient cannot overdose. Its effects are comparatively long lasting, about 24 hours. If taken chronically, it may produce only a low level of dependence of marginal clinical significance. In other regards it resembles morphine in producing analgesia, euphoria, pupillary constriction, and some respiratory depression. On withdrawal, it produces a mild abstinence syndrome. It blocks the effects of euphoric doses of narcotics. Thus, it holds high promise as a maintenance drug in therapy.

In basic research (biomedical, behavioral, and psychosocial work) we are supporting studies of drug effects on the so-called "reinforcing areas" of the brain to test whether they may temper the addicting properties of drugs. We also support the development of animal models to investigate the processes of tolerance, dependence, and addiction.

Currently the most exciting area of basic research is the investigation of the mechanisms of opiate action within the brain. The discovery several years ago of highly specific opiate receptor sites in the brain led to the hypothesis that their functional significance might be to respond to undiscovered naturally occurring opiate-like substances in the brain, having as yet unknown physiological importance. Several such substances have now been isolated from both brain and pituitary. These substances, or polypeptides called endorphins, of which the smaller pentapeptide enkephalins are a subgroup, are capable of combining with the opiate receptors to produce the effects of opiates.

A major reason for interest in these endorphins is the hope for understanding the addiction process. Addiction is characterized by tolerance and dependence. There is speculation that endorphin deficiency might play a role in narcotic addiction and even that in some people this might be a genetic trait predisposing them to addiction. Endorphins may function as neurotransmitters which modulate responses to pain and stress in a manner similar to opiate drugs. Possibly synthesis or release of these substances is altered in addiction and plays a basic role in the addictive process and in the withdrawal syndrome.

As our research program has grown, so has the problem of managing, controlling, and using the quantities of information generated. To this end a computer system has been developed called the Drug Abuse Research Project Information System (DARPIS) that includes a description of all federally funded drug abuse research projects. From this an annual publication, the Federally Supported Drug Abuse Research Survey, is produced. The computer system survey in FY 1976 included the research projects of 16 Federal agencies; for FY 1977 this was increased to 30 agencies, and broadened in scope to include tobacco and alcohol research. The Annual Survey provides a means for locating any duplications or overlaps in research and allows for assessing relative funding levels of different program areas.

We have undertaken a project within the last year to help ensure use and public understanding of current research findings. The Research Analysis and Utilization System (RAUS) will systematically review research findings by sorting them into related topics and develop a summary of findings. Under this system our staff and researchers in the field of drug abuse will be asked to evaluate new research findings, consider other research needed, and determine the use of the findings. These "state of the art" reviews will then be disseminated as appropriate to the interested public, scientists, administrators, and treatment professionals.

We have been concerned about the identification of important new findings from research and their dissemination to those who can use the new knowledge. LAAM and naltrexone are excellent examples of this process—both drugs came out of basic pharmacological research done by NIDA and are now in advanced

states of testing prior to marketing. Similarly, our work with marihuana and cocaine research has been summarized in major national reports made public and also available to interested researchers.

In reviewing demonstrable successes of our research program, we should call special attention to the contribution of the ARC, which has a long and distinguished history. The ARC has played an important role in characterizing the basic behavioral and pharmacologic studies in the attempt to uncover the underlying biologic mechanisms of addiction. These studies have suggested that actions of abused drugs and an addict's need for them may be due in part to disordered function of certain types of nerve cells in brain.

As a result of work at the ARC we have gained insight into the personality and psychopathology of the addict. In this respect a large-scale study indicates that alcoholics and narcotic addicts have increased levels of luteinizing hormone and testosterone compared to normals when not using drugs.

The findings may help us understand two problems of adolescent adjustment which might bring on drug use in order to cope with biologically induced stress. Finally, the ARC has also been integrally involved in the development of therapeutic measures for the treatment of drug addiction. They are responsible for the development of buprenorphine discussed earlier which is an exciting potential addition to our treatment drugs for narcotic addiction and the management of pain.

For our own part, we think that for a Government agency to undertake drug development for drugs without financial promise is still somewhat novel. We are sponsoring the clinical investigation for the two drugs LAAM and nalbexone under the same rigorous efficacy and toxicity requirements that industry must comply with. Both drugs provide an important example of immediate, practical research and show the movement of a research project responding to a public need from the basic conceptual and developmental stages through demonstration to general application in a treatment setting.

We believe some of our psychosocial research has been instrumental in dispelling some drug myths, for example, that addiction to heroin is not necessarily a permanent state nor that occasional use of heroin does not necessarily lead to addiction. We are all very hopeful that this surge of development in basic research, beginning with the detection several years ago of the opiate receptors and leading now to investigation of the endorphins and enkephalins will reveal very basic insights into the mechanism of drug addiction, tolerance, and withdrawal.

There is a dearth of studies that attempt to detect and isolate the factors that contribute to the initiation and maintenance of smoking behavior. Since the statistics on morbidity and mortality associated with smoking have important implications for the public health, the need for such research is expected to grow. Other areas of investigation include the endorphins, the behavior sequence hypothesis of drug use progression, the commonalities that exist among varieties of substance abuse such as drugs, alcohol, overeating, and even more generally, the concept of disorders of self-control, where no substance is involved, such as gambling. A primary feature of our health care and services is that the system treats diseases rather than promotes health. But many of the diseases that afflict us now are preventable through changes in our behavior. We sicken and die from our lifestyles—overeating, smoking, drinking, underexercising. These lifestyles have serious and direct consequences associated with the onset of pulmonary, cardiovascular, and neurological diseases. Preventive research may help us understand how most effectively to reach people with this message and give them means for choosing healthier lifestyles.

Finally, there is the question of the development and investigation of potential therapeutic effects of abuse drugs. Under the guidance of the Office of Drug Abuse Policy (ODAP), NIDA has established a policy of investigating the basic pharmacology of abused drugs such as heroin and marihuana. Sometimes this work shows promise of new therapeutic uses, e.g., marihuana for glaucoma and the treatment of nausea and vomiting associated with cancer chemotherapy; and the use of heroin as a painkiller for cancer pain. NIDA carries this research into limited Phase I and II clinical studies. But it is the responsibility of other parts of the Public Health Service—usually the specific Institutes of the National Institutes of Health—or of drug manufacturers to conduct detailed clinical studies of treatment effectiveness. This process is working well with marihuana as a treatment for vomiting in cancer chemotherapy. The National Cancer Institute has picked up this work. On the other hand, our efforts are not yet so

successful in the areas of glaucoma treatment by marihuana, or of pain treatment with heroin. We do anticipate, however, solution to these issues in the near future.

Let us say a word about new directions in our research. We will integrate into our research programs in fiscal year 1979 a number of projects in research which the Department of Defense is restricted from carrying out. Our staffs are working to select those projects. We would appreciate any assistance this Committee might offer in securing this item in our budget. This is a powerful and positive model of interagency collaboration in research. There are no obvious or given paths in undertaking new research. However, our research is guided by several fundamental principles. Number one is maintaining a high standard of excellence. Sloppy research is worse than no research; a misleading or fallacious result requires substantial effort at correction and elimination, and can lead to tragic errors in policy. You will recall the many hypotheses regarding Legionnaires disease: if faulty research had led to acceptance of the proposed toxic role of nickel, the unfortunate consequences are obvious. The peer review system and staff excellence are our two mainstays in achieving this goal.

At times, we need to get the best, although imperfect answer available to a crucial question. Treatment effectiveness is such a question. We know that the only reliable way to answer that question for a particular treatment modality is to carry out a large-scale randomized clinical trial. Such studies are extremely expensive and difficult, and only justified under certain special conditions. When such precise studies are not justified, we turn to evaluation studies that describe a current program, but may not be generalizable for the modality.

A second major principle is balance: as between different drugs, in priority sequence; different areas; and between immediate and long-range questions. Picture a time 10 years before polio vaccine was perfected. At that point, one had to attend to which types of respirators and massage saved most lives and muscular strength; simultaneously, one had to select which brain studies and studies of virus growth had most potential for possible future vaccine development. Similarly, we try to attend both to immediate issues, and also to long-range knowledge development which can lead to major breakthroughs in the future.

APPENDIX A

FEDERAL OBLIGATIONS FOR DRUG ABUSE, FISCAL YEARS 1965-78

[In millions]

Federal	1965	1966	1967	1968	1969	1970	Total, 1965-70	1971	1972	1973	1974	1975	1976	Total, 1971-76	Projected		
															1977	1978	
I. Demand agencies:																	
SAODAP																	
HEW: NIDA		8.6	9.2	22.2	37.2	40.5	117.7	56.2	116.7	181.4	272.9	219.8	232.1	1,079.1	260.7	262.1	
NIH											3.3			3.3			
SRS								3.6	58.0	53.0	54.0	79.0	90.0	337.6	100.0	100.0	
OE					.2	3.4	3.6	5.4	13.0	11.9	5.7	4.0	2.0	42.0	2.0		
OHD					1.2	2.5	3.7	4.5	5.4	8.8	9.0	8.8	9.4	45.9	9.6	9.9	
Subtotal, HEW		8.6	9.2	22.2	38.6	46.4	125.0	69.7	194.6	294.1	372.2	323.9	333.5	1,588.0	372.3	372.0	
OEO					2.2	4.9	7.1	12.8	18.0					30.8			
VA					.6	.8	1.4	1.1	16.2	27.7	30.3	34.8	36.7	146.8	39.0	39.8	
DOD					.1	.1	.2	1.1	58.7	73.0	68.6	64.3	54.0	319.7	47.1	37.0	
Justice					3.1	15.9	19.0	40.3	36.5	33.5	34.5	26.6	19.0	190.4	23.6	20.1	
State								1.0	1.0	.9	.4	1		3.4			
HUD											1.6	2.9	3.5	36.0	4.9	5.1	
USDA					1.4	4.1	5.5	8.7	13.0	6.3	1.8	1.8	1.7	9.7	1.7	1.7	
DOL									2.5	1.9	1.8	1.8	1.5	2.9	1.0	1.0	
Other Federal								.2	1.4	2.9	2.8	2.2	3.4	12.9	3.1	3.2	
Subtotal, demand		8.6	9.2	22.2	46.0	72.2	158.2	134.9	341.9	440.3	512.2	458.1	453.2	2,340.6	493.0	480.2	
II. Supply agencies:																	
BE/DO/DEA		5.6	8.2	11.4	14.3	18.5	27.8	85.8	41.2	63.3	69.7	112.1	130.5	152.0	568.8	175.0	187.0
LEAA					.4	4.5	4.9	12.4	23.0	30.2	67.3	65.2	64.7	262.8	28.0	23.0	
Customs		7.0	7.8	8.5	10.0	17.0	24.8	75.1	30.2	46.9	52.5	34.6	39.1	42.6	245.9	60.0	64.0
IRS										10.1	16.9	21.8	20.5	20.0	89.3	19.0	19.0
State									4.4	20.7	42.7	27.1	35.5	172.9	37.0	39.0	
Other										2.5	2.1	1.9	1.9	10.3	2.0	2.0	
Subtotal, supply		12.6	16.0	19.9	24.3	35.9	57.1	165.8	88.2	166.5	214.1	264.8	292.7	323.7	1,350.0	321.0	334.0
Total, demand and supply		12.6	24.6	29.1	46.5	81.9	129.3	324.0	223.1	508.4	654.4	777.0	750.8	3,690.6	814.0	814.2	

APPENDIX B

*Research program objectives—Major program goals**Subgoals*

- Epidemiology:** Determine the incidence, prevalence and distribution of drug abuse and its effects on the individual and society. General population; special population; student population; minority population; high-risk population.
- Etiology:** Determine the etiologic factors in drug abuse including those combinations of biological, psychological, and societal factors most associated with increased risk to drug abuse. Biological; pharmacological; psychobehavioral; sociocultural.
- Hazards:** Determine the hazards of drug abuse to the physical and mental health of the individual and its adverse effects on society. Biological; psychobehavioral; social.
- Prevention research:** Develop the means to reduce the probability that pharmacologic agents will be abused by individuals. Sociocultural; educational; psychobehavioral; drug classification.
- Treatment research:** Determine the most effective therapeutic procedures for reducing drug abuse and its adverse consequences to the individual and to society. Medical; pharmacological: replacement; pharmacological: antagonist; behavioral/psychological; selection and outcome factors.
- Treatment/rehabilitation services:** Develop, test, and evaluate experimental models of treatment and rehabilitative services; develop, designs and supports techniques for testing effectiveness of demonstration treatment programs. Medical/pharmacological model; experimental delivery model; treatment program development; selection/outcome studies.
- Basic research:** Advance basic knowledge of the pharmacology, social-psychology, biochemistry, and neurophysiology of abused drugs and the basic mechanisms involved in drug tolerance, dependence, and addiction. Sites of action; mechanisms of action; effects; physiochemical; psychosocial.

Dr. DuPONT. Thank you, Mr. Chairman.

I would like to accept your offer of submitting the testimony for the record, summarizing it quickly.

Let me begin, however, by saying that this has been a good year in the drug abuse field, and I particularly appreciate the activities of this committee.

You have stimulated activity in the executive branch and in the Congress. I have found the work of the committee to be particularly supportive.

Mr. RANGEL. We did hear some movement in ODAP as well.

Dr. DuPONT. One of the reasons there is an ODAP now is because of the interest of this committee. ODAP, too, has been helpful to us in the drug abuse field during the last year.

It is tempting to run through a laundry list of NIDA research activities. As I went over these issues in preparation for the hearing, I must say my sense of pride in the accomplishments of the program grew.

I would like to focus on a couple of points, then be prepared to answer questions.

One of the major concerns about our research is the question of relevance to practical problems. The problem, as it is often said in the health field, of translating knowledge "from the bench to the bed" or from the laboratory to the people who need help.

There are a number of areas in our research activity in which we have devoted considerable attention in trying to deliver to the public the results of NIDA-funded research. Nowhere is it more clear than in the areas of development of longer acting methadone substitutes and the development of practical narcotic antagonists. I would like to highlight here for the committee the latest development in this area which I have here with me—exhibit of narcotic antagonist, naltrexone dose. You will notice a dozen or so little beads in the bottom of the glass vial. This is a month-long dose of powerful narcotic antagonist. This dose can be implanted under the skin of a narcotic-dependent individual, and with that implant, the person could not suffer from an overdose of narcotics, could not become dependent on narcotics, and could not have any euphoria associated with the use of narcotics. For an entire month, the person would be entirely protected and immunized, against any narcotic effect. This could be used either by purely voluntary patients, for whom I see the most widespread use of this dose form, or by involuntary clients such as people on probation and parole.

Mr. RANGEL. What is the name of it?

Dr. DUPONT. Naltrexone.

Mr. RANGEL. Is it being used now?

Dr. DUPONT. Only in animals at this time in this long-lasting dosage form.

We expect in the next month to seek an investigational new drug—IND—approval from the Food and Drug Administration for the first human test of this dosage form. It will be a year or two after that before large-scale tests begin. We are, in our NIDA research, on the forefront in the development of long-acting vehicles for sustained release therapeutic drugs. We are proud of the practicalities of this development.

Now, the other side of that is—and this is a frustration that I have shared with the committee before—it takes a long time to pursue this process, including all the FDA approvals and all the research that needs to be done. I wouldn't want to give the impression that we are about to go on the street with a new treatment. That is not true. We are probably still 2 years or more away from large-scale use of this. It is, however, a dramatic step forward to have it this available. Naltrexone in this form has been used in monkeys and works well—they show no toxicity whatsoever. We are very optimistic about this development. Naltrexone can also be taken orally once a day. In that dosage form, our human testing is well advanced and highly encouraging.

Mr. RANGEL. No addiction, no side effects?

Dr. DUPONT. No side effect to the drug at all. It appears to be entirely safe. The plastic capsule it is contained in is entirely absorbed into the tissues, so at the end of 30 days, there is no sign that it was even there at all. When we do these tests in humans, again we will want to remove the tissue where the plastic was implanted to make sure there is no toxicity in humans. We don't anticipate any problems.

Mr. NELLIS. This attacks the physical aspects, not the psychological aspects?

Dr. DUPONT. Right; the addicted person would have a craving for narcotics unabated even after he takes this drug. But if he were to

act on his craving and use narcotics, there would be no effect. It essentially puts a shield over the narcotic receptors during the month that it is in effect. This in turn, over time, deconditions the psychological addiction as well as preventing a physical dependence.

Another example of practical results from our research is the release of our cocaine report several months ago. It summarized 4 years of cocaine research and contributed to a better understanding by the public and the research community of what we know and, frankly, what we don't know about cocaine use.

Let me mention two areas in our services research and demonstration program which might be of interest to the committee.

We have just published a report on followup studies of two programs, one in Washington, D.C., and one in New York, as companion to a national followup study done in the Services Research Branch which has contributed greatly to our understanding of the posttreatment behavior of clients in drug abuse treatment programs. What this shows is that the gains achieved during treatment are sustained on the average during the posttreatment period and that the major gains associated with treatment are in reductions in illegal drug use which are more modest but still substantial gains in terms of decreased arrests, and quite modest gains in terms of increased employment.

Finally, let me end on this note. The committee has expressed considerable interest in the problems of women. We, again in the Services Research Branch, have conducted several studies in this area, and have learned some things that are going to be important to our treatment programs. One is that it does appear that special advocacy is needed for the problems of women patients, and that it appears to be necessary—and this we are going to test on a larger scale—to develop special advocates for women's services and women's needs within the treatment programs. In the absence of that, women don't negotiate very successfully the political or the services systems in the community and their needs tend to be overlooked because they are the minority in the total treatment population. We consider that to be a very important finding.

We also have conducted a major national search, for new ideas and a new agenda in the area of women's problems associated with drugs, not only with treatment, but also more broadly in terms of the issue of substance use by women. This also is an area of substantial new achievement during the last year.

Mr. NELLIS. Dr. DuPont, before you go back, can I get you back to dissemination and utilization? You showed us those two things. What efforts are made by NIDA to disseminate the results of the product of your research, and what utilization is made through that dissemination? Can you address yourself to that?

Dr. DuPont. Yes; there are two areas I should mention. One is through routine publication of studies that are particularly exciting. In the endorphin research, the endogenous opiates in the normal brain research is so hot now that literally you can't pick up a professional journal without finding examples of NIDA funded research being reported.

The editors of the major scientific journals are turning around, between the time they get the article submitted and the time they publish them, in just a few months. This is an incredibly rapid dissemination.

tion because of the unique commitment of the scientific community in this breakthrough area.

Mr. NELLIS. Not everything is that exciting.

Dr. DUPONT. No; because of that we instituted a program to help our own research in certain areas and to disseminate it and put it together in a very active way. That program has started in part because of the interest of this committee and we are moving forward on it. Perhaps Dr. Pollin would comment on that issue.

Dr. POLLIN. We have been working on the program that Dr. Dupont just referred to for the past 18 months. It's entitled "Our Research Analysis and Utilization System."

Mr. NELLIS. RAUS.

Dr. POLLIN. RAUS.

It consists of the development of a series of some 75 clusters which represents the significant subareas of research activity within our overall research program. It is an effort to begin to put as much critical review into distilling and evaluating the product of research, as in the past has gone into the selection of projects for funding for research.

The procedure consists of identifying all projects which contribute to one of these cluster areas, selecting a series of these cluster areas for periodic review, selecting outside reviewers who work with staff, to whom is sent all current progress reports, publications, and relative findings, and who then prepare an extensive description of what has happened in that area. Our intent is to ask what should be done with the area such as recommending increased funding, sustained funding, or decreased activity in an area, as well as review of the policy and service implications of the area of specific research.

Mr. NELLIS. May I ask, have you run any research projects through the RAUS system yet?

Dr. POLLIN. Yes.

Mr. NELLIS. What are you finding?

Dr. POLLIN. Our first trial run this past week, in which approximately 90 or 100 projects were so analyzed, was an effort to decide how much of the effort should focus on description, how much on critical review. We are encouraged and feel that this is an important new development. As far as we know, it's a model for other Government biomedical research programs. Several agencies have expressed an interest in it. There is no such undertaking, to our knowledge, presently available in any of the other research institutes of the Public Health Service.

Mr. NELLIS. Does the RAUS system reflect research on drug abuse being conducted by other agencies besides NIDA?

Dr. POLLIN. At the present time, it does not. This was one of the questions and concerns expressed by the reviewers and the staff at the first runthrough.

Mr. NELLIS. We have a serious problem, Doctor. I just picked up the Commerce Business Daily. I will quickly read you this: Here's a contract in the amount of \$128,000, issued by the National Highway Traffic Safety Administration on prolonged Antabuse effects. That's psychotropic, isn't it? Here's a contract for the study of distribution on accepted methods for drug quantification in the body by NIDA.

Here's one on referral and monitoring of drug addicts, in the State of California by the Social Security Administration.

Now, if the Social Security Administration gets this study on the referral and monitoring of drug addicts in the State of California, what are you people going to do with it in your RAUS system? How do you disseminate it? How do you know what they are doing? How do you keep up with them?

Dr. POLLIN. I would point out that RAUS is one of, perhaps, four related activities and its unique feature is the effort to put a substantial amount of time and personnel resources into evaluating and distilling the product of the research. However, there have been ongoing, for some time, a series of activities which have enabled us to identify a reasonably complete listing of all drug abuse research projects funded through the Federal Government.

Mr. NELLIS. Dr. DuPont's statement mentions 20 other such agencies. Am I correct? That's quite a problem for you to keep up with what they are doing. How do you keep them from duplicating what you are doing?

Dr. POLLIN. At this point we are much further along in terms of identifying what they are doing. The question of coordinating is at the moment, I think, something that we attempt to achieve through a series of informal and, at times, duplicating panels. I would call the committee's attention to the inventory of federally supported drug abuse research which I believe we have previously supplied to you. It indicates our substantial effort to identify such Federal drug abuse research.

If we look at the areas of drugs and driving, for example, which is in some way a prototypic area, we find that there is cross-liaison between the Department of Transportation and NIDA in attempting to develop appropriate projects, both at the level of drug assay and at the level of evaluating consequences of drug abuse on driving.

Dr. DUPONT. Coordination with various agencies is now quite uneven. With some, it is good; for example, the Law Enforcement Assistance Administration has been mandated by Congress as have we, to look into the relationship of drug abuse and crime, and so we let them know what we are doing and they let us know what they are doing in this specific area on a regular basis.

In other areas, coordination is not as good. Dr. Pollin talked about NHTSA, cooperation is good there, too. But the project supported by the Social Security Administration comes as a complete surprise to me.

Mr. NELLIS. Somebody at your shop maybe ought to start reading Commerce Business Daily.

Dr. DUPONT. That sounds like a good suggestion. I'll certainly take that under advisement—it sounds like a straightforward procedure we could implement immediately.

Mr. NELLIS. That would be helpful.

Thank you, Mr. Chairman.

I didn't want to interrupt, but I wanted to bring out the question of followup and dissemination.

Mr. RANGEL. Dr. DuPont, have you finished your direct testimony?

Dr. DUPONT. Yes, sir.

Mr. MANN. The suggestion has been made that alcohol and drug abuse research be merged. Do you have any collaborative projects with the National Institute on Alcohol Abuse and Alcoholism?

Dr. DuPONT. Yes, sir.

Mr. MANN. How do you feel about it?

Dr. DuPONT. We have considerable collaboration between NIDA and NIAAA. We have a joint research review committee for projects that involve alcohol and drugs. Until creation of this committee, this was a major problem for researchers in the field prior to last year, because they had to go either to one Institute or the other. They often-times had to distort their research interests in order to fit the priorities of either Institute. Now a researcher can submit a project to the joint review that we at NIDA have with NIAAA. There is a proposal for a much closer collaboration in intramural research between NIAAA and NIDA which we are quite sympathetic with and I think more could be done in the area of integration, let alone collaboration. In fairness, it must be stated that there is a good bit of collaboration between the Institutes now, but not integration, except in this one committee I mentioned, and in our career medical teacher program. We are certainly not resistant to the idea of more integration. There could be some gains from that, particularly in the research area. The alcoholism field wants a separate focus. They are resistant to the idea of losing that and merging that into something that might be called a substance abuse institute, or something like that. I can respect that, but I think more integration of research can be done without losing that special identity that the alcoholism field has.

Mr. MANN. I know on page 5 of your statement, you refer to the ongoing work on marihuana. What is the extent of your work at this time?

Dr. DuPONT. We spend a little more than \$4 million a year on research in the marihuana area. It is summarized annually in the report to Congress on marihuana and health, this exhibit being the summary of the most recent report.

Mr. MANN. That's what is referred to as the 6th report.

Dr. DuPONT. Yes; it's the 6th annual report. There are some areas, frankly, that I think we haven't done as good a job in the past as we are going to be doing in the future in marihuana research. One of them has to do with marihuana use and driving. What we know suggests that this is already a serious problem. This is an area with which we want to do much more in the future.

We also want to do much more in the area of problems associated with marihuana use, particularly use among the very young and in populations that use marihuana very heavily. Much of our past research has been in the areas of more intermittent or occasional use of marihuana. As you know, the findings there haven't indentified serious health consequence associated with marihuana use. Part of the problem has been we haven't looked hard enough at the very heavy or long-term users of marihuana—that's something we will do more of in the future.

Mr. RANGEL. Dr. DuPont, we will suspend for 10 minutes so we can vote, then we will return.

[Recess.]

Mr. NELLIS. While we are waiting, Mr. Chairman, can I ask your indulgence and place these materials supplied by Dr. DuPont in the record?

We asked Dr. DuPont to answer some questions that related to the committee's interim report of February 1977. He has supplied those answers, and I would like to insert them in the record.

Mr. RANGEL. Without objection, so ordered.

[The information referred to is in the committee files.]

Mr. NELLIS. Also a speech by Dr. DuPont, a very interesting new proposal with respect to criminal heroin addicts, the interface between the criminal justice system and addicts who steal and do other crimes.

I believe this was a speech made October 1 before the Federal Bar Association.

Dr. DuPont. Yes, sir.

Mr. RANGEL. Does he specifically support the work of our committee?

Mr. NELLIS. I would say so.

Dr. DuPont. By word and deed, Mr. Chairman.

Mr. NELLIS. If there is no objection, I would like that inserted, Mr. Chairman.

Mr. RANGEL. Very well. Without objection.

[The information referred to follows:]

OPERATION TRIP-WIRE: A NEW PROPOSAL FOCUSED ON CRIMINAL HEROIN ADDICTS

(By Robert L. DuPont, M.D., Director, National Institute on Drug Abuse)

It is a great pleasure for me to join you here in Washington, D.C. and to participate again this year in the convention of the Federal Bar Association.

A little over four months ago, when I addressed the National Drug Abuse Conference in San Francisco, I outlined some important new directions for the National Institute on Drug Abuse. One primary target for development is the criminal justice system. I want to take the opportunity of our meeting here today to outline a new plan specifically focused on those persons addicted to heroin who are arrested and convicted for the commission of serious crimes.

I am today proposing consideration of a major new initiative for the close supervision of probationers and parolees at high risk of heroin addiction. This new program is not targeted on all addicts or on all criminals. I propose setting up a trip-wire in every American community that will signal only those who are both daily heroin users (addicts) and also convicted criminals. These are the individuals responsible for most of the crime associated with drug abuse. These are also the individuals with whom, I am convinced, we can do the most—to help them and to help our communities. I realize this will be a difficult undertaking, requiring cooperation among Federal, State, county, and local agencies. It will also be controversial. But there is no question that Operation Trip-Wire is needed, and needed now, if we are going to reduce the high cost of heroin addiction and criminal recidivism.

Essentially, I propose that urine testing be made available to all probation and parole offices, to be used in detecting heroin use among criminal offenders released to their communities. I propose that—when placed on probation or parole—all offenders should be promptly screened for heroin use, using histories, physical examinations, and urinalysis. I propose that those probationers and parolees who have a demonstrated history of addiction (i.e., daily heroin use) be required to submit to periodic (e.g., monthly or twice monthly) urine testing. A routine, random urine testing program should also be used for all probationers and parolees; the average frequency of testing should be once or twice a year. Such random testing of the entire probation and parole population will serve both as a deterrent and as a casefinding technique. But the main thrust of Operation Trip-Wire is not the random testing; it is the systematic testing and followup of those who are known to be or to have been heroin addicts.

I propose that any probationer or parolee who produces a "dirty" urine—one found positive for heroin or its metabolites—be required to provide weekly urine specimens. No disciplinary action would be taken if these frequent urine tests turn out clean—produce a negative result. But, if they remain dirty on repeated testing; I propose that the probationer or parolee should be referred to compulsory drug abuse treatment or—if treatment is refused, or if it fails to halt the daily heroin use pattern—be reincarcerated to complete a part of his or her original sentence. Such reincarceration need not be prolonged; three to six months probably makes the point. But, on subsequent release, urine testing should be conducted more frequently.

We owe this close supervision and prompt intervention both to the ex-addict offenders—to provide the medical and counseling assistance needed to help them stay off of heroin—and to ourselves, who become the victims of the street crime required to support a daily heroin habit.

My concern today is the ex-addict criminal offender who is placed on controlled release (i.e., probation or parole) back to his or her community. It is in this situation that the greatest risk of adopting or resuming addictive drug use occurs. Our best estimate indicates that approximately 1.7 million criminal offenders are on either probation or parole in the United States each year. This figure includes both adults and juveniles, both felons and misdemeanants. Drawing from a number of sources [1] we roughly estimate there are a little over 1 million probation slots nationwide, through which pass about 1.5 million probationers each year. Similarly, we estimate there are about 230,000 parole slots, which handle about 270,000 parolees annually.

The bulk of these probationers and parolees have been convicted on charges of burglary, robbery, larceny, and motor vehicle theft—all income-generating crimes. According to a 1976 summary of the National Crime Information Center's Computerized Criminal History File, these four categories of charges exhibit the highest rearrest rates. Burglary, robbery, and motor vehicle theft, respectively, carry the highest indications for repeated arrest: 81 percent of those convicted of burglary were rearrested within four years; 77 percent of those found guilty of robbery and 75 percent of those found guilty of motor vehicle theft were rearrested within four years. Larceny demonstrates only a slightly lower indication for repeated offense, with 65 percent rearrested within four years. Those arrested on narcotics possession or sale charges, by the way, demonstrate the same 65 percent rearrest rate over four years.

Taken together, these four categories of charges are among the criminal offenses most likely to be used to support a daily heroin habit. Burglary, robbery, larceny, and motor vehicle theft make up much of the "street crime" linked to the heroin addict lifestyle.

Setting aside for the moment the statistical issue of causality, when an individual spends large amounts of money for daily use of heroin and has no substantial source of legitimate income, then criminality must be considered a necessary condition for addiction to exist. Whether it is for the crime of narcotics sale or for the income-generating crime needed to support the daily heroin habit, the heroin addict is a major source of criminal activity and recidivism in our society. Those addicts who support their heroin habits by selling heroin are major sources of contagion for heroin use.

At this point, let me backtrack a bit to clarify an important point. As you know, the Department of Justice, Law Enforcement Assistance Administration (LEAA) has made a determined effort in recent years to upgrade our knowledge and understanding of the workings of the criminal justice system. Much of what we now know about the portion of our population that becomes involved with our courts, jails, and prisons is a result of LEAA's fine work. However, even today, our information about the patterns and consequences of drug abuse among the criminal justice system's offender population is limited.

We do not currently have adequate data on the drug abuse experience of criminal justice offenders, neither those incarcerated nor those on controlled release. We have some data and we can make estimates. For instance, in 1974, LEAA and the U.S. Bureau of the Census interviewed a representative sample of 10,400 inmates in 190 State correctional facilities throughout the U.S. This study [2] concluded that, of the 191,400 criminal offenders incarcerated in State prisons at that time; 30 percent had used heroin, 21 percent had used it daily (i.e., had been addicted), and 14 percent were daily heroin users at the time they committed the offense for which they were then in prison.

We can only estimate the percentage of drug abusers who may be on controlled release to their communities. Again, there are currently no satisfactory data on this aspect of the criminal justice system's offender population. Our best guess is that 20-30 percent of all probationers and 20-40 percent of all parolees are serious drug abusers. Among authorities in the field, there is a growing consensus that 10 percent to 20 percent more accurately reflects the magnitude of the core problem, particularly when daily heroin use (addiction) is the focus. Therefore, we are concerned with an estimated 150,000-300,000 probationers and 25,000-50,000 parolees annually who are heroin addicts.

I again want to emphasize that I am interested here in the heroin addict, the individual who uses heroin or other opiate drugs on a daily basis and—in order to support that daily habit—must rely on street crime as a source of income. Many studies have demonstrated the link between heroin use and crime. In a recent NIDA-sponsored study based on self-reports, McClothlin et al. [3] found that employment only accounted for about 13 percent of an addict's total income during periods of daily narcotic use, while criminal activities provided over 50 percent of income. Eckerman et al., in 1971, found that addicts accounted for 80 percent of all arrests for robbery in New York City and 45 percent in Washington, D.C. [4] The American Bar Association's Special Committee on Crime Prevention and Control in 1972 estimated that one-third to one-half of all street crime in our Nation's urban centers was committed by heroin addicts. [5] A 1975 study of the social costs of drug abuse considered \$6.3 billion annually a relatively conservative estimate of the amount of property loss resulting from crimes committed by addicts. [6] We are dealing in large numbers: a five percent reduction in heroin addiction would result in more than \$300 million savings in drug-related property crime.

This is the reason for my present concern with the heroin addict or ex-addict placed on controlled release back to his or her community. Close supervision of probationers and parolees demonstrating a history of addiction, and prompt intervention as soon as daily heroin use is detected, will *significantly* reduce the crime on our Nation's streets. McClothlin [3] has found that, as would be expected, arrests for drug offenses are strongly related to frequency of narcotic use. But, more important to our present concern, large declines in arrests for property crimes are associated with decreasing frequency of narcotic drug use in McClothlin's data. Arrest rates for daily narcotic users (addicts) are five times higher than for those who use narcotics on a less-than-daily basis.

What this means is that the daily heroin user is responsible for the bulk—some estimates range as high as 70 percent—of drug-related property crime. This has important policy implications for the entire Federal effort against drug abuse and against crime in our Nation's streets, since any measures "which even temporarily eliminate daily heroin-use patterns will have a favorable impact on the associated criminal behavior. One such intervention approach is * * * supervision with urine monitoring." [3]

The caseloads of our probation and parole officers today are generally too large to permit such careful supervision of each releasee: perhaps 150 or more clients for each probation officer and 70-90 for each parole officer. Even more critical is the fact that most probation and parole officers lack access to modern diagnostic procedures—and here I mean primarily quick-response urine testing—to identify users of heroin and other drugs.

The Operation Trip-Wire proposal is simple in concept, but—unfortunately—complex in implementation. We must provide probation and parole authorities with the means to identify releasees who have used heroin every day—that is, those who have been physically addicted to heroin—and insist that these releasees either stop regular heroin use or to be returned to prison to serve their sentences. Those who want treatment in the community should get it. In fact, referral to drug abuse treatment should be the first-line intervention. But, with or without treatment, the condition of their continued freedom must remain the same: they must not remain addicted to heroin while on probation or parole.

Whatever the practical problems in implementing this approach—and as the former head of Washington, D.C.'s parole system, I am personally aware of the problems—nothing that does not meet this standard should be accepted. It is for the good of the community and for the ultimate good of the individual probationer and parolee.

Ten years ago, when the Federal Government first began to recognize and respond to the drug abuse problem, we all tended to overreact a bit to the spectre of heroin addiction. Our initial responses were often poorly focused. We

talked as if all addicts were criminals and as if all criminals were addicts. To compound the confusion, we tended to act as if all drugs—illegal drugs—were the same. We were also preoccupied with the question of which came first, the crime or the heroin use.

Although much more still needs to be learned, we know a lot more about drug abuse now than we did ten years ago. For example, we know—as I've already pointed out—that 80 percent to 90 percent of all criminals are not heroin addicts. In fact, recent studies have generally found that over 50 percent of narcotics addicts were themselves first arrested prior to their first use of narcotics. Furthermore, we know that many drug users—and many heroin addicts among them—are not criminals, or at least they have never been arrested. NIDA's Client Oriented Data Acquisition Process (CODAP) reveals that 47 percent of clients reporting opiate use admitted to federally supported drug abuse treatment clinics during the first quarter of this year had not been arrested in the preceding two years. Only 15 percent of those admitted to drug abuse treatment for opiate use exhibited the history of multiple arrests (three or more within the past two years) that we usually associate with the stereotype of the addict lifestyle.

And we know that not every heroin user is an addict. Some people use heroin and never become addicted and others are able to control their heroin use for long periods of time without apparent addiction, even after having experienced earlier periods of addiction. Lee Robins' classic study of the returning Vietnam veteran drug users taught us this. [7]

But we also know that many criminals are heroin addicts and that many heroin addicts are criminals in the most menacing sense of the word. Again, McGlothlin and others [3, 5] have noted that arrests for major income-generating crime, like burglary and larceny, nearly doubles after the onset of narcotic addiction. This, whether addiction precedes arrest (as it often does) or whether arrest precedes the first use of heroin (which is also common). There can no longer be any doubt that the rate of crime (and arrest) is positively correlated with daily heroin use.

And, most importantly here, we know that heroin addiction is treatable and that heroin addiction-related crime is largely, but not completely, preventable. In fact, it may be the most preventable part of our Nation's serious crime problem.

NIDA's Client Oriented Data Acquisition Process (CODAP) indicates that only 17 percent of admissions to federally sponsored drug abuse treatment during 1976 only about 42,000 persons—were referred from any agency of the criminal justice system. Therefore, there is evidence that a great number of probationers and parolees at high risk to adopting or resuming heroin addict lifestyles are not receiving adequate supervision and/or referral to drug abuse treatment and counseling resources. This lack of close supervision and timely referral to appropriate drug abuse interventions does little to reduce and in my opinion contributes to the high social costs of property crime and the high rates of recidivism traditionally associated with narcotic addiction.

I take great personal pride in the fact that the National Institute on Drug Abuse has been working since its inception to develop an effective system of drug abuse intervention facilities throughout our country. NIDA's multidisciplinary approaches to comprehensive drug abuse treatment have repeatedly demonstrated success in reducing drug use, reducing concomitant criminal activities, and hastening the individual client's return to social productivity. I am deeply concerned that the resources we have developed be used effectively to reduce drug abuse among high-risk populations, to reduce recidivism among criminally involved drug users, and to reduce the high social and staggering personal costs of drug abuse.

In the latest findings from the Drug Abuse Reporting Program (DARP) Five-Year Followup Studies, sponsored by NIDA and received just a few weeks ago, Saul Sells and his staff have once again demonstrated the effectiveness of drug abuse treatment. [8] All treatment modalities—including methadone maintenance, therapeutic community, drug free, and detoxification—demonstrated significant reductions in opiate use one year following treatment in the DARP. Similarly, the reports of followup studies conducted with former clients of the Addiction Services Agency in New York City and the Narcotics Treatment Administration in Washington, D.C. [9] revealed that substantial reductions in drug taking occurred following treatment. No evidence of substance substitution was found among those who stopped heroin use.

Furthermore, the latest NIDA-funded research findings have demonstrated the greater effectiveness of close supervision for probationers and parolees as a means of early detection and intervention of drug abuse by referral to treatment and counseling resources. McGlothlin et al., in a new seven-year Evaluation of the California Civil Addict Program, [10] have found that only marginal criminal activity is associated with less-than-daily narcotic use. It is daily use (i.e., addiction) that tends to necessitate property crime as a means of generating income. This study of the California Civil Addict Program found that close supervision of ex-addict criminal offenders placed on controlled release to their communities—supervision that included urine testing for narcotic use—resulted in much lower rates of daily narcotic use, drug dealing, and criminal activity, and higher employment rates, than did supervision without testing or no supervision. In McGlothlin's evaluation, the mean length of daily narcotic use prior to interruption was six months for those on close supervision, compared to 10-13 months for probation-without-testing or no supervision.

Let me clarify what these findings mean in terms of the social costs of heroin addiction. As I have noted, not every heroin user is an addict; that is, not every heroin user needs a fix several times a day. As long as the individual can control his or her use, a relatively normal and socially productive lifestyle can be maintained. In this situation, the "chipper" tends to be able to support the heroin use by income from employment or relatively low levels of property crime. As the CODAP arrest data indicate, such a chipper may remain submerged and undetected for long periods of time—perhaps throughout his or her life.

But, when heroin use escalates to a daily "run," criminal activity also escalates dramatically, as we have seen. In order to support a \$50-a-day heroin habit, the addict must commit income-generating property crimes amounting to several times that amount. Our latest data at NIDA [3] suggest that, during the time an addict is involved in crime (but not dealing), annual income exceeds \$24,000—58 percent of which (or \$14,000) is required to cover the cost of drugs. Of course, the actual value of goods stolen is generally estimated to be 3-4 times the amount obtained through fences. So we estimate that a single heroin addict may cost society up to \$100,000 a year in property loss.

Under our current practice of probation or parole without urine testing, or without close supervision, such a daily heroin run will continue for an average of 10 to 13 months before it is interrupted by rearrest. With close supervision and regular urine testing, a daily heroin run is—on the average—interrupted in six months. The resulting annual savings in terms of curtailed property loss alone could be as great as \$30,000 to \$50,000 per addict.

If even a small percentage of the 175,000-350,000 probationers and parolees at high risk to adopting or resuming daily heroin use each year are interrupted or prevented from doing so by a program like Operation Trip-Wire, the savings to our society would be tremendous. Such a savings will I feel confident, more than make up for the cost—in terms of money and effort—required to implement this proposal.

Systematic urinalysis among criminal justice-involved populations has elsewhere proven an invaluable tool in monitoring changes in drug use trends and in contributing to national drug abuse prevention policy and planning. In 1969, the epidemic nature of the heroin addiction problem was surfaced as a result of a survey and urine testing project at the District of Columbia's Jail, when 45 percent of all the Jail's admissions were identified as heroin addicts. [11] Subsequent surveys conducted in 1971 and 1973 revealed other heroin use trends and showed a decline in heroin-positive urines from 47 percent to 22 percent. [12]

Although it was never extended to D.C.'s probation and parole authorities, a unique program of urine testing among admissions to the District of Columbia Superior Court Lock-Up was initiated in April 1970 and became the model for LEAA's "Treatment Alternatives to Street Crime" (TASC) concept. Analysis of this D.C. data demonstrated some basic relationships between heroin use and criminal activity. [13] We learned, as I have already noted, that not all criminals are addicts and that not all addicts are criminals. We also learned that, while a smaller percentage of crimes committed by heroin users are violent crimes than the percentage committed by nonaddict criminals, addicts do nevertheless commit a substantial number of violent crimes, such as robbery and murder.

In classic followup studies of narcotic addicts, Vaillant pointed out the role of compulsory community supervision and its relationship to the treatment of

addiction. In a 12-year followup of 100 addicts, Vaillant concluded that "imprisonment and parole were far more effective than long imprisonment alone * * * In the treatment of addicts, the mandatory sentence, which forbids parole and thus provides less opportunity for community supervision, *appears specifically contraindicated.*" (Emphasis added.) Besides counseling, one of the key elements of Vaillant's compulsory community supervision program was periodic urinalysis. Vaillant's program called for the swift and certain identification and punishment of the relapsing drug abuser, with repeated abuse ultimately resulting in short-term incarceration. [14, 15]

I am pleased to say that McGlothlin's new evaluation of the California Civil Addict Program, cited earlier, [10] confirms and repeats Vaillant's conclusions. Closely supervised release to the community, with periodic urine testing and short-term returns to confinement as needed, is the best treatment for the criminally involved heroin user.

And yet we have no system today to closely monitor and clearly identify the daily heroin user on probation or parole, and to get that person promptly into the drug abuse treatment system which currently provides treatment for about 250,000 people in approximately 3,000 clinics and drug abuse programs located in all parts of our country. Despite the demonstrated fact that this person is highly likely to commit further crimes to support his or her addiction. Despite the fact that we have the technology at hand (urine testing) to detect heroin use. And despite the fact that we have demonstrated effective treatment interventions available throughout the country.

But, you may ask, "Isn't a program like Operation Trip-Wire already being carried out?" The answer is a qualified "no." Some urine testing is now done, some addicts on probation and parole are referred to treatment, and a small number of chronic abusers of heroin are now returned to prison from probation and parole. But, to my knowledge, nowhere in the country is this now done on a systematic, routine, and comprehensive basis. No halfway program will work—there are simply too many forces operating against this idea for it to work outside a systematic, tightly monitored plan.

The reasons for the resistance to this idea appear to be threefold. First, deeply rooted in the attitudes many of us bring to the drug abuse issue are doubts that addiction is related to serious crime, doubts that heroin is different from other drugs in terms of its relationship to crime, and (finally) doubts about the efficacy of urine testing and of drug abuse treatment. Second, to these doubts must be added the practical bureaucratic problems of launching any new program. Particularly in the areas of probation and parole, where the workloads are already staggering. Third, there is the confusion of this idea with the idea of diversion of drug abusers out of the criminal justice system. This is often associated with the idea that drug abuse is a "medical, not a legal problem." This idea holds great attraction for many reform-minded people in both the criminal justice and the health communities.

Whatever the merits of the basic diversion concept, the key point is that this is clearly a different idea than the one I am proposing today. By diversion, I mean the substitution of treatment as an alternative to the usual criminal justice processes. For example, a prosecutor might decide not to prosecute a person charged with a crime in lieu of his or her successful participation in a drug abuse treatment program. This idea of diversion from prosecution has merit for those jurisdiction which still treat the marihuana possession offense as a criminal problem—although most people charged with marihuana possession do not need treatment any more than they need prison. On the other hand, whether charged with possession or sale of heroin or with burglary or robbery, diverting the criminal heroin addict out of the criminal justice processes seems to me to be unwise.

Here we have a semantic problem of major proportions, because the federally sponsored Treatment Alternatives to Street Crime (TASC) Program is sometimes presented as a "diversion" program. It is not a diversion program under the definition I have used here. TASC provides an effective means of adding urine testing, treatment referral, and tracking to the usual criminal justice processes. That is, either pretrial or post-conviction, the agencies of the criminal justice system may use TASC to compel urine testing and/or treatment as a condition of release to the community. This is an important reform and one which I have supported for many years.

But TASC does not relieve the person charged with a crime from the usual processes of the criminal justice system. TASC is related to Operation Trip-Wire in the sense that TASC provides the capability to identify, refer, and track drug

abusers in the criminal justice system. It differs from Operation Trip-Wire in that it is not specifically focused on probation and parole, it is not focused on the addictive use of heroin but relates to all drug use, and it is not universal in its coverage. Operation Trip-Wire is a focused, comprehensive extension of TASC. Like TASC, Operation Trip-Wire does not take people off of pretrial release programs, it does not remove them from probation or parole. It does, again like TASC, add a significant new dimension to those programs by effectively linking them with drug abuse treatment through the use of urine testing, referral, and tracking.

What I am proposing is a way for the criminal justice process to work better in dealing with one particular problem, so as to insure that the convicted criminal released to his or her community does not sustain a heroin habit while on probation or parole. I am convinced that the controversy in the drug abuse area, the doubts many people have, and the confusion with the concept of diversion can all be overcome. We now have the sophistication and the knowledge and the technology to simply get on with the task.

As I envision it, Operation Trip-Wire would operate as follows:

A thorough review of past records, examination, and urine testing would be a mandatory part of the criminal justice system's report to the court advising on any offender's suitability for probation or parole. This screening would pay particular attention to the presence or absence of needle marks that would indicate a past history of heroin addiction. It would thus provide the foundation for a recommendation of referral to treatment or close supervision upon controlled release to the community.

Periodic urine testing (perhaps monthly) would be indicated for any offender exhibiting evidence of a past history of heroin use—that estimated 10-20 percent of the probation and parole populations. Furthermore, reduced caseloads would be indicated for probation and parole officers dealing with such offenders. Although expensive to implement, such special caseload arrangements have proven effective in providing the supervising officer the time and specific knowledge necessary to identify the onset of drug taking and manage the associated problems.

If a probationer or parolee produces a dirty urine test—a urinalysis positive for heroin or its metabolites—supervision would be intensified to include more contact and weekly or more frequent urine testing would be begun.

If urine tests remained positive on repeated testing the alternatives become compulsory referral to drug abuse treatment or (if the individual refuses treatment, or fails in treatment) prompt reincarceration. Any reincarceration, however, would be for the short term—say, three to six months—with an ultimate return to controlled release with frequent urine testing.

If, on the other hand, the urine test results cleaned up promptly, daily narcotic use would not have been proven and the offender would be returned to a routine schedule of periodic testing. No disciplinary action would be taken at this time. However, a second, later experience of dirty urine—after a period of clean tests—would require return to closer supervision.

Some heroin addicted offenders will be able to refrain from regular heroin use as a result of close supervision, even without treatment. These people are successes. Others will require the help of treatment programs to break their heroin habits before they, too, can succeed. Still others will refuse treatment or fail at treatment. These failures should be returned to prison before having another chance at controlled release.

For those who are sent to treatment, a variety of alternative treatments should be offered. On both scientific and humanitarian grounds, these people should not be compelled into any one modality of treatment, either drug free or methadone. The weight of the criminal justice system can, and must, enforce freedom from daily heroin use, but it should not be used to compel involuntary participation in a specific modality of treatment.

It will be neither easy nor inexpensive to deploy a program like Operation Trip-Wire. Urinalysis devices would have to be made available to each probation and parole office, staff would have to be trained on the operation and analysis of the testing procedures, and an explicit system of identification, tracking, and management would have to be developed. We must work to overcome jurisdictional and attitudinal problems, as well, since probation and parole authorities reside with the State in some localities and with county and local governments in others, and since drug abuse excites much controversy.

The National Institute on Drug Abuse is currently developing a pilot study of Operation Trip-Wire in selected areas. We are working with the Law Enforcement Assistance Administration (LEAA) and we welcome the advice, cooperation, and participation of you and of representatives of other Federal, State, and local agencies. I currently envision the Single State Agencies for Drug Abuse Prevention (SSAs) and the State Planning Authorities for Law Enforcement Assistance (SPAs) as the principal vehicles for this pilot test. These State agencies have shown increasing sophistication and effectiveness in managing such programs.

I foresee no legal problems, as such, in the implementation of Operation Trip-Wire, since the U.S. Supreme Court ruled in *Schmerber v. California* (1966: 881 U.S. 757) in favor of the unconsenting taking of bodily fluids for self-validating tests of incrimination. However, new legislation providing for mandatory urine testing of probationers and parolees may be required in some States, and would be perhaps more easily achieved at the Federal level. I know this is an area in which Representative Peter Rodino of New Jersey, Chairperson of the House Judiciary Committee, and Representative Donald Edwards of California, Chairperson of that Committee's Civil and Constitutional Rights Subcommittee, have been interested for several years.

At a minimum, Operation Trip-Wire could cost \$14 million for the equipment and an additional \$12 million per year for the actual testing when fully implemented. Additional costs for urinalysis technicians, special reduced addict case-loads, and new training would have to be added to these initial costs. But providing urinalysis as a resource to probation and parole officers involved in supervising that portion of the criminal justice population at highest risk of heroin addiction is one of the most cost-effective expenditures we can propose: it would pay for itself immediately in reduced property crime and reduced criminal recidivism.

There are many who are frustrated that we, as a Nation, have not done enough to reduce crime and to "get the addicts off our streets." Some have called for massive civil commitment program, to sweep all addicts out of our communities. Others have called for giving the addicts the drugs they want, e.g., heroin maintenance. Operation Trip-Wire is, I believe, a far more practical, effective, and focused new approach to the problem.

We know that those convicted criminals who are narcotic addicts (not chippers, but addicted daily users of heroin) are: (1) relatively easy to identify; (2) a great risk to their community; and (3) treatable. We must now make the commitment to use the technology available to us to identify, provide intensive supervision, and treat these individuals. We owe it to the heroin addicts—to provide them with the supervision and motivation they require—and we owe it most of all to ourselves, the victims of drug-related property crime.

I thank you for your interest and attention.

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Mr. RANGEL. Mr. English, you might have an opportunity to review the testimony of Dr. DuPont.

Mr. Skubitz was here. I might inquire—do you have a copy of Dr. DuPont's statement?

Mr. ENGLISH. I do not.

Mr. RANGEL. Why don't you take mine?

As relates to antagonists, we are stuck with methadone; is that right?

Dr. DUPONT. No, sir.

Mr. RANGEL. So we have really made no advancements.

Dr. DUPONT. When you say we are "stuck" with methadone, about 36 percent of the clients enrolled in NIDA-funded treatment programs use methadone. The remainder, or 64 percent, are participating in drug-free treatment.

We do have in the pharmacologic area two exciting new agents under active development—one is LAAM, long-acting methadone, which will be a tremendous boon because it will help solve the take-home problem and related problem of diversion of methadone and subsequent overdose deaths.

I presented to the committee the vial containing the sustained release capsules of naltrexone. We have, much further along in our developmental stage oral preparations of naltrexone that are now being tested in large-scale tests on human subjects. Those are going very well. However, neither LAAM nor naltrexone is yet available for routine clinical use, but both should be within a year or two.

There is a third drug, mentioned in the formal testimony, buprenorphine, which is in even more preliminary stages of development, but it looks like it will have some advantages, too, including the facts that it can't be associated with an overdose death and it does deal with the craving problem, which the chief counsel mentioned as a problem with naltrexone. So I don't feel "stuck" with methadone.

Mr. RANGEL. The problem I have in my district at best, is long-lasting methadone.

Dr. DUPONT. Right now methadone is the main pharmacological treatment approach in your district; plus, of course, drug-free treatment.

Mr. SKUBITZ. I don't know whether this question comes in at the appropriate time or not, but the word "methadone" brings it to my attention.

Some doctor in England, I believe it is, has come forth with some sort of electrical treatment which he insists makes methadone unnecessary.

Are you at all familiar with what she is proposing?

Dr. DUPONT. I believe that is a modification of the acupuncture technique. We are funding an acupuncture project in Hong Kong where the world's greatest authority on the use of acupuncture in the treatment of addiction is now carrying on this research.

It would be a mistake, though, to believe that acupuncture, on the basis of our current knowledge, at least, is going to offer a miraculous cure. What happens, maybe this is unfortunate, is, that about twice a year we hear new claims made for miraculous cures of addiction which immediately reduce the craving, solve the withdrawal problem, and then the addicts go off and live happily ever after with no continuing problem. Every one of those claims, to my knowledge, has lacked any followup of the patients after they leave a short-term treatment intervention. We are studying these approaches in a systematic way and trying to put them in perspective.

Two years ago, for example, the use of Darvon N in heroin addiction treatment had a vogue out in California—

Mr. SKUBITZ. Let's forget about that vogue. That is fine. But getting back to acupuncture, you say this is another phase of that. Are they having any success with that experiment?

Dr. DUPONT. Yes; in Hong Kong there has been some success. There has been no followup of the program. However, we hope to follow people after they leave the treatment plan, in our new study.

Mr. SKUBITZ. I understand they use needles in some way or another, but in this particular program that this lady in England has come forth with, they use some sort of electrodes, and in 10 days it is supposed to come forth with miracle wonders and causes the patient not to crave the drugs anymore.

What have you found out about it?

Dr. DUPONT. I am skeptical about it.

Mr. SKUBITZ. What have you found out about it? Have you looked into it?

Dr. DUPONT. The researcher has submitted an application to NIDA for funding. It was submitted to the Institute's Drug Abuse Research Review Committee of scientific peers for review and was found inadequate scientifically and subsequently turned down for funding.

We didn't feel that that project was fundable, as research.

Mr. SKUBITZ. Did you examine to find out whether she had had any results in her treatments in England or not?

Dr. DUPONT. I have talked with a number of physicians in England who are familiar with that work and they share my skepticism. The work of the researcher has not been supported in England.

Mr. SKUBITZ. They share your skepticism is not what I am seeking. Have they found any results? Have you looked into this or are you depending on doctors over there to tell you?

Dr. DUPONT. I don't know that anybody has reviewed the patients receiving electrode therapy. I can submit that for the record if you would permit me to give you a precise analysis of exactly what is known about the patients in the program.

Mr. SKUBITZ. How much funding did she ask for?

Dr. DUPONT. I think about one-half million dollars a year.

Mr. SKUBITZ. \$500,000. How much did you spend on the acupuncture program?

Dr. DUPONT. About \$100,000 a year for the project in Hong Kong.

Mr. SKUBITZ. I would like to know more about the treatment. I know there are a lot of folks that come along but I also know too often if the American Medical Association hasn't thought of it first, it isn't any good.

Dr. DUPONT. We did not clear our conclusions about this with the American Medical Association.

Mr. SKUBITZ. Thank you.

Mr. RANGEL. Dr. DuPont, I thought some of the programs that NIDA funded and the ones I have been forced to support weren't skeptical of anything. Your response to Mr. Skubitz allows me to believe that you have followed up on rehabilitation programs, drug free and those that use methadone.

Would this be in this type of report?

Dr. DUPONT. Yes, sir, it is.

Mr. RANGEL. Because I do my own research in the community. The only people that I have been able to talk with that have successfully gone through a drug-abuse program and successful treatment have been hired by the treatment centers.

Dr. DUPONT. We have looked into that as a special area of concern. Of the people who were followed up 4 years after they left treatment, 890 of those who had gone through the therapeutic community program were employed in treatment programs at the followup. Of the people who had gone through either outpatient drug free or methadone modalities, less than 1 percent were hired by any drug-treatment program. The overall employment rate in both groups was about 50 percent.

Mr. RANGEL. Fifty percent?

Dr. DUPONT. Roughly 50 percent of the populations were employed at followup in this national sample.

Mr. RANGEL. Of those that have gone through—and that is in this report?

Dr. DUPONT. The figures I am quoting now are from a national study, not that one you are holding up now.

Mr. RANGEL. All I want is any national study that pulls out New York City statistics. I mean I have gone to these programs in an effort to obtain jobs for what they claim are the employable drug addicts, and believe me, it is a profile in courage to hire any of the people that would be unemployable if they did not have a former drug problem.

Dr. DUPONT. One project that has worked specifically in New York City is the Vera Institute project of supported work. Vera has worked both with drug-free people and methadone people. They have found

a very high percentage of them. These patients of drug abuse programs—I think it is in the neighborhood of 90 percent, to be employable.

It is clear, when I say "employable" that there must be some qualification to it. The whole thrust of supported work is that there is a need for a transition employer between the unemployed state and making it in the open labor market.

Mr. RANGEL. They are not incorporated in any of the comprehensive training programs, the addicts, the former addicts claim that they are excluded from these.

Does your department work with the Department of Labor to see whether or not you can connect or hook up these centers with the employment market?

Dr. DUPONT. Yes; we do. We have hopes; I can't put it any stronger than that, for the new administration's initiatives in youth employment. We hope to have more of our drug-abuse treatment clients have access to employment through this new program. Part of the problem is ironically that decisions about Labor Department funding is almost entirely decentralized to the local level now, so that the Federal Government is not able to set categories and quotes for various groups like ex-offenders or ex-addicts about whom we are most concerned. The CETA program now has approximately 200 prime sponsors and they are each making independent judgements. By and large unemployed addicts don't fare well in CETA-funded programs.

Mr. RANGEL. By and large, unemployed addicts don't fare well either. Where is the data where you evaluated rehab centers in New York City?

Dr. DUPONT. It is in the report.

Mr. RANGEL. By name?

Dr. DUPONT. Not by name.

Mr. RANGEL. I can get it by name? It is very important that you assist in shooting down the myths that the whole program is bogus.

We got people with drug-free programs spraying lettuce and eating it. Then we got other groups that are praying to God and if you ask where are the addicts they cannot be identified as addicts. They are in the field, and it is drug free, so you should not ask who is successful. That is a relative term. And I get a terrible snow job in my district with these programs, and some of the methadone programs, the addict is not thinking about being rehabilitated. He's just got a heavy habit, and he wants to cut it back a little, which I support, because it is better he cuts it back on himself rather than on somebody's head in the street. Why is this secret?

Dr. DUPONT. It is not secret. A random sample was drawn from all the clients enrolled in the addiction services agency ASA programs in New York City. The study was sponsored by the National Institute on Drug Abuse in 1974.

Mr. RANGEL. How do you evaluate which program should be funded and which should go out of business? As you know, I support them all.

Dr. DUPONT. Yes, sir, I understand you support all the programs in your district.

Mr. RANGEL. In my district. How do you evaluate which programs were worthwhile and which programs are merely hustles at the expense of the drug addict?

Dr. DUPONT. The major decisions about funding relate to program management and meeting certain Federal funding criteria. For example, prospective clients must be genuine drug abusers. One of the problems we have had with a number of drug treatment programs is that people who are not drug abusers are easier to cope with. They are brought into drug abuse treatment in preference to seriously affected drug abusers.

Mr. RANGEL. The successors are the ones which are not addicted in the first place, which is a good preventive program.

I support that, too. They could have been addicts if they weren't brought into the rehab program.

Dr. DUPONT. That will not suffice for the Federal funding criteria. Those programs which do that lose their Federal funding.

Mr. RANGEL. They tell me all you have to do with NIDA is get a doctor and get some papers and shuffle them in a very professional manner, if it sounds good, it flies.

If you don't have enough money for professional people, it doesn't get off.

Dr. DUPONT. If a program were committed to fraud, if that is what their intention was—

Mr. RANGEL. I am not talking about fraud. I am talking about well-intended stupid people trying to provide a community service. They pick up a couple of doctors, a psychiatrist, a psychologist and they pull all the things you are supposed to say in your papers, as opposed to drug-free programs which people without too much education claim that they have been able to instill a sense of confidence in these sick people to allow them to not want the craving of drugs, but yet they cannot put it down in a manner which is acceptable to most public agencies. My question is, not the fraud aspect, not the book-keeping aspects. How do you know what goes through these programs, what comes out of these programs, and whether or not, in fact, the addict has been assisted in coping with his problem? How do you know? Because I don't know.

Dr. DUPONT. I doubt that this is going to be an adequate answer. Let me tell you what we do now. There is a form that must be completed on every client receiving federally funded treatment, at admission and at discharge. That form contains information about drug abuse, employment, arrest, and various demographic data such as age, race, and sex. That gives us a profile of who the clients are, and what their background is. We can, for example, distinguish programs that have clients with a high previous history of arrests, from programs that have a low previous history of arrests. We can identify programs that have people with a high percentage which report daily heroin use as opposed to programs in which nobody uses heroin.

Mr. RANGEL. I understand your problem in identifying the problem, but my problem is, how do you decide what happens to the problem as it leaves the rehab center.

Dr. DUPONT. We also have the discharge summary on every client. We can compare the drug use or arrest history, for example, in the pretreatment period with the period immediately prior to leaving treatment. Once they leave treatment, however, we have no further routine data collection on all the clients.

Mr. RANGEL. Holy mackerel.

Dr. DuPONT. To deal with that, we support a national random survey of people who have been in federally funded treatment. The sample now contains about 4,000 persons who have been studied across the country.

Mr. RANGEL. Doctor, my question was, how can you identify which program should be just canceled out, because they are not providing a service, and which programs should continue, be expanded, because they are doing a better job? I am going to assume, and I am not an expert in this field, that you get an addict with a very, very bad habit and if you just hold his hand for a couple of weeks in a rehab center that he will be less inclined to commit crime, if he is eating and talking with people and being treated as a human being and as if someone cares? I don't think he is going to be out of there ripping off everybody.

So I will call the holding hand a very scientific rehabilitation approach. But my concern, whether you are talking about somebody that has been released from jail, I didn't mean to use that analogy, strike out jail, but has been released from a healthy program, to improve his health, I want to know whether he has had a relapse, whether he is still sick or whether the program did anything except take him off the street.

Now, I think that I can have a rehabilitation program myself without any drugs, without any modality, maybe a short stick, but certainly just an interest in a person, and I think that I know enough to write a program that will fly.

Dr. DuPONT. Perhaps.

Mr. RANGEL. And I think I know enough to tell you that you are not supposed to check into the success of human beings, after he's gone through this traumatic experience.

Success is relative. Leave him alone. He is in the population. He shouldn't be identified for these purposes as an ex-addict. That is what they tell me.

Dr. DuPONT. Some 250,000 people a year are discharged from federally funded drug treatment programs. It is an impractical problem to follow up 250,000 people.

Mr. RANGEL. I am not asking that. I am not against your universal national sample, but it seems to me, when you have certain types of centers operating in cities throughout the United States, it is not asking too much to follow through on one type center in each modality.

Dr. DuPONT. That we do do.

Mr. RANGEL. Do you have any in Harlem or east Harlem or New York City or Chicago or in Washington, so I could go in as a non-professional and find out why they rate so high? Do you have any programs that you are just extremely proud of?

Dr. DuPONT. Sure.

Mr. RANGEL. In the city of New York, that they have a fantastic rate of rehabilitation and assimilation into the employment market? I don't care how tight the screening is when they come in.

Dr. DuPONT. I am not able to identify one particular program right now.

Mr. RANGEL. Just one?

Dr. DuPONT. Dr. Pollin suggests Dr. Nyswander's methadone program in Harlem as an example. It has an employment rate of 85 percent or 90 percent.

Mr. RANGEL. Where is that located?

Dr. DuPONT. I don't know the exact address of it, but I believe it is in your district.

Mr. RANGEL. They are not going to have these type of statistics. They have gone into the jails now.

Dr. DuPONT. It is a small program. Dr. Marie Nyswander has about 100 patients in the program. That is a good place to start.

Mr. RANGEL. I would like to work with you on that, and my time has certainly concerned, but I am really concerned with the drug-free, because methadone being an addictive itself, I can see where you would have more latitude in the control and behavior of somebody, especially when you threaten to withdraw it when they don't do the right thing, but the drug-free programs, I think, lend themselves to faulty data in determining successes, more than those that have the medical component in it. I really think that it is difficult to get a handle on the successes of those drug-free programs.

Dr. DuPONT. There is a lot of monitoring of what goes on in the programs, Mr. Rangel. I don't want to leave you with the impression that there is no monitoring of what goes on in the program in your district or elsewhere. This monitoring involves NIDA, the State, and the city.

Mr. RANGEL. I would like to be a part of that monitoring, because I don't even know the right questions to ask without being insulting.

Dr. DuPONT. All right; we will take care of that.

Mr. RANGEL. Mr. Skubitz?

Mr. SKUBITZ. No questions.

Mr. RANGEL. Mr. English?

Mr. ENGLISH. Thank you.

There are a couple of questions I would like to ask, a little out of the field of what we are talking about: I would like to talk about the Department of Defense. I would like to know how NIDA interprets the appropriations report, 94-517, which states that the defense medical research should be conducted at only military—unique medical problems, medical research in the field not unique to military operations should be conducted by the Department of Health, Education, and Welfare.

Specifically, I would like to know what types of research NIDA is now doing at the request of the Department of Defense, or what has it taken over that was being conducted by the Department of Defense?

Dr. DuPONT. Mr. English, there has been considerable discussion between NIDA and the Department of Defense about that appropriation language. We do not have any such specific projects right now, however.

Very briefly the history of that discussion has been that the Department of Defense sent us about a year ago a request for some specific research projects that they would like to have supported by us. We requested additional funds through our appropriation process for those additional projects. That request was denied.

Mr. ENGLISH. Can I stop you right there?

As I understand the report—let me understand the general thrust, at least the spirit of that particular section relating to the Department of Defense, that these should be projects in which the Department of Health, Education, and Welfare is carrying on, and therefore the idea was to eliminate duplication.

So, it would appear to me that other than perhaps working into some existing programs, some quirks that might be of particular interest to the Department of Defense, the Department of Defense may have a specific emphasis in certain areas for research to be carried out, it appears to me you don't need any extra funding at all, that these are the areas which are being funded, anyway.

Dr. DUPONT. I think some of them are. For example, we are studying the effect of marihuana on performance, including driving performance, which has clear relevance to the Department of Defense interests. There are examples such as that, that are clearly within the sphere of what we are already doing. It is a relatively simple matter of communicating the results of this research to the Department of Defense.

I think there has been an unfortunate interpretation of the appropriation language you refer to within the Department of Defense to prohibit research or more specifically evaluation that is clearly related to the combat readiness of the troops.

To give you an example of an area that is of great concern to me, the most recent surveys of the Department of Defense in Europe suggested 10 percent of the servicemen in Europe are daily users of hashish. The question is, of what consequence is that use for troop readiness in Europe? It is vitally important. There has been no investigation of the impact of that use on troop readiness such as the specific effects of hashish use on ability to drive a tank or push a button in a silo, or whatever the other specific tasks are which are necessary in the military context.

That kind of research does not seem to be an HEW responsibility, but the language of the appropriations bill has been interpreted as, if not prohibiting, at least discouraging the Defense Department from doing that. That interpretation I find unfortunately in the extreme.

Mr. ENGLISH. Are you telling me that you disagree with the Department of Defense's interpretation of that particular language?

Dr. DUPONT. I think there has been an overreaction to that language within the Department, yes, sir; I do.

Mr. ENGLISH. Can you tell me where NIDA would draw the line, as to what would not be in NIDA's jurisdiction or HEW's?

Dr. DUPONT. Yes; the understanding of the metabolism of THC, the active ingredient of marihuana, the determination of which component of the marihuana cigarette are psychoactive, how long the effects last from each component of marihuana smoke, the development of a urine-testing technology for the various metabolites of marihuana are all general marihuana research issues and therefore within NIDA's scope of concern.

Specific studies aimed at job performance, specific to the service function, clearly fall within the area of the Defense Departments' concern. Similarly, studies of use patterns within the military are DOD issues which are not "research" under my understanding of the congressional prohibition.

Those studies should be supported by DOD. They are not now being supported and I think they should be.

Mr. ENGLISH. Will you include within that—

Dr. DuPONT. I have said this to the Department of Defense representatives for the last 2 years, so this testimony will come as no surprise to them.

Mr. ENGLISH. Do you include within that, such things as the amount and extent of drug abuse present within the Armed Forces?

Dr. DuPONT. Absolutely; that's why I have supported consistently the urine-testing program that has now been discontinued.

Mr. ENGLISH. With regard to the urine-testing program, urinalysis program, random—

Dr. DuPONT. The random urinalysis that has been discontinued.

Mr. ENGLISH. This is a little different approach. Do you feel like those are effective means for getting some grasp on the amount of drug abuse that's taking place?

Dr. DuPONT. Absolutely; we just completed a review, requested by the Office of Drug Abuse Policy, of the Department of Defense's assessment capabilities—assessment of the nature and extent and trends of the drug abuse problem. We reached two conclusions.

First: Survey techniques are not now utilized as fully as they could be to identify usage levels and consequences of use levels as well as trends. We urged more surveys.

Second: We urged a validation of the surveys through a much scaled-down, but nonetheless, random urinalysis testing program. This scaled-down random testing could also keep commanders on their toes since it would validate their assessment of the drug abuse program in their units.

I don't think we need to go back to the days of having everybody in the military tested on a random basis every year, but without a random testing capability, that is outside of the control of the commander. I am afraid that the incentive for the commander to underestimate the extent of the drug problem in his command is so great that we are going to see a reduction, a systematic reduction, in the attention the Department of Defense pays to drug abuse. That would be unfortunate.

Mr. ENGLISH. One final question, Mr. Chairman.

Along that line, with regard to the urinalysis, I notice that you made the statement that this would be out from under the direction of the commander.

Dr. DuPONT. Yes, sir; this random testing would be centrally controlled and it would be in addition to commander-directed urinalysis.

Mr. ENGLISH. One indication we have had on our review on the Task Force on Drug Abuse in the Military, enlisted personnel, or the people being tested have often known well in advance when they were going to be tested, and that they were able to evade the system.

Do you also feel there is a current value in the random urinalysis?

Dr. DuPONT. Yes; it is a case-finding technique and it has a deterrent value. It also has a validity function that cannot be duplicated with any other technique. I agree that the implementation of this approach is important.

Again, if the commander has the capacity to forgive any absence from urinalysis without really making a thorough attempt to test everybody and if we are talking about, let's say, 5 percent of the pop-

ulation at a maximum, who are positive for opiates, it doesn't take a very big percentage of the people evading the test to totally negate the test results. They found this to be the case the last time the Defense Department was serious about the urine-testing program in the 1971 to 1974 era. There needed to be tight criteria and monitoring of the criteria about universal testing within the command. That is important. It does not have to be done very frequently, but the personnel—troops and commanders—have to know they are subject to urinalysis without knowing when it will occur.

Mr. BURKE. If I recall the word "hashish" as you used it, came from the Turkish word that originally was translated into our word, assassin; and hashish at one time was given to the Turkish soldiers, as I recall, just before they went into battle for the purpose of giving them a wild feeling of bravery and a desire to kill and murder their enemies.

Dr. DUPONT. So they would not notice the bullets.

Mr. BURKE. How does hashish as such differ from marihuana?

Dr. DUPONT. Only in terms of the potency—hashish has, in general, a higher level of potency. The relationship of hashish to marihuana is like the relationship of bourbon to beer—it's a more potent form of the same basic psychoactive material.

Mr. BURKE. Hashish is one of the things that is being given to the native soldiers, including our own?

Dr. DUPONT. In Europe in particular there is a serious cannabis problem. In America the most common dose form of cannabis is marihuana, with the stems and leaves mixed in, while in Europe the usual dose form is the resin, which is called hashish.

Mr. BURKE. You say that's authorized?

Dr. DUPONT. Oh, no; not at all. The military is making every effort to reduce hashish use and I support that policy. Hashish is not being given to the troops, but there is still a high level of abuse, which use is totally illegal. Incidentally, all our modern evidence suggests that cannabis use—either in the form of marihuana or hashish—has a negative impact on troop readiness to fight. Use is strongly, but not always successfully, discouraged.

Mr. BURKE. I am sorry that I had another meeting and I didn't get here when you originally started your testimony, but what other addictive rehabilitation type of drugs are these programs authorizing in addition to methadone?

Dr. DUPONT. We are still talking about the military, I presume. DOD does not use any methadone or any other drug in the treatment of drug abuse problems. The DOD drug abuse treatment is an entirely drug-free system.

Its major characteristic is that either the individual stops his use of drugs or he is discharged from the service. That approach is, of course, not compatible with the domestic situation where you don't have the alternative of discharging a person from society. The use of pharmacologic agents is more characteristic of treatment in U.S. civilians of whom about 37 percent of those in treatment use methadone—the remaining treatment is drug free among civilians, too.

Mr. BURKE. Then methadone is the only one in widespread use?

Dr. DUPONT. Right; there are other drugs being tested for use in drug abuse treatment, but only methadone is now used widely.

Mr. BURKE. They are addictive.

Dr. DUPONT. LAAM—long-acting methadone—is addictive like methadone, but naltrexone is not.

Mr. BURKE. Why do they use methadone as a treatment if it is addictive? They have them technically not taking one drug but still addicted to drugs in general, at least mentally and psychologically.

Dr. DUPONT. Physically, also. This is a paradox of the use of methadone which you are absolutely right in identifying. To understand it, though, you must understand the basic characteristics of the opiate drugs. All the opiate drugs—heroin, morphine, methadone, LAAM, have the characteristics of all other opiates, in that they produce analgesic effects (reduce pain), produce overdose deaths, and can be substituted one for the other.

Our research has been to seek a drug that can be taken orally instead of injected and will not put the individual on a psychological and physical roller coaster. Heroin has to be taken many times a day by the intravenous route, while methadone can be taken once a day by mouth. The individual taking methadone is much more stable than the person taking heroin. Methadone only makes sense as part of a treatment for people dependent on heroin. In other words, it is specific to heroin addiction and it is used only in the context of an overall treatment program that provides other vital psychological services aimed at helping the addict-patient change his style of living.

Mr. BURKE. Could you tell me, if you know, what the percentage would be of those that have gone through rehabilitation centers and been released that subsequently go back to drugs?

Dr. DUPONT. I wish I could give a simple answer. Part of the problem we have had in this area is the problem of the definition of "success." The older definition that was used was if a person ever used the illegal drug again in a particular period of time, like 1 year or 5 years—then he was defined as a failure. When success is defined in that way, a very large percentage of people relapse after treatment. They do take an illegal drug again, but there is a very strong tendency for them to use fewer drugs, less often and they are less likely to be addicted on followup than they were before treatment.

To give an example of how another way of thinking about post-treatment followup works, we asked the question how much heroin use was there in the 60 days prior to start of treatment, and then, how much heroin use was there in our sample population in the 60 days prior to followup, 5 years after treatment.

The question is not whether an individual has used heroin at all in the 5 years after treatment, but in the 60 days prior to followup, whether have they used and, if so, how much? In one sample I described earlier, we found 75 percent of the clients in the survey reported daily heroin use during the 60 days prior to the start of treatment. Four years later only 5 percent reported daily heroin use during the 60 days prior to followup interview. That is a phenomenal success.

You can look at the data another way and ask what percentage used heroin at all during the 60 days prior to treatment. In our population there was about 90 percent heroin use prior to treatment, but the rate was 35 percent in the 60 days prior to followup. So there was some continued use in the population but at a much lower level following treatment.

Saying that there is a reduction in drug use over time does not mean that the problem goes away or that there are not frequent relapses. There are. We have certainly not found a cure for heroin addiction. There are still many relapses and we are not satisfied with the results of treatment.

On the other hand, the old idea that "once an addict, always an addict," has been disproved by the new studies.

Mr. BURKE. I happen to have known of a case of a military officer, a young man, a young captain, that went to the rehabilitation center in Missouri and he was released and discharged as having been cured. About 11 months later he was picked up on drug charges again and he ultimately died of an overdose, so I wondered about how much cure there really is.

I would like to ask just one more question if the chairman would allow me.

Did you have the opportunity or did you check in any way to find out what they did in mainland China in order to prevent—which they did—the opium use of a great many Chinese?

Dr. DUPONT. I have never visited China.

Mr. BURKE. I have. I know what they told me.

Dr. DUPONT. You may be interested in knowing that all the drug abuse experts who have appeared on prospective lists of people to visit China have been taken off the list by the Chinese. To my knowledge there has been no drug abuse expert in specifically to look at that question and the Chinese do not appear to be eager to have that issue looked at.

Now, what that means I don't know. But let me tell you what I have learned from other people who have been there and also what the Chinese say about their experience with opium addiction.

There was a very high level of opium addiction in China prior to their revolution; estimates range as high as 25 percent of the population being addicted to opium in some areas, with very serious consequences. Following the revolution, there was a very strenuous effort to do away with the opium problem.

My impression is that except for some use of opium in the growing areas in Yunnan Province, there is no opium use in China now. This is an example of a triumph of revolutionary zeal and the involvement of all the people in the revolutionary process, which included a very strong statement against opium use. I think it worked and I think it was one of the great successes of China and of the global struggle against drug abuse. But the circumstances were not widely reproducible anywhere in the world—even in the totalitarian countries.

Mr. BURKE. The reason I ask the question was because we were told that they did use acupuncture as part of the treatment when I was over there. And also, they gave them a will and desire to be part of a movement and put them to work.

Dr. DUPONT. They also took away all the opium; that in my judgment was their major achievement.

Mr. BURKE. That is true, but they at least got cured.

Mr. WOLFF. Mr. Gilman?

Mr. GILMAN. Thank you, Mr. Chairman.

Dr. DUPONT, I regret that I had to be away during the presentation of your testimony, but I have had an opportunity to review your remarks.

Before I ask you about your research, can you tell us what you estimate the total number of narcotics addicts that are in our Nation today?

Dr. DuPONT. We are still talking about a number in the range of 500,000 to 600,000 daily heroin users outside of treatment in this country. There has been some downward trend in recent months. The number could probably be revised to a somewhat lower level on the basis of this new trend. I have been reluctant to do that frankly because of the experience we had in 1973, when we had a modest downturn in our heroin problem trend and this was widely interpreted as a sign that the heroin problem had gone away. Public attention and the funding were withdrawn from the antidrug efforts. That was a tragic error. I don't want to do anything to encourage that again. If anything I have been underplaying the downturn and holding to our current estimates.

Mr. GILMAN. You estimate that there are between 500,000 and 600,000 narcotics addicts that are outside of treatment. Is that correct?

Dr. DuPONT. Yes, sir.

Mr. GILMAN. How many drug addicts are under treatment?

Dr. DuPONT. About 150,000 daily heroin users, or perhaps I should say 150,000 people are now in treatment who were using heroin daily at the time of their admission to treatment.

Mr. GILMAN. You state that there is a downward trend in the number of addicts. Yet all of the testimony that we have received from our law enforcement agencies indicates that there is an increased amount of drug trafficking.

Dr. DuPONT. I was talking to the chief counsel of this committee about your hearings in Chicago, for example, on this just before the hearing. I think again the problem is one of interpretation. As I understand the statement was made, in Chicago in particular, and I hear from other places, there is still a very high level of heroin problem in the United States and people are very resistant to the idea of Federal officials or anybody else telling them that the problem is better because they see it as so great.

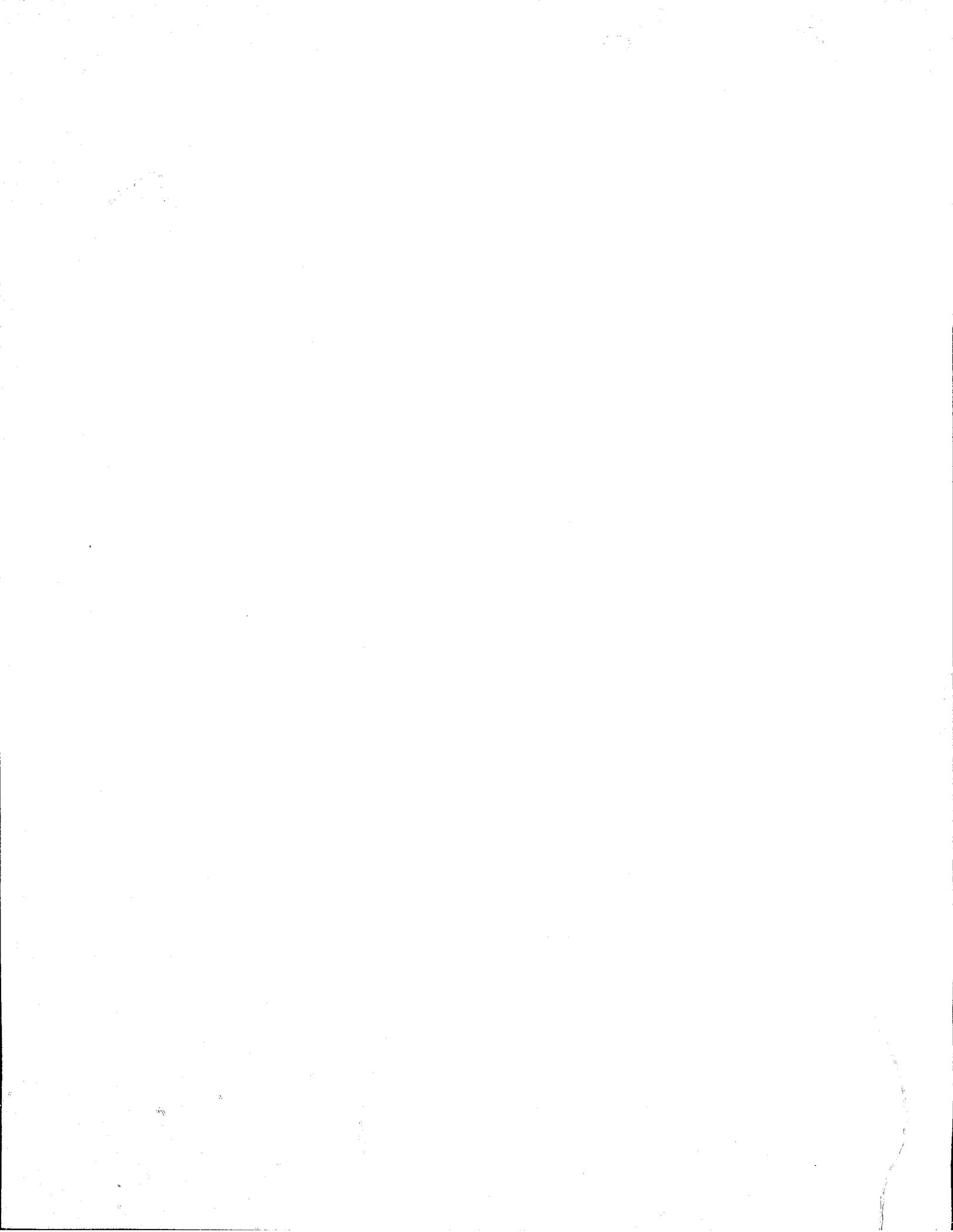
When you look at trends in cities, for example in overdose deaths—they are often a very good indicator to the level of the problem—nearly all cities in the United States, from New York to Boston, Washington, San Francisco, and Denver, are reporting downward trends in heroin overdose deaths right now; some of them rather striking downward trends. I don't know specifically about the Chicago trends, but I would be willing to wager that the trend in overdose deaths is down there also.

Mr. GILMAN. I have not seen the overdose figures, but the police officials that we talked to in both Metropolitan New York and in the Chicago area have indicated to us that there is an increase of street trafficking and an increase in the abuse of narcotics in those cities.

I am curious as to why you would not have a similar projection.

Dr. DuPONT. Maybe I am being inappropriately skeptical, but I would like to see some of the data that shows an increasing trend. My interpretation is that they are saying that they have a serious heroin problem and it hasn't gone away. If they are saying the trend is up—

Mr. GILMAN. If I may interrupt you, they are talking about the increased number of arrests for drug trafficking and the increased amounts of cocaine and heroin that are being seized.



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Dr. DuPONT. I suspect that heroin seizures are down also. DEA keeps track of that. I would be surprised if the seizures were up nationally. Now, it depends on what period of time you are—

Mr. GILMAN. I suggest that you take a look at the seizure figures. In Chicago, we found a substantial increase in seizures and an estimated trafficking of some \$1 billion in heroin trafficking. Based on prior estimates, our committee was unaware of the magnitude of this trafficking problem.

Dr. DuPONT. Have you asked Peter Bensinger about it?

Mr. GILMAN. Yes.

Dr. DuPONT. How does he feel about it? Chicago is his home territory.

Mr. GILMAN. He believes that the diluted strength of heroin is some indication that we are making progress. I question that conclusion, based on the other reports.

Dr. DuPONT. I will look into that. You are making an important point.

Mr. GILMAN. What is your total budget?

Dr. DuPONT. \$260 million a year.

Mr. GILMAN. You state that 20 percent of your budget is attributed to research. That would be about \$50 million; is that correct?

Dr. DuPONT. That's correct.

Mr. GILMAN. Are there other agencies in the Federal Government spending money on narcotics research?

Dr. DuPONT. Yes; about 75 percent of the total expenditures in fiscal 1976 were by the National Institute on Drug Abuse and 25 percent by other agencies, including the Law Enforcement Assistance Administration and the Department of Agriculture, who will appear later today about their drug abuse research. There is also research in the Drug Enforcement Administration and other Federal agencies.

Mr. GILMAN. Are there any other agencies?

Dr. DuPONT. Department of Labor, Office of Education, Department of Defense, Veterans Administration, Department of Transportation, Rehabilitation Services Administration, Food and Drug Administration, the National Cancer Institute.

Mr. GILMAN. Are all of these agencies undertaking narcotics research?

Dr. DuPONT. Yes, of some nature and some are very small in size.

Mr. GILMAN. What is the extent of the other expenditures?

Dr. DuPONT. No. 1 is Labor, \$3.9 million; Office of Education, \$3.8 million; Department of Defense, \$2.5 million; Drug Enforcement Administration, \$2.1 million; National Institute of Mental Health, \$1.4 million; Veterans Administration, \$1.2 million, et cetera.

Mr. GILMAN. Do all of these agencies have separate laboratories and separate projects?

Dr. DuPONT. Separate projects, but not necessarily separate laboratories. For example, the Labor Department research has to do with employment of addicts.

Mr. GILMAN. Do they consult with you? Do you coordinate any of these projects?

Dr. DuPONT. Mostly after the fact rather than before, although with some agencies, such as Law Enforcement Assistance Administration

and National Highway Traffic Safety Administration, we do work with them prior to their funding specific research projects.

Mr. GILMAN. Mostly they do not coordinate with you; is that correct?

Dr. DuPONT. Before they do their research many of these agencies do not coordinate with us at NIDA. But we do know about it and catalog their drug abuse research in an annual inventory of Federal drug abuse research.

Mr. GILMAN. Do you think it would be beneficial if you had prior knowledge and an opportunity to review those projects before they—

Dr. DuPONT. Yes; the chief counsel suggested maybe we ought to read the Commerce Business Daily to find out some of the things going on, which I thought was a very constructive suggestion.

There would need to be specific legislative authority for us to do more than that. Right now coordination is on a purely voluntary and often haphazard basis.

Mr. GILMAN. It seems that this is an area that could use better coordination and centralization in order to avoid duplication and wasteful expenditures.

Dr. DuPONT. That is right, I would not want to discourage other agencies from doing drug abuse research. One of the problems in the Department of Defense about which we spoke earlier was that in the interest of avoiding duplication we have actually aborted some projects that are very worth while. That is the other side of this issue. I would hope we could avoid that problem in any new initiative seeking better cooperation.

Mr. GILMAN. Thank you, I believe I have exceeded my time.

Mr. WOLFF. Thank you. I am sorry I was not able to be here earlier, but to get at really the bottom line of my basic interest with the agencies that are here, I am concerned about the disparity of figures that are issued by the various agencies of Government. I am concerned as to what correlation there exists between the agencies and how can we establish what the true figures really are.

Dr. DuPONT. would you like to take that on for a moment?

Dr. DuPONT. Which figures do I have to defend, Mr. Chairman?

Mr. WOLFF. All of them. I am concerned that we have varying figures on the addict population in this country coming from various agencies. I am disturbed about the fact that we have varying quantities in use, various—varying amounts that are dedicated to the total, totality of the drug problem in this country.

The schedule of abuses in the various categories of drugs that are involved. Where do all of these figures come from? That is what I am trying to find out.

Dr. DuPONT. The budget figures we have used were supplied to us by the agencies themselves. In terms of the numbers like the addict population, those are based on a series of estimates from two primary sources,

One is based on the "heroin problem index," the other one on our national population surveys. There are some areas where the coordination on the figures has been deficient. This issue is very much in my mind because of the question of how much cocaine or heroin use there is in the United States or for that matter use of any other drug. Simi-

larly, what is the dollar value of those illegal drugs and what are the social costs or consequences including the crime costs associated with use of such drugs? Because of the concern of this committee and our own concern, ODAP has recently started among the agencies a series of work groups to develop more coherent numbers. We also agree that there are deficiencies in our numbers.

Mr. WOLFF. One element I think in this entire situation is that either the efficiency and effectiveness of the various agencies are involved, based upon a statement that is made, relative to an increase in the addict population or decrease.

Here we really have no measurement. I think this is part of the basic problem that confronts us. We really don't know how large or how small the problem is.

Dr. DUPONT. To deal just with the heroin problem, where I think our data is probably better than in some other areas, because we have paid more attention to it, we do have now some good measures of the trend of the problem, particularly through the data from DAWN as well as STRIDE. We can feel fairly confident about whether the heroin problem is better or worse at the national level. With due respect to Mr. Gilman and others, who gave me some data I wasn't aware of before, I think the current trends are down in terms of heroin problems in this country. We have some estimates of the total magnitude of the problems, but we don't have precise numbers to go along with those estimates.

Mr. WOLFF. Mr. Chairman, can we ask these gentlemen if they have sufficient time, to wait, so we can pursue this a little further, to go over and vote. I can come back. I wonder if they have the time.

Mr. RANGEL. Very good; Chairman Wolff would like to continue his inquiry. I think it would be safe for the other witnesses that they could be excused now, and we will resume at 2 o'clock. How is that?

So, we will stand—we will suspend until after this vote.

Dr. DUPONT. But we will stay and come back before lunch?

Mr. WOLFF. If you can, otherwise, you can come back then.

Dr. DUPONT. No, I would rather stay now; thank you.

[Recess.]

Mr. WOLFF. Gentlemen, to get back to the line of questioning I was pursuing before, I am very disturbed at the disparity in the way of numbers and, therefore, the general trend lines that we establish in the overall picture of narcotics abuse and our attempt at finding solutions to the problem.

We know, for example, that in times of great availability, the addict population rises dramatically, but do we know anything about the availability? Do we know how much stuff is around?

Now, I see you shaking your heads.

The point is why we cannot find and get a better handle on this problem.

If we can't find how much is around, how can we find out where the answers lie?

And how do we even know the fact, that because of greater availability there is a greater addict population?

My concern is the fact that some of the agencies of Government—these are oversight hearings—my concern is that some of the agencies of Government, in order to attempt to justify their various positions,

are able to show greater accomplishment with their own figures; as a result of that, justify the existence of their agency.

If we are not going to be able to make progress in a determination of—and I am sure we will never get the exact number down to the last digit, but there certainly ought to be some method that could be utilized that would give us a greater ascertainment than we are using today.

And if we don't, I am afraid that there will be moves made by the Congress to cut back on the work of the agencies that are involved in this entire program, whether it be from Agriculture and the work that is being done in Agriculture, to an attempt to find substitutes or whatever experimentation they are doing, whether it be on the law enforcement or whether it be in your element of attempting to find a mode of treatment that will be successful.

I pose this as a challenge to you, to find a better means of identifying the problem.

We really do not have an identification of the problems.

I wonder if anyone on the panel can give us a suggestion as to what we can do to improve the methods that are presently being used.

Dr. DuPONT. I will certainly carry this message away from this hearing. The first person I want to talk to about this is Peter Bourne, to encourage him to step up ODAP activities that were started in the last few weeks, to get a series of basic numbers so that at least all the Federal drug abuse prevention agencies are using the same numbers. That is the first step. It is a very important one.

In addition to that we need to improve our technology in this area. You certainly had my attention before when you talked about cutting budgets if we do not get better numbers and stimulated me even further in this area. I can assure you that we will do more in this area. I think much better data can be generated.

My concern, and I would like to ask your help in this, is that when we had evidence of a downturn in the national heroin problem in the 1972-73 era there was a terribly unfortunate reaction, including reductions in the budget and a general turning of our backs on the issue. As you know, Mr. Chairman, the funding agencies, the overall departments of Government, at all levels, including the national level, find the drug abuse issue to be an uncomfortable and unpleasant one. Any opportunity to cut out the drug abuse activities is seized upon by many people. Unfortunately, as soon as they see a downward trend, this is read as "the problem has gone away, at least I don't have to worry about that any more." We then see a dramatic fall away of public concern and bureaucratic and budgetary concern. To me, when you have a program that is succeeding, it is the time to put more resources into it rather than to withdraw from it. I don't understand the logic that would take a program that was succeeding and pull back money from it. But that is exactly what happened in 1972 and 1973 all over this country.

We need the help of the committee because I am concerned, at least in the heroin area that we may in fact be in a situation where after we have done all this work, we are going to be able to show, not that the problem has gone away, but there has been a reduction in the national heroin problem.

Mr. WOLFF. Would that condition you are making keep you from moving ahead?

Dr. DUPONT. It worries me, frankly.

Mr. WOLFF. From one particular member's viewpoint, who has been greatly interested in this field, let me say that the fact that we are making progress is totally unacceptable to me until such time as we have made that progress, that we have—again I am going to use a term that should not be used—an acceptable number of people who are abusers.

In other words—from the unemployment figures down to the real unemployables, the addict population, down to those that you will never be able to treat or to eliminate.

Dr. DUPONT. Yes, sir.

Mr. WOLFF. I assure you the cooperation of this committee in seeing to it that there is not a cut in funding. If we are making real progress and not some cosmetic changes that seem to come about every time that we do have a request for funds come along.

The fact is, however, that there are—I should like to pose this to you on this overall question, because it is prompted by the statement that you just made.

In Britain I believe there are 5,000 people under treatment who are considered—not under treatment necessarily, but there are 5,000 addicts, registered addicts in the country.

That figure has not changed over the years. It is a constant—it seems to be a constant figure.

Not that the number of addicts—not that the individual addicts don't change, but the number doesn't change.

Now, people have talked to us about the fact that, well, they have been very successful in their program. The idea of not only decriminalizing, but legalizing the use of drugs.

I pose this question to you: Do you feel that we would be able to reduce our addict population significantly or would we maintain an even level of what we have today—which is unacceptable to us—if we went that route, or that system, so-called.

Dr. DUPONT. Let me comment on that. First of all, the numbers of addicts under treatment in Britain is about 2,000. The estimate of the total number of heroin addicts in Britain is about 10,000 now and the trend has been increasing. Then years ago they had less than 200 addicts known in Britain, so they had more than a 10-fold increase, in their treatment population. Fifteen years ago, to go back before the mid-1960's when they had their first substantial heroin problem in Britain, they didn't have any street addicts in Britain. There was no street addict problem. They had no problem in the 1920's, for example, when we had a big heroin problem in the United States. Beginning in the 1960's the British had a heroin epidemic that has continued. Every year they have more addicts reporting to the Home Office than ever before. The number has changed from a geometric rate of growth to an arithmetic rate of growth and that is an achievement. That improvement occurred when they got the private doctors out of prescribing heroin to addicts and drug-funded specialized clinics.

I don't want to for 1 minute imply that because the British have a heroin maintenance program that their heroin problem has gotten worse, but it is also a mistake to conclude that the heroin problem is not getting worse in England.

All of Europe is now subject to a heroin epidemic. The British are part of that—they seized, for example, in 1976 three times as much heroin as they did in 1975. In the first 4 months of 1977 they seized twice as much heroin as they had in all of 1976 in the United Kingdom. So they have a serious heroin problem, and it is continuing.

The price of heroin on the streets in Picadilly is roughly the same price as it is in Harlem in the United States. In other words, the incentive to the black market in terms of price is equivalent in London to New York City. The clinic system has in no way reduced the incentive to the illegal drug market in England.

When you think about the British clinic system in the U.S. context, it seems like an incredibly liberal approach. However, when the British talk about successes in their clinic system, they are talking about it in the context of removing from the right of all physicians the right to prescribe narcotics for addicts. In Britain these clinics were a restrictive approach because of the uncontrolled distribution of heroin of a handful of doctors in Britain prior to 1969. The British view their clinics as a containing, rather than a liberalizing response.

I was recently in England and talked with the doctors who run these heroin-dispensing clinics and with the British people and health department people. If they had it to do again, if they were back in 1969 and knew what they know now about oral methadone, there would be no prescribing of intravenous heroin in England. That is what they said, and I certainly agree with their judgment.

Mr. WOLFF. Why don't they do away with it then?

Dr. DUPONT. They are. There hasn't been a new addict start on intravenous heroin in any of the clinics in England for many years. The only ones left are those that have been using it for a long period of time. Only 4 percent of the addicts are using heroin without methadone, 60 percent use methadone alone, and the rest are mixed heroin and methadone.

Because heroin is a short-acting drug that has to be taken intravenously, the doctors in the clinics in England are doing away with the prescription of heroin. Again, I think it is a mistake to view those clinics as terribly different from the U.S. drug abuse clinics.

All the rhetoric before the adoption of the current British approach had some validity, as Alfred Lindesmith talked about the United States and Britain as poles apart. We were different. The U.S. approach was no treatment whatsoever and no distribution of opiates whatsoever, and the British approach was to have any doctor able to prescribe heroin to any addict. They started their clinics in 1969 and they took the prescribing rights away from the doctors and put it in the clinics. We started the use of methadone in 1970 and since that time many of the differences have all but vanished.

There are still some differences. We have a lot of drug-free treatment. They have none. It is a striking difference between the United States and British treatment systems, and it concerns them over there. Their doctors in those few clinics have the right, seldom exercised, but they do have the right to prescribe intravenous heroin, but our clinic doctors don't. Probably the biggest difference is the difference of scale. We have a far bigger problem and a far larger response. This difference in scale is translated into many important other differences.

For example, they do not worry about diversion of drugs from their clinics while this is a major preoccupation in the United States.

To call the British approach the medical model and the American approach the legal model is not appropriate. In the United States the British are seen as following a medical model and we are seen as following a law enforcement model by many proponents of heroin maintenance. The British thought that distinction was a joke.

The penalties for possession and sale of heroin in England are just as stiff as here. They have not legalized heroin in any way, shape, or form. The only difference is what happens in the clinics that prescribe opiates and there is a very fine difference and even that fine difference is now disappearing.

Mr. WOLFF. Would either of you gentlemen like to comment on this? One final question. That is something that has been troubling me over many years. That is, the approach we have to the narcotics problem, and the basic motivations that are involved in bringing people into the drug scene. You have indicated that we have a law enforcement mode; we consider it as a law enforcement mode here.

What would you say to the transference, not emphasis, but to the basic thrust of our activity. Naturally not doing away with the law enforcement area by any means, but using law enforcement as a vehicle as to an overall mental health problem trying to channel our efforts, instead of the broad-based operation that we have going, each agency attempting to claim credit for doing that particular part of the activity and credit when we reduce the number of addicts, whatever the figures may be, at attempting to try to centralize our attention, at the area of mental health, which to my mind seems to be at the base of all of this.

There couldn't be profiteering by the trafficker unless there was a market for it. There certainly could not be the efforts that we are making in other directions if there wasn't a basic human motivation for this. I am wondering what you think of this approach?

Dr. DuPONT. You have set a ball up and asked me to hit it out of the park. I am a psychiatrist. It sounds like you are saying you are to give me or my profession all this responsibility and control and I would not have to fight with the law enforcement people anymore.

Let me back up from that and say a couple of things. I think again going back to 10 years ago, there was a real conflict between the law enforcement and the medical people in dealing with the drug problem in the United States. They essentially posed alternative visions of the solution to the problem.

Essentially, the law enforcement approach was take away the drugs. The medical approach was to deal with the human issues that lead people to take drugs. Medical people tended to think the supply will always be there, as long as there is a demand, so you have to deal with the human aspect or you can't solve the drug abuse problem.

Simply, they can be reduced to the law enforcement approach saying, "No," to the availability of drugs and the treatment approach saying, "Yes." It was a conflict between the permissive versus the tough approach.

Mr. WOLFF. I am not a psychiatrist, but I can't agree with you on that. I really can't agree with you on the psychiatrist or the mental health or the people on the medical side saying, yes; to the drugs.

Dr. DuPONT. The attitude would go something like this:

The person is going to use what he is going to use and what I want to do is turn his head around. Whether he uses drugs is not terribly important to me. The problem is the person, not the drug.

I am trying to emphasize the issues which I think are behind some of the rhetoric of the past. Many of the mental health people in the era I am talking about, 10 years ago, had a very casual attitude about the use of drugs and saw it as fairly trivial in terms of what was happening to the person.

In any event, the point I want to make is that most people who work in the drug abuse field now, I am talking about most physicians and social workers and health professionals, are acutely aware of the dependence of their efforts on success in supply reduction. That is, rather than seeing the vision of the law enforcement people, as contrary, I think we see our success as dependent on the success in supply reduction to a substantial extent.

Rather than saying to you, that I think that the programs of NIDA are the main reason for the downturn in heroin use in the United States in 1972 and 1973, I tell you that the main determinants of those national trends in the United States over the last 5 years have been development in the international supply reduction area.

The Turkish-French connection and now the success with Mexico are the most important determinants of the downward trends just as the 1974 and 1975 failure with Mexico, was a most important determinant of the deterioration going on for 1974 and 1975 in our heroin trends.

So you don't hear me claiming that our budget is the one that has made this possible. I give full credit to the Drug Enforcement Administration, and to the State Department and to you, frankly, Mr. Chairman, for the international aspects of the supply reduction activity.

I would say this. There obviously needs to be a partnership. In 1971 the Federal Government stopped its exclusive reliance on law enforcement as the drug abuse program and decided to balance it with the treatment, prevention, rehabilitation, and mental health approach. I believe that since that time, in every area except the international area where there has not been a sufficient balancing yet, there has been a balance struck. It is a wise and judicial balance and I would not change it.

Roughly 60 percent of the funds spent domestically in the United States on drug abuse are now devoted to demand reduction programs. Roughly 40 percent are devoted to supply reduction programs. That seems to me to be a pretty good arrangement.

I would not like to see a reduction in the law enforcement budget, frankly, because I think they are very successful and they do a very good job.

Mr. WOLFF. I am going to yield my time in just a moment, but we have been talking in hypothetical areas in some cases and in trying to narrow down the solution to this problem in others. I remember Lyndon Johnson coming to me one day when we were over sitting in the White House, he said a group of freshmen Congressmen were there and we were trying to tell him how to run the Government. He said: "Lester, you are President today. Now, you tell me what you are going to do. What should be done?" I am telling you now, "Dr. Dupont, you are the head of all the drug efforts today and if you had the

opportunity to, what would you do in order to relieve this problem that is not being done today?"

Dr. DUPONT. Well, I would like to have a little more time to work with the genie before I let him get away.

Mr. WOLFF. I will tell you what I would like to do. I would like to have you submit your answer in writing. I think this would be helpful.

Dr. DUPONT. Fine; let me say, Mr. Chairman, there is one area that stands out among all the claimants to that unique opportunity you have given. That is the area of internationalization of the drug problem, particularly with Europe. I think that right now the major opportunity we have in the world is to get the European governments to join with us in a truly international effort to deal with the drug problem on both the supply and demand side.

The fact that Europe now has a heroin epidemic gives us the chance to do that. Without clear leadership from the President, from Peter Bourne and from this committee, frankly, and the Congress, I am afraid that the opportunity for dealing with Europe is going to slip away from us in the next couple of years.

My No. 1 priority area now is to get Europe interested in Southeast Asia, as now, where their heroin comes from, and to break through the barriers of the entrenched attitude in their bureaucracies and in our State Department to say that our priority is dealing with Europe, to get them to agree with us to deal with the international drug problem as one of the highest international priorities for all our Government.

Mr. WOLFF. You said I put up a ball and asked you to hit it out of the park. You did the same thing to me. I am serving in a dual role now up at the United Nations, as the delegate to our General Assembly.

One of the reasons I have the appointment is to try to spread the word about the narcotics problem, and I am in the process of organizing a real trip around New York to show some of the representatives of various nations and various delegates just exactly how the problem is affecting us.

In diplomacy, you rarely have our diplomats show the seamy side of things. I think it is about time we do show them what did occur.

Dr. DUPONT. You might propose to them, that you take them around their capitals and show them the same thing. That might also get their attention.

Mr. WOLFF. I think that is a good idea. Maybe you can help us in that direction.

Dr. DUPONT. I would enjoy going with you.

Mr. WOLFF. The point is, however, I invite you to join this group going around. I have invited the DEA. I would like you to come up there and spend 1 day. We will take them into a detoxification, take them to see some of the infant children who are undergoing withdrawal.

I want to take those nations that are growing the stuff, as well as some of the European nations. In fact, I have spoken with some of the African nations, who are very concerned that this problem will be visited upon them as they climb up the social ladder.

Dr. DUPONT. A serious drug abuse problem has started in Africa already. I was recently in Nigeria, and they have large-scale growing

of cannabis completely out of control with no police response. It is just a short step from that to growing opium.

Mr. WOLFF. We will be in touch with you. We would like you to join us.

Mr. Mann?

Mr. MANN. I did want to ask him about the evaluation of wage earner capacity of addicts. Has somebody asked that earlier?

Mr. NELLIS. No.

Mr. MANN. What is being done in designing or evaluating programs to make wage earners out of the addicts on treatment or potential wage earners?

Dr. DuPONT. The most ambitious program is the supported work project that we fund jointly with the Department of Labor and the Ford Foundation. Now it is operating in 15 cities and has had a very great success with the addict population. Supported work also works with welfare recipients and ex-offenders, but among its greatest successes is the addict population.

Mr. MANN. Does that subsidize the private employers? Are you getting any cooperation from them?

Dr. DuPONT. Yes, there is cooperation, however it's not subsidized. The concept is to set up a public corporation, to deal with public projects that need to be done, for example, cleaning libraries or transporting senior citizens to health care facilities and other public needs not now being met. It is seen as transition employment between the unemployed state and going out in the private labor force. It's been successful in showing the potential of the addict clients to be employed.

It has not yet demonstrated that the rehabilitated addicts will be successful in getting private employment after 1 year on support work. That is the unknown but we are optimistic.

Mr. MANN. As of yesterday you have had no experimental effort to seek private employment or judge the reaction of private employers?

Dr. DuPONT. No; we do know a substantial percentage of the addicts coming into treatment, probably 25 percent, are employed privately when they enter treatment.

Our followup study suggests this number rises to something like 50 percent at followup. The general work force participation rates are probably closer to 80 percent for this age and sex profile, so there is a gap. However, in fact, the gap closes as a result of treatment and following treatment, but we know we need additional programs to close that gap further.

Mr. MANN. That is all I have. Thank you.

Mr. WOLFF. Mr. Skubitz?

Mr. SKUBITZ. No questions.

Mr. WOLFF. Counsel.

Mr. NELLIS. Getting back a little more narrowly in the research area, Dr. DuPont, I have been interested in the price-purity index as an indication of the availability of heroin. Have you any research or studies that show how it relates to treatment? How many more people have gone into treatment as purity of heroin goes down, and the price goes up? Is there some correlation?

Dr. DuPONT. One of the articles of faith of the drug abuse field is that reduced availability of heroin drives addicts into treatment. This was a major belief in ODALE and in DEA.

My experience is exactly the opposite—that reduced heroin availability reduces the demand for treatment, because people tend to reduce their heroin use to the point that they no longer have a habit. They do not need treatment as much when heroin availability is less. The most striking evidence of this was in the District of Columbia, where the program that I ran during the period of dramatic reduction in heroin availability went from a treatment caseload in July 1977 of 4,700 clients to a caseload of about 3,500 and 1 year after that. The next summer our population fell to 1,500 or so clients in treatment.

Now, that was associated with a very steep drop in heroin availability as shown by a steep drop in purity and a steep rise in price in the District of Columbia. These changes followed the disruption of the Turkish-French heroin supply connection. Not only did I not see an increase in treatment need, I saw a decrease. I would anticipate the same thing would happen now nationally, assuming, and again this is an assumption I want to check because of new evidence you have given me here in the hearing, but assuming there is a downward trend of heroin availability, my prediction is that there would be a reduction in demand for treatment associated with heroin.

It doesn't necessarily mean that the treatment system doesn't have demands sufficient to keep all the slots full, but I would anticipate a diminishing percentage of treatment clients who would be heroin addicts.

Mr. NELLIS. Does that suggest that fewer addicts are being treated at a time of decline in purity?

Dr. DUPONT. A rise in price and a fall in purity were associated with a fall in demand for treatment.

Mr. NELLIS. Do you have any evidence? Or do you have any research in your Institute that indicate that the fact, if this is a fact, Peter Bensingler should be made aware of it, there seems to be a serious philosophical clash on the meaning and effectiveness of price-purity. You seem to say, it does not affect treatment in terms of people going into treatment.

Dr. DUPONT. A fall of heroin availability produces a fall in demand for treatment. If Peter thinks it will get more people into treatment, I will talk to him.

Mr. NELLIS. Yes; we ought to get some information about that, because surely if the law enforcement people take the position that the price-purity index is an indication of an increase or decrease in heroin abuse—

Dr. DUPONT. Availability.

Mr. NELLIS. Availability, rather. We ought to know what its effect is on treatment.

Dr. DUPONT. We agree that reducing heroin purity and an increasing price is a desirable trend. The only disagreement would be, if I understand correctly, what the effect of that is on the treatment demand. Let me qualify my own position just a little bit. There is a short-term effect producing a spurt in the demand for treatment if availability suddenly drops. In other words, if there is a sudden change there would be a temporary increase in the demand for treatment. But the overall trend within a matter of weeks to months is as I said earlier.

I think Peter Bensinger will agree with that. I will talk with him about it.

Mr. NELLIS. A generic question about the research projects at NIDA, Dr. DuPont. How do you prioritize what types of research you are going to do, whether it is clinical or biomedical or some of the other categories?

How do you determine where your funds are going to go? Is that related to the demand reduction? Is it related to supply reduction? Do you have a formula that enables you to tell where you want to put your money?

Dr. POLLIN. There are a number of factors that interact, Mr. Nellis. We try to find some way of simultaneously attending to scientific merit and researchability of an issue, as well as to relevance to immediate need. The issue of scientific merit and the researchability of a particular quality is decided by the peer review system, in terms of individual projects, and I should back up and point out that perhaps two-thirds of the research that we do involves projects which are investigator-initiated projects.

Grant proposals are submitted to us by the scientific community and reviewed by a group of scientific peers.

Mr. NELLIS. These peers, if I understand it correctly, Doctor, would relate the proposal in some way to some sort of immediate necessity that the Institute perceives. Is that right?

Dr. POLLIN. The IRG, the initial review group, is explicitly asked not to do that, but explicitly asked to look at the proposals submitted to us, the individual proposals, strictly on the basis of scientific merit.

Mr. NELLIS. How do you relate that research then to the emergencies which occur every day at NIDA?

Dr. POLLIN. Approximately one-third of our research, in the Division of Research, is so-called contract research and some part of the two-thirds, which is investigator-initiated or grant research, are grants submitted in response to so-called targeted grant requests, so that if it is our impression that there is an area which requires additional research, because of policy needs, marginal need, which is not receiving adequate attention, we will, for example, in the case of the development of naltrexone, LAAM, sustained action vehicles, we will initiate that kind of work via contracts, or we will inform the field through a variety of mechanisms that we feel that additional research is required in a particular area, and would encourage additional research grants being submitted in that area.

Mr. NELLIS. Doctor, who has the responsibility at NIDA for determining the procedures established to insure that NIDA doesn't duplicate research being done by NIAAA or by other agencies of the Government? It relates in part to the question I asked Dr. DuPont earlier.

The staff has been finding—and we will turn those findings over to you—considerable duplication, considerable research being done. And I sprung some on Dr. DuPont this morning, and I guess you gentlemen didn't know about it. I know of one case where NIAAA let a contract for some \$800,000 on a subject matter that had been thoroughly researched 2 years before by NIDA.

What procedures do you have in place to avoid this horrendous fragmentation and duplication of effort?

Dr. POLLIN. Well, first, Mr. Nellis, let me say that it's necessary to differentiate different lines of research, and to note that there are areas of research where redundancy or duplication is not only acceptable, but necessary and desirable.

Mr. NELLIS. What areas are those, Doctor?

Dr. POLLIN. This is true for basic long-range research, not directed at a specific, immediate, targeted problem. On the other hand, it would be wasteful and unnecessary if we simultaneously undertook a nationwide household survey and another of the agencies involved in drug abuse research simultaneously planned and began to implement a similar survey. In these areas of applied and targeted research, duplication is wasteful and unnecessary.

At the moment, our methods for being aware of that possibility and avoiding it are based more on informal networks of contacts rather than, as was true previously, during the time of SAODAP when there was an explicit mandate for coordination through SAODAP.

Mr. NELLIS. I am hopeful there will be a similar mandate so you don't have to rely on informal contact to assure the taxpayers' money is being wisely employed. Wouldn't you agree with that?

Dr. POLLIN. Certainly.

Mr. NELLIS. Nothing further, Mr. Chairman, at this time.

Mr. WOLFF. I should like to add one point that has recently troubled me, and I wonder about whether anything has been done within your agency on this. That is, the interaction of various drugs that exist, some that we well recognize and others that are not recognizable; and whether or not any education program is being utilized in order to alert the public to the dangers that are involved.

Dr. DuPONT. We don't have any specific public education campaigns about that right now. The major problem area you are describing, I think, is in the legitimate drug area; not illegal drug use, although the problem occurs there also.

For example, the simultaneous use of tranquilizers and alcohol is one area of great concern. There has been a major effort to inform the public of that, particularly through informing doctors and also through patient package inserts.

My experience is that most Americans are now aware of the problem of mixing alcohol with tranquilizers; but perhaps, there again, more needs to be done.

Mr. WOLFF. I believe there is more to the question than just the question of interaction of alcohol and tranquilizers in present-day society. We know one thing, that the campaign that was used on speed has a decided effect on the use of that substance, or the abuse of that substance by the young people.

I think one factor—of course, not going into the old questions by any means, but the idea of the fear element I think is a very important one. I think the mere fact that people do not know the quality of drugs that they are getting on the street, the uncertainty of the problem and the uncertainty of the effect that it would have upon the individual, is something that I think that we should utilize as a point of attack on the problem.

I think this is an area that certainly—I don't care what mind-altering substance is involved, I think that it should be considered with the interaction of other drugs and how they affect the people, or the

ultimate effect that could be experienced by an individual taking those drugs.

Dr. DUPONT. Let me mention one example of a project that was related to this.

We developed with the State of California a project called the "California Medicine Show" which involved a series of public service announcements and a double-decker bus with a public demonstration on it that went to shopping centers. It was targeted specifically on this question. We only put that in certain communities, those that had cable TV or isolated communities and we are comparing the results in terms of drug use in those communities with others.

The evaluation is not complete yet, but it is an effort on our part to do a serious evaluation of a public campaign. The main messages in the "California Medicine Show" were two: First you ought to know what you are taking, whether it is a legitimate drug or not. Second, you should not mix drugs, particularly with alcohol.

Mr. WOLFF. What about cocaine? As I understand it, there is an interaction of cocaine with some other drugs that do exist. There is this mixture that takes place today. Yet, I have seen very little in the way of education or cautions that have been issued on this.

Since we are in a multidrug culture today, people I am sure—I am no expert in this field, but I am sure I know people don't just stick to heroin or cocaine but they go into other drugs. They go into what is available to them.

Dr. DUPONT. I think, and again I may need to correct my memory on this, but the major issues in terms of mixing drugs have to do with depressant drugs and not stimulant drugs. The main effect one is concerned about is the effect of general central nervous system depressive activity, including driving for example, or working with machinery, or even overdose death as a result of respiratory depression.

Mr. WOLFF. Isn't there a question of a medical basis, which I really profess total ignorance of, of mixing a depressant with a stimulant? Isn't that one of the big problems? We found a number of people over the years, some of our most famous, who have died as a result of mixing of the two.

Dr. DUPONT. I think it was the depressant that killed them. That is what I am really saying.

Mr. WOLFF. An overdose of depressant?

Dr. DUPONT. Yes.

Mr. WOLFF. I have heard—here again this is a layman's view—there are many times the use or overuse of—abuse of a particular substance. Then the dramatic introduction of another type, whether—the alternate of the depressant or stimulant, causes a change in the chemical system or electrical system within the body. That can have some very dramatic results.

Dr. DUPONT. Again I want to refresh my memory on this. For example a typical horror story is an individual who has a headache and takes Darvon for his headache. Darvon is a depressant drug. What happens, instead of taking two Darvons, he may take two and the headache persists and he takes two more, and then takes six or seven—which many people wrongfully think is not a whole lot—and then has a couple of drinks and goes to bed and dies of an overdose. That is not an uncommon story, unfortunately. Such a person did not use a

"dangerous" drug like heroin or cocaine. But his mixture of Darvon and alcohol was fatal even though both alcohol and Darvon are quite common.

Both the Darvon and alcohol are CNS depressants, and the combination can be lethal.

Mr. WOLFF. We have another vote on. We thank you very much for being with us here today.

[Whereupon, at 1:15 p.m., the hearing was adjourned.]

OVERSIGHT HEARINGS ON FEDERAL DRUG STRATEGY

WEDNESDAY, OCTOBER 12, 1977

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,
Washington, D.C.

The Select Committee met at 10:20 a.m., in room 210, Cannon House Office Building, Hon. Lester L. Wolff (chairman of the committee) presiding.

Present: Representatives Charles B. Rangel, Glenn English, J. Herbert Burke, Benjamin A. Gilman, E (Kika) de la Garza, Billy L. Evans, Louis Frey, Jr., and Tennyson Guyer.

Staff present: Joseph L. Nellis, chief counsel; William G. Lawrence, chief of staff; and Doreen E. Thompson, staff counsel.

Mr. WOLFF. The committee will please come to order.

In order to save the time of our witnesses, I will begin.

As a result of the fact that Congress is rapidly approaching the end of the current session, there are many demands being made upon the members of this committee. It is most important, however, that we get on the record the statements of the various individuals involved in the overall question of narcotics and narcotics abuse, so that we can, in assessing the record in committee, make our recommendations relative to this problem for the next year. It is equally important that this committee look at the elements involved in attempting to carry out the policies announced by the Executive, and the mandates given by the Congress.

This is the third in a series of oversight hearings being conducted by the Select Committee pursuant to House Resolution 77, which charges the committee with the responsibility of conducting a comprehensive review of the entire Federal effort to control narcotics and drug abuse.

I might interpose here that I've just come from a meeting with the President, and it was a one-on-one meeting with him. The entire topic of discussion of this meeting was the question of drug abuse. And I thought it was supposed to be a 15-minute meeting. We talked for over half an hour. That's why I'm late in starting this meeting.

But I must convey to all of you the President's deep concern and sincere interest in the problem, and his concern as to whether or not we're meeting our overall objectives.

Similar to what we on the committee had in mind during the previous oversight hearings, our objective here is not to try to chastise or to point fingers, but to try to find some modus operandi that will be successful in giving us the bottom line which we so desire: The question of a reduction in the addict population.

Today's hearing focuses on the supply side of the problem. The committee recently began its first anniversary of oversight hearings. To date, we have heard from the Office of Drug Abuse Policy and the National Institute on Drug Abuse.

What I as an individual member, and what the committee, find very difficult to understand is the confusion in the way of information, and specifically the statistics we must analyze. One of the reasons why we're going to ask each person who testifies before us as to their estimate of the size of the addict population in this country and the volume of drugs coming into the country is because I think we're fairly well predetermined that we're going to get a different set of answers from each agency. If we cannot zero in on the problem, I think it's going to be very difficult for us to find an overall answer to that problem, because we don't have a base upon which to operate. And I might say that this is one of the President's concerns with this problem, that we really are not fixed on the dimension, the overall dimension, of the problems that we face.

And I must say, to those who will testify here today, that I do not charge, as some have charged, that the reason for confusion in the figures is to show greater efficiency on the part of one agency or another. By the way, and I say this with all due regard, because I did mention something to the President this morning about the fact that I think we have really a Peter Principle operating now in the narcotics field. Peter Bensinger, Peter Flaherty, Peter Bourne. [Laughter.]

Mr. WOLFF. This is a situation that defies explanation. But the fact is that we really don't seem to have a good handle on what is going on.

Today we're going to focus on the efforts of domestic law enforcement to coordinate and cooperate in the curbing of drug traffic in this country. During this month, oversight hearings will be devoted to demand reduction; international control of narcotics; border interdiction; and compliance.

This morning the committee will hear from Mr. Peter Flaherty, Deputy Attorney General; Mr. William Lynch, Chief, Narcotics and Dangerous Drugs Section, Criminal Division, the Department of Justice; Mr. Peter Bensinger, Administrator of the Drug Enforcement Administration.

This afternoon our committee will hear from Mr. Bensinger again; Mr. Donald Moore, Assistant Director, Criminal Investigations Division of the FBI; Mr. William E. Williams, Deputy Commissioner of the Internal Revenue Service; and Mr. G. R. Dickerson, Deputy Commissioner of the U.S. Customs Service.

Now, this is just an indication of how many agencies and how many organizations are involved in this one part of the overall effort.

We are happy to welcome all of you who have come here to testify. We are pleased you can join us in today's hearings. You actually represent the frontline agencies engaged in what will undoubtedly be a never-ending struggle to interdict narcotics trafficking and to erase the supply of narcotics at their source.

During today's hearings if my colleagues and I ask you difficult questions, rest assured that it's not done to embarrass any of you. Rather, it is symptomatic of our frustrations in relating the drug

problem to our own constituents, many of whom know the debilitating effects of drug addiction and drug dependency.

Members of this committee have traveled through a variety of areas to see first hand the drug "buys" that have been made on school-grounds and city streets. We have continuing studies going on now in the city schools in New York. The committee just came back from hearings, and I must extend my thanks to the Drug Enforcement Administration for their assistance in Chicago, to combat what might have been a very serious problem that exists in this area.

We're gone along the Southwest border, and we've also been looking into the areas of how organized crime has victimized our constituents, and has profited from their misery, and how the tentacles of this insidious business have reached into nearly every city, town, and village of this Nation.

We find, however, that there are confusing aspects to the problems. Confusing, because it seems that each separate agency has a fight all its own. This way, it's attempting to protect its own fight and its offered recommendations that sometimes are contradictory.

This is a global problem requiring considered action by all nations of the international community. I'm now dividing my time between the Congress and the United Nations.

Let me backtrack a moment. One thing that normally is done by diplomats is that you show the diplomats the best the country has to offer. After all, you don't show the unpleasant side. Because if you show the unpleasant side, it might show our Nation in a fashion that would tend to degrade it in the world community.

But in the question of narcotics, I think it's about time that we did show some of these diplomats the effects which their product that comes into this country wreaks on our Nation and our families and communities. Therefore, I've organized a tour of some of the detoxification centers in New York City for U.N. delegates. We're going to take them, accompanied by some of the members of this committee, to a children's ward—an infant's ward—in one of the city's hospitals, to show them some kids in there that are suffering from withdrawal, and show how this situation really penetrates into various areas of our society.

And I think that by letting them know just a little bit about what they're permitting to be done to our citizens will encourage them to counsel their governments to join us in this effort. Our people have human rights just as their people have human rights. The human rights that we have in our country must include protection from this scourge that they are wreaking upon us.

This will prove to be an important step in the engagement of the world community in a common effort. But actually I think we've reached a point now where we cannot tolerate some of the things that are continuing and are in some cases growing at a rapid rate.

In order to effectively wage this war on drugs that we talked about for so long, I think we first must put our Federal house in order.

To this extent, this committee, in its oversight hearings, is interested in learning what has been done to minimize interagency rivalries that exist within the Federal executive branch; how duplicated efforts in fighting narcotics and drug trafficking and abuse have and can be eliminated; what efforts, if any, you have taken during this past year to

improve the coordination and cooperation among law enforcement agencies that is so critically needed if this Nation is to effectively wage a war on drugs; and if this war is to be translated from mere lipservice into effective reality.

We would also like to hear what you understand to be some of the roadblocks that you face in your efforts. We're interested in knowing what, if any, legislation do you need in order to perform your tasks more effectively and efficiently, and what we as Members of Congress can do in order to assist you in your endeavors.

We're also interested in your thoughts regarding the conclusions and recommendations that we published in the February 1977, interim report.

This fight against narcotics trafficking—I wax poetic about this whole thing. But what we're talking about, I guess, is what some people call a motherhood issue. I think this is an issue that reaches so deeply into the family that it has destroyed many family relationships. And it reaches so deeply into our society today, that the attendant crime, in which you are very deeply versed—is so pervasive that unless something very dramatic is done, we are going to find ourselves in a situation which will be very, very hard to overturn.

I didn't intend to make a long statement, but the rules of our committee state that two members have to be present in order to take testimony. I think I've accomplished that task.

But I sincerely feel this problem very deeply. And that's why I've spoken as long as I have. And I hope you will bear with me. The very deep and sincere feelings that I have are shared by at least 369 Members of Congress, because that's the number that voted to establish this committee.

With that, we ask that Mr. Peter Flaherty, Deputy Attorney General of the Department of Justice; Mr. William Lynch, Chief of Narcotics and Dangerous Drug Section, Department of Justice; and Mr. Peter Bensinger come forward.

Can we swear you gentlemen before you testify?

[The witnesses are sworn.]

TESTIMONY OF PETER F. FLAHERTY, DEPUTY ATTORNEY GENERAL, DEPARTMENT OF JUSTICE, ACCOMPANIED BY WILLIAM LYNCH, CHIEF, NARCOTICS AND DANGEROUS DRUGS SECTION, CRIMINAL DIVISION, DEPARTMENT OF JUSTICE

Mr. FLAHERTY. Mr. Chairman, I wish to express my appreciation for this opportunity to provide this committee with a report on the narcotics enforcement efforts of the Department of Justice.

Subsequent to the organizational changes which were mandated by Reorganization Plan No. 2 of 1973 and which resulted in both the transfer to the Attorney General of all the drug-related intelligence, investigative, and law enforcement functions vested in the Treasury Department and also the creation of the Drug Enforcement Administration, the Department of Justice conducted an overall review of the entire Federal law enforcement effort in the area of drug abuse.

The reorganization addressed many of the problems that had been identified in the area of investigating drug violations and, through a merger of the drug investigative elements of Customs, all of the Bu-

reau of Narcotics and Dangerous Drugs, the Office of Drug Abuse Law Enforcement and the Office of National Narcotics Intelligence, sought to rectify the situation and to establish a unified approach for drug-related Federal law enforcement.

It was agreed that one of the most formidable prosecutive weapons was the conspiracy laws of the United States relating to violations of the drug laws. Experience had shown that the major drug traffickers usually remained well insulated from the actual drug transactions by utilizing subordinates, couriers, and telephones to direct their operations. It was decided that in order to uncover the drug traffickers' empire, the investigators would increasingly resort to the prosecutorial tools of court-authorized electronic surveillance, the subpoena power of the grand jury, the utilization of the immunity statute to compel testimony, and the ability to place endangered witnesses in protection programs.

This investigative approach required a close working relationship between the investigators and the prosecuting attorneys.

After a review of potential cities by the Department, the Attorney General, in January 1975, established a pilot project in 19 Federal districts throughout the country. The program was designated the Controlled Substances Unit Prosecution Program, and in each of the 19 cities selected, the U.S. attorneys were allotted either two or three additional assistant U.S. attorney positions to implement the program.

Based on an evaluation by the Narcotic and Dangerous Drug Section which concluded a definite need existed, in January of this year the Department authorized three additional prosecution units in Baltimore, Philadelphia, and San Juan.

Because of regional situations—geographic locale, population, differing drug patterns, investigative agency manpower—and the day-to-day operations were vested in and remained under the authority of the individual U.S. attorneys.

From January 1975 to date, the Criminal Division's Narcotic and Dangerous Drug Section has monitored and evaluated the units on an ongoing basis.

Although the progress of the individual units has been uneven, the numerous high-level prosecutions and convictions are evidence that the initial concept and strategy of utilizing agent/attorney teams to develop drug conspiracy cases against major traffickers were justified.

Over this period of time the Criminal Division's Narcotic and Dangerous Drug Section has been given further responsibilities and has implemented the following programs:

Conducting biannual seminars attended by prosecutors and agents to keep them apprised of current case law and updated investigative techniques;

Instituting monitoring capabilities that keep the Criminal Division apprised of the productivity in the units and all multidistrict investigations;

Dispersing section attorneys to the field to lend their expertise for investigations, grand jury, pretrial, and trial of the more complex cases;

Creation of an operation support unit to review all court-authorized wiretap applications, all witness immunity requests, and all witness protection program requests;

Assigning regional attorneys to all Drug Enforcement Administration
 the central tactical multidistrict operations—investigations in
 order to coordinate effectively and monitor their progress;
 Creation of a special project unit and material involved in the study
 of Federal drug law enforcement being conducted by the Office of
 Drug Abuse Policy; and
 Coordinated with all Federal law enforcement agencies and the Ad-
 ministrative Office for United States Courts in the development of
 a new Federal telephone search warrant that took effect on October 1,
 1977. It is our judgment that this tool will greatly assist drug
 investigations.

Although it is our considered judgment that the Department is
 moving in the right direction to bring the major drug traffickers to
 justice and is giving high priority to the drug abuse problem, further
 initiatives are being undertaken at the present time.

The Attorney General, convinced that the potential of prosecutive
 specialization and concentration of resources against major drug traf-
 fickers has been demonstrated, has institutionalized the program by
 Department order and has emphasized the commitment of the De-
 partment of Justice to the effort against major drug traffickers as a
 high priority program.

It is our judgment that the magnitude of the drug abuse problem
 and far-reaching, multidistrict operations of most major drug traf-
 fickers require a national program with national and centralized
 control.

At the present time, in view of the fact that major drug traffickers
 are also violating—in addition to the Controlled Substances Act—other
 laws such as the Racketeer Influence and Corrupt Organizations statu-
 tes and additionally, are by their very nature highly organized, the
 Attorney General has ordered the formation of task forces, organized
 under my direction, to be composed of special agents of the FBI and
 the DEA to work as teams in the major metropolitan areas. Pilot
 programs are already underway in New York, Chicago, and Los An-
 geles, and if effective, will be formed in additional selected cities in
 the future. The sole function of these teams of agents will be to investi-
 gate major drug trafficking organizations.

In the President's Drug Abuse Message of August 2, 1977, the De-
 partment of Justice was asked to respond to certain directives. A task
 force to formulate responses was established by the Attorney General
 and is chaired by a member of my staff. Among the issues raised by
 the drug message directives are pretrial detention of major drug
 traffickers and mandatory minimum sentences for major trafficking
 offenses. The result of the study by the task force on these and other
 issues will be forwarded to the President by early December.

From this departmental review will come a consensus, and when
 approved by the Attorney General, it will represent the policy of the
 Department on all of the directives on law enforcement in the drug
 message.

At this time, therefore, I cannot give you specific Department
 recommendations on these matters. I can say that we are keenly aware
 of the need for assuring that those indicted for serious crimes will
 appear for trial, and if convicted, for execution of sentence. It is not

clear, however, that pretrial, or preventive detention, is the only method by which this may be assured.

The review being made of mandatory minimum sentences involves consideration of the various legislative proposals on this issue, and the impact that these proposals would have against major drug traffickers; the additional burdens of mandated hearings on the prosecution and the court; the effect on petit juries, and consistency with the proposed revision of the criminal code.

It is clear that a great amount of wealth can be accumulated from drug trafficking, and such illegal accumulations of economic power outside the tax structure are of concern to us all. Consequently, we must address ourselves to the question of how society can divest these criminals of their ill-gotten wealth.

We are now studying the possibility of more stringent forfeiture provisions and increased financial penalties. I would point out that under present law a forfeiture provision does exist which can be and is being utilized against major drug traffickers.

Due to the elements of proof required for a conviction under that statute, the defendant must be a supervisor in a drug operation with at least five subordinates, a pattern of continuing controlled substance violation must be established and the defendant must be deriving substantial resources from the enterprise—another forfeiture statute may be valuable. Since the highest fine allowed under the available statutes is \$100,000, consideration is also being given to increasing the fine provisions significantly.

In conclusion, I would emphasize that the Department is acutely aware of the magnitude of the problem of drug abuse in this country and is actively working on a definitive national strategy with a purpose of achieving an effective drug supply reduction program which will, together with the administration's programs for drug demand reduction, effectively decrease the number of new drug users, decrease the number of present users, and decrease the level of consumption of current drug use.

With me today, of course, is Mr. Lynch, and Mr. Peter Bensinger, who is the Administrator of the DEA.

That completes the formal part of my statement, Mr. Chairman.

Mr. WOLFF. Thank you very much, Mr. Flaherty. Does Mr. Lynch have any formal statement?

Mr. LYNCH. No, I do not, Mr. Chairman.

Mr. WOLFF. Thank you.

Mr. Bensinger?

TESTIMONY OF PETER B. BENSINGER, ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION, DEPARTMENT OF JUSTICE

Mr. BENSINGER. Thank you, Mr. Chairman.

I ask, if I could, if my statement could be included in the record in its totality, in an effort to be brief in responding to questions you or Congressman Evans or Chief Counsel Nellis or others may have. I'll try to summarize my comments on this subject.

Mr. WOLFF. Without objection, the complete statement will be included in the record.

[The complete statement follows:]

PREPARED STATEMENT OF PETER B. BENSINGER, ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION, DEPARTMENT OF JUSTICE

I would like to thank you, Mr. Chairman, for this opportunity to appear here today and tell you, as I did a little more than a year ago, my views of DEA's problems and accomplishments. Before outlining just what our progress and problems have been, however, I want to indicate how we at DEA perceive the overall U.S./world drug abuse situation.

Mexico has the distinction of being the only Latin American country that grows opium poppy in great volume and at the same time has laboratories and chemists needed to refine that opium into heroin. That country, by reason of location, also is conducive to serving as a transit area for cocaine produced by its more southern neighbors, notably Colombia, Bolivia and Peru.

As was the case last year, most U.S.-destined heroin traffic originates in Mexico. A year ago, however, I stated that of the variables affecting international drug control, the attitude of the then-new Government of Mexico was perhaps our biggest unknown; this year, it pleases me to report positively and favorably on the extent and intensity of the Mexican drug effort.

The Mexican opium poppy crop eradication programs, a civilian law enforcement effort under the Office of the Attorney General of Mexico, this year was augmented by military forces. Beginning in January 1977, 1,800 troop-strong Operation CONDOR targeted primarily the activities in the mountainous border area of the eastern Sinaloa State—where we believe 75 percent of Mexican heroin and marihuana are produced—destroying poppy fields and disrupting trafficking operations.

Partially as a result of this action, we believe that no sizable attempt was made to produce a summer opium crop this year in the traditional growing areas; at least that was the conclusion of our people and the Mexican authorities following the summer aerial reconnaissance program concluded in late June. During that program, only 190 fields—covering less than 30 hectares—were discovered.

I would like to mention at this point that we believe this result already to be evident on our streets. Whereas in 1975, with a 13 percent sampling, our Signature program indicated that 89 percent of heroin in the United States originated in Mexico; the 1976 Signature figure, with a 20 percent sampling, was 91 percent; and for January-June 1977, a 40 percent Signature sampling indicated that 87 percent of our heroin originated in Mexico. According to our STRIDE program, which takes account of 100 percent of the heroin analyzed in our laboratories, in 1975 72 percent of the heroin acquired was brown and probably originated in Mexico; in 1976, that figure was 67 percent; and for the first six months of 1977, 53 percent.

Of concern this year has been the increasing traffic into the United States of heroin produced in Southeast Asia. A year ago, we discussed the escalation of Asian heroin traffic in Western Europe; and as was the case last year, this year much of this ethnic Chinese-dominated traffic was destined for Europe via the springboard areas of Bangkok and Malaysia.

I also stated a year ago that, while our relations with Thailand are generally good, what will happen regarding this traffic in the future will depend on, first of all, the consistency of the Thai enforcement effort, and, secondly, the priority that foreign governments perceive the U.S. Government places on drug control.

Regarding the first issue, I believe that the spectacular investigations initiated this year by Thai authorities speak for themselves. For instance, on July 14, Thai authorities arrested Fan Tzu-Hsaing; as a result of this action, they made the largest opiate seizure in the history of that country.

Regarding the second issue (that of international perception of our own commitment) our colleagues overseas had several tangible signs by which to form an opinion—not the least of which were the two very successful overseas missions of this Committee. Also a strong indication was the commitment shown by President Carter in his statement to the UN Commission on Narcotic Drugs in February, and in his address to the Congress in August.

A year ago, I was able to report that the availability of Turkish heroin in the U.S. was at its lowest level in 30 years. This year, I am happy to say, the very stringent controls of that legitimate opiate producer remain effective.

What may be troublesome is the taxation of the control system that will occur as Turkey continues to overproduce the opiate. Last year, some 14,200 metric tons of straw were produced; of this, more than 4,000 metric tons remain unsold. This year, with many more farmers being issued licenses to grow this product, it is expected that the harvest will amount to 50,000 metric tons.

Compounding the situation is the fact that Turkey's alkaloid plant, which when completed will have a capacity to process 20,000 tons of poppy straw per year, will not be operational for some months. Also, we have seen recent evidence that Turkish traffickers are actively engaged in heroin manufacturing and smuggling, to Europe and perhaps even to the United States. The origin of the narcotics seized in this latter regard has not been established, but recent reports indicate that some may have originated in Afghanistan and Pakistan.

The Afghanistan-Pakistan area produces roughly 300-400 tons of opium per year, most of which originates in tribal areas over which the central government can exercise only limited authority. In Afghanistan, the U.S. State Department is taking additional steps to ensure that opium production is banned in areas where AID projects are to be undertaken.

Because of continuing coca production in South America, cocaine continues to be widely abused throughout the United States by many sectors of the U.S. population. It is most concentrated, however, on the Eastern seaboard and the West Coast. Abuse indicators show that, in the last few years, cocaine use has continued its gain in popularity.

During the Second Quarter of 1977, cocaine injuries reported from emergency rooms in our nationwide 21 Standard Metropolitan Statistical Areas (SMSA's) totaled 367, as compared to an average of 304 in 1976 and 214 in 1975. Cocaine-related deaths were nine for the last quarter. Care must be taken in interpreting these statistics, however, because death or injury figures are not always an accurate indicator of cocaine abuse; in contrast to the situation relating to narcotic or depressant substances, the use of cocaine does not appear to lead to serious injury or death.

Within the last three to four years, phencyclidine (PCP)—a veterinarian tranquilizer—has emerged as a major drug of abuse supplanting LSD as the primary hallucinogen of choice. Commencing with the first quarter of 1975 and ending with the last quarter of 1976, the number of DAWN incidents¹ of PCP abuse rose from 561 to 915—an increase of 63 percent.

The three principal manufacturing locales for PCP are Washington, D.C., Detroit and California. Due primarily to two major conspiracy cases involving 36 defendants, DEA arrests for PCP continued to increase throughout the last year. Arrests for 1976 were 15 percent above those reported for 1975, which in turn were 24 percent higher than the 1974 levels.

On August 29, 1977, DEA recommended to HEW that PCP (currently a Schedule III substance) be placed in Schedule II, which would provide for more stringent monitoring.

No update would be complete without statistics and, as I predicted would happen a year ago, our arrest and seizures have declined, as we have followed the strategy we developed to shift our emphasis still further from street-level cases to those targeting the higher levels of the traffic.

For instance, DEA domestic heroin removals as of the second quarter of 1977 totaled 227 pounds, compared to 275 at the same time in 1976. Federal drug arrests showed a similar decline. As of the second quarter of 1977, total Federal arrests were 2,847, compared to 3,473 for the same period in 1976. Of these arrests, 1,213 were for heroin in 1977 (January-June), compared to January-June 1976 figure of 1,440.

I would like to point out here that the apparent decline in DEA heroin enforcement activity is largely a result of our increasing our emphasis on major trafficking organizations—a strategy that diverts our resources from lower-level, seizure-oriented arrests. Another important factor in my opinion is the decrease in the volume of heroin traffic: that is, we are seizing less because there is less to seize, as shown by the direction of all drug availability criteria we have examined.

DEA established a year ago, and we have been discussing with you over the past year, the criteria by which most experts believe we can best assess the availability of heroin on our streets—and, indirectly, the degree of heroin abuse.

Two of the primary criteria we proffered are retail heroin purity and price. Again using second quarter statistics, as of June 1977, the national average retail purity of heroin analyzed in our laboratories was 5.1 percent—a figure that, when compared to the more potent 6.4 percent average in June 1976—represents

¹ The Drug Abuse Warning Network (DAWN) is a data collection project that accumulates drug abuse "episodes" or "incidents" from more than 1,000 medical examiners, emergency rooms and crisis centers from around the country. The number of episodes, we believe, provides an indirect measure of the degree of abuse of a particular drug.

a 20 percent decrease. Concomitant with this decline has been a predictable surge in price, with respective June figures of \$1.65 per milligram in 1977, and \$1.26 in 1976—a 31 percent increase. These statistics signal the lowest level of heroin availability since mid-1973, when the full impact of the Turkish opium ban was evident.

A third availability indicator—the national heroin-related overdose rate—likewise suggests a tightening of heroin supply, with heroin-related deaths reported by medical examiners and emergency room admissions also at the lowest levels since 1973. First quarter heroin and morphine deaths in our Standard Metropolitan Statistical Areas in 1977 totaled 287, compared to 450 for the first quarter in 1976—a 36 percent decline. The 1977 total June heroin/morphine injury figure amounted to 5,906. Compared to a total of 9,210 for the first half of 1976, this most recent figure also shows a 36 percent decline.

It is because of the commitment shown by the international community which I cited a few minutes ago, and because of these promising statistics that I am hopefully optimistic about the future. There is, however, in my opinion an equally pervasive factor affecting the success of the U.S. drug control effort—one that is not often mentioned in oversight hearings such as these.

That factor concerns DEA—or, more precisely, the people in DEA. Specifically, it is almost axiomatic, but often overlooked, that an agency—any agency—is nothing more or less than a collection of people performing their specific functions. How well those functions are performed—that is, the success of the agency—therefore, depends on the wellbeing of the people involved. It is for this reason that I wish to depart from the usual oversight statement format and describe for you what we have been doing in this area.

Few, I think, will disagree that employee morale—well-being—depends on a number of related factors. It depends upon the individual's knowing that he or she will be treated fairly, whether concerning his/her hiring, promotion or any alleged integrity problems; and it depends upon management's most efficient utilization of the workforce and its efforts to provide optimal safeguards against any dangers inherent in the job.

Regarding the first factor—fairness—I believe our hiring and promotion statistics speak for themselves. Minority groups in DEA do indeed have every opportunity:

Of all Justice agencies, DEA has the highest percentage of minority criminal investigators. Of all minority criminal investigators in Justice, 44.6 percent are employed with DEA. Since 1975, minorities entering DEA Basic Agent School have comprised more than 50 percent of the class.

In fact, from FY 1974 to FY 1977, minority employment has risen 22.1 percent. The Department of Justice average grade for minorities is 6.5, while that for DEA is 8.7, the highest of all of the Justice agencies.

Further, DEA has the highest percentage of minority GS-12 and above employees, with 40.5 percent of all minority GS-12's in Justice; 40 percent of all minority GS-13's; 29.2 percent of all minority GS-14's; 27 percent of all minority GS-15's; and 22 percent of the minority GS-16's.

And all with only 7.4 percent of the total Justice workforce.

The question of fairness of course extends well beyond hiring and promotion opportunities, and also must apply—especially must apply—when the protection of the integrity and security of DEA personnel, facilities and resources is at stake.

A year ago, I took steps to augment our Office of Internal Security, and set goals to improve its efficiency and effectiveness. Specifically, our long-range (FY 1979) objectives are: (1) to complete 70 percent of our integrity investigations within 30 days, (2) to resolve as either true or false 96 percent of all allegations made against DEA employees, and (3) to reduce the integrity breeches per capita to a factor of 0.05 percent. We also instituted a system of unannounced inspection programs designed to assure employee compliance with those agency and departmental controls designed to prevent integrity and/or security breeches. Currently we are conducting some 325 unannounced inspections per year.

By establishing specific goals, we have shown all our people that they can expect fair and professional treatment when integrity matters affecting their respective careers are at issue, and that those subject to unfounded allegations will be promptly cleared.

How well we have met these objectives to date, I believe, can be seen in part by the statistics below concerning integrity investigations conducted by the DEA.

Office of Internal Security from October 1, 1976, to September 30, 1977 (FY 1977) :

Integrity cases

Opened -----	209
Closed -----	201
Founded -----	66
Unfounded -----	118
Unresolved -----	17

In nearly every statement I have made before this Committee—and in nearly every conversation I have had with the Members and staff—the issue of changes in the drug traffic has been a major one. Shifts in smuggling routes and techniques and in the nature of the contraband itself are inherent in the smuggling business, and our own resource allocation and tactics have to keep pace.

DEA is in a continuous process of evaluating its intelligence and regional operational data to assure that we have our resources where they are needed and that they are producing most effectively and efficiently.

For instance, we have noted increasingly that organizations that traffic in heroin and other dangerous drugs also are involved in cocaine smuggling. Two of our OENTAC operations—OENTACS XII and XVI—were originally established to target the heroin trafficking activities of drug smuggling cartels; but in both of these cases we found that the smuggling groups were equally involved in the cocaine traffic.

To address this problem, we shifted our resources: this year, in the coca- and cocaine-producing countries in South America—in particular Peru, Bolivia and Colombia—we increased the proportion of our overseas personnel. It is through continued shifts such as these that we hope to keep our people where they are needed most.

We are also concerned with our agents' safety. When DEA conducts an investigation, our ultimate objective is to arrest the principals and immobilize the targeted trafficking organizations; however, of overriding concern is ensuring the safety of whatever agents, police, innocent bystanders and violators are involved. Foremost of our safety provisions, therefore, is our emphasis on prudent investigative strategy.

All too frequently, despite every effort to avoid it, the worst that can happen, happens—an agent is killed or injured in the line of duty:

On May 31, 1977, DEA Agent Gustavo Torres Vasquez, working undercover, arranged to purchase two kilograms of heroin at the home of a drug trafficker. Following the transfer, as planned, Agent Vasquez gave the arrest signal and the agents on surveillance rushed into the house. They found Agent Vasquez shot. They also found and seized two weapons and two kilograms of powder, only three grams of which were heroin, and arrested two subjects. One defendant, in a preliminary statement, said that Agent Vasquez was shot after he had identified himself as a Federal Agent.

Agent Vasquez was hit twice—once in the neck, and once in the leg—and despite daily therapy sessions, may lose the use of his arm entirely. He has returned to work.

Not long after the Vasquez incident, in Arkansas, another DEA agent was shot. It happened when Agent Mike Vowell purchased three ounces of heroin from two subjects in Fort Sumner. After Agent Vowell stated that he was a Federal Agent, one of the subjects shot him.

The bullet had entered Agent Vowell's upper-left shoulder and exited the right upper-portion of his left arm. Although now out of the hospital, he takes therapy daily for the damaged nerve endings in his arm, and as of this time, he has not been able to return to work.

In a year's time—from July 1976 through June 1977—according to our preliminary data, our agents collectively fell victim to a total of 50 such assaults. Of these, 33 involved weapons, 23 of them firearms. Since DEA's inception in July 1973, seven such incidents were fatal.

In stating at the outset the reasons why I believe DEA has been successful, it may appear that to us "success" is a subjective assumption, which it is not. In large part as a result of your encouragement, Mr. Chairman, and that of the other Select Committee Members and staff, over the past year we established specific criteria by which our performance can be measured. These criteria—including the national average retail heroin price and purity and the national heroin-related overdose rates—I have explained already, along with the respective statistics. The figures, I think, speak for themselves.

There have been other criteria proposed, but the bottom line I believe is how much heroin is being abused by our citizens, and any indicator—however indirect—of this level of abuse in my opinion would be the most helpful.

I have said over the past year that I believe our most reliable criteria to be the average national retail heroin purity, and the national overdose death rate. I am of that same opinion now.

The argument, for the time being anyway, appears moot because virtually all of the other possible indicators that have been suggested to me—according to our best information—point in the same direction. I have already noted one such indicator: a decline in the amount of heroin imported into the United States. Other factors, such as the decline in the number of U.S. addicts, an increase in the demand for drug treatment and a decrease in the number of new addicts, we cannot account for since we do not maintain these kind of statistics. Additional corroborative, albeit vague, trends we have noted recently are:

An increase in drug thefts after a period of decline.

In spite of recent, far-reaching control efforts by industry and Federal State and local authorities, the number of pharmacy thefts has shown no overwhelming decline, a fact that may be accounted for in part by attempts of heroin addicts to seek alternative drugs. During the first half of 1977, 4,886 total drug thefts were reported, compared to the 1976 June figure of 4,549. In addition, thefts from wholesalers continued to show increases, now constituting 17 percent of all thefts, compared to 12 percent in 1975, with the result that the total quantities of drugs stolen has risen more sharply than the number of incidents of theft.

An increase in the use of narcotics substitutes such as methadone, demerol and dilaudid.

Methadone-related deaths have increased slightly over the past year, with the first quarter figures for 21 SMSA's of 220 in 1975; 129 in 1976; and 162 in 1977. DEA maintains no breakdown for deaths attributable to demerol or dilaudid.

A shortage of heroin in diverse areas, as indicated by informants and other sources of field intelligence.

An increase in the Mexican wholesale prices for heroin and opium.

For instance, in Mexico the first quarter wholesale prices (dollars per gram) of opium were \$1.70 in 1975; \$2.40 in 1976; and \$2.76 in 1977. The first quarter wholesale prices for heroin were \$62 in 1975; \$59 in 1976; and \$71 in 1977.

A decrease in property-related crime.

According to FBI Uniform Crime Reports, incidents of all categories of property-related crime (robbery, burglary and auto theft) except larceny-theft declined during 1976, following a precipitous increase during the three-year period of 1973 through 1975. The 1976 larceny-theft increase was far less than the increases registered during the previous three years.

However, I would like to caution that, although heroin addiction is partially related to property crime, other factors, we believe, have more impact, not the least of which is the overall national level of employment. Moreover, many—if not most—hard-core addicts support themselves through vice-related activities, such as drug sales and prostitution. Addicts with small habits frequently support themselves through legitimate employment and welfare payments. Thus, although many addicts do commit thefts, these activities frequently merely supplement their income, and appear to be part of a general criminal pattern which preceded heroin addiction.

Another theme that you, the Select Committee, and we at DEA have stressed over the past year is the need to anticipate potential drug problems, and to act on them before they have a chance to really take hold. Therefore, as heroin traffic abates, one potential problem we can expect to see is the swelling of the traffic in other drugs, including the chemically legitimate psychotropics.

Of the psychotropic substances, most that are abused are manufactured for medical purposes, then diverted to the street at the importer, manufacturer or practitioner level. We estimate that of the current diversion of controlled drugs from U.S. legitimate industry, 90 percent takes place at the practitioner level, by law the mandate, not of DEA, but of the States.

To assist the States, we have taken several indirect initiatives, the vanguard of which is our Diversion Investigative Unit (DIU) program:

Through this program, a strike force is formed in a selected geographic area composed of investigators from the respective State and local law enforcement agencies, representatives of regulatory boards, and at least one DEA agent. DEA's contribution is to provide training and operational support and seed fund-

ing to launch the Unit and carry it through its first and second years of operations. At the end of this period, the State must decide either to terminate the program, or to continue it under alternate funding. To date, only one State has elected not to continue.

In 1976, the nine operating DIU Units were responsible for 497 arrests, 180 of which were actual, criminally organized sources of diversion. Currently, 12 DIU's are in operation.

In those States that are not administratively structured to establish a Unit, or for some reason are unwilling to do so, frequently our agents will work informally, side-by-side with the State authorities, providing training and assistance. We also conduct training courses for State investigators on regulatory boards.

If more of these chemically legitimate drugs are trafficked, we can anticipate still another problem; that is, we can expect more of these substances to be illicitly manufactured. During the last year, we developed a *Olandestine Laboratory Guide*, identifying the key chemical precursors, equipment and methods generally involved, such as illicit production modes. Last month, we forwarded this guide to all of our field offices.

The *Olandestine Laboratory Guide* also takes note of the illicit drugs being manufactured, including cocaine and heroin. In the Far East we are acting on this information through a special program designed to trace heroin production by tracing the quantities of required precursors being conveyed to potential laboratory sites.

Without intelligence, we would not be able to discern changes in drug trafficking patterns; establish where illicit drugs originate; penetrate the higher levels of criminal organizations; or carry out many other mandates unique to DEA. That is, only through well-planned intelligence utilization can we really address the fluctuating drug situation, and over the past year we have placed greater emphasis on what I believe are some innovative intelligence programs.

FINANCIAL TRACKING OF DRUG VIOLATORS

When you hear of a drug trafficker and your research tells you he is a waiter by profession who is living in a \$200,000 house, you wonder. Money leaves a trail—when you spend a lot of it, it is noticed—and as drug trafficking organizations become more organized and their principals are further removed from the drugs, often that money trail is easier to trace than the contraband.

This past year we expanded from a pilot program our financial intelligence unit, the purpose of which is to report on the fiscal aspects of the drug traffic, and to use this type of information to support our investigations.

With this intelligence, it is our intention to develop evidence for conspiracy investigations so that the principals can be prosecuted; we also plan to immobilize their respective trafficking organizations through the seizure of their operating funds, which frequently are banked in foreign financial havens.

Through its complementary narcotic traffickers tax program, the IRS has selected targets from a base of 579 DEA-provided names, and has an additional 219 suspected traffickers under investigation.

Field meetings by the two agencies have already been held on the targets and the IRS investigative efforts have begun. Five IRS agents have been detailed to DEA offices: two to our Miami office, one to our Detroit office, one to CENTAC 12 based in San Diego and one to the new Financial Intelligence Section at DEA Headquarters.

In a recent DEA case, financial information used by Federal prosecutors resulted in the confiscation of the Swiss-banked trafficking assets of a major drug organization. For other investigations, we are requesting similar assistance from the Government of Mexico, and assets have already been seized in Colombia and Peru. Similar demarches are planned for other financial havens: the Bahamas, France, Spain, Portugal, Panama and the Caymans.

Such action in many countries requires treaties, and these are being coordinated by the Departments of Justice, State and Treasury. These agreements, patterned after the Judicial Assistance Treaty Between the United States and Switzerland, are in various stages of coordination.

THE HEROIN SIGNATURE PROGRAM

Determining the origin of heroin we have seized—and, indirectly, the proportion of heroin on our streets originating in different parts of the world—is a

difficult process. It is according to this determination that, to a large extent, we decide how we should allocate our international resources and what we should do, diplomatically, to motivate foreign nations to control their production and export of opiates.

During the past year, through research, we refined many of our laboratory drug testing procedures. We also increased the number of samples undergoing our most extensive (Signature) tests, as well as the number of intelligence analysts collecting the results. In the near future, we plan to refine our Signature process still further by conducting additional research on opium samples from various poppy growing areas worldwide.

Intelligence on any subject can hardly be utilized in a vacuum, and in the last year in particular we have worked to expand our informational horizons through interface with other international and U.S. authorities, notably Customs, the FBI, the ATF, the IRS and State and local police.

Much such liaison has been accomplished by the Unified Intelligence Division (UID), headquartered in DEA's New York Regional Office.

This multi-agency clearinghouse for drug-related information has spurred tangible enforcement results, as was the case in the Spring of 1977, when Nicky Barnes—who had enjoyed the title of "Untouchable Nicky Barnes"—was arrested. Leading up to his arrest was the preparation by the UID of a Black Violators Report, which provided the information which formed the basis for the investigation.

Also during the last year, the UID uncovered the connection between Italian Organized Crime in New York and Thai traffickers.

Formed in September 1974, the El Paso Intelligence Center (EPIC) was intended to develop, analyze and provide to appropriate authorities information on the illicit movement of drugs, aliens and arms between the United States and the Latin American countries, notably Mexico.

Over the past three years, however, the DEA-managed intelligence repository has grown into an intelligence services center supporting our investigations worldwide.

A heavy consumer of EPIC services, the Immigration and Naturalization Service (INS), uses the Center to support INS inspection, patrol and investigative operations. ATF's use is similar, but on a smaller scale. The Coast Guard and FAA now use EPIC as an informational coordinating center for all vessel and aircraft lookouts originating from DEA sources; in the future, they plan to expand this use to include lookouts requested by all other agencies, so that duplication of effort can be avoided.

During the past year a Mini-Intelligence Task Force was established in Seattle, as well as Field Intelligence Exchange Groups in Miami and Chicago, and a program through which Customs Patrol Officers were detailed to six DEA Regional Offices.

EPIC's support to California authorities will be expanded as a result of a new agreement between EPIC and the California Narcotic Informational Network (CNIN). In the future, EPIC will also coordinate intelligence with a four-State narcotics project via Arizona's Narcotics Intelligence Network (NINA). It is intended that EPIC will establish similar agreements with 20 other States by the end of 1978.

We have been in contact more frequently with FBI personnel and one of the problems we realized we could tackle best jointly concerns fugitives. By agreement, in January we began turning over to the FBI the names of our top 30 fugitives. As a result, within three months, four of our most wanted fugitives were apprehended, at least two of which we know we would not have been able to get without FBI information.

Since that time, under this system we have been apprehending top fugitives fairly regularly, and appropriately updating the list with new names to replace those of the fugitives taken into custody.

This procedure has worked so well, in fact, that in March the FBI requested the computer tape of our complete fugitive list. This tape, which is compatible with their own system, they in turn study, and relay the information to their own field offices with respective jurisdiction.

Another problem we are addressing in conjunction with the FBI concerns organized crime. Last August, a new organized crime unit was established within our Office of Intelligence for which the FBI will be both a source and customer for joint planning and action. The first project of the unit is to determine linkages of major violators to organized crime figures in Miami and adjoining States. This study we hope will be a model for application in other multi-State areas.

Our liaison with Customs, similarly, has been regular. For instance, since 1975, we have been providing that agency with information relevant to the disposition of defendants arrested by Customs and turned over to DEA for prosecution. Prior to June 1976, this information was transmitted quarterly in the form of a manual tabulation reflecting any action taken upon any such defendant. Since July 1976, however, we have been providing this information via a monthly, machine-readable tape and associated printout.

In July 1975, a special DEA/Customs liaison official was designated within our Office of Intelligence to ensure that Customs is provided all DEA-acquired intelligence of value to Customs port and border interdiction functions. Also, two Customs personnel are co-located in DEA Headquarters, two are at EPTC and most of DEA's domestic regional intelligence offices have U.S. Customs representatives assigned on a full-time, participating basis. Each month, we prepare a special intelligence exchange report for Mr. Chasen. In the future, we hope to improve upon our still-imperfect efforts to make our cooperation even closer.

Also contributing to the information flow over the last year, we believe, have been the reports our intelligence office has prepared. For instance, the presence in the United States of cocaine emanating from Latin America prompted us to develop a study focusing on the various issues of trafficking routes, concealment methods, modes of transportation and destination.

It is concise and timely intelligence combined with decisive enforcement action that results in successful prosecution. The intelligence that gets a case underway may be tactical or strategic; and it may originate either in this country or abroad. Most often, however, what prompts a major drug investigation is the dovetailing of several of these kinds of intelligence: and cases initiated abroad frequently cannot be distinguished from domestically originated investigations—or, at least the line is blurred.

Sometimes the distinction is obvious, however, as the examples below illustrate. For instance, we can segregate the following investigations successfully prosecuted in the U.S. solely as a result of foreign intelligence efforts:

Intelligence provided to our Bangkok office led to the seizure in New York of some 15 pounds of 92 percent-pure heroin, in October 1976, and to the conviction of the controller.

On July 18, 1977, subject Montri Phulphemsab was sentenced to five years in prison and to five years special parole for his delivery of 19 ounces of No. 4 heroin to a DEA agent working under cover in Honolulu. The case originated from foreign intelligence which indicated that Montri was providing kilo-quantities of high-purity heroin to distributors in the United States.

Because of cases like these, a special operation—Pacific Basin—has been initiated, to further develop intelligence relating to Asian heroin being sent to the West Coast of the United States by Thai traffickers.

Similarly, we can isolate the following major investigations conducted abroad as a result of intelligence developed by DEA in that country:

Our Operation NORD, which was established to target organizations trafficking Asian heroin in Western Europe, provides several good case examples. Since 1972, more than 1,300 kilograms of Asian heroin have been seized in Europe—1,213 of which were seized as a result of DEA-originated intelligence.

In one such instance, in March of this year, 126 kilograms of Asian heroin were seized off a merchant vessel in Rotterdam Harbor. DEA and Rotterdam Police coordinated intelligence which led to subsequent arrests in Bangkok of other Chinese nationals involved in this conspiracy.

In another case, French Customs authorities, acting on DEA-provided intelligence, arrested a Thai diplomat and seized 32 kilograms of No. 3 heroin.

DEA intelligence resulted in another seizure, in the Far East. In October 1976, Thai police arrested three violators and seized more than 18 pounds of No. 4 heroin destined for the United States. One of those arrested had been involved in West Germany's largest heroin seizure (94.5 pounds of No. 3 heroin seized on September 1). All three subjects are now incarcerated.

From foreign intelligence gathered in the early 1970's, DEA was able eventually to pinpoint, in 1976, a Thai heroin dealer who was supplying significant quantities of heroin to American traffickers. On February 1, 1977, a Hong Kong court sentenced Preecha Leeyaruk and two associates to ten years for delivering one kilogram of heroin to agents working undercover.

Arun Nanawichit, one of Thailand's major traffickers and the suspected source of supply during the early 1970's for a Chicago heroin ring, was arrested in

Thailand on information provided by DEA in March 1976. In July 1977, a Thai court sentenced him to 35 years imprisonment.

In late 1976, DEA established that Ch'en T'ing-yen, long a target of DEA intelligence probes, wanted to make regular shipments of heroin to the United States and Europe. The subsequent investigation led to his arrest in Thailand on March 25, 1977, as he delivered 35.2 pounds of No. 3 heroin and eight ounces of No. 4 heroin for delivery to San Francisco. Ch'en was summarily executed by the Thai government on April 15, 1977.

The recent case against Fan Tzu-hsiang also was initiated on the basis of DEA intelligence. The seizure of some 360 pounds of narcotics following his arrest in Thailand on July 14, 1977, was a grave blow to the Chang K'ai-cheng trafficking organization.

In August 1977, Su Wen-ho, a major Bangkok distributor and associate of Thailand's top traffickers, was arrested in Thailand as a result of intelligence provided by DEA.

In Mexico, DEA-provided information also resulted in a number of major investigations. Raul Aispuro-Leon, a Class I heroin violator, became the subject of DEA's CENTAC XVII in July 1976. In October 1976, Aispuro was sentenced to eight years in prison by a JANUS prosecutor.

Manuel Villareal-Valdez, a Class I heroin violator and one of the major laboratory owner/operators for the Herrera family organization, was arrested on August 26, 1977, in Mexico City. Extensive intelligence efforts by DEA in both our Mexico City and Chicago offices provided the Mexican Federal Police with the needed background information on this subject and his associates.

Fernando Valenzuela-Verdugo, a Class I international heroin trafficker, has been the source of more than 100 kilograms of Mexican brown heroin supplied to the United States from the early 1970's until mid-1976. His narcotic activities led to his arrest both in November 1976, and in December 1975. He posted bonds of \$150,000 and \$1,000,000 respectively.

As a result of this investigation, we were able to identify several possible JANUS cases and create CENTAC XVI.

Alberto Alejandro-Pena (a DEA Federal Fugitive) operated a major narcotics trafficking organization which supplied narcotics to major traffickers in the States of Illinois, Michigan and California. Acting on DEA-provided information, on June 16, 1977, Alejandro was arrested by the Mexican Federal Judicial Police in connection with the seizure of 1.2 kilograms of heroin, and he was formally charged with acquisition, possession and trafficking of heroin.

The intelligence we develop in our laboratories and headquarters offices is of course only part of the story. The process really begins in the field and, overseas (except for our training function) virtually all of our activities relate to intelligence collection and dissemination.

I have already outlined the various drug situations in different parts of the world. DEA's response to each, I do not believe need be likewise delineated. Rather, I would like to illustrate the kinds of things we do overseas by focusing on our program in Mexico:

A complement of approximately 32 DEA Special Agents mans our Mexico City Regional Office and its five District Offices. Primarily, these agents develop intelligence concerning: opium-growing areas; air, vessel and vehicular smuggling routes; ports of entry; smuggling methods; and, perhaps most importantly, the drug violators themselves—heroin laboratory operators, major financiers and heads of trafficking organizations.

Our goal is to assist the Government of Mexico to establish a self-sufficient drug control program.

Regarding the Mexican effort to eradicate illicit opium poppy crops, DEA's support of that effort—Operation TRIZO—involves both training and monitoring: we provide pilots and spotters to assist Mexican authorities in locating fields of illicit cultivation and, at the invitation of the Mexican authorities, we help them to verify the destruction.

When the illicit fields are found, they may be eradicated manually by Mexican Army Troops, or through the use of herbicides sprayed from helicopters. These helicopters, which are manned by elements of the Mexican Federal Judicial Police and the Attorney General's Office, are flown in pairs: one to spray the herbicide, and the other to provide support.

TRIZO operations are conducted twice a year for approximately 90 days each phase, corresponding to the known growing cycles of the opium year. During the interim period, a two-to-three-week reconnaissance is conducted to determine if

any further attempts have been made to grow the poppy. For the course of the non-growing seasons, GOM eradication efforts are directed toward the marihuana crop.

At the end of the 1976 poppy eradication program, 28,280 poppy fields (covering approximately 6,710 hectares) were reported as destroyed. Because of a lag in reporting this figure was subsequently updated by our Mexican colleagues to 31,392 poppy fields and 7,270 hectares. During the first part of 1977 (from January-June 1977) 26,291 poppy fields (approximately 6,250 hectares) were destroyed. If harvested, over the same two-year period, these fields would have been convertible to nearly 13.5 metric tons of pure heroin. The Fall campaign of TRIZO began on August 15 and will continue until some time in the middle of November.

In Mexico in particular, we have a problem in apprehending for prosecution high-level, Mexican-based sources of supply for U.S.-destined drugs; the traffickers simply do not travel to the United States. On April 3, 1975, we initiated a program of extra-territorial criminal jurisdiction with the Government of Mexico. The program, known as Operation JANUS, involves the agreement of the Government of Mexico to arrest and prosecute these violators, who previously were immune from such actions.

During fiscal year 1977, DEA, in cooperation with the Mexican Government, initiated 65 JANUS cases involving 116 defendants. Of these 116 defendants, 56 have been arrested and are awaiting final disposition. Concentrated efforts on cases in Texas and California will receive attention in the months of September-December 1977. In an agreement with the Mexican Government, DEA will attempt to initiate six new cases a month on major traffickers.

In all of our foreign cooperative programs we of course work through the Embassy or Consulate in the area, and here in Washington we coordinate our efforts through the State Department, DEA and State, having differing mandates, historically have had differing ideas about what our role should be in drug enforcement abroad.

This difference is not insurmountable, as the two agencies are touching base more frequently and better coming to understand each other's points of view. For instance, every two to three weeks, Ms. Mathea Falco, Senior Adviser for International Narcotic Matters (S/NM) at State, and I meet, along with Drs. Bourne and DuPont. Similarly, DEA Acting Deputy Administrator, Don Miller, frequently consults with Bill Grant, Deputy at S/NM, on mutual problems.

One of the most far-reaching of the events affecting our international cooperative efforts was the implementation of our new *Foreign Guidelines*, developed to enable our agents to comply with the Mansfield Amendment to the International Security Assistance and Arms Export Act of 1976. These Guidelines detail DEA's purpose and function overseas; and they describe the kind of activity that is permitted and expected, and that which is expressly prohibited.

Another set of Guidelines—issued by the Attorney General on December 28, 1976, and implemented as of January 31, 1977—set the tone for our operations domestically. These *Domestic Operations Guidelines for DEA* delineate the policies under which DEA agents must: conduct and supervise investigations, handle informants, and coordinate with U.S. Attorneys.

Also this year, another administrative change was effected: three DEA Regional mergers. In order that we could reduce overhead and allow our agents to return resources to direct mission areas, we merged Regions 3 and 4, Philadelphia and Baltimore; Regions 17 and 19, Paris and Ankara; and Regions 16 and 20, Bangkok and Manila. In these instances it was determined that the operations in these respective areas could best be directed from Philadelphia, Paris and Bangkok. Also, management of Region 18 (South America) was transferred to Headquarters for direct reporting.

Administrative changes such as these (the Guidelines and the mergers) are fine, but what we have been talking about for the past year—the new direction our enforcement efforts are taking—cannot come about by executive edict alone. In the course of their investigations, our agents have been working up to higher levels of the traffic, as is illustrated when our arrest statistics are broken down according to our G-DEP criteria.

I would like to point out that during the past year we radically redefined our criteria in such a way so as to make it more difficult for a violator to be assigned a high G-DEP classification. For instance, under the old criteria, a Class I violator had to be able to move at least one kilogram of 100 percent-pure heroin; under the new, this requirement has doubled.

Following this decision, we expected to see our G-DEP arrest statistics plummet. Such was not the case. From July 1976 through June 1977, for instance, DEA heroin arrests totaled 2,713—307 (11 percent) of which were Class I. DEA total arrests amounted to 5,523—801 (14.5 percent) of which were Class I. For the one-year period previous (July 1975—June 1976) the percentages were 12 for Class I heroin and 14 for Class I total arrests.

In the near future, we expect our investigations—at least the domestic ones—to become even more innovative, as we benefit from the broadened perspective of FBI cooperation right on the street. On September 13, 1977, the Attorney General announced the formation of a DEA/FBI Task Force Against Selected Organized Crime Drug Conspiracies. This program is designed to utilize FBI skills and resources—in particular those relating to the financial and auditing aspects of drug investigation—in support of DEA's mission.

Specifically, joint DEA/FBI investigative teams under the direction of Deputy Attorney General Peter Flaherty will be formed in selected cities, the first of which will be New York, Chicago and Los Angeles. Operational direction of the teams and prosecutors will be under the Assistant Attorney General for the Criminal Division, Benjamin Civiletti.

In preparation for this program, approximately 60 DEA and FBI agents have been specifically trained at the FBI facilities in Quantico, Virginia, along with those prosecutors who will be involved.

Making a dent in the drug traffic of course is not exclusively our mandate. From the street to the courtroom, this shared responsibility of the various elements of our criminal justice system shifts to the judges. And this process, too, is not without its problems. The President in his drug message has directed the Department of Justice to take a look at some of these problems, particularly with respect to mandatory minimum sentences and preventive detention. The Justice Department will report to the President by mid-December on the directives in the drug message.

We have noted before that all too frequently DEA defendants receive light sentences and serve minimal time in prison, and we have discussed the problem of low bail bonds for major violators. Just how inadequate some of these sentences and bail bonds are, I think, can be seen in the results of a study undertaken this year by our Office of Planning and Evaluation. Concerning the problems of sentencing, for instance, the study reveals:

More than one-third of DEA's convicted violators (narcotics or Schedule II violators) received probation (24 percent) or were sentenced under the Youth Corrections Act (11 percent).

Of the total number of convicted narcotics and Schedule II violators for whom length of sentence can be determined (i.e., excluding persons sentenced under the Youth Corrections Act), 61 percent received sentences of three years or less, and, as noted, many of these actually received probation.

According to information concerning the most recent fiscal year for which reporting is available—FY 1976—prisoners are serving an average of 46.7 percent of their sentences, while narcotics offenders as a class are serving 43.2 percent of their sentences. *This means that 61 percent of the convicted narcotics and Schedule II violators actually serve about fifteen and one-half (15½) months or less.*

Of the total number of convicted narcotics and Schedule II violators, 81 percent received sentences of six years or less (including those who received probation). *This means that 81 percent of those convicted actually serve about thirty-one (31) months or less.*

Little brighter is the bail bond picture:

One-half of DEA's serious defendants in the study (narcotics and Schedule II) were released while they were awaiting trial on bond (45 percent) or personal recognizance (5 percent).

71 percent of the narcotics and Schedule II defendants were released \$10,000 bond or less.

More than one-third of DEA's serious violators (narcotics and Schedule II) were free on bond (37 percent) for a period of seven months or over.

In discussing why we believe we have been successful, now we focus our success and what we are doing to augment our progress in the future. Our success has been largely on our efforts in Mexico, where roughly two-thirds of our most serious drug of abuse—heroin comes from. We have established, through our best indirect criteria and through corroborative trends, that our streets both the percentage and amount of this Mexican product are on the decline. In 1973, however, the international drug control effort reduced the virtual

elimination in the U.S. of heroin of Turkish origin which, only a short time previously, comprised as much as 80 percent of that illicit product on our streets. At that time, what we failed to do was adequately anticipate new drug sources and new problems, and adjust our strategy and deploy our resources accordingly.

That is a mistake we intend not to repeat.

In anticipation of the potential rise of Southeast Asia as a source area for the U.S. heroin market, on June 1, 1977, we began operation of the DEA Special Action Office/Southeast Asia. This effort, which augments the Asian Heroin Working Group established in July 1976, encompasses many disciplines, from the conference table to the street.

Diplomatically, for instance, under the SAO/SEA program we are concentrating on creating worldwide awareness of the Asian heroin threat and fostering greater international cooperation for its suppression. The development of such inter-governmental agreements as extradition treaties; the return of fugitives to the United States for prosecution; and the use of international letters rogatory for prosecution abroad. All of these agreements, I believe, indicate a productive beginning.

The intelligence aspect of the SAO/SEA program consists of identifying, defining and measuring the threat of the problem. This information we collect, analyze and disseminate through the creation of additional Special Field Intelligence Projects and through increasing our field intelligence exchange with selected foreign police agencies. We are also developing our capabilities in the Chinese and Thai languages for use in the field.

These international efforts we of course will coordinate with our domestic enforcement efforts to suppress the flow of this product into the United States. If there is one lesson we have learned in the recent past, it is that you cannot separate international initiatives from domestic ones.

In a related effort, we are continuing to provide both tactical and strategic intelligence to our European colleagues to assist them in stemming the flow of the Southeast Asian opiate into Western Europe. We also hope that through this effort we can ensure that the trafficking organizations responsible for the present European problem do not obtain a comparable foothold in the United States. Although we do not now believe that these European traffickers are supplying any significant portion of the U.S. heroin market, we will concentrate our future intelligence activities on assuring that the threat does not materialize.

I have already expressed our concern over Turkish opiates overproduction. Augmenting our fears here has been recent evidence that elements of the networks which once supplied vast quantities of illicit Turkish opium to European heroin laboratories are again involved in transporting illegal drugs: Turkish nationals have been arrested recently in Europe and the United States with kilogram-quantities of high-quality heroin, some of which is suspected of being manufactured in Turkish laboratories. There are indications that Turkish traffickers may be producing heroin from Iranian morphine base made from Afghan/Pakistani opium.

Overall, I think I can report to you that the last year has been one in which we have made steady progress; focused our objectives; seen a renewal of close cooperation among the respective U.S. and foreign agencies; and enhanced the relationship that has developed between the legislative and executive branches—a relationship that comes from our viewing the international drug problem from the same perspective. For your assistance in all of these areas, we thank you, Mr. Chairman, and the other Members and staff of the Select Committee. With your support, we look forward to an even more productive period in the forthcoming year.

Mr. BENSINGER. Mr. Chairman, I'm very pleased to be here representing the Drug Enforcement Administration, to acknowledge personally your continuing interest and leadership in this field. The hearings that you chaired in Chicago and that Representative Evans participated in were important. They struck at one of the major problems that I believe exists, and I was pleased, needless to say, with Deputy Attorney General Flaherty's comments with respect to the review of pending legislation and the fine provisions.

I think one of the areas that this committee has exercised leadership in and which we believe needs to be explored and, in fact, dealt with

from a national policy standpoint, is the need for having a greater impact on the financial aspects of these major criminal trafficking organizations.

In terms of our own perspective, our present problems and our accomplishments, I think that we have an encouraging report. On the heroin scene, the retail purity level of heroin since we last met with you almost a year ago in similar oversight hearings has decreased from 6.2 percent at the third quarter of 1976 to 5.1 percent as of the second quarter of 1977.

This statistic in and of itself, while it's important in the view of many professionals in the drug enforcement field, has other coordinating characteristics, statistics, that I think also reconfirm the fact that there is less heroin coming into the United States now than there was a year ago, by approximately $1\frac{1}{2}$ tons.

We have seen a fall-off in the injury rate, people that have been reported in the emergency rooms at hospitals throughout the United States, a decrease of some 30 percent. We've seen a fall-off in the number of overdose deaths by 47 percent over the last 15 months, and by over 30 percent for the last year. The number of people dying now, as reported by the medical examiners and coroners in the 21 major statistical metropolitan areas of the United States totaled 287, as compared to a figure in excess of 510 in March of last year for the 3-month quarter.

Yesterday, I met briefly with Dr. Peter Bourne, Ms. Falco, and Dr. DuPont, in a brief overview of present programs.

One of the comments that Dr. DuPont made was, that as he saw back in 1973, there is a fall-off now, following an initial increase in the demand and request for treatment from heroin addicts. And he said, traditionally, this is the curve that takes place. Initially, there is a demand for treatment on the part of heroin addicts when less heroin is available, or it's more expensive, or both. And then, although the heroin and the methadone programs, the treatment programs, initially, will have an increase, then there will be a decrease in supply, and there is a total fall-off in demand.

He would, I'm sure, be able to address himself to this point during his testimony.

The impact that heroin purity has is important, as this chart would reflect. The National Institute on Drug Abuse did a major survey on property crime in the District of Columbia as related to retail heroin purity. Detailed copies of this independent survey will reflect that the purity rate of heroin in the District of Columbia, and the burglary rate, tracked almost identically, plus even reflecting in 1974 and 1975, the influx and switch-over from Turkish heroin to Mexican heroin.

National crime statistics, as you know, Mr. Chairman, have reflected a decrease this year. So has our heroin purity. Property crime has slowed in our major cities, and the tracking that has taken place with our heroin purity has been very similar.

Our Signature and STRIDE program statistics indicate that Mexico still accounts for 70 percent of the heroin coming into the United States. We have two measurement procedures: one, the Signature program, and one the STRIDE. Each show a decreased total amount of heroin. In terms of Turkey—and we can talk more when we get into

the international operations—we have seen no diversion of Turkish heroin into the United States.

There has been an indication of seizures in the Federal Republic of Germany of kilo quantities of what would be determined Turkish handled, but not necessarily grown, heroin.

In terms of our overall effort of assessment, how we're doing, the price per milligram of heroin has increased from \$1.26 in 1976 to \$1.65. This reflects further the price/purity function that I discussed earlier.

The total injury statistics in 1977 showed an injury figure of 5,906 compared to 9,210 for the first half of 1976, a 36-percent decline.

In terms of one other factor which has not been posed, but which I'd like to mention: That is our minority statistics in terms of recruitment and hiring. I'd point out that the Drug Enforcement Administration, employees that are members of minority groups represent 44.6 percent of all minority members employed in the Department of Justice. We have only 7.4 percent of all the work force. We have 40 percent of all minorities in GS-12; 40 percent in GS-13; 29 percent in GS-14; and 27 percent in GS-15.

Mr. WOLFF. Excuse me, Mr. Bensinger, that percentage figure, does that include women?

Mr. BENSINGER. No, sir; I know they are a minority group—for hiring purposes.

Mr. WOLFF. I still think it might be—

Mr. BENSINGER. They are not included in our statistics. And I know that people—I appreciate your comment and clarification. My wife, who is a physician, would give me a considerable counseling this evening if I reported back that I indicated that women were, (a) in the minority, and (b) a minority group.

They are not included in these stats. We do have 22, though, special agents, who are criminal investigators, who are women, in the Drug Enforcement Administration. We hired four women in our last basic training class that ended in April 1977. They are not included in these statistics.

I have completed kind of a review of the supervisory level, and I do so for two reasons: One, because we have only increased employment by 70 people in the last 3½ years, and yet in the total number of minority employees, black and Hispanic, principally, the number of minority representatives in the Drug Enforcement Administration has been raised from 580 to over 900.

Now, we think it's important. It's part of our major 2-year program which we've submitted to the Deputy Attorney General. And it's an active and effective means, we feel, of not only following a U.S. Government policy program, but insuring that the individual constituencies, which include large drug trafficking in the black and Hispanic community, are dealt with by the best possible communicative, investigative resources.

We're concerned with our agents' safety. When you were in Chicago, there was a trial going on that I could not speak about. I was counseled by U.S. Attorney Tom Sullivan: "Peter, don't get into that case." It involves Special Agent Gus Vasquez who, on May 5 of this year, was shot in the neck, was rushed to the emergency room, nearly died with a bullet through his carotid artery, and another bullet through his thigh. Gus Vasquez was working undercover against five principals on

a 2-pound heroin seizure. The case was going on in that very court building that we participated in on September 30.

I can report, and I'm pleased to report, that all four assailants have been found guilty. And that, in addition, that one of the other assailants—who, as a matter of fact, did escape—had been fatally shot. And his assailant has now been apprehended in New York City. Tom Sullivan did prosecute that case, and the reason I didn't mention it at that time was because it was under the course of a hearing in Federal court.

But we have had, since DEA's inception, 7 agents killed in the line of duty, and 50 different assaults. One particularly important development that we've worked with in our Office of Science and Technology has been the utilization of very lightweight bulletproof vests. We've worked on agent communication devices that have been worn on the part of agents to notify other members of the enforcement group that they may be in danger. It appears in our appropriation request under science and technology.

I mentioned that I felt that Deputy Attorney General Flaherty's comments on the financial tracking of drug violators is important. We have an individual in the Federal penitentiary now who identifies himself as a baker. His wife identifies herself as a housewife. These are the Hamiltons, Edith and Harold. They had a \$330,000 home in Beverly Hills, 10 mink coats, a Rolls Royce, a Jaguar, and on the day of their arrest, \$110,000 in cash.

Mr. WOLFF. They know what they're talking about when they talk about baking.

Mr. BENSINGER. The baking that they did was the cooking of heroin and not the baking of bread, and it resulted in tremendous profits, which we feel, and the Internal Revenue Service feels, need to be not only investigated, but we would hope, seized.

One of the improvements in communication that has taken place, and you talked about interagency rivalry, has taken place between the various Federal agencies. This afternoon we will have a panel. Bob Chasen, the new Commissioner of Customs, came to DEA to meet with us about a month ago. That was the first time a Commissioner of Customs had ever set foot in DEA headquarters since the agency was established in 1973.

We have now ongoing communications and dialog with the Commissioner of Customs. Members of my staff and myself will be visiting Commissioner Chasen on November 1. We have representatives of the U.S. Customs Service now in our headquarters and at most of our principal regional offices throughout the country. We have an interagency effort at El Paso that the Deputy Attorney General visited personally some 10 days ago that involves the ATF, Coast Guard, FAA, INS, Customs, as well as the DEA.

The FBI program, which the Deputy Attorney General spoke about, is only one of several ongoing cooperative efforts with that agency and our Internal Revenue Service activity and coordination has increased.

More can be done and I believe that Commissioner Clancy's and Mr. Williams' testimony, which I've had an opportunity to read in advance, is an excellent representation of some of the problems of the past, present action and still work that needs to be done both legislatively and administratively.

Mr. Chairman, we are moving in the dangerous drug and clandestine field. I have a sealed exhibit which I'd like to submit for the record and ask you not to make public, which is a clandestine laboratory guide for agents and investigators. In addition, recently, in headquarters on the 27th of September, we had a conference of our principal enforcement supervisors of what we call lab groups all over the country on the illegal manufacture that is done of dangerous drugs and the best methods of implicating, investigating, and prosecuting those organizations.

In addition, we have moved with the encouragement of the White House to increase our audits on barbiturate manufacturers and have changed the policy on the opium-handling manufacturers, such as Pennick, Merck, and Mallinckrodt, so as to have, unannounced, at least once a year a complete audit investigation. This had been once every 3 years. There was a leakage out of Pennick that was reported to this committee earlier this year. Stricter controls have been adopted but we believe that more regular and unexpected investigations would be a helpful deterrent to any future leakage of that nature.

We also will be working with the FDA on an amphetamine hearing which will be published in the Federal Register this Friday. This hearing will indicate that on December 2 the Food and Drug Administration will hold public hearings regarding the labeling of amphetamines and its designation. Right now amphetamines are being used not only for narcolepsy and hyperactive children, but for diet and other practices which the Food and Drug Administration and the Drug Enforcement Administration believe have led to considerable abuses and injuries.

This hearing would have a significant impact if adopted by FDA in reducing the total productive and the medical prescription authority for amphetamines.

I won't anticipate the outcome of that hearing, but we have contributed the injury data and abuse data as a background to FDA and have encouraged them to take this on as a major initiative.

Mr. Chairman, I would be happy to conclude my testimony at this point with two comments. One, in the overall statement that I have made, we've made reference to legislation—the Deputy Attorney General has indicated a special committee under his direction will be reviewing present bail procedures, as well as sentencing procedures. In my testimony, you will find that one third of DEA-convicted violators received probation or were sentenced under the Youth Correction Act. You'll find that of the total number of violators convicted for schedule 2 violations, 61 percent received sentences of 3 years or less, and that the Federal Bureau of Prisons reports that 43 percent is all of the time of the sentence that is actually served in the penitentiary.

This means that 61 percent of the convicted narcotics schedule 2 violators serve 15 months or less in prison, and those are only of those that are actually sentenced to prison. Another third have gotten probation.

Now, finally, this is a gloomy comment: 42 percent of all of the people we arrest are recidivists, and almost that amount of the arrests that were made last year of some 6,200 are now fugitives. The fugitive figure would cover more than 1 year's arrest, but 2,800 individuals

have escaped the jurisdiction of the U.S. courts after careful investigation and dangerous investigation by the agency I am responsible for.

It is a morale factor of the most serious magnitude and a danger factor to the community of the United States of America, in my personal opinion.

I would close by concluding that we have focused and refocused our objectives. The percentage of arrests on heroin have increased from 38 percent to 43 percent to 45 percent of completed investigations. Our purchase of evidence and information percentages has gone much higher than that.

We have worked with other agencies of the Federal Government and with Congress and the Department to develop legislation and legislative proposals which we believe have merit and which will be decided upon before presentation to Congress. We've seen an increase in interchange in the international community, and your personal presence overseas and abroad, I think, has raised the level of awareness, not only by the foreign governments, but by the missions of the U.S. Government, the ambassadors and the embassies themselves.

I think that that is an important objective, I think it is being reached; I think more can be done. The dialog between the FDA, HEW, DEA, and Justice continues. There are areas in the dangerous drug field that we feel the regulatory responsibilities of DEA and the prevention responsibilities of HEW mesh.

I want to thank you, Mr. Chairman, and members of the committee and the staff for the consideration you've given to our agents and agency during the course of your examination.

Thank you.

Mr. WOLFF. Thank you very much, Mr. Bensinger.

In the interest of time, for the Deputy Attorney General—we want to proceed as rapidly as possible, because he needs to be elsewhere later this morning.

I do want to say, however, that I commend the Department of Justice for the priority that they have set upon this problem, and you particularly, as you know, for the work that you have done in this area.

I've had experience over the years now with Peter Bensinger. I know of the job that has been done by DEA. If other agencies of Government had attached the same significance to this problem as your department does, I think that perhaps we would be able to see an end to the severity of the problem, although perhaps not a total solution to the problem. It's one that we must address ourselves to on an overall basis, and on a constant basis. However, I really am sincere in saying that I think the efforts that are being made today are quite constructive. I'm hoping that we can support your efforts to a greater degree and make your job not only easier, but more effective.

And with that, I'd like to open it for questioning. Mr. Evans?

Mr. EVANS. Thank you, Mr. Chairman.

Mr. FLAHERTY. I think that probably one of the most significant developments in the fight against drug abuse has been the establishment of the DEA. However, I still note that the cooperation and the coordination of efforts between the various departments and agencies of the Federal Government including Customs, HEW, Justice, and FBI dealing with drug abuse still seems to have a lack of coordina-

tion, even though I know that more efforts are being made along this line than ever before.

I was wondering what the status of reorganization and coordination efforts in the Department is as to the drug law enforcement? How have they developed? What are you planning? And has any consideration been given to a department under the Deputy Attorney General dealing with, only with, the Drug Enforcement Administration?

Mr. FLAHERTY. First of all, we are aware of the problems that you mentioned, Congressman Evans, concerning the different bureaus and agencies, as well as the Justice Department, that are involved in narcotics, drugs, and drug abuse. And we are not only aware of it, but are making it a high priority to minimize as the chairman mentioned in his opening statement, rivalries that could or may exist within the various agencies of the Government that are involved.

A number of programs have been started and not by any means have we reached the end of the line on bringing these various agencies together. Most recently there has been the formation of task forces of the FBI and the DEA in three pilot cities, which may be extended further, as I mentioned in my opening remarks. Mr. Bensinger alluded to the program in El Paso, which I personally visited a week ago, where they brought together Customs agents, members of the ATF, as well as the DEA, and the Coast Guard, the FAA, and INS, all together in one task force working on the problem of drugs and border crime in the El Paso area.

The major prosecutors' task force has been another item that the Attorney General has recently issued an order on to expand. The major drug traffickers prosecution program will involve the U.S. attorneys out in the various 94 divisions, as well as the criminal division here in Washington, as well as the Drug Enforcement Administration agents.

This program expansion was just announced by the Attorney General on October 7.

The latter part of the question concerns whether or not, as I understand it, the narcotics section which now rests in the Criminal Division, can be expanded or elevated into a division itself within the Justice Department.

I think that that's the thrust of your question, and I know that that's been bandied about in the previous administration. I don't have an answer for you on it, but I can tell you this: That the efforts are bringing together the narcotics section and the Criminal Division with the U.S. attorneys and the Drug Enforcement Agency, the FBI, are being extensively reviewed and coordinated by the Attorney General's office.

Mr. WOLFF. Would the gentleman yield?

Mr. EVANS. Yes.

Mr. WOLFF. Thank you. One proposal that we made in our February 1977 interim report was the idea of setting up an Assistant Attorney General in charge of the Narcotics Division to give to that individual greater authority, shall we say, greater significance.

Has any thought been given to that at all?

Mr. FLAHERTY. I know it's been discussed in previous administration literature. But as far as I know, in the present administration,

there is not any reorganization plan that I know of existing that has that in it.

Mr. WOLFF. We don't want a proliferation of titles. We want to try to centralize the efforts in the problem.

Mr. FLAHERTY. I think one of the problems would be, if we arrived at that—and I'm not ruling it in or out at this point; I just don't know of any plans for it that almost all the sections within the criminal division could assert a similar situation, where there might be an Assistant Attorney General in charge of it, and it might lead to proliferation.

That is one of the problems, though.

Mr. WOLFF. Thank you.

Mr. EVANS. Mr. Flaherty, if I might pursue that just a little further, you mentioned the task forces that are being experimented with in New York, Chicago, and Los Angeles. How are these task forces different than the previous efforts that have been made? And second, what are your logistics problems, where you have different agents answerable to different superiors, and in coordinating their efforts?

Mr. FLAHERTY. Well, first of all, I think the program is unique. I don't think that DEA agents and FBI agents have ever been assembled together in one unit to work in one city on the connection between organized crime and major drug traffickers. Basically, that's the area in which they're operating. They've been specially trained in Quantico, Va., to work together as a team before they were sent out to these three trial cities. In each instance, they do have a special agent in charge.

In two of the cities, the special agent in charge is an FBI leader. That's in New York and Chicago. In Los Angeles, the special agent in charge is out of the DEA, so that there is a mixture, even at the top levels of leadership.

Mr. EVANS. What efforts have been made with the Internal Revenue Service in the jurisdiction that they would have in confiscation of money illegally carried across the border or attempted to be carried across the border, and in other areas in which there has been a forfeiture, or where it's determined that the money seized has been earned illegally?

Let me give you a little background as to why I'm asking this question. In questioning the regional director of Internal Revenue in Chicago, a week or so ago, I got the distinct impression that there was no high priority on the seizure of funds that were the result of illegal drug traffic. And not too much effort was being made at the border where funds were seized or held temporarily to determine their legality.

Has there been any coordination of efforts or any emphasis by the administration with Internal Revenue to try to do anything?

Mr. FLAHERTY. Both Mr. Bensinger and Mr. Lynch from our Criminal Division would like to comment on that, and then I'll add to it.

Mr. LYNCH. I will defer to Mr. Bensinger initially. I think he referred to that however in his statement, his opening statement.

Mr. BENSINGER. Congressman Evans, I'm encouraged by what has happened. But I'm also well aware of the perspective and perception which you have, and which may exist on the part of some IRS agents in the field. It's one thing to sign a memorandum of understanding, which we did on July 27, 1976, by the Commissioner of IRS, and another to have it go through 85,000 employees of that agency.

I believe the present Commissioner—and I met with Jerry Kurz and his top leadership—do want to give priority attention to the Internal Revenue investigations which can be made without jeopardizing the provisions of the Tax Reform Act of 1976.

We have turned over to them 579 names. This has been added to a suspects' list already targeted by that agency. A total of 465 cases are currently under investigation by IRS, or are being prepared for investigation and prosecution.

In addition, IRS' audit division is currently examining 1,600 returns, computer printouts of basic bio and criminal data were provided on preselected class I targets, under the new structures and structures of the Tax Reform Act of 1976, disclosure of IRS investigative information on DEA-provided targets will be passed to DEA to facilitate joint investigation and prosecution. This is not tax-return data; it is investigative data, and there is a tremendous difference.

Five IRS agents have been detailed to our DEA regional offices: two at Miami, one at Detroit, one through a special Centac international conspiracy in San Diego, and one to the new Finance Intelligence Section at DEA headquarters.

IRS lecturers now participate regularly in our training programs for DEA special agents. An in-depth training seminar was conducted by IRS at DEA's New Orleans region. We expect to do this on a national basis.

The testimony which Mr.—I believe it's Miller—from the Internal Revenue Service has offered—

Mr. GILMAN. Would the gentleman yield?

Mr. WOLFF. The gentleman's time has expired, but I'm sure he will yield.

Mr. BENSINGER. Mr. Gilman, I'll be just 1 second.

Mr. WILLIAMS. It will, I think, be a valuable document to look at in terms of the present status as well as some of the present problems involving our relations with the Internal Revenue Service.

Mr. LYNCH. I would just like to add to that if I may, Congressman Evans—and I support I'm optimistic also—but I haven't had the advantage of seeing either Mr. Williams' statement or Mr. Clancy's statement.

But you are quite correct in saying—if that was the implication of your question—that there was a serious fall-off in activity by the Internal Revenue Service, insofar as tax year terminations and seizure of moneys in and from narcotic traffickers and drug traffickers from, for example, the period in 1973. And that probably will be addressed either by Mr. Williams or Mr. Clancy.

Insofar as the prosecutors are concerned, the provisions of 26 United States Code 6103, the disclosure provisions, provide real problems for them as far as the acquisition of evidence that was formally available in terms of approving a case in court to the satisfaction and beyond the reasonable doubts of a jury in connection with the financial aspects of some of the major traffickers that have been brought before the courts.

Mr. WOLFF. The gentleman's time has expired.

Mr. Flaherty, I have a few questions. Basically, do you think the Department of Justice has the resources to do what you consider to be the job that is necessary?

Mr. FLAHERTY. I think we do.

Mr. WOLFF. Fully funded? Do you have enough people working on this problem now?

Mr. FLAHERTY. Well, you always feel you never have enough. But gains are being made to make our whole effort more effective. I think that's important.

Mr. WOLFF. If you had more resources, do you think you would be able to increase the effectiveness of your operation? And if you had resources redirected from one part of our operation to another, would there be any increase in effectiveness?

Mr. FLAHERTY. Well, it's hard to say. I think the main thrust is to increase both the investigative units and the prosecutorial unit in their effectiveness. We have asked in our budget for more litigating attorneys—the prosecutorial section of it.

So for prosecutions, I do think the next budget will show an increase there in our manpower.

Mr. WOLFF. To follow up on the question of Congressman Evans, on the point of interagency cooperation, Mr. Bensinger has indicated that there are some 400 names that have been turned over. I don't know the exact numbers, but I think we have them on the record.

What's the premise on that? What's been the result on that? I mean, turning over evidence doesn't really mean anything unless you get the bottom line of whether prosecutions have resulted.

Mr. BENSINGER. Mr. Chairman, let me respond on behalf of the Deputy Attorney General and myself.

This is a report from the Internal Revenue Service during the 12 months since the memorandum of understanding of July 27, 1976. IRS initiated 284 narcotic-related tax investigations.

Mr. WOLFF. Are those as a result of your names?

Mr. BENSINGER. Our names, yes. They recommended 80 prosecutions, achieved 75 indictments and 65 convictions. As of August 31, 181 recommended prosecution cases were in the pipeline between District Office of Intelligence divisions and the courts, so that's another 181 in the works.

During the preceding 12 months—this was without the memorandum of understanding—237 investigations, in which 111 were recommended for prosecution, they obtained 56 indictments and 51 convictions.

During fiscal year 1976, prior to the memorandum of understanding, there was a commitment, IRS indicates, of 253 staff years. There has been, during the first year of operation, substantial additional resources. The IRS—

Mr. WOLFF. We will naturally query them on this, but I'm just wondering; in that particular instance, do you consider this to be a successful program?

Mr. BENSINGER. I think it's a start. Mr. Chairman. There's no question but that the emphasis in the Internal Revenue Service during the 1974 to 1976 period fell off dramatically. There's no question but that the Internal Revenue Service agents in the field see still as their principal responsibility the auditing and the review of tax returns.

Mr. WOLFF. I understand that someone from IRS said they are not in the narcotics business. So that I think, at the present time, I say—this was a past statement, as a result of which, I don't think the emphasis was placed.

But I'd like to get on to other points, because the time of Mr. Flaherty is limited, and Mr. Bensinger, we're going to have a lot of time with you.

Mr. Flaherty, there are two elements that I'm quite interested in.

No. 1. Mr. Bensinger and I have traveled overseas to various places and discovered various problems particularly in view of President Nixon's statement regarding the priority that he attached. President Ford reiterated, but it seems that the message never did get to Garcia, or that the message never did get to the overseas missions.

I'm wondering what contact you have with the State Department as the principal officer involved in the Department of Justice at high levels in order to communicate the message to these people. They seem to totally disregard the State Department, and the fact that there is such an organization known as the Department of Justice or a DEA. And I think it's about time that this message did get to the high levels of Government, so that there was a good working relationship, as exists obviously now with IRS.

Mr. FLAHERTY. Well, I accept your mandate that we should have a close cooperation with the State Department, particularly in the foreign areas. I might say that we have worked closely with the State Department, in several areas that I'm aware of.

For instance, in the Mexican situation, where we now have the country of Mexico eradicating poppy fields and so forth, the State Department has been involved there.

Mr. WOLFF. I'm aware of the State Department's involvement, but I'm also aware of the State Department's obstacles that they place in the path of your people. And I've spoken to Secretary Vance about this. And I think it would be extremely important if the Attorney General and yourself communicated to the State Department the fact that there is, it seems in some places, where they've mandate, a drug committee.

We were in Brazil, and I asked the Ambassador there about the drug committee that the embassy is supposed to have. He said, "Oh, we have one."

I said, well, when was the last meeting? Give us an indication of the last meeting?

"I really don't know. About a year ago."

Now, it seems to me that something happened on the way to the meeting, that it was never held. I just think it is important that you, as the representative of the principal law enforcement agency of our Government, give them to understand that this is a subject that must be addressed at the highest levels and with the highest priority.

Mr. FLAHERTY. I understand, Mr. Chairman, and I will do that. I have found it to be cooperative in the programs that I have worked with them, but this is not to say that there is not much more that we can do. And I think that that's what you're saying, and I agree with you.

Mr. WOLFF. I want you to know that this was part of my discussion with the President. I appreciate your comments.

The other point is, can you give us any valid estimate as to the amount of drug-related crime that exists in the country today? Well, in percentages, percentages or dollars, anything at all.

Mr. FLAHERTY. I have talked to Mr. Bensinger about these percentages. It's very difficult to give you—

Mr. WOLFF. We have something called the Rangel formula here. [Laughter.]

Mr. WOLFF. I don't know whether you're aware of that. The Rangel formula is any figure that comes off the top of your head. And then the figure is used as a standard procedure from that point on.

Mr. FLAHERTY. I could just throw something out; I'm not sure how relevant it would be. I'd like to look into it and after looking into it, give you something more detailed, rather than to just throw something out here off the top of my head.

Mr. WOLFF. Figures are bandied about here, and when later when we talk to Mr. Bensinger, I'll get them back from him on some of the areas of interest that we have, particularly on the amount of narcotics that are coming into the country.

One final area, and that is, the question of posse comitatis, and how that impacts on your Department's ability to perform its function. We visited—of course, this is not in your Department—but when we visited the border areas, they were using such primitive equipment that it was hard to believe that the United States, which has the most sophisticated equipment in the world in the military, has the most primitive equipment in the world when it comes to the idea of any type of interdiction.

I know that you have equipment available to you. But it seems to me—you see equipment, and I flew on an aircraft that, unfortunately, 2 weeks later, I believe several of your agents were killed, because the aircraft had an accident. The aircraft that was being used was a confiscated aircraft.

And I think it's about time that this country recognized that we, as a Congress, should furnish to your agency the best equipment that we possibly can, and see to it that some changes in the law are made to make available to you that type of military equipment and military assistance necessary in what has been called a "war" anyway. It's as much of a war as any other war that we'll ever get into.

I'm just wondering whether or not you have looked into or would, for this committee's sake, look into what changes you might recommend in the law that would give you access to more and better equipment, and the services of other agencies that could help in this overall objective.

Mr. FLAHERTY. Yes, Mr. Chairman, we of course are aware of the problems inherent in the principle of posse comitatis. And I'd be glad to look into it with my staff.

I know the military has been increasingly more cooperative in the efforts of terrorism. And we've had many joint discussions with the military on many matters. And I think this is an area that we will and should look into, as you suggest.

Peter may want to add something to this.

Mr. BENSINGER. Mr. Chairman, we'd be happy to provide for the record, those areas, those types of equipment and services which we feel would have a direct impact on the effectiveness of drug law enforcement overseas and domestically, services and facilities and equipment that the Defense Department has available.

That could be submitted to you separately, sir. We'd like to do that. Also, just for the record, that tragic accident involving Jim Lund

and Rob Shaw in Mexico was not as a result—as determined by the CAB, both of Mexico and our own investigators, of any malfunction of the equipment at all.

Mr. WOLFF. I just want you to know that as an old pilot, I find it a little difficult to fly in some of the aircraft. I know that some cars are fancy cars, but the aircraft itself—it was not a happy experience. Especially when your adversaries are using some of the most modern equipment. I have seen the aircraft that are being used by the Customs Service. They must fly against high-speed jet aircraft that make them look like they belong in the Air and Space Museum.

My time has expired, as my colleagues may be aware.

Mr. Gilman?

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. Flaherty, I note with a great deal of interest and approval your concern for the need to unify and to coordinate our national drug effort, and that the Justice Department has conducted an overall review of Federal law enforcement efforts.

Are you satisfied with the unification and coordination in the Justice Department at the present time?

Mr. FLAHERTY. Well, we think we've made a beginning, taken some first steps. And I think you will see more, increasingly as we go along.

I mentioned in my earlier statement that the pilot task force—

Mr. GILMAN. I notice from your statement that 19 task forces have been in existence since 1975. How effective have they been? I have been hearing reports of problems in the field—problems of coordination, problems of working with city prosecutors and problems with regard to turning cases over to Federal agents. I find that there is an apparent lack of coordination and cooperation.

Have you examined those problems? There has been a great deal of criticism of the criminal task forces in the press within the last few months. How effective have the task forces been? Can you provide us with some thoughts with regard to those issues?

Mr. FLAHERTY. We are aware of the problems you mentioned, of minimizing rivalries, of increasing coordination, with the 19-city program. Mr. Lynch will be willing to discuss it with you.

I think, in the majority of cases it has been a very helpful beginning in bringing the various agencies together. The Attorney General is committed to increasing coordination. He's recently established these three pilot city programs. He also expanded on October 7, this major drug traffickers program.

Mr. GILMAN. What will those programs do?

Mr. FLAHERTY. That will bring together U.S. attorneys, the Criminal Division, the DEA, into a major drug trafficker—to get to the top traffic individuals and prosecute them.

Mr. GILMAN. I may sound a bit cynical. You know, some of us have been fighting this battle for some 10 or 15 years, and we keep hearing the same thing: "We're going to make a big effort and bring it all together." We have been talking about "bringing it all together" and coordinating for a long time. They are nice words, but we have not seen the substantive results.

When I talk to a prosecutor in the city of New York and he tells me that he has trouble coordinating with Federal agents and that when he turns his case over to them, there is lack of followthrough and that he has a backlog of nearly 1,500 cases, something is seriously

wrong in the field, and I question the lack of effectiveness of the coordination.

MR. FLAHERTY. Well, as I say, in this FBI task force with the DEA, that's just been started, we trained them in Quantico together. They are in teams, where DEA agents, for the first time—and maybe it's late, but it's started for the first time just in the past few weeks—

MR. GILMAN. I am not talking now about DEA's cooperation with your organization, or your organization's cooperation with DEA. I am talking about your cooperation with the local prosecutors and with the local policy agencies.

What are you doing to straighten out those problems?

MR. BENSINGER. I think, in fairness, Congressman Gilman—

MR. GILMAN. Mr. Flaherty is going to be leaving, Mr. Bensinger, and we will be pleased to get into a discussion with you later. But I do not want to lose my time with Mr. Flaherty. After that, I would welcome your comments.

MR. FLAHERTY. Mr. Gilman, I have met with the State attorneys general. I have met with the district attorneys of most of the major cities, including New York. I have met with many of the prosecuting groups throughout the country. I've met with the chiefs of police. As a matter of fact, I was just out in Los Angeles, meeting with them last past week, with Peter Bensinger, here.

We're all involved in local and State prosecutive efforts to increase the coordination activities that you're speaking of. I've been getting out into the field to actually meet with the chiefs. I know many of them come down here to Washington. As a matter of fact, we have a meeting scheduled for 3 o'clock today, with the International Association of Chiefs, right in the Attorney General's office, where I, Peter Bensinger, and others will be there to talk about increasing our coordination of local and State law enforcement officers.

MR. GILMAN. Tell me, then, why do we have such a heavy backlog of cases that have not been prosecuted? For example, in metropolitan New York, we have a backlog of about 1,500 cases. Why do we have such a heavy backlog?

MR. FLAHERTY. There could be many reasons. You mean, for the local backlog, of local district attorney's office in New York? They may not have the manpower in their prosecutive efforts, Congressman. That is a problem there.

MR. GILMAN. These are all narcotics cases that we are talking about. If there is a lack of manpower, what is the Federal Department of Justice doing to break through that backlog, besides holding seminars and meetings in Washington?

MR. FLAHERTY. As we all know, New York's had tremendous budgetary problems, and they, I believe, have had some cutbacks.

MR. GILMAN. We have had that problem for a number of years. We recognize that as a way of life in New York. But what are we doing to assist in cutting through the backlog of unprosecuted cases?

MR. BENSINGER. Congressman Gilman, I've got to interrupt for 10 seconds, to say that the city of New York and the State of New York receive some LEAA grants in excess of \$60 million. The percentage of funds directed to narcotics are less than, I believe, 5 percent of their total dollars available, and it could be closer to 1 percent.

MR. GILMAN. What is the total LEAA budget?

MR. FLAHERTY. \$650 million.

Mr. GILMAN. New York is getting \$60 million. That is less than 10 percent of the total budget. What is the total narcotics trafficking in the New York metropolitan area? What percentage of the total national drug traffic is concentrated in the New York metropolitan area?

Mr. BENSINGER. In narcotics?

Mr. GILMAN. Yes.

Mr. BENSINGER. Bob DuPont would probably estimate 20 percent of the total heroin addicts in that area.

Mr. GILMAN. What do you estimate the total nationwide narcotics trafficking that is concentrated in the New York metropolitan area?

Mr. BENSINGER. I would say perhaps 5 to 8 percent, Congressman Gilman. That may surprise you.

Mr. GILMAN. It surprises me because it is in direct conflict with what DEA has told us in the past.

Mr. BENSINGER. This, sir, is the distribution source-level trafficking for us. I'm not talking retail trafficking. I'm talking source. The major cities that receive heroin from overseas—Chicago would be a larger distribution point than New York; in terms of street-level retail use, I think my 20-percent figure stands.

Mr. GILMAN. It seems to me that we have had previous reports from your department and from other agencies that the metropolitan area consumes some 40 percent of the total narcotics in the entire country.

Mr. BENSINGER. I don't think that's an accurate representation. But, Congressman Gilman, if you can let me doublecheck with the people and my records, we'd be pleased to provide it for the record.

[The information referred to is in the committee files.]

Mr. BENSINGER. I do want to indicate to you, sir, that I don't believe your characterization that nothing has been done meets the facts. Forty-seven percent fewer people are dying from heroin overdose deaths. Fewer people are being injured—and injured in New York from heroin and from morphine injuries. There is a reduction in the total availability of heroin in the United States, and that's a fact, sir.

I think that this committee should be able to interrogate me and the Deputy Attorney General and the head of the National Institute on Drug Abuse. But when we do see a reduction—and a dramatic reduction—in the heroin purity and injuries and overdose deaths, I don't think you can characterize that nothing has been done.

Mr. GILMAN. Mr. Chairman, with your permission, I would like to request that the Administrator of DEA place in this portion of the record the statistics that indicate the total narcotics trafficking and the usage of narcotics in the New York metropolitan area, so that we will have some accurate data.

Mr. Chairman, I request unanimous consent to continue my questioning, since Mr. Bensinger has consumed a portion of my time on a question that I directed to Mr. Flaherty.

[The information referred to is in the committee files.]

Mr. WOLFF. Mr. Gilman, you will have ample time to question Mr. Bensinger. Before you came, I indicated that there are time constraints upon Mr. Flaherty.

Mr. GILMAN. That is my point, Mr. Chairman. I directed the questions to Mr. Flaherty, and Mr. Bensinger interjected. I would like to have the opportunity to pursue one more question with Mr. Flaherty.

Mr. FLAHERTY. May I just comment on the LEAA appropriations in New York. Of course, we have an appropriation from Congress of

\$650 million, and there is a built-in formula, there. The formula in no way relates to narcotic usage. The Law Enforcement Assistance Administration follows the formula that's set by Congress, and, of course, there are many factors—

Mr. GILMAN. Mr. Flaherty, my contention is that New York was not given a proportionate amount of funding to the metropolitan area where it is needed and based upon the usage in that area.

Mr. FLAHERTY, you suggested "a national program with national and centralized control." We find that the White House is terminating the one executive coordinating unit that was available for that purpose. What mechanism are you suggesting, to obtain "a national program with national and centralized control"?

Mr. FLAHERTY. We are not in a position at this point to suggest any. We are still looking into the matter.

Mr. GILMAN. How long do we have to take to look into it? Three administrations have already been looking into the matter.

Mr. FLAHERTY. Well, I think that we will probably have some answers by the time we come out of our entire reorganization picture. Sometime by the end of the year, I would hope we would have some answers for you on the total reorganization.

Mr. GILMAN. Mr. Flaherty, has your Department made any recommendations to the President's reorganization plan with regard to the coordination of narcotics trafficking?

Mr. FLAHERTY. I can't say that, in this particular area, we have completed our studies yet, enough to make specific recommendations.

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. WOLFF. Mr. Frey?

Mr. FREY. Thank you, Mr. Chairman.

I have just one question. I worked in this field for some time as a prosecutor and one of the frustrations I faced, and has arisen previously with people we've spoken with in the Department of Justice, is the problem of sentencing.

You've seen the reports, I assume, from DEA in terms of both bail and sentencing of people involved in organized crime. Let me say I am not talking about the addict or young people. I'm talking about the person identifiable as a member of the syndicate.

I was heartened to see that the President, in his drug message, mentioned this problem, and asked the Attorney General for guidelines on mandatory sentencing and denial of bond for members of the underworld. I remember the deadline on these recommendations as October 31.

I for one am awaiting the decision with crossed fingers. We've been involved in legislation along this line for some time. Various members of this committee and other committees have introduced such legislation—increasing penalties, decreasing chances for bond, and generally taking some option away from our judges.

The statistics I recall, as I mentioned earlier, showed that one convicted trafficker in three received probation before serving a day in jail. Of the remaining two-thirds, one-third received less than 3 years sentence. DEA at present reports 2,400 fugitives from Federal drug charges: 800 who have skipped bond, and another 1,600 who have been indicted but not arrested. Another study shows that 77 percent of those

arrested in a 422-case sample, had bail set at less than \$10,000, while 20 percent were released on their own recognizance.

To my mind this is a very real problem in the area of drug abuse. I'd like your comments and thoughts on what kind of a recommendation we can expect from the Attorney General. To me it is crucial.

Mr. FLAHERTY. I think the President has, in his drug message, requested some recommendations by the 90-day period. I think it ends in November—goes to December 1. I alluded to it in my earlier statement.

We are concerned about the problems that you mentioned, and I've alluded to them previously. One of the things that we are looking into is, of course, the new criminal code itself, which is now going through the legislative process. Mandatory minimums are being studied. I'm told by the Criminal Division that some of the statistics are rather strong on class I violators. The average sentence now is 7 to 8 years for class I violators, from the statistics that the Drug Enforcement Administration has been gathering.

But basically, the looseness of the whole procedure—yes. The President has alluded to it. We are now studying recommendations, and we hope to have that ready by December 1.

Mr. FREY. Let me add one more thought. I don't think there is anything more frustrating to a prosecutor than to work hard to get a case against a major offender and then to have that offender patted on the head and sent back—not to the streets, but—to his penthouse, or his yacht, or his home in another country.

It has to be frustrating for the prosecutor, but it has more than individual impact. It spreads to the arresting officers, the detectives, the undercover agents—the entire criminal justice support system is affected when a major offender is released. Morale is hurt, frustration grows, and frankly you can't blame anyone but the judge.

I admit that as an attorney I don't like the idea of taking away discretion from the judges. I don't necessarily like the idea of minimum sentencing as a general approach to crime. Philosophically, I oppose rigidity in the judicial system. But in the area of drug abuse where the problems are so large, and the laxity so widespread and obvious, I think there should be an exception to the rule.

Mr. FLAHERTY. Well, we are aware of the frustrations that you mention, in the development of a long investigative case, and then, when it gets to the prosecution level, something happens that the person walks out or doesn't get the sentence.

Mr. FREY. I've been working—not just with this administration—but for the last three, on this problem of bond and sentencing for members of the business underworld. While we're not quite there yet; we are close. Where Congress might hesitate in the area of judicial discretion, the Attorney General has no excuse. He is the chief law enforcement officer of this Nation, and he has the title and the authority to make significant gains in this area. I would hope those of us who are expecting a positive and responsible recommendation will not be disappointed.

Thank you, Mr. Chairman.

Mr. WOLFF. Mr. Gilman has one final question for you, Mr. Flaherty.

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. Flaherty, although the President revitalized the Strategy Council in March 1977, I have been informed that the Council has yet to hold its first meeting, and that the four chief narcotics policy advisers—Peter Bensinger, Dr. Robert DuPont, Mathea Falco and Dr. Peter Bourne—have been meeting in an informal working session without any formal structure.

When will the Strategy Council be meeting officially? Is there any likelihood that it will ever meet?

Mr. FLAHERTY. They have their fourth meeting scheduled for November 7.

Mr. GILMAN. November 7?

Mr. FLAHERTY. That is correct.

Mr. GILMAN. That's encouraging to hear. Will you be part of that council?

Mr. FLAHERTY. The Attorney General himself sits on that Council, unless he wouldn't attend; then I would attend for him. So, it would either be he or I.

Mr. GILMAN. At the present time I take it that you do not have any input into the policymaking sessions; is that correct?

Mr. FLAHERTY. Well, the Attorney General himself, sitting there, would certainly have a voice in it.

Mr. GILMAN. No, I am talking about the working sessions. The Attorney General does not sit in this working group.

Mr. FLAHERTY. I don't believe he has actually sat in them, but certainly with Mr. Bensinger and other—

Mr. GILMAN. Besides having lunch with Mr. Bensinger.

Mr. FLAHERTY. I believe it's more than a lunch, Congressman. He's very interested in the working sessions, but, of course, he can't sit on all of them, of course. I appeared at one of them myself.

Mr. WOLFF. We have some questions from counsel.

Mr. NELLIS. Mr. Deputy Attorney General, this committee has just completed some landmark hearings in Chicago, indicating not only the existence of one of the major drug trafficking organizations in the United States, the Herrera group, but also showing the flow of millions of dollars from financial institutions in Chicago to banks in Mexico to finance this enormous and very profitable heroin operation.

I would like to ask you a practical question about the formation of this task force, that's in Chicago, I assume of FBI agents and DEA agents.

While we were there, we interrogated all of the local representatives of the enforcement agencies, including those in your department. There are ongoing grand jury cases involving REA presentations. There are ongoing grand jury cases involving IRS. In fact, we had a difficult time presenting our evidence, because we didn't want to infringe on any of these investigations.

Now, your statement says that this special task force in Chicago, specifically, will have the sole function of investigating major drug trafficking organizations. Is that correct?

Mr. FLAHERTY. Yes.

Mr. NELLIS. How is that brandnew task force going to mesh with the ongoing investigations of DEA, IRS, INS, Customs, and various other enforcement agencies, both State and local, that are apparently focusing in on this organization, but we haven't seen any results yet?

Mr. FLAHERTY. Well, I think the major difference might be that they will be involved in preselected targets, rather than in general operations. That's the basic difference.

Mr. NELLIS. I'm not sure I understand. Will the Herrera family be a preselected target, or are you going to leave that to the agencies working by themselves?

Mr. FLAHERTY. If that's already underway, that probably would not be a target. But there will be specific targets, rather than just some general operations in the drug abuse field.

Mr. NELLIS. I'm sorry, but I must press a bit further. Mr. Deputy Attorney General. The Herrera family occupies the dominant syndicate operation in Chicago, insofar as Mexican heroin is concerned. Mr. Bensinger made that very clear. How will you function in the special task force, without taking over the disparate functions now being performed by five or six Federal, State, and local agencies, who are apparently investigating—although, I say again, not a great deal has been done about breaking it up, yet.

Mr. FLAHERTY. This is, of course, a pilot operation, the FBI, DEA, that's now going into Chicago, and they probably would not get into an ongoing case—and the Herrera case is an ongoing one. I'm not ruling it out completely. But that would be a problem, to get into something that's already underway to the extent that Herrera is. That would be the difficulty.

Mr. NELLIS. Thank you, Mr. Chairman.

Mr. WOLFF. Thank you. And thank you, Mr. Flaherty. I'm sorry we infringed upon your time.

I wonder if Mr. Bensinger and Mr. Lynch might be able to stay on for a short while longer.

Mr. FLAHERTY. They both indicate they could stay.

Mr. WOLFF. Well, fine, if you don't mind, because I think we have a number of questions.

Thank you very much.

Mr. FLAHERTY. Thank you, Mr. Chairman. Thank you; I appreciate it.

Mr. WOLFF. I'd like to get back now to you, Mr. Bensinger, if I might.

You have indicated that 70 percent of the heroin coming into the United States comes from Mexico. Where does the rest of it come from?

Mr. BENSINGER. Southeast Asia. Some, a minor amount, from the general Middle East Afghan path, but I would say that would be diminutive. The principal other supplier, other than Mexico, would be white heroin from Southeast Asia.

Mr. WOLFF. You know, I appreciate what you have done in the overall effort—I have said this on numerous occasions—what DEA has done, and the deep dedication of the members of your agency.

The point that I make here is that only a short time ago I was told by both the State Department and your predecessor that there was no Asian heroin coming into the United States. And you tried to point this out and tried to get some method of prevention for this. Unfortunately, little attention has been directed toward that.

With all of the major effort we have made with Mexico, now we find that there is a substantial quantity of heroin coming in from the

Golden Triangle area, not only to us but coming into Europe as well. This in my mind represents a threat to us. It has a positive effect upon European cooperation, but on a humanitarian basis, it has a disastrous effect upon the people of Europe.

Now, my concern is, whether we are now doing enough to preclude the Asian heroin, which abounds in such quantity—are we doing enough to preclude Southeast Asian heroin from becoming the substitute for Mexico supplies?

Mr. BENSINGER. Mr. Chairman, I think the question you posed and the question that has been posed to us is important, and we were concerned about this potential replacement of Mexico by Southeast Asia, not just last week but well over a year ago when a Southeast Asian working group was formed at headquarters. A list of violators was developed for targeting. This list was updated. Trafficking profiles were established. A special action office for Southeast Asia was established. The language skill capability for Chinese and other dialects from Southeast Asia was identified. Major organizations for conspiracy development took place. We also saw a significant shift in the attitude and effectiveness of the governments in the Southeast Asian area, principally in Thailand.

Thailand and Burma, as you know, have the capacity to produce over 500 tons of opium gum a year.

I think, Mr. Chairman, the question is problematical. I think the results remain to be seen. We do not see major breakthroughs in hookups yet firmly established in the principal cities in the United States, but linked directly to the Southeast Asian traffic and can guarantee continuous availability of white heroin. We see indications that there are groups in New York, in Washington, and on the west coast that are attempting to make those hookups. And Western Europe has consumed a tremendous amount of heroin, as you commented on, as compared to the United States, coming from Asia.

I do think the efforts we're taking, though, depend upon the work of other governments, the work of Burma, the work of Thailand, the work of Canada, the work of Hong Kong. Over 1,000 kilos of heroin has been destroyed and actually seized in Southeast Asia. It's a tremendous increase, about triple what was the case several years ago.

I met personally with General Pow Sarasin.

Mr. WOLFF. A thousand kilos represents what, 1 ton? One metric ton?

You said that there are 500 tons—

Mr. BENSINGER. Capable of being produced, that's correct.

Mr. WOLFF. Yes; so that, really, I think we ought to direct our attention not at the so-called successes that we've had but at where we're deficient.

In my visits to some of these countries I have been personally told that there were obstacles placed in the path of your agents because your agents are directly responsible to the Chief of Mission, who is the Ambassador.

Can you substantiate this?

I know I'm putting you on the spot, but I think it's important that this allegation be either refuted or challenged or concurred with, because to my mind—and I say this with all due respect to Mr. Lynch and his work—if we do not make success at the source, we're not going

to reach this problem at all, because what you have to do is pick up the pieces, Mr. Lynch.

Mr. LYNCH. You're right, Mr. Chairman. That is to say, it's much better to get it before it hits the United States than to do the necessary investigation and prosecution.

Mr. WOLFF. I find that what is happening is that the conduct of our foreign relations, our relationships with these various countries, is being given priority over the problems which exist in families in this country. I find this unacceptable, totally unacceptable.

Mr. BENSINGER. Mr. Chairman, my comment would be that I concur with your conclusion, that the way to stop narcotic traffic in the United States is to stop it at the source.

We've seen in Mexico—

Mr. WOLFF. We know that. Now I'm coming to the guts of the problem.

Where are the obstacles placed in front of you?

What can make your job more effective?

Mr. BENSINGER. A much higher commitment by the foreign governments.

Mr. WOLFF. Forget about that. We have our own Government.

Mr. BENSINGER. OK; but we have to reach them. We can reach them in the police community, and we can reach them diplomatically, and we can reach them through the U.N.

Mr. WOLFF. With respect to the U.S. Embassy, do your people have the full freedom to act as they want to act in these areas overseas?

Mr. BENSINGER. They report to the ambassador of the individual country. They follow the guidelines that have been set forth as a result of the Mansfield amendment, and it varies. In some areas of the world they do not have the full freedom to travel. In others, they—

Mr. WOLFF. Excuse me for interrupting you, but I think that this is a point that perhaps you might develop later. But the fact that we do not have agents in areas where we do not have consulates, in the very areas where we have the drug problem is inconceivable.

In traveling through Latin America, I found that the Chiefs of Mission will sometimes not permit an agent to be assigned to the trafficking area because he wants him assigned to the capital of the country. It's a ridiculous situation. This is what I'm talking about.

Mr. BENSINGER. That situation has occurred in one country.

There's another situation—

Mr. WOLFF. There are several countries that I can name in Latin America we found just on our last trip.

Mr. GILMAN. If the gentleman will yield. For example, in Brazil, we found that a DEA agent in the Amazon region, which is a heavy trafficking area and where there has been some growth of cocaine in the more fertile areas, was removed because there is no consular office. The agent was reassigned to Sao Paulo, which is a couple of thousand miles away from the scene of the trafficking and the problem.

Mr. BENSINGER. It is the policy of the Government, the State Department, that agents will work out of consulates from an office standpoint.

Mr. GILMAN. Do you believe that this policy should be changed?

Mr. BENSINGER. I think it would be important to review the implications of that. We have had situations in Santa Cruz, Bolivia, which is a major trafficking location for that continent.

Mr. WOLFF. You have a contract consular employee who is supposed to take care of everything that there is for the U.S. Government.

Mr. BENSINGER. It's my professional opinion that we ought to have a DEA agent in Santa Cruz. It's an area with international flights. It has a very large group—in fact, the chairman of this committee went through with us and our special agent a list of 10 traffickers, most of them from that area.

It would be my professional opinion that that would be a place where an agent is assigned.

Now those individuals operate TDY from La Paz to Santa Cruz away from their home and families, and it does put a burden on them and their effectiveness.

I believe the State Department is considering establishing a consulate there.

Mr. WOLFF. I have spoken to the Ambassador—the Ambassador Designate—and he has assured us that there will be.

Mr. GILMAN. If the chairman would further yield—Mr. Chairman, I would like to request that the Director of DEA submit to the committee any recommendations that he might have for changes in statutes or in administrative regulations that could assist in redesignating agents to areas where they are needed.

Mr. BENSINGER. Yes, sir.

Mr. WOLFF. Without objection—and with the cooperation of the Administrator, I'm sure we'll receive that whenever he is able to provide such recommendations.

Now, Mr. Lynch, there is something again that troubles me. We have talked about heroin—about the fact that there has been a reduction in the supply of heroin—and I think we all know that in the drug culture that exists today, if one drug is not available in a multidrug society other drugs will be sought and used. The rapid expansion in cocaine trafficking really alarms this committee. And it seems that in areas we have visited there is little going on in the way of enforcement relative to the question of cocaine trafficking.

There is a great conflict that exists between whether or not cocaine is addictive, and all the various parameters that exist, healthwise, with cocaine and its effect. We do have conflicting testimony. We do know that in the organized crime area that the trafficker who deals in heroin switches over to cocaine if he cannot get heroin. Cocaine is just as illegal. And as I understand it, the people in the field do not have sufficient funds to either prosecute or apprehend those people who are trafficking today in cocaine. And there's marihuana, too.

And what concerns me more than anything else is the fact that we might arrive at a point somewhere down the road where someone throws up their hands, as they have with marihuana. Now, if that situation arrives with cocaine, you're getting into an entirely different area, and you're getting into an area of hard drugs.

As much as I dispute some of the statements that have been made on the question of the abuse of marihuana—use is one thing, but when we start talking about the abuse of a substance such as this and the mixture of this substance with other substances, we get into an area that should be of great concern to the Nation. And I find that there has been a downplaying of cocaine, even in the NIDA report. It didn't even mention cocaine. Here's the agency that's charged with the re-

sponsibility for the whole direction of the treatment in this country. Where do we stand with cocaine?

Mr. LYNCH. Well, Mr. Chairman, obviously I can't speak for NIDA. I'm sure I can speak for DEA and the Department of Justice.

Your concern over the perceived increase in the trafficking of cocaine is of equal concern to the Department of Justice. However, I think you are wrong when you say there is nothing being done either by way of enforcement or by way of prosecution in the area of cocaine.

In point of fact, the majority effort of the DEA in South America will be directed to cocaine, principally in the area—that is the area from which cocaine comes. And in Florida, that probably is one of the larger areas of investigative and prosecutive effort—that is, cocaine and marihuana.

But there is no question about it. We have ships, planes, boats coming right up from South America, from the Caribbean, up the coast of the United States—not only cocaine but also marihuana, which is, of course, a low risk—I shouldn't say it's a low risk because it isn't a low risk, but it's perceived by certain traffickers to be a low-risk substance in which to traffic.

Mr. WOLFF. We have found, for example, variations in the estimates given to us by NIDA. I think it was up to 11 tons coming into the United States and the later figures that were given to us by Mr. Bensinger's organization raised the level of that. At first NIDA told us there were 5 tons coming into the United States. Then we learned that there were anywhere from—I believe, Mr. Bensinger, you said something about 20 to 70 tons. We found in Latin America that somewhere in the neighborhood of 100 tons of cocaine are being exported, some of which is going to Europe.

So the extent of the problem is much greater than that to which we have addressed ourselves. There aren't that many people in treatment. The various indicators that we use on heroin do not suffice for cocaine.

Now, I wonder if we could get for the record how many cases are being prosecuted at the present time, or have been in the last year, with respect to cocaine.

The reason I say this is because in speaking to some of your prosecutors I find they say they really don't have time for cocaine prosecution because they are so concerned with heroin. We have directed their attention to heroin. We want to equally direct their attention to cocaine.

Mr. LYNCH. I can understand that, Mr. Chairman. I don't know where you're speaking of, but I would suspect it would be probably Midwest or the upper east coast where the heroin flow—

Mr. WOLFF. One way I can tell you, is from my own experience in New York on the local level. They don't have the money to proceed, and your own people, with the backlog that exists, just do not have the time or the funds to really proceed with strong prosecutions of this type of trafficking. Now, where you do find the funds and the strong effort is where you find a heroin trafficker who also happened to have some cocaine. And that becomes your case that's being prosecuted on cocaine. But, as to the initiation of cases on cocaine itself, I don't think that the priorities have been really set on this drug. And we have to also get into other types of drugs as well.

We're not interested in statistics, very frankly, because the statistics are found to be totally without foundation. I studied statistics when I was in school, and I know how you can use statistics.

But the fact is what we're interested in is making a dent in the overall problem. That's where we want to be able to be of help to you.

Mr. LYNCH. I understand, Mr. Chairman.

Mr. WOLFF. To the contrary.

Mr. LYNCH. I share your, at least skepticism with statistics. As I think someone once said, "There are lies, damn lies, and statistics."

Mr. WOLFF. "Liars and damn liars and statisticians."

Mr. LYNCH. They are at least a good predicate upon which to base some conclusions from which you can proceed. But I will say, Mr. Chairman, in the eastern district of New York, in Brooklyn, some of the most significant large-scale prosecutive efforts have been mounted against traffickers in cocaine.

Now, it is true that they are heavily burdened both on the investigative end and on the prosecutive end in the New York area. But the reluctance to proceed in relation to cocaine may have something to do with either the level of traffic or the amount of cocaine.

Mr. WOLFF. I think part of the problem is the image that cocaine has as a socially accepted drug similar to the way marihuana has gained social acceptance. This becomes a problem for you because it is socially accepted. So why prosecute it?

Mr. LYNCH. That's true, Mr. Chairman. But I don't think it's bothered us with juries. Juries have returned verdicts of guilty in cases involving cocaine—indeed, in cases involving large-scale trafficking in marihuana. The *Frey* case was one of them in the eastern district of Michigan.

Mr. WOLFF. Our investigations lead us to believe that there is a greater trafficking today in cocaine than there is in heroin, and the advances that we are making in heroin interdiction are being undercut by the increases in the trafficking of cocaine.

Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. Bensinger, in 1971, we adopted as part of the Foreign Assistance Act of 1971 a restriction to any foreign nation where the President has determined that that country has failed to take adequate steps to prevent narcotic drugs and other controlled substances from being sold illegally to U.S. Government personnel, or from entering the United States unlawfully.

In our travels and study of missions abroad we found that some nations have been cooperative with us, some have not been too cooperative, and some have actively resisted our efforts. Whenever we visit a foreign nation, the State Department's standard phrase, is, "Well, the Government has indicated its willingness to cooperate, and we are optimistic and that there will be cooperation." That seems to be the standard handout to visiting congressional delegations.

Has your agency made any recommendations to the administration with regard to imposing this foreign assistance restriction on nations that fail to cooperate with us?

Mr. BENSINGER. There has been no representation that our agency has made to the State Department with respect to a single country in the last 18 months, to my knowledge.

Mr. GILMAN. Have you found that all of the narcotic producing or distributing nations are cooperating with our drug enforcement agencies?

Mr. BENSINGER. It varies by degree. Some are cooperating more than others. Some are perhaps responding in what would appear to be a passive fashion.

The principal countries are the ones that I am personally most familiar with, and I can speak with confidence about those.

Mr. GILMAN. Have you found any drug producing nations that are not responsive or cooperative?

Mr. BENSINGER. I have not met or seen personally or had reports from our top officials of a significant drug producing country; that is not what you could term responsive.

I think that we need to have considerable improvement in the effectiveness of law enforcement in many of those countries at every level, and a much higher commitment.

Mr. GILMAN. I have detected a note of either unawareness or an unwillingness to utilize this statute, as a device for seeking better cooperation. Has it ever been discussed in the working group, of which you are a member, that this Nation should use this statute as a lever to obtain better cooperation?

I hope that one statute would not be overlooked and that it would be utilized, if needed, and perhaps suggested as a device for assuring cooperation.

Mr. BENSINGER. I think that's absolutely right, Congressman Gilman. But one thing that I think is almost as effective, and in the long range, may be more effective, is the pressure of the peer groups of the countries involved.

Here I'm referring for example to the fact that the attorneys general of Latin America met in Quito, Ecuador, recently. John Harmon was the representative for Attorney General Griffin Bell. He met with the attorneys general of their respective countries, and drug trafficking was discussed, and the need for uniformity in extradition treaties, and a higher priority was discussed.

The fact that in Thailand today, in Bangkok, there are representatives of the police agencies, law enforcement agencies, the DEA counterparts, from Germany, from Hong Kong, from the United Kingdom, from France, from the Netherlands. Much, as a matter of fact, at the chairman's urging, to some of the ambassadors when he visited, to get peer group pressure from other countries than the United States, stressing the importance of narcotics is another initiative that we need to take.

I don't disagree with the questions that you've posed. I just personally know we have not made that recommendation to the State Department. I think it's important that our ambassadors feel that the narcotic activity that takes place in the countries of which they're chief of mission is an important top priority on their agenda for their foreign chiefs of staff.

Mr. GILMAN. I think that the bell is saving us from further discussion of this point.

Mr. WOLFF. I think we can follow this better at the time that we discuss the international effort.

Mr. BENSINGER. On the 17th.

Mr. GILMAN. Just one quick question, and then I know we have to adjourn for the bell.

Mr. BENSINGER, I note your working group has been meeting steadily—you, DuPont, Falco, and Bourne—and that ODAP is being dismantled. And you are aware of our criticisms of that dismantling.

I am pleased to hear that the Strategy Council will finally hold its first meeting in November. Do you see the Strategy Council as being a sufficient formal device to fill the gap created by the dismantling of ODAP, or is something more needed? Is a formal coordinating agency in the executive branch needed?

Mr. BENSINGER. I found the working group coordinating function, which Dr. Bourne has led, to be helpful. I can't predict what would occur under a Strategy Council without an ODAP, but I would hope—

Mr. GILMAN. Do you approve of ODAP's dismantling?

Mr. BENSINGER. I was not personally consulted on that decision. I'm not comfortable with a direct response. It's an administration decision. I think ODAP—

Mr. GILMAN. Had you been consulted, would you have advised the dismantling of ODAP?

Mr. WOLFF. On this point, I would like to ask the indulgence of the two gentlemen from some questions from counsel while we have to go over to vote. He will close off the hearing this morning.

We appreciate very much your cooperation in coming before us. We will see more of you, Mr. BENSINGER, I'm sure.

Mr. LYNCH, we thank you for your cooperation. We want you to know that on this side of Pennsylvania Avenue we are anxious to try to bring whatever is necessary to equip you to do the job that is necessary.

Mr. LYNCH. Thank you, Mr. Chairman.

Mr. WOLFF. Thank you.

Mr. NELLIS. Thank you, Mr. Chairman.

Mr. LYNCH, I want to ask you a couple of questions about your office.

Drug enforcement is a large horn-of-plenty with a tiny funnel at the other end. I'm talking about the prosecutorial funnel. But do you have any input to prosecutorial discretion which is exercised by U.S. attorneys and by assistant U.S. attorneys?

Mr. LYNCH. Relatively little, and it's dependent on the case. If there's a case in which I'm either consulted, or request consultation, or one of the attorneys in the section is advised; then I have a very large amount.

That is a relatively small portion of the total number of cases.

Mr. NELLIS. Yes, I understand that. Would it be useful to you, now that you have this joint DEA-FBI task force being tested in the field, to have more input, so that when cases are made, we don't have a situation, as we discovered in a number of cities—and it's the problem of prosecuting attorneys anywhere—where the seemingly important cases, the ones that we would regard as important, are set aside for others? Wouldn't it be useful to have some direction from the Attorney General's office with respect to discretion at that level?

Mr. LYNCH. Yes; the short answer is yes. But it depends on the volume of cases involved. It could be virtually impossible, for exam-

ple, for me to either pass upon or second-guess the prosecutor's decisions made on the vast majority of the cases that routinely are referred to the U.S. training office. In time you could do it.

Mr. NELLIS. Could you select out major class I violators and give the U.S. attorneys out in the States some notion of what policy the Attorney General would like to see followed?

Mr. LYNCH. I think that the recently signed order of the Attorney General will go a long way toward reflecting the Attorney General's interest in and priority given to major drug trafficking offenses. From there we will proceed. And I think the Attorney General and the Deputy Attorney General of the Criminal Division will be very much interested in keeping track, as we do now, in point of fact, with these major prosecutions.

Mr. NELLIS. But that's after the fact, isn't it Bill? It's after the fact that you keep track. I'm talking about input at the time of the decision.

Mr. LYNCH. That is the next step, insofar as I'm concerned.

Mr. NELLIS. I hope you're successful, because my experience out in the field indicates that policy input from the Justice Department is either ignored or set aside for other considerations. And I understand the problems that the U.S. attorneys have.

Let me ask you about another area. My experience with the Kefauver committee and various other committees of Congress that looked into criminal activities, so to speak, indicates that one of the most successful ways of getting at these major organizations is through the pocketbook.

And the thrust of our hearing—as Mr. Bensinger will attest—in Chicago—which was a very successful effort, by the way—was to determine the methodology employed by traffickers in getting large sums of cash from the selling area, so to speak, to the producing area.

Now, in your work in your narcotics section—is it a section?

Mr. LYNCH. Yes, it is a section.

Mr. NELLIS. Do you follow particularly when currency cases are made? Do you have any particular interest in that area?

Mr. LYNCH. Yes, I personally have a particular interest in that area. In point of fact, I have one attorney in a part of the United States right now, who is very much involved in that kind of an investigative activity. I'm following it from the point of view of future prosecution: Where do you go?

I agree with you that that is an area that should be looked to, and should receive a great deal more attention, even more than it does now.

One of the problems, however, in making some sort of an impact on the economics of the traffic, if you will, is alluded to in the Attorney General's statement. We have relatively low fines, when you consider the enormous amounts of money that are made outside the tax structure by major traffickers.

In addition, although there has been legislative initiative in the area, and recommendations by the Department of Justice, to approve, for example, cash used in, or intended for use in, narcotics transactions among the feeble properties in 881 of title XXI. That is a serious defect in the statutory scheme as it now exists, and should be remedied.

Mr. NELLIS. And I think the Department has made some suggestions. Mr. Bensinger, I believe, has made some formal suggestions.

What is the status of those legislative recommendations, Mr. Bensinger? Have the committees acted in any respect?

Mr. BENSINGER. No, the Department of Justice is reviewing a recommendation that we have made both with respect to both the financial seizure of assets referred to in the President's message, and the bail and sentencing provisions.

We've also discussed with IRS—and I think you could hear from Mr. Miller this afternoon some further amendments that may be proposed jointly by Assistant Attorney General Carr Ferguson, and finally approved by the Deputy Attorney General at the Department of Treasury, in a number of joint jurisdictions.

We've got a similar thing going on with the State Department, and there have been two meetings held on this subject. We expect by November—early November—to have a total report up to the Attorney General and President on a variety of these administrative and legislative matters.

Mr. NELLIS. I hope those recommendations will come to the committee as well, because we do have an active group of Congressmen here who are members of standing committees who want to do something to help you on that road, Mr. Bensinger and Mr. Lynch.

Mr. LYNCH. In addition, I'd just like to add, Mr. Nellis, I don't think there's any question, since the President in his message supported the inclusion of cash in the properties forfeited or forfeitable under 881 of title XXI, and also expressed his support for the increase in the administrative forfeiture amounts from \$2,500 to \$10,000.

Those will be brought, as well as the legislative program.

Mr. NELLIS. Am I correct, Mr. Lynch and Mr. Bensinger, under present law, if one of your undercover agents, Mr. Bensinger, makes a \$1,000 buy, and there's an arrest of that individual for \$30,000, that the \$1,000 is subject to return because that's Government-marked money, and the other \$29,000 remain with the trafficker?

Mr. BENSINGER. The only provision that would contradict your statement would be a tax jeopardy assessment, which the Internal Revenue Service could make.

Mr. NELLIS. Which they rarely do make, unfortunately.

Mr. BENSINGER. I would say your thought sequence is right. The objective would be, if we can prove that the transactions and moneys were derived from an illegal narcotic transaction, that that is illegal money, and should be seized by the U.S. Government.

Mr. NELLIS. I have one last question for you, Mr. Bensinger, and that's about Turkish heroin.

As you are aware far more than I am I'm sure, there have been some recent seizures—one in Baltimore, that I recall—involving some Turkish nationals.

I've also been advised by your excellent regional director in Iran, I believe, Mr. Warner. Is he in Iran?

Mr. BENSINGER. He is responsible for the Iranian operation. He was in Ankara, Turkey; now in Paris.

Mr. NELLIS. There's a tremendous overproduction of Turkish poppy straw. And while Turkish poppy straw may be difficult to turn into

heroin, the signs, the antennae, are out concerning a resumption, a possible resumption, of Turkish heroin labs.

Do you have any current information that would indicate one way or the other as to whether we have a clear and present danger of a resumption of that traffic?

Mr. BENSINGER. I do have current information. Jack Cusack recently returned from an in-depth trip to Turkey, as well as to our intelligence center in Paris. He happened to give that in detail.

For the record now, we see two separate and distinct trends taking place. On the one hand, we have yet to see positive evidence of Turkish-grown opium, converted, refined, and distributed, and available, that has reached the United States, or in fact, even Western Europe.

We have seen an increase in the number of seizures, principally in western Germany, as well as a significant population of workers from Turkey and Turkish nationals trafficking and arrested for possession of heroin in Germany.

We have information that there are labs that convert morphine base into heroin, and that they are located in Turkey, one in Istanbul. That intelligence would indicate that the heroin which has passed through Turkey would be Turkish handled but not Turkish actually grown.

The other trend is what you've alluded to: There are seven provinces that are licensed to grow opium, straw process in which there is no incision of the bulb. And as a consequence, morphine-based gum and heroin is not extracted at that point. But the number of farmers that have been registered and licensed to actually grow opium has increased dramatically; so have the number of tons that have been produced. So there is a threat that there will be either economic pressure on the Government, because they may not be able to use all the opium, the straw, that is produced, or on the part of farmers, if they don't maintain a high-level price for what they're buying, and reduce it for the farmers to try the traffic elsewhere.

There's a threefold initiative which we've discussed with Dr. Bourne, Ms. Falco. We believe the interagency committee working on the Turkish problem at a diplomatic level can be discussed. I can tell you that I got an excellent reception to the discussion that I had with Dr. Bourne and Ms. Falco on the subject, no further back than yesterday, in which representations would be made by the U.S. Government, as well as by the representatives from the West German Government, to the Turkish Government about both of these occurrences.

I would say in conclusion, though, we have seen very positive results in the United States of the Turkish Government's control efforts, and have not concluded that Turkish-grown heroin has been converted into heroin, and is coming into the United States as of now.

Mr. NELLIS. Thank you very much, gentlemen. I appreciate your extending the courtesy of testifying while the Congressmen are absent.

If there is nothing further, we will resume at 2 o'clock with the Congressmen present.

Mr. BENSINGER, I hope you'll be back then?

Mr. BENSINGER. I will be back then. I do have information from the National Institute on Drug Abuse that does indicate that the percentage of the U.S. population, which they consider to be involved in

narcotic use, is 20 to 25 percent. Four years ago, New York was characterized as being 40 percent, with respect to what Congressman Gilman was questioning me about earlier.

Mr. NELLIS. Are you speaking about heroin addiction now?

Mr. BENSINGER. That's right.

Mr. NELLIS. All right; we have that for the record.

Thank you, gentlemen. The chairman has said we will resume at 2 o'clock.

[Whereupon, at 12:35 p.m., the hearing was recessed, to reconvene at 2 p.m., this same day.]

AFTERNOON SESSION

Mr. WOLFF. I think that we can get through some of the formalities while I'm waiting for some of my colleagues to come in, and therefore, make most expeditious use of the time of the people who are here today.

Our objectives, naturally, are to get on the record the material we are required to by the mandate given to this committee by the House. This is part of our oversight responsibilities. We are not here to badger or to criticize. We are here to find ways and means that we can make more effective the effort that we are all engaged in—that of attempting to find at least a partial solution to the problem of drug abuse. It's a complex issue that requires the activities of a variety of agencies of Government.

I had a meeting this morning with the President and the prime topic of discussion was the question of drug abuse. It lasted longer than scheduled because of President Carter's very strong interest in the question. We discussed means by which to make our efforts more effective. That's what all of us are after. We are both on the same side in attempting to solve this very debilitating problem that faces this Nation.

We're anxious to see the priorities of a number of the agencies perhaps redirected because there needs to be a greater concentration on the efforts expended in this direction. Unfortunately it's not as glamorous as some other pursuits and there's perhaps a tendency because much of it is necessarily conducted in a fashion that doesn't reach the public press—to downplay some of the efforts that are made. On top of that there is the criticism leveled at enforcement efforts.

I feel very strongly that there are two sides from which we must approach the question of drug abuse. There must be attention directed at demand as well as supply. And so far as you gentlemen are concerned, we're interested in your efforts on the supply side. And in these efforts we want to assist you, and the Congress wants to assist you, in every possible way.

I think, unfortunately, there's been too much in the way of unjustified criticism directed at law enforcement in general, and that is the result of certain excesses that have existed. But it is not the excesses that have made the effort; it's the work that has gone on, the hard, tedious day-to-day work that has gone on in the various agencies that are involved. And I'm sure it's easy, Mr. Dickerson, for us to be critical here of the vast number of people that might come across the border and the smuggling that takes place. When I was in Turkey one time, Ambassador Macomber said to me the only way that we would be able

to stop the Turkish opium from leaving Turkey would be to station troops shoulder-to-shoulder around the border of Turkey. And even then, we would not be able to stop it because they could fly it out.

Unfortunately, that situation is true regardless of the effort that you expend to try to solve this problem. But it, I think, does need greater coordination and it needs a greater effort to achieve good agency-to-agency cooperation. These agencies must cease looking toward the credit, and who will get the most credit for the job done.

We all have families who are in some way impacted by this drug problem. There's not a family in the Nation that hasn't been affected, directly or indirectly, by this. Not that we have addicts in our families; but in terms of the taxes that we pay as a result of the efforts that we have to expend on this.

My mother, who's 82 years old, was mugged very recently. These people were found to be drug abusers. They were addicts. People talk about the question of crime in the streets and crime in this Nation and yet, when you start talking about getting money for the enforcement efforts that are necessary in the narcotics field, people are very reluctant to spend the money because they say after all, "we've got to cut back on our budget to put it in line."

One of the reasons why our budget is out of line is because of the tremendous amount of efforts that have to be expended in order to really meet some of the problems that we face today. Some of these problems can be traced to the drug trade.

Part of the problem is the question not only of the supply reduction but the demand reduction. We've got to really turn some of the people around who are not concerned with the root causes of the problem. It's all well and good for us to pontificate and talk about how important it is for enforcement. But we also must get at the root causes of the problem. And it's not only organized crime. We know that. But what about some of the other factors that enter into the question of drug abuse. The motivations—where people and how people are motivated to get into the drug scene in the first place.

I feel that this committee has a responsibility and will continue to exercise that responsibility as long as Congress sees the need for our activities. The vote for our funding was a unanimous vote in the House. So I think that's an indication of Congress real interest in this problem.

I took this time, first, to just give you my own personal opinion of what I feel is the thrust and impact of what we are attempting in Congress. But also to indicate to you our sincere desire to be cooperative with the various agencies that are represented here and the other agencies of Government that are in any way connected with the fight that we have on our hands.

Unfortunately, many of the adversaries that we are facing, are a lot better off than some of the agencies that have to fight these people. They use highly sophisticated equipment. Every time that we make an advance on our side, they make a further advance on their side. And we try to fight this with half-hearted measures. Not by the agencies involved, but by the funds that are given over to the agencies for their effort.

This morning I spoke to the Deputy Attorney General about the whole question of posse comitatus; restrictions that exist whereby we

cannot maximize the sophisticated equipment and organizations that are available to us.

This is as important a war. I think that we should direct all of the energies and resources of this country toward fighting this war.

With that in mind, and that long-winded statement, I hope you will forgive the fact that we sometimes like to just respond—everything that I read in the newspapers or hear on the radio is write your Congressman. But we have nobody to write to.

So here we appeal to you. [Laughter.]

I think that in the interest of time, while my colleagues are arriving, I think we should bring this meeting to order and I would ask all of you to please rise and be sworn.

[The witnesses are sworn.]

Mr. WOLFF. Before us this afternoon is Peter Bensing, Director of the Drug Enforcement Administration, who was with us this morning; Mr. Donald Moore, Assistant Director of the Criminal Investigative Division of the FBI; Mr. William Williams, Deputy Commissioner and Mr. Singleton Wolfe, Assistant Commissioner for Compliance of the Internal Revenue Service; and Mr. G. R. Dickerson, Deputy Commissioner of the U.S. Customs Service. The next witness will please identify himself.

Mr. CLANCY. Tom Clancy, Intelligence Division, Internal Revenue Service.

Mr. WOLFF. We have a lot of questions for you, Mr. Clancy. [Laughter.]

However, I think it would be advisable to start with the prepared statements.

Mr. Moore, would you begin please?

**TESTIMONY OF DONALD W. MOORE, JR., ASSISTANT DIRECTOR,
FEDERAL BUREAU OF INVESTIGATION, ACCOMPANIED BY JOHN
McCURNIN**

Mr. MOORE. Thank you, sir.

My name is Donald W. Moore, Jr., Assistant Director, Criminal Investigative Division, Federal Bureau of Investigation.

I'm pleased to appear this afternoon to report to this committee on what the FBI is doing and has done to assist the Drug Enforcement Administration in its narcotics enforcement efforts during the past year.

As former Assistant Director Fred C. Fehl testified before this committee last year, the FBI, under Reorganization Plan No. 2 of 1973, is expected to play a major role in assisting DEA local and State narcotics control agencies throughout the country by the development and timely dissemination of intelligence data concerning illicit drug trafficking.

The FBI is fulfilling this role through constant debriefing of our sources, subjects, and suspects of FBI investigations.

The FBI acts currently in a supportive role to the U.S. Government's drug enforcement effort in view of the fact that the Bureau does not have primary investigative jurisdiction under Federal law to investigate violations relating to the sale and distribution of illicit narcotics.

This supportive role is provided in three major areas:

No. 1: Debriefing of FBI sources, subjects, and informants and dissemination of this information to appropriate Federal, State, and local agencies.

No. 2: Investigative support—for example, selected joint operations and the location of DEA fugitives; and

No. 3: Making available to appropriate Federal, State, and local agencies certain of the FBI's centralized services, such as fingerprint identification, arrest records, laboratory services, name checks, and access to the National Crime Information Center online files.

On July 19, 1976, DEA, at the request of the FBI, made available to FBI headquarters the identities of 420 class I violators and their associates in the United States. They requested any information on these traffickers contained in Bureau files or generated by investigative efforts be furnished to DEA.

This list of class I violators and their associates was distributed to all 59 field divisions with instructions to search respective files on each violator and furnish results to the local DEA regional office. The existence of the class I violator list has been brought to the attention of all investigative employees. Information developed through our investigative efforts regarding class I narcotics violators has and will be immediately furnished to DEA.

As a result of the FBI's narcotics dissemination program, based on the debriefing of informants, subjects, and suspects, from October 1, 1976, to September 1, 1977, the Bureau has disseminated 9,708 items of narcotics intelligence information to other agencies, resulting in 192 Federal arrests, 258 local arrests, and 55 State arrests, as well as the confiscation of \$148,027,195 of narcotics-related items by Federal authorities, \$8,043,719 by local authorities, and \$909,400 by State authorities.

Investigative support has been provided to DEA in a number of highly important areas.

On July 24, 1977, DEA furnished to the FBI a list of 30 most wanted domestic drug traffickers for whom arrest warrants had been issued and whose whereabouts are unknown. Of the 30 most wanted fugitives, the FBI had 11 ongoing fugitive investigations concerning the individuals wanted for violations over which the FBI has investigative jurisdiction.

Information developed relative to the location of DEA fugitives where the FBI does not have investigative jurisdiction will be furnished to DEA for arrest purposes.

In addition, two pilot field intelligence exchange groups have been set up in Chicago and Miami. The objective of these groups is to maximize prosecution against key high-level traffickers and financiers by coordinating the local intelligence resources of Federal agencies and State and city law enforcement organizations. Agencies participating included DEA, U.S. Customs Service, Internal Revenue Service, U.S. Attorney's Office, Immigration and Naturalization, U.S. Coast Guard, FBI, Secret Service, Bureau of Alcohol, Tobacco and Firearms, and representatives of State and local law enforcement.

The Attorney General has directed that all Federal investigative resources must be applied to reduce the extent of drug abuse in this country. The Attorney General is committed specifically to increasing

the support of the FBI to DEA's effort. In furtherance of this objective, the Attorney General has approved the establishment of joint DEA/FBI task forces in certain selected domestic cities. Initially, the task forces will be established in Chicago, Los Angeles, and New York. Additional cities may be added in future months, if appropriate. FBI jurisdiction to investigate matters within the above task forces is based on the racketeer influenced and corrupt organizations and interstate transportation in aid of racketeering narcotics statutes.

The joint task forces, together with the participation and concurrence of the U.S. Department of Justice at the field and headquarters level, will target on organized crime/narcotics trafficking organizations for joint investigation.

Since many leading organized crime subjects are engaged in a multiplicity of illegal operations—ranging from gambling and loansharking to narcotics and pornography—it is anticipated that a joint task force approach by FBI and DEA personnel will make possible a heavy concentration of investigative effort aimed at incarcerating major hoodlum leaders and destroy their drug operations. Such an approach will combine the diverse investigative experience of both agencies, capitalize upon the corps of informants utilized by each, eliminate the waste of duplicatory effort, and provide a broad base of prosecutive potential, under each agency's statutes, for the target subjects and organizations selected.

In addition, we render other assistance to DEA and local, and State narcotics control agencies, ranging from investigative assistance in matters of mutual interest to administering polygraph and laboratory examinations and participating in mutual conferences and training programs. This concludes my statement, Mr. Chairman. I shall be happy to answer any questions you or other members of the committee may have.

Mr. Wolff. Thank you, Mr. Moore.

I think we will take all the prepared statements first, and then proceed with questions.

There's a vote, and that's probably why the other members are not here. They were waiting for the vote on the floor. But suppose we go on. We can continue until the next set of bells ring; then we'll have to recess briefly.

Mr. Williams, could we ask you to proceed, please?

**TESTIMONY OF WILLIAM E. WILLIAMS, DEPUTY COMMISSIONER,
U.S. INTERNAL REVENUE SERVICE, ACCOMPANIED BY SINGLETON WOLFE, ASSISTANT COMMISSIONER FOR COMPLIANCE;
THOMAS CLANCY, DIRECTOR, INTELLIGENCE DIVISION; AND
HAROLD FLANAGAN, DIVISION DIRECTOR, OFFICE OF CHIEF
COUNSEL**

Mr. Williams. Thank you, Mr. Chairman.

With me, on my right, is Mr. Singleton Wolfe, Assistant Commissioner, Compliance; next to him, Mr. Tom Clancy, the Director of our Intelligence Division; and sitting right behind me, Mr. Harold Flanagan, Division Director of our chief counsel's office. These gentlemen

are with me to assist in answering any questions you or members may have.

Commissioner Kurz regrets very much his inability to be here, but I appreciate the opportunity to appear before you today to represent the Internal Revenue Service, and to discuss the efforts of the Service, in conjunction with other Federal law enforcement agencies, to curtail the illicit traffic in narcotics.

The Service's role in this area has been a matter of continuing congressional interest over the past several years, and we are not unmindful of the specific concerns voiced by this and other congressional committees in his regard.

As you are aware, the basic rationale for the Service's involvement in the concerted Federal antinarcotics campaign is that those who profit financially from the illegal traffic in drugs are likely to be recipients of substantial amounts of income which is not declared to the Service, and upon which proper income tax is not paid.

The principal goals of our efforts are to examine, investigate, and prosecute those high-level drug traffickers who fail to comply with the tax laws, and to deprive these criminal activities of capital resources by the collection of the proven tax liabilities of narcotics traffickers.

The Service's high-level drug leaders program was instituted at the beginning of fiscal year 1976. These activities are integrated with our other special enforcement programs, which our experience indicates is an effective arrangement.

Under this program, we have curtailed the "street-level" aspects of our prior activities, which represented the principal area of abusive use of our jeopardy and termination assessment powers.

And, perhaps most important, we have entered into a closer, better coordinated working relationship with the Drug Enforcement Administration, on the basis of the Memorandum of Understanding, dated July 27, 1976.

Since the July 1976 Memorandum of Understanding, we have been working closely with the Drug Enforcement Administration in a number of ways. Beginning last autumn, DEA has been providing the Service with the names of class I target narcotics violators for evaluation by our intelligence personnel.

To date, we have received 579 such names from DEA, of which 90 have been selected for intelligence investigation, 150 for audit examination, and 36 for collection action.

Of the remainder, 95 have been rejected as unproductive for tax enforcement purposes, and 208 are still being assessed.

We have also requested DEA to furnish us with all information which they have relating to 220 taxpayers which we have identified as possible narcotics traffickers as a result of our own field investigations.

DEA has reported to us that they already had 21 of those individuals under investigation as potential class I violators, and 29 under investigation as potential violators under classes II, III, and IV.

Ninety more of the names which we sent to DEA had been identified as unclassified violators, while the remaining 80 were previously unknown to DEA.

Now, the request for information of the 220 names which I have just mentioned was made to DEA under the terms of section 6103 (k).

(6) of the Internal Revenue Code, which permits Service employees to divulge return information to the extent necessary to obtain additional information not otherwise available and necessary to determine correct tax liability.

Section 6103, as amended by the Tax Reform Act of 1976, has substantially curtailed the degree of information sharing which was originally envisioned under the Memorandum of Understanding.

The Service has worked closely with DEA since before the passage of the Tax Reform Act to determine ways in which we might share our intelligence with DEA under the more stringent antidisclosure provisions which were still pending at that time.

As a major result of that liaison, DEA recently presented to us, through the Department of Justice, with a request to disclose return information regarding some 828 narcotics traffickers which they currently have under investigation.

Mr. WOLFF. Mr. Williams, can I ask you to suspend a while, while I answer the call and then we will continue.

[Brief recess is taken.]

Mr. WOLFF. The committee will come to order.

I was speculating why so many of the Members who had indicated they would attend this afternoon's hearing are not yet present. It is because the President of Nigeria is here, and several of our colleagues were at the embassy to greet him. But they will be here shortly.

Mr. Williams, if you will continue, please.

Mr. WILLIAMS. Thank you, Mr. Chairman.

I'll repeat one sentence in order to carry forward the thought that I had at the hour of the dismissal.

As a major result of our liaison with DEA, we have recently had presented to us by that organization, through the Department of Justice, a request to disclose return information regarding some 828 narcotics traffickers which they currently have under investigation.

We intend to comply with this request as fully and as quickly as possible under the law; however, this will require us to examine the files which we may have on each of those individuals, and to identify for release to DEA that information which was generated by sources other than the taxpayer under audit or investigation.

This is because section 6103(i)(2) permits us to disclose only this type of information upon request from the head of a Federal agency. Information derived from taxpayer-provided sources, such as tax returns, can be disclosed only upon receipt of an ex parte order by a Federal district court judge.

In addition to our information-sharing arrangements, we have instituted several other initiatives in conjunction with DEA during the past 12 months.

For example, special agents of the Service have conducted a number of training classes at both the district and regional levels of DEA, with emphasis in the financial aspects of criminal investigations.

This program is geared to familiarize the participant with the type of evidence which might be useful in a successful tax prosecution case. Participants are also alerted to the various methods which high-level leaders and financiers use to conceal assets or launder funds.

As another measure of our commitment to enhance the effectiveness of our common efforts with DEA, we currently have special agents

detailed to their field offices in Miami, San Diego, and Detroit, and to their national office here in Washington.

These detailees review information obtained by DEA in the course of their narcotics investigations, and assess its potential for joint tax and narcotics development.

These agents also provide consultation to their DEA counterparts in terms of investigative techniques and generally work to improve coordination between our two agencies.

In addition to our work in conjunction with DEA, we have expanded our cooperation with other Federal organizations in the antinarcotics area. This includes the establishment of Department of Justice/IRS guidelines regarding cooperation in joint investigations, which establishes a framework for mutual cooperation, including narcotics cases.

We are also working with the National Organized Crime Planning Council in their money flow analysis project, which is aimed at determining where the funds from illegal sources are invested.

Through our participation, we will attempt to track the disposition of funds specifically generated by illicit narcotics traffic.

Finally, we have routinized our arrangements with the Customs Service, regarding the exchange of financial transaction information reported under the Bank Secrecy Act of 1970, Public Law 91-508.

Under these arrangements, we provide Customs with computer tape records of all domestic currency transactions, from form 4789 filed with the Service, while Customs provides us with their computer listings of all reports of international transportation of currency or money instruments. Of course, these arrangements are beneficial to other tax enforcement areas, beyond narcotics trafficking.

Mr. WOLFF. Could you suspend for a moment, Mr. Williams? During the course of this committee's investigations in Chicago, and concerning the recording of all domestic currency transactions on the money exchanges in Chicago, one witness—the first witness that came before us—complained that he was unaware of the requirements for filing.

I wonder what we're doing to adequately inform all of these financial institutions as to the requirements for filing, and the penalties for failure to file, because they seemed totally oblivious to the fact that they were required to make certain reports. And if these financial institutions are not filing, then how are we going to be able to look into these questions?

Mr. WILLIAMS. I believe that in our compliance checks, we have contacted several thousand of these organizations—I believe it's in excess of 2,700—

Mr. WOLFF. It's in your statement—in excess of 2,700.

Mr. WOLFF. If you could furnish that information for the record, we will give you the names of these particular individuals involved, to find out whether or not they were notified. This may be a matter to be turned over to the Department of Justice.

Mr. WILLIAMS. We'd be happy to cooperate.

[The information referred to follows:]

Under IRM 4748.31, each district is required to prepare a list of all financial institutions residing in the district. IRM 4748.32 requires that as soon as the district list is prepared, the district will prepare a Form T-402 contact letter in triplicate and will send the original to each of the financial institutions on the list. The purpose of Form L-402 is to place the financial institution on notice as to its recordkeeping and reporting responsibilities. A copy of Form L-402

is attached. In our National Office, we have in excess of 4,000 copies of Form L-402 letters that have been sent to financial institutions. Subsequent to the issuance of the L-402 letter to the 4,000 financial institutions, compliance field checks were made of 2,727 firms under IRS jurisdiction.

FORM L-402 (REV. 11-74)

The Secretary of the Treasury has issued regulations to implement Titles I and II of Public Law 91-508, the Financial Recordkeeping and Currency and Foreign Transactions Reporting Act of 1970. These regulations, 31 CFR Part 103, became effective July 1, 1972, and were printed in 37 FR 6912 of April 5, 1972, as well as by commercial publishers of tax information. I have enclosed a copy of Form 5103, Examiner's Check Sheet, which reflects many of the regulations' provisions. For details, you should refer to the printed regulations.

With respect to the administrative provisions of the regulations, the Internal Revenue Service has jurisdiction over the following:

(a) A person who, as a business, deals in or exchanges currency (such as a dealer in foreign exchange or a person primarily engaged in cashing checks).

(b) A person who, as a business, issues, sells, or redeems travelers' checks, money orders, or similar instruments, except as a selling agent only, or as an incidental part of another business.

(c) A domestic agent of foreign banks, that is not supervised by a State or Federal bank supervisory agency.

(d) A licensed transmitter of funds, or other person engaged in the business of transmitting funds abroad for others.

(e) Since it appears that you are one of the above, an Internal Revenue Service representative may check with you soon to see that you are maintaining records and filing reports as required.

For your convenience, I have also appointed a District coordinator for you to contact if you have any questions about the requirements under the regulations. Please feel free to contact him at the District office address shown on the front of this letter or at the telephone number shown below.

Sincerely yours,

District Director.

District Coordinator's Name _____

District Coordinator's Telephone Number Code _____

Department of the Treasury - Internal Revenue Service	
Form 5103 (June 1973)	EXAMINER'S CHECK SHEET
(References are to the Code of Federal Regulations)	
Name of Financial Institution	Kind of Business <input type="checkbox"/> Corporation <input type="checkbox"/> Sole-Proprietorship
Taxpayer Identification No.	<input type="checkbox"/> Partnership <input type="checkbox"/> Other (Specify)
Number and Street	
City, State, ZIP Code	Examination Date
I. Report Required to be Filed	Special Requirements for Foreign Transactions - Cont.
Yes No	Yes No
1. Except for shipments through the Postal Service or by common carrier, and certain shipments involving established depositories, does the institution file a Report of International Transportation of Currency or Monetary Instruments (Form 4910) whenever on any one occasion it ships to or receives from a point outside the U.S. currency or other monetary instruments in an aggregate amount exceeding \$5,000? (Sec. 103.23)	1. Does the institution keep a record (letter of transmittal, cash letter, application for a draft or transfer, etc.) of each remittance or transfer of funds, including currency or other monetary instruments, such as checks, securities, or credit of more than \$10,000 to a person, account, or place outside the U.S.? (A complete description is required. In certain instances, the records retained to satisfy the requirements referred to in Items 1 and 2 of this section, will also satisfy this requirement.) (Sec. 103.34)
II. General Recordkeeping Requirements*	
1. Does the institution keep a record of each extension of credit over \$5,000, except those secured by an interest in real property? (Sec. 103.33)	4. Does the institution keep a record of each check or draft in excess of \$10,000 drawn on or issued by a foreign bank and which the institution has paid or presented to a non-bank drawee for payment? (Sec. 103.34)
2. Does that record contain the name and address of the borrower, and the amount, rate, purpose, and date of the loan? (Sec. 103.33)	5. Does the institution keep a copy of each item, including checks, drafts, or records of transfer of credit of more than \$10,000, received directly and not through a domestic financial institution from a bank, broker, or dealer in foreign exchange outside the U.S.? (Sec. 103.34)
3(A). Does the institution try to get a taxpayer identification number for all new accounts? (Sec. 103.34)	6. Does the institution keep a record (letter of transmittal, cash letter, etc.) of each receipt of currency, checks, etc., and each transfer of funds of more than \$10,000 received from a bank, broker, or dealer in foreign exchange from outside the U.S.? (Sec. 103.34)
(B). Does the institution keep a list of customers from whom it has been unable to get an identification number after making a reasonable effort? (Sec. 103.34)	7. Does the institution, for each account in a foreign country over which it has signature authority or in which it has a financial interest, keep records that show: (A). The name in which the account is maintained? (B). The number or other designation of the account? (C). The name and address of the foreign bank or other person with whom the account is maintained? (D). The kind of account?
4. Does the institution retain for each deposit account the original or a copy of the following: (Sec. 103.34)	(E). The maximum value of the account during the reporting period?
(A). Each document granting signature authority over those accounts? (Signature cards should be kept for five years after accounts are closed.)	
(B). Each statement, lodger card or other record on each account, showing each account transaction?	
(C). The record for each item over \$100 charged to deposit accounts, unless exempted by the regulations?	
5. Does the institution, for demand deposit accounts, retain for two years other records sufficient to reconstruct the account and trace a check in excess of \$100 deposited in it through its domestic processing system, or to supply a description of a deposited check in excess of \$100? (Sec. 103.36)	
6. Are required records accessible within a reasonable period of time? (Sec. 103.36)	
III. Special Requirements for Foreign Transactions*	
1. Does the institution keep a record of each transaction it gives or receives regarding a remittance or transfer of funds, currency, etc., of more than \$10,000 sent outside the U.S.? (Sec. 103.33)	Examiner's Signature
2. Does the institution keep a copy of each item, including checks, drafts, or record of transfer of credit, of more than \$10,000 remitted or transferred outside the U.S.? (Sec. 103.34)	

Mr. WILLIAMS. In a related activity, we are also providing hard copies of all forms 4789 to the office of the Assistant Secretary of the Treasury for Law Enforcement, so that they can coordinate all Federal enforcement efforts of the financial recordkeeping and reporting provisions of title XXXI of the Bank Secrecy Act of 1970. The Service has detailed a senior analyst to the Assistant Secretary's office to assist them in establishing this program and automating their coordination process.

In summary, since the termination of the original narcotics traffickers program and the signing of the Memorandum of Understand-

ing with the Drug Enforcement Administration, the Service has expended considerable effort to establish a soundly based tax law enforcement program specifically aimed at the high-level leaders of the Nation's illicit drug traffic, and carefully coordinated with other, appropriate Federal law enforcement agencies.

We believe that the available performance statistics suggest that our program improvement efforts are beginning to pay off.

During the 12 months since the Memorandum of Understanding with DEA, we initiated 284 narcotics-related tax investigations, recommended 67 prosecutions, and achieved 71 indictments and 65 convictions.

As of August 31, 1977, 181 recommended prosecution cases were in the pipeline between our district office intelligence divisions and the courts.

During the preceding 12 months, we initiated fewer investigations—237. And while we recommended more prosecutions—111, we attained only 56 indictments and 51 convictions.

Intelligence activity resource commitments for fiscal year 1976, the year immediately prior to the Memorandum of Understanding, were \$6.5 million and 253 staff years, while the resources expended to achieve the improved performance of the first year following the Memorandum of Understanding were estimated at \$4.8 million and 169 staff years. During the first year of operation under the Memorandum of Understanding, we recommended proposed deficiencies in the amount of \$19.4 million.

For fiscal year 1978, we anticipate that, with our improved anti-narcotics program arrangements, both internal and interagency, we will be producing a sufficient volume of high-quality leads to justify a return to our fiscal year 1976 resource commitment levels and produce a substantial increase in successful case completions.

We will set the same objectives for our audit examination and collection activities relating to narcotics traffickers.

Now, beyond the activities which relate solely to our specific anti-narcotics efforts, Mr. Chairman, you had also expressed interest, during our prehearing discussions, in several areas which relate to the Service's general tax law enforcement functions, and which bear upon our overall ability to enforce criminal and civil tax provisions. I would like to take just a few moments to discuss those with you this afternoon.

First, let me review the matter of foreign banking havens and what progress we are making in curtailing their use by narcotics traffickers and others to escape taxation.

Last year, as you know, we concluded a new treaty with the Government of Switzerland, establishing a framework for mutual assistance on criminal matters. This agreement took effect on January 23, 1977, and provides assistance to both countries in locating witnesses, obtaining statements and testimony of witnesses, production and authorization of business records, and service of judicial or administrative documents in matters relating to offenses recognized by the treaty.

Unfortunately, despite the fact that tax fraud is recognized as a crime under Swiss law, assistance with regard to tax crimes was excluded from the Mutual Assistance Treaty, except in certain limited organized crime situations.

Thus, only where we can establish that an "organized criminal group" is, or is reasonably suspected to be, involved in illegal tax activities, can we seek tax-related information.

Mr. WOLFF. Again, I must interrupt you for a moment, because some of this information is pertinent to a specific portion of the statements you're making.

When you talk about "organized criminal groups," could you give us a definition of that as to how it relates to the Swiss? I'm not talking about the question that was asked this morning—I believe by our counsel—with relation to the Herrera group. Would they be considered to be an "organized crime group" in your definition?

Mr. WILLIAMS. I believe they would, Mr. Chairman; yes.

I'd ask Mr. Clancy, maybe, if he could elaborate on that.

Mr. CLANCY. I can try to elaborate, and I suspect there's a number of people at this table that also could elaborate on it. In fact, DEA, I believe, had an experience—they did go under the mutual assistance treaty on a particular case that demonstrated substantial narcotics involvement of the subject under investigation, and I believe that was successful.

Mr. BENSINGER. The Swiss Government found that through a representation made from the second circuit court that the funds of the Sicilia-Falcone organization, which we have reason to believe are depositors in Switzerland—I believe there's upwards of \$20 million—\$25 million—that were frozen by the Swiss authorities under the provisions, not on their tax relationship, but in article XXIV of the Swiss Federal Code.

Mr. WOLFF. But does a different interpretation have to be made each time?

Mr. CLANCY. I believe the agreement does allow the Swiss to make a judgment of whether they agree with our assessment, if the person is, in fact, involved in illegal activity.

Mr. WOLFF. Please proceed.

Mr. WILLIAMS. Thank you.

Even in these situations, however, the Swiss reserve the right to deny such requests where they do not deem the suspicion to be sufficiently credible.

In addition, suspects under these circumstances are entitled to appeal rights in accordance with Swiss domestic law.

Service representatives have met with Swiss officials to discuss these problems, and to seek changes which would improve our access to information. While we were successful in obtaining a commitment from the Swiss Federal Tax Administration to alter the preparation of their competent authority reports so that they will be in a more admissible form for U.S. legal proceedings, we have no expectation that they will change their definition of tax fraud or make any other changes which will significantly improve our investigative capabilities in the near future.

Our discussions with the Bahamian and Mexican Governments in this area are in a much less advanced stage than our negotiations with the Swiss Government.

The Departments of State, Treasury, and Justice are presently drafting an information-sharing and mutual assistance treaty to be submitted to the Bahamas for their consideration.

Preliminary negotiations were also begun last year between the United States and Mexico regarding exchanges of information with respect to taxes.

Although we understand that Mexican law enforcement officials were receptive to this initiative, we also understand that no progress has been made in implementing such an agreement.

In a specific project relating to international financial activities, the Service is continuing to support a Federal grand jury investigation into the use of a Bahamian financial institution for tax evasion purposes. This effort is commonly referred to as "Project Haven."

The project had its genesis in separate investigations of two suspected narcotic traffickers in 1972. After this initial impetus, however, further investigation failed to disclose any significant use of this particular Bahamian entity by narcotic traffickers.

Since a Federal grand jury is currently investigating Project Haven matters and various related cases are currently pending trial, I believe that it is inappropriate for me to discuss the status of the project at any great length.

The Service is continuing to study the use of offshore tax havens for both narcotics-related and other tax evasion purposes, but we have not yet achieved any additional breakthroughs in this area.

In the area of domestic financial transactions, the Service was given responsibility, under the provisions of the Bank Secrecy Act of 1970, for monitoring and enforcing compliance with the reporting and recordkeeping requirements of the act, as they applied to all financial institutions not otherwise specified as being under the jurisdiction of another Government agency.

The financial institutions under IRS jurisdiction include currency exchanges, coin dealers, licensed transmitters of funds abroad, and domestic agents of a foreign bank not under the supervision of a State or Federal bank supervisory agency.

In addition to enforcing the recordkeeping and reporting requirements for these institutions, the Service also conducts joint investigations of suspected criminal violations by other financial institutions, including banks, when requested to do so by the agency having primary jurisdiction.

Under the reporting and recordkeeping provisions of the act, all financial institutions are required to record the identity of persons involved in any currency transaction exceeding \$10,000 and to report the details of such transactions to the IRS within 45 days.

Reports of such currency transactions are filed with the IRS service center in Philadelphia, where they are transcribed to electronic media for subsequent reference in Service investigations and for use by other Federal law enforcement agencies.

In order to insure compliance with these reporting requirements by the financial institutions under Service jurisdiction, our district offices have been required to identify all such institutions under their geographic authority, and to establish a program for verifying compliance by each institution.

All of the organizations under our jurisdiction were subjected to a record check following implementation of the legislation, and since that time record checks have been continuing on the basis of a 3-year cycle.

During the period from October 1, 1974, through December 31, 1976, a total of 2,727 record checks were conducted by all districts. This program identified 59 financial institutions which were not complying with the recordkeeping or reporting provisions of the act, and 6 criminal cases were initiated by the Service, involving financial institutions coming within our jurisdiction.

Another section of the Bank Secrecy Act requires persons maintaining foreign bank accounts to disclose that fact on their Federal income tax returns and to maintain adequate records of such foreign bank accounts.

This requirement is found in the present regulations, that is to require those individuals having interest in foreign bank accounts to "report such relationships as required on his Federal income tax return"—bars our disclosing this information to other agencies since tax return information can only be disclosed pursuant to an ex parte court order under the antidisclosure provisions of the Tax Reform Act of 1976.

To remedy this problem, we are completing arrangements with the Treasury Department to revise the regulations so as to completely divorce the filing requirements of the Bank Secrecy Act from the requirements of the tax statutes. This action will enable the Treasury to release foreign account information to other agencies, including DEA.

Finally, I would like to address some comments to the experience we have had in attempting to operate within the limitations posed by the disclosure and summons notification provisions of the Tax Reform Act of 1976.

During the first 6 months that the administrative summons provisions of the Tax Reform Act of 1976 have been in effect, our intelligence activity issued 13,795 summonses; and in 769 cases, notices acted to stay compliance. As a result, 240 of our current tax fraud investigations are being held up pending court enforcement.

As regards the antidisclosure provisions of the Tax Reform Act, the Service and the Department of Justice have recently completed regulations to make these provisions as workable as possible. Under these regulations, we can release investigatory files and other information gathered by Service initiative upon a written disclosure request to the Commissioner of the IRS from the head of the requesting agency, as provided for under 6103(i)(2) of the code.

However, for the disclosure of information for which the taxpayer or his agent was the original source, an ex parte court order is still required. This means that, in responding to disclosure requests such as that from DEA which I mentioned earlier, the Service must take great care to identify and separate information by its source. Determining such distinctions is time consuming and often very difficult.

In summary, it is our opinion that the antidisclosure provisions of the Tax Reform Act of 1976 have adversely affected our effectiveness in criminal investigations and in our cooperation with other law enforcement agencies such as DEA.

At present, we are unable to quantify this impact, but we are monitoring this area very closely. In this context, we welcome the statement, in the President's August 2, 1977, Congressional Message on Drug Abuse, that he would consider recommending an amendment of these

specific provisions of the act, if it is determined that they present difficulties to effective law enforcement and if they can be amended without infringing upon legitimate privacy interests.

This concludes my statement, Mr. Chairman.

Mr. WOLFF. Thank you very much, Mr. Williams. We move on now to Mr. Dickerson.

**TESTIMONY OF G. R. DICKERSON, DEPUTY COMMISSIONER,
U.S. CUSTOMS SERVICE**

Mr. DICKERSON. Mr. Chairman, I have a very lengthy statement. I could summarize it if you'd like.

Mr. WOLFF. We'd appreciate your summary of the statement. And without objection your entire statement will appear in the permanent record.

[Mr. Dickerson's prepared statement follows:]

PREPARED STATEMENT OF G. R. DICKERSON, DEPUTY COMMISSIONER OF CUSTOMS

Mr. Chairman, and members of the committee, it is a pleasure for me to appear before you to report on Customs narcotics and drug-related activities since we appeared before you in September 1976. During the course of my statement today I will respond to the comments made in the Committee's Interim Report which pertain to our operations, and to specific questions the Committee has raised.

As you know, Reorganization Plan No. 2 of 1973 reaffirmed Customs continuing responsibility for the interdiction of all contraband, including illicit drugs, at ports of entry and along our entire border. Although we have no definitive assessment of the quantities of illicit drugs being smuggled into the United States, it is apparent that illicit drugs—particularly heroin and other "hard" narcotics—are being smuggled in massive quantities. Not only are we faced with a massive influx of illicit drugs, but we must also protect thousands of miles of borders—land, sea and air. We are also faced with detecting contraband among an enormous volume of incoming persons, carriers and cargo. To give you some idea of the volume involved, during the first nine months of fiscal year 1977 Customs inspected over 184 million persons, has cleared an estimated 54 million aircraft, vessels, and vehicles, and processed over 3 million formal and informal entries of merchandise.

Although Mexican heroin is still predominant, over the past two years heroin suspected of being of Southeast Asian origin has been appearing more frequently in this country. We recently made a seizure of 14.2 pounds of heroin which, although there was some question as to its true origin, was believed to have come from Turkey. Pursuant to our agreement DEA performed the laboratory analysis of the heroin, but we have not yet received their official determination of its source. The smuggling of Mexican heroin into this country mainly remains a land border operation, generally crossing the Southwest border by private vehicles, while Asian heroin has frequently been found to be smuggled by commercial airline passengers on flights to the West Coast.

Cocaine continues to be smuggled primarily by commercial airline couriers into Miami, Los Angeles, New York and San Juan. While these couriers account for the majority of seizures, bulk quantities of cocaine continue to be smuggled by commercial vessels on the East and West Coasts. This operation includes the use of banana boats calling between Turbo, Colombia, and Florida ports, and Gracolumbiana ships used by a smuggling group from Buenaventura, Colombia. Available information indicates that this operation is carried on in a more sophisticated form on the West Coast. A review of 1,158 incidents involving the use of aircraft for smuggling between 1970 and 1976 indicates that almost 12 percent involved cocaine.

The smuggling of marijuana by vessels entering the Southeast borders has surpassed the Mexican border as the principal entry point. Marijuana is frequently unloaded along the Eastern seaboard from small freighters, which carry 30 to 90 tons of marijuana, onto smaller vessels. Our review of 1,158 instances of smug-

gling by private aircraft between 1970 and 1976 indicates that 56 percent involved marihuana.

We have experienced increased seizure of hashish, both along the Mexican border and on vessels along the East Coast. We have not observed a regular pattern or trend in hashish smuggling, except for the use of cargo as concealment.

During the transition quarter and the first nine months of fiscal year 1977, Customs seized over 1 million pounds of marihuana (mostly in bulk quantities), 9,790 pounds of hashish, 862 pounds of cocaine, 258 pounds of heroin, and over 7 million tablets of other drugs. We also seized 11,242 vehicles, 137 aircraft and 250 boats. Total narcotics seizures of all types were 24,354 (1,452 more than during fiscal year 1976). During the first nine months of fiscal year 1977 we also made 40 seizures of opium totaling 20 pounds. All our narcotics seizures are referred to DEA as a matter of routine. In fiscal year 1977 through September 8, Customs referred 21,993 cases to DEA, of which 6,806 (30.9 percent) were accepted. We are not aware of how the individuals involved in these cases have been classified under DEA criteria.

During the past year we have tried to improve the evaluation of our enforcement programs. We have used the information we obtain from seizures to develop improved smuggler profiles, which has led to major heroin and other drug seizures. Although our seizure records provide some measure of our effectiveness, these statistics cannot be evaluated accurately in light of the overall problem without precise data on the quantities of illicit drugs being smuggled across our borders. One of the methods we have used to measure the effectiveness of narcotics intelligence is by the proportion of arrests and seizures which are made on the basis of prior information. With regard to our enforcement effectiveness, we are developing a comprehensive program to measure by random samples the incidence of smuggling by passengers and vehicles at air, land, and seaports. From the results of this procedure we can derive area and nationwide smuggling projections, which can then be compared with the extent of smuggling we detect under normal conditions. This program will also improve our resource allocations and management of the enforcement effort.

Our foreign Customs programs, which have had significant effects on the flow of illicit drugs into our nation, must also be considered in evaluating our effectiveness. Our training programs are designed to train foreign enforcement officials in border control activities, emphasizing interdiction techniques, border surveillance, anti-smuggling programs and methods, and search and seizure. Representatives of at least 15 nations have taken part in our training programs in fiscal year 1977. The value of our training programs is evident in the increasing drug seizures made by Customs officers in countries where training has been given. From April 1 to June 27, 1977, Bulgarian authorities have seized over 500 pounds of hashish, and during June and July 1977, Thai authorities seized more than 80 pounds of heroin and over 20 pounds of raw opium.

We have also been involved in working relationships with the Customs administrations of other nations. While the primary mission of our advisors is to provide technical assistance, the eradication of narcotics production and trafficking has now been included as a stated program objective.

Several recommendations were made in the Committee's Interim Report concerning the intensification of drug interdiction activities, particularly along the Mexican border. While the Mexican border continues to be the primary area for heroin smuggling, Asian heroin entering through the mails and airports continues on a significant scale, and the Southeastern border has become a major entry point for marihuana and cocaine. As a result, every effort is being made to apply state-of-the-art techniques in the interdiction of illicit drugs along our entire border.

In the last year we have further expanded our program to develop portable and fixed devices for use at ports and other border areas to detect concealed narcotics and other contraband. We have surveyed current technological efforts of private and public institutions for their possible application to the detection of narcotics and contraband. We are constantly expanding and improving our ground sensor system aimed at detecting illegal vehicle and pedestrian traffic. We have continued the development of detection techniques based on vapor detection, x-rays, neutron radiation and thermal imagery.

We have installed and begun an operational evaluation of the first of four x-ray machines specifically designed to examine merchandise entering at our ports along the Southwest border. Three additional x-ray systems will be installed in this fiscal year. We also use x-ray systems designed to examine ve-

hicle tires, parcels and foreign mail entering the United States. We have initiated the development of a prototype device to detect narcotics and explosives concealed in letter mail. We have increased our use of sophisticated night vision devices, and we are expanding our force of detector dogs, which have been increasingly successful in detecting concealed narcotics. Along the Mexican border, we have instituted an Unattended Border Alert Surveillance System, and our Land Branch has opened new patrol stations in Sierra Vista, Tucson, Presidio, and Big Bend National Park in Texas.

Our Air Support Branch has expanded the hours of coverage available at the NORAD radar facilities to 16-24 hours a day, 7 days a week. We are also conducting a pilot program with the Air Force regarding the use of the Advance Warning and Control System (AWACS) aircraft to detect aircraft crossing over the Mexican border. By integrating sophisticated radar detection systems with our high performance aircraft, we expect a significant increase in the effectiveness of our air program. To further assist our air units in identifying possible smuggler aircraft along the Southwest border, we previously implemented a Private Aircraft Reporting System. Under Part 6 of our regulations, a private aircraft planning on crossing the Southwest border must report to Customs directly, or indirectly through FAA, the intended point and time of border crossing not less than 15 minutes before crossing the border, and they are required to land at a designated airport unless special permission is given to overfly. This system permits us to concentrate enforcement activities on those aircraft which, by failing to report or land at a designated airport, may be involved in smuggling activities.

We are also using a reporting system directed at private yachts in the Florida Gulf area. We intend to increase the use of air surveillance to detect vessels suspected of being engaged in smuggling activities. We are also testing marine radar, and we have designed an Underwater Passive Acoustic Detection System to detect and note the direction of after-hours boat traffic. We have also combined a marine patrol program with intelligence, surveillance and intensified vessel search teams to detect smuggling by vessels, and we have instituted a system of penalties which increase as the number of violations increase. We expect that the forfeiture of vessels involved in smuggling activities will have a considerable deterrent effect.

During the past year we have entered into a Mutual Assistance Agreement with Mexico which contains a provision for the exchange of information specifically aimed at offenses involving narcotics. Our Tucson Air Support Branch has also established an excellent working relationship with the Mexican Federal Judicial Police.

The Committee also made comments concerning the smuggling of synthetic drugs and precursor chemicals from Mexico. The primary synthetic drugs being smuggled from Mexico are various forms of amphetamines. Under present operating guidelines we maintain lookouts for known dangerous drug smugglers and closely question and observe passengers entering those ports that experience heavy traffic in this type of contraband. Many precursors and cutting agents have legitimate uses and, therefore, they are not prohibited imports. Should it appear that there is a questionable use of the material, we would refer the matter to DEA for investigation. With respect to those materials which are prohibited, we would take action against the violator as we would against any drug smuggler.

Since money is the single common denominator to all smuggling activities, we have launched a major effort to enforce the Currency and Foreign Transactions Reporting Act against the unreported importation and exportation of currency and other monetary instruments. Currency investigations conducted to date indicate a high incidence of drug related activity. During the 3-month period of April 1, 1977, to June 30, 1977, Customs made 81 seizures under the Currency Act involving currency totaling more than \$1 million.

The currency laws can be used to complement drug smuggling or trafficking investigations, and they may prove to be an effective means of disrupting illegal drug organizations by reaching their financial base. Currency related information is presently being exchanged by Customs and IRS. A computer program is also being developed whereby this information can be compared. Subsequent analysis will provide information on the international movement of funds by criminal suspects. We also make currency related information available to DEA through the Treasury Department.

We have tried to familiarize virtually every domestic and foreign law enforcement organization with our responsibilities under the Currency Act. These efforts have resulted in a growing awareness of the Currency Act with a commensurate increase in narcotics-related currency seizures and arrests by Customs officers. We also participate in Task Force operations initiated and conducted by DEA for the purpose of targeting and immobilizing specific high-level drug trafficking organization. We will continue to participate in these operations when information indicates that unreported funds are moving across our borders.

We have assigned top priority to stopping the illegal importation and exportation of arms and munitions. While we have no evidence of any overwhelming direct bartering of guns for drugs, major smuggling rings deal in a wide variety of commodities—such as stolen vehicles, aircraft, merchandise and currency which may well include narcotics. We have deployed additional enforcement personnel throughout the Southwest border to counter this traffic.

We agree with the Committee's recommendation that we must have a comprehensive Federal drug strategy. Our strategy must combine effective border interdiction and domestic enforcement with demand reduction and eradication programs. As long as there is domestic demand for illicit drugs, they will be smuggled across our borders.

Since almost all illicit drugs consumed in this country originate outside our borders, we must have programs aimed at eliminating them before they enter the stream of worldwide traffic. To this end we must have the active cooperation of the international community. One of the problems in securing their cooperation, and that of drug producing nations in particular, however, is to convince these nations that it is in their interest to suppress narcotics trafficking. We at Customs are continuing our efforts to secure the participation of other nations in this effort.

At its June 1977 meeting the Customs Cooperation Council adopted a multi-lateral Customs Convention and it is now open for signature. Annex X to the Convention provides for a variety of measures by which contracting parties can be assisted in their efforts to suppress narcotics smuggling. We are presently negotiating a mutual assistance agreement with Spain, and we are seeking more agreements with other nations. We have sponsored and actively participated in several recent narcotics conferences in other nations, and preparations are being made for a future Customs conference and for conferences on detector dogs.

To operate an effective border interdiction program, we must have a reliable and continuous flow of intelligence. The type of tactical narcotics intelligence we need includes the identity of known or suspected traffickers, travel patterns, smuggling techniques and methods of concealment, arms and currency exchanges related to narcotics, and narcotics smuggling to commercial cargo. In short, we need to know where, when, how and by whom drugs will be smuggled. It is apparent to us that our intelligence needs during the past four years have not been met primarily because of the non-availability of this type of raw intelligence data.

As you know, Reorganization Plan No. 2 separated the interdiction effort, which was retained by Customs, from the investigative and intelligence efforts, which were transferred to DEA, which was given primary responsibility to enforce the controlled substances laws in the United States. Prior to the Reorganization Plan, Customs actively investigated all smuggling activities and we fulfilled our narcotics interdiction responsibilities with integrated programs which combined intelligence gathering, and follow-up investigations with border enforcement. U.S. Customs agents overseas were involved in handling general smuggling intelligence and in developing hard narcotics smuggling information. The Reorganization Plan made Customs dependent on DEA and other Federal agencies for essential tactical intelligence.

The 1975 Memorandum of Understanding between Customs and DEA identified DEA as having primary responsibility for investigations and for intelligence gathering related to drug smuggling. Customs was identified as having a supportive role which was specifically limited to maintaining liaison and gathering information from Foreign Customs counterparts on all smuggling activities, and from air and marine communities relative to contraband smuggling. This supportive role is further defined by requiring Customs to expeditiously furnish all drug-related information to DEA, and by limiting the questioning of drug smugglers arrested by Customs to personal history and seizure information.

Except in rare cases Customs no longer conducts investigations involving purely narcotics violations. While pursuing investigations of violations of the neutrality and currency laws, or of matters other than narcotics, Customs Agents have uncovered information relative to narcotics smuggling. This information is made available to DEA without delay, and in some cases the investigation proceeds as a joint effort.

Since June of 1976 Customs has been authorized to debrief narcotics violators when DEA has declined prosecution (we are also required to notify State or local authorities regarding prosecution). We furnish DEA with a copy of our debriefing results as expeditiously as possible. In those cases where DEA has expressed an operational interest, we rely on DEA to provide any resulting information such as smuggling routes, methods of concealment, currency flow, disposition of conveyances used and false documentation.

DEA has the capability to incorporate their data into TECS through their NADDIS tapes and through TECS terminals located in their headquarters and at the El Paso Intelligence Center (EPIC). The EPIC-TECS interchange has assisted DEA's efforts to track the international movement of traffickers on whom lookout entries have been made. We have 19 Customs officers who are assigned to DEA intelligence units or who are the primary contacts for DEA information. We also have a Customs Representative and an analyst at EPIC, and we have assigned two analysts to the Inter-Departmental Intelligence Group—Mexico (IDIG—M) at DEA headquarters, which also serves as a means of exchanging information. In addition to these formal channels of exchange there is an ongoing exchange of narcotics intelligence at field levels. In emergency situations DEA may contact Customs field offices directly to transmit urgent intelligence or enforcement information. The amount of information exchanged between DEA and Customs is constantly increasing, and information from DEA has made some contribution to our heroin seizure activity. While we receive some intelligence on drug trafficking from overseas elements of DEA and the CIA, the difficulty is that the information we receive does not service our specialized requirements.

The collection and dissemination of narcotics intelligence by the CIA is a clouded issue which is presently being reviewed by the Office of Drug Abuse Policy Committee on Narcotics Intelligence, of which Customs and the CIA are members. Because of our unique search and seizure authority, Customs is able to use sensitive information furnished by the CIA while minimizing the possibility of disclosing its source.

The State Department, FBI, LEAA, and IRS do not really serve as collectors of narcotics intelligence for Customs. Should they develop such information it would presumably be passed on to DEA. INS does not have a direct role in the gathering of narcotics intelligence, and we have no formalized exchange mechanism with INS, although there is an informal exchange of information at the field level and INS does participate in EPIC. We are not in a position to evaluate narcotics intelligence developed by INS since it would be passed on to DEA and, although we may get this intelligence through EPIC, we would not necessarily be able to identify it as having originated with INS.

The effective reporting and exchange of tactical intelligence is vital to a successful Federal strategy. We believe that TECS provides an efficient means by which enforcement agencies can report and exchange intelligence and increase their effectiveness while realizing economies by sharing resources at the same time. We do not believe that the complete integration of each agency's separate computer system—TECS, NADDIS, and NCIC, for example—is an effective approach to greater information sharing. Each system was developed to meet specific operational needs, and whatever gains may be realized through increased access would be offset by a loss of operational responsiveness. Rather, we must continue our efforts to connect existing systems so they can work together. We would support the creation of an automated central indexing system that would be accessible to all law enforcement agencies. This system would supplement existing systems, which would continue to meet the needs for which they were designed. A central indexing system would provide real time response to inquiries relating to border interdiction and to domestic narcotics enforcement.

We also work closely with state and local agencies to further our mission. On a case-by-case basis data on drug suspects in localized areas is exchanged. We recently seized 200 pounds of marijuana and an aircraft as a result of information provided by the Tucson Police Department. Through the TECS in-

terface with the California Law Enforcement Telecommunications System (CLETS), CLETS users in California have access to narcotics intelligence in TECS. Similar agreements with various state agencies are being explored at this time.

Another vital aspect of an effective Federal narcotics strategy is close cooperation and coordination of the efforts of all enforcement agencies involved. An effective strategy against illicit drugs must be based on a combination of all enforcement efforts—Federal, state and local—as well as international.

We have traditionally enjoyed close working relationships with Federal, State, and local agencies in border areas. These agencies are aware of the nature of our mission and have supplied positive support. A Customs Inspector at Del Rio, Texas, recently discovered 23½ pounds of heroin in a false compartment of an automobile. The seizure was convoyed to Chicago in cooperation with DEA, which resulted in the seizure of an additional 17 pounds of heroin and in the arrest of 3 mid-level narcotics traffickers. We also work together with INS in pursuing our respective enforcement goals along the borders. We recently seized 1.8 pounds of cocaine after an INS Inspector referred a passenger for secondary examination because of a suspicious passport. We cooperate with a large number of Federal agencies in carrying out our responsibility to enforce over 400 provisions of law. These agencies include the Department of State, Agriculture, Commerce, Transportation and HEW, IRS, the Coast Guard, FEA, EPA, FMC, and the FAA.

We work closely with the Coast Guard and we have formal and informal mutual assistance agreements with the Coast Guard in all districts having Marine Support Branches. As a result of these cooperative efforts, during the first 11 months of fiscal year 1977 over 400,000 pounds of marijuana was seized, and these joint activities contributed in part to Customs seizure of 264 vessels.

The military services have been extremely cooperative in their support of our air interdiction forces. We have established agreements with numerous facilities to provide parts, services, fuel and space for our operating units. Our joint Military-Customs program, where members of the armed services inspect passengers, baggage and cargo, has also been successful. There are over 150 predeparture inspection activities overseas with 2,700 full and part-time Military Customs inspectors. During fiscal year 1977 their seizures have included 1½ pounds of opium, 30 pounds of hashish, 6,000 methamphetamine pills, and they have made 89 seizures of narcotics and dangerous drugs at Subic Bay in the Philippines.

In areas away from land borders where our presence is not so prominent, state and local officials aware of our presence have provided us with additional support. In South Carolina, we recently seized 4,000 pounds of marijuana, 6 vessels, 4 vehicles, 2 weapons, and made 9 arrests in a joint operation with DEA and South Carolina authorities.

Customs personnel frequently cooperate with DEA personnel in joint investigations. Customs also has personnel assigned to each of the 13 Federal Strike Force offices, which have recently intensified their efforts against organized crime, and Customs is an active member of the National Organized Crime Planning Council. Through our participation in these activities we interact and exchange intelligence with numerous agencies involved in drug enforcement, including DEA, IRS, FBI, ATF, and the Postal Service. Our participation in interagency operations such as these and in other cooperative efforts has resulted in maximizing our enforcement efforts by increasing resources, in making more effective use of intelligence, and in making other agencies aware of alternative means (such as the Currency Act) by which we can strike at drug traffickers.

Given the large number of Federal agencies involved in Federal drug law enforcement, it is inevitable that disputes have arisen and that they will continue to arise. As you know, a number of studies have been conducted by GAO, ODAP, and OMB on drug law enforcement and border management. It is possible that the present configuration of some Federal law enforcement agencies and that the scope of their responsibilities will be changed as a result of these studies.

In practical terms Customs goal is to interdict as much contraband as we possibly can and to thereby disrupt the extensive network of organized smuggling activities, particularly those dealing with illicit drugs. While we have not set specific goals for seizing illicit drugs, we have set goals for improving our interdiction capability against all contraband, particularly heroin. We

expect that the intensification of our interdiction activities will increase our narcotics seizures.

I want to thank the Committee for inviting us to express our views. I will be happy to answer any questions you may have and to provide you with any additional information you find necessary.

Thank you.

Mr. DICKERSON. Mr. Chairman, and members of the committee: As you know, Customs has responsibility for the interdiction of all contraband, including illicit drugs, at ports of entry and along our entire border.

Although we have no definitive assessment of the quantities of illicit drugs being smuggled into the United States, it is apparent that illicit drugs, including heroin and other hard narcotics, are still being smuggled in massive quantities. Although Mexican heroin is still predominant, over the past 2 years heroin suspected of being of Southeast Asian origin has been appearing more frequently in this country.

The smuggling of Mexican heroin into this country mainly remains a land border operation, generally crossing the Southwest border by private vehicles, while Asian heroin has frequently been found to be smuggled by commercial airline passengers on flights to the west coast.

Cocaine continues to be smuggled primarily by commercial airline couriers, while bulk quantities of cocaine continue to be smuggled by commercial vessels on the east and west coasts. The smuggling of marijuana by vessels entering the Southeast borders has surpassed the Mexican border as the principal entry point.

In addition, we have experienced increasing seizures of hashish, both along the Mexican border and on vessels along the east coast, generally concealed in cargo. During the transition quarter and the first 9 months of fiscal year 1977 we seized over 1 million pounds of marijuana, 9,790 pounds of hashish, 862 pounds of cocaine, 258 pounds of heroin, and over 7 million tablets of other drugs.

We seized 11,242 vehicles, 137 aircraft, and 250 boats. Total narcotics seizures of all types were 24,354. During the first 9 months of fiscal year 1977 we also made 40 seizures of opium totaling 20 pounds.

All of our narcotics seizures are referred to DEA as a matter of routine; in fiscal year 1977 through September 8, Customs referred 21,993 narcotics cases to DEA, of which 6,806 were accepted.

Mr. RANGEL. Excuse me: Could we hear that figure again? You referred how many?

Mr. DICKERSON. We referred 21,993 cases to DEA, of which 6,806 were accepted for prosecution and further investigation.

Mr. RANGEL. I'm sorry, Mr. Chairman, could you just tell me before I forget, what happens to the other 15,000?

Mr. DICKERSON. The other cases may be referred to local authorities for prosecution, or in some instances, where they involve small amounts, they may be handled by a fine imposed by the U.S. Customs Service.

Mr. RANGEL. I'd like to deal with that later.

Mr. DICKERSON. We are aware of how the individuals involved in these cases have been classified under DEA criteria. During the past year we have tried to improve the evaluation of our enforcement programs. One of the methods we have used to measure the effectiveness of our narcotics intelligence is by the proportion of arrests and seizures which are made on the basis of prior information.

Currently, only 6 percent of our seizures are based on prior information. We are developing a comprehensive program to measure by random samples the incidence of smuggling by passengers and vehicles at air, land, and seaports; from the results of this procedure, we can then derive area and nationwide smuggling projections, which can then be compared with the extent of smuggling we detect under normal conditions.

We are making every effort to apply state-of-the-art techniques in the interdiction of illicit drugs along our entire border.

In the last year we have further expanded our program to develop portable and fixed devices for use at ports and other border areas to detect concealed narcotics and other contraband. We are constantly expanding and improving our ground sensor system, and we have continued to implement detection techniques based on X-rays, neutron radiation, thermal imaging, and vapor detection.

We have also initiated the development of a prototype device to detect narcotics and explosives concealed in letter mail.

We have also expanded the coverage of our air and marine programs. We have launched a major effort to enforce the Currency and Foreign Transactions Reporting Act against the unreported importation and exportation of currency and other monetary instruments. And we have assigned top priority to stopping the illegal importation and exportation of arms and munitions. Since almost all illicit drugs consumed in this country originate outside our borders, we must have programs that are aimed at eliminating them before they enter the stream of worldwide traffic.

We are continuing our efforts to secure the participation of the customs services of other nations.

At its June 1977 meeting the Customs Cooperation Council adopted a multilateral customs convention, which is now open for signature. The convention contains an annex which provides for a variety of measures directed at suppressing narcotics smuggling. We have entered into mutual assistance agreements with Mexico, Austria, and Germany, and we are seeking agreements with other nations.

We have also actively participated in several recent narcotics conferences with other nations.

To operate an effective border interdiction program we must have a reliable, continuous flow of intelligence. As you know, Reorganization Plan No. 2 made Customs dependent on DEA and other Federal agencies for essential tactical intelligence.

Except in rare cases, we no longer conduct investigations involving purely narcotics violations.

When customs agents uncover any information relative to narcotics smuggling, it is made available to DEA without delay. In some cases, the investigation proceeds as a joint effort. In cases where we debrief narcotics violators, we furnish DEA with a copy of our debriefing results as expeditiously as possible. DEA has the capability to incorporate their data into our TECS computer system through their NADDIS computer tapes and through TECS terminals located in their headquarters and at the El Paso Intelligence Center.

In addition to these formal channels to exchange, there is an ongoing exchange of narcotics intelligence at field levels.

The amount of information exchanged between DEA and Customs is constantly increasing, and information from DEA has made some contribution to our heroin seizure activity. While we receive some intelligence on drug trafficking from overseas elements of DEA and the CIA, the difficulty is that the information we receive still does not service our specialized requirements.

The effective reporting and exchange of tactical intelligence is vital to a successful Federal strategy. We believe that TECS, our computer system, provides an efficient means by which enforcement agencies can report and exchange intelligence and increase their effectiveness while realizing economies by sharing resources at the same time.

Another vital aspect of an effective Federal narcotics strategy is close cooperation and coordination of the efforts of all enforcement agencies involved. We have traditionally enjoyed close working relationships with Federal, State, and local agencies in the border areas. We cooperate with a large number of Federal agencies in carrying out our responsibilities to enforce over 400 provisions of law.

We have worked particularly close with the Coast Guard, and we have formal and informal mutual assistance agreements with the Coast Guard in all of our districts having marine support branches.

The military services have also been extremely cooperative in their support of our interdiction efforts.

Our joint military-customs program, where members of the armed services overseas inspect passengers, baggage, and cargo has also been very successful.

In areas away from land borders, where our presence is not so prominent, State and local officials aware of our presence have provided us with additional support. We frequently cooperate with DEA personnel in joint investigations.

We also have personnel assigned to each of the 13 Federal strike force offices, which have recently intensified their efforts against organized crime.

Customs is also an active member of the National Organized Crime Planning Council.

Through our participation in these activities, we interact and exchange intelligence with numerous agencies involved in drug enforcement. In practical terms, Customs goal is to interdict as much contraband as we possibly can, and to thereby disrupt the extensive network of organized smuggling activities, particularly those dealing with illicit drugs.

We expect that the intensification of our interdiction activities will increase our narcotics seizures.

Mr. Chairman, that is a summary of my longer statement.

Mr. WOLFF. Thank you very much, Mr. Dickerson.

We have a vote. While we are on this short recess, maybe all of you gentlemen, who I take it maintain separate intelligence-gathering operations and communications systems, can tell us why there isn't one common system. [Laughter.]

[A brief recess was taken.]

Mr. WOLFF. The committee will come to order.

I wonder if I scared Peter Bensinger away or not.

Mr. WILLIAMS. He may be out organizing that centralized intelligence gathering agency.

Mr. WOLFF. Why is it not possible for us to have a central drug intelligence mechanism as well as a communications system? Why do we have to have duplicate systems today?

Mr. WILLIAMS. I might comment from the IRS standpoint.

Under the law, 6103, the disclosure provisions, some of which are referred to in the opening statement, Mr. Chairman, it would be very difficult for us to provide a great deal of information that you are thinking about because of the limitation of 6103 into a Central Intelligence Agency type situation which you described.

Mr. WOLFF. Well, now, you have asked for a revision of the law, as I understand. We are in the process of developing some recommendations on the revisions of the law. Maybe you could find some way to accommodate that and make some recommendations to us as to how we might be able to overcome that situation.

Mr. RANGEL. Mr. Chairman, I don't think it's fair to discuss this unless DEA is here. I believe that I have a supportive position. [Laughter.]

Mr. WILLIAMS. He should be right here.

Mr. WOLFF. There he is.

Did you get an apple for each member of the panel? [Laughter.]

Mr. BENSINGER. I have five apples, and there are five members. [Laughter.]

I have to warn you that the last kind of confectionery that were viewed were chocolate bars containing 85 pounds of cocaine. [Laughter.]

That was about 10 days ago.

But I'm not representing that there's any controlled substance in that.

Mr. RANGEL. I'll take it because I don't want you to feel rejected. [Laughter.]

But you came at the right time to give apples. We're discussing legislation to establish an intelligence unit within Customs, and I knew that was something you'd be interested in. [Laughter.]

Mr. BENSINGER. Our agents have requested that for a long time. [Laughter.]

Mr. WOLFF. Mr. Dickerson, would you like to comment on that?

Mr. DICKERSON. I think a centralized intelligence system would present an awful lot of problems because almost every agency has its own internal needs.

Let's take Customs, for example. Our TECS system now provides some services to IRS and provides some services to ATF. We have an interface with the FBI's NCIC, and an interface with NADDIS. And we have to categorize all of that information so that it is available only to certain people where it can be useful, for a couple of reasons.

One is the Privacy Act. You can only make information available for certain reasons. Some of the information that is usable.

Mr. WOLFF. Excuse me for interrupting, but there is classified information.

Mr. DICKERSON. That is right.

Mr. WOLFF. You are cleared, and a group of your people are cleared to receive top secret information. Why, then, are you not cleared to receive this interchange of information if it is classified and kept from public scrutiny?

Mr. DICKERSON. It is not a matter necessarily of being able to receive it; it is a matter of how it might be used after it is received, in the different categories, even within our own needs.

Let me give you an example.

We have strictly investigative data on an ongoing case which should not be made available to our agents online because it is not usable by them.

I will give you an example of what happened which can be very embarrassing.

We had an investigation on a customhouse broker which related to some of his accounting practices. Now, that information accidentally got into our suspect list and it was made available to an inspector. This broker returned from vacation abroad and was subjected to a very intensive inspection because of the misinterpretation of that information by that particular officer.

So even within Customs we have to categorize the availability of information.

Mr. WOLFF. But that's administrative procedures, and the ability of the agency involved to be able to control this information.

Mr. DICKERSON. My comment when I started was—I said, I think it would cause difficulties. I do not think it is impossible, but I think it would present a lot of difficulties. And the more you try to bring information from different agencies with different requirements—

Mr. WOLFF. Mr. Dickerson, what this reminds me of really is what Mr. Rangel and I and Mr. Gilman are involved in at the present time in attempting to stop the Concorde from landing in New York. They said that we had no noise regulations on SST. Now, people don't care whether the noise is from the SST or from a conventional aircraft. The noise itself, the basic noise, is something that is universal.

Basic intelligence is what is involved here, the sharing of intelligence information through a common source. It would seem to me that this would be the most natural device for the Government to use.

Clearly, there have been cases of misuse of information, but the misuse of the information should not in itself prevent the necessary use of information on an exchange basis between the various agencies that are involved.

However, I can understand it with regard to the IRS because there was a misuse of the Internal Revenue Service for political purposes. But that should not prevent our Government from making use of a centralized source of being able to track and attack crime wherever we possibly can.

Mr. MOORE. Mr. Chairman, from the FBI's standpoint, we are so complex from the standpoint of not only criminal violations for which we have investigative responsibility but also the gathering of intelligence. There, again, it's not only totally dedicated to criminal violations but also that of foreign counterintelligence and domestic security. To interface that data into one base might leave the specter of Big Brother having a central computer of all information of Federal law enforcement agencies. That in itself might not work to the full benefit of all.

There is a constant exchange of data which we, the FBI, have in all of these facets with agencies that have reciprocal investigative responsibilities. And I would rather think that to call all of these agen-

cies represented into one mass computer could present some problems for privacy, et cetera, of the Big Brother specter. I may be wrong, but I feel that the exchange of data among the agencies—

Mr. WOLFF. Well, how good is that exchange? That's the important element.

Mr. MOORE. I feel, and I speak for the Bureau, that we found that there has not been a lack of intelligence from agencies which share those responsibilities. I feel that our overall liaison responsibility is excellent, and you mentioned this earlier in your opening remarks, is that it really makes no difference what agency solves the case or who gets the individual. It's a unified effort of your law enforcement officials here that we have one common goal, and that is to uphold our investigative responsibility.

Mr. WOLFF. Mr. Moore, I take you back to the statement made by Mr. Dickerson a few moments ago. He said that 6 percent of the seizures are based upon prior intelligence.

Now, does that mean that there has been a deficiency somewhere along the line and only 6 percent is based upon—

Mr. DICKERSON. I wouldn't define it as a deficiency in the availability of what information there is because you asked a question about interface between the agencies. Our TECS hookup system, for example, interfaces with the FBI/NCIC system. We make some 1,000 to 1,200 fugitive arrests a year for outstanding warrants for non-customs violations. We interface with the DEA NADDIS system; all of their tapes are made available to us.

We have people in the DEA's EPIC in El Paso, and we have people in the DEA central intelligence system. What they have is made available to us and is entered into our computers.

The problem is not one of making information available to us; the problem is—

Mr. WOLFF. Let's look at the figures for just one moment and I'll get back to Mr. Bensinger.

Without objection, I'm going to take 2 more minutes. You say that there's an interfacing of information; yet, we do come up with this 6-percent figure. Now we also come up with the figure that comes from, I guess the Rangel formula again, of the 10 percent of interdiction of all stuff coming in.

Now you've got 6 percent that comes from prior information. So 6 percent of the 10 percent, you know, is very little that we are getting on the basis of intelligence. I mean, you know, is all of this worthwhile?

The bottom line of all this is what is the cost of our interdicting a single, not kilo, but a gram of heroin coming into the country.

The other part of the equation, however, is how much would come in if we didn't have any intelligence system. But it seems to me that there is some deficiency we thought that ODAP would bring all of these forces together into some sort of a combined activity. Unfortunately, OMB, which is the Government banker, has decided that there will be no ODAP. But I think that there really must be a further integration of the agencies that are involved, and recommendations in this regard are the responsibility of our committee. There has to be some sort of integration and I only pose the question on the intelligence resources as just one example of what can and should be done.

This is regardless of the fact that there has been an indication that there has been an indication that there is a lessening of interagency rivalry—and I think that it still exists and I'm sure that 90 percent of our audience is from the agencies affected.

You all have a dedication to the ultimate objective of narcotics enforcement. But there must be, and I entreat you, as much as I possibly can, to do something about this continuing struggle for turf. Otherwise, the Congress is going to be forced into a position of legislation that will bring about major changes in the operation of our drug effort.

Mr. WILLIAMS. Mr. Wolff, the Service, I guess, is the center of that philosophical problem, in that section 6103 is in the law to provide a great deal of restriction in providing information. Although we are able to gain a great deal of information, we are unable to provide a great deal to the other agencies without going through the procedures that I have mentioned.

But on the other hand, this committee's desire to have more information available, for several years we've been trying to improve our tax processing system with a new computerized system, a tax administration system. And like many committees of the Congress, we're concerned that this system will provide a large computerized base, such as was mentioned, without violating the privacy aspect.

Mr. WOLFF. I understand that. There are people here that don't want numbers attached to their names. The fact is that we've got to address ourselves to one of the basic problems, which is intelligence gathering.

Mr. Bensinger?

Mr. BENSINGER. I just have two comments, Mr. Chairman. That is the concept of having all of the respective agency data in one system, I do think presents practical, legal, philosophical, and probably political problems.

I think the issue is how effective is the interface between the agencies who have distinct statutory responsibilities with respect to the percentage of information?

As you know, DEA's principal priority drug is heroin, and the percentage of information which we provide out of the U.S. Customs seizures, I think that we probably provide close to 10 percent of all of their heroin seizures at the border on heroin, as compared to less than one-half of 1 percent—

Mr. WOLFF. Here you go with that 10 percent again.

Mr. BENSINGER. I just looked at it and Commissioner Dickerson showed me the memo. The other point I would make—[Laughter.]

Mr. WOLFF. He gave you the 10 percent. [Laughter.]

Mr. BENSINGER. The other point I'd make is that, naturally, because of the large amount of small marijuana seizures made at the border—and they are in the thousands, dozens of thousands—our information will not necessarily reach the U.S. Customs Service on those type of violators. They represent a major problem in terms of referral cases. They represent a major problem in terms of what message does the Government send when someone breaks the law and crosses the border with an illegal crop. But it does impact when you talk statistics of just what percentage of information is used for what purposes.

My own personal view is that the information interchange in the year and a half since I have been here has improved. There are significant steps that need to be addressed. The IRS informs me that next January their foreign bank accounts that are required now under form 1040 now will be sent directly to the Treasury Department and we won't have to have a nondisclosure of that information to DEA by IRS, the U.S. Treasury Department. And Tom, you correct me—

Mr. CLANON. It would be under title XXXI rather than title XXVI.

Mr. BENSINGER. There are some legal steps which Mr. Williams commented on which will be helpful to an investigative agency such as ours dealing with the summonses, dealing with the antidisclosure, and dealing with the tax information.

Presently, if an investigator for IRS has information, it is provided during an audit of a person who's making hundreds of thousands of dollars or millions of dollars. And that individual states that that's from narcotics and during a tax audit that person in the Internal Revenue Service can't tell us that information.

Mr. WOLFF. I want to take one final question here. Earlier I referred to the fact that there were transactions that we discovered in the course of our investigation in Chicago that involved the transfer of large amounts of money.

On page 5 of your statement, you said that in a related activity, hard copies of all form 4789 are transmitted to the Assistant Secretary of the Treasury for law enforcement so that they can coordinate all Federal enforcement efforts and financial recordkeeping and reporting provisions of title XXXI.

Now it's quite obvious from just one currency exchange in Chicago, that there is little compliance with filing requirements by the operators who are attempting to channel funds. On one day alone, in one exchange, there were the currency transactions of \$145,000, in amounts of approximately \$10,000 each.

We even had a \$20,000 transaction there. Counsel reminds me that not a single report was made on this.

Now the point is how do we tighten this up? This is an area about which you are obviously alerting people to what is happening. But these institutions are being used and it seems that this is one of the major channels through which the profits of drug trafficking are funneled.

Therefore, we are really not closing the means available which must be closed under existing law if we are to be effective.

Mr. WILLIAMS. As I indicated, —

Mr. WOLFF. Excuse me for interrupting.

Counsel has informed me that there do not seem to be any sanctions for failure to report.

Mr. WILLIAMS. As I indicated in the opening statement, Mr. Chairman, we do have a program with our district directors to follow up and initiate investigations in this area where appropriate.

Now perhaps this was missed in that followup. I'm not sure of the specific cases.

Mr. WOLFF. This is not just one. Let me just show you. These are money orders, checks that have gone from one exchange that we had, five or six of them, and we had the same—

Mr. WILLIAMS. We do have a partial responsibility under title XXXI for the check-cashing/money exchange type agencies. The Comptroller of the Currency and other agencies have responsibilities for the banks, and so forth. So we do have a program in this area.

Mr. WOLFF. I might tell you, these transactions—and about 80 percent of all the money transactions that take place in the city of Chicago go through one bank, the Lincoln Bank, and that's a national bank. How has that been able to happen over this period of time, that this type of thing wasn't reported.

Mr. WOLFF. Was that a bank?

Mr. WOLFF. That's a bank.

Mr. WOLFF. That would not be our jurisdiction.

Mr. WILLIAMS. That would not be our jurisdiction. I thought you were talking about a money exchange.

Mr. WOLFF. It is a money exchange. But I'm saying they all go through a bank as well. That's the Comptroller of the Currency.

Mr. WOLFF. That's the Comptroller of the Currency.

Mr. WILLIAMS. We would not have any authority.

Mr. WOLFF. Unless they asked us to make a criminal investigation.

Now, Mr. Chairman, we could list these—our instructions to our field people were that you go through the yellow pages of the telephone directory. You try to locate every one of these people that come under our jurisdiction, and you go out and make checks. Now, I can tell you for the 12-month period ending June 30 of this year, we had made, 1,293 record checks. We, as a result, found 29 of these people not in compliance; in fact, we initiated three criminal investigations involving financial institutions under our jurisdiction for noncompliance with the Bank Secrecy Act.

Mr. NELLIS. What regions are the criminal cases in?

Mr. WOLFF. I don't know what regions they are in. Let's take the Midwest region.

You were in Chicago, and I can tell you how many checks they made. The Midwest region made 265 record checks during the 12 months ended June 30, 1977. That's the Chicago area.

Mr. WOLFF. With all due respect, we certainly do not have the staff that you have; and we had three investigators in the field, and of the five people who we checked, all five of them were not in compliance with your regulations.

Mr. WOLFF. Could you let us have that information?

Mr. WOLFF. We'd be delighted.

Mr. GILMAN. Would the chairman yield?

Mr. Williams, when we were in Chicago, we received information that cash transactions totaling about \$100 million were laundered through local financial institutions and traveled from Chicago to Mexico. I was distressed to learn that a purchaser of money orders can go into a financial institution with a bag full of currency exceeding \$10,000 and walk out of there, apparently without the IRS imposing a violation on that individual, even though the source of income was not shown.

We asked questions about whether there could be a jeopardy determination and then place the burden of proof upon the taxpayer. We were told that that was not possible.

Could you straighten that out for us?

Mr. WILLIAMS. Of course it would depend on the facts, Mr. Gilman. We do have a procedure for asserting jeopardy assessments.

Under the law under certain conditions we can make jeopardy assessments or terminate the tax year. If the deal is in the current year for which a return has not been filed, we can terminate a tax period.

However, we must use these procedures within the scope of the law. We're not able to arbitrarily confiscate money or seize it without having some evidence of the avoidance of income tax.

Mr. GILMAN. We learned from the Chicago testimony that trafficker after trafficker could walk into a financial institution with bags of currency, purchase a money order and walk out with no questions being asked.

Mr. WILLIAMS. Was this referred to us? Was the information referred to us by the bank or by the financial institution?

Mr. GILMAN. Yes, and we were told that there was no way that the IRS could get a handle on this. I thought that you had the authority to tackle a situation of that nature.

Mr. WILLIAMS. We do have authority to issue jeopardy assessments or terminations during the tax year, if certain requirements are met. We'd have to look at each case on a case-by-case basis.

Mr. GILMAN. Let us take a hypothetical situation of an individual going to a currency exchange with a bag of currency valued at more than \$10,000, and that he does this and that the money is transferred to a Mexican bank.

Is that sufficient for you to start an investigation?

Mr. WILLIAMS. We certainly would want to look at that, Mr. Gilman.

Mr. GILMAN. That is what I am asking. Why hasn't that situation been looked into? We had the Director of the Internal Revenue Service sitting before our committee. I think that it was in 1976 that he said that he signed an agreement to work with the other agencies. It sounds almost like we were working with a foreign government, when actually he was agreeing to work with other agencies.

When asked the regional director in Chicago whether the Washington office had issued him any policy statements with regard to placing narcotics cases at a higher priority level, the committee received blank stares.

I am curious about what your Service is doing in regard to—

Mr. WOLFE. First let me comment on your exchange of currency.

Under the law, when large sums of currency are brought into the money exchanger, this money exchanger does not have to report that to us for 45 days after that happens.

OK, now, I can understand, he could be in noncompliance, and we could be at fault for not finding out who this individual is. But 45 days—

Mr. GILMAN. We are talking about at least 200 to 300 transactions in at least several hundred currency exchanges.

Mr. WOLFE. All right. Then our actions should be against that currency exchange.

Mr. GILMAN. Why wasn't it?

Mr. WOLFE. I don't know. If you will give me that information—

Mr. GILMAN. Your regional director has that information.

Mr. WOLFE. I'll follow up then.

Mr. GILMAN. Where is the policy statement from Washington to the regional director?

Mr. WOLFE. I happen to have the program letter. I issued a program letter every year telling our people what to do.

Mr. GILMAN. What is the date of that letter?

Mr. WOLFE. This is 1977, and this is for fiscal year 1978 that we are in now.

Mr. GILMAN. Does the letter stress narcotics as a priority program?

Mr. WOLFE. High-level enforcement project. These are the integrated compliance activities that we are asking them to stress: Conduct appropriate audits and criminal investigations and audits with IRS-DEA agreement of July 27, 1976;

Monitor the reporting system and periodically review and assess field operations and accomplishments in accordance with procedures in the guidelines.

Mr. GILMAN. Mr. Chairman, with your permission, I request that that policy statement be made a part of the record.

Mr. WOLFE. I'd like to file it.

Mr. WOLFE. Without objection, this will be made a permanent part of the record.

[The information referred to follows:]

COMPLIANCE PROGRAM GUIDELINES FOR FISCAL YEAR 1978

SECTION 1. PURPOSE

This Supplement provides fiscal year 1978 program guidelines for the Audit, Appellate, Intelligence and Disclosure functions. Our principal objective will be the equitable, effective and proper use of resources in achieving the highest degree of voluntary compliance with the tax laws. General Programs will continue to be central to attaining our objectives. We will continue our efforts against organized crime and high-level drug traffickers and investigate all cases involving significant tax issues. Any case selected must meet the standard criteria for tax fraud or examination programs.

SECTION 2. BACKGROUND

Beginning with fiscal year 1974, guidelines for Audit, Intelligence and Appellate functions have been combined to ensure an integrated effort in Compliance activities and issued as one program document. A Section for Disclosure, formally organized as a functional activity during fiscal year 1976, was added beginning in fiscal year 1977.

SECTION 3. INTEGRATED COMPLIANCE ACTIVITIES

01 All Compliance functions will participate in the following integrated Compliance activities. Additional instructions, where appropriate, are included in each functional section of this Supplement.

1. *Tax Shelter Program.*—Identify, examine and investigate abusive tax shelter returns. Regional Commissioners and District Directors will maintain appropriate tax shelter programs to facilitate and ensure compliance with the Internal Revenue Code by promoters and investors of abusive tax shelters. These programs will ensure uniform treatment of all investors by consistent resolution of identified issues and coordination with other IRS offices and functions for early solution of problems and areas of concern. Manual instructions will be issued shortly.

2. *Corporate Slush Funds and Fraud in Large Corporations.*—Continue investigations of fraudulent practices in large corporations. Coordinate Audit and Intelligence planning and implementation of large case examinations and investigations. Use teams of revenue agents and special agents, where warranted in joint investigations. Interview appropriate corporate officers and key employees, secure written affidavits when necessary, and take appropriate criminal action

if warranted. Carefully adhere to procedures in Manual Supplement 42G-348, CR 40G-119, 47G-111, 4(12)G-9, 84G-12, 8(24)G-123, and 9G-32, dated May 10, 1976; and Amendment 1, dated June 25, 1976; and Manual Supplement, 42G-358, dated March 14, 1977 regarding attestations:

3. *Civil Fraud Penalty.*—Use the civil fraud penalty as an integral part of the Service's enforcement program. The Intelligence civil fraud coordinator will assist and advise Audit personnel regarding the documentation of fraud issues, establishing and presenting evidence of willfulness and other required assistance. Ensure that the civil fraud penalty is applied on declined referrals and discontinued investigations when warranted. Review all cases where imposition of the civil fraud penalty was considered. During the post review reports under IRM 9641, ARC-Intelligence will ensure that appropriate comments are made in the reports on evidence developed during the investigation which would tend to support a subsequent recommendation for the civil fraud penalty. The ARC-Audit will monitor the program to ensure that appropriate consideration was given to the civil fraud penalty by the examining revenue agent. The ARC-Appellate will also ensure that appropriate consideration was given to the civil fraud penalty statute in cases where the civil fraud penalty has been conceded by the Appellate Appeals Officer. Appropriate feedback will be furnished Audit personnel in cases where the recommended penalty has been insufficiently developed. Revised reporting instructions will be issued shortly.

4. *Special Enforcement Programs (SEP—Strike Forces, Cases of Interest to the Department of Justice, Other Racketeers, High-level Drug Leaders Tax Enforcement Project and Wagering).*—Continue efforts against organized crime and drug traffickers and cooperate with the Department of Justice, the Drug Enforcement Administration and other Federal agencies by conducting civil examinations and/or investigating criminal violations of the Internal Revenue laws or related offenses when committed in contravention of the tax laws.

a. Regional Commissioners and District Directors will exercise the same line authority and responsibilities for tax administration in Strike Force, High-level Drug Leaders Tax Enforcement Project and other SEP operations and personnel as in all other IRS field operations.

b. *In Strike Forces*, the identification and selection of significant tax cases, control of IRS participation in investigations and examinations, and coordination with the Strike Force attorney will be the responsibility of the District Director through the Chiefs of Audit and Intelligence Divisions with Liaison assistance from the IRS Strike Force representative.

c. *High-level Drug Leaders Tax Enforcement Project.*—Conduct appropriate audits and criminal investigations in accordance with IRS/DEA agreement of July 27, 1976. Monitor the reporting system and periodically review and assess field operations and accomplishments in accordance with procedures and guidelines in Manual Supplement 9G-55, CR 41G-118, 42G-362, 44G-77, 45G-285, 48G-274, 49G-34, 51G-155, 52G-152, 53G-51, 5(14)G-117 and 8(22)G-15, dated July 15, 1977.

d. *Wagering Tax Enforcement Project.*—On January 14, 1977, the then Secretary of the Treasury signed Treasury Department Order 221-3 (revision 2) which provided that all functions, powers and duties relating to taxes on wagering formerly vested with the Bureau of Alcohol, Tobacco and Firearms be transferred to the Internal Revenue Service. In accordance with this, the primary enforcement efforts of the Internal Revenue Service will be aimed at the identification and development of cases against major operators or financiers who have failed to comply with the tax law requirements. Also, districts are responsible for selecting and examining returns, Form 730, which are filed to report excise tax on wagering. The guidelines and procedures implementing this project will be issued shortly.

5. *IRS-Department of Justice (DOJ) Agreement.*—This agreement, which was signed January 8, 1976, established broad guidelines relating to the assignment and supervision of IRS personnel, determination of cases to be examined or investigated and resolution of disagreements for all cooperative undertakings between IRS and DOJ, including the Office of United States Attorney. Definitive guidelines are contained in Manual Supplement 9G-8, CR 12G-154, 42G-351, 45G-269 and 48G-259, dated September 20, 1976.

6. *Information Gathering Projects.*—Significant areas of tax abuse may not be detected through routine return selection, reference to information documents filed with the Service, examinations and investigations. Explore and resolve complex abuses or tax evasion schemes. Establish district, regional or National

level projects, with appropriate approval, as warranted within an occupation, industry, economic activity or geographic area covering tax avoidance and/or tax evasion through such schemes as kickbacks, cash skimming and bribery, and illegal tax protest activities, as provided by MS 9G-18, CR 1(15)G-91, 41G-105, 42G-328, 45G-231, 51G-118, 5(12)G-25, 61G-3 and 71G-9, dated June 23, 1976 and Amendment 1 thereto, dated March 16, 1976.

7. *Return Preparers Project.*—Continue to assure compliance with the tax laws, including the provisions of the Tax Reform Act of 1976, by return preparers. Each region will maintain appropriate programs to focus on noncompliance areas within its jurisdiction by using selective screening and shopping of return preparers and the judicious and appropriate assertion of penalties and injunctions. (See Manual Supplement 42G-362, dated May 23, 1977.)

8. *Grand Jury.*—When assisting grand juries, strictly adhere to the rules of secrecy of grand jury proceedings and the guidelines set forth in Manual Supplement 9G-61, CR 42G-368 and 45G-286, dated July 29, 1977.

9. *02 Compliance ADP Applications.*—Use computer applications to the fullest extent possible to conserve compliance resources. Computer time-sharing facilities should be made available to all functions where appropriate. Maximize the effective use of LEXIS terminals and report writing equipment. Provide the necessary expertise in terminal operations. When cost effective, use word processing equipment to reduce personnel costs and increase the quality and timeliness in the typing support function.

SECTION 4. AREAS REQUIRING MANAGEMENT EMPHASIS

01 *Service Policies.*—Assure conformance with all policy statements.

02 *Integrity.*—Emphasize the highest standards of ethics, integrity and conduct that will be a credit to the Service. Also, emphasize avoidance of conflicts of interest or the appearance of conflicts of interest.

03 *Quality of Work.*—Emphasize and promote the proficiency of Compliance personnel in raising and resolving issues of merit and making quality examinations and investigations. Significant technical developments should be discussed at group meetings and field conferences.

04 *Management of Resources.*—Effectively and efficiently manage resources by being cost conscious on a continuing basis. Managers, at all levels, should:

1. Achieve the most effective use of all resources under their control, especially human resources, and be actively involved in the day-to-day operations of persons under their supervision;

2. Ensure that deployment of staff reflects the relative workload of each post of duty; (See Sections 5.022, 6.01 and 8.021)

3. Ensure that technical personnel are not performing functions that can and should be handled by clerical employees;

4. Use the team approach where warranted. Search for improvements to present practices and assign additional technical and support personnel to cases when it is cost effective and will materially expedite completion of cases; and

5. Continue to use Audit Accounting Aides to perform the functions which do not require full accounting knowledge and skill and Tax Fraud Investigative Aides whenever possible to allow special agents to concentrate on the complex technical aspects of investigations; explore the use of law students part-time to assist Appeals Officers in legal research; Co-op Work Study Trainees should also be utilized on paraprofessional tasks.

05 *Equal Employment Opportunity.*—Initiate positive actions to achieve Equal Employment Opportunity Program objectives. Strive to increase the number of minority and women employees in the examiner and criminal investigator categories. Identify and develop qualified minority and women employees for management positions.

06 *Career Development.*—Identify needs and provide opportunities for further development of employees in the technical, managerial and clerical career areas, including upward mobility.

1. *Technical careers.*—Needs for technical training and/or experience should be identified and met by management through specifically designed programs or investigative assignments. Highly capable technical personnel should be identified and afforded work assignments to enhance the scope and depth of their technical proficiency and expertise.

2. *Managerial careers.*—Persons with managerial potential and demonstrated ability should be identified and provided with opportunities for development.

3. Clerical careers—Personnel in clerical areas should be encouraged to maximize their potential in their present occupational series and those that have demonstrated potential to perform higher level work should be identified and encouraged to apply for the Upward Mobility Program.

07 *Unagreed Case Development.*—Fully develop unagreed issues in Audit, return to Audit cases prematurely referred to Appellate; submit significant new evidence received by Appellate to Audit for verification and comment; encourage taxpayers and their representatives to deal with Audit; and improve the quality of unagreed cases through Appellate-Audit coordination and feedback on case problems.

08 *Abuse of Administrative Appeals System.*—Identify at both the Audit and Appellate levels areas of abuse or manipulation of the administrative appeals system. Maintain open lines of communication and cooperation between Audit, Appellate and Counsel. Advise tax practitioners who engage in obvious manipulation of the appeals processes that such abuses will be brought to the attention of the Director of Practice and discussed with representatives of the legal or accounting professional organizations.

09 *Administrative Summons.*—Ensure that Service personnel strictly adhere to Service procedures relative to changes in the use of the administrative summons and resulting from the Tax Reform Act of 1976, reporting requirements in Manual Supplement 9G-46, CR 40G-125, 58G-26, 7(10)G-21 and (10)1G-41 dated March 23, 1977.

10 *Extending Period for Assessment.*—Ensure strict adherence to P-4-79 and obtain consents extending the statute of limitations only in cases involving unusual circumstances. Ensure that such instances are kept to an absolute minimum.

11 *International Boycott.*—Ensure that Service personnel are familiar with the provisions of the Tax Reform Act of 1976 regarding boycotts. Implementing Service procedures are contained in Revenue Procedure 77-9, dated February 3, 1977, IRM 42(10)1.5, 42(10)3 and 42(10)17.

12 *Balancing Civil and Criminal Aspects.*—Periodically review all TC 914 controlled cases to ensure maximum protection of the Service's interest in both the civil and criminal aspects and compliance with Policy Statement P-4-84, IRM 9324.3, 9413.7 and Manual Supplement 51G-111, CR 45G-217, 5(11)G-51 and 9G-14 dated January 16, 1975.

13 *Use of Investigative Equipment.*—All employees should exercise a high degree of sound judgment in the control and use of all investigative equipment, P-9-35 and implementing instructions in IRM 125(16) and IRM 9389 on the use of electronic surveillance equipment to monitor telephonic or other conversations must be followed. Emphasize the judicious and proper use of this equipment.

14 *Control of Report Forms.*—Control and limit the number of forms placing a reporting burden on the public. Restrict the development of new reporting forms not mandated by legislation. Review annually the inventory of report forms and document the need for each form.

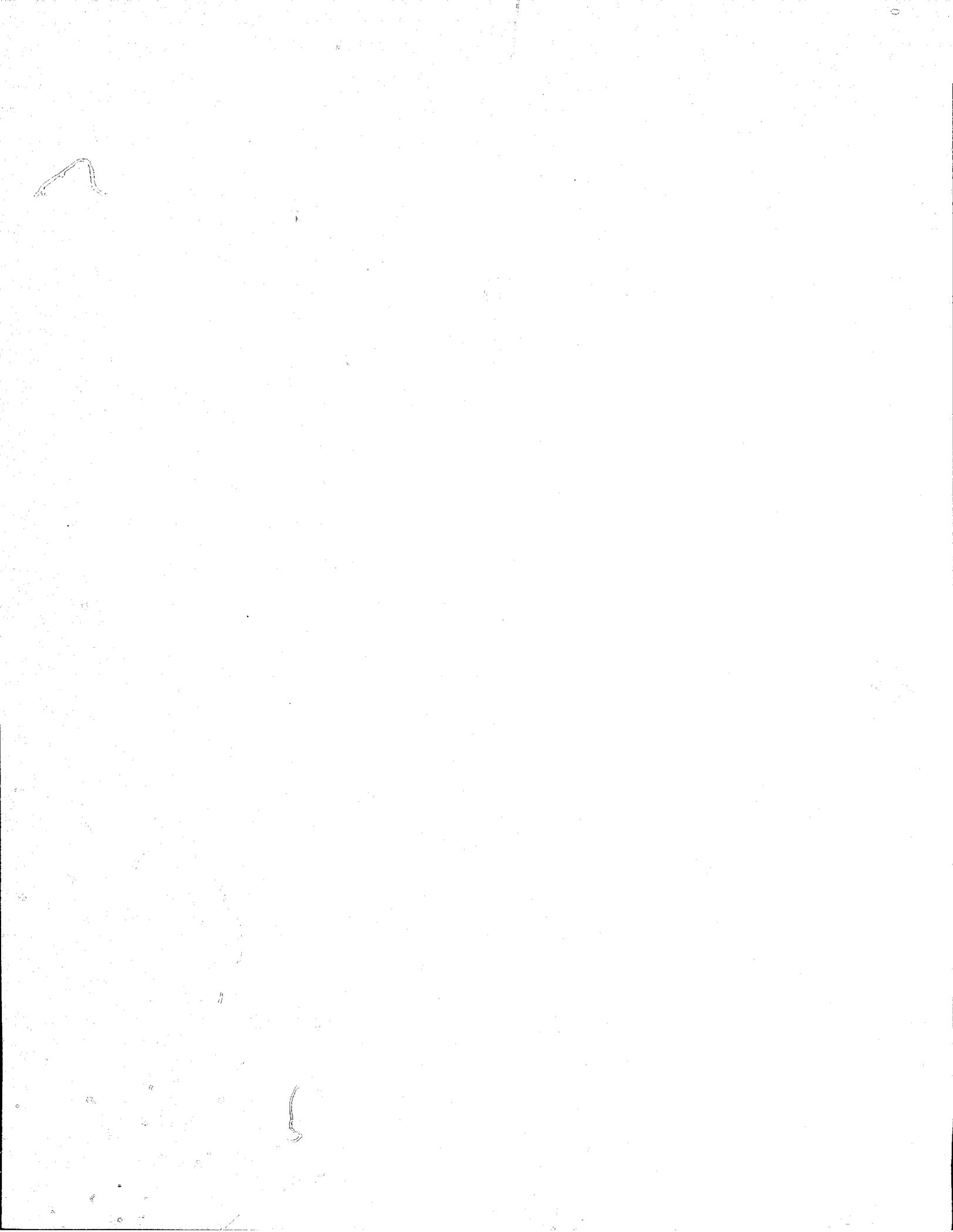
15 *Incentive Awards Program.*—Use the program to promote and motivate employee innovation and resourcefulness. Recognize and appropriately award employees who have performed substantially beyond job requirements or have distinguished themselves in their job responsibility. Also, commend those private citizens (or organizations) in recognition of volunteer contributions they have made related to the activities of the Service.

SECTION 5. AUDIT PROGRAM GUIDELINES

01 *Background.*—The Audit Division Examination Program for fiscal year 1978 is based on staff-years authorized in the Operating Financial Plan (OFP). The OFP reflects our continuing effort to minimize staffing imbalances by matching examination staff-years to each region's share of the National workload.

02 *Areas Requiring Special Management Emphasis.*—1. Emphasis achievement of the annual examination plan by each planning category on a ratable basis. Monitor examination plans on a monthly basis to facilitate early detection and timely correction of problem areas or deviations from the plan. Examination plans are not to be allocated to the group level. Ensure timely, quality TCMP examinations with emphasis on accuracy of input data.

2. Allocate examination staff-years to districts and posts-of-duty based on DIF inventories and actual workload of non-DIF scored returns. Budgetary limitations will continue to constrain the achievement of an optimal allocation of



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examination staff-years in FY 1978, but during the year imbalances should be identified and advanced planning undertaken to permit achievement of an optimal allocation in fiscal year 1979.

3. Minimize the number of DIF returns accepted after screening; emphasize the selection of high-scored DIF returns; effectively plan orders for returns to minimize volume; maintain minimum unassigned inventories and minimize unnecessary repetitive audits which result in little or no tax liability. Select returns from sources other than DIF only if such returns have potential (time to examine/dollars recommended) exceeding returns available under DIF.

4. Emphasize the Tax Shelter Program to ensure that managers at all levels give proper direction toward enforcement efforts in the abusive tax shelter area.

a. Identify and examine tax abuses involving real estate, coal, oil and gas drilling funds, farm operations, motion pictures, and other industry shelters used by promoters and investors.

b. Establish liaison with State Securities agencies for purposes of identifying abusive tax shelters.

c. National Office Audit Division will provide overall direction, coordination, and monitoring to ensure nationwide coverage and uniformity within the program and liaison with other National Office functions and other Government agencies.

5. Review AIMS (Audit Information Management System) operations to ensure timely and accurate data input and data base reliability; monitor production of AIMS management and inventory reports to ensure timeliness and accuracy; and, work closely with other Service organizations to maximize the efficient use and sharing of terminals.

6. Maintain and improve the quality of taxpayer service. To this end, only Audit personnel highly qualified in providing tax assistance will be assigned to the Taxpayer Service Program. Maximum use should be made of examiners who previously participated in this program. The total regional commitment of Audit resources will not be exceeded unless the Regional Commissioner determines that emergency taxpayer service work-load conditions exist.

7. Emphasize detection and referral to Intelligence of cases involving potential criminal violations of tax law. Ensure that the civil fraud penalty is applied when warranted.

.03 Taxpayer Compliance Measurement Program (TCMP).—1. Ensure timely, quality examinations and the accuracy of information recorded on Audit Evaluation Documents. In this effort, management should emphasize the need for thorough TCMP examinations and give recognition to high quality work when appropriate.

2. Examine at least 85 percent of the returns in Phase III, Cycle 6 (Individual Returns) by September 30, 1978.

3. Develop, implement and complete orientations for Phase IV, Cycle 3 (Corporation Returns) by March 31, 1978.

.04 Classification Program.—1. Timely order returns to minimize the number of DIF returns screened and accepted as filed. Order the fewest returns possible to meet the examination plan while simultaneously ensuring that returns most in need of examination are selected.

2. Minimize the number of returns from sources other than the Classification Program and emphasize the selection of high-score DIF returns. Returns from sources other than DIF must have potential exceeding returns available under DIF.

3. Monitor unassigned inventories to ensure the leanest inventories possible.

4. Implement the new Base Inventory Report and the new Classification Inventory and Analysis Report to maintain a sufficient inventory of returns to facilitate accomplishment of the examination plan by category.

5. Ensure timely delivery and screening of the IRP (Information Returns Program) inventory of "Under-reporter" cases selected for district examination; ensure that appropriate categories of cases are assigned to the district offices.

6. Ensure timely, quality processing of accurate information on IRP Audit Evaluation Documents, complete this evaluation project by February 1, 1978 at service centers and September 30, 1978 at district offices.

7. Use the results from the TOMP study of fiduciary returns to increase the quality of returns selected for the Fiduciary Income Tax Return Program.

.05 Income Tax Program.—1. Complete the examination of all income tax returns within the 26/27 month audit cycle specified in Policy Statement P-4-22. The inventory of prior year returns at June 30, 1978, should not exceed 35 per-

cent of planned revenue agent examinations and 5 percent of planned tax auditor examinations. The inventory of prior year returns should not be reduced by the exceptions listed in IRM 4211.12. Prior year returns involved in the Tax Shelter Program and/or the Hartford-ITT shareholder cases should be excluded. Comment on the inventory of prior year returns in each quarterly narrative.

2. Maximize interview and minimize correspondence type examinations of nonbusiness individual returns by tax auditors. On a national basis, examinations initiated by correspondence in districts should be 15 percent or less of total examinations by tax auditors. Use the interview technique on all business return examinations involving Schedules C and F issues.

3. Use office audit report writing equipment whenever feasible in agreed interview cases.

4. Assign returns in accordance with examiner's grade classification in IRM 4856 and make sure that returns and related return information are afforded adequate security.

5. Train estate tax attorneys to examine Fiduciary Income Tax Returns. Maintain an attorney/accountant referral system between estate tax attorneys and revenue agents to resolve legal and accounting questions. Closely monitor examination results.

06 *Coordinated Examination Program.*—1. Service executives and Audit managers should plan CEP and manage cases with the objective of minimizing examination time while maximizing examination results.

2. Prepare comprehensive audit plans. Ensure the early involvement of specialists, such as economists, engineers, international examiners, computer audit, employment and exercise tax specialists, in planning the audit. Plans should provide for systematic cycling of entities to be examined and areas to be explored. Eliminate single year examinations. Provide for special compliance checks coordinated with Intelligence. Inspect and, if necessary, examine "key" corporate officers' individual returns.

3. Staff audit teams so that assignments are commensurate with grade level. Emphasize the appropriate use of GS-11 and GS-12 revenue agents, and audit accounting aides.

4. Use computer-assisted audit techniques on every coordinated examination started in FY 1978 involving a period for which machine-sensible records are available, or for which record evaluations have been made. Consider the use of statistical sampling techniques to increase the efficiency and quality of examinations.

5. Use economists to assist in resolving such issues as fair market value of inventory, stock, or a close-held business; gross income from property for purposes of depletion; and domestic and international issues under IRC 482. Provide for early assignment of an economist when such expertise is needed and ensure timely completion of this phase of the examination.

6. Emphasize quality in the scope and depth of each examination while maintaining a 3.0 open-year average on all coordinated examinations by September 30, 1978, with no more than 4.0 open-years on any single case.

7. Identify cases which may involve inter-regional issues which might be subjects for industry-wide examinations. Use industry-wide examination techniques when it will provide uniformity and consistency in the treatment of issues in a given industry.

8. Case Managers will direct and control coordinated examinations on-site to the extent necessary to effectively manage the cases.

9. Encourage corporate officers to file wage and information documents via magnetic tape or disc pack.

07 *Partnership Program.*—1. Examine partnership returns in accordance with the newly developed examination plan for fiscal year 1978.

2. Emphasize early identification and examination of abusive partnership practices, particularly abusive tax shelters using partnership entities or syndications.

3. Ensure that examinations are timely completed and fully developed.

4. Take immediate action on Forms 918-A received from the Coordinating (partnership) district to assure receipt and control of partners' returns at the earliest possible date. Ensure that information and instructions concerning each partnership examination are timely communicated and disseminated to other districts with partners' returns.

5. Assure that the Statute of Limitation is protected and, where necessary, issue statutory notices. If appropriate and at the earliest possible date, consult

with Regional Counsel concerning language to be used for consents to extend the period of limitations.

.08 Estate and Gift Tax Program.—1. Continue to monitor the impact of the Guidelines for determining Grade Levels of Estate Tax Cases (IRM 4858). Determine the effect of the Tax Reform Act of 1976 on these guidelines.

2. Monitor the impact on the Tax Reform Act of 1976 on the program. Specific attention should be given to the number and type of estate and gift tax returns filed and any increase or decrease in time found necessary to complete the audits. Also, monitor the allocation of technical staff-years and achievement of the examination plan by each planned category.

3. Continue to emphasize effective report writing and the use of the Estate Tax Cover Sheet (Form 5225). Accent the use of the Report Writing Handbook for Estate and Gift Tax Attorneys.

.09 Excise Taxes and Financial Recordkeeping Program.—1. Emphasize ratable accomplishment of the examination plan by both revenue agents and tax auditors.

2. Maintain effective management of the program and specialty continuity by training replacements before incumbents are rotated out of the program.

3. Ensure participation of excise tax specialists in the initial planning of each Coordinated Examination to identify significant excise tax issues. Provide for early assignment of a specialist when such expertise is needed and ensure timely completion of the exercise tax phase of the examination.

4. Continue to identify financial institutions and take action in accordance with IRM 4748. Particular attention should be given to IRM 4748.4(5) concerning instituting civil penalty procedures.

.10 Employment Tax Program.—1. Emphasize ratable accomplishment of the examination plan by both revenue agents and tax auditors.

2. Assure that all examiners of business returns are making package audits. Particular attention should be given to coverage by examiners who have had employment tax training.

3. Obtain a balanced coverage of all industry groups through package audits and use of specialists. Coverage should include companies where there is an issue between the application of Federal Insurance Contributions Act (FICA) taxes or Railroad Retirement Tax Act (RRTA) taxes.

.11 Service Center Correspondence Audit Program.—1. The fiscal year 1978. Service Center Audit Division Examination/Limited Contact plan will be developed by the National Office and sent to regions for review. Regions will ensure timely delivery and disposition of workload in each program in the plan.

2. Give first priority to returns with frozen refunds. Ensure prompt contact and follow-up actions with taxpayers.

3. Maintain close coordination between Audit and ACTS in the Information Returns Program. Ensure that personnel are available to handle IRP returns when received from ACTS. Promptly follow-up on cases transferred from ACTS when contact has been made with the taxpayer.

.12 General Tax Fraud.—1. Maintain a vigorous program against those who deliberately attempt to evade Federal taxes.

2. Focus on the identification and development of quality referrals of high impact cases in areas of significant or widespread noncompliance.

3. Conduct periodic case management reviews jointly with Intelligence Division to ensure that problems are resolved quickly and cases are completed timely.

.13 Computer Assisted Audit Program.—1. Use computer assisted audit techniques in all cases where machine-sensible records have been retained under agreement. Whenever possible, use statistical sampling techniques to analyze voluminous data.

2. Ensure participation of Computer Audit Specialists in the initial planning of each coordinated examination. Provide for early assignment of a CAS and timely completion of this phase of an examination.

3. Realize over 50 percent direct examination time from Computer Audit Specialists in planning, performing and coordinating computer assisted audits. Time spent on National Office approved projects may be included as direct examination time in computing this objective. Request assistance on nonexamination activities from the Assistant Commissioner (Data Services) through National Office Audit Division (CP:A:A:O).

4. Continue to identify taxpayers who use automated accounting systems, especially those not in the Coordinated Examination Program, and conduct ADP record retention evaluations under Rev. Rul. 71-20. Regions should periodically test identification procedures to ensure their effectiveness.

5. Re-evaluate existing ADP record retention agreements at the conclusion of the CAS phase of each examination with a view toward broadening ADP applications in subsequent periods into areas not previously covered.

6. Follow-up on previous ADP record retention evaluations which did not require taxpayer retention of machine-sensible data to determine if a re-evaluation would be productive.

7. Continue to make micrographic evaluations of taxpayer's systems upon request in accordance with Rev. Proc. 76-43 and Rev. Rul. 75-265. Approval letters should, when appropriate, make clear that retentions of machine-sensible records under Rev. Rul. 71-20 are still required.

8. Avoid duplication of effort in the development of computer applications by strictly adhering to IRM 42(13)5.3.

9. Support the study being conducted by the National Office Audit Division and Offices of the Assistant Commissioners (Planning and Research) and (Data Services) to determine the ADP systems and equipment needs of Audit field operations.

14 *Engineering Program.*—1. Achieve uniform and consistent resolutions to engineering and valuation issues.

2. Ensure participation of engineering and valuation specialists in the initial planning of each coordinated examination to identify significant engineering and valuation issues. Provide for early assignment of a specialist where the expertise is required and ensure timely completion of this phase of the examination.

3. Monitor referral procedures to ensure that engineering and valuation issues are properly considered and maximum use is made of engineering resources.

15 *International Program.*—1. Ensure participation of international specialists in all cases involving boycott issues and ensure early assignment of a specialist for completion of this phase of the examinations and special reporting requirements. See IRM 42(10)1.5, 42(10)3, 42(10)(17) and Rev. Proc. 77-9.

2. Emphasize and ensure participation of international specialists in the initial planning of each coordinated examination to identify new international tax issues resulting from the Tax Reform Act of 1976.

3. Use the services of the Office of International Operations to audit foreign site books and records and to interview and obtain information from persons in foreign countries.

4. Enhance uniform compliance in the extractive industries through coordinated industry-wide pricing studies and updated audit techniques.

5. Strengthen cooperative actions and joint undertakings with foreign tax administrations with whom we have tax treaties. Foster arrangements (Simultaneous Examination Program) to enhance effective and comprehensive administration of our tax laws, facilitate expeditious exchanges of information and aid in the development of tax issues of mutual concern.

16 *Review and Case Management.*—1. Continue to use the Case Management Review Program to identify managerial, technical and procedural areas requiring attention.

2. Ensure accurate input into the Audit Review Reporting System so as to provide management with reliable information to evaluate the quality of the audit program.

3. Maintain an average workload of cases in inventory of 15 workdays or less for field audit and five workdays or less for office audit.

17 *District Conference Program.*—1. Dispose of a maximum number of unagreed cases, particularly small cases of \$2,500 and under at this level of appeal without compromising effective tax administration.

2. Contact taxpayers within 15 calendar days and offer a conference date within 45 calendar days from the time the case is received in Conference. When conferee travel to post of duty is necessary, offer the taxpayer a conference date within 90 calendar days from the time the case is received in Conference.

3. Maintain close liaison and meet with Appellate and Regional Counsel to resolve problems of mutual concern.

18 *Audit Service Branch Functions and Audit Processing Branches.*—1. Continuously monitor workload levels and deploy clerical resources to maintain a continuous flow of work so as to minimize inventory build-up.

2. Determine the adequacy of formal and on-the-job training, organization of functional units, security and equipment and provide guidance as needed in these areas.

3. Timely implement the recommendations of the Service Branch Study.

4. Monitor the Work Planning and Control System (WP&C) in the Service Center Audit Divisions to ensure that the system is providing management with useful information.

19 *Training*.—1. Implement the redesigned Tax Auditor Training Program. This training course has been designed to be more job related and covers changes resulting from the Tax Reform Act of 1976. Trainees attending Unit III should have the required 6 hours of accounting and the ability to work at the journeyman level.

2. Select participants for Revenue Agent Training Unit IV—Corporate Income Tax Law, who meet the requirements of IRM 0420.3, 322(5). Selectees should have a background experience equivalent to qualification for journeyman level. Consideration should be given to the types of cases the individual has worked and the issues encountered, with particular regard to whether cases will be assigned after training which will allow application of the tax law studied in this course.

3. Emphasize partnership tax law in existing training programs with particular attention to tax shelters and avoidance schemes. Regional offices should determine the need for and conduct refresher training in partnership tax law.

4. Implement the new Fiduciary Training Course for Estate Tax Attorneys.

20 *Technical Coordination Program*.—Make greater use of the Technical Coordination Program and Form 3059 (Technical Coordination Reports) to report to the National Office new Audit techniques and recommended tax law changes, especially in the Fiduciary Income Tax Program.

SECTION 6. INTELLIGENCE PROGRAM GUIDELINES AND OBJECTIVES

.01 The Intelligence Division is responsible for identifying willful noncompliance of the tax laws by taxpayers and the investigation of cases of possible criminal violations of such laws. This section provides criteria for measuring satisfactory achievement in managing Intelligence programs, provides the necessary reporting requirements regarding achievements and allocates resources to the Taxpayers In General and Special Enforcement Programs, through which the Intelligence mission will be implemented.

.02 *Taxpayer In General Program (TPG)*.—Identify and investigate significant TPG cases in areas of high noncompliance in order to achieve broad geographical and occupational coverage. The following schedule sets forth the percentage of direct investigative time to be applied to this program by each region.

Region :	Percent of direct time
North-Atlantic -----	65
Mid-Atlantic -----	75
Southeast -----	75
Central -----	75
Midwest -----	70
Southwest -----	70
Western -----	75

1. To the extent possible, ensure that the prosecution cases within the district reflect the maximum attainable geographical coverage each year. Over a five-year period, prosecution cases recommended by the district will be on taxpayers who reside in geographical areas covering 100 percent of the designated post office sectional centers within the district.

2. As part of a balanced enforcement program, develop cases and identify areas of noncompliance that would not be detected by normal Audit and Collection activities. To this end, the development of cases by special agents and the initiation of projects should be emphasized. On a regional basis, cases initiated from special agents and projects should be at least 25 percent of all cases initiated.

3. Attain balanced coverage as to type of violations, with emphasis being placed on felony-type cases. On a regional basis, prosecution cases in TPG involving Title 26 and Title 18 (contravention) violations should be comprised of 65 percent felony-type cases.

4. Attain broad coverage in the significant occupations in the districts. Use the Management Information System (MIS) in assessing the results of the district's occupational coverage.

.03 *Special Enforcement Program (SEP)*.—Identify and investigate significant SEP cases in accordance with procedures contained in specific Manual Supplements and other related procedures, in order to achieve the broadest possible coverage. The following schedule sets forth percentages of direct investigative time to be applied to this program by region :

Region :	Percent of direct time
North-Atlantic -----	35
Mid-Atlantic -----	25
Southeast -----	25
Central -----	25
Midwest -----	30
Southwest -----	30
Western -----	25

1. Determine the needs of the districts within the region and allocate resources accordingly.

.04 *Information Gathering*—Conduct information gathering to aid in the identification of noncompliance and development of TPG and SEP impact cases that will ensure effective and proper tax administration through a balanced enforcement program.

.05 Emphasize the increased application of staff time charged to prosecution cases within the districts. On a regional basis, 70 percent of total staff time on completed cases should be charged to prosecution cases in TPG and SEP. (Staff time on prosecution cases in TPG and SEP divided by total time on completed cases in TPG and SEP.)

.06 In both TPG and SEP the identification and investigation of income tax evasion cases of substance with prosecution potential is an important objective. Such cases usually involve such factors as flagrant violation situations or large deficiencies and are usually classified as Level IV or V in the case analysis criteria (See IRM 9161.4 and 9586).

1. Emphasize the investigation of high impact cases and/or cases of substance within the districts. On a regional basis, improvement in the percentage of prosecutions classified as Level IV and V compared with fiscal year 1977 should be accomplished.

.07 Ensure adherence to Policy Statement P-9-29 requiring the prompt completion of all criminal investigations in TPG and SEP. No cases in current inventory should be over 18 months old unless circumstances beyond the control of the Intelligence Division warrant otherwise. (See IRM 9163)

.08 *Criminal Action Memorandums*—Cases where Regional Counsel does not concur with the recommendation for prosecution should not exceed 10 percent of the total prosecution recommendations for both the Taxpayers In General and Special Enforcement Programs.

.09 *Reporting of Accomplishments*.—1. The regional quarterly narrative report required by IRM 9562 will reflect on a quarterly and cumulative basis significant deviations of each region compared to the criteria established by Sections 6.02, 6.03, 6.05, 6.06, 6.07 and 6.08.

2. The MIS will continue to be used in accordance with existing instructions.

.10 *Deviation from Program objectives*.—1. If, after a thorough analysis of a regional program, a more effective enforcement program can be accomplished under other criteria, a deviation from this program should be requested from the Director, Intelligence Division.

2. The proposed deviation should state in detail the need, anticipated results and the criteria to be used in measuring the accomplishment of revised program objectives.

SECTION 7. DISCLOSURE PROGRAM GUIDELINES

.01 *Background*.—The disclosure provisions of Section 6103 of the Internal Revenue Code, as amended by the Tax Reform Act of 1976, formalized many of the security procedures previously assumed by the Disclosure function, and established additional requirements for safeguarding the confidentiality of tax returns and return information and reporting to Congress. Disclosure Officers will be the primary point of contact regarding disclosure matters and render advice and assistance to other functions.

.02 *Freedom of Information Requests*.—Respond to written requests under the Freedom of Information Act (FOIA) within ten work days after receipt, unless a voluntary extension is obtained from the requester.

1. Coordinate requests with functional areas and make recommendations or determinations for grants and denials on FOIA requests for records under the control of the head of the office served by the Disclosure Officer.

2. Assure uniform and consistent treatment of FOIA requests.

3. Requests for National Office records, other than Inspection and the Data Center, will continue to be handled by the Disclosure Operations Division.

.03 Privacy Act Requirements.—Provide functional guidance in accordance with prescribed procedures and guidelines and assist managers in ensuring compliance with all provisions of the Privacy Act of 1974.

1. At the direction of the head of office, review all operations for compliance with the Act.

2. Ensure that the information gathering practices are consistent with the requirements of the Privacy Act regarding the restrictions on the maintenance of information about individuals.

.04 Safeguarding Confidential Tax Information.—Establish quality controls to ensure that disclosure matters are handled in conformity with IRM 1272, Disclosure of Official Information Handbook; regulations pertaining to IRC Section 6103; and other National Office guidelines.

1. Emphasize the importance of maintaining confidentiality of tax return information while providing public access to Service documents in accordance with the Freedom of Information and Privacy Acts.

2. Emphasize thorough screening of tax files to comply with definitions of "return information" and "taxpayer return information" as defined in IRC 6103(b) of the Tax Reform Act of 1976.

3. Carry out the inspection and reporting responsibilities defined by IRC 6103(p), pursuant to further instructions to be issued by the National Office.

4. Visit private and Government agency contractors, as necessary, when contracts or purchase orders have been granted for processing or reproducing confidential or sensitive tax and tax-related information, to ensure that the safeguards contained in 26 CFR 301.7513-1 and Manual Supplement 1(14)G-20, CR 12G-145, CR 1(15)G-109 are being maintained.

.05 Testimony of IRS Personnel in Nontax Matters.—Under existing Delegation Order No. 156, Regional Commissioners are authorized to determine whether or not employees assigned to the region, including employees of the Regional Counsel's office, will be permitted to testify or produce Service documents in certain nontax matters: Disclosure Officers will serve as a focal point for handling such requests for testimony.

.06 Training.—Maintain adequate training programs for new and backup Disclosure Officers and other Service personnel involved in disclosure matters.

.07 Reports.—The service is committed to annual reporting to the Congress and others regarding disclosures made pursuant to the Freedom of Information and Privacy Acts, and under Section 6103 of the Internal Revenue Code. Regional reports will be submitted to the Disclosure Operations Division as provided in Manual Supplement 12G-155, Amendment 1, CR 5(14)G-101, CR 68C-23, dated January 27, 1977.

SECTION 8. APPELLATE PROGRAM GUIDELINES

.01 Overall Objective.—Offer prompt conferences, reach prompt, high quality decisions, and achieve a satisfactory number of agreed settlements, with uniform and consistent treatment of taxpayers and issues.

.02 Areas Requiring Special Management Emphasis.—1. *Case Management Practices—Effective Use of Resources.* a. Assignments to proper grades—Ensure that workload assignments are made to appropriate grades of Appellate Appeals Officers consistent with the new case assignment guidelines.

b. Monitoring Exceptions to Case Grading Guidelines—Ensure compliance with case grading guidelines by monitoring quarterly reports of work units assigned a grade level different from that indicated by the dollar value guideline. (Report Symbol NO: CP: AP-6) (MS 8(24)G-135 of January 26, 1977.)

c. Case Development—Feedback Systems—Furnish to district functions significant comments on work units which will be of value to district management in their efforts toward achieving a quality work product. (See 4.03.) Call attention to cases prematurely referred. (See 4.07.)

d. Assure Proper Planning—Improve case management and achieve a more expeditious disposition of large multiple issue work units. Continue to provide

guidelines, procedures or training to ensure adequate managerial involvement in individual Appeals Officers' case management practices including, where applicable, preparation and review of large case work plans. (See 4.044.)

e. **Centralized Research**—Explore the feasibility of establishing a centralized index for the individual legal research performed by Appellate Appeals Officers in the field.

f. **Balance Authorized Staffing**—Consistent with new case grading guidelines, ensure inter-branch staff and workload balances. Imbalances between branch offices and between regions will be corrected in FY 1978. Planning for correction of imbalances will be undertaken promptly after imbalances are identified. (See 4.042.)

2. **Identification and Development of Future Managers** (See 4.032).—a. Identify Appellate employees with high potential to become managers and with willingness to undertake necessary developmental assignments.

b. Ensure preparation of individual development plans through mutual consideration by the employee and his/her immediate supervisor of the employee's immediate and long range goals and the training and experience needed to assist him/her in meeting them.

c. Use Training Division Publication 9982-02 for development of future managers and schedule newly selected managers for training as needed.

d. As organizational and staffing guidelines permit, establish and fill developmental managerial positions in Appellate field offices.

e. In conjunction with ARCs (Audit) and District Directors and other Audit managers, establish cross-functional developmental assignments where such assignments would be beneficial in the development of potential managers.

3. **Appellate Management Information Systems**.—Appellate Field Offices will ensure accurate data input for AIMS. National Office will complete the Appellate Management Information Retrieval System (AMIRS) and Appellate Time-In-Inventory System. After both systems are fully operational, National Office will evaluate system effectiveness.

.03 **Specific Objectives**.—1. The following objectives are specific goals which will be monitored on a National level and at Branch Office and Regional levels where appropriate. Objectives 3, 4, 5b and 5c are a composite or average of Regional goals. Specific Regional goals may, therefore, be different from the National average.

2. **Uniformity and Consistency**.—To publish and distribute by January 16, 1978 and to implement by March 1, 1978, Appellate procedures to coordinate the handling and disposition of certain identified issues having important impact, such as tax shelters and issues involving entire industries or large groups of taxpayers.

3. **Utilization of Authorized Staffing**.—Realize 95.5 percent of authorized or "adjusted" Appeals Officer staff years. The term "adjusted" means Appeals Officer staff years gained or returned to the region during the fiscal year.

4. **Joint Committee Cases**.—Improve the quality of Joint Committee cases as measured by the receipt of no more than seven formal criticisms and ten informal memorandums issued by the Joint Committee Staff during fiscal year 1978.

5. **Case Management**.—a. **Regional Review**.—Review Appeals Officers case management practices and related manager involvement in each office by regional visits at least annually.

b. **Coverage Non-Docketed Work Units**.—Reduce the number of non-docketed work units over one year in inventory at September 30, 1978 to no more than 1660 units. This goal is the sum of regional objectives and is based on the assumption that regional staffing requirements are met.

c. **Prompt Conference, Prompt Disposition of Work Units**.—Offer a conference to be held within 45 days in 75 percent of work units with proposed deficiency of less than \$10,000. Close 65 percent of work units with proposed deficiency of less than \$10,000 with only one conference. Work units under \$10,000 do not include the zero dollar category.

d. *Utilisation of Time*.—Complete the National Office study on "Time on small cases" by December 31, 1977. Design and implement techniques to improve Appellate case effectiveness on small cases by May 31, 1978.

e. *Team Approach*.—Use the team approach in all work units where appropriate or provide reasons for not using it on any unit over one million dollars.

SECTION 9. EFFECT ON OTHER DOCUMENTS

.01 Manual Supplement 48G-208 (Rev. 4), CR S1G-17 (Rev. 4) and 9G-2 (Rev. 4), dated November 17, 1976 is superseded.

.02 This continues to supplement IRM 48(10)0, 8132 and 9140. "(Rev. 5)" should be added by pen and ink to the text cited following the annotation to the basic Supplement.

Mr. GILMAN. How many additional people do you assign to the Chicago office to implement this program?

Mr. WOLFE. We don't necessarily assign additional people. What we have told them, they are to examine every DEA, Drug Administration class I case for possible income tax evasion, whatever resources they have.

Mr. GILMAN. All right.

Your director pleaded a lack of funds and a lack of personnel as the reasons why they were not able to implement the program.

Mr. WOLFE. That's no reason. We have told them, whatever they needed to work with these cases—they are not to close these cases out for lack of resources. And to my knowledge—and you can correct me—not a single case in the United States involving narcotics has been closed out for lack of resources.

Mr. GILMAN. So, gentlemen, as we have indicated throughout our hearings, there seems to be a wide gap between what we say and what we intend to do in Washington and what is actually carried out at the field level. And this is not just in our service. We find that it is happening in the State Department and in other Federal agencies. You mean well, your policy statements are good, your intentions are good and the words are good; but we find at the field level that the policy statements are not being fully carried out because there is apparently a lack of (1) awareness, and (2) a lack of manpower and ability to perform. In my view this is one of the functions of this committee: To try to help you. If there is a lack of manpower and you need additional funding, equipment, and personnel for field operations, then let us know and we will try to correct that problem. But if it is a lack of following directions, then I think you should know about it.

Mr. WOLFE. Mr. Burke.

Mr. BURKE. In the same line, Mr. Chairman, that my other colleague from New York asked the question of Mr. Wolfe, let me ask you: Don't you get quarterly reports or reports from the field?

Mr. WOLFE. Yes, sir, we get quarterly reports.

Mr. BURKE. But who has the responsibility of reviewing them?

Mr. CLANCY. I do.

Mr. WOLFE. In this case, involving narcotics, Mr. Clancy.

Mr. BURKE. Do you have the quarterly reports on the instances that were asked by Mr. Gilman?

Mr. WOLFE. Yes; I do, I gave you those. The quarterly report I had there showed—

Mr. BURKE. Well, what kind of report is it? Just a sentence?

Mr. WOLFE. No; it gives a number of record checks that they made. The number that were not in compliance and the number that we have initiated criminal cases against.

Mr. BURKE. I'm talking about as far as drug enforcement is concerned and those matters which you gave them instructions that drug enforcement is a priority.

Mr. WOLFE. Well, then, we get quarterly reports on that. We also follow up on that.

It's very difficult for us to get out to make the number of field visits that we should. There are many other demands.

Mr. BURKE. I would like, if you don't mind, Mr. Chairman, to look at some of those reports, whether or not we want them part of the record. But I'd like to have them furnished to counsel, and I'd like to look at them.

Mr. WOLFE. We'd have to take out the names, of course. We can give you statistical totals. We'd be happy to furnish that to the committee.

We have included quarterly statistical reports covering the latest two quarters available.

[The information referred to follows:]

NOVEMBER 10, 1977.

Under Secretary ANDERSON,
Commissioner of Internal Revenue.

HIGH-LEVEL DRUG LEADERS TAX ENFORCEMENT PROJECT—QUARTERLY REPORT—
SEPTEMBER 30, 1977

Attached are quarterly reports from our Intelligence, Audit and Appellate Divisions relating to the High-Level Drug Leaders Tax Enforcement Project for the quarter ended September 30, 1977.

JEROME KURTZ.

Attachment.

DEA CLASS I INFORMATION ITEMS

Of the 440 Class I information items evaluated by the Intelligence Division, 96 have been placed under criminal investigation. The reasons 344 were not selected for criminal investigations are reflected in the following summary:

(1) Subject is serving a prison sentence or is under DEA investigation and is expected to receive a substantial prison term.....	137
(2) Indication of unreported income minimal or nonexistent.....	130
(3) Fugitive or insufficient data to identify or locate.....	38
(4) Prior investigation was closed for lack of criminal potential....	16
(5) Under audit examination when notified of class I status.....	13
(6) Criminal tax prosecution recommendation made prior to notification of class I status.....	6
(7) DEA requested we suspend all case development activities.....	4
Total	344

NARCOTICS TAX ENFORCEMENT PROGRAM
CRIMINAL TAX FRAUD OPERATIONS, OCT. 1, 1976, THROUGH SEPT. 30, 1977

	DEA class I cases		Other cases ¹		Total cases	
	This quarter	This fiscal year	This quarter	This fiscal year	This quarter	This fiscal year
IRS Intelligence Division Investigations:						
Beginning inventory.....	50	77	201	141	251	168
Reclassified in ²	6	15	4	47	0	62
Reclassified out ³	0	2	7	7	7	9
Adjusted beginning inventory.....	56	40	198	181	254	221
Initiated.....	23	71	27	175	50	246
Completed.....	13	45	44	175	57	220
Ending inventory.....	66	66	181	181	247	247
Prosecutions recommended.....	4	9	24	68	28	77
Regional counsel:						
Beginning inventory.....	2	1	50	76	52	77
Reclassified in ²	1	1	2	2	3	3
Reclassified out ³	0	1	1	9	1	10
Adjusted beginning inventory.....	3	1	51	69	54	70
Cases received.....	4	9	24	68	28	77
Cases declined.....	0	0	1	7	1	7
Cases forwarded.....	2	5	18	74	20	79
Ending inventory.....	5	5	56	56	61	61
Department of Justice (Tax Division):						
Beginning inventory.....	1	0	68	61	69	61
Reclassified in ²	0	1	1	5	1	6
Reclassified out ³	0	1	4	4	4	5
Adjusted beginning inventory.....	1	0	65	62	66	62
Cases received.....	2	5	18	74	20	79
Cases declined.....	0	0	6	13	6	13
Cases forwarded.....	1	3	6	52	7	55
Ending inventory.....	2	2	71	71	73	73
U.S. attorney:						
Beginning inventory, preindictment/information.....	1	0	58	88	59	88
Reclassified in ²	0	2	1	5	1	7
Reclassified out ³	1	2	1	11	2	13
Adjusted beginning inventory.....	0	0	58	82	58	82
Cases received.....	1	3	6	52	7	55
Cases declined.....	0	0	5	15	5	15
Indictments and Informations.....	1	3	9	69	10	72
Ending inventory, preindictment/information.....	0	0	50	50	50	50
Court actions:						
Guilt and nolo pleas.....	1	2	11	48	12	50
Convictions after trial.....	0	0	2	12	2	12
Acquittals.....	0	0	0	1	0	1
Nolo prosequi or dismissals.....	0	0	2	13	2	13
Cases pending, end of period.....	1	1	24	24	25	25
Sentencing:						
Prison.....	1	2	7	39	8	41
Average term (months).....	120	168	18	22	31	26
Probation.....	0	0	3	22	3	22
Fined.....	1	2	3	20	4	22
Total sentenced.....	1	2	9	52	10	54
Fines (thousands of dollars).....	10	30	27	133	37	163
DEA class I information items:⁴						
Received.....	579					
Closed to:						
Investigations.....	96					
Audit Division.....	177					
Collection Division.....	58					
Files.....	109					
In process, end of period.....	139					

¹ Includes narcotics cases in review above the district level before July 1, 1976.

² Cases are periodically reclassified into or out of the narcotics program depending on the degree of narcotics involvement.

³ Since July 1, 1976.

NARCOTICS PROGRAM—AUDIT DIVISION STATISTICAL DATA AS OF SEPT. 30, 1977

Regional offices	Returns in process as of September 1977	Returns closed from audit for month ended September 1977	Proposed deficiencies for month ended September 1977	Returns closed from audit since July 1, 1976	Proposed deficiencies since July 1, 1976
North Atlantic.....	257	23	99,753	122	4,021,102
Mid-Atlantic.....	94	12	330,140	112	7,512,143
Southeast.....	83	1	2,739	90	3,052,211
Central.....	319	6	9,667	100	2,860,740
Midwest.....	190	15	28,265	211	1,827,195
Southwest.....	106	6	243,037	164	2,763,565
Western.....	645	11	109,009	272	1,052,012
U.S. total.....	1,694	74	822,610	1,071	23,088,968

APPELLATE DIVISION NARCOTICS TAX ENFORCEMENT PROGRAM

[Fiscal year through September 1977]

	DEA class I	Other	Total
Returns in process.....	72	243	315
Returns closed (fiscal year to date).....	79	88	167
Def. and pen. proposed.....	\$6,993,276	\$2,695,724	\$9,689,000
Def. and pen. revised.....	\$5,835,789	\$1,597,012	\$7,432,801
Percent sustained.....	83.5	59.2	76.7
Conferee staff-hours expended (fiscal year to date).....	1,522	3,501	5,023

AUGUST 4, 1977.

Under Secretary ANDERSON,
Commissioner of Internal Revenue.

HIGH-LEVEL DRUG LEADERS TAX ENFORCEMENT PROJECT—QUARTERLY REPORT—
JUNE 30, 1977

Attached are quarterly reports relating to the High-Level Drug Leaders Tax Enforcement Project for the Quarter ended June 30, 1977.

JERRY.

Attachments.

DEA CLASS I INFORMATION ITEMS

Of the 371 Class I information items evaluated by the Intelligence Division, 90 have been placed under criminal investigation. The reasons 279 were not selected for criminal investigations are reflected in the following summary:

- | | |
|--|-----|
| (1) Subject is serving a prison sentence or is under DEA investigation and is expected to receive a substantial prison term..... | 113 |
| (2) Indication of unreported income minimal or nonexistent..... | 95 |
| (3) Fugitive or insufficient data to identify or locate..... | 34 |
| (4) Prior investigation was closed for lack of criminal potential..... | 16 |
| (5) Under audit examination when notified of class I status..... | 11 |
| (6) Criminal tax prosecution recommendation made prior to notification of class I status..... | 6 |
| (7) DEA requested we suspend all case development activities..... | 4 |

Total 279

	DEA class 1 cases		Other cases †		Total cases	
	This quarter	This fiscal year	This quarter	This fiscal year	This quarter	This fiscal year
IRS Intelligence Division: Investigations:						
Beginning inventory.....	67	27	201	141	268	168
Reclassified in ²	0	9	2	43	2	52
Reclassified out ²	2	2	0	0	2	2
Adjusted beginning inventory.....	65	34	203	184	268	218
Initiated.....	5	48	53	148	58	196
Completed.....	20	32	55	131	75	163
Ending inventory.....	50	50	201	201	251	251
Prosecutions recommended.....	0	5	12	44	12	49
Regional counsel:						
Beginning inventory.....	5	1	59	76	64	77
Reclassified in ²	0	0	0	0	0	0
Reclassified out ²	1	0	3	8	4	8
Adjusted beginning inventory.....	4	1	56	68	60	69
Cases received.....	0	4	12	44	12	48
Cases declined.....	0	0	2	6	2	6
Cases forwarded.....	2	3	16	56	18	59
Ending inventory.....	2	2	50	50	52	52
Department of Justice (Tax Division):						
Beginning inventory.....	1	0	65	61	66	61
Reclassified in ²	0	0	2	4	2	5
Reclassified out ²	1	1	0	0	1	1
Adjusted beginning inventory.....	0	0	67	65	67	65
Cases received.....	2	3	16	56	18	59
Cases declined.....	0	0	2	7	2	7
Cases forwarded.....	1	2	13	46	14	48
Ending inventory.....	1	1	68	68	69	69
U.S. attorney:						
Beginning inventory, preindictment/information.....	1	0	82	88	83	88
Reclassified in ²	0	1	3	3	3	4
Reclassified out ²	1	0	0	9	1	10
Adjusted beginning inventory.....	0	0	85	82	85	82
Cases received.....	2	3	12	46	14	45
Cases declined.....	0	0	8	10	8	10
Indictments and information.....	1	2	31	67	32	62
Ending inventory, preindictment/information.....	1	1	58	58	59	59
Court actions:						
GUILTY and nolo pleas.....	0	1	18	37	18	38
Convictions after trial.....	0	0	0	10	0	10
Acquittals.....	0	0	0	1	0	1
Nolle prosequi or dismissals.....	0	0	4	11	4	11
Cases pending, end of period.....	1	1	30	30	31	31
Sentences:						
Prison.....	0	1	12	32	12	33
Average term (months).....	0	96	23	23	23	25
Probation.....	0	0	10	19	10	19
Fined.....	0	1	6	17	6	18
Total sentenced.....	0	1	18	43	18	44
Fines (thousands of dollars).....	0	20	54	106	54	126
DEA class 1 information items:³						
Received.....	579					
Closed to:						
Investigations.....	90					
Audit Division.....	150					
Collection Division.....	36					
Files.....	95					
In process, end of period.....	208					

¹ Includes narcotics cases in review above the district level before July 1, 1976.

² Cases are periodically reclassified into or out of the narcotics program depending on the degree of narcotics involvement.

³ Since July 1, 1976.

NARCOTICS PROGRAM—AUDIT DIVISION STATISTICAL DATA AS OF JUNE 30, 1977

Regional offices	Returns in process as of June 1977	Returns closed from audit for month ended June 30, 1977	Proposed deficiencies for month ended June 30, 1977	Returns closed from audit since July 1, 1976	Proposed deficiencies since July 1, 1976
	North Atlantic.....	218	4	53,288	93
Mid-Atlantic.....	85	9	2,147,565	93	7,095,790
Southeast.....	67	-----	-----	85	2,891,263
Central.....	337	5	1,150,484	73	1,736,848
Midwest.....	191	13	25,779	163	562,379
Southwest.....	145	7	110,515	129	2,472,267
Western.....	628	8	41,835	225	804,971
U.S. total.....	1,671	46	3,529,466	861	19,446,137

APPELLATE DIVISION NARCOTICS TAX ENFORCEMENT PROGRAM

[Fiscal year through June 1977]

	DEA class I	Other	Total
Returns in process.....	74	243	317
Returns closed (fiscal year to date).....	57	56	113
Def. and pen. proposed.....	\$5,496,581	\$1,149,303	\$6,645,884
Def. and pen. revised.....	\$4,432,985	\$412,799	\$4,845,784
Percent sustained.....	80.7	35.9	72.9
Conferee staff-hours expended (fiscal year to date).....	1,278	2,889	4,167

Mr. WILLIAMS. Congressman Burke, earlier, during the past year, 12 months since we signed the agreement with DEA, we've initiated 284 narcotics active investigations, recommended 67 prosecutions, 71 indictments, and 65 convictions of high-level drug traffickers, which I think is an indication of our emphasis.

Mr. BURKE. All right.

Let me ask you, then, if I can, Mr. Williams, what I think is a commonsense type of a question?

If you're really cooperating and coordinating your efforts such as I understood you had mentioned was happening when Mr. Wolff asked the question, why in Heaven's name do you blame this on the Comptroller of the Currency? Isn't he cooperating with you with regard to large sums of money that are deposited to go into foreign countries by people that apparently have no other means of support, perhaps?

Mr. WILLIAMS. I didn't intend to leave the impression I was blaming the Comptroller of the Currency. I merely pointed out the Comptroller has certain jurisdictional responsibilities. Our responsibility relates to secondary financial institutions. The Comptroller of the Currency has jurisdiction over banks.

Mr. BURKE. But does he cooperate with you? If he's the one that has the knowledge of the transactions we learned about when we had our Chicago hearings, then why hasn't he cooperated with the FBI and why hasn't he cooperated with the Internal Revenue Service and the Drug Enforcement Office to tell them we have large sums of money being shipped out of the country in violation of the law, particularly since they come into a national bank?

Mr. WILLIAMS. Mr. Burke, we have this type of cooperation. We have been furnished information, and there have been criminal cases developed as a result of information received in this area.

Mr. BURKE. As far as I know, we haven't heard of any criminal investigations.

Mr. WOLFE. The Chemical Bank of New York, I believe.

Mr. BURKE. Oh, yes; everybody talks about the New York case. That must have been an accident. [Laughter.]

But at any rate, everybody talks about it. What about the other cases instead of just one case? This must not be happening all over.

Mr. WOLFE. The bank examiners are responsible for that, and certainly, to the extent that we are requested by main Treasury, we are perfectly willing to cooperate, and I cannot, of course, answer for the Comptroller of the Currency. We cannot. But we can say that on every case that they have submitted to us for criminal investigation we have followed through, and I use merely the Chemical Bank of

New York as an example of one that we did follow through and one on which we got a successful prosecution.

Mr. BURKE. Well, Mr. Wolfe, it would seem to me that if you did follow through on the bank in New York, the Chemical Bank of New York, that you would have seriously suspected other banks, particularly in areas where the narcotics is moving, and it's a focal point where the transfer of money occurs—Miami, for instance—Chicago, Los Angeles, probably Cleveland, Ohio, and Detroit. I'm sure that if you really looked around you could find in New Orleans. Somewhere in these banks you'll find the transfer of large sums of money that's illegal, and I would think if you've got it in the Chemical Bank, you would be extremely suspicious about how much currency is going out of the country and that could be tackled and followed. And if you tackle the money and follow the money, I'm sure you'll stop part of the source.

Mr. WOLFE. We stand again fully ready to cooperate in these areas. However, we do not have authority to conduct title 31 investigations of banks on our own initiative.

Mr. WOLFE. With the minority's approval, I think we ought to call the Comptroller of the Currency.

Mr. BURKE. I would like to.

Mr. CLANCY. If I could also comment—and it's in the Deputy Commissioner's opening statement on the processing of the 4789's, they're all filed with the Internal Revenue Service in our Philadelphia Service Center. We are presently working with the Assistant Secretary of Enforcement for Treasury who has the jurisdictional responsibility for implementing title 31—that is, he has the focal responsibility. We're providing and working with him in the development program of all the 4789's being furnished to the Service, to the Government, so they can analyze these and they can probably start looking at specific banks and see—we only receive two to three 4789's from a bank—and they could refer that to the responsible Government agency that needs to make the examination for that particular bank. We don't have the jurisdiction on followup on that.

Mr. BURKE. Mr. Chairman, if my time isn't up, I'd like to ask one more question.

Not too long ago—I would say they used to, because I don't know whether it exists still—there was kind of a numbers game between the Customs Department and the DEA over who was most responsible for the interdiction of drugs.

Is that still going on? Do you still have that competition, or are you really working together?

Mr. CLANCY. We're the Internal Revenue Service. I don't have any competition at all with Customs, DEA, or the Bureau.

Mr. BURKE. It used to exist. I presume it doesn't exist now. If it did you would tell us, I presume. [Laughter.]

Mr. WILLIAMS. We have no problem in that regard. Customs and DEA will have to speak for themselves.

Mr. BURKE. Well, maybe Customs and DEA would like to answer the question. That's principally where the competition was.

Mr. WOLFE. Again, Mr. Burke, one of the things that we have tried to do here is—as you have indicated, in the past I think the competi-

tive spirit has existed—we have tried to foster a cooperative spirit rather than a competitive one.

Before passing the questioning to Mr. Rangel, since 1943 these currency exchanges have been in business, as I understand it, in Chicago. Can you give us a list of currency exchanges that have been cited by the Internal Revenue Service since that time or even within the last 5 years? Do we have anybody that's been cited?

We don't know of anybody that's been cited here, so that's why I ask the question.

Mr. WOLFE. I think we can. I was just asking Mr. Flanagan if we had any problem on disclosure. I don't think we do. Providing there's no problem on disclosure, or—

Mr. WOLFF. It's not a question of disclosure. We're asking for numbers.

Mr. WOLFE. I think we can give you the names, even.

Mr. WOLFF. The point was made to us when we were there that no exchange has been cited in the last year; is that right?

Mr. NELLIS. That's right.

Mr. WOLFF. For currency violations.

Mr. WOLFE. Well, we'll be happy to furnish that, Mr. Chairman.

[The information referred to follows:]

Our nationwide statistics do not break out currency exchanges; however, the Chicago District has for its own purpose compiled a record of currency exchange activity. The District identified 649 currency exchanges from the 1973 Alphabetical Street Guide to Currency Exchange Association of Illinois, Inc. All the identified currency exchanges have been sent L-402 contact letters which place the financial institution on notice as to recordkeeping and reporting responsibilities.

Of the 649 currency exchanges identified, 267 were checked for compliance with the recordkeeping provisions of the law; 49 during the fiscal years 1975; 81 during the fiscal year 1976; and 137 during the fiscal year 1977. During these record checks, six of the 267 currency exchange firms checked were initially believed to be in noncompliance. However, a follow-up check indicated that these six exchanges were complying with the recordkeeping provisions of the Act and none were "cited" as being in noncompliance.

The Chicago District is in the process of updating its list of currency exchanges using the 1976 Guide. The District has a task force of agents involved in the financial recordkeeping program and is proceeding to complete all assigned record checks as soon as possible.

Mr. BURKE. Mr. Chairman, can I ask a question, because I'm still not clear.

Are these currency exchanges under Government regulation, or are they technically State?

Mr. WOLFE. Technically, State.

Mr. BURKE. And what jurisdiction, if any, does the Federal Government have over it?

Mr. WOLFE. The only jurisdiction we have, that the Federal Government has on the title 31, the requirement that if they handle currency in excess of \$10,000, they are supposed to give the name, address, and details of the currency transaction.

Mr. BURKE. And that is the only—

Mr. WOLFE. That is the only requirement under title 31.

Mr. WOLFF. What is the sanction if they do not?

Mr. WOLFE. Well, it could possibly be a conspiracy to attempt to violate title 31 if they do not. If it's an obvious lack of knowledge and not a conspiracy, then you've got another situation. But it could be

conspiracy. Also, the Service can recommend, where noncompliance by a financial institution continues, that civil penalties be invoked. Civil penalties would be assessed and collected by main Treasury.

Mr. NELLIS. Conspiracy between the currency exchange operator and the person bringing in the cash? They don't even know the identity of the mules that bring in the cash.

Mr. WOLFE. The rules under title 31 require that the financial institution record the name, address, and social security number and the details of the currency transaction.

Mr. WOLFF. If they take that person's name, is that sufficient for you?

Mr. WOLFE. No; we require more than that. We have to have name, address—and identification number—the individual's social security number.

Mr. WOLFF. Joe Bermudez comes up here, and the names, I don't know how many times, and Lopez comes up 15 times in 1 day.

These are names that are just dreamed up out of the air, for transactions of \$10,000 to \$20,000. The point being that this question of cash is where it's all at right now. And no matter what we do in the law enforcement field, really, the only way we can track it is either through your agency or some other agency capable of tracking how these guys are able to get rid of the money.

Mr. Rangel?

Mr. RANGEL. Thank you.

Mr. Dickerson, I don't understand why all of you don't agree that a Central Intelligence Agency, as related to enforcement narcotics laws, is not in the best interests of prosecution, but I'll study carefully whatever information you have on that question.

But while you are offering so many comments, it was my understanding that your intelligence-gathering and investigative powers have been transferred to DEA under the reorganization.

Mr. DICKERSON. Our intelligence-gathering and investigative functions, as they relate to narcotics. We of course have intelligence-gathering and investigative functions as related to many other types of commodities.

Mr. RANGEL. Which under present law you don't have too much to share under narcotics law enforcement.

Mr. DICKERSON. In regard to narcotics we are more likely the agency that would be the recipient of the intelligence information, that is true.

Mr. RANGEL. You mean you would not like to be able to develop your own intelligence? Well, let's not break up this good friendship that obviously this panel has been able to develop. But if you'd like to share your views as to what role you believe the Customs agency can play, not at the expense of the other agency, I certainly think it's important.

What bothers me is that you said that Customs had developed 22,993 cases, violations, violations of Federal law, cases that you thought warranted prosecution.

Mr. DICKERSON. I did not say, "that I felt warranted prosecution," Mr. Rangel. These are seizures.

Mr. RANGEL. Violations of Federal law.

Mr. DICKERSON. They are violations in the sense that the persons—

Mr. RANGEL. You don't screen these cases before you send them to DEA?

Mr. DICKERSON. No, sir.

Mr. RANGEL. You send them the garbage and keep the good cases?

Mr. DICKERSON. We report to DEA immediately following a seizure; we call DEA and advise them of that seizure.

Mr. RANGEL. And they determine which cases they are going to prosecute?

Mr. DICKERSON. They determine that primarily in accordance with the standards that are established by the U.S. attorney, if I understand it right. Mr. Bensinger can comment more on that. But, yes; they will determine whether they will respond.

When we have a person, in other words, who has committed a violation, we have that person in our custody. We will call DEA and they determine whether or not they will respond.

Mr. RANGEL. Well, I come from the old school, as a former Federal prosecutor, you break the law, you take it to the U.S. attorney, and he indicts. This is a new system: You break the law, you refer it to a drug enforcement; the U.S. attorney decides whether or not he wants to prosecute.

Mr. DICKERSON. It is my understanding that because of the large number of seizures that are made in some districts, the U.S. attorneys have established standards as to the cases that they will prosecute.

Mr. RANGEL. And it's not the Drug Enforcement Administration that selects the cases; it's the U.S. attorneys' offices that make the determination?

Mr. DICKERSON. The Drug Enforcement Administration determines whether they will respond.

Mr. RANGEL. I don't understand what "responds" means.

Mr. DICKERSON. If we have a person under arrest—

Mr. RANGEL. You mean, whether they're going to come to take him into custody?

Mr. DICKERSON. They will decide whether they will respond and take that person for further prosecution.

Mr. RANGEL. So it may never reach the U.S. attorney. If they don't respond, you can't go to the U.S. attorney?

Mr. DICKERSON. We do not go to the U.S. attorney, because we expect that DEA will do that.

Mr. RANGEL. And if they don't respond—

Mr. DICKERSON. Then we go to the local police authorities, under those circumstances.

Mr. RANGEL. But when they respond, is there any assurance that the U.S. attorney's office is going to respond to them?

Mr. DICKERSON. No, sir, I think that after they respond and then conduct the questioning, that they will then contact the U.S. attorney's office, and at that time it will be decided whether or not to prosecute.

Mr. RANGEL. Suppose they decide to derespond; do they refer it back to you? Suppose they said, "It's crummy. It looked good initially when we responded, but there's nothing here." And the U.S. attorney's office doesn't want it.

What then happens to the case?

Mr. DICKERSON. They might then return the person to us and we would try to persuade the local authorities to prosecute.

Mr. RANGEL. OK, suppose local prosecution says, look, we just happen to be on the border; we don't have the personnel, the expertise. This is a Federal matter, and we don't want the case.

Then what do you do?

Mr. DICKERSON. We will normally—in cases involving small amounts, impose a fine.

Mr. RANGEL. A good case as far as Customs is concerned.

Mr. DICKERSON. In cases involving large amounts—if that happens, and it does happen sometimes; not very often, but it does happen—we take no action.

We have had situations involving very large amounts of say, marijuana, where a person crossed the border, and where there was neither Federal prosecution nor local prosecution. And the person turned around and walked back across the bridge.

Mr. RANGEL. You say that very seldom happens? I've heard from some of the agents that this is a very demoralizing thing. First of all, they make what they think is a good seizure. They don't have the capability, really, to follow through to see where it came from in order to determine whether or not it's a larger operation than just a seizure. And then more often than not, the agents believe that it's the Drug Enforcement Administration that decides the priorities as to whether they have the time and personnel to develop the case further. And even if the U.S. attorney's office is not involved, then it goes back to Customs who has to almost try and sell their case to a district attorney's office that are so overburdened with crimes, and believing so badly that this is a Federal situation, and hoping for help.

Could you help this committee in developing some strategy so that these criminals do not fall between the cracks? Since I get the impression that that is exactly what's happening.

Mr. DICKERSON. I would say, philosophically, that we believe that every person who commits a violation should be interrogated, and some action should be taken against him. I can understand that DEA has their priorities and their administrative manpower problems, and this may not be possible for them.

Mr. RANGEL. I'm not being critical of DEA; I'm not being critical of any district attorney that, almost in violation of the oath, for budgetary reasons, just cannot enforce any violation of law.

It's just that this committee would like to know: What do we do? What do we do, when you're telling me that good cases or what Customs would believe are good cases are just not followed through with determined prosecution?

But more importantly in my opinion, in determining whether or not this seizure is a part of a larger narcotic relation conspiracy.

Mr. BENSINGER. Could I respond?

I am very pleased that you have focused on this problem, and I'm not defensive with respect to the resources and priorities set by our agency, DEA, because I think this has been a problem that has confronted the U.S. Government, and certainly, I think in some respects, Congress and its lawmaking authority, for some time. And it has never been satisfactorily addressed. And that is, we establish priorities.

We have limited resources, We've got guidelines from the U.S. attorney's offices in each of the districts and from the U.S. Department of Justice. Upon any case that we initiate, we report to them upon the initiation of that investigation, at least within 45 days.

There are a number—3 percent of the Customs referrals are class I or class II level narcotic violators. If we feel—even if the substance—let's say it's heroin, but let's take a marihuana shipment—involves major traffickers, there will be a serious attempt to debrief and follow the investigations.

But a great number of individuals—in the thousands—are crossing our borders with small amounts of drugs, principally marihuana, and the U.S. attorney, the Drug Enforcement Administration, is saying, this is not a priority for us to investigate; can't prosecute. And the local prosecutors and the local police look and say, look, this is a Federal violation; why should we prosecute a Federal violation?

And they're right, in many respects. Because I think when we say that we don't prosecute, we don't punish, we lose our deterrent. And we're saying "wolf." I'm going to have to stop at this point.

Mr. WOLFF. Mr. Guyer?

Mr. GUYER. Mr. Chairman, I just have one statement. You know, we spent almost 1 month over here looking into the banks of Georgia where there's no narcotics, and we can't find anybody to look at the banks of Illinois, where we believe there are some definite roots.

I still would like to ask one question, back on page 5 of Mr. Williams' testimony, he referred to the computer tape records of all domestic currency transactions. And if I recall from the Chicago inquiry, the head financial officer of that one institution said he didn't even know there was a law that he had to report anything over \$500. And he'd been in banking 45 years and didn't even know.

And my point is, that if there are computer tape records of transactions, whether it's over \$500 or up to \$10,000 in the bank, that would enormously help people to know who they were, and it would simplify the job we were trying to do there.

The other thing is, what happens when those money orders are made, the case is brought in, then it goes in the mail to the other bank at the other end. Now, if we had that kind of a treaty arrangement, it would be very simple to look at the records here, look at the records there, and have the people.

Mr. DE LA GARZA. Mr. Chairman, may I ask a question for the record to the Deputy Commissioner of Customs?

On page 6 of your statement, the second paragraph, beginning, "Our air support has expanded * * *" down to seven lines from the bottom, "The effectiveness of our air program."

Would you kindly take that paragraph and write me, for insertion into the record, recent actions, regulations, or pending relocations and so on that could substantiate the statement which you made here?

Mr. DICKERSON. Yes.

[The information referred to follows:]

DEPARTMENT OF THE TREASURY,
U.S. CUSTOMS SERVICE,
Washington, October 26, 1977.

HON. LESTER L. WOLFF,
Chairman, Select Committee on Narcotics Abuse and Control, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to a request from Congressman de la Garza for clarification of my prepared statement of October 12, 1977, before the House Select Committee on Narcotics Abuse and Control.

To operate within current budget limits, and because of deficiencies in radar coverage, Customs has, as you are aware, proposed a major redeployment of our air units stationed on the Southern Border. The objective of the proposed plan is

to relocate and concentrate the small number of available interdiction aircraft at what our experience indicates are the most productive locations. In terms of overall air fleet strength, we are reducing the number of aircraft from 68 to 40.

Immediate action would involve the deactivation of the El Paso Air Unit, while the New Orleans and San Antonio Air Units, although not operating interception type aircraft, will perform their interdiction function by identifying smuggling threats, developing radar capabilities, and limited information collection. At these locations, the effectiveness of the Customs Air Units was severely restricted because of a lack of radar capability which makes it impossible to develop accurate threat information. Although this proposed Customs Air Program is a significant reduction from the current level, we believe that this limited program will provide the most cost-effective protection along the Southern Border. The attached proposed plan provides all of the pertinent details and the specific implementation schedule.

In contrast to this plan for reducing operating aircraft, my statement to the committee (see page 6) referred to coverage at the NORAD radar facilities. Customs has a working agreement with DOD/FAA which permits a Customs officer to monitor the long-range radars operated by NORAD. It has only been in the past several months that we have adequately trained staffing to man these radars at the indicated schedule. Admittedly, the expanded coverage does require increased resources, however, the expenditure will enhance the effectiveness of the remaining fully operational air units by identifying potential smuggler aircraft.

To avoid misconceptions about Customs long-range goals for protecting our border against air smuggling, we must emphasize that the proposed plan is not intended to freeze the air program at this reduced level. We intend building from this base program a fully effective interdiction capability along the entire Southern border. While our proposed action transferring those few aircraft in the Customs air fleet with sufficient range and speed for effective interdiction will admittedly reduce the protection against smuggling along the Texas and Louisiana borders, we believe, considering the condition and limitations of the equipment, that the plan provides for the best possible protection for the Southern border. Those aircraft proposed for deactivation were obtained from the military or by seizure and are generally unsuitable for the Customs operational mission. In the future, given appropriate budgetary support, we plan to rebuild these air units with modern aircraft designed specifically for Customs requirements.

We have delayed implementation of the proposed plan until its impact on the smuggling threat can be fully evaluated. The comments of the committee will certainly be considered as part of the evaluation. If there is any additional information required, please contact me.

Sincerely yours,

G. R. DICKERSON,
Deputy Commissioner.

Enclosure.

Mr. WOLFF. The committee will recess for about 10 minutes while we vote.

[Brief recess.]

Mr. WOLFF. The committee will come to order.

Mr. Rangel was in the process of questioning.

Mr. RANGEL. I guess what I'd like to know is, how can the various agencies that have narcotic enforcement jurisdiction get information to us, as legislators, as to how we can help to eliminate the problem which we discussed earlier? You may recall I was talking about the inability of local prosecutors to take the cases that are not responded to.

Mr. BENSINGER. I think one method we can address with the Office of Drug Abuse Policy, during the course of their surveys, is just this point, Congressman.

Mr. RANGEL. That's what we thought, but they're out of business.

Mr. WOLFF. Not yet.

Mr. BENSINGER. I think there's continuing interest. I know Commissioner Chasen attended the last ODAP meeting of the policy group, the principals meeting, just, as a matter of fact, earlier this week on Tuesday. Those questions of prosecutorial resources, of funding, LEAA—

Mr. RANGEL. That's another problem. You see, you go to ODAP, and I do believe that in any team—and I take the administration as being a team—that it would not serve the interests of this administration if the Office of Management and Budget told you what you had to work with, and then you come here and tell us that everything is all right, under the guidelines, and then we find out that something else is needed. And I don't want to violate the teamwork concept, but it doesn't help us much if we really don't have a handle on what is needed in order to more successfully prosecute crime. And that's our problem. We had some problems with the State Department, and we've had problems with IRS, before, when it was a question of personnel, but they never complained about it until they weren't able to produce. And we have to know—I mean, it's—there's just no excuse, from a layman's point of view, as to why these people are not prosecuted.

Mr. DICKERSON. One of the suggestions that has been made would be increasing the magistrate system in the U.S. courts and having more available magistrates around the clock.

Mr. RANGEL. Mr. de la Garza was telling me that in one of these border towns, the prosecutor's not full time, and he has to travel from county to county.

Mr. BENSINGER. There are several specific pending actions. One of them is a bill to provide for an increased number of magistrates throughout the United States. That's a bill I support, and the Department of Justice supports; the Attorney General does. And it would help reduce the load on the prosecutor going through the district courts.

Another suggestion is to widen the magistrate's scope of interest and his power to assess and hear cases, from \$1,000 to \$5,000.

The question of prosecutorial resources is tremendously important, and I can't speak personally for the Department on that issue. I personally think the availability of prosecutorial resources—the necessary prosecutors, experienced prosecutors—to handle our kind of cases is very, very important.

Mr. RANGEL. Where does that leave the customs agent that's doing a good job in discovering contraband and finding out that the guy he just caught, you know, neither received a fine and was not prosecuted—what happens to the morale of the law enforcement there?

Mr. BENSINGER. The same question that I asked myself when an agent of ours makes a cocaine or heroin case and one of the three of the people they investigate gets put on probation. What happens to that person's morale? These are legitimate questions.

Mr. RANGEL. No, no, no. Those decisions—at least they went through the criminal justice system, and then you and I probably would agree that the system did not work.

What we're talking about is, the guy never gets involved in the system. You know, whether the judge gives probation or a fine, that's one thing. But to say that it's possible that your case is not going to

a grand jury—I mean you're just not going to be indicted, that's something else.

Anyway, Mr. Chairman, I guess we just have to make our own inquiry as to what we can do.

Mr. WOLFF. OK.

There are two final points that I have. One, there's been a recommendation, as I understand it, to combine the border patrol and the customs patrol. Do you have any thoughts on that at all. Mr. Dickerson?

Mr. DICKERSON. I don't know if there's any specific recommendation. ODAP has made an extensive study, and has pointed out that there is duplication in various activities between Customs and the Immigration Service.

Now, we feel that integration of these two services or parts of these two services could be very important. If in certain instances they do not result in the best utilization of manpower, many of the support-type systems that are used in control activities, such as expensive land-sensors, airplanes, and so forth, would probably lend themselves to better utilization with some type of integration of services.

Mr. WOLFF. Are you satisfied with the sophistication of the type of equipment that you have available to you in your agency today, and that you have the most sophisticated equipment that is available, on a technological basis?

Mr. DICKERSON. Well, sir, we use a wide range of equipment.

Mr. WOLFF. I've seen some of it. That's why I asked the question.

Mr. DICKERSON. If you are referring to what we use in the air interdiction program, primarily, we do have severe shortages in certain parts of that program.

For example, in ground radar, the types of ground radar that we are using are surplus military equipment, which is more or less put together. We put them together from several pieces of equipment. It's not the latest in technological developments and as a result there is lots of downtime.

Mr. WOLFF. Have you requested—

Mr. DICKERSON. We have requested additional funding from the military.

Mr. WOLFF. What has been the result?

Mr. DICKERSON. We are hopeful that we will get some improved ground radar equipment by early next year, when it's made available when the military goes to another advanced radar system. I think this would be very helpful.

Mr. WOLFF. How about the sensing equipment that you have—sensing equipment that I have seen? I think some of it is surplus from World War II.

Mr. DICKERSON. The ground sensors? Yes, sir.

Mr. WOLFF. I take it you're aware of the very highly sophisticated equipment that is available to the military?

Mr. DICKERSON. We have some of the very highly sophisticated equipment. We purchase it, and it's extremely expensive to purchase. If more of that equipment were available through military sources, why, it would be very helpful.

Mr. WOLFF. The question that I posed before, the question of posse comitatus, I think would solve some of your problems. In making available some services and equipment that are not available today. We had some revision of that.

Mr. DICKERSON. I'm not sure that a revision of posse comitatus is necessary, inasmuch as an assignment of the use of military equipment is involved. The main thing that the law precludes is the direct involvement of military personnel in making arrests and in actual enforcement activities.

Mr. WOLFF. Then, what you're saying is that perhaps the military has not made available the equipment to you because of their own priorities; is that right?

Mr. DICKERSON. I think that is put very well. The military has been extremely—you know, much of the equipment that we have has been obtained from the military. NORAD permits us to use their radar. They have been extremely helpful.

If there could be a higher priority which would permit more of that equipment to remain available and if priorities were cleared up in some instances, I think that that could be done within the framework of the existing statutes.

Mr. WOLFF. One final question. We see here arrayed before us some of the best talent the Nation has in the law enforcement area. We have reconvened this group. Do you have such a convening, outside of congressional request to convene?

Mr. MOORE. Yes, sir.

Mr. BENSINGER. We do, both formally and informally. The heads of the criminal justice agencies in the Federal Government have been meeting for a number of years, initially, at Director Kelley's suggestion. And we do have meetings. We do discuss a variety of policy program problem areas within this framework.

Commissioner Chasen, Clarence Kelley and myself, the head of INS, the head of ATF, the head of the Marshal Service, as well as the head of the IRS, and the chief postal inspector.

Mr. WOLFF. I'm not talking about the chiefs; I'm talking about the Indians.

Mr. BENSINGER. The Indians also meet, and we have had a number of ongoing relationships, Mr. Chairman, that can be represented by the people right behind me in this room.

I think the coordination between, certainly our agency, and the Bureau, Customs, IRS, and INS has increased manyfold, in my brief experience here.

I think the issues that have been raised by your committee, though, are issues that have not fully been solved, regarding prosecutorial resources, State and local and Federal, regarding the Internal Revenue Service's 1976 Tax Reform Act, regarding legislative priorities on bail, sentencing, and following the money and regarding interface with intelligence, both foreign and domestic.

I'm hopeful that during subsequent meetings that you may have, some of these issues may get addressed.

Mr. WOLFF. I was going to make a suggestion that since there have been informal meetings I have held from time to time, if I can don my other hat—that of chairman of the Asian and Pacific Affairs Subcommittee—we have set up now with the State Department somewhat of an action task force that goes beyond the idea of just congressional relations. It goes beyond the idea of someone coming over and telling us to support a particular bill, or what have you.

The close relationship of your office and our committee has been indicative of that type. We don't have that with many of the other

agencies, and perhaps it might be an idea for us to have some action group where Congress can interface with your organizations on a stronger basis, that we can sit together and mutually exchange views with you.

And I think it would be very helpful to us, and I think it could prove helpful to you. Part of the problem that the administration is having today is the lack of communications that exist between the Executive and the Congress, and some of the measures that they're trying to get through are unable to pass because there hasn't been sufficient preparation.

I might recommend—I might ask counsel to get together with people from your various organizations and see if we can't set up some sort of an informal group that can get together on a periodic basis to just informally discuss the problems that exist and to have some sort of reappraisal upon a regular basis.

Mr. BENSINGER. I would only add, Mr. Chairman, I perhaps neglected to mention that the Strategy Council, which will be activated November 7, is envisioned to have a demand reduction and a supply reduction, as well as an international committee structure, and that the participants, the domestic law enforcement participants, are represented here today, presumably will be active participants in such a Strategy Council working group. That could be perhaps an appropriate vehicle for that type of dialog.

Mr. WOLFF. That might be a very good suggestion.

I might say that I should be sitting on your side of the table, too, for just a few moments, because this morning the President said to me, "Remember, you represent the executive branch when you're up at the United Nations." [Laughter.]

That's kind of a conflict of interests, for me. But I might say that, on that score, for those of you who are interested, one of the points that I'm attempting to pursue in New York is the question of the United Nations Fund for Drug Abuse Control. I don't know whether all of you are aware of it, but we have funded 90 percent of their budget, for the most part—and now are down about an average of about 70 percent. UNFDAC has decided to move a laboratory that they have just built in Geneva to Vienna, at a cost of several million dollars. Our contribution amounts to \$4 million dollars, so that actually our contribution, in 1 year, perhaps will be the cost of the move. And that's just to accommodate the Secretary-General, who comes from Vienna and would like to have that as a feather in his cap.

The second point is that we have requested that they give us a much more intensive accounting as to how they are spending their money. I now sit on the budget committee of the U.N. General Assembly, and they're going to have to give us a further accounting on that score, because the overesas activity that they've initiated has been limited to pilot projects. I don't know what kind of projects they're piloting, but it certainly could be compared to a Jenny in the old days of World War II, rather than the present phase of activity in which they should be engaged.

They are also moving most of their activities as well as their headquarters. The International Drug Fund is moving from here, from the United States to Vienna, to make Vienna the second capital, or the third capital, of the United Nations.

So, I just want you to know that there are steps being taken by us in other fields, in order to try to supplement your efforts. And I would say, wherever we can—I did have a point—counsel reminded me of—the NTTP which you used to have is no longer in existence.

Mr. CLANCY. No.

Mr. WOLFF. Are there any plans in progress to reinitiate that?

Mr. CLANCY. I believe that we reinitiated the program. Certainly the way that I perceived it, even more effectively in working with DEA—under the old NTTP, we had BNDD, which we interfaced with—or you know, my own view now was that was in the Washington area in the national office in another position back in those years when it was initiated. And I think that our cooperation with DEA today is top flight, and I see that as our program today. That is our NTTP. If we're talking about criminal enforcement tax program, which I'm devoting myself to. If you had other areas or parameters within NTTP that you want a specific comment on—

Mr. WOLFF. Just as we are disappointed at the demise of ODAP, wherever we see a change of operations that downgrade the importance of narcotics, we are concerned by eliminating that bureau from your agency, that there is a downgrading of the activity.

Now that may be just superficial.

Mr. CLANCY. Mr. Chairman, if I can continue, maybe, to comment, I don't believe that we've downgraded our emphasis on the program. Mr. Wolfe commented on the program. However, I recently sent a letter out to all of the regional intelligence managers quoting the President's message to Congress, again reaffirming our high priority in the narcotics area. I believe that we have been working very well in the field with DEA.

Mr. WOLFF. This may be the question of communications again. May I make a request of the agencies involved? That is when communications go out to the field could the committee—we do have people who are cleared for top secret information—have some access to it? We can be trusted, although we're not an agency of Government or the like I think it would be important for you to send classified material to us, which we would keep secure, so that we have an idea of what is going on within your agency.

Mr. WILLIAMS. Mr. Chairman, I would support Mr. Clancy's observation about our current program. I think that the thrust is in a different direction. We're now aiming more at the high level traffickers rather than the street type that we had in the old NTTP program.

I think in the long run this is going to be a more effective program of getting at the basic narcotics problem.

Mr. WOLFF. Well, I just might comment on that.

I think that you're right. We were trying for statistics before and trying for the street level people, which certainly did not really have an impact upon the total problem. But I don't know how long a way we've really got.

That's the important thing. I don't think that we can look down the road too far. I think that it is important that we engage in—this was basically the topic of the discussion between the President and myself this morning—the fact that we have a crisis upon us, even though people have really subordinated this whole question of narcotics abuse. We have a crisis upon us today and we've got to address ourselves to

this crisis. If we had an epidemic of this proportion in the health field, we would find, like Legionnaires' disease, in every newspaper in the country, every medical facility in the country was pitching in to fight it.

We have a crisis and I think that it is incumbent upon all of us to mobilize whatever forces and resources that we have and if you need the help, come to us and we'll try to help you in achieving it.

Do you have any further questions?

Mr. RANGEL. No; Mr. Chairman.

Mr. WOLFF. Gentlemen, we thank you very much for the time that you have given us. I know that we have kept you longer than we anticipated.

[Whereupon, at 5:15 p.m., the Select Committee recessed, to reconvene subject to the call of the Chair].

OVERSIGHT HEARINGS ON FEDERAL DRUG STRATEGY

TUESDAY, NOVEMBER 15, 1977

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,
New York, N.Y.

The Select Committee met, pursuant to notice, at 9:45 a.m., in the auditorium, U.S. Mission to the United Nations, New York, N.Y., Hon. Lester L. Wolff (chairman of the committee) presiding.

Present: Representatives Charles B. Rangel, J. Herbert Burke, Benjamin A. Gilman, and Mario Biaggi.

Staff present: Joseph L. Nellis, chief counsel; Alma E. Bachrach, investigator; Paul M. Snyder, researcher, and Elliott A. Brown, professional staff member.

Mr. WOLFF. Good morning. I'm very happy to welcome all of you to what is a first here at the United Nations U.S. Mission, the idea of combining our congressional oversight hearings with the operations of the United Nations.

I'd like to welcome our witnesses and our distinguished foreign visitors who are in attendance. We have invited a number of foreign delegations to attend this morning and this afternoon, and they will be coming in and out, monitoring these hearings.

During the next 2 days this committee will receive testimony from the lead agencies in the executive branch on the issues of international narcotics control, the compliance and regulatory aspect of drug abuse, and the status of our efforts to interdict narcotics at the border with Mexico.

Approximately 1 year ago, the Select Committee conducted a comprehensive set of oversight hearings to clearly establish what the 12 leading Federal agencies were doing to more effectively control drug abuse in the United States. During the next days, the Select Committee will determine what has transpired during the last year.

The committee is fully aware that no program by one country will be sufficient to curb the spread of drug abuse within its borders. Drug abuse is a global problem, and it requires the concentrated effort and action of all members of the international community with constant international exchange and cooperation.

While no opium poppies or coca bushes are grown in the United States, it is not realistic to point a finger at the producing countries as the sole source of our drug problem. We are all in this dilemma together, whether we represent growing, transshipping, or user countries.

And that is one reason why it is so appropriate that today's hearings are being held at this U.S. Mission to the United Nations.

I especially welcome those representatives of other member nations to the United Nations. Your presence signifies the progress that has been made in enlisting the support of other nations in the effort to curb drug abuse.

We have clearly entered a new era of international cooperation on this issue. This morning the Select Committee will hear from representatives of the Drug Enforcement Administration, the Department of State, and the Agency for International Development.

The Department of State coordinates and oversees all international narcotics programs which are implemented by DEA and AID. For this reason, it's particularly important that the State Department consider narcotics control a major foreign policy priority and integrate this priority into our daily diplomatic activity.

The first witness this morning will be Mathea Falco, the senior adviser to the Secretary of State and coordinator for international narcotics matters. Ms. Falco will focus on the goals and priorities of the State Department in narcotics, and the means by which overall programs are evaluated.

The second witness will be Mr. Peter B. Bensinger, Administrator of the Drug Enforcement Administration, who will speak to the efforts of our lead international narcotics enforcement agency in reducing the supply of narcotics in the producing and transit countries.

Mr. John F. Owens, Deputy Assistant Administrator, Bureau for Program and Management Services of the Agency for International Development, will testify on the programs of AID which are directly funded through section 482 of the Foreign Assistance Act.

During 1978, all AID narcotics work will be transferred to Ms. Falco's office. The Select Committee is interested to learn what impact this organizational change will have upon our overall program. In addition, the committee is interested in what efforts AID has made to incorporate narcotics control objectives into the development programs in the critical producing countries.

The final witnesses this morning will be Mr. Robert B. Oakley, Deputy Assistant Secretary of State for East Asian and Pacific Affairs. Our leading witness on the international programs Mr. Terence A. Todman, Assistant Secretary for Inter-American Affairs, will appear first this afternoon. These two witnesses will address the question of how narcotics control programs are integrated into the overall priorities of State Department's geographic bureaus.

And before calling our first witnesses, I'd like to turn to my colleagues for their opening remarks.

First, Mr. Gilman, the attending ranking minority member of the committee.

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. Chairman, I would like to commend you for developing this program and for bringing our committee to the United Nations. I join with you in welcoming our distinguished visitors from the United Nations.

Hopefully, as result of their visit here and our visit with them, we will better understand each other and better understand that the United States is deeply committed to the interdiction of narcotics trafficking and the eradication of illicit opium production at its source.

Narcotics trafficking and drug abuse have reached an epidemic crisis

not just in our own Nation but throughout the world. This is having a devastating and debilitating effect on citizens throughout the world, regardless of whether the individuals are from heroin-producing nations or from heroin-using nations, or whether these citizens are from developed nations or from less-developed nations.

Heroin and other forms of drug abuse have become a scourge for all of mankind. The distinction that often has been made that only heroin user nations are affected by drug abuse is certainly no longer valid.

The stark reality is that drug addiction, illicit narcotics trafficking, and the organized criminal elements responsible for that trafficking, affect all of mankind and corrupt the economic and political order of all societies.

The Select Committee has seen the harsh reality of this corruption in its visits to countries in South America and in Southeast Asia. We have found that drug corruption has reached the highest levels of government.

Mr. Chairman, with the termination of the Office of Drug Abuse Policy [ODAP] from the President's executive office, this Nation is left without a viable mechanism for formulating and executing a comprehensive, coordinated national drug strategy—the mechanism that Congress created when it passed Public Law 94-237 establishing ODAP in March 1976.

This morning I was pleased to learn from Ms. Falco that the Strategy Council has finally met, and I am hoping that the witnesses appearing before our Select Committee during these 2 days of hearings will indicate to us how our Nation is going to fill the vacuum created by the abolition of ODAP.

It is important that we know who is going to assist the President in formulating a comprehensive drug strategy, and what mechanism the Federal executive branch is going to provide the necessary day-to-day coordination of our Nation's drug programs, and to follow through on the work of ODAP's comprehensive review of this Nation's efforts to interdict narcotics trafficking, and to eradicate the illicit supply of opium.

It is certainly not enough to say that Dr. Peter Bourne and his limited staff will fill this void, or that he will have the time and the staff to carry out the day-to-day coordination of the more than 50 departments, bureaus, agencies, and administrations that have jurisdiction over drug abuse and control.

Furthermore, I hope that the witnesses will be able to tell us what, if anything, the "revitalized" strategy council would be doing to implement the objectives of Public Law 94-237, and again, who and what unit in the Federal executive branch will provide the centralized direction for this Nation's national drug strategy.

Mr. Chairman, you will recall that shortly before the House recessed, we joined in having passed House Congressional Resolution 265, endorsing the Hermosillo Declaration on Combating Traffic in Drugs at the International Level, and urging our President to encourage other nations to cooperate in eradicating narcotics trafficking and in eliminating the illicit production of opium.

As the chairman knows, the Hermosillo Declaration was one of many accomplishments of the 17th Mexico-United States Interparliamentary Conference that was held in Hermosillo, Mexico, last

spring. It sought to improve the cooperative efforts of our two nations with regard to narcotics abuse and control.

However, this Nation and other nations of the international community must do more than just pass resolutions if the global war on drugs is going to be won. I hope that our distinguished visitors will take back to their respective delegations the urgency to join with us in the fight against drug abuse and the need for the nations of the international community to pool their resources and their efforts to intensify a battle in interdicting narcotics trafficking and in eradicating the illicit opium production at its source.

Thank you, Mr. Chairman.

Mr. WOLFF. Thank you, Mr. Gilman.

Mr. Rangel.

Mr. RANGEL. Thank you, Mr. Chairman, and my colleagues, Mr. Gilman and Mr. Biaggi.

As you know, the House-Senate committee is meeting now in consideration of the President's energy bill. And I will not be able to stay throughout these hearings.

But I came to New York not only to support you, Mr. Chairman, but to congratulate you for bringing a part of the Congress, and especially this Select Committee, into the United Nations.

During the short time that you've been down here, I think that you have been really the epitome of what an American ambassador should be. To display our strengths and our leadership and at the same time, feel secure enough to discuss our weaknesses and the problems that we have here.

And I think the administration should be congratulated—Peter Bensinger for coming to share, not only with this committee, as you oftentimes have, but with the entire representatives of the family of nations, as well as Ms. Falco.

To understand that while we are able to give certain types of assistance and even a country as great as we are, are not ashamed or embarrassed to ask for assistance.

And I think that these hearings serve as a real educational forum for those that have been exposed to epidemics and disease to understand that even the strongest of people and nations when stuck by this serious epidemic of addiction can crumble, if indeed we can't find an answer to it.

So I think, Mr. Chairman, by you bringing the committee to the United Nations, by chairing this committee, by being able to meet people of other nations that sometimes are embarrassed with our wealth and sometimes our politics, that what you've done is humanize our country.

And I was pleased to see so many friends of mine from foreign countries that thought enough of these hearings to take time out of their very busy days to come and better understand our problem.

And so I think on behalf of the entire Congress, Mr. Chairman, I congratulate your efforts here, and apologize that I cannot remain until they are completed.

But I'm hopeful that what will come out of this is a better understanding, closer cooperation, and perhaps one day, all nations might be free of the drug scourge that has hit us and other nations.

Mr. WOLFF. Thank you very much, Mr. Rangel.

I just must say that I am embarrassed by some of your comments. But I might say that you have been one of the great leaders in this entire effort. And the work that you have done has not gone unnoticed, especially that in the international and domestic scenes.

In fact, all the members who sit here on the Select Committee today have been very deeply involved in combating drug abuse from the various posts in which they sit and work.

I'm appreciative of your coming here today. You know, Congress is almost in recess right now, and people have been critical of Congress for their junkets. Certainly the trip here today is not a junket.

Mr. Biaggi.

Mr. BIAGGI. Thank you, Mr. Chairman.

The Congress may be in recess, but Charlie Rangel is very busy with two important committees—the Energy Committee and the Welfare Reform Committee. So he, in fact, is wearing several hats this morning. But my remarks will be relatively brief.

I want to first congratulate you, as my colleagues have, in continuing to focus worldwide attention on the problem. That was an initiative that you introduced some few years ago. And you pursued it by traveling throughout the world.

They're not junkets. They're terribly exhausting trips. And what you did commenced an awareness on the part of many nations that had heretofore been either ignorant or unconcerned, or simply too busy dealing with other problems. What you do today is continue that worldwide awareness.

And if we are ever to resolve this problem, it will only be done when you have a total participation of all of the nations of this world.

It's convenient for us today, because we're in the proximity of an institution of nations. And it's easy for them to come to us and listen, rather than we as members traveling throughout the world on a nation-to-nation basis.

I share with my colleagues my high regard for your efforts, and for your leadership. And hopefully, this day we'll continue to impress the nations of the world as well as our own people, that the problem has not been taken for granted, we are not satisfied with the conditions, and we will persist until we find a resolution.

Thank you, Mr. Chairman.

Mr. WOLFF. Thank you very much, Mr. Biaggi.

You, too, have provided—you, Mr. Gilman, and Mr. Rangel, have provided great leadership in this effort which is joined by Chairman Peter Rodino of the Judiciary Committee, who has been one of the strong leaders, as well as Congressman Paul Rogers and other members of our Select Committee.

Before I swear in the witnesses, I want to make note of one point which I think is important. I've just recently received the figures from the health department of the city of New York on the question of deaths of young people aged 15 to 24 during the year of 1976.

Drug abuse had the third highest occurrence, ahead of cancer, suicides, heart disease, influenza, infectious, and parasitic diseases, and malformations; it is exceeded only by accidents and homicides. You can see the enormity of the problem we face here in New York City.

The way we're going to operate today is I'm going to ask the witnesses to summarize their remarks, if they will, in a statement, and without objection their total statement will be included in the record.

I would ask you all to stand a moment and be sworn, please.

[Witnesses sworn.]

Mr. WOLFF. Ms. Falco, would you please proceed.

**TESTIMONY OF MATHEA FALCO, SENIOR ADVISER TO THE
SECRETARY, DEPARTMENT OF STATE**

Ms. FALCO. Thank you, Mr. Chairman.

I'm pleased to appear before you and other members of the committee this morning to discuss the international narcotics control program administered by the Department of State.

This administration attaches a high priority to our international narcotics control efforts. Both the President and the Secretary of State have repeatedly expressed their strong commitment to work closely with other governments to curtail illicit drug production and traffic.

They have used their meetings with foreign leaders to express their concern over this problem, and to stress the need for concerted action to deal with it.

Specifically, the President has discussed the importance of narcotics control in his meetings with the Presidents of Mexico and Colombia, and the Prime Minister of Malaysia. The Secretary of State has discussed narcotics problems in his meetings with the foreign ministers of Mexico, Afghanistan, and Thailand.

We believe, and I think the committee would heartily agree that the personal interest of these high officials—the President and the Secretary—have served to heighten the concern of those leaders with respect to the international narcotics problem.

President Carter emphasized again his deep personal interest in drug abuse problems at the first meeting of the Strategy Council last Monday, November 7.

As you know, the Strategy Council, composed of Cabinet Secretaries and distinguished public representatives, supersedes the previous Cabinet committee structures that served to coordinate interagency drug control efforts. Congressman Gilman has already alluded to this, and perhaps in questions we could flush out more fully exactly what this new organization means.

Mr. WOLFF. Excuse me. Can the folks in the back hear? I don't know if the P.A. is operating properly. OK.

Ms. FALCO. It's OK?

The Strategy Council will be responsible for developing a Federal drug strategy reflecting the contributions of all concerned agencies next June. The President's August 2 message on drug abuse to the Congress contained specific directives to the various agencies to strengthen and expand their efforts.

As you know, my office is responsible for planning the international narcotics program in coordination with the regional bureaus of the Department of State, other Government agencies which have responsibilities for narcotics control and treatment, and our Embassies abroad.

Our primary goal is to curtail the flow of illicit drugs coming into the United States. The Department actively promoted and participates in bilateral and multilateral cooperative initiatives to reduce illicit drug production and trafficking, and to assist producing or transient nations to strengthen their narcotics control efforts.

In conjunction with the White House Office of Drug Abuse Policy and other concerned agencies, we have been evaluating the many facets of the complex and difficult issues involved in developing an effective, coherent international strategy toward illicit drug production and traffic.

Because of its devastating impact on the health and welfare of our society, heroin is our primary drug of concern. In the international program, our goal is to work with other governments to reduce illicit opium production, destroy heroin refining laboratories, and disrupt international trafficking networks.

Although current levels of cocaine use do not present a significant public health threat in the United States, we are concerned that as cocaine use increases, fatalities and overdoses and other health and social problems might increase dramatically.

Therefore, the major focus of our domestic strategy is to restrict the usage of cocaine through curtailing availability.

From the international perspective, the deleterious effects of the illicit cocaine traffic are immense. As President Carter noted in his drug abuse message:

The enormous profits generated by the illicit drug traffic distorts the economies of many smaller countries, aggravating inflation and draining tax revenues. They also engender corruption and corrode political stability.

The President concluded that we must work closely with other governments to assist them in their efforts to eliminate the cultivation of drug-producing crops, and to develop legitimate alternative sources of income for the often-impoverished who produce these crops.

Accordingly, the suppression of cocaine production and traffic has been assigned a high international priority, both to reduce the drug's domestic availability, and to undermine the strength of the illicit multinational trafficking networks, which can also distribute heroin or other drugs virtually interchangeably.

In order to obtain continuing cooperation from foreign governments in reducing the flow of illicit drugs to the United States, we must be responsive to the problems of drug abuse which are rapidly increasing in other countries. In cooperation with the National Institute on Drug Abuse, we plan to increase assistance in the area of demand reduction, prevention treatment, and rehabilitation, particularly in those countries in which narcotics production and trafficking are most serious.

In the interest of brevity, I will at this point omit the part of my statement that deals with our program on a country-by-country basis and reserve that part for questions, because I'm sure you all have specific questions.

Before I conclude, let me make a quick plea for two very important items which you can help us with.

First is the continued support for the United Nations Fund for Drug Abuse Control. The level of foreign contributions to the United

Nations Fund has increased significantly this past year, so that at the present time, the United States is contributing only about 60 percent of the total amount, which is down from 80 percent earlier this year.

We feel this is very encouraging progress, particularly since a number of countries like Norway have dipped into their regular development assistance fund to give to the United Nations Fund specifically earmarked money for development in drug-producing countries such as Burma.

I urge your continued support. It's very important that we don't let things falter now that it's beginning really to gain momentum.

The second issue is the psychotropic convention. The Convention on Psychotropic Substances came into effect last August after ratification by 41 countries. The United States, although one of the original drafters of the Convention, has not ratified the Convention to date. This is a very high priority of our international effort so that other countries can understand that we share their concern for the flood of pharmaceutical products that are often adversely affecting their people.

As I understand it, legislation is being introduced.

Mr. WOLFF. Ms. Falco, I might interrupt you at this point to say that legislation has been introduced.

Ms. FALCO. Good. And I hope you are all the sponsors.

Mr. WOLFF. By nine members of the Congress, introduced by Chairman Rogers of the Subcommittee on Health. Seven of those nine members are members of the Select Committee, so—

Ms. FALCO. That is good news, indeed.

Mr. WOLFF. I want you to know that we are generally supporting the idea. I think that this will be a matter that will be discussed by the Select Committee in the very near future to get the support of the entire committee.

Ms. FALCO. That's very encouraging news.

At that bright point I will stop my comments for now.

Thank you, Mr. Chairman.

[Ms. Falco's prepared statement follows:]

PREPARED STATEMENT OF HON. MATHEA FALCO, SENIOR ADVISER TO THE SECRETARY OF STATE AND COORDINATOR FOR INTERNATIONAL NARCOTICS MATTERS

Mr. Chairman, members of the Committee, I am pleased to appear before you to review the policies and programs of the Department of State with respect to international narcotics control. My testimony will address the broader issues raised in the Committee's September 19 letter of invitation to these hearings. Attached as an appendix to my testimony are detailed answers to the specific questions set forth in that letter.

This administration attaches a high priority to international narcotics control. Both the President and the Secretary of State have repeatedly expressed their strong commitment to work closely with other governments to curtail illicit drug production and traffic. They have used their meetings with a number of foreign leaders to express their concern over this problem and to stress the need for concerted action to deal with it.

Specifically, the President has emphasized the importance of narcotics control in his discussions with the Presidents of Mexico and Colombia and the Prime Minister of Malaysia. The Secretary has also discussed narcotics problems in his meetings with the Foreign Ministers of Mexico, Afghanistan, and Thailand. The President's and the Secretary's personal interest in narcotics control have served to heighten the concern of those leaders with respect to the international narcotics problem. President Lopez-Michelsen of Colombia, for example has intro-

duced legislation aimed at reorganizing the law enforcement agencies to deal with crime, narcotics trafficking, and corruption. He has also indicated that he will station a narcotics attaché in the U.S. to facilitate the joint investigation of narcotics trafficking and to improve coordination of our bilateral control efforts.

President Carter emphasized again his deep personal interest in drug abuse problems at the first meeting of the Strategy Council on November 7, 1977. As you know, the Strategy Council, composed of Cabinet Secretaries and distinguished public representatives, supersedes the previous Cabinet Committees that served to coordinate interagency drug control efforts. International affairs will be coordinated by a Council Working Group, chaired by the Department of State. The Strategy Council itself is chaired by the President, who urged the Council members to renew their efforts to curtail drug abuse and illicit drug traffic. The Council will also be responsible for developing a Federal drug strategy reflecting the contributions of all concerned agencies by next June. The President's August 2 message on drug abuse contained specific directives to the various agencies to strengthen and expand their efforts.

The President directed the Secretary of State to give greater emphasis to the international narcotics control program and to reiterate to foreign governments our strong interest in curtailing illicit drug production and traffic. The President expressed his expectation that the Secretary of State would continue to call on other agencies and departments to assist in the International Narcotics Control Program according to their respective expertise. I know that representatives of AID, for example are also appearing before you to discuss their contribution to the international narcotics control effort, and that you have already heard from other agencies involved in this effort.

As you know, my office is responsible for planning the international narcotics program in coordination with the regional bureaus of the Department of State, other Government agencies which have responsibilities for narcotics control and treatment and our Embassies abroad.

In order to comply with the President's directive to strengthen the effectiveness of the overall program, the Secretary approved a consolidation within my office of the narcotics program planning and implementation functions previously performed under an interagency services agreement by the Agency for International Development (AID). The program functions performed by AID/Washington were transferred to State in early October, and AID narcotics control activities abroad will be completely integrated into Embassy narcotics units during the next few months. By merging within one agency responsibility for policy development and program implementation, this reorganization will increase both the accountability and flexibility of the international narcotics control effort. Moreover, it will permit a fuller integration within the Department of narcotics policy formulation, programming, and implementation.

The primary goal of the State Department's international narcotics control effort is to curtail the flow of illicit drugs coming into the United States. The Department actively promotes and participates in bilateral and multilateral cooperative initiatives to reduce illicit drug production and trafficking and assists drug producing or transient nations to strengthen their narcotics control efforts.

In conjunction with the Office of Drug Abuse Policy and other relevant agencies, we have been evaluating the many facets of the complex and difficult issues involved in developing an effective, coherent international strategy towards illicit drug production and traffic. Because of its devastating impact on the health and welfare of our society, heroin is our primary drug of concern. In the international program, our goal is to work with other governments to reduce illicit opium production, destroy heroin refining laboratories, and disrupt international trafficking networks.

Although current levels of cocaine use do not present a significant public threat in the United States, we are concerned that if cocaine use increases, fatalities and overdoses, and other health and social problems might increase dramatically. Therefore, the major focus of our domestic strategy is to restrict the usage of cocaine through curtailing availability.

From the international perspective, the deleterious effects of the illicit cocaine traffic are immense. As President Carter noted in his August 2 drug abuse message, "the enormous profits generated by the illicit drug traffic distort the economies of many smaller countries, aggravating inflation and draining tax revenues; they also engender corruption and corrode political stability."

The President concluded that we must work closely with other governments to assist them in their efforts to eliminate the cultivation of drug producing crops, and to develop legitimate alternative sources of income for the often impoverished farmers who produce these crops. Accordingly, the suppression of cocaine production and traffic has been assigned a high international priority both to reduce the drug's domestic availability and to undermine the strength of the illicit multinational trafficking networks, which can also distribute heroin or other drugs, virtually interchangeably. These goals do not lend themselves to simple strategies or rapid solutions: They require a complex variety of policy approaches, involving diplomatic initiatives, improved enforcement, and rural development in primary coca producing areas.

In order to obtain containing cooperation from foreign governments in reducing the flow of illicit drugs to the United States, we must be responsive to the problems of drug abuse which are rapidly increasing in other countries. In cooperation with NIDA, we plan to increase assistance in the area of demand reduction—prevention, treatment and rehabilitation, particularly in those countries in which narcotics production and trafficking are most serious.

At this point let me review briefly the major developments in the international narcotics effort this past year:

MEXICO

Although Mexico continues as the primary source of illicit heroin coming into the United States, Mexican heroin now represents 70 percent of the market compared with some 80 percent a year ago. President Lopez-Portillo, who assumed Office on December 1, 1976, has expanded and intensified the year-around eradication and interdiction programs. As of mid-October 1976, 33,500 poppy fields had been destroyed, a 30 percent increase over last year. We believe this represents destruction of over 85-90 percent of the illicit poppy crop. Additionally, the Mexican Attorney General's office and our Embassy have undertaken joint planning for effective program development and rational resource allocation by both governments.

President Lopez-Portillo also has directed increased use of the Mexican military forces as an integral element of the permanent eradication and interdiction effort.

Military forces involved in the campaign currently number 10,460, and include naval personnel for coastal interdiction.

The Mexican Attorney General's office employs 482 people in the narcotics control effort, including enforcement agents, pilots, mechanics, management and administration personnel. During the six month period of the year when the eradication campaign is intensified, 70 percent of the Attorney General's personnel and funds are employed in the Mexican narcotics control program, contrasted with drug abuse responsibilities representing only seven percent of the total workload assigned to the Attorney General's office. Our Embassy estimates that the Government of Mexico spends well over \$40 million a year in its drug control efforts, not including personnel and resources at the state and local level.

Scores of Mexican enforcement officers and soldiers have lost their lives or have been seriously injured over recent years while carrying out drug control activities. Six Mexican Federal Judicial Agents were killed in 1977 and 12 seriously injured. 12 pilots and mechanics have also been seriously injured during this year's eradication campaign.

Dr. Bourne and I met with the Executive Director of the Mexican Narcotics Control Program, Fernando Baeza, the first week in November during the Miami Regional Narcotics Conference. He outlined for us specific elements of an expanded national plan for narcotics control in Mexico. This subject will be discussed at greater length during meetings Dr. Bourne and I have scheduled with Attorney General Flores in Mexico the first week of December.

Regarding the proposed development of a U.S.-Mexican Drug Abuse Commission, the suggestion to place such a consultative body within the framework of the existing bilateral U.S.-Mexico Committees has been passed to the Mexican Government and we are awaiting a reply.

Scarcity of heroin supplies is now noticeable in Mexico with a resulting increase of wholesale prices. DEA data on purity levels indicate that heroin purity on our city streets has reached the lowest point in six years. The increase in retail prices and a decline in heroin overdose deaths are encouraging thus far, but it is obvious that the momentum of the Mexican eradication program must be maintained and intensified. The Mexican Government agrees with this assessment.

As the poppy eradication program in Mexico becomes increasingly effective, we must be alert to the possibility of new opium production developing in Central and South America. We are now developing projects that will provide appropriate monitoring of such developments and the basis for establishing additional eradication programs wherever needed.

BURMA AND THAILAND

In my testimony before this Committee in July, I reviewed encouraging developments in Thailand and Burma. We remain encouraged. The new Thai Government has pledged to continue its predecessor's commitment to combat international narcotics trafficking. The Burmese Government using equipment provided by the U.S. Government, continues its own anti-narcotics campaign. In August of this year, the Burmese authorities made one of the largest narcotics seizures on record at Tachilek on the Thai border, totalling 245 kilograms of heroin/morphine and 430 kilograms of opium. Narcotics shipments from the Shan State to the Thai border during 1977 have been running below the same period in 1976. As the rainy season ends later this month, we expect to see stepped-up Government efforts against opium crops, caravans, and refineries.

In Thailand, seizures in 1977 through the month of August totalled 453 kilograms of heroin, 465 of opium and 109 kilograms of morphine. Moreover, the Thais appear to be intensifying the pressure, particularly against major traffickers. The Government is continuing moves to suppress narcotics production as well as planning crop substitution projects for six watershed areas of Northern Thailand. These projects are designed to reduce opium production by 50 percent by 1979 and by 90 percent by 1981. The Department is currently exploring the best way of supporting this effort through the use of both INC and AID funds.

Despite these positive developments, sufficient supplies of heroin appear to be moving into the international market to meet the demand in Europe and elsewhere. Recent price declines reported in Amsterdam tend to indicate that a sustained flow of Golden Triangle heroin is reaching western Europe. As the Committee is well aware, this is a long-term problem which will require unremitting efforts on our part and the part of the Governments of Thailand and Burma.

PAKISTAN

In Pakistan, the political turmoil has substantially limited the progress we have made over the past year. We have been concentrating on improving our cooperative program with the Pakistan Narcotics Control Board and exploring approaches to the difficult problem of controlling poppy production.

It is worth noting that a private tobacco company has been successful in recent years in boosting tobacco production in the Northwest Frontier Province at the expense of opium cultivation. They have accomplished this through an aggressive program of providing a combination of incentives, seedlings, fertilizer, and agricultural extension advice. Our Mission in Pakistan is now instituting a pilot program with the company to see if it can expand the tobacco replacement program. This program may provide a way of making inroads in the tribal areas, which are not under control of the government, and therefore beyond the reach of other programs.

AFGHANISTAN

Your visit to Afghanistan last November gave fresh impetus to the narcotics control effort in Afghanistan. While statistics are almost non-existent, our observations, unfortunately, indicate illicit poppy production has been increasing over the past several years. We are continuing through diplomatic means, including recent discussions in New York between Secretary Vance and Wahid Abdullah, Afghanistan's Minister-in-Charge for Foreign Affairs, to try to encourage the government to deal with the opium production problem. The political and economic constraints on Afghan activity in this area are enormous, yet we hope to make headway.

In June of this year, a Joint Commission was established in Kabul, bringing together representatives of various segments of the Afghan Government, U.N. officials, and representatives of the U.S. Embassy. In its first meeting, the Commission identified a poppy growing area in the Upper Helmand Valley on which the Afghans and the international community can focus their initial efforts. The Afghan Government believes that quicker results can be achieved in this region than in areas such as Nongrahar and Kunar, and used as the basis for proceeding

elsewhere. An UNFDAC representative is working with the Afghan Government to identify and design appropriate development crop substitution projects for financing through the international community. He has already developed one project involving soybean cultivation as an alternative to poppies.

International development agencies, such as AID and the Asian Development Bank, have begun insisting upon antipoppy clauses in their various loan and grant agreements. These clauses are designed to preclude assistance to Afghanistan from fostering an expansion of opium poppy cultivation.

LATIN AMERICA

I have already indicated the importance we attach to curtailing the illicit production of coca and to disrupting the major trafficking networks moving cocaine from South America to the United States. As you know, President Carter has received strong assurances from President Lopez-Michelsen of Colombia that he plans to give the problem of drug trafficking the highest priority. The Select Committee members brought back from the various government leaders. It is only with such Presidential and Congressional support that appreciable progress in stemming the flow of cocaine from the Andean countries can be made.

In the past month, we have received several encouraging reports from Colombia. Using the three helicopters provided through our program, the Colombian police raided a ranch in Antioquia Province and seized 1,100 pounds of cocaine base, an aircraft, numerous weapons and vehicles. More importantly, the owner of the ranch, Jaime Cardona, considered the number two cocaine violator in Colombia, was one of the three persons arrested in the raid. The Colombian Army also raided a ranch near the one to which I have just referred, seized 658 pounds of cocaine, and made one arrest. These seizures represent a greater quantity of cocaine than the total amount seized in the United States this year.

Seizures are increasing in other countries of the region as well. Reports from Ecuador, for example, show a rise in cocaine seizures over last year and a doubling of the amount of processed marihuana seized.

A major concern in many countries of the region continues to be the lack of vigorous enforcement and prosecution of key traffickers. When our narcotics control assistance programs in South America were initiated, they were designed to improve the competence and capabilities of narcotics enforcement agencies which were underequipped and poorly trained. Our programs have been largely directed at providing equipment and training to meet basic needs. Now that basic equipment has been provided and training is well underway, our efforts will be directed toward motivating governments and law enforcement agencies to give the highest priority to attacking major trafficking networks, including the destruction of illicit laboratories and the arrest and prosecution of key violators.

If we are to make a significant impact on the supply of coca available for cocaine production, the governments of the two major coca growing countries, Peru and Bolivia will have to be persuaded to implement strict controls on coca cultivation. These controls will involve a phased ban on coca growing beyond that required for legal, traditional use. Since coca is generally grown by the poorest farmers, this type of enforcement involves serious potential political risks for the governments concerned. Governments will not be prepared to assume these risks unless restrictions on coca growth can be presented as part of a rural development program (including water systems, education, marketing structures for other crops) designed to improve the quality of life of the farming population.

Before concluding, Mr. Chairman, I would like to address two areas in which the Congress can support and assist the implementation of the international narcotics control program. As you know, the United Nations Fund for Drug Abuse Control has been helpful in dealing with narcotics problems on a multi-lateral basis. For example, the role which the United Nations Fund played in assisting the Turkish Government to attain control of their opium production, which is now in poppy straw form, was exceedingly helpful. In Afghanistan, UNFDAC continues to support successful enforcement operations and has initiated with the Government joint efforts to develop crop substitution programs in the Upper Helmand Valley. The Congress has understandably been concerned that in the past the U.S. has provided as much as 80 percent of the financial contributions received by the Fund. However, in recent months the Fund has attracted significant contributions from Norway, Sweden, the Netherlands, and for the first time, from a private foundation in Japan. Thus, the U.S. contribu-

tion to the Fund has fallen to approximately 53 percent of the total. We are heartened by these contributions and will continue to urge other nations to expand their support of UNFDC. We believe UNFDC continues to play a unique and positive role in the international narcotics effort and should continue to receive significant support from the Congress.

I would also urge the Committee to use its influence to obtain early action by the Congress to permit U.S. ratification of the 1971 Convention on Psychotropic Substances. As you know, the U.S. was the principal force behind the Vienna Conference which drew up the Convention, extending controls to psychotropic substances, such as amphetamines, barbiturates, and hallucinogens. I am sure the Committee recognizes that it is difficult for us to urge developing countries to increase controls over opium and coca while we ourselves have not agreed to international controls for pharmaceutical drugs which are widely abused here and abroad. We hope the Committee will lend its support to obtain immediate passage of the necessary legislation so that the Senate can move rapidly to ratify the Convention.

Thank you, Mr. Chairman. I will be happy to answer any questions and to discuss in greater depth the many facets of our international narcotic control effort.

Question 1. What are the overall goals and priorities of the State Department's narcotics control effort? How do these differ from previous year's programs?

Answer: The primary goal of the State Department's international narcotics control effort is to curtail the flow of illicit drugs coming into the United States. The Department actively promotes and participates in bilateral and multi-lateral cooperative initiatives to reduce illicit drug production and trafficking and assists drug producing or transit nations to strengthen their narcotics control efforts.

In conjunction with the Office of Drug Abuse Policy and other relevant agencies, we have been evaluating the many facets of the complex and difficult issues involved in developing an effective, coherent international strategy towards illicit drug production and traffic. Because of its devastating impact on the health and welfare of our society, heroin is our primary drug of concern. In the international program, our goal is to work with other governments to reduce illicit opium production, destroy heroin refining laboratories, and disrupt international trafficking networks.

Although current levels of cocaine use do not present a significant public health threat in the United States, we are concerned that if cocaine use increases, fatalities and overdoses, and other health and social problems might increase dramatically. Therefore, the major focus of our domestic strategy is to restrict the usage of cocaine through curtailing availability.

From the international perspective, the deleterious effects of the illicit cocaine traffic are immense. President Carter noted in his drug abuse message to the Congress of August 2, 1977, "the enormous profits generated by the illicit drug traffic distort the economies of many smaller countries, aggravating inflation and draining tax revenues; they also engender corruption and corrode political stability."

The President concluded that we must work closely with other governments to assist them in their efforts to eliminate the cultivation of drug producing crops, and to develop legitimate alternative sources of income for the often impoverished farmers who produce these crops. Accordingly, the suppression of cocaine production and traffic has been assigned a high international priority both to reduce the drug's domestic availability and to undermine the strength of the illicit multinational trafficking networks.

In order to obtain continuing cooperation from foreign governments in reducing the flow of illicit drugs to the United States, we must be responsive to the problems of drug abuse which are rapidly increasing in other countries. In cooperation with NIDA, we plan to increase assistance in the area of demand reduction—prevention, treatment and rehabilitation, particularly in those countries in which narcotics production and trafficking are most serious.

President Carter's recent message to Congress highlights the major directions our international efforts will take:

We will increase diplomatic initiatives to urge other governments to strengthen their own control efforts:

President Carter has personally discussed the importance of drug abuse control worldwide with several Chiefs of State and their representatives in bilateral meetings. The Secretary of State and Assistant Secretaries are also taking an active role in impressing upon foreign governments the seriousness with which we view illicit drug production and trafficking.

Crop and income substitution, particularly in the context of integrated rural development programs, will be given greater emphasis in primary drug producing areas:

The President has instructed AID to include such measures in its programs, and U.S. representatives to the International Financial Institutions have been told to use their influence within those agencies to encourage such programs.

International cooperation among drug enforcement agencies will be encouraged:

We have financed a regional narcotics telecommunications net in Latin America and will actively look for other such regional cooperative opportunities.

Attempts to internationalize drug control efforts through the U.N. will be continued:

Over \$6.5 million in new contributions to UNFAC have been generated this year. We will continue to seek appropriate ways to strengthen the efforts of the U.N., the Colombo Plan, and other international organizations in the narcotics field.

The organization and management of the International Narcotics Control program will be strengthened:

We are reorganizing the Department of State's narcotics operation in Washington and overseas by consolidating within the Office of the Senior Adviser for International Narcotics Matters the narcotics program implementation functions previously performed on a reimbursable contract basis by AID. By merging within one agency responsibility for policy development and program implementation, this reorganization will increase both the accountability and flexibility of the international narcotics program.

Question 2. A prior goal of the Department of State was to institutionalize narcotics policy; has this been accomplished?

Answer: It has not yet been accomplished, but significant progress has been made. Last year we revised our program planning system by asking our Ambassadors in each of the key producing/trafficking countries to supervise the preparation of multiyear narcotics control action plans. Each of the U.S. agencies involved in international narcotics has its input in this process, both in the field and as the plans are reviewed here in Washington. We are updating these plans this year, and we believe President Carter's recent message will ensure even greater participation by the other agencies in this process. We are also developing a project design and documentation system which will help us improve the way we plan, implement, and evaluate projects with cooperating countries.

Within the State Department, the Senior Adviser and her staff are responsible for the day-to-day implementation of the program. In past years AID has performed certain support functions and provided the technical advisers for the program on detail, both in Washington and overseas. As indicated in our response to the first question, the Secretary decided in July to shift those functions and personnel from AID to State. This process began in Washington in October, and in the course of the next year the overseas Embassy personnel and activities will be brought into the Department. Thereafter, all our major programs will have full-time supervision by a narcotics program specialist reporting through the Ambassador to the Senior Adviser.

We believe these reorganization plans—one procedural and one organizational—will be substantially completed within the next year. They will give us much closer control over all aspects of the program.

Question 3. Who is responsible for the long-range planning in narcotics programing? How are our current efforts evaluated?

Answer: The Office of the Senior Adviser is responsible for overall planning of the INO program. As mentioned above, the process begins in the field with the Embassy and ends here in Washington, where programs are reviewed by inter-agency committees convened by the Senior Adviser.

Inspections of country programs by the Office of the Inspector General for Foreign Assistance, audits by the AID Auditor General's office, and GAO reviews have been carried out routinely. The new programing system described above will establish indicators of project progress which will make routine evaluations both possible and meaningful.

The International Narcotics Control program, here and abroad, is subject to review and audit by the General Accounting Office. Within the Department, the S/IG and IGA have both exercised their respective responsibilities with regard to the International Narcotics Control program. Additionally, that part of the

program implemented by AID has been under the audit cognizance of the AID Auditor General.

Question 4. How are the programs administered by S/NM coordinated with programs being run in the same geographic areas by other agencies of the U.S. Government and the United Nations?

Answer: At the Washington level, regional policy and program officers in the Office of the Senior Adviser for International Narcotics Matters (S/NM) chair informal interagency working groups of officials from DEA, CIA, Customs, NIDA, AID, and other agencies, as appropriate, in developing, coordinating, and administering international narcotics control policies and programs. Any conflicts or differences arising from these working groups are resolved by the Deputy Senior Adviser in consultation with his counterparts in the other agencies or, if necessary, by the Senior Adviser meeting with the principals of other agencies involved in the international narcotics program.

In the field, the Ambassador designates an experienced Foreign Service Officer at his post to serve as the Embassy's Narcotics Coordinator. The Narcotics Coordinator chairs meetings of the narcotics country team composed of representatives of all agencies conducting programs or having a direct interest in the narcotics program in the particular country.

Our Embassies maintain contact, as necessary, with resident U.N. representatives to ensure that U.S. programs are properly coordinated with U.N. projects. The Department of State is kept advised of any problems or differences concerning U.N. narcotics policies and/or programs, and provides appropriate guidance to the U.S. Mission in Geneva following consultations with other departments of Government involved.

Question 5. What U.S. agencies are funded for international programs by Section 482 funds?

Answer: The bulk of INC funds has been channeled to foreign governments through AID for technical advisers, equipment, training, and financial support for local anti-narcotics programs. Transfers are also made each year to DEA and U.S. Customs for international training, and to DEA to support the poppy eradication effort in Mexico as well as regional and country interdiction operations. The U.S. Department of Agriculture receives funds for crop substitution research in Thailand, and NIDA receives funds to conduct prevention and rehabilitation training and conferences. (See next page for INC allocation of funds.)

INTERNATIONAL NARCOTICS CONTROL—ALLOCATION OF FUNDS, FISCAL YEAR 1977¹

(In thousands of dollars)

	Country programs	International organizations	Demand reduction	Training	Program development and support	Total
Agency for International Development.....	25,522	100		1,080	700	27,402
Drug Enforcement Administration.....	629			2,376		3,005
Senior adviser for international narcotics matters.....	351	4,000	233	1,802	93	6,479
Senior adviser for international narcotics matters direct.....	(216)		(52)	(283)	(93)	(649)
U.S. Customs.....				(1,514)		(1,514)
National Institute on Drug Abuse.....			(181)			(181)
United States Department of Agriculture.....	(135)					(135)
UNFDAC.....		(4,000)				(4,000)
Total.....	26,501	4,100	233	5,258	793	36,885

¹ Actual obligations will differ somewhat from fund allocations.

Question 5. What progress has been made in negotiating information sharing or IRS treaties with the critical financial haven countries? What progress has been made in negotiating joint prosecution agreements with the principal countries where narcotics fugitives reside? What progress has been made in negotiating extradition treaties with the principal countries where narcotics fugitives reside?

Answer: The Departments of Justice and Treasury are completing a draft of a treaty for mutual assistance and the exchange of information in criminal in-

investigations. The treaty will provide for mutual assistance in all criminal matters, including narcotics; and will be the basis for negotiations with priority countries where criminal elements utilize the banking facilities. The Committee is aware that an agreement for mutual assistance and exchange of information was concluded with Switzerland in January, 1977. Exploratory discussions for a treaty for mutual assistance have already taken place within the framework of the U.S./Mexican Consultative Mechanism. Similar discussions for a mutual assistance treaty, including exchange of information relating to taxes, are planned with the Bahamas.

With respect to joint prosecution agreements, we have not sought to negotiate agreements but rather to work out informal arrangements. The more formal procedures are embodied in the exchange of letters rogatory pursuant to international law and customary practice. Informal arrangements for exchange of evidence thus far have been developed with Colombia, Peru, Bolivia, and Chile. Several cases have been successfully adjudicated in Colombia and are presently in the process of adjudication in Peru, Chile, and Bolivia.

We also have a case presently pending in France. Other countries will be approached as the need arises in order to broaden our prosecutorial base to deal with international narcotics trafficking.

The 1972 Amending Protocol to the 1961 Single Convention on Narcotic Drugs greatly enhanced the ability of parties to prosecute international drug traffickers. The Protocol amended Article 36 to (1) amend in effect existing extradition agreements among parties to include narcotic offenses not already included in such existing agreements, and (2) give parties the option to utilize the Convention as a basis for extradition in the absence of existing extradition agreements between parties. This, together with the Department's efforts to update its extradition treaties, has eliminated most of the gaps in our ability to seek extradition of narcotic traffickers. Given the recent ratification of Peru and accession of Mexico to the Amending Protocol, only El Salvador, Honduras, Nicaragua and Venezuela could be problem countries in this hemisphere. Other countries not parties to the Protocol where fugitives could evade extradition include: the United Kingdom, Belgium, The Netherlands, Greece, Yugoslavia, Iran, Lebanon, Morocco, Pakistan, India, Burma, and New Zealand. Of these we have recent extradition treaties which cover narcotic offenses with The United Kingdom, Belgium, and New Zealand. With regard to the remaining countries, including the four Latin American ones referred to above, we shall intensify our bilateral efforts to encourage adherence to the Protocol and urge a similar effort through the U.N. Commission on Narcotic Drugs.

Question 7. Has the Secretary of State or the President included narcotics control on his agenda for his meetings with any foreign leaders? What have the results been?

Answer: Both the President and the Secretary of State have included narcotics control matters in their meetings with foreign leaders. Specifically, the President has emphasized the importance of narcotics control in his discussions with the Presidents of Mexico and Colombia and the Prime Minister of Malaysia. The Secretary has also discussed narcotics problems in his meetings with the Foreign Ministers of Mexico, Afghanistan, and Thailand. Assistant Secretary Holbrooke has just completed discussions with British and French officials, in which narcotics were a major item. The President's and the Secretary's personal interest in narcotics control has served to heighten the concern of those leaders with respect to the international narcotics problem. President Lopez-Michelsen of Colombia, for example, has announced plans to set up an elite civilian law enforcement unit to cope with crime, narcotics trafficking, and corruption, replacing the existing Investigative Unit of the National Police. He has also expressed his intention to move against official corruption and to reform the judicial system. He has also said he will station a narcotics liaison officer in the U.S. to facilitate the joint investigation of narcotic trafficking.

The President's and the Secretary's personal interest has reciprocated the strong interest of the new Mexican Administration in acting on the narcotics problem. This has led to the initiation of a joint Mexican-U.S. planning approach for the development and implementation of the narcotics control program.

Question 8. How is the \$45 million program for development in Bolivia been coordinated with specific narcotics programs? What are the goals of this program? Where does cocaine fit on the priority list of the Department of State in narcotics control programs?

Answer: The U.S. Government's commitment made under the previous Administration, to provide Bolivia with up to \$45 million in AID loan funds over

a five-year period is directly linked to programs aimed at reducing coca production and to the enforcement efforts of the Bolivian Government against trafficking. The AID pledge is in fact predicated on Bolivia's undertaking a meaningful enforcement program and contingent on the results of current pilot projects. It is targeted specifically at the two major coca growing regions of the country—the Yungas and the Chapare. Our commitment is to make available loan funds to finance up to 75 percent of the costs of development projects to assist the rural poor now growing coca in the Yungas and Chapare regions.

The Bolivian Government is presently conducting a registry of coca growers. Once this is completed, the Bolivians intend to enforce a ban on all unregistered coca growing, followed by a phased program to reduce coca production to a level which will meet local needs. The AID funds will mitigate the impact of reduced coca cultivation on the farmers by improving their conditions and helping provide viable alternative sources of income. (The relative priority of cocaine in the Department of State's International Narcotics Control program is discussed in the answer to Question One.)

Question 9. The President's Drug Message tasks the CIA with increasing its involvement in the collection of narcotics intelligence—has there been an improvement: What was lacking previously?

Answer: The President's message on Drug Abuse directed "the intelligence community to emphasize the collection and analysis of information relating to international drug trafficking." The various agencies involved in the collection of narcotics intelligence have continued to emphasize the collection and analysis of narcotics intelligence.

However, to ensure maximum effectiveness in the collection, production and exploitation of intelligence, an in-depth study of the entire narcotics intelligence process has been initiated by the Office of Drug Abuse Policy (ODAP). This study, which should soon be completed, will analyze the strengths and deficiencies of the current intelligence structure and recommend improvements.

Question 10. What programs are being planned to prevent new sources of opium from appearing after the current program in Mexico begins producing measurable shortages of heroin from Mexico?

Answer: Opium poppies can be grown in most Central American countries and in many South American countries. The 1976 Narcotics Control Conference for Latin America addressed this problem in a separate session. It was decided that the U.S. Missions in those countries where a potential exists for poppy production should develop monitoring programs with the foreign governments to facilitate identification of new growing areas. Such a program in Colombia has resulted in current overflight missions to determine whether reports and rumors of poppy growing are accurate. To date, no poppy fields have been identified by these missions. Consultations with the foreign governments include contingency planning for programs of crop destruction and control.

In Afghanistan, the Department is continuing through diplomatic means to encourage the Government to take firm measures to deal with increasing opium production. Last June, a Joint Commission was established in Kabul bringing together representatives of various segments of the Afghan Government, U.N. officials, and representatives of the U.S. Embassy. The Joint Commission is focusing on identifying and designing possible crop/income substitution projects which can be financed by the international community.

In Pakistan, progress has been limited because of the recent unsettled political situation. The Department has been concentrating on improving our cooperative program with the Pakistan Narcotics Control Board and exploring approaches to the difficult problem of curtailing poppy production in that region.

Question 11. Is there a current surplus of poppy straw in the world? What plans are being made to prevent diversion from overproduction? Is there an acceptable level of opiates for medicinal needs in the world at the current time?

Answer: There is presently no shortage of medicinal opiates; indeed, there is probably an oversupply. The International Narcotics Control Board (INCB), which is responsible for monitoring worldwide licit opiate supplies, has called upon governments to take the international supply situation into consideration when planning opiate production. The INCB has also requested countries which have not produced opiates in the past to refrain from doing so now.

Question 12: Are current capabilities for overseeing our program in Burma and Mexico adequate?

Answer: In Mexico, the program of eradication and interdiction has reached substantial levels of size and complexity involving hundreds of specialists and millions of dollars of equipment. Under the express instructions of President

Lopez-Portillo, the Mexican Attorney General's Office works closely with the U.S. Embassy in planning, operations, and evaluation.

We presently have a staff of three officers and two secretaries in Mexico. Because of the complexity of the program, we are requesting the Department to obtain five additional officer positions and two more secretarial positions. We believe the augmented staff is the minimum needed to properly manage this program which both we and the Congress regard as crucial to our narcotics control objectives.

Over 250 employees of the Attorney General's Office, excluding Program Managers, Federal Judicial Police agents and military troops, are involved in the eradication program. This includes 68 fixed and rotary-wing pilots and 57 aviation mechanics needed to operate the Attorney General's airfleet. The fleet, provided in large measure by U.S. narcotics assistance funds, now consists of 17 Bell 212 (14-place) helicopters, 19 Bell 206 (5-place) helicopters, 5 Cessna 185 reconnaissance aircraft, 3 Rockwell Aerocommandos, 1 Pilatus Porter STOL aircraft, and 1 Cessna Citation jet. These figures do not include numerous seized aircraft which have been converted for use in the program.

The Narcotics Assistance Unit of the Embassy enjoys a continuing daily working relationship with the Mexican officials that includes monitoring the program. The Drug Enforcement Administration provides personnel during intensive periods of the eradication campaign, assisting the Mexican Government to identify poppy crops and later verify their destruction. The cost of this participation is shared by DEA and State, with DEA paying the cost of normal salaries and benefits and State reimbursing DEA for direct costs such as travel, per diem, and aircraft operation. The specialized DEA presence augments and complements other Embassy personnel and U.S. contract personnel in providing a continuing field monitoring function.

In Burma, as elsewhere, we monitor the use of narcotics program equipment through a variety of methods. Our Ambassador, as the President's representative, coordinates activities of the entire Mission for purposes of monitoring use of U.S. provided equipment. Without exception, information gathered from unofficial sources has confirmed the representations of the Burmese Government.

In rare instances where allegations of equipment misuse have been brought to our attention, we have investigated them fully. We have not found evidence of a single instance of misuse.

Mr. WOLFF. We're going to withhold questions until the panel has had an opportunity to make their statements.

For our visitors, I should like to let you know that there is a practice in the Congress that unlike the question hour that is held in various parliaments whereby the various cabinet ministers come before the parliament and are questioned for an hour, we have this type of congressional hearing at which we bring the various agency heads before our committee and question them at length.

We do have a 5-minute rule under which we operate. That 5-minute rule gives each member of the panel an opportunity to question for 5 minutes. And if the questioning is insufficient at that time, after a rotation that is brought back and the individual gets additional time to question.

It also should be noted by our visitors that each of our witnesses are sworn to the testimony that they are giving. This is discretionary upon the chairman as to whether or not the witnesses are sworn.

We have made it the policy of our committee to swear our witnesses, because we do feel that we are dealing with very sensitive matters here, and that the Congress is entitled to know some of the answers to some of the questions.

And there have been times in the past—this is not the case with our present witnesses at all—but there have been times in the past that some of the witnesses before Congresses have been less than forthcoming with their responses. Only the other day a former director of the CIA was charged with irresponsibility in appearing

before one of the committees and ~~was actually given a suspended criminal sentence. It is a crime for a witness to appear before a congressional committee and give false testimony.~~

And I don't have that in mind with introducing our next witness, at all. To the contrary, our next witness has always been very forthcoming in his testimony and has really taken a leader role in the question of drug interdiction.

I might say Ms. Falco as well, on the plea that she made. And I'm sure it will be commented by a number of the members here, the question of UNFDAC.

This committee issued a report, based on the fine work of Mr. Gilman and Mr. Scheuer, who is a former member of this committee, on UNFDAC that indicated quite unsatisfactory results were forthcoming from that agency.

We have been extremely critical of the results. Therefore we hope that there will be effected those changes that are necessary in order to make this an effective operation.

But we do have faith that the basic idea of UNFDAC is a sound one. We would hope, however, that they would be more responsive to the needs of the international community.

With that, I introduce Mr. Peter B. Bensinger, the Director of the Drug Enforcement Administration.

Mr. Bensinger.

TESTIMONY OF PETER B. BENSINGER, ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION, U.S. DEPARTMENT OF JUSTICE, ACCOMPANIED BY GORDON FINK

Mr. BENSINGER. Mr. Chairman, members of the committee, I'm pleased to be here today and to share with the comments, in spirit and in substance, with the comments that have been made, with respect to the symbolic but more than symbolic—the actual—presence of this hearing at the United Nations.

The battles of drug abuse, drug control, that were waged by our State and local law enforcement officers, take place in the streets and dark alleys in early morning hours and late hours of the day and the evening. The fatalities that you made reference to in New York City turn out to be not only to our own 15- and 24-year-old youth, but to agents and law enforcement officers as well as to addicts in other parts of the country.

The battles are fought every day and every night. I think the war, if it's to be won, will be won in the international community.

And in a followup personal comment to what Mathea Falco said about UNFDAC and the psychotropic convention. I would encourage this committee and its chairman to continue the practice of foreign travel. I've read articles somewhat critical of Congress, of certain Senators or Representatives that visit our missions overseas. Let me assure you, in the minds of our agents and our agency and its Administrator, nothing could be more important for our effort than to have the presence of the U.S. Congress overseas in place, making representations to foreign heads of state, their own public constituency in those individual countries, the various constituencies within those governments, and our own mission.

I commend you on your past action, on your presence in the United Nations, and encourage you to do more of the same. It gives not only leadership visibility in the international community, but it gives morale and encouragement to our own individual agents stationed in many faraway parts of the world.

~~Let me give you a 5-week update since we last met.~~

On October 2, 1977, an 18-month investigation successfully culminated when the Colombian customs agents, using three U.S.-furnished helicopters, raided a ranch called Hacienda 90, about 60 miles from Bogota. Numerous weapons were seized, and Jaime Cardona, the No. 1 cocaine violator in Colombia, was arrested.

Seized during that week were 1,100 pounds of cocaine base which would have converted to 1,200 pounds of hydrochloride cocaine. Based on this investigation, the attorney general of Colombia issued an arrest warrant for an individual named Santiago Ocampo, whom we consider to be the No. 1 cocaine trafficker, in fact, in Latin America.

On October 9 the Colombian Navy, as a result of its own investigation, seized a vessel called the *Margoth* flying the Panamanian flag. Twenty-five tons of marihuana were seized, as well.

On October 10 elements of the Colombian Army arrested one defendant at the Primavera Ranch, very close to the previous ranch I indicated, and seized 299 1-kilogram bags packed with cocaine, a total of 658 pounds.

Then, on November 3, a drug trafficking organization which you, Mr. Chairman, focused on during your Southeast Asia trip earlier this year, of Chang K'ai-c'heng in Bangkok; Loa Fan Tzu-hsiang, who had 8 pounds of No. 4 heroin, was executed by the new Thai Government.

Three other top international violators of the Chang K'ai-c'heng organization, which have been identified in the Congressional Record, have left their principal places of business, and now I consider them fugitives.

I mention these facts not because they're excellent investigations, which they are, and not only to commend our Thai and Colombian colleagues, but to illustrate the effectiveness of going after narcotics at the source, which the Select Committee and you, Mr. Chairman, have encouraged us to do.

For example, the 1,700 pounds of cocaine which have been seized in Colombia represents more than U.S. authorities seized here during a 2-year period. The seizures of heroin that have been made by the Mexican Government, and the destruction of the fields, we feel, have resulted in a 1½ ton decrease in heroin importation from Mexico.

Let me give you an update on the so-called TRIZO program, which the Mexican Government has embarked upon with U.S. technical assistance.

So far in 1977, approximately 37,000 poppy fields have been destroyed, compared to 23,000, we would estimate, a year ago, up to this time. In the second phase of the TRIZO operation, which began in August, over 11,000 fields have been destroyed by the Mexican Government, as compared to 4,738 fields during the 1976 second-half campaign phase.

In addition, I would comment on the fact that our agency continues to feel the presence of DEA professional investigators and intelli-

gence analysts overseas is essential to increasing the motivation of foreign governments, increasing their technical and institutional capacity for professional enforcement action, to assist further in capturing as large a quantity of drugs in the source country, either by eradication or seizure, and by developing a training program which gets into more sophisticated, conspiracy-type money-flow investigations.

For your information, an agent placed overseas will be responsible for 20 times the amount of drugs that a domestic agent will be in this country.

Mr. Chairman, I know that you and other Members of the Select Committee will have specific questions regarding a variety of countries that you and we have interest in, as well as of policy matters. I would be happy to respond to those questions.

I do see continuing signs of encouraging direct actions by the Government of Mexico, and we see from a preliminary indication that the new Government in Thailand does not appear to be going backward in terms of its emphasis on narcotics, but rather to follow through on the efforts of the previous administration which did increase the priority in that important part of the world.

[Mr. Bensinger's prepared statement follows:]

PREPARED STATEMENT OF PETER B. BENSINGER, ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION, DEPARTMENT OF JUSTICE

I would like to thank you, Mr. Chairman, for this opportunity to appear here today and tell you, as I did a little more than a year ago, my views of DEA's problems and accomplishments. Before outlining just what our progress and problems have been, however, I want to indicate how we at DEA perceive the overall U.S./world drug abuse situation.

Mexico has the distinction of being the only Latin American country that grows opium poppy in great volume and at the same time has laboratories and chemists needed to refine that opium into heroin. That country, by reason of location, also is conducive to serving as a transit area for cocaine produced by its more southern neighbors, notably Colombia, Bolivia and Peru.

As was the case last year, most U.S.-destined heroin traffic originates in Mexico. A year ago, however, I stated that of the variables affecting international drug control, the attitude of the then-new Government of Mexico was perhaps our biggest unknown; this year, it pleases me to report positively and favorably on the extent and intensity of the Mexican drug effort.

The Mexican opium poppy crop eradication programs, a civilian law enforcement effort under the Office of the Attorney General of Mexico; this year was augmented by military forces. Beginning in January 1977, 1,800 troop-strong Operation CONDOR targeted primarily the activities in the mountainous border area of the eastern Sinaloa State—where we believe 75 percent of Mexican heroin and marihuana are produced—destroying poppy fields and disrupting trafficking operations.

Partially as a result of this action, we believe that no sizable attempt was made to produce a summer opium crop this year in the traditional growing areas; at least that was the conclusion of our people and the Mexican authorities following the summer aerial reconnaissance program concluded in late June. During that program, only 190 fields—covering less than 30 hectares—were discovered.

I would like to mention at this point that we believe this result already to be evident on our streets. Whereas in 1975, with a 13 percent sampling, our Signature program indicated that 89 percent of heroin in the United States originated in Mexico; the 1976 Signature figure, with a 20 percent sampling, was 91 percent; and for January-June 1977, a 40 percent Signature sampling indicated that 87 percent of our heroin originated in Mexico. According to our STRIDE program, which takes account of 100 percent of the heroin analyzed in our laboratories, in 1975, 72 percent of the heroin acquired was brown and probably originated in Mexico; in 1976, that figure was 67 percent; and for the first 6 months of 1977, 53 percent.

Of concern this year has been the increasing traffic into the United States of heroin produced in Southeast Asia. A year ago, we discussed the escalation of Asian heroin traffic in Western Europe; and as was the case last year, this year much of this ethnic Chinese-dominated traffic was destined for Europe via the springboard areas of Bangkok and Malaysia.

I also stated a year ago that, while our relations with Thailand are generally good, what will happen regarding this traffic in the future will depend on, first of all, the consistency of the Thai enforcement effort, and, secondly, the priority that foreign governments perceive the U.S. Government places on drug control.

Regarding the first issue, I believe that the spectacular investigations initiated this year by Thai authorities speak for themselves. For instance, on July 14, Thai authorities arrested Tan Tzu-Hsaing; as a result of this action, they made the largest opiate seizure in the history of that country.

Regarding the second issue (that of international perception of our own commitment) our colleagues overseas had several tangible signs by which to form an opinion—not the least of which were the two very successful overseas missions of this Committee. Also a strong indication was the commitment shown by President Carter in his statement to the U.N. Commission on Narcotic Drugs in February, and in his message to the Congress in August.

A year ago, I was able to report that the availability of Turkish heroin in the U.S. was at its lowest level in 30 years. This year, I am happy to say, the very stringent controls of that legitimate opiate producer remain effective.

What may be troublesome is the taxation of the control system that will occur as Turkey continues to overproduce the opiate. Last year, some 14,200 metric tons of straw were produced; of this, more than 4,000 metric tons remain unsold. This year, with many more farmers being issued licenses to grow this product, it is expected that the harvest will amount to 50,000 metric tons.

Compounding the situation is the fact that Turkey's alkaloid plant, which when completed will have a capacity to process 20,000 tons of poppy straw per year, will not be operational for some months. Also, we have seen recent evidence that Turkish traffickers are actively engaged in heroin manufacturing and smuggling, to Europe and perhaps even to the United States. The origin of the narcotics seized in this latter regard has not been established, but recent reports indicate that some may have originated in Afghanistan and Pakistan.

The Afghanistan-Pakistan area produces roughly 300-400 tons of opium per year, most of which originates in tribal areas over which the central government can exercise only limited authority. In Afghanistan, the U.S. State Department, is taking additional steps to ensure that opium production is banned in areas where AID projects are to be undertaken.

Because of continuing coca production in South America, cocaine continues to be widely abused throughout the United States by many sectors of the U.S. population. It is most concentrated, however, on the Eastern seaboard and the West Coast. Abuse indicators show that, in the last few years, cocaine use has continued its gain in popularity.

During the Second Quarter of 1977, cocaine injuries reported from emergency rooms in our nationwide 21 Standard Metropolitan Statistical Areas (SMSA's) totaled 367, as compared to an average of 304 in 1976 and 214 in 1975. Cocaine-related deaths were nine for the last quarter. Care must be taken in interpreting these statistics, however, because death or injury figures are not always an accurate indicator of cocaine abuse: in contrast to the situation relating to narcotic or depressant substances, the use of cocaine does not appear to lead to serious injury or death.

Within the last three to four years, Phencyclidine (PCP)—a veterinarian tranquilizer—has emerged as a major drug of abuse supplanting LSD as the primary hallucinogen of choice. Commencing with the first quarter of 1975 and ending with the last quarter of 1976, the number of DAWN incidents¹ of PCP abuse rose from 561 to 915—an increase of 63 percent.

The three principal manufacturing locales for PCP are Washington, D.C., Detroit and California. Due primarily to two major conspiracy cases involving 36 defendants, DEA arrests for PCP continued to increase throughout the last year. Arrests for 1976 were 15 percent above those reported for 1975, which in turn were 24 percent higher than the 1974 levels.

¹ The Drug Abuse Warning Network (DAWN) is a data collection project that accumulates drug abuse "episodes" or "incidents" from more than 1,000 medical examiners, emergency rooms and crisis centers from around the country. The number of episodes, we believe, provides an indirect measure of the degree of abuse of a particular drug.

On August 29, 1977, DEA recommended to HEW that PCP (currently a Schedule III substance) be placed in Schedule II, which would provide for more stringent monitoring.

No update would be complete without statistics and, as I predicted would happen a year ago, our arrest and seizures have declined, as we have followed the strategy we developed to shift our emphasis still further from street-level cases to those targeting the higher levels of the traffic.

For instance, DEA domestic heroin removals as of the second quarter of 1977 totaled 227 pounds, compared to 275 at the same time in 1976. Federal drug arrests showed a similar decline. As of the second quarter of 1977, total Federal arrests were 2,847, compared to 3,473 for the same period in 1976. Of these arrests, 1,213 were for heroin in 1977 (January-June), compared to January-June 1976 figure of 1,440.

I would like to point out here that the apparent decline in DEA heroin enforcement activity is largely a result of our increasing our emphasis on major trafficking organizations—a strategy that diverts our resources from lower-level, seizure-oriented arrests. Another important factor in my opinion is the decrease in the volume of heroin traffic: that is, we are seizing less because there is less to seize, as shown by the direction of all drug availability criteria we have examined.

DEA established a year ago, and we have been discussing with you over the past year, the criteria by which most experts believe we can best assess the availability of heroin on our streets—and, indirectly, the degree of heroin abuse.

Two of the primary criteria we proffered are retail heroin purity and price. Again using second quarter statistics, as of June 1977, the national average retail purity of heroin analyzed in our laboratories was 5.1 percent—a figure that, when compared to the more potent 6.4 percent average in June 1976—represents a 20 percent decrease. Concomitant with this decline has been a predictable surge in price, with respective June figures of \$1.65 per milligram in 1977, and \$1.26 in 1976—a 31 percent increase. These statistics signal the lowest level of heroin availability since mid-1973, when the full impact of the Turkish opium ban was evident.

A third availability indicator—the national heroin-related overdose rate—likewise suggests a tightening of heroin supply, with heroin-related deaths reported by medical examiners and emergency room admissions also at the lowest levels since 1973. First quarter heroin and morphine deaths in our Standard Metropolitan Statistical Areas in 1977 totaled 287, compared to 450 for the first quarter in 1976—a 36 percent decline. The 1977 total June heroin/morphine injury figure amounted to 5,906. Compared to a total of 9,210 for the first half of 1976, this most recent figure also shows a 36 percent decline.

It is because of the commitment shown by the international community which I cited a few minutes ago, and because of these promising statistics that I am hopefully optimistic about the future. There is, however, in my opinion an equally pervasive factor affecting the success of the U.S. drug control effort—one that is not often mentioned in oversight hearings such as these.

That factor concerns DEA—or, more precisely, the people in DEA. Specifically, it is almost axiomatic, but often overlooked, that an agency—any agency—is nothing more or less than a collection of people performing their specific functions. How well those functions are performed—that is, the success of the agency—therefore, depends on the well-being of the people involved. It is for this reason that I wish to depart from the usual oversight statement format and describe for you what we have been doing in this area.

Few, I think, will disagree that employee morale—well-being—depends on a number of related factors. It depends upon the individual's knowing that he or she will be treated fairly, whether concerning his/her hiring, promotion or any alleged integrity problems; and it depends upon management's most efficient utilization of the workforce and its efforts to provide optimal safeguards against any dangers inherent in the job.

Regarding the first factor—fairness—I believe our hiring and promotion statistics speak for themselves. Minority groups in DEA do indeed have every opportunity:

Of all Justice agencies, DEA has the highest percentage of minority criminal investigators. Of all minority criminal investigators in Justice, 44.6 percent are employed with DEA. Since 1975, minorities entering DEA Basic Agent School have comprised more than 50 percent of the class.

In fact, from FY 1974 to FY 1977, minority employment has risen 22.1 percent. The Department of Justice average grade for minorities is 6.5, while that for DEA is 8.7, the highest of all of the Justice agencies.

Further, DEA has the highest percentage of minority GS-12 and above employees, with 40.5 percent of all minority GS-12's in Justice; 40 percent of all minority GS-13's; 29.2 percent of all minority GS-14's; 27 percent of all minority GS-15's; and 22 percent of the minority GS-16's.

And all with only 7.4 percent of the total Justice workforce.

The question of fairness of course extends well beyond hiring and promotion opportunities, and also must apply—especially must apply—when the protection of the integrity and security of DEA personnel, facilities and resources is at stake.

A year ago, I took steps to augment our Office of Internal Security, and set goals to improve its efficiency and effectiveness. Specifically, our long-range (FY 1979) objectives are: (1) to complete 70 percent of our integrity investigations within 30 days, (2) to resolve as either true or false 96 percent of all allegations made against DEA employees, and (3) to reduce the integrity breaches per capita to a factor of 0.05 percent. We also instituted a system of unannounced inspection programs designed to assure employee compliance with those agency and departmental controls designed to prevent integrity and/or security breaches. Currently we are conducting some 325 unannounced inspections per year.

By establishing specific goals, we have shown all of our people that they can expect fair and professional treatment when integrity matters affecting their respective careers are at issue, and that those subject to unfounded allegations will be promptly cleared.

How well we have met these objectives to date, I believe can be seen in part by the statistics below concerning integrity investigations conducted by the DEA Office of Internal Security from October 1, 1976, to September 30, 1977 (FY 1977) :

<i>Integrity cases</i>	
Opened -----	209
Closed -----	201
Founded -----	66
Unfounded -----	118
Unresolved -----	17

In nearly every statement I have made before this Committee—and in nearly every conversation I have had with the Members and staff—the issue of changes in the drug traffic has been a major one. Shifts in smuggling routes and techniques and in the nature of the contraband itself are inherent in the smuggling business, and our own resource allocation and tactics have to keep pace.

DEA is in a continuous process of evaluating its intelligence and regional operational data to assure that we have our resources where they are needed and that they are producing most effectively and efficiently.

For instance, we have noted increasingly that organizations that traffic in heroin and other dangerous drugs also are involved in cocaine smuggling. Two of our CENTAC operations—CENTACS XII and XVI—were originally established to target the heroin trafficking activities of drug smuggling cartels; but in both of these cases we found that the smuggling groups were equally involved in the cocaine traffic.

To address this problem, we shifted our resources: this year, in the coca and cocaine-producing countries in South America—in particular Peru, Bolivia and Colombia—we increased the proportion of our overseas personnel. It is through continued shifts such as these that we hope to keep our people where they are needed most.

We are also concerned with our agents' safety. When DEA conducts an investigation, our ultimate objective is to arrest the principals and immobilize the targeted trafficking organizations; however, of overriding concern is ensuring the safety of whatever agents, police, innocent bystanders and violators are involved. Foremost of our safety provisions, therefore, is our emphasis on prudent investigative strategy.

All too frequently, despite every effort to avoid it, the worst that can happen, happens—an agent is killed or injured in the line of duty :

On May 31, 1977, DEA Agent Gustavo Torres Vasquez, working undercover arranged to purchase two kilograms of heroin at the home of a drug trafficker. Following the transfer, as planned, Agent Vasquez gave the arrest signal and the agents on surveillance rushed into the house. They found Agent Vasquez shot. They also found and seized two weapons and two kilograms of powder, only three grams of which were heroin, and arrested two subjects. One defendant, in

a preliminary statement, said that Agent Vasquez was shot after he had identified himself as a Federal Agent.

Agent Vasquez was hit twice—once in the neck, and once in the leg—and despite daily therapy sessions, may lose the use of his arm entirely. He has returned to work.

Not long after the Vasquez incident, in Arkansas, another DEA agent was shot. It happened when Agent Mike Vowell purchased three ounces of heroin from two subjects in Fort Sumner. After Agent Vowell stated that he was a Federal Agent, one of the subjects shot him.

The bullet had entered Agent Vowell's upper-left shoulder and exited the right upper-portion of his left arm. Although now out of the hospital, he takes therapy daily for the damaged nerve endings in his arm, and as of this time, he has not been able to return to work.

In a year's time—from July 1976 through June 1977—according to our preliminary data, our agents collectively fell victim to a total of 50 such assaults. Of these, 33 involved weapons, 23 of them firearms. Since DEA's inception in July 1973, seven such incidents were fatal.

In stating at the outset the reasons why I believe DEA has been successful, it may appear that to us "success" is a subjective assumption, which it is not. In large part as a result of your encouragement, Mr. Chairman, and that of the other Select Committee Members and staff, over the past year we established specific criteria by which our performance can be measured. These criteria—including the national average retail heroin price and purity and the national heroin-related overdose rates—I have explained already, along with the respective statistics. The figures, I think, speak for themselves.

There have been other criteria proposed, but the bottom line I believe is how much heroin is being abused by our citizens, and any indicator—however indirect—of this level of abuse in my opinion would be the most helpful.

I have said over the past year that I believe our most reliable criteria to be the average national retail heroin purity, and the national overdose death rate. I am of that same opinion now.

The argument, for the time being anyway, appears moot because virtually all of the other possible indicators that have been suggested to me—according to our best information—point in the same direction. I have already noted one such indicator: a decline in the amount of heroin imported into the United States. Other factors, such as the decline in the number of U.S. addicts, an increase in the demand for drug treatment and a decrease in the number of new addicts, we cannot account for since we do not maintain these kinds of statistics. Additional corroborative, albeit vague, trends we have noted recently are:

An increase in drug thefts after a period of decline.

In spite of recent, far-reaching control efforts by industry and Federal, State and local authorities, the number of pharmacy thefts has shown no overwhelming decline, a fact that may be accounted for in part by attempts of heroin addicts to seek alternative drugs. During the first half of 1977, 4,886 total drug thefts were reported, compared to the 1976 June figure of 4,549. In addition, thefts from wholesalers continued to show increases, now constituting 17 percent of all thefts, compared to 12 percent in 1975, with the result that the total quantities of drugs stolen have risen more sharply than the number of incidents of theft.

An increase in the use of narcotics substitutes such as methadone, demerol and dilaudid.

Methadone-related deaths have increased slightly over the past year, with the first quarter figures for 21 SMSA's of 220 in 1975; 129 in 1976; and 162 in 1977. DEA maintains no breakdown for deaths attributable to demerol or dilaudid.

A shortage of heroin in diverse areas, as indicated by informants and other sources of field intelligence.

An increase in the Mexican wholesale price for heroin and opium.

For instance, in Mexico the first quarter wholesale prices (dollars per gram) of opium were \$1.70 in 1975; \$2.40 in 1976; and \$2.76 in 1977. The first quarter wholesale price for heroin were \$62 in 1975; \$59 in 1976; and \$71 in 1977.

A decrease in property-related crime.

According to FBI Uniform Crime Reports, incidents of all categories of property-related crime (robbery, burglary and auto theft) except larceny-theft declined during 1976, following a precipitous increase during the three-year period of 1973 through 1975. The 1976 larceny-theft increase was far less than the increases registered during the previous three years.

However, I would like to caution that, although heroin addiction is partially related to property crime, other factors, we believe, have more impact, not the least of which is the overall national level of employment. Moreover, many—if not most—hard-core addicts support themselves through vice-related activities, such as drug sales and prostitution. Addicts with small habits frequently support themselves through legitimate employment and welfare payments. Thus, although many addicts do commit thefts, these activities frequently merely supplement their income, and appear to be part of a general criminal pattern which preceded heroin addiction.

Another theme that you, the Select Committee, and we at DEA have stressed over the past year is the need to anticipate potential drug problems, and to act on them before they have a chance to really take hold. Therefore, as heroin traffic abates, one potential problem we can expect to see is the swelling of the traffic in other drugs, including the chemically legitimate psychotropics.

Of the psychotropic substances, most that are abused are manufactured for medical purposes, then diverted to the street at the importer, manufacturer or practitioner level. We estimate that of the current diversion of controlled drugs from U.S. legitimate industry, 90 percent takes place at the practitioner level, not the law the mandate, not of DEA, but of the States.

To assist the States, we have taken several indirect initiatives, the vanguard of which is our Diversion Investigative Unit (DIU) program:

Through this program, a strike force is formed in a selected geographic area composed of investigators from the respective State and local law enforcement agencies, representatives of regulatory boards, and at least one DEA agent. DEA's contribution is to provide training and operational support and seed funding to launch the Unit and carry it through its first and second years of operations. At the end of this period, the State must decide either to terminate the program, or to continue it under alternate funding. To date, only one State has elected not to continue.

In 1976, the nine operating DIU Units were responsible for 497 arrests, 180 of which were actual, criminally organized sources of diversion. Currently, 12 DIU's are in operation.

In those States that are not administratively structured to establish a Unit, or for some reason are unwilling to do so, frequently our agents will work informally, side-by-side with the State authorities, providing training and assistance. We also conduct training courses for State investigators on regulatory boards.

If more of these chemically legitimate drugs are trafficked, we can anticipate still another problem: that is, we can expect more of these substances to be illicitly manufactured. During the last year, we developed a *Clandestine Laboratory Guide*, identifying the key chemical precursors, equipment and methods generally involved, such as illicit production modes. Last month, we forwarded this guide to all of our field offices.

The *Clandestine Laboratory Guide* also takes note of the illicit drugs being manufactured, including cocaine and heroin. In the Far East we are acting on this information through a special program designed to trace heroin production by tracing the quantities of required precursors being conveyed to potential laboratory sites.

Without intelligence, we would not be able to discern changes in drug trafficking patterns; establish where illicit drugs originate; penetrate the higher levels of criminal organizations; or carry out many other mandates unique to DEA. That is, only through well-planned intelligence utilization can we really address the fluctuating drug situation, and over the past year we have placed greater emphasis on what I believe are some innovative intelligence programs:

FINANCIAL TRACKING OF DRUG VIOLATORS

When you hear of a drug trafficker and your research tells you he is a waiter by profession who is living in a \$200,000 house, you wonder. Money leaves a trail—when you spend a lot of it, it is noticed—and as drug trafficking organizations become more organized and their principals are further removed from the drugs, often that money trail is easier to trace than the contraband.

This past year we expanded from a pilot program our financial intelligence unit, the purpose of which is to report on the fiscal aspects of the drug traffic, and to use this type of information to support our investigations.

With this intelligence, it is our intention to develop evidence for conspiracy investigations so that the principals can be prosecuted; we also plan to immo-

billize their respective trafficking organizations through the seizure of their operating funds, which frequently are banked in foreign financial havens.

Through its complementary narcotic traffickers tax program, the IRS has selected targets from a base of 579 DEA-provided names, and has an additional 219 suspected traffickers under investigation.

Field meetings by the two agencies have already been held on the targets and the IRS investigative efforts have begun. Five IRS agents have been detailed to DEA offices: two to our Miami office, one to our Detroit office, one to CENFAC 12 based in San Diego and one to the new Financial Intelligence Section at DEA Headquarters.

In a recent DEA case, financial information used by Federal prosecutors resulted in the confiscation of the Swiss-banked trafficking assets of a major drug organization. For other investigations, we are requesting similar assistance from the Government of Mexico, and assets have already been seized in Colombia and Peru. Similar demarches are planned for other financial havens: the Bahamas, France, Spain, Portugal, Panama and the Caymans.

Such action in many countries requires treaties, and these are being coordinated by the Departments of Justice, State and Treasury. These agreements, patterned after the Judicial Assistance Treaty between the United States and Switzerland, are in various stages of coordination.

THE HEROIN SIGNATURE PROGRAM

Determining the origin of heroin we have seized—and, indirectly, the proportion of heroin on our streets originating in different parts of the world—is a difficult process. It is according to this determination that, to a large extent, we decide how we should allocate our international resources and what we should do, diplomatically, to motivate foreign nations to control their production and export of opiates.

During the past year, through research, we refined many of our laboratory drug testing procedures. We also increased the number of samples undergoing our most extensive (Signature) tests, as well as the number of intelligence analysts collecting the results. In the near future, we plan to refine our Signature process still further by conducting additional research on opium samples from various poppy growing areas worldwide.

Intelligence on any subject can hardly be utilized in a vacuum, and in the last year in particular we have worked to expand our informational horizons through interface with other international and U.S. authorities, notably Customs, the FBI, the ATF, the IRS and State and local police.

Much such liaison has been accomplished by the Unified Intelligence Division (UID), headquartered in DEA's New York Regional Office.

This multi-agency clearinghouse for drug-related information has spurred tangible enforcement results, as was the case in the Spring of 1977, when Nicky Barnes—who had enjoyed the title of "Untouchable Nicky Barnes"—was arrested. Leading up to his arrest was the preparation by the UID of a Black Violators Report, which provided the information which formed the basis for the investigation.

Also during the last year, the UID uncovered the connection between Italian organized crime in New York and Thai traffickers.

Formed in September 1974, the El Paso Intelligence Center (EPIC) was intended to develop, analyze and provide to appropriate authorities information on the illicit movement of drugs, aliens and arms between the United States and the Latin American countries, notably Mexico.

Over the past three years, however, the DEA-managed intelligence repository has grown into an intelligence services center supporting our investigations worldwide.

A heavy consumer of EPIC services, the Immigration and Naturalization Service (INS), uses the Center to support INS inspection, patrol and investigative operations. ATF's use is similar, but on a smaller scale. The Coast Guard and FAA now use EPIC as an informational coordinating center for all vessel and aircraft lookouts originating from DEA sources; in the future, they plan to expand this use to include lookouts requested by all other agencies, so that duplication of effort can be avoided.

During the past year a Mini-Intelligence Task Force was established in Seattle, as well as Field Intelligence Exchange Groups in Miami and Chicago, and a program through which Customs Patrol Officers were detailed to six DEA Regional Offices.

EPIC's support to California authorities will be expanded as a result of a new agreement between EPIC and the California Narcotic Information Network (CNIN). In the future, EPIC will also coordinate intelligence with a four-State narcotics project via Arizona's Narcotics Intelligence Network (NINA). It is intended that EPIC will establish similar agreements with 20 other States by the end of 1978.

We have been in contact more frequently with FBI personnel and one of the problems we realized we could tackle best jointly concerns fugitives. By agreement, in January we began turning over to the FBI the names of our top 30 fugitives. As a result, within three months, four of our most wanted fugitives were apprehended, at least two of which we know we would not have been able to get without FBI information.

Since that time, under this system we have been apprehending top fugitives fairly regularly, and appropriately updating the list with new names to replace those of the fugitives taken into custody.

This procedure has worked so well, in fact, that in March the FBI requested the computer tape of our complete fugitive list. This tape, which is compatible with their own system, they in turn study, and relay the information to their own field offices with respective jurisdiction.

Another problem we are addressing in conjunction with the FBI concerns organized crime. Last August, a new organized crime unit was established within our Office of Intelligence for which the FBI will be both a source and customer for joint planning and action. The first project of the unit is to determine linkages of major violators to organized crime figures in Miami and adjoining States. This study we hope will be a model for application in other multi-State areas.

Our liaison with Customs, similarly, has been regular. For instance, since 1975, we have been providing that agency with information relevant to the disposition of defendants arrested by Customs and turned over to DEA for prosecution. Prior to June 1976, this information was transmitted quarterly in the form of a manual tabulation reflecting any action taken upon any such defendant. Since July 1976, however, we have been providing this information via a monthly, machine-readable tape and associated printout.

In July 1975, a special DEA/Customs liaison official was designated within our Office of Intelligence to ensure that Customs is provided all DEA-acquired intelligence of value to Customs port and border interdiction functions. Also, two Customs personnel are co-located in DEA Headquarters, two are at EPIC and most of DEA's domestic regional intelligence offices have U.S. Customs representatives assigned on a full-time, participating basis. Each month, we prepare a special intelligence exchange report for Mr. Chasen. In the future, we hope to improve upon our still-imperfect efforts to make our cooperation even closer.

Also contributing to the information flow over the last year, we believe, have been the reports our intelligence office has prepared. For instance, the presence in the United States of cocaine emanating from Latin America prompted us to develop a study focusing on the various issues of trafficking routes, concealment methods, modes of transportation and destination.

It is concise and timely intelligence combined with decisive enforcement action that results in successful prosecution. The intelligence that gets a case underway may be tactical or strategic; and it may originate either in this country or abroad. Most often, however, what prompts a major drug investigation is the dovetailing of several of these kinds of intelligence; and cases initiated abroad frequently cannot be distinguished from domestically originated investigations—or, at least the line is blurred.

Sometimes the distinction is obvious, however, as the examples below illustrate. For instance, we can segregate the following investigations successfully prosecuted in the U.S. solely as a result of foreign intelligence efforts:

Intelligence provided to our Bangkok office led to the seizure in New York of some 15 pounds of 92 percent-pure heroin, in October 1976, and to the conviction of the controller.

On July 18, 1977, subject Montri Phulphemsab was sentenced to five years in prison and to five years special parole for his delivery of 19 ounces of No. 4 heroin to a DEA agent working undercover in Honolulu. The case originated from foreign intelligence which indicated that Montri was providing kilo-quantities of high-purity heroin to distributors in the United States.

Because of cases like these, a special operation—Pacific Basin—has been initiated, to further develop intelligence relating to Asian heroin being sent to the West Coast of the United States by Thai traffickers.

Similarly, we can isolate the following major investigations conducted abroad as a result of intelligence developed by DEA in that country:

Our Operation NORD, which was established to target organizations trafficking Asian heroin in Western Europe, provides several good case examples. Since 1972, more than 1,300 kilograms of Asian heroin have been seized in Europe—1,213 of which were seized as a result of DEA-originated intelligence.

In one such instance, in March of this year, 126 kilograms of Asian heroin were seized off a merchant vessel in Rotterdam Harbor. DEA and Rotterdam Police coordinated intelligence which led to subsequent arrests in Bangkok of other Chinese nationals involved in this conspiracy.

In another case, French Customs authorities, acting on DEA-provided intelligence, arrested a Thai diplomat and seized 32 kilograms of No. 3 heroin.

DEA intelligence resulted in another seizure, in the Far East. In October 1976, Thai police arrested three violators and seized more than 18 pounds of No. 4 heroin destined for the United States. One of those arrested had been involved in West Germany's largest heroin seizure (94.5 pounds of No. 3 heroin seized on September 1). All three subjects are now incarcerated.

From foreign intelligence gathered in the early 1970's, DEA was able eventually to pinpoint, in 1976, a Thai heroin dealer who was supplying significant quantities of heroin to American traffickers. On February 1, 1977, a Hong Kong court sentenced Preecha Leeyaruk and two associates to ten years for delivering one kilogram of heroin to agents working undercover.

Arun Nanawichit, one of Thailand's major traffickers and the suspected source of supply during the early 1970's for a Chicago heroin ring, was arrested in Thailand on information provided by DEA in March 1976. In July 1977, a Thai court sentenced him to 35 years imprisonment.

In late 1976, DEA established that Ch'en T'ing-yen, long a target of DEA intelligence probes, wanted to make regular shipments of heroin to the United States and Europe. The subsequent investigation led to his arrest in Thailand on March 25, 1977, as he delivered 35.2 pounds of No. 3 heroin and eight ounces of No. 4 heroin for delivery to San Francisco. Ch'en was summarily executed by Thai government on April 15, 1977.

The recent case against Fan Tzu-hsiang also was initiated on the basis of DEA intelligence. The seizure of some 360 pounds of narcotics following his arrest in Thailand on July 14, 1977, was a grave blow to the Chang K'ai-cheng trafficking organization.

In August 1977, Su Wen-ho, a major Bangkok distributor and associate of Thailand's top traffickers, was arrested in Thailand as a result of intelligence provided by DEA.

In Mexico, DEA-provided information also resulted in a number of major investigations. Raul Aispuro-Leon, a Class I heroin violator, became the subject of DEA's CBNTAC XVII in July 1976. In October 1976, Aispuro was sentenced to eight years in prison by a JANUS prosecutor.

Manuel Villareal-Valdez, a Class I heroin violator and one of the major laboratory owner/operators for the Herrera family organization, was arrested on August 26, 1977, in Mexico City. Extensive intelligence efforts by DEA in both our Mexico City and Chicago offices provided the Mexican Federal Police with the needed background information on this subject and his associates.

Fernando Valenzuela-Verdugo, a Class I international heroin trafficker, has been the source of more than 100 kilograms of Mexican brown heroin supplied to the United States from the early 1970's until mid-1976. His narcotic activities led to his arrest both in November 1976, and in December 1975. He posted bonds of \$150,000 and \$1,000,000 respectively.

As a result of this investigation, we were able to identify several possible JANUS cases and create CBNTAC XVI.

Alberto Alejandro-Pena (a DEA Federal Fugitive) operated a major narcotics trafficking organization which supplied narcotics to major traffickers in the States of Illinois, Michigan and California. Acting on DEA-provided information, on June 16, 1977, Alejandro was arrested by the Mexican Federal Judicial Police in connection with the seizure of 1.2 kilograms of heroin, and he was formally charged with acquisition, possession and trafficking of heroin.

The intelligence we develop in our laboratories and headquarters offices is of course only part of the story. The process really begins in the field and, overseas (except for our training function) virtually all of our activities relate to intelligence collection and dissemination.

I have already outlined the various drug situations in different parts of the world. DEA's response to each, I do not believe need be likewise delineated. Rather, I would like to illustrate the kinds of things we do overseas by focusing on our program in Mexico:

A complement of approximately 32 DEA Special Agents mans our Mexico City Regional Office and its five District Offices. Primarily, these agents develop intelligence concerning: opium-growing areas; air, vessel and vehicular smuggling routes; ports of entry; smuggling methods; and, perhaps most importantly, the drug violators themselves—heroin laboratory operators, major financiers and heads of trafficking organizations.

Our goal is to assist the Government of Mexico to establish a self-sufficient drug control program.

Regarding the Mexican effort to eradicate illicit opium poppy crops, DEA's support of that effort—Operation TRIZO—involves both training and monitoring: we provide pilots and spotters to assist Mexican authorities in locating fields of illicit cultivation and, at the invitation of the Mexican authorities, we help them to verify the destruction.

When the illicit fields are found, they may be eradicated manually by Mexican Army Troops, or through the use of herbicides sprayed from helicopters. These helicopters, which are manned by elements of the Mexican Federal Judicial Police and the Attorney General's Office, are flown in pairs: One to spray the herbicide, and the other to provide support.

TRIZO operations are conducted twice a year for approximately 90 days each phase, corresponding to the known growing cycles of the opium year. During the interim period, a two-to-three-week reconnaissance is conducted to determine if any further attempts have been made to grow the poppy. For the course of the non-growing seasons, GOM eradication efforts are directed toward the marihuana crop.

At the end of the 1976 poppy eradication program, 28,280 poppy fields (covering approximately 6,710 hectares) were reported as destroyed. Because of a lag in reporting, this figure was subsequently updated by our Mexican colleagues to 31,392 poppy fields and 7,270 hectares. During the first part of 1977 (from January–June 1977) 26,291 poppy fields (approximately 6,250 hectares) were destroyed. If harvested, over the same two-year period, these fields would have been convertible to nearly 13.5 metric tons of pure heroin. The Fall campaign of TRIZO began on August 15 and will continue until some time in the middle of November.

In Mexico in particular, we have a problem in apprehending for prosecution high-level, Mexican-based sources of supply for U.S.-destined drugs; the traffickers simply do not travel to the United States. On April 23, 1975, we initiated a program of extra-territorial criminal jurisdiction with the Government of Mexico. The program, known as Operation JANUS, involves the agreement of the Government of Mexico to arrest and prosecute these violators, who previously were immune from such actions.

During fiscal year 1977, DEA, in cooperation with the Mexican Government, initiated 65 JANUS cases involving 116 defendants. Of these 116 defendants, 56 have been arrested and are awaiting final disposition. Concentrated efforts on cases in Texas and California will receive attention in the months of September–December 1977. In an agreement with the Mexican Government, DEA will attempt to initiate six new cases a month on major traffickers.

In all of our foreign cooperative programs we of course work through the Embassy or Consulate in the area, and here in Washington we coordinate our efforts through the State Department. DEA and State, having differing mandates, historically have had differing ideas about what our role should be in drug enforcement abroad.

This difference is not insurmountable, as the two agencies are touching base more frequently and better coming to understand each other's points of view. For instance, every two to three weeks, Ms. Mathea Falco, Senior Adviser for International Narcotic Matters (S/NM) at State, and I meet, along with Drs. Bourne and DuPont. Similarly, DEA Acting Deputy Administrator, Don Miller, frequently consults with Bill Grant, Deputy at S/NM, on mutual problems.

One of the most far-reaching of the events affecting our international cooperative efforts was the implementation of our new *Foreign Guidelines*, developed to enable our agents to comply with the Mansfield Amendment to the International Security Assistance and Arms Export Act of 1976. These Guidelines

detail DEA's purpose and function overseas; and they describe the kind of activity that is permitted and expected, and that which is expressly prohibited.

Another set of Guidelines—issued by the Attorney General on December 28, 1976, and implemented as of January 31, 1977—set the tone for our operations domestically. These *Domestic Operations Guidelines for DEA* delineate the policies under which DEA agents must: conduct and supervise investigations, handle informants, and coordinate with U.S. Attorneys.

Also this year, another administrative change was effected: three DEA Regional mergers. In order that we could reduce overhead and allow our agents to return resources to direct mission areas, we merged Regions 3 and 4, Philadelphia and Baltimore; Regions 17 and 19, Paris and Ankara; and Regions 16 and 20, Bangkok and Manila. In these instances it was determined that the operations in these respective areas could best be directed from Philadelphia, Paris and Bangkok. Also, management of Region 18 (South America) was transferred to Headquarters for direct reporting.

Administrative changes such as these (the Guidelines and the mergers) are fine, but what we have been talking about for the past year—the new direction our enforcement efforts are taking—cannot come about by executive edict alone. In the course of their investigations, our agents have been working up to higher levels of the traffic, as is illustrated when our arrest statistics are broken down according to our G-DEP criteria.

I would like to point out that during the past year we radically redefined our criteria in such a way so as to make it more difficult for a violator to be assigned a high G-DEP classification. For instance, under the old criteria, a Class I violator had to be able to move at least one kilogram of 100 percent-pure heroin; under the new, this requirement has doubled.

Following this decision, we expected to see our G-DEP arrest statistics plummet. Such was not the case. From July 1976 through June 1977, for instance, DEA heroin arrests totaled 2,713—307 (11 percent) of which were Class I. DEA total arrests amounted to 5,523—801 (14.5 percent) of which were Class I. For the one-year period previous (July 1975—June 1976) the percentages were 12 for Class I heroin and 14 for Class I total arrests.

In the near future, we expect our investigations—at least the domestic ones—to become even more innovative, as we benefit from the broadened perspective of FBI cooperation right on the street. On September 13, 1977, the Attorney General announced the formation of a DEA/FBI Task Force Against Selected Organized Crime Drug Conspiracies. This program is designed to utilize FBI skills and resources—in particular those relating to the financial and auditing aspects of drug investigation—in support of DEA's mission.

Specifically, joint DEA/FBI investigative teams under the direction of Deputy Attorney General Peter Flaherty will be formed in selected cities, the first of which will be New York, Chicago and Los Angeles. Operational direction of the teams and prosecutors will be under the Assistant Attorney General for the Criminal Division, Benjamin Civiletti.

In preparation for this program, approximately 60 DEA and FBI agents have been specifically trained at the FBI facilities in Quantico, Virginia, along with those prosecutors who will be involved.

Making a dent in the drug traffic of course is not exclusively our mandate. From the street to the courtroom, this shared responsibility of the various elements of our criminal justice system shifts to the judges. And this process, too, is not without its problems. The President in his drug message has directed the Department of Justice to take a look at some of these problems, particularly with respect to mandatory minimum sentences and preventive detention. The Justice Department will report to the President by mid-December on the directives in the drug message.

We have noted before that all too frequently DEA defendants receive light sentences and serve minimal time in prison, and we have discussed the problem of low bail bonds for major violators. Just how inadequate some of these sentences and bail bonds are, I think, can be seen in the results of a study undertaken this year by our Office of Planning and Evaluation. Concerning the problems of sentencing, for instance, the study reveals:

More than one-third of DEA's convicted violators (narcotics or Schedule II violators) received probation (24 percent) or were sentenced under the Youth Corrections Act (11 percent).

Of the total number of convicted narcotics and Schedule II violators for whom length of sentence can be determined (i.e., excluding persons sentenced under

the Youth Corrections Act), 61 percent received sentences of three years or less, and, as noted, many of these actually received probation.

According to information concerning the most recent fiscal year for which reporting is available—FY-76—prisoners are serving an average of 46.7 percent of their sentences, while narcotics offenders as a class are serving 43.2 percent of their sentences. *This means that 61 percent of the convicted narcotics and Schedule II violators actually serve about fifteen and one-half (15.5) months or less.*

Of the total number of convicted narcotics and Schedule II violators, 81 percent received sentences of six years or less (including those who received probation). *This means that 81 percent of those convicted actually serve about thirty-one (31) months or less.*

Little brighter is the bail bond picture:

One-half of DEA's serious defendants in the study (narcotics and Schedule II) were released while they were awaiting trial on bond (45 percent) or personal recognizance (5 percent).

71 percent of the narcotics and Schedule II defendants were released for \$10,000 bond or less.

More than one-third of DEA's serious violators (narcotics and Schedule II) were free on bond (37 percent) for a period of seven months to over a year.

In discussing why we believe we have been successful, how we measure our success and what we are doing to augment our progress in the future, we have focused largely on our efforts in Mexico, where roughly two-thirds of our most serious drug of abuse—heroin—comes from. We have established, I think, through our best indirect criteria and through corroborative trends, that on our streets both the percentage and amount of this Mexican product are on the decline.

In 1973, however, the international drug control effort effected the virtual elimination in the U.S. of heroin of Turkish origin which, only a short time previously, comprised as much as 80 percent of that illicit product on our streets. At that time, what we failed to do was adequately anticipate new drug sources and new problems, and adjust our strategy and deploy our resources accordingly.

That is a mistake we intend not to repeat.

In anticipation of the potential rise of Southeast Asia as a source area for the U.S. heroin market, on June 1, 1977, we began operation of the DEA Special Action Office/Southeast Asia. This effort, which augments the Asian Heroin Working Group established in July 1976, encompasses many disciplines, from the conference table to the street.

Diplomatically, for instance, under the SAO/SEA program we are concentrating on creating worldwide awareness of the Asian heroin threat and fostering greater international cooperation for its suppression. The development of such inter-governmental agreements as extradition treaties; the return of fugitives to the United States for prosecution; and the use of international letters rogatory for prosecution abroad. All of these agreements, I believe, indicate a productive beginning.

The intelligence aspect of the SAO/SEA program consists of identifying, defining and measuring the threat of the problem. This information we collect, analyze and disseminate through the creation of additional Special Field Intelligence Projects and through increasing our field intelligence exchange with selected foreign police agencies. We are also developing our capabilities in the Chinese and Thai languages for use in the field.

These international efforts we of course will coordinate with our domestic enforcement efforts to suppress the flow of this product into the United States. If there is one lesson we have learned in the recent past, it is that you cannot separate international initiatives from domestic ones.

In a related effort, we are continuing to provide both tactical and strategic intelligence to our European colleagues to assist them in stemming the flow of the Southeast Asian opiate into Western Europe. We also hope that through this effort we can ensure that the trafficking organizations responsible for the present European problem do not obtain a comparable foothold in the United States. Although we do not now believe that these European traffickers are supplying any significant portion of the U.S. heroin market, we will concentrate our future intelligence activities on assuring that the threat does not materialize.

I have already expressed our concern over Turkish opiate overproduction. Augmenting our fears here has been recent evidence that elements of the net-

works which once supplied vast quantities of illicit Turkish opium to European heroin laboratories are again involved in transporting illegal drugs: Turkish nationals have been arrested recently in Europe and the United States with kilogram-quantities of high-quality heroin, some of which is suspected of being manufactured in Turkish laboratories. There are indications that Turkish traffickers may be producing heroin from Iranian morphine base made from Afghan/Pakistani opium.

Overall, I think I can report to you that the last year has been one in which we have made steady progress; focused our objectives; seen a renewal of close cooperation among the respective U.S. and foreign agencies; and enhanced the relationship that has developed between the legislative and executive branches—a relationship that comes from our viewing the international drug problem from the same perspective. For your assistance in all of these areas, we thank you, Mr. Chairman, and the other Members and staff of the Select Committee. With your support, we look forward to an even more productive period in the forthcoming year.

Mr. WOLFF. Thank you very much, Mr. Bensinger.

I will now proceed to Mr. Owens.

TESTIMONY OF JOHN F. OWENS, DEPUTY ASSISTANT ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT, ACCOMPANIED BY MARY WAMPLER

Mr. OWENS. Mr. Chairman and members of this committee, I welcome this opportunity to discuss the role of the Agency for International Development in the international narcotics control program.

Although AID's role is a supporting role, AID is nevertheless pleased to play a role in the support of such a vitally important program.

Since 1974, when AID entered into an interagency agreement with the Department of State, AID has been responsible for managing and implementing many narcotics control projects abroad for the Department. Last year AID handled approximately 66 percent of the total appropriations for the international narcotics control program.

AID has provided a number of support services, including procurement, contracting, financial services, auditing, training for foreign nationals, and legal services.

In July of this year the Department and AID agreed that the Department would take responsibility for all of AID's narcotics functions. The transfer of these functions will be phased over the coming year and are scheduled to be completed by October 1, 1978.

In response to President Carter's directive to the administrator of AID regarding income and crop substitution programs, guidelines are being issued to instruct AID missions in illicit narcotics-producing countries to work with the host government where possible to develop programs for alternative income sources for groups and regions which have in the past relied on drug production for their livelihood.

Under AID's normal development program, a number of projects could have impact on illicit drug-producing areas. In Afghanistan, there is a \$20 million drainage project in the Helmand Valley, which is a major opium-producing area. We have concluded an agreement with the Government of Afghanistan that it will undertake to assure that no poppies are produced in the project area.

Over time we expect that the Helmand development will provide a level of economic activity in the area which will provide poppy growers with alternate forms of livelihood.

In Bolivia, AID has carried out a program to provide a \$1.3 million loan to assist in the establishment of a coffee production cooperative in a primary coca-producing region. This loan will assist the cooperative to establish its own processing and export marketing facilities.

Mr. WOLFF. I don't think we can hear you too well. Could you speak up a little bit, please.

Mr. OWENS. Can you hear this?

Mr. WOLFF. Yes; that's better.

Mr. OWENS. In Colombia, which is a major marihuana producer, there are a number of small loan projects which are providing assistance throughout the country in rural development, rural access roads, and teaching farmers improved agricultural production methods.

It might also be noted that Colombia has received some \$130 million in loans from international financial institutions and other donor nations for integrated rural development programs in a number of regions throughout the country, which could reduce marihuana production.

In Peru, two projects now underway will have an impact on coca-producing regions. One involves the establishment of research and training facilities in the region, to promote the production of soy and corn products and to develop farming techniques applicable to small farmers.

Coordination of narcotics and development assistance programs occurs primarily in our missions overseas where both programs are developed. The U.S. Ambassador has direct responsibility for overseeing narcotics programs. The Ambassador also passes on all proposed AID programs before they are submitted to Washington.

In the first instance, therefore, the U.S. Mission abroad is responsible for assuring the compatibility of programs, not only with other U.S. Government agencies, but also the programs of other governments or international institutions.

With respect to overview, AID has conducted no overall audits of the narcotics assistance program, since many elements of the program are the responsibility of other agencies. However, AID's own Auditor General has conducted 16 audits in 14 countries and AID/Washington on the narcotics program. These audits were directed primarily at the management of individual projects for which AID has responsibility; for the use of commodities, and accounting.

Generally, these audits revealed commodities were being used for the purpose intended, and auditors were informed the projects had reflecting on the progress which has been made over this span of years.

Mr. Chairman, the international narcotics control program was first authorized by Congress in the Foreign Assistance Act of 1971. In reflecting on the program which has been made over this span of years, one is struck most by the gains which have been made in our own knowledge of the difficulties we face.

We now recognize we are faced with a multidrug culture—the production of illicit drugs in many places, including the United States—and the knowledge that there are many other places in the world capable of producing both natural and synthetic illicit drugs.

We also understand that as long as there is a demand, someone, somewhere, will be willing to take the risk to earn the enormous profits which can be made in drug trafficking.

Over the years we have also learned——

Mr. WOLFF. Mr. Owens, could I ask you to summarize, if you would please. Thank you.

Mr. OWENS. Over the years we feel that we have made considerable progress in the interdiction of drug traffic. We recognize that much additional work needs to be done. In terms of AID's projects overseas, our intent is, to the extent possible, to utilize the AID programs, in cooperation with the countries, to establish alternate crops and alternate sources of incomes, to promote the well-being of the farmers.

The basic issue for AID is to create projects that not only inhibit the production of illicit drugs, but also promote the long-range economic well-being of the people who live in the drug-producing areas.

Mr. Chairman, I'd be happy to answer the questions that the committee might have.

Mr. WOLFF. Thank you.

[Mr. Owens' prepared statement follows:]

PREPARED STATEMENT OF JOHN F. OWENS, DEPUTY ASSISTANT ADMINISTRATOR,
AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. Chairman and members of the committee, I welcome this opportunity to discuss the role of the Agency for International Development in the International Narcotics Control Program. Your staff has asked that I address specific questions in my remarks and I have therefore prepared my statement in a question and answer format.

What is the role of your office in the international narcotics program and how will this change when the merger with State/Narcotics Matters takes place?

Since 1974, when AID entered into an interagency agreement with the Department of State, AID has been responsible for managing and implementing many narcotics control assistance projects abroad for the Department. Last year AID handled approximately 66% of the total appropriations for the International Narcotics Control Program. Additionally, AID has provided a number of support services to the Department including procurement, contracting, financial services, assistance in the training of foreign nationals, legal services, and auditing.

In July of this year the Department and AID agreed that the Department would take responsibility for all of AID's narcotics functions. The transfer of these functions will be phased over the coming year and are scheduled to be completed by October 1, 1978.

The Department of State will continue to plan, finance, and implement pilot crop substitution programs utilizing funds appropriated under Section 482 of the Foreign Assistance Act.

What development programs are being supported by AID which impact upon regions where opium, coca, and marihuana are grown?

In response to President Carter's directive to the Administrator of AID regarding income and crop substitution programs, guidelines are being issued to instruct AID Missions in illicit narcotics producing countries to work with host governments, where possible, to develop programs for alternative income sources for groups and regions which have in the past relied on drug production for their livelihood.

However, even prior to this directive, as a part of AID's normal development programs, a variety of projects are currently underway, or in various stages of planning, which will impact directly on illicit drug producing areas. A number of other programs could have some impact on these areas or the farmers within them, although they are nationwide in scope and not targeted directly at the areas in question.

AFGHANISTAN

There is a \$20 million drainage project in the Helmand Valley which is a major opium producing area. We have, of course, concluded an agreement with the Government of Afghanistan that it will undertake to assure that no poppies are produced in the project area. Over time, we expect that the Helmand development will provide a level of economic activity in the area which will provide

poppy growers with alternate forms of livelihood. Three other projects totaling \$15.3 million provide small farmer credit, village health centers, irrigation facilities, rural access roads and bridges in Afghanistan.

BOLIVIA

In addition to a pilot crop substitution program being carried out on behalf of the State Department, AID has provided a \$1.3 million loan to assist in the establishment of a coffee production cooperative in a primary coca producing region. This loan will also assist the cooperative to establish its own processing and export marketing facilities. This feature will benefit co-op members very significantly. Last year farmers received only \$40 per hundredweight of coffee beans while the export price was \$250 per hundredweight.

COLOMBIA

In Colombia, which is a major marihuana producer, there are a number of small loan projects which are providing assistance throughout the country in rural development, rural access roads, and teaching farmers improved agricultural production methods. It might also be noted that Colombia has received some \$130 million in loans from international financial institutions and other donor nations for integrated rural development programs in a number of regions throughout the country which could reduce marihuana production.

PERU

In Peru, two AID projects now underway will have an impact on coca producing regions. One involves the establishment of research and training centers on soy and corn production to develop farming techniques applicable to small farmers. These crops are produced in two major coca producing regions and one center is located in each region. The other project involves the training of selected farmers to be quasi-extension agents. One training center is located in a coca producing area. Several additional projects are currently in various stages of planning, including a resettlement for small farmers in new areas, a rural development technology project to promote food preservation and tillage techniques applicable to small farmers and to devise methods for transferring the new technology to farmers. Another project will involve the financing of small agri-business loans. Over time, most if not all of these projects should have some reducing impact on illicit drug producing areas by providing farmers with economic alternatives to cultivating drug related crops.

THAILAND AND NEPAL

Additional programs are currently being planned for northern Thailand and Nepal which would assist those countries to carry out rural development programs in major drug producing areas.

How are narcotics assistance and development programs coordinated?

Coordination of narcotics and development assistance programs occurs primarily in our missions overseas where both programs are initially developed. The U.S. Ambassador has direct responsibility for overseeing narcotics programs. The Ambassador also passes on all proposed AID programs before they are submitted to Washington. In the first instance, therefore, the U.S. Mission abroad is responsible for assuring compatibility of programs, not only with other U.S. government agencies, but also the programs of other governments or international institutions, as well as for precluding duplication.

What review has AID conducted of the narcotics assistance program during the last five years? What have the conclusions been of these studies? What are the criteria upon which a narcotics program is evaluated?

AID has conducted no overall narcotics assistance program reviews since many elements of the program are the responsibility of other agencies. I would, therefore, like to ask Ms. Falco to address this aspect of your inquiry.

AID's Auditor General has conducted 16 audits in 14 countries and AID/Washington on the narcotics program. These audits were directed primarily at the management of individual projects for which AID has responsibility, the use of commodities, project records, and accounting. Generally, these audits revealed commodities were being used for the purpose intended and auditors were informed the projects had resulted in a substantial reduction of drug

trafficking. At the same time management of the programs was frequently criticized for not monitoring project activity more closely, brought about many times by the mixed responsibility assigned to various agencies. On at least one occasion the auditors raised the issue of the dual use of narcotics supplied equipment for general police purposes. In that instance it would have been impractical and fiscally impossible for the government to maintain two complete police telecommunications networks, one of which would be used exclusively for narcotics control purposes. Host government's slowness in meeting their obligations was also frequently cited as a deficiency. These cases ranged from delays in the installation of telephone lines, delays in recruiting personnel, inadequate budgetary support, and inadequate property control records.

What recommendations do you have for improving our international narcotics control programs? Are they effective now? Specifically, evaluate which country programs are successful and why?

Mr. Chairman, the International Narcotics Control Program was first authorized by Congress in the Foreign Assistance Act of 1971. In reflecting on the progress which has been made over this span of years, one is struck most by the gains we have made in our own knowledge of the difficulties we face. We now recognize we are faced with a multidrug culture, the production of illicit drugs in many places, including the United States, and the knowledge that there are many other places in the world capable of producing both natural and synthetic illicit drugs. We also understand that as long as there is a demand, someone, somewhere will be willing to take the risk to earn the enormous profits which can be made in drug trafficking. While I am in no way proposing we give up the effort, I do submit it is time we assess realistically the degree of success we can expect the international narcotics control program to achieve and over what period of time.

Over the years we have learned that all the combined enforcement agencies in the United States have not succeeded in preventing more than about 10 percent of all the illicit drugs entering or moving within our borders. It may be unrealistic to expect foreign countries, whether they are developed or underdeveloped, to do a better job than we ourselves have been able to accomplish.

It is, of course, sensible that we undertake every possible effort to stop drugs at their source of production. I recall, however, our own abortive national attempt to prevent the production and sale of another drug—alcohol. And I ask myself if we would be likely to have more success were we to attempt, as a part of a worldwide effort, an end to the production of tobacco. Would we immediately launch an eradication program? I think we would first wish to assure ourselves the farmers had a comparable source of income through some other means. The problems our farmers are facing today, many of whom are giving up farming, and the difficulty we are having in putting our unemployed to work give us some indication of the task we would face—in the most developed and wealthy country in the world. These problems are magnified many times in underdeveloped countries where governments may have only nominal control over the producing areas which, generally, are the least developed, capable of producing the least and contain only a minor portion of the country's total population. The governments face the additional dilemma of deciding how much of their scarce resources can be devoted to the development of such areas in view of the other problems confronting the country.

We should not be misled by the term "crop substitution." We are not talking only about alternative crops, marketing facilities, and farm to market roads. We are also talking about institutions through which these programs can be implemented and the lack of sufficient numbers of educated and trained personnel. We are, in short, talking about the entire broad range of activities we refer to as economic development; not just a few years research, but decades of development; not just a few million dollars for a few specific projects, but the larger costs of a larger development effort.

I regret if this sounds pessimistic. It is not my intent to be. We do a disservice, however, if we delude ourselves into thinking there are quick and easy solutions. It is a long term problem and progress must be measured in that context.

We have made progress. Starting virtually from ground zero, the rise in the level of concern over drug abuse throughout the world has been dramatic. Narcotics control efforts are underway in most countries today, many of which previously had none. The Ecuadorian Military Customs Police's recent discovery of a system which uses buses to transport illicit drugs, and the almost routine seizures at the Bangkok airport by the Thai Customs of drugs leaving Thailand

are examples of a level of sophistication in enforcement gained only through experience which is occurring throughout the world. The Bolivian coca registration program now underway represents a major step forward in what is a very difficult social as well as enforcement problem. The elimination of Turkish origin heroin from the world's illicit drug market and the major eradication efforts underway in Mexico are other significant examples of progress.

Additionally, there is a growing recognition on the part of other governments as well as International Financial Institutions that development assistance is an important ingredient in the search for a way to reduce the flow of illicit drugs throughout the world. We expect others to join with us in this effort.

Although we have made a good beginning, surely it is not enough. We have many more years of dedicated effort ahead of us, requiring the cooperation of all nations, while at the same time we address more vigorously the problems which create the demand for drug abuse.

Mr. WOLFF. Mr. Oakley?

Mr. Oakley, if you could summarize.

TESTIMONY OF ROBERT B. OAKLEY, DEPUTY ASSISTANT SECRETARY FOR EAST ASIAN AND PACIFIC AFFAIRS, DEPARTMENT OF STATE, ACCOMPANIED BY DONALD L. FIELD, JR., REGIONAL NARCOTICS COORDINATOR, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS

Mr. OAKLEY. Mr. Chairman, had the pleasure of testifying before this committee on July 12 on what we're doing in Southeast Asia. And at this time I'd like to focus a little bit more directly on the organization of the Bureau, how it relates to the overall U.S. Government program Ms. Falco has described, and how the State Department, particularly through the ambassadors, coordinates the programs—all the programs—in Asia. And I'd briefly like to make a few comments on the current status of our effort since I testified on July 12.

Now, Mr. Bensinger and Ms. Falco have talked about the various approaches that have been made.

Mr. WOLFF. Again, I would ask you to speak up because—or speak directly into the microphone. We have this auditorium—I guess you'd call it an auditorium—this place was created, I don't think, for a hearing, and it's very difficult for the people who are in the back of the room there to hear, or for us. The acoustics are very bad.

Mr. OAKLEY. Since President Carter took office, he has personally conveyed his belief in the importance of narcotics control to the prime ministers of Malaysia, Singapore, Thailand, and the president of Burma.

The Secretary of State and Assistant Secretary Holbrooke recently, during this session of the United Nations, as you know, reiterated our high-priority interest in resolving this problem in their meetings with Burmese and Thai foreign ministers.

You, yourself, Mr. Chairman, have spoken to a number of visiting dignitaries as well as those who were here for the United Nations session, on the importance which is attached to narcotics control and suppression.

And Under Secretary Cooper attended a meeting with ASEAN with five Southeast Asian Governments in Manila this year. Narcotics came up as a matter of special attention.

Now, there are a number of U.S. Government agencies directly involved in narcotics control activities, as Mr. Bensinger has noted. It

is particularly important, when dealing with foreign governments, that all agencies proceed in a consistent manner to pursue the common goal of reducing production of and trafficking in illicit narcotics.

Thailand is a key country in the Asian region when it comes to an effort to control narcotics. I thought that I might provide for you, Mr. Chairman, and for others, a brief summary of how the U.S. Government operates in Thailand, just as a case study.

Now, it's something that you understand very clearly, as do the members of this committee, I think, because you were there at the regional narcotics conference last April, something that made a great contribution, I think, to our narcotics efforts.

I'd just like to second what Mr. Bensinger had to say about wanting continuing support from your committee, and we hope that you all will be able to attend the next regional meeting that will take place on January—from January 11-13 in Singapore.

Mr. WOLFF. Mr. Oakley, that has no bearing upon the fact that I'm also chairman of the Asia Subcommittee, does it? [Laughter.]

Mr. OAKLEY. It's been a great help to us, since you've been able to speak to members of foreign governments and also assist the Department of State in both capacities. I think that, frankly your efforts and the efforts of both committees have been—I would give them a considerable part of the responsibility and the credit for the continuing progress which we believe has been made in Thailand and Burma over the past year.

Now, in Thailand, the U.S. Information Service in Bangkok works with the Embassy in developing material to increase Thai awareness of narcotics dangers and costs in human suffering, not just material about what's going on in the United States, but material about the dangers in Thailand itself. And this is something which has made an impact.

For example, the U.S. Information Service persists in making sure that proper publicity was given to the names of traffickers who were mentioned by you in a speech.

Mr. WOLFF. By Mr. Gilman and members of this committee, as well.

Mr. OAKLEY. All of you, sir.

Mr. WOLFF. We joined in putting names of the various traffickers in the record. I'm a little concerned, however, at some of the responses. As one who does not believe in capital punishment, I find the fact that three people, whose names appeared on the list that we put into the record—have been executed thus far, somewhat disturbing.

But while I have some personal reservations on it. I don't believe that we should interfere with the other countries in the methods they utilize to handle their trafficking problems.

Mr. OAKLEY. Later on in my prepared statement, Mr. Chairman, I note that the initial actions of the new government in Thailand clearly reveals their determinations to crack down on narcotics traffickers, even though some of the means used to achieve this end are alien to our tradition. But indeed it has had a considerable deterrent effect.

The U.S. Department of Agriculture in Thailand has for several years funded basic research in northern Thailand on crops which may be used as substitutes for the opium revenues of upland farmers. AID is also active there.

In Thailand, AID is presently considering a highland development program for hill tribes which would assist the Thai efforts to reduce opium production. We believe this would be in the next budget request when we present it to Congress for AID.

This Thai program is designed to build on the successful crop substitution results in the pilot project of the United Nations Fund for Drug Abuse Control, and the basic research done by the U.S. Department of Agriculture in northern Thailand.

The Thai plan includes, but goes well beyond, crop substitution. The rural development plan is designed to cut back opium production by 90 percent in the next 5 years as the result of transforming the social and economic systems of the region.

The Drug Enforcement Agency has a number of activities in Thailand. It's a regional office, a very important one. It involves cooperating with Government officials in Thailand as well as elsewhere in the area, through intelligence exchange in support of local enforcement actions and training.

More than 40 DEA employees cover Thailand and other areas of Southeast Asia from the Bangkok regional office. Now, the Embassy serves as the focal point for coordination of narcotics control programs of all Government agencies. Our Ambassador is responsible for this. He has been designated as such by the President of the United States. He, in turn, has delegated responsibility for the day-to-day coordination to the Deputy Chief of Mission, the No. 2 man in our Embassy.

Periodic meetings of all elements in the mission are chaired by the Chief of Mission to discuss the status of programs and ideas for improving the narcotics control effort.

For the past year the Thai Government has been rigorous and dynamic in its antinarcotics effort directed at stopping local production and use and blocking exports and arresting traffickers. According to Thai police statistics, about 198 kilograms of heroin and 277 kilograms of opium were seized in Thailand between January and August 1977.

The recent large seizure last month—the Thai railway police confiscated 721 kilograms of prepared opium aboard a train in southern Thailand.

So, the figures are going to be substantially higher than they have been in the past. The present Government is continuing the efforts of the previous Government. They told our Ambassador so in the first conversations they had with him immediately after the new Government took office—on the subject of narcotics. They assured us they would continue to be as vigilant and as active as they had been in the past.

Once again, we hope it wasn't his demarche or your list which caused certain actions to be taken.

Since my testimony in July, the Burmese have also continued to make progress in their antinarcotics campaign. In August, for example, 545 pounds of heroin and morphine base were seized in Tachilek, near the Thai-Burmese border. The narcotics market is depressed: the prices are low and sales are slow. The recent battles between the Burmese Army and the Burmese Communist Party in northern Shan State may temporarily affect the Government's ability to counter

other groups engaged in trafficking. But we are certain that the commitment of the Government's narcotics control is serious and enduring.

Production in 1975 to 1976 was estimated at 400 tons. In 1977 it was estimated to have gone down to 200 tons, by our Embassy. Deliveries to the border have also been decreasing, from 200 tons in 1975 to 130 tons in 1976. And this year our latest statistics as of September were about 50 tons delivered to the border. So there has been a decline.

This assistance which we have been providing to the Government of Burma we believe has had a positive effect in reducing the flow of narcotics. It has not had any appreciable effect on either the attitude of the Burmese Government or some of the minority groups toward one another, or the outcome of the military struggle between them. We believe this outcome will depend upon strategic factors and the Government's ability to win the allegiance of ethnic minorities.

Nevertheless, we do believe that our assistance, carefully controlled and monitored—a point that I know is of concern to the Committee—should continue because of the very positive impact it has had in the field of narcotics, and we're working, again, to insure that this assistance does not get diverted for other purposes.

The relationship between Thailand and Burma, of course, is extremely important, given the terrain and the fact that traffickers tend to cross back and forth up there in that very rugged, inaccessible area. And, as you pointed out, in July Mr. Chairman, you and other members of the committee, when you stop something in one place, it tends to pop up in another place. So we're not restricting our efforts to Burma and Thailand. We're interested in narcotics control throughout Southeast Asia, which is why we have been actively engaged in discussion with the Indonesians, with the Malaysians, with the Prime Minister of Singapore, and farther afield, Australia, New Zealand, Japan, because there is an interrelationship there, although at the moment the serious problem happens to be in the so-called Golden Triangle.

We believe that narcotics control, as an international problem, calls for flexibility and adjustment to changing situations, and also calls for a determined effort over a long period of time. We believe that the programs, at least in Asia, have been making progress.

I notice your statement in the Washington Post this morning that the number of heroin addicts in the United States has significantly decreased due to reduced imports of heroin. We hope that perhaps the efforts in southeast Asia have had something to do with this. There may be advances and setbacks, but continued long-term pressure is essential to keep at the lowest possible level the supply of illicit drugs available on the sidewalks of New York and Bangkok or Amsterdam.

Thank you.

Mr. WOLFF. Thank you very much, Mr. Oakley.

[Mr. Oakley's prepared statement follows:]

PREPARED STATEMENT OF ROBERT B. OAKLEY, DEPUTY ASSISTANT SECRETARY FOR EAST ASIAN AND PACIFIC AFFAIRS, DEPARTMENT OF STATE

Mr. Chairman, Members of the Committee, it is a pleasure to be here today to discuss the Department of State International Narcotics Control activities in East Africa. Much of my statement will focus on the organization of the Bureau of East Asian and Pacific Affairs for anti-narcotics activities, and how the Department of State coordinates these activities in Asia. I would also like to re-

view briefly the current status of our anti-narcotics effort in Asia, including a comment on the letter of October 11 to the President.

As I testified before this Committee on July 12, the Bureau of East Asian and Pacific Affairs considers the curtailment of illicit drug production and trafficking to be among the top priorities in our foreign policy in Asia and in our relations with the countries of the area. We continually emphasize the importance of narcotics control in both routine and extraordinary diplomatic contacts with foreign government officials. For example, President Carter has personally conveyed his belief in the importance of narcotics control to the Prime Ministers of Malaysia, Singapore and Thailand and the President of Burma. The Secretary of State and Assistant Secretary Holbrooke similarly reiterated our high-priority interest in resolving this problem during his meeting with the Burmese and Thai Foreign Ministers at the U.N. Narcotics control was singled out for special attention in Under Secretary Cooper's speech at Manila earlier this year when he met with Ministers from five Southeast Asian Governments.

Ms. Falco has described for you the general organization of the Department of State's International Narcotics Control Program. The assistance provided under this program to countries in East Asia is officially administered by her staff, the Office of the Senior Adviser to the Secretary and Coordinator for International Narcotics Matters. Our Embassies are, of course, intimately involved in the planning and implementation of this assistance as well as in coordinating other United States Government narcotics activities and maintaining contact with foreign government officials on narcotics matters. As Deputy Assistant Secretary in the EA Bureau, I have overall responsibility for the narcotics control program in East Asia and the Pacific, with the priority of course directed toward Southeast Asia. The functional responsibility for this area is vested in the Directorate for Thailand, Indonesia, Malaysia, Burma and Singapore Affairs which has a Regional Narcotics Coordinator. Each Embassy (and our Liaison Office in Peking and our Consulate General in Hong Kong) has a designated Narcotics Coordinator. Embassy Narcotics Coordinators are responsible, under the direction of the Ambassador, for formulating narcotics control policies in our relations with foreign governments, as well as coordinating the activities of the various U.S. Government agencies implementing programs in the country concerned. At one post, our Embassy in Rangoon, the Deputy Narcotics Coordinator is also primary program officer for our narcotics control assistance program for Burma. As part of a proposed reorganization of narcotics activities in Thailand, we hope to add a full-time Chief of a new Narcotics Control Unit to better coordinate the growing program in Thailand.

As you are aware, there are a number of U.S. Government agencies directly involved in narcotics control activities, including DEA, U.S. Customs Service, CIA, USDA, USIA and AID as well as the Department of State. It is particularly important when dealing with foreign governments that all agencies proceed in a consistent manner in pursuit of the common goal of reducing production of and trafficking in illicit narcotics.

Thailand is obviously a key country in the effort to control narcotics. As such it is an excellent case-study in how the USG operates overseas.

USIA

The United States Information Service in Bangkok works with the Embassy in developing material to increase Thai awareness of narcotics dangers, costs and human suffering.

USDA

The U.S. Department of Agriculture has for several years funded basic research in northern Thailand on crops which may be used as substitutes for the opium revenues of upland farmers.

AID

In his August 2 Message to the Congress on Drug Abuse, the President directed the Agency for International Development to include such measures as crop and income substitution in its development programs for those countries where drugs are grown illicitly. In Thailand, AID is presently considering a highland development program for hilltribes which would also assist the Thai efforts to reduce opium production. The Thai program is designed to build on the successful crop-substitution results of the pilot project of UNFDAC and the basic USDA

research in northern Thailand. The Thai plan includes but goes well beyond crop substitution. It is designed to cut back opium production to 90% as the result of transforming the social and economic systems of the region.

DEA's activities in Thailand involve cooperating with Government officials through intelligence exchange, support of local enforcement actions and training. More than 40 DEA employees cover Thailand and other areas of Southeast Asia from the Bangkok Regional Office.

ROLE OF THE AMBASSADOR AND THE EMBASSY

The Embassy serves as the focal point for coordination of the State Department's narcotics control programs and those of USIA, AID, USDA and DEA. Our Ambassador has delegated responsibility for the day-to-day coordination to his Deputy Chief of Mission. Until the new Narcotics Control Unit of the Embassy is established, the political section will remain responsible for assisting the DCM in coordination and in reporting on narcotics developments. Periodic meetings of all elements of the Mission are chaired by the DCM to discuss the status of programs and consider new proposals and ideas for improving the narcotics control effort.

For the past year the Thai Government has been rigorous and dynamic in anti-narcotics efforts directed at stopping local production and use, blocking exports and arresting traffickers. You are as aware as we of the progress which has been achieved. Examples of the Thai efforts are the arrest in July and later execution of Lao Fan, a key member of one of Asia's most notorious drug rings and the burning of 284 kilograms of seized narcotics last August. Also in a recent large seizure, Thai Railway Police confiscated 721 kilograms of prepared opium aboard a train in southern Thailand. According to Thai police statistics, about 198 kilograms of heroin and 277 kilograms of opium were seized in Thailand between January and August, 1977. The railway seizure in October will raise these figures significantly.

The recent change in government has aroused concern that the dedication to narcotics control might be lost or diminished. Based upon what we have been told and observed to date, that is not the case. Our Ambassador has talked to the principal leaders of the new government and has been assured that the war on narcotics is a top priority. Less direct reports confirm what we have been told. And the initial actions of the new government clearly reveal its determination to crack down on narcotics traffickers—even though some of the means used to achieve this end are alien to our tradition.

Despite the best efforts of the government, we must bear in mind that Thailand has a long, rugged border with Burma which neither country can control effectively even in the best of circumstances. The narcotics trade is also a prime element of corruption on a global scale and thus complicates narcotics enforcement. In this region it requires close cooperation between several governments—not only Thailand. We are fortunate that Burma attaches a high priority to narcotics control. Laos does not accord it the same degree of importance.

Since my testimony in July the Burmese have continued to make progress in their anti-narcotics campaign. In August, for example, 545 pounds of heroin and morphine base were seized in Tachilek near the Thai-Burmese border. The narcotics market is depressed, with prices low and sales slow. The recent battles with the BCP in the northern Shan State may temporarily affect the ability of the Burmese Army to engage other groups engaged in trafficking, but we believe the commitment of the Government to narcotics control is serious and enduring. It is for this reason that we are providing assistance to the Government of Burma.

The October 6 article in the *New York Times* by Henry Kamm refers to "speculation" that heightened Government operations against the opium trade have forced insurgent narcotics traffickers to accept support of the Burma Communist Party (BCP). We would agree that this is speculation, and remains to be proved. There is also speculation that narcotics enforcement action by the Burmese Government, using US-supplied equipment, is forcing traffickers into an alliance with the Communists. There is no evidence that equipment provided to the GOB for narcotics control has caused traffickers to move toward the BCP.

The use of our equipment, which is closely monitored by our Embassy, has been for operations against major trafficking organizations in the Shan State such as the 3rd and 5th CIF and the Shan United Army. Against these relatively

small forces, helicopters and transport aircraft make a considerable difference, particularly in confronting elusive narcotics caravans before they can disperse into the hills and jungles of the Shan State.

The Shan State and other minority areas of Burma have been traditionally subject to shifting allegiances and temporary alliances. In the end such expedience have always led to renewed internecine struggles. The Kachin Independence Army (KIA) has, for example, periodically cooperated with the BOP and periodically it has been at odds with the BCP. The current KIA/BCP alliance appears to be due to the result of the emergence of a pro-Communist leadership faction within the KIA, and there are indications that at least one Kachin faction has allied with other groups against the BCP recently.

The ultimate outcome of the struggle between the Government of Burma and the many border-area insurgent organizations (nearly all of which produce, refine and/or traffic in narcotics) will depend upon strategic factors and the ability of the Government to win the allegiance of ethnic minorities. Our assistance will not affect this struggle, but it can have and has had a positive effect in reducing the flow of narcotics. And we should not lose sight of the fact that even BCP sponsored opium must pass through Thailand to reach illicit world markets.

This merely emphasizes the importance of our current approach to narcotics control in Southeast Asia, that is, working with the Governments of Thailand and Burma to reduce narcotics production and trafficking in the Golden Triangle. We are also working with other governments in the region to protect against their becoming major centers for production and/or trafficking, as the pressures increase in Thailand and Burma.

The Department is providing assistance during this fiscal year to Indonesia. This support remains at a basic level and is focused on providing minor equipment items and training. Since Indonesia is used as a transit point for illicit narcotics going to Europe and Australia, we can presently contribute most to Indonesian efforts at improving their narcotics expertise and enforcement capabilities. Both we and the Indonesian Government are alert to the production and refining potential of this area.

In Malaysia, we reached agreement with the Government in September to assist in demand reduction efforts in that country. During the recent visit of Malaysian Prime Minister Hussein bin Onn, the President discussed the narcotics situation in Malaysia with the Prime Minister. We are encouraged that this progressive Southeast Asian nation has decided to improve treatment and rehabilitation of addicts and are pleased that we can assist in this humanitarian effort.

A potential trouble spot for narcotics control efforts is Laos, where the Government does not appear to be making a major effort to control opium production. This could result in a small, but significant amount of Lao opium reaching the illicit market. Given the present state of our relations with Laos, our ability to work with the Government on this problem is minimal.

Looking to the future, I believe it would be unrealistic to formulate specific five or ten-year narcotics control goals in each of the key countries of the region. Narcotics control is an international problem and calls for flexibility and rapid adjustment to changing situations. As long as we are even partially effective in inhibiting the production of opium and interdicting narcotics destined for the cities of the world, our program should be considered a success. There may be advances and setbacks, but continued long-term pressure is essential to keep at the lowest possible level the supply of illicit drugs available on the sidewalks of New York—and Bangkok and Amsterdam.

Mr. WOLFF. We're going to keep to the 5-minute rule in our questioning, and in line with the oversight responsibilities which we have, our objectives here are to follow on with the overview that you have given us and zero in on some specific areas.

No. 1, for both Mr. Bensinger and Ms. Falco, how do you account for the large increase of heroin trafficking and addiction in Europe at the present time?

Ms. FALCO. My own best estimate is that it has to do with the very rapidly increasing availability of Southeast Asian heroin in Europe at relatively high purity levels, compared to the purity levels on our

streets, and at prices that are more favorable than they are in this country.

In short, I think that the European Community was perhaps taken by surprise at the ability of the trafficking networks to bring heroin into Europe from Southeast Asia and by the ready acceptance of that drug by many of the European people.

I remember conversations I had 5 years ago with government officials from Italy, who said:

Heroin—that's your problem. We have wine and wonderful dinners, and we know how to control our intake of dangerous substances. It will never be a problem here.

I had the opportunity to speak with that same official this September, and he said, "Well, I was just wrong. We were all wrong." And I think that's basically what happened. They just weren't ready for that kind of onslaught.

Mr. WOLFF. Mr. Bensinger?

Mr. BENSINGER. Mr. Chairman, I think there's a tactical reason, as well, particularly when one looks to the key distribution center in Western Europe, which has been Amsterdam, where you have these factors: The most liberal laws in terms of penalties in Europe—

Mr. WOLFF. That has been changed, hasn't it?

Mr. Bensinger.

Mr. BENSINGER. It has been since last November.

But I would point out that over the last number of years, the trafficker dealing in opiates would get up to 4 years. Now, that's been increased to 12, and the police commissioner, Jerry Toorenar, and Jan Van Straten, the director of their narcotics agencies, have enlisted greatly expanded resources to combat what already had developed into a greatly accelerated problem.

Second, they have border procedures in the Common Market which enable people to travel from country to country, airport international traffic which afforded major traffickers from Bangkok to enter in the major ports of entry—Rome, Paris, Schipol Airport, as well as some of the German airports; third, an ethnic Chinese population, in Amsterdam, particularly, which had ties in more than nationality back into Southeastern Asia.

So, the trafficking organizations were able to develop sources of supply for No. 3 heroin, and a population which readily took a quantity of that heroin, including some of our military population in Western Germany.

Mr. WOLFF. One of the objectives that the U.S. Mission to the United Nations here tried to bring in, is the idea of setting up an international treatment center similar to the U.N. laboratory for identification and the training of technicians.

I was wondering if any of you would like to comment on this, on the training of technicians in treatment, and also for the actual treatment of some of the population in areas outside of the United States.

Mr. BENSINGER. I would support such a move. I think it's needed, I think in Western Europe, particularly.

Bob DuPont, from the National Institute on Drug Abuse, was talking with members of the principal committee about this. I think the treatment and prevention role in Western Europe is essential for them

to help deal with their addict population as it's essential—it probably needs greater attention domestically in the United States. But they do not have the ongoing treatment programs that we do.

I would favor, Mr. Chairman, a move of that nature for the Western European communities, including the Scandinavian countries, that would be supportive of just that type of effort.

Mr. WOLFF. Ms. Falco, I want to get to you on one specific here: Recently we received a cable—and we are getting good cooperation—my reference is as well to Mr. Oakley—we are getting excellent cooperation from Thailand at the present time. There is a U.N. meeting that is being held in Thailand in Pattaya, which is a beach resort. There is also in Thailand a facility that was constructed by the United Nations that cost \$9 million. As I understand it, the operating cost of that center is upward of \$15 million a year. It involves a staff of 370 international professionals, plus about 200 general staff, and they now have decided that instead of holding the conference in that center, that they're going to hold it at Pattaya, which is a beach resort.

Now, we're running short of funds in the U.N. effort, and I'm wondering if you could comment as to whether or not something can be done in that connection. I know it's a short period of time, but we've just gotten this cable in, and I must say that our Embassy has been closely monitoring what is going on there.

Ms. FALCO. We are certainly very sympathetic to the concerns eloquently expressed by our Ambassador in Bangkok. There is a response to that cable. Apparently the U.N. facility was booked during that entire period of time, and the hotel in Pattaya has offered them very favorable rates which, in fact, would require lower per diem than would be the case in Bangkok.

It was a situation of expediency, I think. The meeting rooms are being given free by the hotel. I only know about this because I've been reading the cables. I have not been directly involved in it.

Mr. WOLFF. Well, I would request that the Government—if I had not sat in a dual role, the committee would not have been aware of what was going on, and I think it would be a good idea if we were made aware of some of this cable traffic in the future so that we could make some recommendations.

The Ambassador is quite concerned with this and, I think, rightfully so. At a time when we do have shortages of funds in the U.N. program for this type of situation to continue, I think, is something that we—at least they could have changed the time of the meeting. I'm sure they've got 52 weeks out of the year. They could change the meeting time to make the U.N. facility available. That's what these U.N. facilities are for.

Ms. FALCO. We will share the responding communication with you after the hearings.

Mr. WOLFF. One final question, and that is on cocaine and on heroin. I have two sets of figures here. We always have this problem going back and forth to try to pin down whose figures are accurate.

Now, I'm just going to quote figures that have been given to me by NIDA on the number of heroin addicts that we have in the United States. They indicate that we have at the present time 550,000 addicts in the United States; and users, and that these users are averaging about 33 milligrams a day of abuse, which results an average cost of

somewhere around \$46 to \$50 a day. For the large user, that figure runs to about \$121 a day.

I'm just wondering whether or not you can confirm these figures or not.

Maybe, Mr. Bensinger, you can address yourself to that.

And the second point: Without objection, I would like to enter this chart, furnished by NIDA, into the record.

[The chart referred to follows:]

HEROIN COSTS AND CONSUMPTION

[550,000 addict/abusers, NIDA estimate; \$1.39 mg pure, cost for 1st quarter 1977]

Factors	Habit size			Total or average
	Small	Medium	Large	
Heroin users.....	269,500	148,500	132,000	550,000
Daily habit per user (milligrams).....	10	28	87	33.34
Cost per day per user.....	\$14	\$39	\$121	\$46
Annual days on street.....	256	256	256	256
Percent drug substitution.....	20	20	20	20
Annual consumption (pounds).....	1,200	1,900	5,200	8,300
Annual cost.....	\$756,605,000	\$1,197,958,000	\$3,278,621,000	\$5,233,184,000

Note: Figures on heroin consumption do not include volume of heroin used by the unknown number of casual experimental, and 1-time heroin users.

Mr. WOLFF. The other point is a draft that was issued by Dr. Bourne and Ms. Falco on July 29, 1977, which states: "Cocaine appears to be increasing dramatically in the United States. Approximately a ton a week of the drug is smuggled into the country. It sells for up to \$100 a gram, or \$2,800 an ounce."

Now, that figure contrasts very strongly with the information that we have obtained from other agencies. NIDA has given us some figures. The DEA has given us some figures. But unfortunately, we're in a position of not having any coordinated information that will give us a real handle on this situation. Could any of you—

Ms. FALCO. I will defer to Mr. Bensinger. Let me just say briefly regarding that document, which you have attributed to Dr. Bourne and myself, that I have not seen it. I believe that it was drafted right after this committee had a number of press releases regarding the ton-a-week figure, and we were using your figure at that point.

Subsequently we have had a number of interagency meetings, which perhaps Peter can discuss more fully, and our present consensus is that there are between 12 and 20 tons of cocaine coming into this country a year.

Fifteen is the figure I frequently use now, but that one is a much earlier one.

Mr. WOLFF. Something that really troubles this committee is the lack of definitive information. And we have the Rangel formula always that we refer to on the question of even Turkish opium coming into the United States. And I'm sure at the time that the questioning goes to Mr. Rangel, he'll describe the Rangel formula and how the figure of 80 percent of all opium coming from Turkey, originated.

But it does point a finger at a problem that we have, and that is the hard information. That's why I'm asking for classification of these figures. And when you say that our committee issued the figure—

what we said at the time was, that there's a potential available in cocaine, available for importation into this country, of some 100 tons of cocaine from Latin America. And this was established through information we obtained while we were on a Latin American study mission.

Now, the information that we do have from NIDA is that it is 7 to 15 tons; now we hear that it's 12 to 20 tons. It doesn't make any difference. Whatever is coming in is unacceptable to the American people, and what we've got to try to do is to reduce that amount. And basically, that is where we are, and that is why I ask you if you could give us some guidance as to what is the information that you have.

And the reason I say this, Mr. Bensinger, is the fact that there is a generally used rule of thumb that troubles me. It's the 10-percent interdiction figure. And I think if I asked anyone here on the panel all during the day today and tomorrow, we would learn that 10 percent of that which is coming into the United States is interdicted; that is, based on that 10-percent figure, we project the total amount that there is coming in, a kind of inverse reasoning.

But could it be, perhaps, that this is the agency's method of telling us that they're doing a good job, the fact that it's 10 percent. Maybe it's only 1 percent that is being interdicted.

So, therefore, I think that one of the major tasks of your new Strategy Council should be to get to the Congress of the United States the hard facts and figures as to what is really coming into our country. Please, Mr. Bensinger.

Mr. BENSINGER. Mr. Chairman, let me comment first with respect to the heroin costs which you asked my opinion of with respect to the NIDA figures, both in terms of users and in terms of the daily habit cost, and price. The NIDA chart, which reflects for the end of the first quarter of 1977, \$1.39 per milligram, is accurate.

Mr. WOLFF. Is that a reduction?

Mr. BENSINGER. No; that's an increase, Mr. Chairman. An the price-purity figure now, for the second quarter, is \$1.65.

I would make available for the record our price-purity figure on heroin. It's reflected in this chart, the bottom line. You probably can't see it.

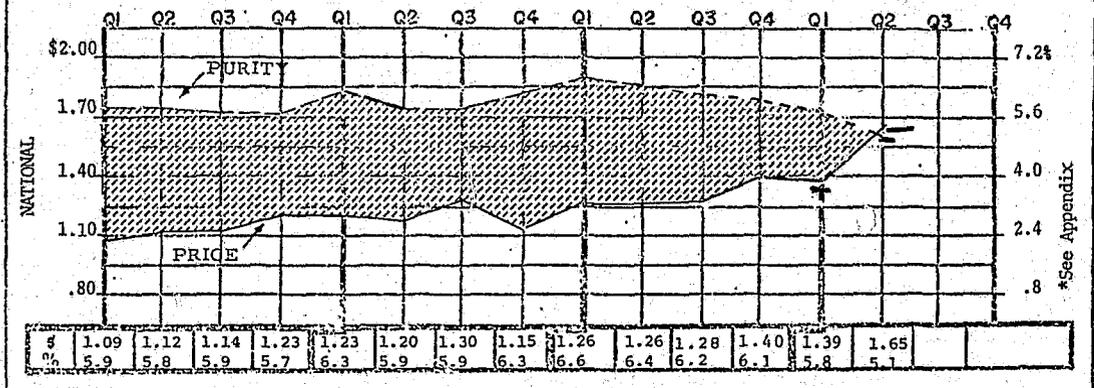
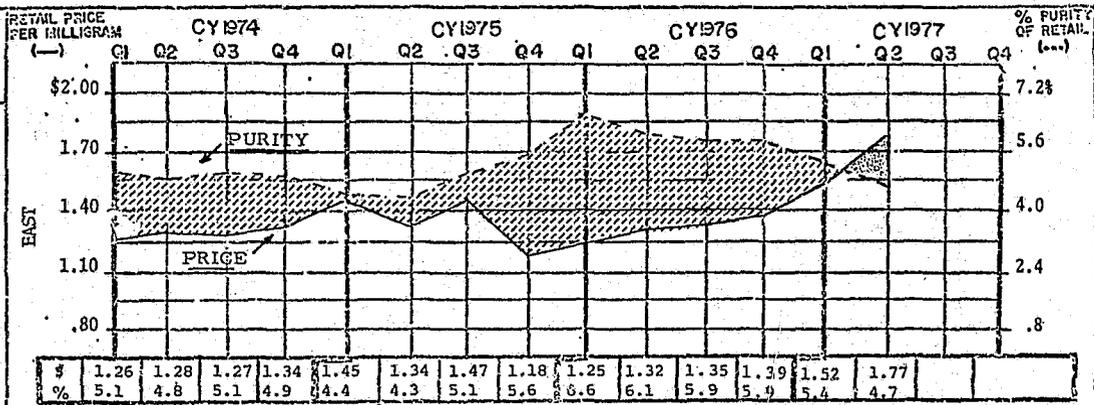
Mr. WOLFF. We can't see it, but without objection, the chart will be included in the record.

[The chart referred to follows:]

PROGRAM PERFORMANCE MEASUREMENT

U.S. HEROIN PRICE & PURITY INDEX BY GEOGRAPHIC AREA*

LEVEL 1



*See Appendix

Mr. BENSINGER. The chart goes up from the first quarter of 1975, \$1.10, to \$1.26 for 1976, to \$1.39 the first quarter of 1977, and \$1.65 for the second quarter of 1977. At the same time, the purity level has decreased to 5 percent at the end of the third quarter, now, of 1977, from a high of 6.2 percent, which was the third quarter of 1976, and 6.6 percent, which would be the end of the first quarter.

Now, if you took 35 milligrams, which I think is a fair average that an addict uses a day, times \$1.60, you'll get in the \$50 to \$55 range per day for an addict cost. And if the addict uses a greater amount, I think your characterization of between \$100 and \$150 is exactly accurate.

With respect to cocaine estimates, there's no question in my mind but that the availability of specific hard information is difficult to come by and also difficult to interpret. I'd like to ask Gordon Fink, the Assistant Administrator for Intelligence of DEA, who has worked closely on the total available estimated importation into the United States, which I believe he will comment on, is some 63 tons, to what is actually coming in, and go through the formulation.

Mr. WOLFF. And 63 tons is the available supply?

Mr. BENSINGER. Right.

You want to swear him? My associate here.

Mr. WOLFF. Yes.

[Witness sworn.]

Mr. FINK. I'm Gordon Fink, the Assistant Administrator for Intelligence in DEA.

First, Mr. Chairman, I'd like to say that Dr. Bourne has been very concerned about the point you've made: The lack of a unified executive branch estimate. We've had intensive meetings with Mr. Dogoloff, whom we've given the assignment to in the State Department; other agencies of the Federal Government; to come up with estimates, and the backup data, to provide to members here at the table, and also to your staff. We've done this for heroin availability, and the NIDA figures and our figures come very close. We have a much better data base working both from the addict side back, working from source statistics. And we're very close; about 6 tons.

But on the cocaine, the point that Mr. Bensinger made is, it's really a problem for us. And that is the lack of not only good data of what is produced in the country, but what's being diverted and going into the European markets where there are no statistics kept; to be consumed within South America; and, of course, that remains to come into the United States.

Our estimates show the following: 63 tons of cocaine hydrochloride is available for distribution after you take out the in-country use, the illicit production, and after you take the amount lost, the amount that's diverted to Europe, that the range and the amount seized, which we estimate to be 2 tons, the range is 15 to 20 tons.

This paper is about to be finalized by Dr. Bourne. And once he puts his concurrence on it, it will be made available to your staff. I've got the specifics here if you'd like to ask the questions.

Mr. WOLFF. Let me just give you some of the statistics that we learned on our trip through Latin America. Peru produces 25 million kilos of coca leaf, according to the estimates of their bureau. Boliva

produces somewhere between 2 and 17 million kilos of leaf. So far as Colombia is concerned, it's estimated that there are 36,000 to 60,000 kilos of cocaine passing through Colombia annually, or from 36 to 60 tons passing through Colombia alone.

Now, these figures are the figures that were given to us by the local authorities. And Colombia only supplies. Now, there are somewhere between 36 and 60 tons coming through Colombia and Colombia is supposed to supply 70 percent of the cocaine arriving in the United States.

Mr. FINK. Well, the one point is, just how much of that is destined for the United States. We know a lot of it now is going into Europe.

Mr. WOLFF. Do we know that cocaine is a very important drug of abuse in Europe now?

Mr. FINK. Our people from Europe, including a couple we have run into here in New York, say that it has now become a popular drug, similar to the user population here in the United States, which is different in the type of abuser. But they're saying some of the same things. The figures you have are very close to what we've used.

For Peru, we show 25,000 kilos of leaf available, and for Boliva, the estimates are 30,000 kilos of leaf.

And let me mention that with the assistance of Mathea Falco's office, we went through the mission and asked them to do the research in-country with all the sources that you had and others. To come in with these figures as the mission figure. And our own DEA people participated in this also. And I will make available, as soon as I get Dr. Bourne's permission—we have the detailed breakdown showing the number of hectares or kilos per hectare, which differs in each country.

This paper also lists the variables. So we have listed out in the open all the areas of uncertainty. But we come down after the diversion, after the losses, with a figure that we feel we can support. NIDA, their latest estimate is 12 tons in this same session. They are part of this group, which I think is a very important effect, because it will do just what you hoped for. Then we'll start to have a base to track from for subsequent information.

Mr. WOLFF. I do think it's important. Mr. Rangel has informed me that my 5 minutes are up. [Laughter.]

Mr. WOLFF. I think I've run on for about a half hour.

Mr. GILMAN. Mr. Chairman, before your 5 minutes are up, could you yield for just a moment?

Mr. WOLFF. I'm going to yield now to Mr. Burke, and you will get your time, Mr. Gilman, if you don't mind. I have exceeded my time, and I will yield to Mr. Burke, and then to you, Mr. Rangel.

Mr. BURKE. Mr. Chairman, I'll do the best I can to exceed my time, too. [Laughter.]

Thank you very much, Mr. Chairman.

I'd like to ask you, Ms. Falco, several questions. One, you ask support of UNFDAC, and I happen to be one that's critical of them, also. But you said, now, because some of the other nations have given additional money, that we should give them greater support.

Does that mean we should give them greater money? Increase our funds?

Ms. FALCO. I would advocate that. But let me just back up a moment, Mr. Burke, and say that one of the major concerns of the Senate

Appropriations Committee during my hearings last spring was that the United Nations Fund did not enjoy significant financial support from other countries. Indeed, when Congressmen Gilman and Scheuer were in Geneva, they spent a good deal of their time and energy working with representatives of other countries to insure increased support, and we saw the results of those efforts.

Mr. BURKE. I know. But that's the trouble with the State Department, I think, frankly; you never lean on the other countries except for us to give money to them, instead of them participating.

But at any rate, you then say that the contributions from Norway, Sweden, the Netherlands, and the first time, Japan, had increased. Each one of those have an increased drug problem also.

Ms. FALCO. That's right.

Mr. BURKE. Now, where are the other nations that we have continued to support for humanitarian reasons, and we didn't ask them necessarily questions. It isn't our problem it's your problem, type of thing, that you said they got in Mexico, and I did too 4 or 5 years ago.

But nevertheless, where are the other countries in the United Nations? If the United Nations is to be a humanitarian body, where are those nations that say, we'll support, we'll help, without asking further assistance from us for crop supports in their country and other things? Isn't this drug problem going to be a worldwide problem to most of the industrial nations of the world?

Ms. FALCO. The drug problem is truly global, and it affects the underdeveloped countries as well as industrialized nations.

Mr. BURKE. Not too much, though.

Ms. FALCO. Yes, indeed, Mr. Burke. In Burma, for example, and in Thailand, the rates of addition—

Mr. BURKE. Thailand only recently, though; I don't know about Burma.

Ms. FALCO. Well, the whole world—it's only recently that it's become a worldwide problem.

Mr. BURKE. Yes, but—well, that may be true, but it's always a worldwide problem when the children of any nation are destroyed, no matter what reasons, or no matter how. So it's always been a worldwide problem. Measles spread, and so do other forms of disease.

But at any rate, I'd like to ask another question: What is our contribution?

Ms. FALCO. This year, 1977, it was \$4 million.

Mr. BURKE. How much of the other nations that you talked about, if they have given 40 percent of it—now, how much are they really giving.

Ms. FALCO. Norway, for example, this year contributed \$5.4 million.

Mr. BURKE. You don't mean \$4 million, our contribution; our contribution is more than \$4 million.

Ms. FALCO. You mean cumulatively? In 1977, our contribution was \$4 million.

Mr. BURKE. How much to date has it been?

Ms. FALCO. \$22 million. I can provide you with all of those figures, Mr. Burke.

Mr. BURKE. All right. I think you did say that that represented about 60 percent Now, it was 90 percent?

Ms. FALCO. This year, for the first time, as a result of strenuous efforts, both on the part of this committee and on the part of State De-

partment officials, we have managed for the first time to change the balance, so that we see substantial contributions beginning to come in.

Mr. BURKE. Like what, \$2 million from one of the highest—as I understand, that Norway and Sweden and some of those countries now have a per capita income greater than the per capita income of our own country. So they're one of the rich countries. Switzerland, Norway, Sweden, some of the other ones. But I notice Holland, for instance, has a serious problem, but at least they do work hard, I think, for some attempts to stop the drug flow into Europe.

But let me ask another question; you can answer both of them, because I don't want to overdo my time, and I want to get to this question: how much of that that we contribute goes into administrative aid, legal aid, and other aid, or channel, or what may be, from an administrative point of view, rather than an enforcement point of view, to the United Nations?

Ms. FALCO. I'm sorry, I don't know what the actual percentage is. I do know that during the Commission meetings it was pointed out that relative to other U.N. agencies, the administrative overhead of the Fund is lower.

Mr. BURKE. Well, that doesn't mean anything. Administration can be lower, but that doesn't mean anything. The United Nations is one of the big spenders in the world, as far as I can see. They have more bureaucrats up here than we have in Washington.

Ms. FALCO. Perhaps I could supply you with the precise figures and breakdowns when I return to Washington, Mr. Burke.

[The information referred to follows:]

LATEST STATISTICS AVAILABLE FROM UNFDC PROGRAM DEVELOPMENT AND FUND ADMINISTRATION COSTS

(In thousands)

	Expenditure						Projected program		Total	
	1971-75		1976		1977		1978		Dollars	Per-cent
	Dollars	Per-cent	Dollars	Per-cent	Dollars	Per-cent	Dollars	Per-cent		
U.N. Division of Narcotic Drugs	1,210.8	13.0	429.5	7.4	446.2	6.4	550	5.3	2,636.5	8.1
Other U.N. organizations	182.5	2.1	91.5	1.5	141.1	2.0	57	.6	472.1	1.5
UNFDC	960.4	10.3	435.1	7.5	518.4	7.4	600	5.8	2,513.9	7.8
Total	2,353.7	25.4	956.1	16.4	1,105.7	15.8	1,207	11.7	5,622.5	17.4

Mr. FALCO. I would also suggest that if any of you are going to meet with the Shah of Iran during his 2-day visit to this country, you might ask him specifically to contribute to the U.N. Fund. Iran has more addicts than we have in this country, and yet to date they have not contributed to the U.N. Fund. That does not mean to say that the contributions have been sufficient, Mr. Burke. I meant only to say that this year, for the first time, we see a reversal of the trend, and I'm hopeful that this will continue. And I urge you all to continue your efforts.

Mr. BURKE. You should talk to the President, because he wants to give them airplanes. [Laughter.]

Ms. FALCO. Thank you, Mr. Burke.

Mr. WOLFF. Mr. Rangel.

Mr. RANGEL. Thank you, Mr. Chairman.

Mr. Fink, I was almost sitting here in disbelief as you tell us that the heads of agencies are going to get together with their statistical data as to the amount of drugs that are coming into this country. And I was even more amazed that my chairman said, your counterparts in foreign countries, they got together and they had different sets of facts.

When we can't even determine the amount of opium that's coming into this country from Mexico right across our neighboring border, I mean, how can you, if you can't even find out how many aliens are coming across the border, then how in God's name can we do any more than guess about the amount of heroin that's coming across the border?

Mr. FINK. In the case of heroin, our statistics have a sounder base. And specifically, that 6-ton figure; 4 tons comes in from Mexico—

Mr. RANGEL. Before you go further, I'd like to tell you, I was in Mexico when DEA was compiling some of these tons on a blackboard. And I assume that you have a more scientific method to do it. And quite frankly, I understand why you would not know with any degree of accuracy the amount of drugs that are coming into the country. But you're saying that you now have scientific data that, give or take a ton, you would know what's coming into the United States in heroin from Mexico?

Mr. FINK. I think in the case of heroin, our confidence factor is much greater. We have our estimates of what is grown from the results of the TRIZO campaign that the Administrator summarized for you.

But in addition, we have programs that measure what we're seizing at the borders and on the streets of the United States that's a double-check on these figures. We can work in both directions.

Mr. RANGEL. I'd like to study that.

My main question is, that notwithstanding the cooperation that we're getting from opium-producing countries—and I understand it's better today than it has been—I've been led to believe by some of the people from Burma, as well as Mexico, that the opium is most of the time grown in parts of the country that have no relationship at all to the existing government, and that in many cases, the poor farmer that is struggling growing his poppy hasn't the slightest indication that it's against the law, or in fact, that the government that we're dealing with is in charge of anything as relates to those mountains.

In many cases, we're dealing with Indian tribes that don't even speak Spanish. They're just far removed from the Mexican Government. So if this is the case in Burma and Mexico, how do we, as a sovereign, get involved in the eradication, or get a handle on, communities within governments that even their governments don't bother to deal with?

Ms. FALCO. Let me see if I understand the question. As to the difficulty of obtaining accurate statistics in areas which are technically beyond central government control? As to how we get involved?

Mr. RANGEL. We all want to eradicate poppies, especially when the government says it's illegal. My question, Ms. Falco, is, when the poppies are being grown in a part of that particular country by

farmers who have no relationship at all to that existing government, then how do we deal with that type of problem?

Ms. FALCO. In Mexico, for example, the eradication campaign, as you know, is taking place in areas where other crops have not traditionally been grown. This is recent, illegal cultivation to meet the demands of the U.S. market. We work completely through the Central Government in Mexico City, and they are developing—

Mr. RANGEL. Let me try it again, I'm sorry; no. My point is that I have been told, and if we just use Mexico as an example, and not as a classic case, with all respect to the Mexican Government, I have been told that there are parts of Mexico where opium is presently being grown that those farmers don't know anything about any Mexican Government, and in fact, those that hold themselves out to be representing the Mexican Government, are not welcome in these particular communities.

So notwithstanding that we're here in the United Nations, I would like to know if, in fact, there are parts of the country where the Government has no control, and they're growing opium, and opium is being shipped out on planes, and on airstrips, and across our borders. Really, if the Mexican Government was giving us the utmost cooperation, if they have no relationship to these people, and in fact can't even go into these territories, how do we deal with that problem?

Mr. BENSINGER. Congressman Rangel, let me address that specific question with respect to Mexico. I would say if the countries dealing in narcotics included cocaine and heroin on a worldwide basis, the Government of Mexico has made greater strides in being able to identify and utilize enforcement tactics irrespective of the lack of traditional government presence than at any time in the past. Durango, the State of Durango, is one of the principal opium-growing areas, and trafficking areas, and rendezvous areas. Within the last 3 weeks, a Federal magistrate judge in Durango issued an arrest warrant for Jaime Herrera-Nevarez, the No. 1 laboratory operator and the head of the whole Herrera organization. That's the first time in over 20 years that this person has had an arrest warrant, believe me. Your committee has held hearings in Chicago about the Herrera organization. There is now a Mexican Federal warrant out for his arrest.

Mr. RANGEL. This Herrera fellow, he knows about the Mexican Government, right?

Mr. BENSINGER. But the implication of the Government either not being willing to go in and enforce laws, or not going into parts of the country—

Mr. RANGEL. Mr. Bensinger, I want to make it perfectly clear that I'm assuming that the Mexican Government is doing all they can. But, we have hearings after hearings, we know what you people are trying to do; we certainly know what we are trying to do. And sometimes we get frustrated.

Now, I'm saying that assuming the Mexican Government and the Burmese Government are doing all they can—

Mr. BENSINGER. I think there are differences though.

Mr. RANGEL. Take Burma, though. Burma can't even get to the areas where the opium's being grown. They have no control over that territory which they claim to be a part of their own, and we're sitting here sending helicopters and technical assistance when, in fact,

they don't even have control over the areas themselves that we're asking for cooperation in, whether it's Mexico or Burma. Aren't there mountainous areas in Mexico that the Mexican soldiers dare not tread?

Mr. BENSINGER. I think the differences are significant between Southeast Asia, in the area of the Golden Triangle and the Shan States, and the Government of Mexico. I think there are differences between the Guajira Province in Colombia and in Mexico. The Mexican Government has done things that have been impressive to me personally, and the law enforcement community. They have been willing to call in the military to restore order and to take a presence, an enforcement presence; they've been willing to establish access to their Navy and Army in Mexico. So I don't think the situation in Mexico is anywhere similar to the situation in Burma or Thailand.

Mr. RANGEL. Mr. Bensinger, I would like to say this, especially since we're at the United Nations. I would like to laud particularly the Mexican Government for the cooperation in a very humane way that they've given to the United States, especially in view of the fact that they have not had very severe addiction problems in the past. So this spirit of cooperation is one that I want to set on the record.

I also would like to say that this doesn't mean a damn thing to the people in the addicted communities, with all of the cooperation, to find that still across our borders we find tons of opium deposited on the streets which have been specifically identified as Mexican heroin.

So what I'm saying is, that if we reach the point that at the epitome of cooperation between heads of nations, that obviously, there is to be a lack of control over the substance so that we find communities dying, when cooperation has never been better, perhaps we'd better take another look at the approach that we're going to take in the future. This is true in Southeast Asia, and I think it's particularly true in Mexico.

Because with this friendship, with this cooperation with this border state, it's clear to me that the situation is pretty bad, and obviously, you know, the Mexican authorities and the American authorities believe that it's really out of hand.

Mr. BENSINGER. Mr. Rangel, I think the situation is better than it was. There's a ton and a half less heroin coming in from Mexico than there was. Any fatality is one fatality too many; any injury in the streets of our cities, carrying drugs and having drugs available, is unacceptable to me, as is to the public, I'm sure.

But with respect to the eradication program in Mexico, there have been specific results from that effort, and I think it is through stopping poppies in the field, and the method that the Mexican Government has implemented, that we will have increasing success.

This is, remember, only the second year that they're embarked upon a spray-eradication program. The effects can be cumulative. I think it's very important that we recognize that there are fewer injuries, fewer fatalities, fewer addicts, according to NIDA, and less heroin in the United States from Mexico. I don't think we're ever going to be able to say, it will be nonexistent. Because it makes money.

Mr. RANGEL. You should enforce a target, and what date. Not non-existence. What do you think is something that would be a target as it relates to opium grown in Mexico?

Mr. BENSINGER. We're seeing a reduction in the quantity available from Mexico in the last 12-month period of 25 percent. I would like

to see a further reduction of another ton. I would like to see our heroin purity reduce, continue to reduce below 5 percent, and hopefully, to be able to develop a program in which the Mexican Government continues with their eradication program, and drives the traffickers out of Mexico.

Mr. WOLFF. Thank you, Mr. Bensinger and Mr. Rangel. I think it must be interjected at this point, especially for our distinguished visitors from other nations, that this hearing is specifically directed at the supply of the narcotics problem. Subsequent hearings tomorrow, and the hearings that we have been holding, are directed at the demand side. This is not a problem that is going to be totally solved by cutting off the supply. We must get at why people are into the drug scene in the first place. We are not going to obviously eliminate all of the reasons why people use mind-altering substances. Because we all know that down through history, various cultures have used mind-altering substances of some sort. Our objective, however, is to attempt to parallel the success that we had at the time that Turkey cut off the supply, and we reduced the addict population in the United States in half, until a new source of supply was found.

But concurrently with the effort to cut the supply must be the effort to cut the demand. That's where a major force of attention of our Nation must be directed, toward removing some of the frustrations that face the young people of our country, and the young people throughout the world; to providing for better housing; increasing employment; and the reasons as to why people get into the drug scene in the first place. We have no panaceas here, and we're neither attempting to find panaceas, nor attempting to solve the problem through one method alone.

I think that this should be said at this point, because there may be some of our visitors who feel that the only effort that we are expending today is one of enforcement. There is a very important effort at treatment and also prevention, which we hope to incorporate into a U.N. effort this year. And I think it is this type of thing that indicates the U.S. determination to reach an answer that will be at least a partial solution to the total problem.

I pass the questioning over to Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. Chairman, I want to join my colleague, the gentleman from Florida, Mr. Burke, in expressing concern about the contributions by other nations to the United Nations Fund for Drug Abuse Control [UNFDAIC]. I also want to commend Ms. Falco for her efforts in trying to focus attention on this problem at the 27th session of the United Nations Commission on Narcotic Drugs, which, at that meeting, Dr. George Loman, the Director of the Division of Narcotic Drugs, had this to say with regard to drug abuse: "What priority, Mr. Chairman, do governments give to the problems of drug abuse? What priority do governments give to the pollution of human resources by drugs, and the pathological consequences both for the individual and for society, all of which have detrimental effects on the quality of life. And what value do governments place on effective international cooperation to reduce drug abuse where it exists. Furthermore, what value do governments place on the prevention of the extension of drug abuse to countries which also will seriously

and adversely suffer from its ravages." His point is well made, but apparently not taken to heart by many of the member nations.

There are some 35 member nations in UNFDAC; one-third of them have not contributed 1 cent to the Fund. Up to 1976, the United States contributed about 80 percent of the total \$23 million contributed.

Ms. Falco, I believe that you stated that our contribution for this year was \$4 million; isn't that correct?

Ms. FALCO. In 1977.

Mr. GILMAN. Does that amount represent a greater proportion of what has been contributed to date?

Ms. FALCO. A greater amount?

Mr. GILMAN. A greater proportion of the total contribution.

Ms. FALCO. No. Our proportion relative to the overall contribution is going down.

Mr. GILMAN. But the percentage of our contribution is now somewhat less than it was up to 1976; isn't that correct?

Ms. FALCO. Right, before you came to the Commission.

Mr. GILMAN. What is the percentage of our contribution to the fund now?

Ms. FALCO. It's a little under 60 percent.

Mr. GILMAN. Mr. Chairman, with your permission, I would like to submit, for the committee's report, the report from UNFDAC, as submitted to me by Dr. de Beus, who is the executive director. The report is entitled, "The Report of the Executive Director to the Secretary-General," dated October 1, 1977, which shows that the total percentage of the U.S. contribution has been reduced from around 80 percent to 53 percent, but the report also indicates that other nations have contributed very little to the fund. Only three nations have contributed more than \$400,000: Norway, Sweden, the Netherlands, and for the first time, the Japanese Shipbuilding Industry Foundation contributed \$160,000, which is quite an interesting event that has taken place.

The 31 remainder countries have contributed the grand total of \$938,202, or an average of \$30,265 per nation. From 1971 through September 30, 1977, many nations, including the Union of Soviet Socialist Republics, have not contributed 1 cent to the Fund.

Mr. Chairman, with your permission, I submit this report for our committee's record.

Mr. WOLFF. Without objection, the report will be entered into the record.

[The report referred to follows:]

UNITED NATIONS FUND FOR DRUG ABUSE CONTROL—REPORT OF THE EXECUTIVE DIRECTOR TO THE SECRETARY-GENERAL

(By J. G. de Beus, Executive Director, United Nations Fund for Drug Abuse Control)

In accordance with the precedent of the last two years I submit herewith my report on the status of the Fund as of 1 October 1977 and on its activity during the past year.

Summary

The financial situation of the Fund improved considerably, thanks to generous special contributions from development aid funds by Sweden, Norway, Denmark and the Netherlands.

The total of Government contributions in the first nine months of 1977 amounted to \$7.6 million, compared with a little under \$4 million in the whole of 1976. The level of contributions has thus almost doubled.

If one includes the pledges made for the future, the total in the first nine months of 1977 even amounts to \$11 million.

The number of contributing governments increased to 71 from 40 in early 1975.

The percentage of U.S. contribution in the total was reduced from about 80% to 53%. (See Annex.)

As a result of these favourable developments, the danger of a deficit over the year 1977 could be avoided, and the big new program was started in Burma.

In addition, new agreements were concluded with *Argentina, Bolivia, Peru, Portugal and Egypt* and an extension for 18 months agreed upon with *Afghanistan*.

Negotiations for new agreements were furthermore entered into with *Laos, Nepal, Tunisia and Malaysia*.

These points will be elaborated on below.

FINANCIAL SITUATION OF THE FUND

[In thousands of U.S. dollars]

The financial situation of the Fund on September 30, 1977 is as follows:

Contributions received at September 30, 1977	\$35,661,800
Expenditure 1971 to 1976 inclusive	15,079,700
1977 programme budget	7,500,000
1978 programme budget projected	7,500,000
1979 programme budget projected	7,500,000
Total	37,579,700

From these figures it results that, if the total budgeted expenditures for 1977 and 1978-1979 programmes should be spent, there would be a deficit by the end of 1979 of US \$1,917,900. In practice, however, taking in account a very prudent rate of delivery of the budgeted programmes at 80%, only US \$13,000 would be spent in the years 1977 through 1979. This would leave a credit balance at the end of 1979 of US \$2,582,100.

Missions to governments

The Executive Director undertook two major missions to a number of governments in order to inform them about the Fund's activities, to raise their moral and financial support, and to improve or initiate cooperation with them.

The first mission, undertaken from November 1976 to January 1977, included Moscow, Tokyo, Hong Kong, Manila, Bangkok, Kuala Lumpur, Singapore and Jakarta. It resulted in:

Drawing up a suggested "narcotics strategy for South East Asia";

Initiation of co-operation with two new countries with up-coming drug problems, Malaysia and Indonesia, and a request for a country programme of assistance from the first-mentioned country;

The wholehearted support of the ASEAN countries;

An informal agreement with the Government of Thailand for its drawing up of a masterplan for the gradual take-over of the UN/Thai pilot project by the Thai Government, the application and expansion of its results to the whole poppy-growing area, and efforts by the Fund for arranging financial support for this programme;

New token contributions from Malaysia and Indonesia; a private donation of \$160,000, from the Japan Shipbuilding Industry Foundation.

A visit to Australia and New Zealand had to be postponed until a later date.

The second mission took place in March 1977 to Copenhagen, Stockholm, Helsinki and Oslo, whilst Reykjavik had been visited by the Executive Director in November 1976.

This mission produced highly gratifying results in that the Nordic countries accepted the principle that the narcotic "crop replacement and community development" projects of the Fund and Division in South and South East Asia have taken on such a strong development aspect that it is justified to support them with development aid funds. This principle was also accepted by the Netherlands Government in discussions with the Executive Director in July

and August 1977. These missions resulted in the following special contributions from development aid funds, in addition to their yearly contribution:

A Swedish special contribution of Sv.Kr. 2 million (\$460,000) for projects in Afghanistan, Pakistan and Laos;

A Norwegian pledge to finance the Burma programme, (with the exception of the law enforcement sector) for five years at a cost of \$5.4 million;

A Dutch special contribution of \$500,000 through UNDP to finance a UNFDAC-sponsored project for treatment and rehabilitation in Badakshan or a similar project in Afghanistan;

A Danish preparedness to contribute about \$350,000 for the same project.

Programme for 1977

After the Narcotics Commission meeting in February 1977, at which new pledges of \$4.9 million were received, the Fund found it necessary to review and reduce the budget for 1977 which was originally projected at \$11.2 million. In order to avoid a deficit over the year 1977, sound financial management required that the budget for 1977 be reduced to \$7.5 million.

This was accomplished by terminating the financing of certain positions in other organizations, reducing some project allocations and postponing or eliminating some project proposals of lowest priority. It furthermore meant that the Fund could at that moment consider new assistance requests of the highest priority only, and even then, on a very discriminating basis.

In the meantime, yearly contributions over 1977, together with the special Swedish, Norwegian and Dutch contributions from development aid funds for specific projects, reached \$7,554,000 through 30 September 1977.

Programme for 1978

The Fund has projected a budget for 1978 also for \$7.5 million, at about the same level as for 1977. Since the expected actual expenditure at an 80% delivery rate will probably be about \$6 million, it seems a safe assumption that this level of expenditure can be sustained through 1978 and 1979. This will ultimately depend on the level of contributions during those years.

Since the number of proposals and requests for financial assistance by the Fund has, in the course of the last few years, far outstripped the funds available, and since the Narcotics Commission has urged the Fund not to scatter its limited resources over too many small projects, it becomes more and more necessary to become discriminatory, and adopt certain general criteria for the selection of projects.

PROGRAMME DEVELOPMENTS FROM OCTOBER 1976 TO SEPTEMBER 1977

Near and Middle East

Turkey

Again during 1976 and the first nine months of 1977, no Turkish opium has been produced and none has entered the illicit market. The harvest of unaltered poppy capsules, purchased by the Government for the production of codeine, was of 14,000 tons in 1976. It is expected to be considerably higher in 1977.

In order to increase the control capacity of the law enforcement sector, the Fund has continued to provide additional transportation and communication equipment and further expanded the telecommunication network.

In April 1977 a project for operation of a Multispectral Opium Poppy Sector (MOPS) system was initiated. A photo reconnaissance and a scout aircraft were made available by the Fund for this project along with photographic equipment and a mobile field laboratory. The training activities started in September 1977 and will continue through 1978.

In May 1977, a feasibility study to determine the priority needs of the Ministry of Customs and Monopolies to combat the increasing transit traffic of illicit drugs through Turkey was carried out.

Afghanistan

Activities in law enforcement continue at a high pace and with increasing success. In 1976 three provincial branches of the Narcotic Section of the Afghan Police started operating—another five will be in operation from the end of 1977. A 1976 UNFDAC outside evaluation indicated that efforts should continue in this sector. Consequently, an extension of the agreement until the end of 1978

was signed in July 1977 with the Afghan Government (cost \$900,000). Seizures of opium reached a new high in 1976 (14 tons), and in the first half of 1977 (13.5 tons), indicating that police measures are effective. Unfortunately there are strong indications that at the same time poppy production and areas of cultivation of opium are increasing. The Fund has drawn the attention of the Afghan Government to this undesirable situation.

A Fund consultant undertook a mission in August 1977 with the task of developing concrete proposals for crop substitution and rural development projects in various poppy growing areas. The first step is a survey of the Upper Helmand Valley which is planned for October 1977. If this survey indicates the desirability and feasibility of a crop replacement project in the Helmand Valley, such a project will be drawn up for the Fund and financial support for such a project, if decided upon, will have to be found.

The Fund, after initial difficulties obtained financial support for a project drafted at its initiative for addiction treatment in the province of Badakshan, the poorest area of Afghanistan, where the population is entirely dependent on opium for medicine and by addiction. A pledge of \$500,000, through UNDP, was received from the Dutch Government, and the Fund is presently negotiating with the Danish Government for a similar contribution in the same field. The Swiss Government has confirmed a contribution in kind of medical products for these projects.

Pakistan

The multisectorial programme in Pakistan embraces:

- (1) Income substitution through a pilot agriculture project in Buner District of the North West Frontier Province;
- (2) Treatment of addicts in the Buner Area;
- (3) Rehabilitation of addicts in urban areas and in Buner province; and
- (4) Law enforcement in all the Territory.

The agricultural sector began operation in May 1976. A project manager was appointed and he conducted, in co-operation with the national authorities, the pilot project of crop replacement in an area of approximately 100 acres. A test well drilling programme was completed and the results are at present applied in a work scheme.

In the treatment sector, a preliminary in-country training of national staff was started in March 1977, conducted by a WHO consultant.

In the same period a rehabilitation expert of ILO has started the preparation of a concrete work plan in the Buner area.

Co-operation with the Government authorities is improving.

Part of the Swedish contribution from development aid funds is to be spent in Pakistan for agricultural programmes.

Southeast Asia

Burma

The agreement entered into force on 1 July 1976. The implementation of this multisectorial and highly complex programme has now started in all its parts, namely crop substitutions and livestock development, treatment and rehabilitation, law enforcement, social welfare and education.

Much to our satisfaction, the Government of Norway after our fund-raising mission in the Nordic countries has decided to sponsor, through the Fund and the UN machinery, all sectors of this project, other than law enforcement, with a contribution of 5.4 million dollars.

The Australian Government has made available a special contribution of 25,000 A. dollars to permit the purchase of agricultural hoes for the programme.

The liaison officer for the programme has finally been chosen by the Burmese Government after a delay of nine months and will assume duty in October this year.

Thailand

The UN/Thai Programme is in its fifth year of operation. The results have shown convincingly that many other crops can replace opium poppy without loss to the farmers. During my visit of December 1976, I could personally see the excellent crops of coffee, tobacco, flowers and flower seeds, vegetables and fruits grown in the 25 villages of the pilot project.

An informal agreement was reached with the Thai authorities that the pilot project, having proven what it was set out to prove, should be taken over by the Thai Government and be extended so as to cover all the poppy growing areas

of the country, approx. 800 villages. On the basis of our discussion with the Prime Minister, the Fund has promised to extend its assistance to the pilot project until the end of 1978. During this period the Thai Government is devising a master plan for:

(a) A gradual take-over of the UN/Thai Pilot Programme by the Thai Government and the gradual phase-out of the Fund during a transition period of three years;

(b) The phased application of viable results of the pilot project to the other poppy growing areas of Thailand;

(c) The gradual effective enforcement of prohibition of poppy growing in Thailand.

The Thai master-plan is expected to be ready by October 1977. The Fund, on its part, has undertaken to assist in finding the necessary support from UN organizations and Governments during the subsequent years for this tremendous undertaking.

Laos

The time-consuming negotiations are drawing to a close and it is hoped to finalize an agreement to be signed before the end of the year. In April 1977 a senior officer of the Fund visited Laos in an attempt to reach agreement related to UNFPAAC assistance. The Laotian authorities stressed their main interest in rehabilitation activities for ex-addicts. The Fund expressed the opinion that crop substitution and rural development should be at least equally important project components. At the present stage the draft agreement contains both aspects. Part of the special contribution, which the Swedish International Development Authority made available for Fund projects following our fund-raising mission in the Nordic countries, is to be spent in Laos.

South America

Peru

The first phase of this programme has been completed during 1976. Assistance in law enforcement techniques and equipment was provided during last year. In August 1977 a new agreement was signed with the Government. While continuing to provide assistance in prevention of illicit traffic, this second phase provides also training in rehabilitation activities. An epidemiological study on consumption of drugs will be carried out in 1978.

Bolivia

During 1976 the first phase of the Bolivian programme was completed. In February 1977 the second phase was agreed on, and activities are being carried out in different sectors, namely legislation, training of law enforcement officials, administrative methods and laboratory techniques. A UN National Narcotics Adviser assumed duty in La Paz in July 1977.

Argentina

An agreement with the Government of Argentina on training for drug abuse prevention was signed in November 1976. The assistance provided by UNFPAAC includes training courses for schoolteachers in drug dependence and guidance in drug abuse prevention among secondary school students. UNESCO is Executing Agency.

Europe

Portugal

An agreement with the Portuguese Government on reduction of demand was signed in June 1977. The assistance provided by UNFPAAC includes fellowships, advisory services on legislation and multi-disciplinary courses for medical, social and law enforcement personnel.

Africa

Egypt

On August 17, 1977 a project agreement of Treatment and Rehabilitation was signed with the Egyptian Government. The objectives of this project are to establish modern laboratory services and to provide advanced training for personnel working in laboratory, medical and social activities related to the increasing drug problem in the country. WHO is Executing Agency.

The Executive Director has furthermore been invited by the Prime Minister and the Minister of the Interior of Egypt to pay a visit to that country to investigate further needs for assistance.

Sierra Leone

After sending a requested mission to Sierra Leone on October 7, 1976, a programme providing for assistance in the sectors of Law Enforcement, Treatment and Rehabilitation and Education was drawn up. The agreement was signed by the Executive Director and mailed to Free Town for counter signature by the Minister of Foreign Affairs in December 1976. The Fund is still awaiting the signed document.

Western and southern Africa

At the request of representatives from some of the French-speaking West African countries, the Fund has undertaken to consider favourably assistance to that region, and the Division of Narcotic Drugs has taken the initiative:

- (a) To collect and centralize all available information on the West African countries, and in particular the three countries most concerned;
- (b) To study the possibility of organizing regional seminars, and
- (c) To provide training and other assistance.

More recently requests for information and basic laboratory equipment have come from Guinea-Bissau, Lesotho, Madagascar and Malawi, to which we are responding. The Fund stands ready to give special attention to Africa's needs, but what is needed first of all is to draw up an overview of the status and nature of the threat in the area, which is now being done by the Division.

The Central Training Unit

Since its inception in 1972 the Central Training Unit has trained over 1000 law enforcement officers from 88 countries in 32 courses. Nevertheless, it was felt that this unit could perhaps be more cost-effective. For this purpose an independent evaluation of this training programme was started by the American Institute of Public Administration in October 1976. The evaluation team presented its final report with some delay in July 1977. The Fund is now studying its findings and will, in the future, start to implement the recommendations.

The U.N. narcotics laboratory continues, with the financial support of the Fund, its important research work. Among others it is carrying out the following research:

- Research on utilization of *Papaver bracteatum*;
- Research on cannabis;
- Research on increasing codeine production; and
- Research on chemistry of Khat.

Policy guidelines

At its 27th Regular Session held in February 1977, the U.N. Commission on Narcotic Drugs adopted the following policy guidelines, which in fact were already being applied and therefore constituted an endorsement of the policy followed by the Fund:

1. The Fund should concentrate on the consolidation of existing projects and not take on new commitments until additional resources became available.
2. The Commission recommended, and the ECOSOC adopted, a resolution calling for special attention to be devoted to assisting African countries in preventing and combating drug abuse.
3. The Fund should continue to concentrate its resources on forms of assistance offering the most direct benefit, particularly country programmes.
4. Most members of the Commission urged the Fund to make a concerted effort to reduce the number of staff posts financed by it in the United Nations and its specialized agencies, since such posts should be provided for from the regular budget of those bodies. The relatively low priority assigned to narcotics questions in other United Nations bodies was cited as one of the reasons for the present unsatisfactory situation that the Fund was spending about \$800,000 a year on positions in other organizations. Consequently the Commission recommended, and the ECOSOC adopted an amended resolution requesting the Secretary-General to ensure that the necessary resources are allocated under the regular budget of the United Nations for international drug control, bearing in mind the importance of this programme.

Pursuant to the Commission's guidance, the Fund informed UNESCO and WHO of the intention to discontinue support of the single staff member financed in each organization at the end of 1977, and expressed the hope that the posts

could be included in the regular programme budgets beginning in 1978. The Fund also informed the INCB of the need to discontinue support of INCB staff, and in agreement with the Board secretariat began with a substantial reduction in 1977. The Narcotics Division, in consultation with the Fund, limited extensions of contracts financed under the project for strengthening the Division. Both secretariats, Division and Board, pursued requests for transfer to the regular budget of additional positions being temporarily supported by the Fund.

5. The Commission commended the Fund for its increased support of projects intended to *reduce the demand* for illicit drugs and asked the Director of the Division to continue the study on this subject.

6. The Fund was urged to continue the practice of *outside evaluation* for Fund-supported projects.

7. The Fund should continue to serve as a *catalyst*, emphasizing the pilot nature of its projects. When a pilot project had been completed, the Fund financing should come to an end, but the project should, if successful, be taken over by the national government and its results applied on a wider scale, with the Fund trying to arrange for such international financial support as should be necessary.

This latter consideration indicates the need for :

*Closer co-operation with UNDP and other UN organizations*¹

For the reduction of supply the Fund is putting more and more emphasis on cutting off this supply at the source in the countries of origin, such as Turkey, Afghanistan, Burma, Thailand and Laos.

In the experience of the Fund it has been proven that effective replacement of illicit opium production cannot be achieved without the necessary accompaniment of community development, health treatment, vocational rehabilitation, and education. This means that in practice the Fund's crop replacement programmes have a strong aspect of integrated rural development.

On the other hand, it has also become clear that integrated rural development in opium growing areas cannot be achieved as long as the population is dependent on opium production for medicine, as a source of addiction, or as a source of income.

Rural development and opium replacement therefore have to go hand in hand. Furthermore, some of UNFDAC's crop replacement programmes have reached the stage, or will reach the stage, where the results of its pilot projects will have to be applied on a much wider scale. This will require an organization and funds well in excess of present resources available to UNFDAC.

These considerations make it desirable to set up one or more groups or consortia consisting of the principal organizations and nations providing finance and aid to the main opium producing countries: Afghanistan, Pakistan, Burma, Laos, Thailand.

Co-operation between UNDP and UNFDAC

Discussions have therefore been initiated by the Fund with UNDP for a closer co-operation between the two organizations in the common sector of projects as mentioned above which have the dual purpose of integrated *rural development* and *narcotics replacement*. At the same time such co-operation could form the nucleus for a wider group as mentioned, including possibly the World Bank, IFAD, a.o. The first results of these soundings are encouraging and they are being pursued.

Publicity

The increased publicity about the activities of the Fund and the Division mentioned in last year's report have been continued, and the number of press releases have been stepped up further. The two main U.N. missions, one to the Far East and one to the Nordic countries, received much publicity in the countries visited, and a press conference held by the Executive Director in January 1977 about the prospects for drug abuse control in S.E. Asia received elaborate reactions in the Western press. A great need remains for a senior experienced public relations officer, who can at the same time undertake fund-raising activities.

¹ A separate paper with preliminary points for consideration and discussion is available.

UNITED NATIONS FUND FOR DRUG ABUSE CONTROL—STATUS OF CASH CONTRIBUTIONS PLEDGED OR RECEIVED IN 1977

JANUARY 1—SEPTEMBER 30

Since 1st January 1977, 35 Governments have contributed a total amount of US\$ 7,554,202.

[In U.S. dollars]

Non U.S. contributions :

Norway	\$1,448,000
Sweden	508,000
The Netherlands ¹	500,000
Japanese Shipbuilding Industry Foundation	160,000
Other countries	938,202

Total 3,554,202

Percent 47

United States of America 4,000,000

Total 4,000,000

Percent 53

¹ Through UNDP.

UNITED NATIONS FUND FOR DRUG ABUSE CONTROL

CLOSER COOPERATION BETWEEN UNDP AND UNFDAO AND OTHER ORGANIZATIONS

Draft points for consideration and discussion

Motivation

It has been proven that effective replacement of illicit opium¹ production cannot be achieved without the necessary accompaniment of community development, health treatment, vocational rehabilitation, and education. This means that in practice such programmes have a strong aspect of integrated rural development.

On the other hand, it has also become clear that rural development in opium growing areas cannot be achieved as long as the population is dependent on opium production for medicine, as a source of addiction, or as a source of income.

Rural development and opium replacement therefore have to go hand in hand.

Furthermore, some of UNFDAO's crop replacement programmes have reached the stage, or will reach the stage, where the results of its pilot projects will have to be applied on a much wider scale. This will require an organization and funds far in excess of present resources available to UNFDAO.

These considerations make it desirable to set up a group or consortium consisting of the principal organizations and nations providing finance and aid to the main opium producing countries: Afghanistan, Pakistan, Burma, Laos, Thailand.

Cooperation between UNDP and UNFDAO

A closer co-operation between UNDP and UNFDAO seems desirable for projects as mentioned above which have the dual purpose of rural development and opium replacement. At the same time such cooperation could form the nucleus for a wider group as mentioned.

The following points deserve consideration :

1. The two organizations, UNDP and UNFDAO, should maintain their separate entity, organization and finances, because they have a considerable number of projects, UNDP in the development field and UNFDAO in the field of drug abuse control, which are not appropriate for co-operation. The two organizations *can and should*, however, start to cooperate much more closely on programmes having the double purpose of *integrated rural development and reduction of opium replacement*. At the same time such cooperation could form the nucleus

¹ Wherever "opium production" is mentioned the meaning is illicit opium production.

east Asia. It is of course clear that of the two organizations UNDP possesses far wider funds, personnel and expertise in the field of general development, and should therefore remain responsible for overall development planning, and should be the leading or coordinating body.

2. UNFDAC, on the other hand, has specific expertise and programmes on different aspects of drug abuse control. It also bears the responsibility for programming and financing UN projects in this field, and as such carries out part of the heavy responsibility of the UN toward the world community in the fight against illicit drugs. Since the Fund-financed crop replacement programmes are more and more taking on an element of development, these programmes should be carried out in close co-operation and co-ordination with, and with support of UNDP as the main body responsible for overall development.

3. *Contributions* for the primary purpose of opium substitution will continue to be channelled to UNFDAC, in order to guarantee to the donors that they will be used for the specific purpose of drug eradication, combined with development aid.

4. UNFDAC should also continue in its role of a *catalyst*, in close consultation with UNDP, its efforts to construct a wider consortium for the purpose of attracting the necessary support for extension of opium replacement programmes.

5. *The ResReps of UNDP*, as leading partner in the UN system, should act as co-ordinating agent at the country level in the receiving countries.

6. UNDP ResReps should represent UNFDAC at the country level, consult UNFDAC during the country programming exercise, inform UNFDAC of proposed activities at the country level, and seek to influence these to take account of narcotics control considerations.

*Consortium*¹

Some points that deserve consideration in this respect are :

Membership

The consortium or group to be formed should encompass as prospective *donor* members the main organizations and countries providing finance or aid to the opium producing countries in South and Southeast Asia. Primarily included should be: UNDP, World Bank, IFAD, ILO, FAO. Support should furthermore be secured from regional organizations such as ESCAP and ASEAN.

Receiving countries should be the principal countries in South and Southeast Asia producing opium poppy: Afghanistan, Pakistan, Burma, Thailand and Laos, possibly also Nepal and Vietnam.

Question. Would it be better to create one overall consortium or two consortia for the regional sub-areas:

(1) Afghanistan, Pakistan, Nepal, and

(2) The Golden Triangle: Burma, Thailand, Laos and possibly Vietnam?

The *objectives of the consortium* will require a careful definition. The two main and inter-connected objectives should be *integrated rural development* and *reduction of opium poppy production*. An appropriate name might be "Technical and financial assistance for integrated rural development and opium eradication in Southeast Asia".

Question. Should increase of food production be mentioned as a third objective?

In the past consortia have often been restricted to one receiving country. There seems to be no reason why a consortium could not be set up on a *regional* basis for a specific *purpose*, like the Mekong Valley project.

Initial steps toward the above purposes

1. A consultant should be appointed jointly by UNDP and UNFDAC as soon as possible to make preparations for a consortium. This would include, in close consultation with UNFDAC and UNDP:

Sounding out the appropriate authorities of the UN organizations and countries likely to manifest interest, including, but not exclusively, North America and Western Europe and Japan;

Compiling a "catalogue" of crop substitution plus development projects for which financing will, or is likely to, be required. (*Note:* This might well include projects not yet defined nor operational, but prospective such as: follow-up to the UN/Thai pilot project, Laos Complexe de Développement Rural, follow-up to crop substitution in Burma and the WHO Health Care Project in Badkshsan, and the crop substitution and health care follow-up in Pakistan);

¹ This word is used provisionally until a better one can be found.

Suggesting that, say, a certain percentage of the County Programme be utilized for development and drug abuse control purposes; the final decision resting with the respective governments.

2. An official of the Fund should be earmarked to work in close collaboration with the consultant referred to in 1. above.

3. It should be made clear to future members of the consortium that the purpose of the exercise being carried out jointly with UNDP is to insure that:

(a) Urgently needed funds are provided on a multi bilateral basis to UNFDAC for its essential pilot and operational tasks in the *initial* stages of crop substitution programmes;

(b) Finance is likewise provided for the extension, or *follow-up stage* of any country-wide crop substitution scheme, in which stage UNFDAC should phase out and responsibility be taken over by the national government, with the support of the consortium.

Mr. WOLFF. I'm happy you were able to get a copy of his report, because even as a member-delegate to the United Nations, I had not been apprised of it.

Mr. GILMAN. It has been quite difficult to get the information that we have needed. I hope that there will be better communication in the future. I also hope that our visitors from other delegations will take the message back to their delegations that there is a need for all of us to work together in this effort. Drug abuse prevention and control is not a unique problem. It is not just a problem for the United States; rather, it is an international problem that requires the help of all member-nations in the United Nations.

Ms. Falco, it was refreshing for me to learn that the Strategy Council, which the President revitalized in March of this year, finally got around to holding its first meeting. I hope that it was a worthwhile meeting.

On page 2 of your statement, you state that the Council is composed of Cabinet secretaries and distinguished public representatives. Can you tell us: who are the members of the Council?

Ms. FALCO. The six public representatives represent the medical treatment communities, although Chief Pomerleau of Baltimore and Vernon Jordan are also on the Council. Would you like me to name them?

Mr. GILMAN. Could you name them for us?

Ms. FALCO. Dr. Joyce Lowinson, a psychoanalyst who practices here in New York and operates a large methadone program; Dr. David Musto, a psychiatrist and historian at Yale, who is well known for his seminal work on the history of the narcotics laws in this country; Chief Pomerleau; Dr. Milton Bryant from Atlanta, Vernon Jordan; and Dr. Harvey Sloane, Mayor of Louisville, Ky.

The Cabinet secretaries are most directly involved: Secretary of HEW, Secretary of State, Secretary of Treasury, Secretary of Defense, and Administrator for Veterans' Affairs, the Director of the OMB and obviously, the Attorney General.

Mr. GILMAN. How often will the Council meet?

Ms. FALCO. That was discussed at the meeting. It was projected that it would meet probably biannually, or as the need arises.

Mr. GILMAN. A biannual meeting?

Ms. FALCO. Twice a year, or as the need arises. Most of the work will be done in working groups.

Mr. GILMAN. Who is going to comprise these subcouncil working groups? We used to have an informal working committee that was comprised for yourself, Mr. Bensing, Dr. DuPont, and Dr. Bourne.

Ms. FALCO. We still continue. That has been going on since the beginning of this administration.

Mr. GILMAN. Are you going to continue that informal working group?

Ms. FALCO. Oh, yes. It now also includes Commissioner Chasen of Customs.

Mr. GILMAN. How often does your informal group continue to meet?

Ms. FALCO. At least every 2 weeks.

Mr. GILMAN. Does that informal group work along with or under the Strategy Council? How does the working group fit into the operations of the Strategy Council?

Ms. FALCO. It's central to the work of the Strategy Council, although we started our meetings before the first meeting of the Strategy Council.

Mr. GILMAN. Who directs the Strategy Council?

Ms. FALCO. The President and Dr. Bourne, as his designee.

Mr. GILMAN. And he acts as the executive secretary?

Ms. FALCO. Essentially.

Mr. GILMAN. In the absence of Dr. Bourne, who would act as the Director of the Council? I understand that Dr. Bourne has many other assignments confronting him at the present time, including national health issues.

Ms. FALCO. I assume that his Deputy Director at the Office of Drug Abuse Policy, Lee Dogoloff, would serve in his stead.

Mr. GILMAN. In your opinion, with the Strategy Council and the informal working group, is there proper coordination of all of the drug problems confronting our Nation?

Ms. FALCO. I would probably never be satisfied with the absolute level of coordination, but I think it's coming along very nicely. And I must say that the read coordination happens almost on a daily basis. Peter Bensinger and I talk on the phone at least two or three times a day on various issues, as I do with all my other counterparts, and I'm sure they do with each other as well.

The biweekly meetings of the drug principals group is a crucial mechanism whereby we can discuss issues that concern all of us informally and resolve how they should be handled.

I think that it's unrealistic to think of a Cabinet-level group composed of men—there are no Cabinet women on this one—who have many other pressures on them—

Mr. WOLFF. Excuse me, let me, for a moment, intercede. You said there are no women on this. Why aren't there any women on this Strategy Council?

Ms. FALCO. The Cabinet committee members—the Cabinet Council members—just happen all to be males. The Secretary of Commerce and the Secretary of HUD are not part of the Strategy Council!

Mr. WOLFF. Again—

Ms. FALCO. Joyce Lowinson is a public member.

Mr. WOLFF. I do think that perhaps the Secretary of Commerce would be a good addition since we are dealing in commerce.

Mr. Gilman, would you yield your time now, because we want to get Mr. Biaggi in, and then we'll come back to you right after that

Mr. GILMAN. As long as I will have additional time.

Mr. WOLFF. You'll have additional time.

Mr. GILMAN. I will be pleased to yield to the gentleman from New York.

Mr. WOLFF. Mr. Biaggi?

Mr. BIAGGI. I'm glad to be yielded to. I'll be brief.

I'd like to deal, as the chairman says, with the source. On our last trip to Southeast Asia, we went to Thailand, and we attended a conference which was very heartening. The then-Prime Minister, Thanin, was very much committed, an open advocate, no question about it. Which apparently represented a radical change.

He's since been deposed, and been replaced by General Kriangsak. Do you know whether he has the same attitude of interest in that regard, or whether it's just a facade?

Mr. OAKLEY. Mr. Biaggi, it is our judgment that General Kriangsak does have the same interest. It is something that we would like to see demonstrated over a period of time, since he's become the Prime Minister. But his actions over the past year, the 9 or 10 months since you all were there, inspired in part, I believe, because of the realization which occurred to him of how important this is to the United States, as well as how important a problem it is for Thailand and for the region, in the past 9 or 10 months he was working in parallel with the Prime Minister, using his influence in the Army to support the Prime Minister. And what he has told our Ambassador since becoming Prime Minister himself, and the actions which his government has taken since he has assumed control, lead us to believe that he will continue the same vigorous policy of former Prime Minister Thanin. But I can't give you any categorical statements until we see it demonstrated over time. But up to the present, he's given every indication of continuing these policies.

Mr. BIAGGI. Well, I have reason to believe at least if what I've been told is accurate, that one of the reasons why the Prime Minister was deposed was the strong policy against drugs.

Mr. OAKLEY. That's something that I have never heard mentioned. We've seen a lot of reports over the last 3 or 4 months, a lot of people who were unhappy with Prime Minister Thanin, but I have not seen any reports that there was an unhappiness over his drug policy. The labor unions have been unhappy, the industrialists have been unhappy, the press has been unhappy, the students were unhappy, the professors were unhappy. But I never saw anything that indicated that it was because of unhappiness over drug policies.

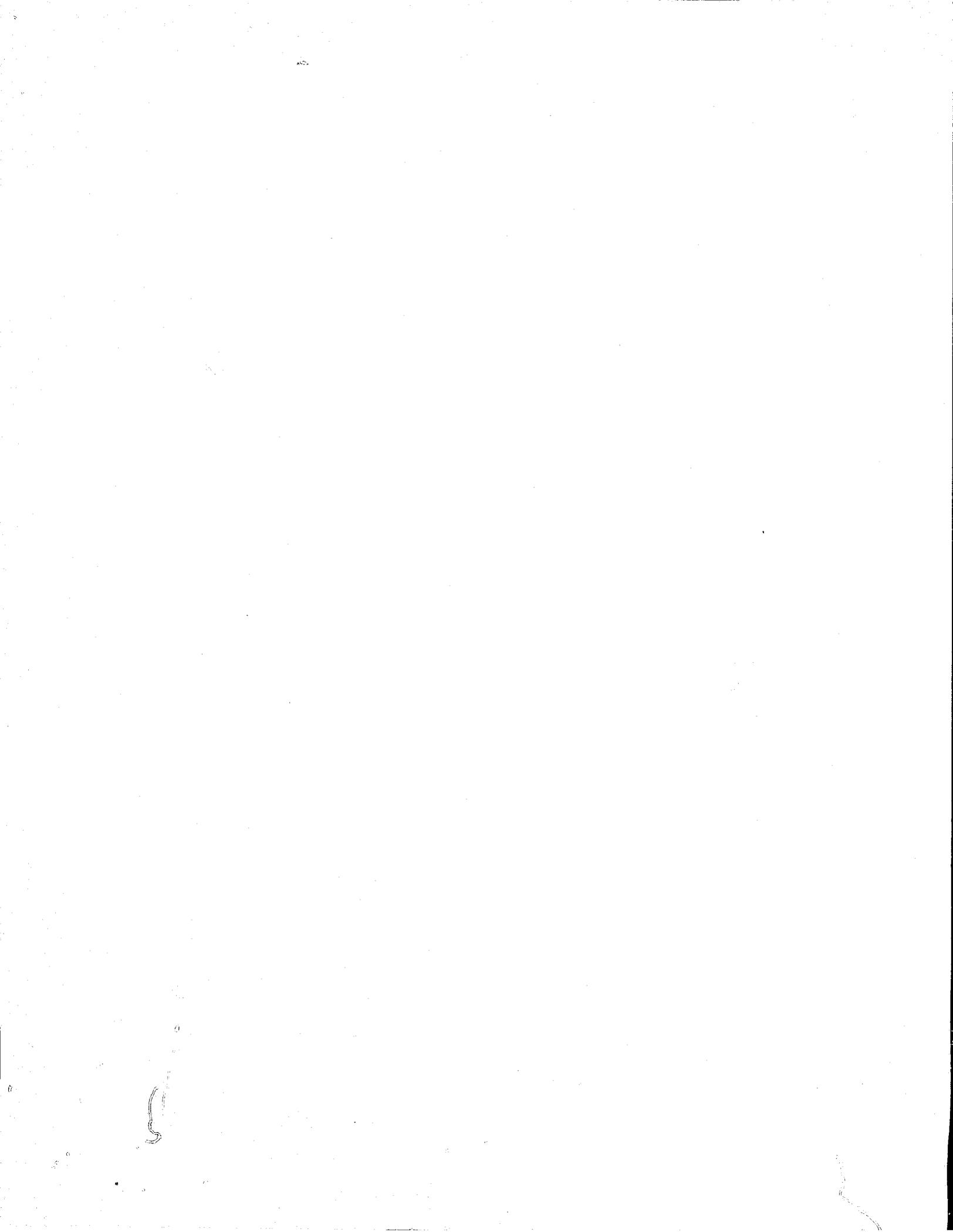
Mr. BIAGGI. There's no basis for that kind—

Mr. OAKLEY. None that I'm aware of, sir.

Mr. BIAGGI. Well, as a result of that last trip—and I know this question has been raised before, but still the answer plagues me a little bit. It's—we learned that the crop out of Burma, 56 percent of that crop could be purchased for about \$6 million a year in the Shan States. I understand State opposed it. I wasn't made aware of all the reasons.

I wonder if that opposition still exists, and if so, will you tell me why?

Mr. OAKLEY. I'll let Ms. Falco and Mr. Bensinger, also, speak. But from the foreign policy point of view, No. 1, we just are not persuaded it would be effective, Mr. Biaggi, in the area. We might indeed be able



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to buy up a certain amount of opium, but there are no assurances that this would be the totality of the production, that other opium wouldn't be going out via other routes at the same time. Also, there are problems in terms of setting a precedent in other places for perhaps growing opium and selling it to the United States. Other countries in the world perhaps would think this perhaps better than eradication; so we would perhaps run some risks.

Ms. FALCO. Yes; such a proposal, of course, would also contravene our international treaty obligations. This committee had an excellent and lengthy hearing on this issue in July, where we explored all facets. As to the State Department's position, I would say that it is still opposed to the preemptive purchase of opium from Shan State groups.

Mr. BRAGG. That's all.

Mr. WOLFF. Mr. Burke, before I go back for the second round, there is something I'd like to ask Ms. Falco. Last year, you asked for some \$39 million, and you got \$37 million for your total appropriation. Do you have an idea as yet as to what funding level your request will be for 1979?

Ms. FALCO. Yes; I think we're going to be requesting \$40 million. Let me point out also, in that appropriation process, some of our \$37.1 million was earmarked specifically, both for Mexico and the United Nations Fund. So that reduces somewhat over flexibility. But we will be coming in for a \$40 million appropriation.

Mr. WOLFF. \$40 million?

Ms. FALCO. Yes.

Mr. WOLFF. Now, if I recall, when that appropriation was first started we had funds that we were using to purchase the good will of the Turkish Government in the form of crop substitution funds. Now—the request has stayed at approximately the same throughout this period, and yet there is not—I believe it was \$18 million, \$18 to \$20 million that was in there each time for funds for Turkey. Now, I wonder, could you give us an idea of how this money will be expended?

Ms. FALCO. This year, or the Turkish money?

Mr. WOLFF. In the future, because we've got to start thinking about funding for next year in both committees. Most of the members of this committee sit on both the International Relations Committee as well as the Select Committee on Narcotics, and we have a dual responsibility.

Ms. FALCO. We will of course continue our support of the Mexican effort, which is substantial. I would be glad to provide you with a detailed breakdown.

Just referring quickly back to the Turkish question, as I understand it, that money was not from my actual appropriation.

Mr. WOLFF. Half of it was expended and half was not.

Ms. FALCO. The assistance, I think, went primarily through the United Nations Fund, which continues to provide assistance to Turkey for their control efforts.

We are very concerned about Latin America. Next year's budget includes substantial assistance to a number of Latin American countries to help them with their efforts to control the increasing cocaine traffic.

For a variety of reasons, our efforts in some of those countries, such as Peru, for example, are just beginning to get off the ground. Colombia you're also familiar with.

Mr. WOLFF. Yes.

Now, are any of your expenditures outside of the question of cutting off supply, are funds in there for treatment as well?

Ms. FALCO. Absolutely, as I've indicated quickly in my statement, the area of demand-reduction is one of major importance in our international effort. And a great personal interest of mine.

Mr. WOLFF. I know of your background and experience in this area.

Ms. FALCO. To date, unfortunately, the State Department has not allocated much of its efforts to this area. We now have on detail to our office a person from Bob DuPont's staff at NIDA who is developing a worldwide strategy for us, which we will then provide assistance for, and I'd be glad to go into that with you. We haven't set aside a specific amount.

My feeling is that we should fund as much as is viable right now. Let's not limit it.

Mr. WOLFF. This is my point. I think it's very important. DEA has a program, an ongoing program, for law enforcement people, which is an exchange between people in various areas of the world. And it's a very successful program. We have used it to train a number of people throughout the world in law enforcement.

We have an exchange program with the military today, whereby we train military personnel of various nations throughout the world. Why is it not that we don't have the same type of program to train people in treatment and prevention, by bringing in people from various areas of the world, because the problem is so apparent today?

Ms. FALCO. We have begun already this year in a preliminary way to provide this kind of exchange program. For example, we are planning to send to Burma Dr. Edward Senay, who is a well-known treatment specialist from Chicago, to help them in the design of their treatment efforts. We're making similar efforts in other countries: Thailand, Bolivia, Mexico.

Let me just say very quickly that I agree completely that the DEA and the Customs' training program for overseas officers is very important. Those programs are paid for entirely by my appropriation. I would like to see a similar kind of thing expanded for treatment people. And as I said, we have begun that this year already. The numbers, of course, are not as great as they are on the supply-reduction side, but that's partly because we're just getting started.

Mr. WOLFF. One factor that I think is quite important. If the problem is as great as we believe it to be, if the efforts of our Government are to be successful, I think that we have to overcome this 10-percent figure that we spoke about before, and we have to have greater effectiveness.

Now, maybe there are some people that consider me a big spender, but I try to be somewhat fiscally conservative. But on that basis, let me say that I think that it is important that we spend what is necessary to do the job. I'm not very concerned, frankly, that we spend \$4 million a year on UNFDAC if UNFDAC does the job. I prefer spending \$40 million a year if we could eliminate the problem.

I think the same situation is true with other agencies of Government in this area. And your appropriations, if we keep coming into the same program each year, for about \$40 million, we're going to have

this problem continued—probably continue to grow and grow just as the stuff grows in the field.

I think what is necessary is a massive effort, and I do not see us really directing our attention at this massive type of approach. I know that each time the DEA comes for an appropriation, there are questions as to how many people we can afford to send overseas. And there is a question, you know, as to what is the cost that's involved.

Well, what is the human cost involved if we don't send those people overseas? What is the cost that is involved on the streets of New York, or places throughout this country, or throughout the world. I think that there has to be an attention, the same attention that we are expecting.

Mr. Burke mentioned other countries throughout the world, and their lack of attention to the problem. I think we have to look at ourselves, and have to abide by that admonition of "physician, heal thyself." We have to come to the point where we have to really engage in an all-out effort. Nothing less will be really responsive to the American people. We cannot in any manner, shape, or form expect this problem to just go away. It will not. And those people who say that the only way we're going to answer this problem is by legalizing all drugs, we legalized alcohol in this country—not that I believe in prohibition—but we legalized alcohol, and we have a greater number of alcoholics in the country than we ever had.

So it is obvious that it is not a question of legalizing the drug. But there must be some new, innovative approaches made, and we must be prepared to pay whatever it costs to do the job. Certainly it will cost less than the \$17 billion that it costs this Nation each year in drug abuse and related crime.

Ms. FALCO. Hear, hear, Mr. Chairman.

Mr. WOLFF. Thank you, Mr. Burke.

Mr. BURKE. Thank you, Mr. Chairman. That was a good speech. I hope you give the same speech on the floor when the appropriation bill comes up, or when the authorization bill comes up.

I have two questions. It might sound like I'm picking at you today, Ms. Falco. I'm really not. But I'm interested in exactly what our chairman mentioned.

No. 1, when we were in Ecuador and in Peru and Brazil and in some of the other countries, I'm amazed to find out how few, really, people we had working on this particular program. I think in Ecuador we had one over in Guayaquil and one over in Quito, and one or two down the line someplace. But we didn't have very many.

Now, as I read the statement made by Mr. Oakley, he said the assistance provided under this program to the countries in East Asia is officially administered by her staff, meaning you, Ms. Falco. Now, do you have anything to do with administering the staff in the areas within the—where the cocaine now is coming in, particularly in Ecuador or—they've said that they don't raise it.

Ms. FALCO. They process it. I think that you mean the DEA agents who are assigned abroad.

Mr. BURKE. Yes; do you have anything to do with that?

Ms. FALCO. Not directly. Our Ambassadors, of course, have them under their supervision.

Mr. BURKE. They don't recommend the amount. Who decides how many agents go into an area?

Ms. FALCO. I don't. Peter?

Mr. BENSINGER. I think that's an important question, Representative Burke, because there are certain elements within each mission which impact on narcotics. DEA has 167 agents stationed abroad. We do not have one more agent in a country than is concurred in by the ambassador of that country, we obtain State Department's approval as to how many people and agents can come in.

Mr. BURKE. Then, technically, it's the State Department. The reason I ask this, if we expect international, let's say, assistance from heroin may come from the European section or the Asian section, we, it seems to me, must be in the position to give information of cocaine and other drugs that are going over to Europe, particularly out of Brazil and some of the other areas. And we don't have enough agents there to do it, in my opinion. And we don't have enough agents, really, in Mexico on our own borders, frankly, customs and otherwise. And so I just wanted to get that question.

I then agree with our chairman, because what we've got to do is convince the Congress—we're not a legislative group, this Select Committee, but we can perhaps influence about the need, but we need more help for you to tell us exactly what agents we need, just the same as we find out how many helicopters might be needed to go into certain countries and are used that way for the purpose in which we work.

We also would like to know, I believe, from you from time to time whether there's a breakdown in the use of those helicopters. This may not be the forum in which to do it, but I wanted to express my opinion because I think we've got an insurmountable problem. And you people in this field have a difficult problem.

Ms. Falco, I didn't mean to be difficult with you.

Ms. FALCO. You weren't, Mr. Burke. What I was trying to answer, simply, was that I think the initial determination as to the distribution of DEA agents worldwide is made by the Administrator of DEA, and then is reviewed, obviously, through this mechanism that we call MODE.

Mr. WOLFF. I think Ms. Falco, however, that the point Mr. Burke makes is a very important one. That is the fact that we cannot now have the DEA agent outside of an area that we have a consular office. This is part of the problem in Latin America which we will address to Mr. Todman this afternoon. This is true as well in other areas, and it is a problem to which I would hope the Department of State would address itself.

It is unfortunate that in many cases the professional activity is dictated by the chief of mission—the Ambassador in charge—rather than by the necessities of the area.

In Santa Cruz, for example, we don't have an agent. Santa Cruz is the headquarters of trafficking, and we can't have an agent because we don't even have a consular office there. Now, I think that is something that I would like to see your office look into and see if we can change the situation involved.

I might say as well that in the case of Brazil—and I think this is one of the things you were referring to, Mr. Burke—in Brazil, we do

not have an agent in Rio de Janeiro. And if there's any drug center, it's Rio, rather than in Brasilia, which is the capital. But our agent has to be in the capital. The Ambassador wants the agent in the capital. And that, to my mind, is certainly not a policy that leads to a very effective enforcement effort.

Mr. BENSINGER. We have suggested our agent in charge, Don Marshall, to the Ambassador, to relocate out of Brasilia, as a matter of fact, in São Paulo, where they feel—

Mr. WOLFF. There's an agent in São Paulo now.

Mr. BENSINGER. Yes there is.

Mr. WOLFF. We only have two there now.

Mr. BENSINGER. But the effort there we would be more effective if it was essentially directed so that the agents worked out of one location instead of in Brasilia. I don't know if the Ambassador, Mr. Clemmins, has arrived at a determination as to whether or not Mr. Marshall should stay at the Embassy.

Mr. WOLFF. The only thing that you've got around Brasilia really are ant hills. [Laughter.]

Actually, I'm not talking of Brasilia itself. Brasilia is certainly an important city. But by the same token, there's very little in the way of trafficking that exists in that area.

Mr. BENSINGER. Mr. Chairman, I want to associate myself with your remarks with respect to Santa Cruz. I have spoken to Ambassador Paul Boeker. I believe Ms. Falco, and, Barbara Watson, who is in charge of the consular affairs, and she's given me reason to believe that there will be a consulate established in Santa Cruz for a variety of reasons, including some related to the narcotics effort.

Mr. WOLFF. Well, you're talking about the fact that we have a number of Americans who are in prison in the Santa Cruz area. And we had until recently a consular agent, a contract employee, as I understand it, and from my own visit to the prisons down there, there are some very serious questions that we have. I think this is an area, too, that the United Nations should address itself to, on an overall basis, and that is the quality of incarceration facilities. And it is just not the idea of putting people in jail. If they're guilty, they should be in jail, and they should be subject to the laws of the country. But they should be entitled to humane treatment, no matter where they are.

Mr. Gilman?

Mr. GILMAN. Thank you, Mr. Chairman.

I would like to address this question to Ms. Falco and to Mr. BENSINGER.

In the Chicago Sun-Times of August 6, 1977, there is reference to a secret State Department study that directly contradicts the Carter administration's rosy reports on the Government's war on heroin. The newspaper article states that heroin addiction is on the rise and concludes that the efforts to curb Mexican heroin is failing to significantly reduce the flow of narcotics into the United States.

There is also a GAO study that came out this year that reached conclusions similar to the secret State Department report. Again, I quote from the Chicago Sun-Times article:

Ironically, both reports criticized the U.S. effort for failing to have a "comprehensive narcotics control plan which will clearly define U.S. goals for assist-

ing the Mexican Government in developing its own capabilities to control narcotics and to develop specific objectives and criteria to evaluate progress."

In fact, the Inspector General's report criticized the gathering of intelligence on the site and location of the opium crop in Mexico as "poor." Agreed the GAO, "We found little data available on agricultural aspects of Mexico poppy cultivation. Meanwhile, in public, the Mexican campaign continues to be touted as a great success."

I would like to ask both of you to comment on the reports by the Inspector General of the State Department and by the General Accounting Office that are highly critical of our policy.

Ms. FALCO. I'll start off, if that's all right, Mr. Gilman.

I think that the secret State Department report alluded to in the newspaper article must have been in the IGA report, the Inspector General for Foreign Assistance.

Mr. GILMAN. Which was marked "secret," and I don't quite understand why it was classified as "secret."

Ms. FALCO. The question of classification of documents within the State Department would take us another very long hearing. It restricts the number of people who can see it. But I don't know who put that classification on it.

Let me just tell you briefly that, first of all, that Office has been abolished. I talked to the people who did that report extensively before they went out. They went out right after I took office in February. And they spent a great deal of time with various members of our mission in Mexico. Their allegations, for example, that heroin addiction was on the rise were based on anecdotal accounts from State and local law enforcement people that they talked to. As we know, the overall purity level of heroin is going down, and as the chairman pointed out earlier, addiction itself nationwide is declining. However, in some cities and localities, that trend is not apparent.

Mr. GILMAN. May I interrupt you? This committee went to Chicago recently, and law enforcement officials testified before the committee. We were told that drug abuse is on the rise and that street trafficking is increasing rather than decreasing. We have also heard from the Director of the National Institute on Drug Abuse, Dr. Robert DuPont, that there is an increase in addiction.

Apparently, our statistics are improving and the data appears to show an increase rather than a decrease in the number of drug abusers in the last few years.

Ms. FALCO. As to drug abusers, that's probably true. With regard strictly to heroin addiction, I doubt seriously that Dr. DuPont believes that the absolute number of heroin addicts is increasing. All the indicators, like overdose deaths and heroin purity levels, are going down.

The point is, that polydrug use—PCP, for example, cocaine, marijuana, barbiturates—all of those drugs, the misuse of those drugs, obviously is increasing.

Mr. GILMAN. But this document—your own State Department document—states that heroin addiction is increasing.

Ms. FALCO. I understand that, and what I was trying to explain was that they did not even refer to the national statistics. I talked to them after the report came out, and they indicated that they had gotten that impression from having talked to some people along the border.

Mr. GILMAN. That's a point. They're relating to us the street experience, the law enforcement experience, as compared to the national statistics. The Select Committee has been questioning that statistical data, which has left a lot to be desired.

Ms. FALCO. As to the question of intelligence gathering in Mexico, perhaps Peter Bensinger could address that.

As to the other points that you've raised as regards the Mexican study, I would not claim that the Mexican program is perfect. I must say, though, that within the last year under the new Lopez-Portillo administration, their strides have been magnificent, and the poppy-eradication program is going extremely well, as we have already discussed.

Now, whether that is going to relate immediately to a demonstrable decrease in heroin addiction in this country, I really can't say. I can say that I'm convinced that the purity of heroin is going down substantially, and has reached the lowest level in 6 years.

Obviously, heroin comes from other sources as well. But I don't agree, and I don't want to belabor the point, that heroin addiction is increasing. I think the authors themselves would concede that they based that judgment on very limited evidence.

Mr. GILMAN. I would welcome hearing from Mr. Bensinger and from Mr. Owens with regard to these reports.

Mr. BENSINGER. I'm familiar with that report.

Mr. GILMAN. Are you familiar with the two reports—the GAO report and the Inspector General's report?

Mr. BENSINGER. The Inspector General's, particularly, I do not think did the type of statistical backup review with respect to heroin injuries, heroin purity, heroin fatalities, that would impact and provide a correlation between a degree of success with the Mexican eradication program or not.

During the second quarter of 1977, total deaths were 287 as compared to 391 during the previous period; 450 for the same period a year ago. During the quarter, there was an average of 454 deaths, and total injuries for the second quarter was 2,875 injuries for heroin as compared to 3,000 during the previous period; quarterly injuries in 1976 averaged some 40 percent above that.

I would further make known to this committee that we have reached out to our police colleagues in major metropolitan cities. I have with me samples of the seizures, the adulterants, the type of weight and source from principal cities throughout the United States throughout the second quarter of the year, including Chicago, where 13 exhibits took place with an average purity of 5.1 percent.

We have not only taken the DEA seizures, but we have asked the local police to give us their data. And I would say, Mr. Gilman, that the characterization that I would give the effort in Mexico would be based on medical information, on information from NIDA with respect to whether addicts are on the increase or on the decrease. They say the number of addicts is not increasing.

I concur, with respect to professional judgment. I look also to the medical examiners' reports on injuries in the hospital emergency rooms, and see that there seems to be a decrease of damage to the American public in heroin. I would attribute that to the Mexican eradication program.

I would concur with Ms. Falco's representation that the program is far from perfect on intelligence gathering. When the IGA group was down, we had one intelligence analyst in Mexico. We now have nine. We have had—and Gordon Fink can comment on that more particularly—a breakthrough, we think, in some of the methods by which the Mexican Government itself will analyze, disseminate, and receive, in real-time actionable, intelligence involving narcotics traffickers themselves.

So I see the IGA report as dated, and not comprehensive in its review.

Mr. GILMAN. Mr. Bensinger, your agency places a great deal of credence on the purity level and how it has been reduced. I have been examining your criteria on purity, and you state, in one of your departmental memos:

To insure consistency in our determination of these purchases, which are representative of the illicit market, the retail buys, we've established certain criteria. For retail purchasers, these criteria are: less than 14 gram gross weight; less than 14 percent purity; and less than \$5 per milligram cost.

Mr. BENSINGER. And less than \$100 per buy.

Mr. GILMAN. You then state:

It should be noted that the retail purchasers exclude samples above the 14-percent purity and below 14 grams of gross weight.

I do not understand the rationale in excluding the larger purchases of illicit drugs for purposes of determining the relative purity level.

Mr. BENSINGER. With respect to retail purity, that's exactly correct, Representative Gilman. We look at retail purity as what is the user buying on the street. We also have statistics, and Irv Swank, regional director for DEA in Dallas is here, as is John Fallon, a regional director in New York.

Mr. Swank recently, in the last 4 months, sent me a statement on what the border seizures have been traditionally along the Mexican-American border; seizures, which are not at the retail level, but at across-the-border level, have varied between 40 and as high as 60 percent in purity.

Now, recently—and Irv can testify far more specifically than I can—seizures have been at the 15- to 25-percent level, and a major seizure made out of Calexico of some 162 pounds of heroin actually found underneath a rusted truck was 19 to 21 percent, instead of 7.

Mr. GILMAN. I think the entire committee understands the relatively high purity level when it is bought on the wholesale market. But I am talking about street level purchases of more than 14 percent purity. It seems to me that this should be taken into consideration in establishing a purity level; otherwise, we are not getting an accurate representation of what is happening on the street if this information is excluded.

Mr. BENSINGER. I'd be happy to talk with you at length and provide you with direct access to some of our agents.

Mr. GILMAN. I would welcome that. I think our entire committee is confronted with a statistical problem in trying to determine the extensiveness of the illicit drug problem. I think that your agency is confronted with that same problem of trying to determine the

amount of narcotics and the purity level of the narcotics that is coming into this country.

Mr. Bensinger, there is a gap in some of your data with regard to retail heroin purity. According to your chart which I have in front of me, you received no statistics on retail heroin purity for the second, third, and fourth quarters of 1976 for Chicago and no statistics in 1975 and 1976 for Los Angeles. Wasn't there a drug problem in those cities during that period of time?

Mr. BENSINGER. I'm sure there was. I'd have to cross-check the data that you have with respect to our total statistical base.

Mr. GILMAN. I am reading from your retail heroin purity chart for New York, Philadelphia, Chicago, and Los Angeles. It shows no statistics reported for the last three quarters of 1976 in Chicago, and absolutely no statistics for 1975 and 1976 in Los Angeles, two of the major narcotic-using centers in the entire Nation.

Mr. BENSINGER. Congressman Gilman, it is my belief, and I've seen charts that reflect the number of samples. We take about 90 samples a month of our own, 90 to 100, and Los Angeles are generally within—I'd have to look at the document and try to get back to you to explain what you may have been given.

Let me say though, Congressman Gilman, we have used the same criterion in the last 7 years in the Agency, and its predecessor agency. The retail purity of heroin—were going to a \$100 buy, because they're not looking to see what the dealers and distributors are buying. They've gone to below 14 percent purity, because they want to arrive at what is going out on the street in terms of what has been adulterated or not, and not just look for a wholesale index.

This has been the determination by the best professionals in this field before I arrived. We have continued utilizing the same criteria, the same characteristics, the same components, so we could track the ups and downs.

Curiously enough, when the Turkish Government stopped the production of opium, we had a significant drop in the heroin purity from 9 and 10 percent to 5 percent, and a decrease in the number of addicts, particularly in New York, of 40 percent. As Mexico began to fill in the gap and produce more of the U.S. demand for heroin, our purity increased, the fatalities increased, the injuries increased. So we have seen a correlation between specific enforcement action and international action, closing the French connection and stopping the opium in Turkey, with what has happened on the streets in purity.

So I would think the professional constituency that I've been in contact with would represent to you that the purity figures do have meaning.

Mr. GILMAN. I hope that our statistics are accurate and that we are not deceiving ourselves. We seem to get some diverse opinion from the enforcement officer out on the street as compared to the statistical information emanating from our Nation's Capital.

Mr. BENSINGER. I can understand that officer's frustration, because that person too often arrests the same person two or three times.

As I said, in Chicago, we have 42 percent of all arrests that are recidivists, 2,800 fugitives; a law enforcement officer that seizes the

same person to go through this revolving court system of ours begins to also ask, what is that effort worth?

Mr. WOLFF. Mr. Owens, I wonder if you would comment on the statement made before about the abolishment, or the abolition, I should say, of the Office of the Inspector General. Was that because he issued an unfavorable report?

Mr. OWENS. I think not, Mr. Chairman. The Inspector General is an Office in the Department of State responsible for looking at foreign assistance activity. And we decided that with the General Accounting Office and AID's own Office of the Auditor General, the Inspector General for Foreign Assistance was in some degree duplicative. Residual activities of that Office will be assumed by the Inspector General of the Foreign Service in the future.

I might add that because of the nature of our programs, which is one of technical and logistical support for the Department's program, we would not have any independent statistics on the level of drug addiction in the United States.

However, I am aware of the fact that the Attorney General's office in Mexico in recent years has been a much improved organization in terms of carrying out the program.

Mr. WOLFF. Who now audits the functions or expenditures of your division?

Ms. FALCO. We have internal State Department budget review examiners. We also have GAO and Inspector General.

We have studies going on all the time.

Mr. WOLFF. In other words, you've eliminated the duplication between the Inspector General of AID and the Inspector General of State?

Ms. FALCO. Particularly since we are now completely consolidating within State.

Mr. OWENS. I might add, Mr. Chairman, the Auditor General of AID takes a more detailed look at our logistics operation. For example, the auditing for contract performance and the expenditures of funds. The Inspector General of the Foreign Service will assume the residual duties of the Inspector General of Foreign Assistance.

The AID Auditor General's role is to audit particular projects in terms of the expenditure of the funds to assure that they're spent for the purposes for which they were negotiated.

Mr. WOLFF. This is an area that I think the committee would be very much interested in because of the dual role that I have now as a delegate to the United Nations as well as a Member of the Congress. I find that there is very little that we have available to us like a GAO in auditing the expenditures of some of the United Nations agencies to which we contribute.

Now I'm on the fifth committee, which is the Budget Committee of the U.N. General Assembly, and that is supposed to be the auditing arm. But I wonder how you keep track—I know that I couldn't keep track before I came in here—how you keep track of the expenditures being made. I say this specifically about an organization like UNFDAC, as to the efficiency, the methods of expenditure, and also, the whole auditing procedure and evaluation of its effectiveness.

Ms. FALCO. Primarily, we rely on information provided us by the administrators of UNFDAC. Evaluation has been a great concern,

not only of our country but of other countries as well. One of the specific recommendations of the commission was that evaluation should be developed for various UNFDAC programs; particularly, for example, the central training unit, to see whether those services were really providing the benefits they were intended to do, or whether they couldn't be delivered at a lesser cost.

Mr. GILMAN. Would the Chairman yield?

Mr. WOLFF. Yes.

Mr. GILMAN. The Inspector General's Office has been abolished—is that correct?

Ms. FALCO. The Inspector General for Foreign Assistance, known as IGA, as opposed to IG, which still exists.

Mr. GILMAN. Who will be evaluating the effectiveness of our international drug program? Which agency?

Ms. FALCO. As I said, I think the GAO and the Inspector General's Office will continue their oversight.

Mr. GILMAN. Does the GAO have the authority to conduct this type of evaluation?

Ms. FALCO. They do at the request of the Congress.

Mr. WOLFF. And the Congress will request it?

Ms. FALCO. The Congress requests it frequently. I think we've had probably one study a month in the 10 months that I have been there.

Mr. GILMAN. And your Inspector General's Office will continue to evaluate our international drug programs?

Ms. FALCO. Oh, yes, it's part of their mandate.

Mr. GILMAN. Thank you.

Mr. WOLFF. Our counsel, Mr. Nellis.

Mr. NELLIS. Thank you, Mr. Chairman.

I'd like to begin by asking Mr. Oakley and Mr. Owens this question: What programs have been undertaken to implement the President's recommendation that all international programs of the United States—be developmental, economic assistance, or other bilateral or multi-lateral efforts, include the narcotics control?

And in that connection, I'd like you specifically to address yourselves, if you would, to the function of the narcotics coordinators.

I understand that narcotics coordinators have been installed in all of our overseas missions having a narcotics problem, and we need to know something about what these units are doing.

Mr. WOLFF. I would be remiss if I failed to ask you to yield at this point for one moment. I would like to introduce Ambassador Welles from the U.S. Mission who is sitting with us here, our Ambassador to ECOSOC.

Mr. NELLIS. I'm particularly interested in knowing why we are forming these new narcotics control units. What will these units' functions be and how does this impact the role of DEA?

I understand now that special DEA agents in the field in foreign areas must report or be controlled by the narcotics control coordinators.

Could you address yourselves to that issue?

Ms. FALCO. I think perhaps it's more appropriate, Mr. Nellis, for me to respond.

Mr. NELLIS. Sure.

Ms. FALCO. The latter statement is inaccurate regarding the narcotics coordinator's role.

Let me explain as simply as possible what we just essentially have gone through all together down at the Miami regional conference for Latin America.

Under the reorganization approved by the Secretary last summer, the functions performed by AID in Washington and overseas are now being taken into my office. One of the functions that AID performed for us on a contract basis was something called "narcotics assistance advisor." There are 19 of those people currently in various foreign countries.

Mr. NELLIS. In 12 countries?

Ms. FALCO. No; they are in 8 countries. These people, along with their slots, will be transferred to the State Department, my office, sometime in the next 6 months, depending on how quickly the transition can be worked out.

In Mexico, where there is no AID mission but where we have had various AID narcotics assistance advisors from AID on contract basis to us, there is, in fact, something called the "narcotics assistance unit." It has worked supremely well.

Mr. NELLIS. Do they control section 482 funds?

Ms. FALCO. No.

Mr. NELLIS. I'm talking about the narcotics control assistance coordinator.

Ms. FALCO. You're mixing up a number of things. I'm sorry I haven't been clear enough.

First of all, the Ambassador in every mission controls all elements of his mission, including the DEA special agent in charge, including the narcotics assistance adviser, including the customs attachés, everybody.

Mr. NELLIS. I realize that.

Ms. FALCO. In Mexico and in Colombia, there are full-time narcotics coordinators who are Foreign Service officers whom the Ambassador has specifically assigned full time the responsibility of coordinating all elements of the mission's effort in this regard.

Mr. NELLIS. What is their role vis-a-vis the DEA agent in charge?

Ms. FALCO. For example, in Mexico, Mr. Joe McLaughlin, our Foreign Service coordinator, works very, very closely with Jacques Kier, the DEA regional director.

Mr. NELLIS. Does he supervise him, is what I'm trying to find out? Who has the final say?

Ms. FALCO. The Ambassador, Mr. Lucey.

Mr. NELLIS. Let me start again, if I may.

I know the Ambassador has overall control of the activities of the mission. That's well established. What I'm trying to find out is whether or not the special agent in charge in Mexico, Jacques Kier, has control over his own activities based upon his communications with the administrator, or whether or not the narcotics control coordinator represents the Ambassador in determining what policies shall be followed in that mission.

That's what I'm trying to determine.

Ms. FALCO. As I understand it, Jacques Kier is responsible directly to Ambassador Lucey, as well as to Peter Bensinger in Washington.

Mr. NELLIS. But not to the narcotics control coordinator.

Ms. FALCO. No. But if they don't coordinate effectively within that mission, the program will not be worth very much. In fact, they work extremely well together.

Obviously, if there's an area of dispute that can't be resolved, they take it to the Ambassador.

Mr. WOLFF. Would you yield a moment?

How do you communicate with the narcotics control officers in the field? Is there a regular system of communications that you have with the narcotics communicators or with the narcotics coordinators?

Ms. FALCO. Yes; we send cables back and forth. Is that what you mean?

Mr. WOLFF. In other words, do they have a direct line? What he is trying to find out—

Ms. FALCO. They can only go through the Ambassadors.

Mr. WOLFF. They go through the Ambassador.

Ms. FALCO. Absolutely. Everybody does.

Mr. WOLFF. Now is DEA informed of the information that is involved?

In other words, what we're trying to find out is the chain of command.

Mr. BENSINGER. I think it's important and I think that there has been some concern. John Evans and I met with Mathea Falco and Joe Linnemann last week with respect to these narcotics units. In Mexico, the track record and the communications I think have been effective. And Mathea has indicated, and this is important, that the special agent in charge does report to the Ambassador and DCM. I think, it was good to have a statement of that direct reporting relationship.

There is a coordinator's responsibility to the Ambassador, as I understand it, who is designated to make sure that other elements of the mission and DEA are all focusing on the same problem.

Ms. FALCO. Let me just elucidate on one point, Mr. Chairman.

In almost every post, except for Colombia and Mexico, the DCM is the narcotics coordinator.

Mr. WOLFF. What we would like to know is who runs the narcotics program overseas? Is it the State Department or is it DEA?

Ms. FALCO. It's the State Department that has final authority. But the State Department does not get involved in DEA operations.

Mr. WOLFF. I find that very difficult to understand because if you say that the State Department runs—

Ms. FALCO. The State Department has final authority for all other agency activities in any regard overseas, and the State Department through the Ambassador. That's true for all. It's true for agricultural activities. It's true for our commercial activities.

Mr. WOLFF. Is that true for the FBI?

Ms. FALCO. Yes. Isn't it?

Mr. OAKLEY. The Ambassador has recently—all of our Ambassadors have recently had their guidance reaffirmed by the President, Mr. Chairman, in terms of this continuing responsibility. They are, indeed, the President's representatives there, for they have at least in theory supervisory responsibilities for all U.S. Government programs and all U.S. Government officials overseas.

In fact, as you well know, when there are differences, this comes back to Washington and gets sorted out back here.

Mr. WOLFF. Is there any agency of Government that has independence of movement overseas other than having to operate through our Ambassadors?

Mr. OAKLEY. In fact, most.

Mr. WOLFF. I'm not talking about most. Is there any?

Mr. OAKLEY. Most of the operations of Government agencies overseas are routine things which are carried out without the explicit approval of the Ambassador. Programs designed here in Washington by DEA, by the Justice Department, by the Agricultural Department, by AID, by others.

Mr. NELLIS. But not by CIA, Mr. Oakley.

Mr. OAKLEY. Yes, by CIA also. Very explicitly, they're supposed to report, keep the Ambassador informed. If there should be a difference, then it comes back to Washington. But in theory, in terms of the powers of the Ambassador, they've once again been very clearly spelled out. But in practice, the Ambassador does not say, "I want you to do this, I want you to do that."

The program is worked out and they're implemented.

Mr. NELLIS. I'm sorry, Mr. Oakley, I have to say that is not my experience. My experience in Thailand showed me, at least, that the Ambassador does frequently overrule a DEA policy when he disagrees with it, and he does it through the narcotics control coordinator, who is the deputy chief of mission, as I understand.

Mr. OAKLEY. That's correct. And if there's a difference, the Ambassador is there; he is the President's representative. He has that power.

But on the other hand—I'll let Mathea and Peter address this general question—where there are differences of opinion of this sort, they generally come back to Washington.

Mr. WOLFF. Who in Washington makes the decision, then? Is it DEA or the Secretary of State?

Mr. BENSINGER. I would think, the area—let me say that I have no problem at all with our people in the field reporting to the Ambassador and following his direct authority.

Mr. WOLFF. Mr. BENSINGER, if I might interrupt a moment. What we're trying to find out here in this committee is who is dictating the overseas policy regarding narcotics? Is it the State Department that is responsible for all overseas policy, or is your agency, which has been set up to handle narcotics matters directing policy? Or setting policy. Let's put it the other way. Where is policy being set?

And that is the point that we have been pursuing for years now, whether or not our international relations take precedence over the question of narcotics enforcement.

Mr. BENSINGER. In fact, that occasionally happens. The principal place where international policy is set, frankly, is right now the Strategy Council, which was set up by the President and Dr. Bourne as executive director of ODAP, setting overall national policy, international policy, would look to the senior adviser to the Secretary of State, Ms. Falco, as well as input from the DEA Administrator with respect to issues where there was a divergence of views.

As I read the statutes, the State Department, under the authorization, does have overall program responsibility for our international narcotics effort. DEA is the lead agency with respect to enforcement and intelligence activities here and abroad. And we would expect that

anything involving equipment, training, investigative techniques in any country in the world which is requesting U.S. assistance, funding, or help would look to the DEA senior officer in that country for input before a decision was made to release funds or to provide assistance.

Mr. WOLFF. But what you're saying very clearly is the fact—

Mr. BENSINGER. I would expect that Mathea would concur with that.

Mr. WOLFF. But you did make reference to a very important fact which has always been the point of this committee, and this is the question of international relations taking precedence over the question of narcotics, even though it has been stated before by the President that narcotics is a priority for our Nation. The fact is that if there is a matter that impacts upon our international relations with another country, the bilateral relationship would take precedence.

Ms. FALCO. Mr. Chairman, I don't think that's entirely an accurate description. Narcotics control is one of many important concerns in our international policy. There are a number of countries where narcotics issues have first priority. For example, in Thailand and in Burma. Also, in Mexico, for example, narcotics is one very high priority of our international cooperation with them, as you yourself discussed with President Carter a few weeks ago. This is an area of great concern to him.

But in certain instances, a judgment call is made that certain other interests may outweigh that particular one. I'm not involved in every single judgment call.

Mr. WOLFF. That I understand. I understand that you're not involved. But what I'm saying, specifically now, since you brought up the question of the talk with the President, we did discuss the question of the situation in Thailand and Burma. The specific international relations considerations overrode the question of the narcotics element that was involved.

In other words, what we're saying here is the fact that we did not want our relations with Burma to suffer, even though there could be an alternative to the present program. We won't go back into the preemptive buy situation because that we've gone over with you time and time again. We have certain ideas on that; you have certain ideas on that.

But it is quite obvious from the discussion that's taking place here that overriding international concerns—and when I say overriding international concerns, diplomatic concerns sometimes do intercede between the performance of the narcotics duty with that of the international implications—are involved that are separate and distinct from narcotics.

In your particular area, Mr. Oakley, if there was a decision to be made that we could interdict the major portion of narcotics coming from a particular country, but that we might step on the toes of a particular country in doing that, I take it that the decision that would be made would be one not attempting to intercede on a bilateral basis with the country that was involved.

Am I correct in that?

Mr. OAKLEY. Mr. Chairman, I would not be able to answer that sort of general question.

I would say with respect to Burma, quite frankly, narcotics is clearly our No. 1 priority. If there had been differences as to policy, I think it's been a difference as to efficacy rather than one priority put ahead of another.

Mr. WOLFF. Well, Mr. Oakley, let me just say this: The committee is not satisfied with the effort that has been made in Burma, particularly because and regardless of what has been done, there is so much that is coming out of that country and is now flooding Europe.

So that it is not only ourselves that we have to be concerned about, but our friends and allies in other areas of the world as well.

So it does require a change of policy, and I am not in any way lobbying for what we did before. But perhaps the methods that have been used in the past are methods that should be discarded. Perhaps we should try a different approach.

Mr. OAKLEY. This is something that we can discuss that's been considered before. There's no reason we can't do it again.

Mr. WOLFF. I'm not talking about the question of preemptive buying. What I'm talking about are some of the areas of concern I know that Ambassador Welles shares, and these are questions of the sociological areas that are involved of income substitution, crop substitution, and whatever other elements are involved that should perhaps be instituted in the area that will be more efficacious than what we're doing in that area.

Mr. OAKLEY. Absolutely, but let me say that so far as I'm aware, we have not made any decisions not to do something in Burma because it would upset the diplomatic relationship.

Mr. WOLFF. Let's not get into that.

Mr. OAKLEY. That's your general question.

Mr. WOLFF. Mr. Oakley, I must say that you're under oath, and this situation is such that there have been very definite remarks made to me that we could not do something in Burma because it would interfere with our direct relationships with the Burmese Government.

Mr. OAKLEY. I'm completely unaware of that, Mr. Chairman.

Mr. WOLFF. I think that my committee here can back up the statement that I make.

Mr. NELLIS. They've talked to us many times, Mr. Oakley. There's no question about that.

Mr. OAKLEY. By whom?

Mr. NELLIS. May I proceed, Mr. Chairman?

Mr. WOLFF. Yes.

Mr. NELLIS. Mr. Owens, I'm interested in your question to this narcotics control component, the President's request that all international programs, including multilateral, including development funds and so on, be staffed with a narcotics control component.

In that connection, I'd like to ask you who is controller, who has been controlling disbursement of section 482 funds?

Mr. OWENS. The Department of State.

Mr. NELLIS. State, not AID.

Mr. OWENS. Well, in terms of the specific procurements, for example, contracts that AID issues, we would receive a redelegation, a reauthorization of funds and would then proceed to negotiate the con-

tracts, or through GSA, to obtain the commodities. But it would be done on a specific request.

Mr. NELLIS. Yes; where would that request come from? From Ms. Falco's unit?

Mr. OWENS. It would come from the staff that now is assigned to Ms. Falco.

Mr. NELLIS. Now, with the change coming in 1978, Ms. Falco, can you tell us how the narcotics control units will act with respect to the disbursement of these funds?

Will they all be regulated in Washington, or will you delegate the authority to the narcotics control supervisor?

Ms. FALCO. I hate to keep repeating that there really aren't these narcotics control units except in Mexico.

Mr. NELLIS. There were 12 of them you said.

Ms. FALCO. No; what I said is that AID had on its staff, which we will take over as part of the reorganization, narcotics assistance advisers, former public safety officers with specific knowledge and experience in enforcement-related activity.

Mr. NELLIS. OK. What's the difference between the public safety program and the new narcotic control unit?

Ms. FALCO. The public safety program was abolished, as I understand it, about 3 years ago.

Mr. NELLIS. Will they act in the same way?

I'm trying to find out—

Ms. FALCO. I'm not trying to be evasive. I'm just trying to explain to you—let me start over.

Perhaps what you're really interested in is how a country's program is developed?

Mr. NELLIS. Maybe, yes. That would be a good start.

Ms. FALCO. A program to which money is allocated from my appropriation. In the initial stage, the country team, as it is known, of which the DEA special agent is a part, as well as the narcotics coordinator, the Foreign Service officer, often the DCM, who is given that responsibility, the narcotics assistance adviser—that is, the former AID employee, if there is one in the post, AID's representatives, Agriculture, sometimes the commercial people—the committees consist of numbers of various agency representatives who together devise what they feel would be appropriate and feasible programs, often at the urging of the host government.

For example, in Mexico, the program is as much a result of Mexico's design as from anything that our mission has done. They work very closely on a day-to-day basis with us.

The program, once designed in the broad brush, is sent to Washington. It used to come to AID. Under the new system, it will come into our office, which will include the former AID people. We will review it on an interagency basis.

Mr. NELLIS. You mean the same agencies represented by the country program. Individuals that have created the program will review it. Is that what you're saying?

Ms. FALCO. Yes. Not every single agency is represented in each case.

Mr. NELLIS. The DEA will be in each case. Is that right?

Ms. FALCO. That's right—DEA, CIA, AID, for example. I mean agencies with primary involvement. More and more NIDA is also involved in the treatment aspect.

Then we'll go over it up here in Washington and make suggestions and go back and forth as to various aspects. Once the overall program is approved, the specifications—that is, what kinds of radios are needed—are handled by the technicians on the former AID Washington staff.

Mr. NELLIS. Who has the final say as to what the program looks like after you've reviewed it?

Ms. FALCO. I do.

Mr. NELLIS. Thank you, Mr. Chairman.

Ms. FALCO. I'm the one ultimately responsible to the Congress for the expenditure of that money.

Mr. WOLFF. I want to thank our witnesses.

Mr. GILMAN. Mr. Chairman, with your permission, I have just two brief questions.

Ms. Falco and Mr. Bensinger, in your statements, we have been hearing time and time again that we have reduced trafficking the Mexican heroin in this country to about 70 percent or 80 percent. We also talk about eradicating 80 percent or 90 percent of the growth of Mexican opium. However, there is something inconsistent here. We are knocking out 90 percent of the illicit crop and yet, 80 percent or 90 percent of the street traffic in our Nation is Mexican heroin.

How do we explain that?

Mr. BENSINGER. I think, Congressman Gilman, the representation that Gordon Fink would give you, who is the head of our office of intelligence, would be most accurate. But there is obviously a much greater potential for growth of raw opium in Mexico than is actually totaled this way.

If you were able to see every field, which I doubt the Mexican Government is capable of doing, and then to eradicate and have the spray applied that has 100 percent success in each hectare of that field, you could conceivably have a very, very small percentage. But not each and every field is seen and sprayed in time prior to harvest.

Mr. GILMAN. Then what you are really telling us, Mr. Bensinger, is that the eradication of the Mexican opium crop is less than 80 or 90 percent.

Mr. BENSINGER. No question.

Mr. GILMAN. And we really do not know what the total Mexican crop is, do we? Do we really know what the Mexican crop is with any accuracy?

Mr. FINK. We have made estimates recently that show 75-plus tons available for cultivation and its our estimate that roughly 10 percent—I hate to use that figure, but it's the figure that we've come up with—10 percent is really harvested and then the rest is breakage, theft, seizures.

Mr. GILMAN. How do you know what is out there? How did you determine that it is 75 percent or whatever it is?

Mr. FINK. But using our own data and the data the Mexicans have provided to us as far as the fields that exist. We do operate in the field with them in a support role. That's all reported. We are seeing the size of the fields drop to half of what it used to be. They're now going to methods of concealment to try to evade the eradication effort. There are some significant signs of success.

But as the administrator pointed out, you can't get the last percentage.

Mr. GILMAN. One of the problems that Congressman Wolff and I found when we flew over the fields of Mexico a few years ago is how difficult it was to make an accurate assessment of all of the available opium fields. It is such a vast territory. We did not have a thorough coverage or thorough analysis of the entire nation. There was no scanning that went up and down the whole terrain.

When Congressman Rangel visited Mexico, his group accidentally took a left turn instead of a right turn, and suddenly they found a couple thousand hectares available.

What I am asking you is: "Do we know accurately what is out there, or are we just making some rough estimates?"

Mr. FINK. These are rough estimates. They're getting more refined and Dr. Bourne has started some new initiatives to get a better estimating system that combines us and other agencies. It's a major new initiative, and I think that in the short future you'll be able to describe the specifics. The program is just being put together. It will not have good results overnight. It's going to take awhile, and it's not just oriented toward Mexico.

Mr. GILMAN. I appreciate your candor. In order that we recognize that these are really rough estimates. I have just one more question, Mr. Chairman. I know that I have exceeded my time.

Ms. Falco, you mentioned that the United States-Mexican narcotics commission has now been passed back to Mexico for their approval. I am at a loss to understand something. In January 1976, Chairman Wolff and I met with President Echeverria and his cabinet to work out the proposal. It was endorsed by Presidents Echeverria and Ford and lauded by Secretary Kissinger. There appeared to be a gung-ho spirit to establish a working narcotics commission between the United States and Mexico.

Now, nearly 2 years later, we are repropounding that proposal to Mexico. Why has there been a delay for 2 years in establishing the joint commission, particularly since it had been approved by the administrations of both nations?

Ms. FALCO. I'm sure you recognize better than most of us the problems with new administrations. Both Mexico and our country have new administrations. This new Mexican administration wants to take a careful look at that proposal and doesn't feel that it can automatically endorse something that was supported by its predecessor.

Mr. GILMAN. It was my understanding that the new administration already approved it, even appointed a commissioner, and has been waiting for us to move forward.

Ms. FALCO. That was not our understanding from the people down there.

We have since——

Mr. GILMAN. Are you saying that Mexico has been holding up the proposal?

Ms. FALCO. Since the July hearing, the formal request has been submitted to the Mexican Government. We have not heard back. You might want to ask Assistant Secretary Todman about that when he appears before you this afternoon.

Mr. GILMAN. I will be pleased to. Thank you.

Mr. WOLFF. One final question we won't be able to address this afternoon, but perhaps your intelligence operation might be able to supply some answers. That is whether or not it is true that Berlin has become a gateway now for narcotics.

Am I correct in that?

Mr. BENSINGER. There is indications that there is drug traffic through there.

Ms. FALCO. I met several weeks ago with the chief of police of West Berlin, Mr. Chairman, and he indicated to me that the problems were enormous, particularly—and Gordon will probably want to expand on this, particularly since flights of other nationals—for example, Turkish nationals coming into work coming into East Berlin—are not screened, and they just get in the subway and come across.

So it is becoming a substantial problem. He was very concerned.

Mr. FINK. We are seeing from the German statistics an alarming increase in the rate of arrests of Turks, especially in southern Germany, with significant seizures. And we now, through our activities in Europe—

Mr. WOLFF. That's not Turkish opium, however.

Mr. FINK. No, sir, the laboratories, we know, are located in Turkey, but we are not sure of the source of the gum right now. But there are cases in Greece and other countries that trace the source back to Turkish laboratories.

Mr. WOLFF. I want to thank all of you for appearing here this morning.

At this afternoon's session, which will begin at 2:15, we will have: Mr. Terence Todman Assistant Secretary of State for Latin American Affairs; Kenneth Durrin, Director of the Office of Compliance and Regulatory Affairs of DEA; Dr. John Jennings, Associate Commissioner for Medical Affairs of the FDA; and William Vodra, Associate Chief Counsel of the FDA.

The committee now stands in recess.

[Whereupon, at 12:50 p.m., the committee recessed, to reconvene at 2:30 p.m. of the same day.]

AFTERNOON SESSION

Mr. WOLFF. The committee will come to order.

Let me apologize for the lateness, especially to Secretary Todman, for keeping him waiting. We had some difficulties over at the restaurant, Mr. Secretary. We pushed them along, but not fast enough. I know that those who are delegates here are certainly appreciative of the fact that sometimes the service is not that rapid over there.

In this afternoon's session the committee will continue its oversight hearings. We turn our attention, however, to a review of compliance and regulatory functions of two agencies, the Drug Enforcement Administration and the Food and Drug Administration.

Carrying over from this morning's hearing, we have the Assistant Secretary of State for Latin American Affairs, Mr. Todman. Actually, after the Secretary has completed his testimony, we will have the Director of the Office of Compliance and Regulatory Affairs of DEA and a representative of the Food and Drug Administration.

Mr. Todman, it's our custom here to swear our witnesses, and we wonder if you will be sworn, please.

[Witness sworn.]

Mr. WOLFF. We are very grateful to you for coming before us this afternoon. This is somewhat of a departure for this committee in our having the various Assistant Secretaries in the area that are the impact areas of narcotics abuse; and for those of our visitors who have just joined us this afternoon, we hope that, through this committee hearing, we can get a little bit further insight into the political process that we have in our country and be exposed to some of the problems that we are faced with here in this country and throughout the world in the narcotics area.

With that in mind, Mr. Secretary, if you would please proceed.

TESTIMONY OF HON. TERENCE A. TODMAN, ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS, ACCOMPANIED BY JOHN O'GRADY

Mr. TODMAN. Thank you very much, Mr. Chairman.

I am really very pleased to be here today because of the importance we attach to drug enforcement activities in the area for which I'm responsible.

I have a terrible habit of not reading the exact text of my remarks. I hope I won't depart too much.

Mr. WOLFF. Actually, without objection here, your whole testimony will be included in the record. If you'd like to summarize and depart from it or read from it, whatever you'd like to do, please proceed.

Mr. TODMAN. I will follow it along, mostly. But it makes it easier to draw on some of my own experience in dealing with this issue, being assistant secretary; and I may insert some remarks.

Mr. WOLFF. Feel free to do as you wish.

Mr. TODMAN. Thank you very much, sir.

I'm very pleased, Mr. Chairman and members of the committee, to appear today to discuss the role of the Bureau of Inter-American Affairs in international narcotics control and to respond to the questions which you raised, Mr. Chairman, in your letter of October 18.

International narcotics control is among the top priorities of the Bureau of Inter-American Affairs in all countries of the area where opium or coca is produced or trafficked. We continually emphasize the importance of narcotics control in our diplomatic contacts with foreign government officials, not only those of narcotics producing or trafficking countries but also those of countries which can and should contribute to the international narcotics control effort.

In my own travels around the continent, I have always emphasized in my discussions the importance that we attach to this issue, particularly in countries such as Peru, Colombia, and Bolivia, in conversations with the foreign ministers and even with the Presidents of those countries.

In this connection, it is heartening to note that the number of governments contributing to the United Nations Fund for Drug Abuse Control has risen significantly during the past few years. I understand, Mr. Chairman, that some of the credit for this increase is due to the work of this committee and particularly to you.

Primary responsibility for policy planning and the implementation of international narcotics programs lies, as you know, with the senior adviser for international narcotics matters in the Department of State. However, with regard to activities in Latin America, the Bureau of Inter-American Affairs in Washington and our embassies abroad play an important coordinating and supporting role.

In my bureau, a Deputy Assistant Secretary of State has overall responsibility for the coordination of our narcotics-related activities. Functional responsibility in this area is vested in a narcotics coordinator, who is part of the bureau's office of regional political programs.

Each embassy also has a senior officer, usually the deputy chief of mission, as narcotics coordinator. He chairs a narcotics committee, composed of key personnel of the mission, including representatives of the Drug Enforcement Administration, Customs, AID, Agriculture, Defense, USIA, and Legal Affairs.

These committees meet as frequently as circumstances in each country dictate and have, as their purpose, to insure that narcotics programs are fully carried out in an effective and coordinated way, consistent with overall policy goals.

As an example of more intensive coordination of the narcotics program, the Embassy in Mexico City also schedules a weekly meeting of the Ambassador, his deputy, a special assistant for narcotics matters, the DEA regional director, and the chief of narcotics assistance unit, to discuss program progress and any issues that may have arisen.

In such countries as Mexico and Colombia, which have large narcotics programs, Foreign Service officers are assigned to work full time on narcotics matters as special assistants to the Ambassador or deputy chief of mission.

Within the Embassies of all program countries in Latin America, special units staffed by programing and technical experts have been established to handle the administration of narcotics programs.

As the committee knows, responsibility for the formulation and implementation of international drug control policies and programs rests with the President's Strategy Council and the Department of State through the office of the senior adviser.

The Bureau of Inter-American Affairs has a voice in such matters. Embassy narcotics coordinators and the special assistants play a major role in preparing annual narcotics control action plans for their country, and in their implementation, once the plans have been approved in Washington.

These plans set out goals and objectives for the following year, establish priorities, and specify the personnel and financial resources required, both United States and local.

Through the oversight provided by these various mechanisms we are able to assure ourselves that all of the agencies involved in narcotics control are working in unison toward the common goal of reducing the production and trafficking of illicit drugs.

In this regard, the Bureau supports the recent efforts by the Treasury and Justice Departments to bring about treaties with Mexico, the Bahamas, Panama, and the Cayman Islands, which would provide for mutual assistance in obtaining financial data and identifying major drug traffickers for prosecution.

The Bureau has also endorsed in recent months a narcotics telecommunications net for Latin America and a proposed Andean confer-

ence of attorneys general to discuss extradition agreements with the United States.

Overall, the Bureau facilitates the action programs designed to effect the destruction or interdiction of drugs by encouraging governments in the region to meet their international obligations and to cooperate with us in bilateral efforts to suppress illicit drugs.

Other agencies, principally the Drug Enforcement Administration, carry out specific actions necessary to achieve that goal. Our role is to establish and maintain the kinds of relationships with host governments which make cooperative international enforcement programs possible.

The annual regional narcotics conferences which the Bureau sponsors are themselves an important action program which demonstrates the priority we give to narcotics control, as well as the coordinating role which we play.

The Sixth Inter-American Narcotics Control Conference was held just 2 weeks ago in Miami. Over 100 persons participated. In addition to State Department officers from Washington and our Embassies, participants represented the White House Office of Drug Abuse Policy, the Drug Enforcement Administration, U.S. Customs, HEW, the Coast Guard, Immigration and Naturalization, and other agencies.

In addition, the Conference brought together State and local law enforcement and drug abuse specialists from Florida and other States that are seriously affected by the illicit drug problem.

Participants were addressed by the heads of the most important U.S. Government agencies involved in narcotics control and had the opportunity to discuss in depth some of the problems that our narcotics programs now face. Our only regret is that urgent congressional responsibilities prevented the planned attendance of you, Mr. Chairman, and other members of this committee.

Two weeks before the Miami Conference, the Bureau held a separate short conference for its own officers. Participants included Deputy Assistant Secretaries, as well as regional and country directors. The Conference was addressed by Dr. Peter Bourne, Ms. Mathea Falco, and representatives of the National Institute of Drug Abuse, the Drug Enforcement Administration, and the U.S. Customs Service. I'm happy to say that on this occasion we had the additional benefit of a stimulating exchange of ideas with Congressman Gilman, present here, and Congressman Rangel of this committee.

In an effort to involve other agencies and international organizations in long-term development programs which would complement U.S. narcotics control efforts, the President's August 2 message to the Congress on drug abuse was sent immediately to all the diplomatic posts throughout the world.

In it the President said he expected the Secretary of State to continue to call on other agencies to assist in the international narcotics control program. He also expressed his support for the work of the United Nations Fund for Drug Abuse Control and other U.N. organizations.

Ms. Mathea Falco, Senior Adviser to the Secretary for Narcotics Matters, testified earlier to the committee about steps which the De-

partment as a whole is taking to strengthen our organizational capabilities in line with the President's directives.

One area for long-term developing programs of interest to us is crop substitution such as the pilot project now underway in Bolivia. I can only say that the Bureau and our Embassy are watching the progress of this project closely. We hope that the substitution of other cash crops for the coca plant will prove feasible.

There will be many and very complex problems to be resolved, but we believe the effort must be made. This is fully in keeping with the words of President Carter's message to Congress that:

We must work closely with other governments to assist them in their efforts to eradicate the cultivation of drugs, and to develop legitimate alternative sources of income for the impoverished farmers who have for generations raised and sold crops such as opium.

For Latin America, especially Bolivia and Peru, the word "coca" might well be added to the President's message.

In view of the large number of variables involved, the ingenuity, inventiveness, and immense resources of those involved in production and trafficking, we have not attempted to fix any given, specific number of years such as 5 or 10 for the achievement of goals related to narcotics in any country. Instead, we let the accomplishments of our action programs help us determine what steps may be feasible or realistic for the succeeding period.

In all countries of the region, our long-term goal is to provide the Government with the institutional capability to confine the production of drugs within legal limits and/or reduce, with their own resources, the trafficking and abuse of drugs to an acceptable minimum. When I say an acceptable minimum, I do so in the realization that the struggle to control illegal narcotics is never completely ended, any more than society's efforts to control crime generally. Institution-building in the international narcotics area is going to be a long, hard task. Just how difficult it is may be judged by the fact that our own country, with all its human and financial resources, has experienced great difficulties in controlling the use and abuse of drugs of all kinds—not just those produced outside our country.

Our relative success, despite the overwhelming odds, leads me to believe that we should be encouraged by the degree of cooperation we are receiving in our international control effort. There are a number of hopeful signs. I understand that the case of Mexico was dealt with by Ms. Falco this morning. I have some updated material on the success of the program, from December 1 of last year to the end of October of this year, which I will be happy to give the committee, if you're interested in that.

Mr. WOLFF. We'd be very appreciative of having it.

Mr. TODMAN. I received it just this morning before I left.

The eradication of the opium poppy is the story of the will to make a difficult political decision, of the expenditure of very significant resources, including human lives. The Mexican Government has even ventured to set a goal to achieve an acceptable level of control over narcotics and assume full responsibility for continuation of the narcotics program within 5 years.

In the cocaine countries, progress has been less dramatic, but also encouraging. In Colombia our goal is the disruption of narcotics traf-

ficking networks, destruction of laboratories, and the arrests and conviction of major traffickers. We also hope to achieve a reduction in the amount of marihuana coming from Colombia. We are encouraged in prospects for our bilateral cooperation by an evident new commitment to narcotics control by the Colombian Government.

Bolivia, a country with a large population of traditional coca leaf users, has become a principal source of raw material for cocaine entering the illicit U.S. drug market. The Bolivian Government has recognized the severity of the illicit cocaine trafficking and has committed its financial and human resources to alleviate this problem.

Our narcotics assistance program in Bolivia is designed to improve the Government's capability to interdict the illicit coca traffic. Last year the U.S. Government committed \$8 million to a 5-year enforcement effort. In addition, we are cooperating with the Bolivians in the pilot project to substitute other cash crops to replace the coca plant.

Several agronomic and socioeconomic studies of the characteristics of the two principal coca growing areas, the Yungas and the Chapare, are in progress. If the pilot project proves feasible, an expanded crop substitution program would be linked to an integrated rural development project for the farmers involved in coca cultivation along with strict enforcement of the ban on new coca plantings.

A program to register all coca producers is already underway and their enforcement efforts are being expanded. We expect cooperation with the Bolivian Government to continue in these endeavors.

We are also trying in Bolivia, Mr. Chairman, to get the Government to focus more on the major traffickers and to concentrate its effort on that, instead of on the very small users who evidently are not involved in trafficking.

In Ecuador, we are encouraging the Government's efforts to mount a more sustained and vigorous antinarcotics program. Our Ambassador in Ecuador has made a number of approaches to the Ecuadorian Government on this matter.

There does seem to be a growing awareness on the part of the Ecuadorians that the illicit cocaine traffic is not in their national interest. The availability of coca derivatives in Ecuador itself has resulted in a growing local health problem, while the huge profits from cocaine trafficking has had corrosive social effects.

The case of Peru is similar to Ecuador in that our major concern is to motivate the Government to make greater efforts and dedicate greater resources to control the production and trafficking of drugs. Peru is faced with many other problems, principally economic, which are pressing and immediate. Even so, progress has been made. At the present time the Peruvians are formulating a new comprehensive drug law designed to strengthen Government efforts to interdict illegal drug trafficking.

The law would also provide for intensified rural development in areas of extensive coca production with a view toward eventual crop or income substitution.

I feel that eventually our Government will be asked to cooperate in these efforts as we are now doing in Bolivia, and some conversations that our officers have had since the Miami conference showed a new determination on the part of Peru to move in these areas, par-

ticularly since they have found out that many of the plantings are only about 4 years old.

This concerns them greatly, and they would like to do something to put an end to that.

Assuming that by that time Peru has demonstrated its willingness and ability to enforce its own drug laws, I believe that it would be in our interest to be responsive to such a Peruvian request.

There is, of course, room for improvement. In Mexico, for example, there is a need to find a way to get more precise and timely information on poppy-growing areas. Our experience with existing multi-spectral detection systems has not been satisfactory, and we're seeking a new one. In the cocaine countries, some thought is being given to using some kind of incentive award system for exceptional performance by narcotics agents or police units.

As far as impediments to progress are concerned, I think the consensus of those engaged in international drug control in Latin America would be that lack of commitment and motivation is the No. 1 problem in most countries. This should not be surprising, considering that we are asking these countries to use scarce resources to combat a problem which they may still perceive to be primarily a U.S. problem, or one that is not a serious or immediate threat to themselves.

A second important impediment is the relative lack of viable law enforcement institutions, specialized in narcotics control and with the requisite resources, managerial skills, and professionalism.

However, to put this problem into proper perspective, it is important to note that President Carter pointed out in his August 2 message to Congress that effective management and direction at the Federal level has been lacking in our own domestic efforts to control drug abuse.

A third general problem is corruption. This problem is related to those of motivation and professionalism, but is also a predictable result of the corrosive effect on any society of the tremendous profits derived from illegal drug trafficking. Under no circumstances can we condone corruption, but again, we must only look to our own experience with alcohol in the 1920's to understand what is happening today in Latin America.

To sum up, we are receiving cooperation from host governments in all the countries where we have narcotics programs, and we are attempting to get greater commitment and allocation of resources to combat trafficking and other aspects of the drug threat. We are painfully aware of the many and complex problems which the Latin Americans and we face, but on balance we are encouraged by signs that real progress is being made in Latin America.

It will be a constant objective of my Bureau to insure that drug abuse control remains a high priority among our various foreign policy interests in the Inter-American area, and that it is accomplished fully in accordance with the directives of President Carter.

We look to this committee, Mr. Chairman, to share your knowledge, experience, and foresight with us so that we may develop a program which serves the best interests of our country and the countries with which we cooperated.

Thank you, sir.

[Mr. Todman's prepared statement follows:]

PREPARED STATEMENT OF HON. TERENCE A. TODMAN, ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS

Mr. Chairman, Members of the Committee: I am pleased to appear before you today to discuss the role of the Bureau of Inter-American Affairs in international narcotics control, and to respond to the questions raised by you, Mr. Chairman, in your letter of October 18 to me.

International narcotics control is among the top priorities of the Bureau of Inter-American Affairs in all countries of the area where opium or coca is produced or trafficked. We continually emphasize the importance of narcotics control in our diplomatic contacts with foreign government officials, not only those of narcotics producing or trafficking countries, but also those of countries which can and should contribute to the international narcotics control effort. In this connection, it is heartening to note that the number of Governments contributing to the United Nations Fund for Drug Abuse Control has risen significantly during the past few years. I understand, incidentally, that some of the credit for this is due to this Committee and in particular its Chairman.

Primary responsibility for policy planning and the implementation of international narcotics program lies with the Senior Adviser for International Narcotics Matters in the Department of State. However, with regard to activities in Latin America, the Bureau in Washington and our Embassies abroad play an important coordinating and supporting role.

In my Bureau a Deputy Assistant Secretary has overall responsibility for the coordination of our narcotics related activities. Functional responsibility in this area is vested in a Narcotics Coordinator who is part of the Bureau's Office of Regional Political Programs. Each Embassy also has a senior officer, usually the Deputy Chief of Mission, as Narcotics Coordinator. He chairs a Narcotics Committee composed of key personnel of the Mission, including representatives of the Drug Enforcement Administration, Customs, AID, Agriculture, Defense, Information and Legal Affairs. These Committees meet as frequently as circumstances in each country dictate, and have as their purpose to insure that narcotics programs are fully carried out in an effective and coordinated way consistent with overall policy goals. As an example of more intensive coordination of the narcotics program, the Embassy in Mexico City also schedules a weekly meeting of the Ambassador, Deputy Chief of Mission, a Special Assistant for Narcotics Matters, the DEA Regional Director and the Chief of the Narcotics Assistance Unit to discuss program progress and any issues that may have arisen.

In countries such as Mexico and Colombia which have large narcotics programs, Foreign Service Officers are assigned to work full time on narcotics matters as special assistants to the Ambassador or Deputy Chief of Mission. Within the Embassies of all program countries in Latin America, special units staffed by programming and technical experts have been established to handle the administration of narcotics programs.

As the Committee knows, responsibility for the formulation and implementation of international drug control policies and programs rests with the President's Strategy Council and the Department of State through the Office of the Senior Adviser to the Secretary for International Narcotics Matters. The Bureau of Inter-American Affairs has a voice in such matters. Embassy Narcotics Coordinators and the special assistants play a major role in preparing annual narcotics control action plans for their country, and in their implementation once the plans have been approved in Washington. These plans set out goals and objectives for the following year, establish priorities, and specify the personnel and financial resources required, both U.S. and local. Through the oversight provided by these various mechanisms we are able to assure ourselves that all of the agencies involved in narcotics control are working in unison toward the common goal of reducing the production and trafficking of illicit drugs.

In this regard the Bureau supports recent efforts by the Treasury and Justice Departments to bring about treaties with Mexico, the Bahamas, Panama, and the Cayman Islands which would provide for mutual assistance in obtaining financial data and identifying major drug traffickers for prosecution. The Bureau has also endorsed in recent months a narcotics telecommunications net for Latin America and a proposed Andean conference of Attorneys General to discuss extradition agreements with the U.S.

Overall, the Bureau facilitates the action program designed to effect the destruction or interdiction of drugs by encouraging governments in the region to

meet their international obligations and to cooperate with us in bilateral efforts to suppress illicit drugs. Other agencies, principally the Drug Enforcement Administration, carry out specific actions necessary to achieve that goal. Our role is to establish and maintain the kinds of relationships with host governments which make cooperative international enforcement programs possible.

The annual Regional Narcotics Conferences which the Bureau sponsors are themselves an important action program which demonstrates the priority we give to narcotics control, as well as the coordinating role which we play. The Sixth Inter-American Narcotics Conference was held just two weeks ago in Miami. Over one hundred persons participated. In addition to State Department officers from Washington and our Embassies, participants represented the White House Office of Drug Abuse Policy, the Drug Enforcement Administration, U.S. Customs, HEW, the Coast Guard, Immigration and Naturalization and other agencies. In addition, the conference brought together state and local law enforcement and drug abuse specialists from Florida and other states that are seriously affected by the illicit drug problem. Participants were addressed by the heads of the most important U.S. Government agencies involved in narcotics control and had the opportunity to discuss in depth some of the problems that our narcotics programs now face. Our only regret is that urgent Congressional responsibilities prevented the planned attendance of the Chairman and members of this Committee.

Two weeks before the Miami Conference the Bureau held a separate short conference for its own officers. Participants included Deputy Assistant Secretaries as well as Regional and Country Directors. The conference was addressed by Dr. Peter Bourne, Ms. Mathea Falco, and representatives of the National Institute of Drug Abuse, the Drug Enforcement Administration and the U.S. Customs Service. I am happy to say that on this occasion we had the additional benefit of a stimulating exchange of ideas with Congressmen Gilman and Rangel of this Committee.

In an effort to involve other agencies and international organizations in long-term development programs which would complement U.S. narcotics control efforts, the President's August 2 Message to the Congress on Drug Abuse was sent immediately to all diplomatic posts throughout the world. In it, the President said he expected the Secretary of State to continue to call other agencies to assist in the international narcotics control program. He also expressed his support for the work of the U.N. Fund for Drug Abuse Control and other U.N. organizations. Ms. Mathea Falco, Senior Adviser to the Secretary for Narcotics Matters, testified earlier to the Committee about steps which the Department as a whole is taking to strengthen our organizational capabilities in line with the President's directives.

One area for long-term development programs of interest to us is crop substitution such as the pilot project now under way in Bolivia. I can only say that the Bureau and our Embassy are watching the progress of this project closely. We hope that the substitution of other cash crops for the coca plant will prove feasible. There will be many and very complex problems to be resolved, but we believe the effort must be made. This is fully in keeping with the words of President Carter's Message to Congress that, "We must work closely with other governments to assist them in their efforts to eradicate the cultivation of drugs, and to develop legitimate alternative sources of income for the impoverished farmers who have for generations raised and sold crops such as opium." For Latin America, especially Bolivia and Peru, the word "coca" might well be added.

In view of the large number of variables involved, the ingenuity, inventiveness, and immense resources of those involved in production and trafficking, we have not attempted to fix any given, specific number of years such as five or ten for the achievement of goals related to narcotics in any country. Instead, we let the accomplishments of our action programs help us to determine what steps may be feasible or realistic for the succeeding period.

In all countries of the region, our long-term goal is to provide the governments with the institutional capability to confine the production of drugs within legal limits and/or reduce, with their own resources, the trafficking and abuse of drugs to an acceptable minimum. When I say an acceptable minimum, I do so in the realization that the struggle to control illegal narcotics is never completely ended, anymore than society's efforts to control crime generally. Institution building in the international narcotics area is going to be a long, hard task. Just how difficult it is may be judged by the fact that our country, with all its human and financial resources, has experienced great difficulties in controlling the use and abuse of drugs of all kinds—not just those produced outside our country.

Our relative success despite the overwhelming odds leads me to believe that we should be encouraged by the degree of cooperation we are receiving in our international control effort. There are a number of hopeful signs: I understand that the case of Mexico was dealt with quite fully by Ms. Falco this morning. The eradication of the opium poppy is a story of the will to make a difficult political decision; of the expenditure of very significant resources, including human lives. The Mexican Government has even ventured to set a goal to achieve an acceptable level of control over narcotics and assume full responsibility for continuation of the narcotics program within five years.

In the cocaine countries, progress has been less dramatic, but is also encouraging. In Colombia our goal is the disruption of narcotics trafficking networks, destruction of laboratories, and the arrests and conviction on major traffickers. We also hope to achieve a reduction in the amount of marijuana coming from Colombia. We are encouraged in prospects for our bilateral cooperation by an evident new commitment to narcotics control by the Colombian Government.

Bolivia, a country with a large population of traditional coca leaf users, has become a principal source of raw material for cocaine entering the illicit US drug market. The Bolivian Government has recognized the severity of the illicit cocaine trafficking and has committed its financial and human resources to alleviate this problem.

Our narcotics assistance program in Bolivia is designed to improve the Government's capability to interdict the illicit coca traffic. Last year the United States Government committed \$8 million to a five year enforcement effort. In addition, we are cooperating with the Bolivians in the pilot project to substitute other cash crops to replace the coca plant. Several agronomic and socio-economic studies of the characteristics of the two principal coca growing areas, the Yungas and the Chapare, are in progress. If the pilot project proves feasible, an expanded crop substitution program would be linked to an integrated rural development project for the farmers involved in coca cultivation along with strict enforcement of the ban on new coca plantings. A program to register all coca producers is already underway and their enforcement efforts are being expended. We expect cooperation with the Bolivian Government to continue in these endeavors.

In Ecuador, we are encouraging the Government's efforts to mount a more sustained and vigorous anti-narcotics program. Our Ambassador in Ecuador has made a number of approaches to the Ecuadorian Government on this matter. There does seem to be a growing awareness on the part of Ecuadorians that the illicit cocaine traffic is not in their national interest. The availability of coca derivatives in Ecuador itself has resulted in a growing local health problem, while the high profits from cocaine trafficking has had corrosive social effects.

The case of Peru is similar to Ecuador in that our major concern is to motivate the Government to make greater efforts and dedicate greater resources to control the production and trafficking of drugs. Peru is faced with many other problems, principally economic, which are pressing and immediate. Even so, progress has been made. At the present time the Peruvians are formulating a new comprehensive drug law designed to strengthen Government efforts to interdict illegal drug trafficking. The law would also provide for intensified rural development in areas of extensive coca production with a view toward eventual crop or income substitution. I feel that eventually our Government will be asked to cooperate in these efforts as we are now doing in Bolivia. Assuming that by that time Peru has demonstrated its willingness and ability to enforce its own drug laws, I believe that it would be in our interest to be responsive to such a request.

There is, of course, room for improvement. In Mexico, for example, there is a need to find a way to get more precise and timely information on poppy growing areas. Our experience with existing multi-spectral detection systems has not been satisfactory and we are seeking a new one. In the cocaine countries some thought is being given to using some kind of incentive award system for exceptional performance by narcotics agents or police units.

As far as impediments to progress are concerned, I think a consensus of those engaged in international drug control in Latin America would be that lack of commitment and motivation is the number one problem in most countries. This should not be surprising considering that we are asking these countries to use scarce resources to combat a problem which they may still perceive to be primarily a United States problem, or one that is not a serious or immediate threat to themselves.

A second important impediment is the relative lack of viable law enforcement institutions specialized in narcotics control and with the requisite resources, managerial skills, and professionalism. However, to put this problem in proper perspective, it is important to note that President Carter pointed out in his August 2 Message to Congress that effective management and direction at the Federal level has been lacking in our own domestic efforts to control drug abuse.

A third general problem is corruption. This problem is related to those of motivation and professionalism, but is also a predictable result of the corrosive effect on any society of the tremendous profits derived from illegal drug trafficking. Under no circumstances can we condone corruption, but again we must only look to our own experience with alcohol in the 1920's to understand what is happening today in Latin America.

To sum up, we are receiving cooperation from host governments in all the countries where we have narcotics programs, and we are attempting to get greater commitment and allocation of resources to combat trafficking and other aspects of the drug threat. We are painfully aware of the many and complex problems which the Latin Americans and we face, but on balance we are encouraged by signs that real progress is being made in Latin America.

It will be a constant objective of my Bureau to insure that drug abuse control remains a high priority among our various foreign policy interests in the Inter-American area, and that it is accomplished fully in accordance with the directives of President Carter.

We look to this Committee to share your knowledge, experience, and foresight with us so that we may develop the program which serves the best interests of our country and the countries with which we cooperate.

Mr. WOLFF. Thank you very much, Mr. Secretary, for a very comprehensive statement. You were not here this morning. I'd like to relate to you the fact that what we proposed to do in these hearings is to direct our attention to some of the very specific elements. You did indicate that there is a program for Bolivia.

Mr. TODMAN. Yes, sir.

Mr. WOLFF. I have a paper here that was drafted by Mr. Bourne and Ms. Falco, which I referred to this morning. On page 2 it says:

A commitment was made by President Ford to give \$45 million to Bolivia for crop substitution. We're in unanimous agreement that this would have very little political impact in reducing the total amount of coca cultivated. We even recognize that there may be other overriding foreign policy considerations in giving this money to Bolivia. Certainly there is great need to assist in the general economic development.

Could you tell us what would be an "overriding consideration" in delivering \$45 million to Bolivia?

Mr. TODMAN. The only consideration that goes into this program, Mr. Chairman, is its effect in control of the production of coca. That was the purpose of the program. The Bolivian Government understands very well that no final determination is going to be made until the pilot project is completed.

The socioeconomic studies are due for completion at the end of this year. Then, we move into some of the economic programs involved, and we'll have a thorough evaluation, and a decision on what we do about this will be made during 1978.

I think that, with due respect to the other speakers, it's probably a little anticipation as to what the effectiveness of the program will be. We are now in the final project state. We are evaluating how it will work. I can think of no overriding reasons—no reasons, in fact, except those specifically associated with the purpose of the program which would be crop substitution and the development of other crops which would keep farmers from producing the coca illegally.

Mr. WOLFF. Mr. Secretary, I want to commend you for taking these steps. I know that when I was down in Bolivia I had criticized of the way we were handling the problem down there, and I want to commend you for getting an ambassador down there in a hurry. One of the problems we had was the fact that we had no one in charge. But you quickly rectified that situation. We're grateful. I would hope that this will mean that there will be some movement as well on the question of the conditions under which some of the American prisoners are being held.

As you know, I had an opportunity of visiting some of the prisoners there. This committee cannot neither inject itself into the validity of the crime that is involved nor pass judgment as to guilt or innocence. Certainly, if they have been guilty of a crime, they should suffer the consequences of their actions.

However, one of the circumstances that troubles us is the conditions within some of the prisons, and I wonder if you could give us an idea as to any representations that are being made by the United States to upgrade the conditions within the prisons. This, by the way, might be part of the \$45 million. You might help them out generally, just helping improve the prison conditions in the area.

Mr. TODMAN. That's a very interesting thought, Mr. Chairman, and if we would find any receptivity, I suppose one might look at that. The Ambassador has visited all of the prisoners. In our conversations before he left, it was made quite clear to him that this was one of the very highest priority—his highest priorities in going there, to look at the condition of the prisons, to deal with the prisoners, the people themselves, and to encourage governments to move very quickly on this.

I mentioned, during the prepared statement—it was an aside, really—that we're trying to get them to understand, given the overcrowded judicial calendars that they have, the importance in going after the big traffickers, going after the serious cases and not plugging up the system more with people who are minor offenders and really are only users and evidently even with the evidence, not involved in anything serious.

Mr. WOLFF. I just wanted to say that we are naturally interested in any prisoner's welfare on the basis of humane conditions that are involved. We do not want to interfere with their own judicial system. However, there have been some very strong charges concerning some Latin American countries that corruption is so prevalent that it undermines the very basics of the system that is involved.

In our committee's speaking to the heads of state and various governments involved, we found a deep dedication on the part of these heads of state to the whole question of narcotics abuse and the control.

I notice in your statement you say that a number of them have indicated that they do not have the available resources to combat a problem which they still perceive to be primarily a U.S. problem, or one that is not an immediate threat to themselves.

One fact that we tried to get across to the various governments involved, in fact, to all world governments—this is addressed not only to the Latin American countries but to our delegate friends who are with us here today—and that is the potential danger that exists to governments as a result of the disruption of the orderly process of

government that corruption within the system can breed; and it is a threat to the very existence of any nation because if they permit trafficking in narcotics it builds a sort of shadow government that can bring down any government because the traffic is large, the money that's involved is large, and the temptations are great.

Mr. TODMAN. I agree with you fully, Mr. Chairman, and it's one of the points that we have stressed also.

Another factor which undoubtedly you have also mentioned is the economic effect, because, with the tremendous amount of money that flows in to some of what are rather weak economies otherwise, they don't have the new goods produced to match the increase in the inflow of funds. The result is inflation and a wrecking of government's economic plans.

On the question of conditions of jails, honestly, they do not give the highest priorities to putting money into jails. And we have been approached several times for assistance in improving jails, and they have told us—the Bolivians have said to us, "If you will give us the funds to get a new jail, we'll be very happy."

Mr. WOLFF. Just as long as it doesn't go to the jailer, as it has in certain cases.

Mr. TODMAN. Even to put it to the jailer, Mr. Chairman, is difficult, because we do not have a program right now which would allow us to put money into improvement of jails abroad.

Mr. WOLFF. We do have programs for increasing the enforcement efforts of various countries, and it seems to me that there should be some measures directed toward the rehabilitation of people which actually is quite important.

Mr. TODMAN. Yes.

Mr. WOLFF. And the recidivism that could probably be cut down if these conditions could be improved. We could stand this improvement in some of our own situations as well. But I think this is ancillary to the basic problem that exists, that of corruption. And my question to you—and then I will pass the question over to Mr. Burke—is, do you see any progress being made in the question of rooting out the corruption at the middle echelon and the lower echelons of government in many of these areas?

Mr. TODMAN. Slow. There is some being made, but it is slow. And it's a question of, again, of easy—or what they think is easy—money. The risk of cooperating is less than the benefits that they will get. So, the movement is slow.

But what we have been talking about, which you said very correctly, Mr. Chairman, is to remind the governments of the corrosive effects of this on the total system, and I think that as the drug enforcement programs become more effective, that in this very process, as the chances of being caught increase, if you will, the incentive to participate is decreasing. And I think in a way that this itself is having an effect in reducing the corruption.

One thing that we are working on which may have as good an effect for considering the condition of the prisoner as improvement in jails abroad is the possibility of an exchange of prisoners treaties such as we have just concluded with Mexico so that we would know that Americans who are arrested and imprisoned and sentenced will be able to serve the sentences here.

Mr. WOLFF. Well, many of the countries that are involved don't have a large number of people to exchange with us.

Mr. TODMAN. That's quite true, sir.

Mr. WOLFF. And second, some of them don't want some of their people back. They do well to get rid of them.

But I do appreciate the progress that's been made in that connection as well.

Actually, our objectives on this committee is not to see that people are not put in jail but to eliminate the problem of the cultures that are conducive to the spread of addiction and the like.

One final question. You have drug committees in each of the drug task forces in each of the Embassies, I take it.

Mr. TODMAN. Yes, sir.

Mr. WOLFF. One problem, and this was before you were Assistant Secretary, in visiting some of the Embassies I found these committees existed in name only, and the meetings were held on a very sporadic basis.

In one Embassy on the last trip that this committee made, we found that the last meeting of the committee was some time a year prior to that time. We think it would be a good idea for you to jog the memories of the Ambassadors involved and let them know that this is a high-priority item, as has been indicated by the President and by Secretary Vance.

Mr. TODMAN. I certainly shall, sir.

I know that in the country where I was Ambassador last, we held them weekly, and all persons who were supposed to attend attended, and I either chaired them myself, if I was available, or the Deputy Chief of Mission, who was the official chairman of the committee, chaired them. And this was to insure that everyone understood the importance that we attached to it.

Mr. NELLIS. What country?

Mr. TODMAN. In Costa Rica, yes, sir.

Mr. WOLFF. Thank you. Mr. Burke?

Mr. BURKE. Thank you, Mr. Chairman.

Mr. Secretary, I understand in your statement here you say that Bolivia, the Bolivian Government is recognized—has recognized the severity of the illicit cocaine trafficking and has committed its financial and human resources to alleviate this problem.

How do you account for the fact that there is a great deal of cocaine coming in that's been processed, that's coming in from Bolivia, if they have committed themselves so heavily?

Mr. TODMAN. It's a question of degree, Mr. Burke.

Before the commitment, there was more. There were fewer Bolivians working on the problem of combating, fewer cases of arrest, less money—Bolivian money—being put into it.

Mr. BURKE. If I can interrupt you, I don't understand it, because the cocaine problem wasn't a great problem until just a few years ago, and now it's become a great problem. So how have they committed themselves if it wasn't a problem and now it is?

What have they done, really?

Mr. TODMAN. They've assigned many people to work on the problem, since they have recognized that, one, we have helped to sensitize them in our efforts to keep the flow—

Mr. BURKE. At least we've got a program, but I wonder how far they've gone.

Then I want to ask another question to tie in.

The same applies with Peru. I notice you very carefully talked about Peru, and then you said, assuming that by that time Peru has demonstrated its willingness and ability to enforce its own drug laws, I believe it would be to our interest to be responsive to such requests.

What gives you any indication that Peru is going to assume that responsibility, even going back to the law?

You talked about 3 months ago, we talked to the President. He talked about the law, and the law hasn't been enforced yet. I mean, it hasn't even been passed yet.

Mr. TOPMAN. To take Peru, sir, the Narcotic Division in the country for enforcement has been increased from 119 persons to 195.

Mr. BURKE. That's hardly very much because Peru is the largest coca-distributing country in the whole world, through Ecuador. But I don't see where 190—we've been down to Peru, so you can't convince me that much by using a few figures.

I think the situation is bad down there, and there has to be another approach, other than what we've got, No. 1.

We've been told by everybody we talked to down there, it's not the arrests; it's trying to get them convicted or even sentenced after they do, with the exception of a few little guys on the bottom. And the same—similar in the statement you made. You made some statement about the destruction of laboratories.

Well, you know, it doesn't take anything to have a coca laboratory. It takes a good chemist to figure out how to do it. The rest of it doesn't cost \$60 or \$50 to build the laboratory. It isn't like heroin.

But I don't understand, really, how you say we're making any progress. I personally think we're going backward, not with them—but they're not really cooperating with us in my opinion, even to the point of their accounting. They have an accounting system in which only so many hectares are authorized, legally authorized, but they don't run around and count the things very much. They take somebody's word for it, how many hectares are being done, and they don't know how many hectares of illegal coca leaves are really being processed because they can grow anyplace.

Mr. TOPMAN. I agree, sir, that there's a tremendous amount more to be done. I think, though, that if we measure what they're doing now compared to what they were doing a year ago, compared to what they were doing the year before that—

Mr. BURKE. I don't think that's a comparison. I think that's conversation, Mr. Secretary. And I agree with you.

But it's like the law they were going to pass. They might pass it, but they've been passing it for over a year now. And we get the same conversation, how they're going to clamp down, how the judiciary system is going to be taken out of one end and put into another, and how they are really going to get the distributors.

The problem, in my opinion—like many of them, Peru is a very difficult country to get into. Second, the poor Peruvian Indian himself chews the leaves, but he doesn't get any real profit out of it.

So when we talk about changing, of what we're going to do by getting different, substitute crops, that's one thing, but it isn't the little farmer or the little Peruvian Indian who grows that stuff who makes any money at all; he makes very little. I doubt he knows one single thing about what they do with it after they sell it.

So I think the problem is a little bit more than we're talking about by saying, let's give the Government some money for substituting crops. I think we ought to give it to them for enforcement of the illegal laws and whether they prosecute them or not.

But it's up to them.

But I think they will cooperate, because in almost every one of these countries there are very, very dedicated narcotics officers that would like to stop the traffic, but there are also those that are on the take, and the pay is so low for those officers, it's probably almost as low as the poor little Indian that grows them.

Mr. TODMAN. That's right.

Mr. BURKE. But I just wanted to make that point and have you tell me not so much in great ideas that we're making so much progress—I don't think we're making progress at all. I think the problem has just started, because cocaine is becoming a real problem in our country, the same as marihuana used to be, and it may very well become a substitute for marihuana because it's easier to traffic in than marihuana is.

Mr. TODMAN. Yes. Well, I'll keep those ideas in mind, sir, because in the case of Bolivia, as you know, we're going into a pilot project with the socioeconomic studies, finding out why people are producing, how much they know what to do with it, and all of this is part of what we're looking at before we decide to go into the crop substitution as a major approach, which is why this question of the \$45 million is still unbalanced, because we're not going to commit ourselves to a major infusion of money for that purpose unless we get reason to believe that it's going to work.

But you're quite right. It's a terribly complex problem that we're dealing with.

Mr. BURKE. It's also a Government problem, because of the falsification of passports and the falsification of illegal papers by which you can purchase for \$6,000 a bag of cocaine and sell it on the streets of New York for about \$800,000, if it gets through here.

So I think it's the Government, frankly, and the Government officials and through the United Nations, if they're going to assist at all, that it has to be done, because it is an international problem and not one that we say the United States is going to give this country to grow different crops or some other country.

If they're sincere, it's my opinion they'll work with us. If they don't, then, I think, the answer should come from them and not from us about, here's our hand; give us some more.

I think we're always willing to help, but I think we ought to get into the law enforcement end in the country and assist them a little more than some of the other angles, which is an excuse, I think, rather than a solution.

Mr. TODMAN. Thank you, sir.

Mr. WOLFF. Mr. Secretary, I know that you are well aware of the priority the President has attached to human rights.

Now, there can be no more basic human rights on both sides than that which is connected with the drug problem. The human rights of Americans are involved in this, No. 1, and the people on the other side, as well, who are being exploited—who are being exploited at both ends of the line. The campesinos in Latin America are being exploited by getting \$60 for what is ultimately sold as a kilo of cocaine for anywhere from \$600,000 to \$1 million on the streets of New York. Therefore, it requires an education program, too. I would hope that the USIA gets involved in this in explaining just how much profit there is for these people who are exploiting this. It's almost as if we had the conquistadores of old going down there in modern dress today and doing the same type of exploitation as existed in those days that the conquistadores operated throughout Latin America.

Mr. Gilman?

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. Secretary, it is good having you with us, and we welcome that you preceded us in our recent factfinding mission to South America.

In listening to your testimony, it seemed to me that we were hearing some of those oft repeated words that we hear every time we enter another Embassy. Yes; it is a complex problem, and yes; it is a serious problem—yes; we are receiving cooperation from the host country and, hopefully, that cooperation will expand and we will do better in the days to come. I think that that is the age-old phrase used in almost every Embassy that we would enter.

You mentioned in your testimony that we let the accomplishments of our action programs help us determine what steps may be feasible. When the Select Committee visited Latin America, the coca traffic was estimated at about one-half billion dollars; we came away from our trip astounded to learn that the trafficking far exceed \$2 billion or \$3 billion or possibly \$4 billion a year. It exceeded the coffee production of one country. It was upsetting the financial structure of another country. And yet, there did not seem to be any regional cooperative effort to interdict this trafficking.

We are concentrating on only Peru and Bolivia, the two major producing countries; Colombia, a major distributing country; and Ecuador, a corridor-type country.

It seems to me that we ought to be able to work out a reasonable region approach to the drug trafficking problem with some concentrated effort. What seems to me to be lacking is the feeling that this is a priority on our listed inventory of things to do in Latin America.

In that limited area where cocaine is being produced, and with the extensiveness and the amount of trafficking that gets into the billions of dollars, I would think that we ought to be able to focus attention and concentrate and work out a reasonable program.

We have the leverage; we have aid programs. We are cooperating with these nations. It would seem to me we ought to be able to do a lot more.

What are your thoughts about that?

Mr. TODMAN. I agree with you that the regional approach is necessary, and if I engaged in platitudes, it certainly wasn't my intention to do so. The alternative would have been to go country by country and talk about the detailed problem and the detailed attempts to solve them.

So I apologize for the platitudes.

But it was really—and I think still applicable, although it may be boilerplate, if you wish—I agree that the regional approach is necessary. This is the reason that the Bureau favors the idea of the convening of a conference of the attorneys general of the Andean region, which is one thing I mentioned in my testimony, because it is within the Andean region that these things do happen, and it is the attorneys general who would be the principal people involved in the law enforcement, which is the area that we're most concerned with.

One has to look at the question of resources. You mentioned AID programs. The total amount that we put into AID programs in any of these countries as a whole is dwarfed by the billions of dollars that you're talking about. And when we talk about, we will give you \$3 million if you don't start a \$500 million drug program. We're not talking about leverage. We've got to use not material things but all the persuasion we have. We've got to use moral argument. We've got to show the countries how the drug traffic is undermining their own society. We've got to make them focus on the amount of damage that is happening to their countries, to their economies, by having this amount of money flow in.

And I think we've got to do this in each place so that they realize that they're being hurt by allowing this to go on and to join in the battle of enforcement.

I don't think we can do it in terms of carrot stick financial rewards. We can do it by awakening the conscience, the moral conscience in the minds of the leaders to the awareness of the great damage that's being done.

And that's what makes it so very complex, because we're fighting against people who think nothing of running a plane—a plane load of drugs—and ditching the plane. They can afford to. Or, you know, how many vehicles are seized or just abandoned vehicles? They use them for transporting; they don't need them anymore; they leave them.

And this is the kind of thing that we have to combat with in terms of the very, very limited resources that are available.

I think a regional approach will help because—for instance, Colombia is not a coca-producing country but it is the cocaine-refining area, and you've got to have something that ties in the Peru-Bolivia operation with the Colombia operation if you're really going to get at this.

And I agree completely that a regional approach is needed.

And maybe out of something like this conference of the attorneys general we can begin to make an impact.

Mr. GILMAN. Our committee has suggested that there is a need for possibly a cocaine confederation, a confederation of the States involved in the cocaine-producing area.

We have explored a massive, cooperative effort with police officials. We discussed it with several administration officials.

The recent overlapping of expenditures of funds, there is a need for an exchange of intelligence in that part of the world.

Now, I am hoping that on your next tour of Latin America you would concentrate on the cocaine problem as you did on human rights in your last expedition and that you make the drug problem the

top-priority item in order to help bring some of these nations together into a cooperative, regional effort.

Mr. TODMAN. All right, sir.

Mr. WOLFF. Thank you, gentlemen.

Mr. Nellis?

Mr. NELLIS. Thank you, Mr. Chairman.

Mr. Secretary, I too, would like to welcome you. I would like to ask you about a statement you made in your statement concerning the Bureau of Inter-American Affairs.

Embassy narcotics coordinators, you say, and the special assistant play a major role in preparing annual narcotics control action plans for their country.

Mr. Secretary, prior to your appearance here today, the committee had discussed with Ms. Falco the real role played by these Embassy officials in establishing the narcotics policy.

What is your perception of that role?

Is that a role that DEA should be playing—does play?

Do you see it as a cooperative effort, sort of committee action, in terms of policy, or it is a policy that is set in the State Department and forwarded to the Embassy?

How do you see that role, Mr. Secretary?

Mr. TODMAN. I can tell you from experience, Mr. Nellis, the DEA is the leading member but only a member of the committee.

I can only talk about my own experience in running this.

Mr. NELLIS. That would be very valuable.

Mr. TODMAN. But the DEA personnel prepared their first draft of what they thought the action program should be. I know that in the case of my own experience the deputy chief of mission and I also had contacts with the authorities involved in the narcotics program, so we had our own independent reading of what was going on.

The DEA officials understood very well that they were working under the control and direction of the Ambassador as the President's representative. They prepared, if you will, the first draft of their recommendation for the program. This was then distributed to all the members of the committee, and a meeting was held, chaired either by the deputy chief of mission or in some cases by the Ambassador himself.

And then the DEA proposal was discussed, and he was questioned as to why, justifying each thing. And I don't know of a single case in which the program as originally presented was the one that was forwarded to Washington.

At the end of this discussion, then, an Embassy action plan was prepared coming out of that meeting based on the initial recommendations of the DEA, and that was forwarded to the Department for consideration.

Then, what was approved was sent back, and the implementation of the program at that point—that went into the hands of DEA.

Mr. NELLIS. Let me ask this, Mr. Secretary.

In your own experience, did you find that the people involved in this committee activity who were not members of the DEA or were not connected with the DEA had their own contact with local officials and their own sources of intelligence, so to speak, so as to enable them to exercise some judgment with respect to the DEA's program?

Mr. TODMAN. Very much so.

Mr. NELLIS. Don't you see that as a possible disruptive factor?

Mr. TODMAN. No, sir.

Mr. NELLIS. You do not? You do not think that DEA having the responsibility for gathering foreign intelligence in narcotics control should have the lead role and should have the contacts and should have the stature in this committee setup to carry the day, so to speak?

Mr. TODMAN. Should have the lead role, yes; should have the stature, yes; should carry the day, no.

The Ambassador should carry the day, based on the best judgment of all of his advisers, because when you talk about narcotics programs, it does not operate in a vacuum—you go out and attack that, and there's nothing else in the society that matters. It is important to know from the man, from the USIA information side, what kind of an impact there might be in the community toward action of this nature. It is important to know what effect it will have on the political structures, what is going to happen. It is important to have an economic input on the nature of the drug activities, the consequences of this or that action.

These inputs are very important in evaluating the very valuable primary important submission made with the lead of the DEA, but we cannot get to the point where that is the issue, where that controls everything. Someone has to bring it all together.

Mr. NELLIS. I understand your point of view. Thank you.

I have one other question, Mr. Chairman, if you will indulge me for 1 minute.

On page 6 of your statement you say, in view of the large number of valuables involved, the ingenuity and inventiveness and immense resources of those involved in trafficking, we have not attempted to fix any given, specific number of years, such as 5 or 10, for the achievement of goals.

Then you go on to say, we let the accomplishments of our action programs help us to determine our priorities, so to speak.

Do you think that's a good policy to follow, Mr. Secretary?

It seems to me that in that kind of policy, where you have no 5- or 10-year goal, we are never going to get to the point where we can really mount an effective eradication program in any country.

Let's take Mexico. Surely, somewhere in the State Department some planning has been accomplished with respect to where you expect to be 5 years from now, because we can't have a situation of 800,000 addicts in the United States for 5 more years, not without something blowing up.

Mr. TODMAN. I see, understand, and accept your point, sir.

We see as the long-term goal the eradication of this problem, bringing it down to fully controlled activities, production needed for legal means, to be sure that trafficking is not going on. And everything that we do is going toward that.

After we have carried out a program for a year, we sit back and evaluate it: what have we accomplished during this period leading toward that; what has been the effect of our input—we provided some of this, some of that—we trained a couple of people—what are they doing; are they making any difference?

We look at that and we say, good, based on that experience we are here; we can go there.

I think we could, you know, draw up a 10-year program, but I'm not sure that it would not be something that would be constantly being revised. In any case, you would have to do it to take account of all of the new things that are brought up.

What I understand about the way this field operates, you do deal with people who are tremendously ingenious, people who take helicopters, for example, and decide it is a good remote area and they are going to go and plant there. You can't visualize that this is going to happen. It's a question of the intelligence that you get fed in from all the new things that they do your awareness of the effectiveness of what you've been doing, your shifting of emphasis at times in order to see how you're going to attack the program.

We may discover, for example, in Bolivia that as a result of this pilot project, we don't have a prayer of winning the crop substitution battle because we can't find markets for coffee, because the people aren't going to earn enough money to make them wish to continue down that road, because of any of a number of things. At that point, for us to say that we're going to continue on a program would not be very meaningful.

Mr. NELLIS. Then at that point, Mr. Secretary, wouldn't you have to have some alternative program to go to?

Mr. TODMAN. Exactly.

Mr. NELLIS. So you do do some advance planning.

Mr. TODMAN. We do some looking into the future, but advanced planning is not on a 5- or 10-year period. It's more on a 1- or 2-year period.

Mr. NELLIS. I raise this problem only for this reason, Mr. Secretary. I remember—I have been associated with this problem for many years. Back in the days of Senator Kefauver's committee on which I was privileged to serve as counsel, we had a similar problem. At that time it was Turkey, and we thought that maybe the Government could plan something with the Turks. Well, it took 25 years until it finally came about.

Isn't there something we can look at in Mexico, for example, that would reduce the amount of heroin that's coming across the borders from the 1½ tons that it is today, of 6 tons, to zero tons.

Mr. TODMAN. Yes. To plan for it precisely, I don't know. But I think the kinds of things we're doing now—and I promised the committee something which perhaps, with your indulgence, Mr. Chairman, I might deliver at this point—but that's exactly what we're trying to do.

We figure that in the case of Mexico you have to destroy poppy fields, and the question, you know, you go about this—you can't say that you're going to eliminate them all within 5 years, but you know that this has to be one of your objectives, and you keep pressing at this.

In the last report that I have, for example, in the period from December 1, 1976, to October 31, 1977, they destroyed 42,571 poppy fields.

Mr. NELLIS. Out of how many?

Mr. TODMAN. That's it; they never know how many there are. That is where the business of saying that we are going to—we will have destroyed them all in 5 or 10 years gets to—because they don't know exactly—

Mr. NELLIS. Maybe we should support a census by the Mexican Government.

Mr. TODMAN. Of poppyfields.

Mr. NELLIS. Thank you very much, Mr. Secretary.

Thank you, Mr. Chairman.

Mr. WOLFF. Mr. Secretary, one final question, and this is a sensitive area—the question of the canal.

Mr. TODMAN. Yes, sir.

Mr. WOLFF. Did the question of narcotics at all come up in our negotiations on the canal?

Mr. TODMAN. Not to my knowledge and belief, sir.

Mr. WOLFF. Thank you very much, Mr. Secretary. We appreciate your being here with us today. We appreciate your taking the time to give us the benefit of your knowledge.

Mr. TODMAN. Thank you very much, Mr. Chairman. I appreciate not only your questions but, quite sincerely, the very useful words of advice, recommendations, suggestions that you have given. And I can assure you that I do take them seriously and will feed them into our planning for programs in the time to come.

Thank you very much.

Mr. WOLFF. Our next witnesses are Mr. Kenneth Durrin, Director of the Office of Compliance and Regulatory Affairs, DEA; Mr. John Jennings, Associate Commissioner for Medical Affairs; and Mr. William Vodra, Associate Chief Counsel for Drugs of the FDA. But before we begin, the committee will be in recess for a few minutes.

[Brief recess.]

Mr. WOLFF. Could we come to order, please.

Would you gentleman rise and be sworn, please.

[Witnesses sworn.]

Mr. WOLFF. Mr. Durrin, I will ask you to start if you will. Then we will go to each member of the panel, and from that point we will start the questions.

If you could summarize your remarks, we would appreciate it. Your complete remarks, your complete statement will be included in the record. Without objection, so ordered.

TESTIMONY OF KENNETH A. DURRIN, DIRECTOR, OFFICE OF COMPLIANCE AND REGULATORY AFFAIRS, DRUG ENFORCEMENT ADMINISTRATION

Mr. DURRIN. Thank you, Mr. Chairman. I'm speaking from an outline, so I'll be as brief as I can.

Mr. WOLFF. If you will identify yourself for the record, please.

Mr. DURRIN. Yes. My name is Kenneth A. Durrin; I'm Director of the Office of Compliance and Regulatory Affairs in the Drug Enforcement Administration.

On behalf of the Drug Enforcement Administration, and Administrator Bensinger, I appreciate the opportunity, Mr. Chairman, to dis-

cuss DEA's compliance and regulatory program with the Select Committee.

As a foundation for my remarks, I refer to the Administrator's opening statement before this committee on October 12, in which he addressed the regulatory program, in part, and further, to his testimony of April 27, 1977, before the Subcommittee on Health and the Environment, Congressman Roger's subcommittee, a copy of which, I understand, has already been furnished to the Select Committee.

Pages 20 through 38 explore the regulatory program of DEA in detail. DEA reorganized the compliance and regulatory affairs function just about a year ago, in October of 1976. And it was Mr. Bensinger's intention at that time to upgrade the status and combine the like functions in the regulatory area of DEA.

We've now had a year of experience with this program, and I would like to furnish to the committee a copy of our fiscal year report for fiscal year 1977, which goes into detail concerning our compliance and regulatory function.

Mr. WOLFF. Without objection, it will be made a part of the permanent record.

[The report referred to follows:]

OFFICE OF COMPLIANCE AND REGULATORY AFFAIRS—FISCAL YEAR 1977 REPORT

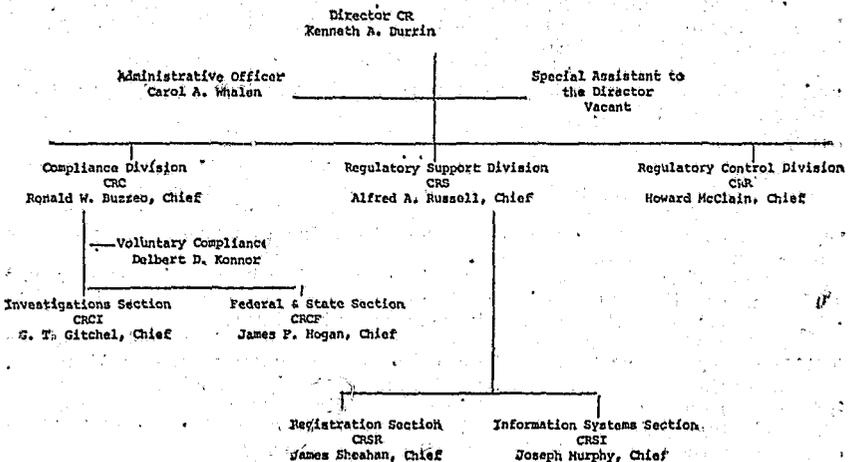
Introduction

This report reflects DEA compliance and regulatory results during Fiscal Year 1977—the program's first year as a separate Office. There were many milestones during the year commencing with the formation of the Office in October 1976. An excerpt from a Senate report concerning the Controlled Substances Act Extension printed in the Congressional Record on September 29, 1977, contains a congressional appraisal of DEA's regulatory program:

"The Controlled Substances Act created mechanisms by which the legitimate commerce of controlled substances could be regulated to assure the availability of these substances for medical need and to prevent their diversion for abuse. DEA's administration of these regulatory provisions has proven to be most vigilant and effective."

The favorable "report card" and the accomplishments set forth in the Fiscal Year 1977 report are directly attributable to the dedication and professionalism of Compliance personnel throughout the Drug Enforcement Administration.

Office of Compliance and Regulatory Affairs



I. REGULATORY CONTROL DIVISION (CRR)

The Regulatory Control Division was formed in October 1976, from elements of the Special Programs Division of the Office of Science and Technology plus the Quota Unit of the Compliance Investigations Division. This Division is responsible for implementing the provisions of Sections 201, 202, and 306 of the Controlled Substances Act and the regulations pertaining to these sections (scheduling drugs of abuse and establishing quotas).

The staff scientists of CRR assemble, organize, and evaluate a variety of scientific data, abuse information, and reports of criminal activity which relate to drug abuse and from this, recommend drug control actions.

CRR is responsible for increasing the reliability of information on drugs of abuse, conducting studies pertaining to all aspects of drug control, and serving as a major source of scientific information on drugs to all of DEA as well as providing appropriate scientific information, evidence and assistance to other branches of the Government, law enforcement agencies, health research oriented groups, the scientific and medical community, and the general public.

*Activities during fiscal year 1977**(1) Drug control and scheduling actions*

During fiscal year 1977, three drugs were placed under control and one was removed from control:

(a) Prazepam—a minor tranquilizer related to chlordiazepoxide and diazepam—placed in Schedule IV.

(b) Loperamide—a synthetic antidiarrheal agent—placed in Schedule V.

(c) Dextropropoxyphene—the most frequently prescribed analgesic in the United States—placed in Schedule IV.

(d) Nalbuphine—removed from the controlled schedules.

Two control actions are in progress: HEW has proposed that lorazepam, a benzodiazepine, be controlled in Schedule IV. DEA has concurred with this recommendation and the action is waiting for approval of the New Drug Application by FDA. DEA has recently proposed the rescheduling of phencyclidine from Schedule III to Schedule II and has forwarded this recommendation to HEW for review and the Secretary's recommendation.

(2) Quotas

Section 306 of the act provides the authority and mechanisms for setting production quotas for substances controlled in Schedules I and II. The Division establishes yearly aggregate quotas and assigns individual quotas to each company legitimately involved in the production of these substances.

In fiscal year 1977, quotas were established for 167 registered manufacturers. Of these, 22 firms are engaged in the bulk manufacturing of Schedule II controlled substances and the remaining 145 firms are dosage form manufacturers. Approximately 455 individual quotas for controlled substances were assigned to these firms.

For the second time in three years, DEA quotas established for phenmetrazine have been challenged. The case is scheduled to be heard before an Administrative Law Judge early in fiscal year 1978.

Significant reductions in the quotas established for Amobarbital, Secobarbital, and Pentobarbital for calendar year 1977 over previous years were noted during fiscal year 1977.

(3) Drug reviews

A review of the abuse of anorectic drugs in Schedules III and IV was completed showing control of these substances continued to be necessary.

A review of the synthesis, availability and utilization of Boron Tribromide, reported as a reagent in the conversion of codeine to morphine, for further conversion to heroin, was completed.

A review of the short and intermediate acting barbiturate depressants was undertaken at the request of the Office of Drug Abuse Policy for their review of these drugs for possible changes in their marketing status.

A review of the Schedule II stimulants was completed as background for DEA's appearance at hearings before the Senate Subcommittee on Monopoly. Following these hearings, DEA provided the FDA with considerable additional information on the misuse, harmfulness and illicit traffic in these drugs. The FDA will hold public hearings in December 1977 to consider the advisability of removing the anorectic indication from these drugs.

(4) Contracts

CRR currently administers two contracts designed to develop information necessary for the drug scheduling functions.

A contract at the University of California has as its primary objective the development of a method for classifying potential drugs of abuse on the basis of various physiological and behavioral measures. During fiscal year 1977, 22 drugs were studied.

A contract at Johns Hopkins University has resulted in the development of experimental procedures for evaluating a wide range of control nervous system active agents as potential drugs of abuse. The procedure is capable of distinguishing narcotic type, depressant type, and stimulant type drugs and assigning them a relative desirability as drugs of abuse in relation to well recognized drugs from each of these pharmacological classes. During fiscal year 1977, 22 drugs were evaluated under this contract.

(5) Excepted prescription drugs

Certain non-narcotic prescription drugs may be excepted from some provisions of the CSA provided that they meet criteria of qualitative and quantitative composition. During fiscal year 1977, a list of approximately 2,000 Excepted Prescription Drugs was published in the Federal Register. This is the first comprehensive list of these drugs published since the inception of this type of limited control in 1967.

(6) Exempt chemical preparations

Exempt chemical preparation status is granted to controlled substances used in small amounts for research and clinical laboratory testing which does not involve administration to humans or animals, and which are formulated in a manner which lacks abuse potential. During fiscal year 1977, Exempt Chemical status was granted to 149 products and revoked from 79 products.

(7) Expert testimony

Expert testimony was provided in proceedings on challenges to the constitutionality of the scheduling of cocaine. The testimony was given in court cases in Alaska, Florida and California and before a legislative body in California. CRR also assisted various enforcement, regulatory and legislative bodies by identifying experts who were willing to testify on matters concerning various drugs of abuse.

(8) DEA Drug Control Committee

The Committee is comprised of representatives from the major divisions of DEA and meets to consider proposed drug control actions. In addition to considering the general validity of the proposed actions, the Committee formally recommends action to the Administrator on such proposals pointing out the reasons for such actions and any problems they may pose to DEA operations.

During fiscal year 1977, the Committee considered the review of anorectic drugs in Schedule III and IV and made the recommendation that these drugs not be rescheduled at this time.

(9) Requests for information

CRR receives an average of 10 requests daily for information on controlled substances, from other Federal agencies, Congress, the White House staff, state and local law enforcement and health agencies, representatives of industry and the health professions and a cross section of the general public.

(10) Interagency Committee on Drug Control

CRR participates in this committee, which was formed under the Special Action Office for Drug Abuse Prevention (SAODAP). The Committee coordinates and facilitates drug control activities between the member agencies of DEA, FDA, NIDA and SAODAP.

II. REGULATORY SUPPORT DIVISION (CRS)

The Regulatory Support Division is comprised of the Registration Section (CRSR) and the Information Systems Section (CRSI). The functions and responsibilities of these two sections are as follows:

- (1) Directs the DEA registration program.
- (2) Directs the DAWN, ARCOS, Label programs and related subsystems.
- (3) Initiates and develops new systems and programs to support the regulatory program.

(4) Maintains liaison with other governmental agencies on a national and international basis as relates to regulatory support programs.

(5) Prepares UN reports on controlled substances production and distribution as required by international treaty.

Registration section (CRSR)

Sections 302 and 303 of the Controlled Substances Act provide for the annual registration of all legitimate handlers of controlled substances, and set forth the requirements for registration. The processing of all new and renewal applications for registration and the issuance of order form books are the primary functions of CRSR. At the end of fiscal year 1977, there were over 560,000 firms and individuals registered with DEA.

A summary of registration activity for fiscal year 1977 is shown below:

New applications processed.....	60, 304
Renewal applications processed.....	506, 823
Registration certificates issues.....	575, 513
Order form books issued.....	374, 270
Registration fees deposited.....	\$2, 778, 645

Total OSA registrants as of September 23, 1977 by business activity

Retail pharmacy.....	54, 548
Hospital/clinic	12, 118
Practitioner	484, 867
Teaching institution.....	686
Manufacturer	486
Distributor	1, 618
Researcher	3, 784
Analytical laboratory.....	1, 586
Importer	73
Exporter	153
Narcotic treatment program.....	925
Total.....	506, 844

Information systems section (CRSI)

CRSI provides information from major DEA programs involving drug use/abuse/diversion statistical data. Some of the major functions of the CRSI are to continuously develop, maintain and improve a national (and worldwide) drug/drug abuse information system to produce systematic and scientific data essential to DEA in monitoring, controlling and scheduling dangerous drugs, and collect and maintain the information required by international treaty obligations for annual submission to the United Nations. Statutory authority supporting these activities is delineated in Sections 201, 307, 502, 503 of the CSA.

The four major programs within CRSI involving abuse/diversion analyses are as follows:

(1) Project DAWN (Drug Abuse Warning Network)

Project DAWN (Drug Abuse Warning Network) is a nationwide program to assist the Federal government in identifying and evaluating the scope and extent of drug abuse in the United States. It is jointly funded by the National Institute on Drug Abuse (NIDA) and DEA. Over 900 different facilities supply data to the program and the results give early indication of changing drug abuse phenomena.

During fiscal year 1977 an Executive Summary was developed from DAWN data which capsulates pertinent information concerning selected controlled substances each month.

Project DAWN statistics—Fiscal year 1977

Metropolitan areas (SMSA's).....	24
Participating facilities.....	983
Hospital emergency rooms.....	829
In DAWN SMSA's.....	617
In national panel.....	212
Crisis intervention centers.....	50
Medical examiners/coroners.....	104
Substances abused.....	4,085
Abuse episodes reported.....	168,826
ER's.....	121,077
CC's.....	43,940
ME's.....	3,809
Drug mentions reported.....	245,551
ER's.....	177,586
CC's.....	60,887
ME's.....	7,078
<i>Periodic reports distributed</i>	12,270
Monthly statistical summaries.....	1,270
Quarterly reports.....	3,000
DAWN IV final report.....	3,000
Requests for DAWN publications/information.....	36
Special requests for DAWN statistics.....	32
Briefings/lectures given.....	9
Special studies: ODAP, barbiturates; FDA, amphetamines; DEA, phenmetrazine.....	3
Grants of confidentiality.....	25

Significant uses of DAWN data

The dissemination of DAWN data to other interested agencies has provided DEA with an excellent opportunity to increase Federal, State and local cooperation. Requests for information concerning the DAWN program have been received from or distributed to such foreign governments as Canada, Holland, Belgium, Australia, Japan, Italy, Iran, Sweden, India, Indonesia and Great Britain.

Among the state and local authorities receiving DAWN data are: 24 Single State Agencies; 8 Councils of Governments or local Drug Abuse Authorities; and 31 State, County or municipal law enforcement agencies.

(2) Project Label

Project Label is a computerized listing of approximately 11,000 controlled substance products compiled from information provided by approximately 950 labelers.

Project Label data was published in a two-volume set by Drug Product and by Drug Distributor; and distribution as follows:

[Fiscal year 1977, sets]

DEA laboratories.....	20
DEA headquarters, regions and compliance personnel.....	20
State forensic laboratories.....	15
Other Federal agencies.....	10
Miscellaneous requests.....	50
Requests for control drug status.....	45

Information from Project Label was used in preparing (1) Controlled Substances Inventory List, and (2) the 1977 American Druggist Bluebook. An annual update of products was completed for approximately 700 distributors.

(5) ARCOS (automation of reports and consummated order system)

ARCOS is a computerized system which provides for the monitoring of drug transactions of selected controlled substances. These transactions are reported by

approximately 2,400 manufacturers, distributors, importers and exporters. The system provides a government capability to monitor the selected controlled substances from point of import or manufacture to point of export or distribution to the dispensing level.

The Unit processed approximately 17.5 million transactions during the fiscal year (an increase of 3.6 million transactions over fiscal year 1976).

The Unit, in FY 1977, worked with the Computer Services Division toward establishing a new system for processing manual reports, Optical Character Recognition (OCR), which will eventually eliminate key punching and provide for more efficient processing of reports. The system will begin testing in December 1977.

The Diversion Analysis and Detection System (DADS) provides intelligence related to actual and potential diversion of controlled substances from the licit distribution system.

The Unit provided eleven DEA Regional Offices with 76 reports on 113 registrants during fiscal year 1977. During this time, several special reports were also provided as follows:

(1) A report on the total reported distribution of selected Barbiturates to the Office of Drug Abuse Policy.

(2) A report in conjunction with DAWN that identified registrants who had ordered excessive quantities of Methaqualone in the Greater Miami area.

(3) Methaqualone study for CRC centered in the Los Angeles area.

Data was provided to the Chief Counsel's Office of DEA on the following:

(1) Phenmetrazine manufacture and distribution.

(2) Controlled substances received by a pharmacy in Dallas, Texas.

Both are ongoing cases within DEA.

The Unit distributed annual reports to all Domestic Regional Offices of DEA in fiscal year 1977 which identified the registrants who purchased the greatest quantities of controlled substances, as an aid to field personnel in setting work plans and targeting potential diversion points.

Members of the Unit gave presentations to a variety of groups on the ARCOS/DADS system, its utility and relationship to other diversion/abuse systems.

ARCOS/DADS STATISTICS

	Fiscal year—		
	1975	1976	1977 ¹
Transactions processed:			
Manual (DEA form 333).....	4,804,453	3,698,402	3,947,818
Magnetic tape.....	4,593,782	7,446,284	10,417,093
80 column key punched cards.....	2,108,460	2,255,989	2,418,812
System 3 key punched cards.....	168,259	553,650	787,618
Total transactions.....	11,674,954	13,954,325	17,571,251
Distribution: Incoming mail.....			
	21,422	19,978	22,317
Outgoing:			
Transaction error edits.....	5,649	20,837	23,317
Unprocessable reports.....	1,138	2,084	1,463
Tapes returned to industry.....	1,461	1,874	1,556
Letters and instruction kits.....	9,593	6,199	7,563
Total outgoing.....	17,841	30,994	33,899

¹ Prior to Dec. 31, 1974, system was in testing stage.

(4) Information resources

Currently CRSI has access to computers operated by the Drug Enforcement Administration, Department of Justice, National Library of Medicine and the Public Health Service's Parklawn Computer Center. These are used to obtain data in support of DEA's regulatory operation.

During fiscal year 1977, special reports were prepared for foreign officials, states and localities. These included information to the Interagency Drug Intelligence Group, Mexico on heroin abuse patterns shown by DAWN data; and a report to Japanese drug abuse officials on medical abstracts relating to crime of irrational behavior caused by or recognized during abuse of amphetamines. Special reports on drug episodes have gone out to governmental agencies in the States of Massachusetts, New York, Virginia, and California.

CRSI also prepared the following for use by DEA :

Summary of regulation activities.—A summary of all control actions since enactment of the Controlled Substances Act of 1970.

Marihuana decriminalization summary.—An up-to-date summary of marihuana decriminalization by the various states and territories.

The Olandestine Laboratory Guide for Agents and Compliance Investigators.—A handbook for conducting clandestine laboratory investigations.

III. COMPLIANCE DIVISION (CRC)

CRC is comprised of the following: Voluntary Compliance; Investigations Section (CRCI); and Federal and State Section (CRCF).

The major functions and responsibilities of CRC are as follows:

1. Maintain and monitor a closed system of legitimate controlled substances distribution to curtail the availability of these drugs to illicit traffic.
2. Direct programs to administer annual CSA investigations, controlled substances distribution and monitoring operations. Process actions to deny or revoke registrations and monitor the importation, exportation, production, and wholesale distribution of controlled substances.
3. Direct the coordination of DEA efforts to foster state and local compliance activity including DIU's.

Voluntary compliance

The Voluntary Compliance Program is aimed at increasing industry's efforts to prevent diversion. This program is implemented through communication with and education of registrants, coordination and management of four national DEA/Working Committees, coordination and management of the exhibits and meetings program, and involvement in and sponsoring of special programs and projects. Thirteen of these National DEA/Working Committee meetings were held during FY 1977 with the Industry, Distributors, Pharmacy, and Practitioner Committees.

Meetings and exhibits program.—DEA participated in 27 national meetings, special meetings, and 11 state meetings.

Programs completed during FY 1977 include:

- (1) Worked with the United States Pharmacopoeia (USP) in preparing 1,000 special kits for graduating pharmacy students.
- (2) Provided USP with an update of CSA regulations for pharmacists and physicians to be included in the third supplement to the USP XIX.
- (3) Worked with officials of the Upjohn Company and authorized the printing of a special chart on *Fraudulent Prescriptions*.
- (4) Co-sponsored and updated special section titled "Controlled Substances Manual for Pharmacists" in the 1977 edition of the *American Druggist/Blue Book*. Circulation: 70,000. This marks the fourth year of publication of this special DEA section.

DEA/Registrant Facts.—DEA's only regular publication for registrant opinion leaders and others. *DEA/Registrant Facts*, commenced publication in September 1974. The approved OMB circulation is 5,000 and DEA is currently attempting to double its circulation.

A survey of the circulation list was made in September 1977, in order to evaluate the newsletter's readership acceptability. Many favorable comments were received and about 90 percent want to continue receiving it.

Special mailings and advance notice of Federal orders.—A total of 549 special mailings were made during FY 1977, which represents approximately 5,000 separate publications. State Boards of Pharmacy were added to our mailing list for selected Federal Register Announcements.

DEA publications.—The editing, coordination, printing, and dissemination of two major publications were completed.

These are:

1. A Manual for the Medical Practitioner; Printed: 100,000.
2. A Model Health Professions Practice Act and State Regulatory Policy; Printed: 5,000.

Federal and State section (CRCF)

The primary mission of the Federal and State Section is to foster and encourage state and local efforts to curtail diversion of legitimate drugs at the retail level. The vanguard of CRCF's efforts in this is the DIU Program. CRCF has established Diversion Investigative Units in 12 states thus far.

The Federal and State Section also responded to over 7,000 inquiries from the various states concerning possible adverse information on applicants for licensure.

Diversion Investigative Units (DIU).—In fiscal year 1977, the States of Georgia, New Hampshire and Nevada instituted DIU Programs. This brings the total number of DIU's now operational to 12. The other nine are Alabama, California, Illinois, Massachusetts, Michigan, New Jersey, North Carolina, Pennsylvania and Texas.

DIU statistics include the following:

Total arrests since the beginning of the DIU Program in 1972—1,807.

Breakdown of arrests from July 1976 through June 1977:

Total arrests	502
Dentists	3
Osteopaths	11
Physicians	73
Podiatrists	1
Total	88
Registered pharmacists	40
Apprentice pharmacists	2
Student pharmacists	2
Pharmacy owners	6
Total	50
Registered nurses	17
Licensed practical nurses	4
Physician's receptionists	1
Total	22
Total registrant related (31.9 percent)	160
Total nonregistrant (68.1 percent)	342
Amount of legitimate drugs removed from illicit traffic—920,670 dosage units.	
Stimulants	515,863
Depressants	101,386
Narcotic (legitimate)	85,943
Other schedule II, III, IV and V	212,976
All other	4,502

Investigations section (CRCI)

The Investigations Section is responsible for the Regulatory Program which is implemented in the field by Compliance Investigators, the investigation of registered handlers of controlled substances and applicants, and the monitoring of transfers of controlled substances between legitimate handlers. Inherent in this responsibility is the initiation and implementation of administrative, civil and criminal action against violative registrants and those acting as registrants without appropriate authorization. These statutory responsibilities assigned to the Investigations Section are delineated in Section 303, 304, 305, 307, 308, 309, 402, 403, 510, and 100 through 1008 of the Controlled Substances Act.

The monitoring of legitimate handlers by this Section also includes overseeing all imports and exports of controlled substances.

Compliance Investigator personnel also conduct frequent, national surveys for use in consideration of additional regulations and for evaluation of recommendations for additional controls of various substances, as provided in Sections 201 and 202 of the Controlled Substances Act.

At the close of Fiscal Year 1977, there were 1977 Compliance Investigators on board. In addition to the surveys and additional regulatory duties set out later in this report, 1,440 compliance investigations were conducted in FY 1977. Also pre-registration investigations and pre-registration checks were made for all new applications for registration. In addition, many leads involving practitioners

were referred to and coordinated with state agencies having the primary regulatory responsibility for action. A breakdown of compliance investigations conducted and action taken follows:

I. Number of investigations-----	1,440 ¹
A. Regulatory-----	1,042
B. Compliant-----	398
II. Compliance actions	
A. Letters of admonition-----	360
1. Type A registrant:	
Pharmacies-----	49
Practitioners-----	27
2. Type B registrants:	
Manufacturers-----	41
Distributors-----	138
3. Other-----	58
B. Administrative hearings-----	78
1. Type A registrants:	
Pharmacies-----	17
Practitioners-----	7
2. Type B registrants:	
Manufacturers-----	11
Distributors-----	29
NTP's-----	8
3. Other-----	6
C. Surrender of registration (code 1):	
1. Type A registrants-----	104
2. Type B registrants-----	8
D. Revocation of registration (requested):	
1. Type A registrants-----	53
2. Type B registrants-----	3
E. Denials of applications for registration (requested):	
1. Type A registrants-----	6
2. Type B registrants-----	0
F. Suspensions of registrations (requested):	
1. Type A registrants-----	8
2. Type B registrants-----	0
G. Arrests:	
1. Type A registrants-----	43
2. Type B registrants-----	9
3. Other-----	0
H. Civil complaints filed:	
1. Type A registrants-----	13
2. Type B registrants-----	3
III. Compliance seizures (incident to arrest and administratives)-----	5
Drugs seized (in dosage form)-----	1,968,410
Drugs seized (in bulk form)-----	123
	² 4,741
IV. Fines civil judgments-----	\$399,048

¹ Gallons.

² Kilograms.

This represents the total monies to be paid to the United States Treasury as a result of DEA regulatory investigative programs in Fiscal Year 1977.

During fiscal year 1977 there were several significant compliance investigations:

03-76-2012—Northeast manufacturer

During fiscal year 1977, DEA purchased or seized a quantity of crude opium and morphine powder. As a result of these purchases, five employees of this firm were arrested and charged with distribution of opium.

Following these arrests, DEA initiated a full in-depth investigation which included a review of records and security. This investigation revealed that the firm was not adhering to its own security procedures to prevent diversion. The involved employees have been discharged and procedures have been tightened.

M1-77-2045—Southwestern distributor

The owner of this firm was arrested in August 1977 for violation of Title 21 U.S.C. 841(a) (1) (illegal sale). Prior to the arrest the owner revealed to an undercover DEA Agent and a cooperating individual the methods used by him to divert controlled substances by altering or falsifying records, including double-invoicing, substitution, returns, use of deceased physicians' names and out of business pharmacies, and altering of the controlled drug sales records. Investigation is continuing and there are preliminary indications that three other distributors may be involved. During this investigation, approximately 115,000 dosage units of a Schedule IV substance was seized in three states. Also, two other pharmacies and five doctors may be involved in this investigation.

H1-74-0186—Midwest distributor

In June 1977, a civil complaint was filed in Federal Court, Eastern District of Michigan, Southern Division, against this distributor for violation of 21 U.S.C. 842(a) (5) (failure to keep proper records). Following this a consent judgment was filed with the Federal Court ordering that subject firm pay a civil penalty in the amount of \$10,000.

EL-76-2023—West coast detailman

This investigation involved diversion by a pharmaceutical detailman who used various physicians' DEA registration numbers to order phendimetrazine which would ultimately be picked up by the detailman and sold illegally to unauthorized parties. The detailman was convicted and received a suspended jail sentence for his illegal distribution activities (841(a) (1)).

B2-75-2008—New England pharmacy

Two audits of this firm disclosed a total shortage of barbiturates of over 170,000 dosage units. On February 11, 1977, the treasurer pled guilty to one count of illegal sale and the pharmacy pled guilty to one count of violating 21 U.S.C. 843(a) (4) (furnishing false or fraudulent information) and one count of violation of 18 U.S.C., Section 2.

The treasurer was subsequently sentenced to two years of imprisonment with a special parole term of two years and a fine of \$1,000. The sentence to be served for six months in jail or treatment institution. The remainder of the sentence suspended and the defendant placed on probation for three years.

J3-75-0029—Southern physician

On March 4, 1977, United States District Judge, Middle District of Tennessee, sentenced subject physician to serve 4 years imprisonment on each of 23 counts for a total of 92 years.

Sentence was suspended on all but three counts. The Judge ordered the 4-year sentences on each of these counts to run consecutively. In addition, the Judge imposed a special parole of two years on each of the three counts and ordered subject to immediately surrender his medical license until such time as his sentence and special parole period are completed.

It is significant to note that subject has previously been convicted on January 21, 1977 on 22 counts for violations of 21 U.S.C. 841(a) (1) (illegal sale) and one count of 21 U.S.C. 846 (conspiracy), for prescribing Didrex, an anorectic type drug, for non-medical reasons.

Compliance Investigators conducted cursory examinations of records and pharmacies in the Nashville, Tennessee area and determined that subject had changed to the use of other anorectic type drugs, including Fastin, Ionamin, Plegine, and others. Compliance Investigators testified prior to sentencing that subject had prescribed at least 77,800 dosage units of the aforementioned type drugs. This change in prescribing habits was an issue in sentencing as defense counsel pleaded to the Judge that his client had discontinued the prescribing of Didrex since the date of conviction.

D1-76-2009—East coast physician

On July 5, 1977, subject was found guilty on twenty counts of illegal sale. The formal charge was "distributing controlled substances while not acting in the usual course of professional practice".

The case is significant and difficult to detect in that the physician illegally distributed anorectics in small quantities of thirty dosage units at a time. The total number of dosage units involved in all twenty counts was 2,300.

In September 1977, subject was sentenced to one year in prison with four years of special probation and fined \$100,000.

LS-76-2021—Midwest pharmacist

As a result of information uncovered during the course of a DEA/local cooperation case, Compliance Investigators subsequently initiated an in-depth investigation of subject's pharmacy. During the course of this investigation, no uncover purchases were made. Subject was convicted on two counts of 21 U.S.C. 841(a)(1) (illegal distribution) and one count of 21 U.S.C. 846 (conspiracy). Subject was subsequently sentenced to fifteen years on each of the three counts.

During the course of this investigation, controlled substances with a retail value in excess of \$10,000 were seized from subject's pharmacy.

GS-76-0026—Southern physician

Subject was found guilty on 42 of 76 counts of illegal sale involving the issuance of prescriptions for Quaalude, not within the legal scope of medical practice. 5,314 prescriptions were entered as evidence. Each prescription was for 24 Quaalude 300 mg. (127,536 dosage units) over approximately six month period.

This case is unique in that subject was charged in the indictment as having operated a "Mental Health Clinic" and/or a Drug Abuse Program as a false front for monetary gain, in violation of 21 U.S.C. 841(a)(1) (illegal distribution).

Subject was sentenced to serve six months on each count to run concurrently. In addition, subject paid \$250 on each count for a sum of \$10,500.

IS-76-2004—Midwest distributor

An in-depth investigation at said facility disclosed that the firm had repeatedly committed flagrant recordkeeping violations. The firm's recordkeeping system generally precluded the determination of shortages or overages. Compliance Investigators spent an inordinate amount of time in attempting to assist the firm in correcting these violations, but the firm refused to change their exist recordkeeping system to conform with existing Federal regulations. Subsequently this firm paid a \$25,000 civil penalty by consent decree for violation of 21 U.S.C. 842(a)(5) (failure to keep records).

GFN1-75-3012—Midwest physician

This was a joint Compliance/Denver Police Department investigation which resulted in subject physician being found guilty in a Denver District Court in May 1977 of the sale and conspiracy to sell narcotics and dangerous drugs. The physician was subsequently sentenced to practice two days a month at the state penitentiary and two days a week in a county jail and was fined \$23,000 and assessed court costs of \$800. NOTE.—This is the first criminal case that has been prosecuted in a Colorado state court against a physician for drug violations.

Import/export operation

CROI monitors and approves all imports and exports of controlled substances to prevent illegal imports and exports which may lead to diversion, maintains records of these activities and prepares reports required nationally and internationally.

During Fiscal Year 1977, 2,000 import/export declarations were reviewed and processed. Also 850 export permits and 180 import permits were issued.

The Import/Export personnel of CROI respond to approximately 15 requests per day from industry, field personnel, Customs and other government agencies regarding domestic and international import/export requirements and statistics.

Significant highlights

There were several significant activities during Fiscal Year 1977, which should be noted:

Computerized prescriptions

Responding to industry's requests, DEA implemented regulations allowing pharmacies to use computerized data processing systems in recording and retrieving refill information for prescriptions for Schedules III through V controlled substances. These rules were finalized and published in the Federal Register with an effective date of June 30, 1977.

Phenmetrazine survey

During the months of January through April 1977, a full field survey of the scope, duration, and extent of abuse of Phenmetrazine for the calendar year 1976

M1-77-2045—Southwestern distributor

The owner of this firm was arrested in August 1977 for violation of Title 21 U.S.C. 841(a) (1) (illegal sale). Prior to the arrest the owner revealed to an undercover DEA Agent and a cooperating individual the methods used by him to divert controlled substances by altering or falsifying records, including double-invoicing, substitution, returns, use of deceased physicians' names and out of business pharmacies, and altering of the controlled drug sales records. Investigation is continuing and there are preliminary indications that three other distributors may be involved. During this investigation, approximately 115,000 dosage units of a Schedule IV substance was seized in three states. Also, two other pharmacies and five doctors may be involved in this investigation.

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R1-76-2023—West coast detailman

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It is significant to note that subject has previously been convicted on January 21, 1977 on 22 counts for violations of 21 U.S.C. 841(a) (1) (illegal sale) and one count of 21 U.S.C. 846 (conspiracy), for prescribing Didrex, an anorectic type drug, for non-medical reasons.

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D1-76-2009—East coast physician

On July 5, 1977, subject was found guilty on twenty counts of illegal sale. The formal charge was "distributing controlled substances while not acting in the usual course of professional practice".

The case is significant and difficult to detect in that the physician illegally distributed anorectics in small quantities of thirty dosage units at a time. The total number of dosage units involved in all twenty counts was 2,300.

In September 1977, subject was sentenced to one year in prison with four years of special probation and fined \$100,000.

L2-76-2021—Midwest pharmacist

As a result of information uncovered during the course of a DEA/local cooperation case, Compliance Investigators subsequently initiated an in-depth investigation of subject's pharmacy. During the course of this investigation, no uncover purchases were made. Subject was convicted on two counts of 21 U.S.C. 841(a)(1) (illegal distribution) and one count of 21 U.S.C. 846 (conspiracy). Subject was subsequently sentenced to fifteen years on each of the three counts.

During the course of this investigation, controlled substances with a retail value in excess of \$10,000 were seized from subject's pharmacy.

G3-76-0026—Southern physician

Subject was found guilty on 42 of 76 counts of illegal sale involving the issuance of prescriptions for Quaalude, not within the legal scope of medical practice. 5,314 prescriptions were entered as evidence. Each prescription was for 24 Quaalude 300 mg. (127,536 dosage units) over approximately six month period.

This case is unique in that subject was charged in the indictment as having operated a "Mental Health Clinic" and/or a Drug Abuse Program as a false front for monetary gain, in violation of 21 U.S.C. 841(a)(1) (illegal distribution).

Subject was sentenced to serve six months on each count to run concurrently. In addition, subject paid \$250 on each count for a sum of \$10,500.

I2-76-2004—Midwest distributor

An in-depth investigation at said facility disclosed that the firm had repeatedly committed flagrant recordkeeping violations. The firm's recordkeeping system generally precluded the determination of shortages or overages. Compliance Investigators spent an inordinate amount of time in attempting to assist the firm in correcting these violations, but the firm refused to change their exist recordkeeping system to conform with existing Federal regulations. Subsequently this firm paid a \$25,000 civil penalty by consent decree for violation of 21 U.S.C. 842(a)(5) (failure to keep records).

GFN1-75-3012—Midwest physician

This was a joint Compliance/Denver Police Department investigation which resulted in subject physician being found guilty in a Denver District Court in May 1977 of the sale and conspiracy to sell narcotics and dangerous drugs. The physician was subsequently sentenced to practice two days a month at the state penitentiary and two days a week in a county jail and was fined \$23,000 and assessed court costs of \$800. NOTE.—This is the first criminal case that has been prosecuted in a Colorado state court against a physician for drug violations.

Import/export operation

CROI monitors and approves all imports and exports of controlled substances to prevent illegal imports and exports which may lead to diversion, maintains records of these activities and prepares reports required nationally and internationally.

During Fiscal Year 1977, 2,000 import/export declarations were reviewed and processed. Also 850 export permits and 160 import permits were issued.

The Import/Export personnel of CROI respond to approximately 15 requests per day from industry, field personnel, Customs and other government agencies regarding domestic and international import/export requirements and statistics.

Significant highlights

There were several significant activities during Fiscal Year 1977, which should be noted:

Computerized prescriptions

Responding to industry's requests, DEA implemented regulations allowing pharmacies to use computerized data processing systems in recording and retrieving refill information for prescriptions for Schedules III through V controlled substances. These rules were finalized and published in the Federal Register with an effective date of June 30, 1977.

Phenmetrazine survey

During the months of January through April 1977, a full field survey of the scope, duration, and extent of abuse of Phenmetrazine for the calendar year 1976

was conducted. This survey revealed large scale diversion and abuse of Phenmetrazine throughout the United States. As a result, the quotas for producers of the substance were reduced. The results of a quota hearing before the Administrative Law Judge is pending.

Methamphetamine survey

During January and February 1977, DEA field offices performed an in-depth study of the type and extent of abuse of Methamphetamine. This survey revealed that abuse of Methamphetamines had decreased from previous surveys. The period covered included the calendar year 1976. Diversion of the substance was found primarily to be in the form of over-prescribing by physicians, forged prescriptions, and drug store thefts. This information was referred to FDA for their use in conjunction with FDA's Amphetamine hearing.

Anorectic survey

During the months of January and February 1977, DEA field offices conducted a full field survey of Schedule III and IV anorectic drugs. Analyses of this survey reveal low scale diversion of Schedule III and IV anorectics with no major illicit trafficking patterns.

Bracteatum regulations and hearings

ORCI had primary responsibility during Fiscal Year 1977 for the promulgation of draft regulations regarding the domestic production of Papaver bracteatum and preparation for public hearings in the matter. This included substantial coordination with the industry in formulating a workable policy in this new area of control.

Fast-Acting barbiturates

In support of the Office of Drug Abuse Policy, ORC initiated a full field survey on current abuse trends of the fast-acting barbiturates. The results of the survey indicated that there were no large domestic groups involved in illicit trafficking of fast-acting barbiturates. The majority of documented diversion was as the result of pharmacy theft, forged prescriptions and medicine cabinet theft.

Additionally, as a result of President Carter's concern over the abuse of barbiturates, the Compliance Program is conducting regulatory investigations on the 120 manufacturers of fast-acting barbiturates to be completed by July 1, 1978.

International regulatory monitoring

During the latter part of FY 1977, Compliance Investigators completed 60 day TDY assignments to Mexico City and Paris. This was the forerunner for the permanent assignment of Compliance personnel overseas in FY 1978 to monitor international distribution of legitimate controlled substances with our foreign regulatory counterparts. The temporary assignments elicited valuable information concerning international diversion patterns and indicates that DEA Compliance expertise can make a valuable contribution in selected foreign posts.

Pharmacy theft prevention program (PTP)

In response to the nationwide rise in pharmacy thefts, DEA conducted two major studies as to the nature and scope of these crimes. As a result of these studies, DEA devised the PTP Program. A pilot program was initiated in 1975 in St. Louis, Missouri. Armed robberies and burglaries of pharmacies were reduced by 29%. The essence of this Program is that DEA acts as a catalyst to mobilize pharmacists, local Police Departments, area governments and media in a joint community action approach towards suppressing pharmacy thefts. In FY 1977, each Domestic Region implemented a PTP Program in one metropolitan area within their respective jurisdiction. Subsequently PTP Programs were established in the following communities: Region 1—Waterbury, Conn.; Region 2—Buffalo, N.Y.; Region 3—Philadelphia, Pa.; Region 5—Miami, Fla.; Region 6—Cleveland, Ohio; Region 7—Milwaukee, Wis.; Region 8—Nashville, Tenn.; Region 10—Johnson County, Kans.; Region 11—Dallas County, Tex.; Region 12—Denver, Colo.; Region 13—Seattle, Wash.; Region 14—San Diego, Calif.

Progress reports from the Regions indicate a high degree of interest in the Program by the communities involved and substantial impact upon pharmacy crime is anticipated in these communities as the program continues.

Mr. DURRIN, DEA operates under a closed-distribution system concept. We currently have approximately 560,000 annual registrants

in our system. We collect about \$2.8 million in annual registration fees. We establish quotas to limit production on schedule I and II drugs.

An example of how this works to keep the pipeline lean: The year prior to the control of amphetamines in schedule II, 66,000 pounds of amphetamines were produced in the United States; this year, 1977, 7,700 pounds were produced.

We also are responsible for the scheduling or rescheduling of controlled substances. A recent example is phencyclidine, or PCP, known on the street as "angel dust" or embalming fluid, which is a very significant problem, as is known to this committee. We have recommended to the Department of Health, Education and Welfare that this be moved from schedule III to schedule II.

Mr. WOLFF. What significance does that have, Mr. Durrin?

Mr. DURRIN. This will heighten the enforcement priority, not only at the Federal level, but at the State and local level. Many States track the Controlled Substances Act in terms of scheduling.

We also are intending as part of this package—and I might add that we received a letter from Mr. Nellis on this subject, I believe last week—we plan to add the immediate precursors to PCP to schedule II, which will upgrade our enforcement efforts. In many of these clandestine labs that are producing PCP, we find they are not at the final step when we take off the lab. This will mean that we will be able to take off the lab, and it will have an actionable substance on the premises, even though it's not PCP.

Mr. NELLIS. Mr. Chairman, excuse me, could I ask a question at that point?

When I wrote that letter, I was very much made aware of a precursor that is apparently known as PCC.

Mr. DURRIN. That's correct.

Mr. NELLIS. A collection of four or five chemicals that are legitimate in terms of the ordinary trade, but when put together, become obviously a property for the making of PCP.

What I would like to know is—and these regional seminars that I attend of narcotics officers only sharpened my thinking on that point—what are the chances they are getting some of these precursors that are otherwise legitimate now on the market onto schedule II, like PCP?

Mr. DURRIN. Well, this is difficult in many cases, because many of these chemicals are widely used in industry. And trying to put controlled substance type monitoring on them would not be workable, either from the Government standpoint or from industry's standpoint. But PCC would, from all our deliberations, be very viable as a precursor placed under control.

And the other immediate precursor to PCP, which I can't pronounce or spell, it's chlorhex—I'll furnish the name for the committee of the other immediate precursor. I'm not a chemist (1-(1-cyclohexen-1-yl) piperidine).

Mr. WOLFF. POP has been used as an animal tranquilizer, has it not?

Mr. DURRIN. It is legitimately marketed as a tranquilizer for primates. It's used by veterinarians, primarily in zoos and wild game farms and the like.

We have received indications that movement to schedule II will not unnecessarily impede the use of this for the treatment of primates.

As part of our closed distribution system we also cyclically monitor all manufacturers and distributors, at least once every 3 years. This has been an effective means of curbing diversion at the manufacturer/distributor level. And we are continuing to take positive action at that level, even though we have seen a significant subsidence in the amount of diversion. In fiscal year 1977, as is reflected in the report I just furnished, we conducted 1,440 investigations, and about 45 percent of those investigations were actionable. One of the most notable investigations was the opium diversion case involving one of the three opium processors. We developed information that opium was on the street, worked it back into the plant, arrested five employees of the opium processor, plus some outsiders, and seized the opium and the intermediate stuff that had been diverted. The employees are now ex-employees. We went over that processor and the other two as well with a fine-tooth comb. Security procedures have been upgraded. We've instituted a once-a-year audit program for all three of the opium processors. And I might add, the bottom line, in terms of our monitoring of opium in the United States, is, that we have never seen any clandestine heroin manufactured from legitimate domestic opium, and we intend to keep it that way.

We had a recent significant case involving the Pennwalt Pharmaceutical Division in Rochester, N.Y., in which we obtained a civil prosecution settlement of \$200,250 as a result of significant record-keeping violations. We recently arrested three different heads of distributing firms in Texas and in Phoenix, Ariz., involving interstate trafficking in legitimate, controlled substances, in which they were falsifying records to cover the movement.

Mr. WOLFF. How do you handle the question of overseas shipments from American manufacturers? We have had a number of situations—complaints—that have been made by foreign governments that U.S. manufacturers were shipping large quantities of legitimate drugs into areas that could not possibly legitimately absorb the quantities that were sent. And then these were being reimported clandestinely into the United States.

Mr. DURRIN. We monitor all exports and imports as well. All controlled substances, schedule II substances, are exported or imported under a permit issued by DEA; the substances in III, IV, and V are imported and exported under a declaration system.

Mr. WOLFF. Do you have any quota system?

Mr. DURRIN. No, we don't have any quotas on imports or exports. But of course if it involves a schedule II substance, any importation would have to be always within the production that is allowed the U.S. firm.

Mr. WOLFF. How about the raw products that can be refined into an alternate substance for reimportation into the United States?

Mr. DURRIN. We have had that kind of situation in the past. We monitor exportation very closely today, and the last significant situation like that was in our Operation Blackjack where Pennwalt, this same company that I just mentioned, was exporting biphemamine resin complex powder to Mexico, where it was being encapsulated in a plant there, and then being smuggled back into the United States. We made

a major investigation of that, covering several States, and worked closely with Mexican authorities.

Since that time—and that goes back 4 or 5 years—we have not seen this kind of a situation occurring, with one exception, about a year ago, with regard to Ionamin, which is again a product manufactured by Pennwalt Prescription Products. We found that Ionamin was being smuggled into the United States, not anywhere near approaching biphethamine 5 years ago. And we instituted investigations, contacted Pennwalt, and they voluntarily embarked on a program in Mexico of monitoring shipments.

Now, of course, we have no way of checking what's going on in Mexico, and we intend to correct that.

Mr. WOLFF. Excuse me for interrupting, but you mentioned the name of the same company two or three times. How is it that they are permitted to continue in business if they have had some serious infractions such as this?

Mr. DURRIN. Mr. Chairman, as a result of Operation Blackjack, we did remove their export registration, or they withdrew their application for reregistration for amphetamines. With regard to Ionamin, the information we had was preliminary, and was not of the stature that we had in the biphethamine case.

As I've indicated, our civil prosecution action just recently indicates that we do regard violative activity on the part of Pennwalt and other corporations as very serious, and do intend to continue to take stringent sanctions.

Mr. WOLFF. What would be required for a company to have their license revoked completely?

Mr. DURRIN. Their license with regard to controlled substances?

Mr. WOLFF. Yes, if they're found to have a number of infractions, why would they be—

Mr. DURRIN. It would be solid evidence of a total failure to maintain adequate safeguards to prevent diversion.

Mr. NELLIS. Excuse me, Mr. Chairman. This \$200,000 fine was paid for what infraction?

Mr. DURRIN. This involved a number of recordkeeping violations at the Pennwalt Prescription Products division in Rochester.

Mr. NELLIS. It seemed very serious for that size fine, wouldn't you say?

Mr. DURRIN. The violations were very serious.

Mr. NELLIS. I think the chairman's question was very pertinent, then. How much more would you need to take some serious action aside from a fine?

Mr. DURRIN. Well, that's a question that of course would be up to the hearing officer, and undoubtedly, ultimately, the courts to answer, in terms of the action.

Mr. NELLIS. But you would have to bring the action?

Mr. DURRIN. That's right. We did remove their amphetamine export registration as the result of the earlier investigation. We did levy a very stiff fine in this case, and we intend to look very closely at the continuing action on the part of Pennwalt.

Mr. WOLFF. Are they tied to any other company?

Mr. DURRIN. The Pennwalt Corp. is a major corporation in Philadelphia, Pa. But I'm referring to their prescription products division in Rochester. I think they do have other products.

Mr. WOLFF. Do you know what other type of products they have?

Mr. DURRIN. I could not really tell you what specific products. I believe—well, I would hate to speculate, because I don't really have the information.

Mr. WOLFF. Can I ask you this—because there is currently an investigation that indicates—and I'm not attributing this to this particular company—that organized crime has been able to infiltrate certain areas of legitimate business, and the interlocking operations that exist permit them to exchange and to operate in a variety of areas.

And I would say that if a company has been guilty of a number of violations, then I think that it requires a major investigation to make a determination as to whether or not the particular company involved has been engaged in any way with any other activity in another part of their operation. I just might say that there's a situation that we are aware of today with regard to a variety of interlocking corporations. One particular company has purchased a chemical company in order to process and make available to them acetic anhydride in this country so that they can actually process raw opium into heroin or morphine into heroin. So I think it might be an idea to give the committee, if you will, not at this time but at your time convenience, the methods that you use to follow up on compliance and to investigate further, not just the violation, but in depth the operations of some of these companies involved in violations.

[The information referred to follows:]

The DEA Compliance Investigation is a very thorough and in-depth inspection of every facet of a firm's operation, as it pertains to controlled substances. In instances where reason exists, the entire operation of a firm, controlled and non-controlled substances, is studied.

Prior to conducting the on-sight portion of an investigation, the firm's profile is reviewed including NCIC, NADDIS, and CSA inquiries, prior DEA investigations, any complaints, intelligence data, and checks with all related federal, state, and local authorities. Investigators usually spend from a few days to a few weeks on-site at a firm depending on the volume, size, and problems of any particular firm. Once in the firm, the investigators interview top management, determine the corporate structure and personnel, any affiliated firms, and general background information. All personnel who handle or have access to controlled substances are identified and interviewed. A complete study of the firm's record-keeping system is studied for compliance with the regulations. An audit of several controlled substances is performed, inventories are verified, a representative sample of shipments is also verified. The firm's drug equipment and security are scrutinized for compliance with the law. Employment and hiring practices are reviewed. Samples of controlled substances are taken for analysis. Any system, method or path that a controlled substance follows is thoroughly investigated.

After leaving the firm, the investigator continues his investigation by checking corporate staff members and all other individuals who could have access to controlled substances with NADDIS and NCIC. Further verification of receipts and sales are made.

When a violation is found, its ramifications are completely examined. Consultation and coordination are made with the FBI, Customs, IRS, and any other Federal, State, or local agency where further violations or data on the subject firm may be found. Where cause is established, credit reports are secured, bank accounts are examined, telephone calls are reviewed. In short, every possible avenue for investigation of illicit activities is explored. When events are not specific violations of DEA rules and regulations, they are referred to the proper authorities, and vice versa.

Mr. DURRIN. I can assure you, we do followup, Mr. Chairman. Diversion at the retail level has not been similarly curbed as it has at the manufacturer and distributor level. This is for two primary reasons. No. 1 retail diversion, doctor-pharmacy diversion, is primarily a State responsibility under the law. And No. 2, we're talking here in terms of limited State resources to cover about 550,000 registrants. The retail problem today includes promiscuous scriptwriting doctors.

We documented a situation in California in the San Francisco area where 22 doctors wrote over 80 percent of some 20,000 scripts, which were all the scripts written for schedule II substances during a several month period by over 900 doctors. Those 22, needless to say, were investigated by our California DIU, and criminal cases were made against all of them.

Forged prescriptions continue to be a significant problem. Illegal sales by professionals, although a limited number are, involved, are a very significant problem. And, of course, burglaries and robberies, primarily of drugstores, continue to be a significant problem.

Mr. NELLIS. May I interrupt again?

Mr. Durrin, what is the situation with respect to methadone diversion?

Mr. DURRIN. We have today 925 narcotic treatment programs registered with the Drug Enforcement Administration. Against those programs, we've taken a total of 172 administrative actions. The thefts are decreasing. In the first half of calendar year 1976, there were 32,000 dosage units reported to DEA as stolen. In the second half, that dropped to 12,700. In the first half of this year, calendar year 1977, that dropped further to 8,600 dosage units. That's a 40-milligram dosage unit, which is the standard average for treatment programs.

The predominant problem with methadone is take-home. If you did not have take-home, you would not have a methadone abuse problem. And we have seen this illustrated in Washington, D.C., where the Narcotic Treatment Administration there abolished take-home about 1½ years ago, and the abuse problem dried up.

The same type of thing has happened in other cities where this has been done.

Let me quickly run over our initiatives aimed at retail diversion. We have memorandums of understanding with 45 States and the District of Columbia delineating the Federal role at the manufacturer and distributor level. The State role is primarily at the retail level. We have our (DIU) Diversion Investigative Unit program, which is a State-run, State-operated program, with Federal seed money for the first 18 to 24 months. One DEA agent is a working member of each of these teams, which run about 10 to 12 investigators. This program has been very successful. We have 12 States in the program today—and I won't take the time to tell you all the States, but that is in the fiscal year report, which has been furnished to the committee. We plan to increase the program during this fiscal year by an additional 3 to 4 States.

We also have a pharmacy theft prevention program based upon a pilot project in the city of St. Louis, Mo., which reduced burglaries and robberies in pharmacies by roughly 27 percent over the year prior to the program. We have this program now in 12 cities, and again, I will not name the cities. They are listed in our fiscal year report.

We recently received—in fact, last week from the Government Printing Office—our comprehensive report, a study of State regulatory agencies and professional associations. And I'd like to furnish a copy of this to the committee, together with the Model Health Professions Act, which we have put together as the forerunner to a major effort on DEA's part to upgrade the State licensing function.

Mr. BURKE [presiding]. Without objection, that will be admitted as a part of the record.

[The report and act referred to are in the committee files.]

Mr. DURRIN. During the coming year, our goals start out with the President's priorities as indicated in his message of August 2. We're auditing the 120 barbiturate manufacturers. We're about one-third through at this point, with a closing date of June 1978. We have identified through our computer monitoring system physician and pharmacy—apparent physician and pharmacy excessive purchases, as part of the President's request that we identify and prosecute physician-violators. We have identified almost 900 pharmacies and almost 500 physicians who appear to be receiving excessive quantities of barbiturates.

This information has gone out to our regions and to the DIU States. We will be receiving back from the regions and the DIU's the finally identified targets by December 1.

Mr. NELLIS. Mr. Durrin, excuse me. In his August message, the President said:

In the near future DEA will conduct a special accelerated audit of the 120 companies which manufacture barbiturates in this country, and will also notify foreign governments of our desire to see them control their barbiturate exports strictly.

What has been done about this by DEA since August?

Mr. DURRIN. With regard to foreign government, Mr. Nellis?

Mr. NELLIS. With both the foreign governments—

Mr. DURRIN. Our understanding with the Office of Drug Abuse Policy was that we would accelerate and perform these special audits within the year ending June 30, 1978. We've done 40 of these investigations thus far.

Mr. NELLIS. What have you found?

Mr. DURRIN. What have we found? At this point we're identifying the distribution patterns. We don't have a bottom line as yet with regard to the barbiturate manufacturers. That will be forthcoming at a later date.

With regard to the international monitoring, we sent two compliance investigators on 60-day TDY in August and September, one to Mexico City, and one to our Paris region. He covered several countries.

Working with the Mexican Federal judicial police, we identified both secobarbital and methaqualane in a clandestine lab in Mexico, which, although they had attempted to obliterate the shipping identifiers on these fiber drums, we identified, by working with the carriers and foreign governments, we identified these products as both emanating from West Germany.

We've notified the West German officials, as well as our Embassy there, and we've been working closely with the Mexican regulatory authorities.

Mr. NELLIS. Have the sales stopped, Mr. Durrin?

Mr. DURRIN. They have not, at this point in time. This TDY, Mr. Nellis, was the forerunner to the permanent placement of compliance investigators in Europe and in Mexico City. We have five slots approved in this fiscal year budget to cover those places.

Now, this is going to be something that is not going to occur overnight.

Mr. NELLIS. Why not? Why can't they be stopped now by some measure to prevent them from exporting these drugs? We find them on the streets, as you know, Mr. Durrin.

Mr. DURRIN. We need to put the expertise in place in order to effectively deal with the problem—working with our regulatory counterparts.

Mr. NELLIS. How long is that going to take?

Mr. DURRIN. We're very hopeful that we will have these people in place by June 1978. We're currently working with the State Department to provide approval for the placement of these people overseas. We've not had any compliance investigators overseas. And we've had a very good reception from the Mexican Government officials. The head of the regulatory program in Mexico has indicated his desire to come up and spend some time with us learning how our program works.

Mr. NELLIS. Mr. Durrin, that's fine. And I'm not being intentionally critical. But in the meantime, while you're doing all this, these pills appear on the streets of our cities, and we get letters every week complaining about the fact that there are Mexican pills on the streets in Chicago and New York and other places. And the same is true of this operation in West Germany.

Why can't they be stopped?

Mr. DURRIN. They can be stopped, but it requires the expertise in place to do it. The West German officials, for example, were startled to learn that an import-export broker in one of their cities had been shipping to Mexico.

But we need to identify these channels of distribution. We need to identify where they're going. And in order to do this, we have to have the expertise in place to do it. And we will not be able to begin to make inroads on the problem until we get the people in place.

Mr. NELLIS. Mr. Durrin, this system was exposed in a hearing in which I participated in San Francisco in October 1969. I am not blaming DEA, but I'm telling you that the routine with customs brokers was something I put on the record myself in Mr. Pepper's House Crime Committee.

Mr. DURRIN. I well remember that, Mr. Nellis. In fact, I supervised—

Mr. NELLIS. Why is it going on 8 years later?

Mr. DURRIN. It's a different kind of a problem. I supervised the investigation that Congressman Pepper and yourself brought forth in the hearings in San Francisco.

Mr. NELLIS. You sure did.

Mr. DURRIN. And that was a situation where a firm in Chicago, Bates Laboratories, shipped to southern California to an export broker, and the consignee was a fictitious address which appeared to be the 11th hole of the Tijuana golf course.

Mr. BURKE. Mr. Nellis, let me interrupt. You know what the gist of the question is. You might as well let the committee know it too.

Mr. DURRIN. That is not the type of problem that is occurring today. The type of problem that's occurring today is, the bulk powder, the legitimate bulk powder that's emanating from foreign shores is coming into Mexico and, to a lesser degree, into Canada, and is being tableted or encapsulated there, and subsequently being smuggled into the United States. Now, in order for us to impact on that problem we have to have expertise in place in Mexico and expertise in place in Western Europe that can work with our foreign regulatory counterparts to identify the scope and extent of the problem, and to impact on it.

We have worked with U.S. manufacturers that have overseas subsidiaries to voluntarily notify us when they get a suspect order, even though it doesn't appear to have any immediate impact upon U.S. shores.

But I submit that that's totally inadequate to do the kind of job that needs to be done.

I might add, the Psychotropic Convention is a very important facet of this whole problem. Western Germany has no controls on barbiturates today. The United Kingdom has no controls on barbiturates today. And of course we have not ratified—as this committee is very well aware—the Psychotropic Convention, even though we have very stringent controls on barbiturates. We monitor all exports of these products from this country. And I submit that, except for very nominal quantities of finished dosage forms going into foreign countries in the Caribbean, and being smuggled back in small quantities, and the same type of thing occurring with Mexico, we have not seen a problem like the Tijuana golf course situation, or like the biphphetamine situation in Operation Blackjack.

Mr. GILMAN. Would the gentleman yield?

Mr. NELLIS. Certainly.

Mr. BURKE. One second, if I may. I don't want to vary the rule. But the Chairman asked me to sit as temporary chairman while he's gone. He said that the rules were that we'd really interrogate after all of them have had the opportunity to testify. The reason I yielded to Mr. Nellis was, the chairman had just before.

I don't mean to cut you off, but I think we ought to hear the witnesses.

Mr. DURRIN. Let me conclude my remarks, Mr. Chairman, by indicating that during the coming year we intend to expand State efforts to curb retail diversion with more DIU's; increasing our cooperative investigations with the State agencies; promoting additional pharmacy theft prevention programs; and we also intend to continue close monitoring of manufacturer, wholesaler diversion.

Needed strengthening in the Federal arena includes a national clearinghouse for licensed professionals that the States can turn to when professionals skip from State to State. We're working now with LEAA on possible funding of that project.

As we expand our upgrading of State licensing board capabilities we, of course, will also need additional investigators in DEA over time to support the State efforts.

Mr. Chairman, this concludes my remarks. I will be happy to respond to any questions at the appropriate time.

Mr. BURKE. Yes; thank you very much, Mr. Durrin.

Mr. Jennings?

**TESTIMONY OF JOHN JENNINGS, M.D., ASSOCIATE COMMISSIONER
FOR MEDICAL AFFAIRS, FOOD AND DRUG ADMINISTRATION,
ACCOMPANIED BY EDWARD TOCUS, MORTON J. FROMER, BUDDY
STONECIPHER, STUART NIGHTINGALE, M.D., AND WILLIAM
VODRA**

Dr. JENNINGS. In accordance with the chairman's instructions, I'll attempt to summarize the statement that we have submitted for the record. And before I do that, I'd like, for the record, to introduce my colleagues who have accompanied me here today.

Dr. Stuart Nightingale is a special assistant to the Director of Bureau of Drugs. Mr. Buddy Stonecipher, director of our division of methadone monitoring in the Bureau of Drugs; Dr. Edward Tocus, chief of drug abuse staff, Bureau of Drugs; Mr. William Vodra, associate chief counsel for drugs.

Mr. BURKE. We'd like to recognize all of you and tell you how much we appreciate your being here. And we will defer questions until you finish the statement.

One thing: Mr. Vodra, are you going to testify, too?

Mr. VODRA. No, I'm just accompanying Dr. Jennings.

Mr. BURKE. All right.

Dr. JENNINGS. And I neglected Mr. Morton Fromer, consumer safety officer in our office of legislative services.

We're very pleased to be here to discuss with you some of our regulatory and compliance activities that relate to compliance in drug abuse.

To be very brief, these can be divided into three categories: new drug review; the methadone treatment monitoring; and advice to the Drug Enforcement Administration (DEA) on scheduling and quotas.

As the committee undoubtedly knows, one of the principal functions of our agency, the Bureau of Drugs, in particular, is to review applications for new drugs for marketing. The law requires that a drug introduced onto the market in this country be proven to be safe and effective for its intended uses. Part of the review for safety and efficacy, as we refer to it, includes an assessment of its central nervous system effects, and its potential for abuse. If such activity exists, a determination is then made of the potential abuse liability, in relation to the expected benefits that would be gained from its therapeutic use.

If it is determined that a drug poses a risk to the public health because of its abuse liabilities, that is otherwise approvable, the drug may then be placed in one of the schedules of the Controlled Substances Act which places certain restrictions on prescriptions and requires various degrees of recordkeeping, depending on the schedule the drug is controlled under. If it's found that the drug has a capacity to produce a severe abuse problem, because of intense psychological or physical dependence-producing properties, it may be placed in the most restrictive category under the Controlled Substances Act for marketing drugs, that is, schedule II. And the quota provisions of the act apply under schedule II, and the amount of the drug which can be manufactured is regulated by the Department of Justice.

A number of other activities relative to the drug review area have a bearing on drug abuse: the regulation of the labeling of the drug; the regulation of advertising for prescription drugs; and the moni-

toring of adverse effects through adverse drug-reporting systems; the FDA poison control center, and other epidemiological studies, such as the drug abuse warning network, known as DAWN.

We also attempt to disseminate information to the health professionals and to consumers. We publish, from time to time, a bulletin, the FDA Drug Bulletin which, depending on its content, may reach 600,000 or 700,000 health professionals. Another publication, the FDA Consumer, is directed to the lay public.

Some new initiatives in this area that are worthy of attention relate to the amphetamines and to the sedative-hypnotic drugs, the old, long-familiar barbiturates, as well as the newer tranquilizers. The question in both of these cases is whether additional regulatory action should be taken under the Federal Food, Drug and Cosmetic Act because of continuing high level of abuse, even though these drugs are, for the most part, in schedule II.

In late 1975 we began to reexamine the scope of our problems in the abuse of amphetamines, and to consider any further regulatory action that might be appropriate. These regulatory actions range from complete removal from the market, restricting indications for use, labeling revisions, and educational actions.

In early 1976 we presented this problem to our Neurological Drugs Advisory Committee, which considered the issue of the need for amphetamines in the treatment of certain disorders, particularly the central nervous system disorder known as narcolepsy, as well as the condition known under various names including minimal brain dysfunction, or the hyperactive child.

It was the view of this group of experts that there are alternatives to amphetamines for the therapy of narcolepsy, but that the alternatives are not equivalent, and certainly not superior. Furthermore, they concluded that a withdrawal of the amphetamines from the market would have a deleterious effect on patients with minimal brain dysfunction.

In view of this advice, we do not feel that total removal of this category of drugs from the market would be in the interests of good medical care for patients with these serious conditions.

Our current plan, then, which was published in the Federal Register on October 14, 1977, includes the presentation at a public hearing, which is scheduled for December 2, of a proposed plan for the removal of the anorectic indications (weight reduction) from the amphetamine drug products labeling—that is, their retention on the market for narcolepsy and minimal brain dysfunction, and the requirement of a patient package insert.

We hope that all of these actions will have an impact on the abuse of amphetamines. But it is clear to us that the voluntary action of the medical and other health professions is necessary to produce the best result and minimize abuse.

The publication of articles and positions taken by responsible medical professional associations are considered essential to promoting the rational use of such drugs as amphetamines, and we hope that these voluntary activities will take place. And we are working with the medical profession and other Federal agencies to promote such a common venture.

The President's message on drug abuse to Congress on August 2, 1977, has been referred to. At that time, President Carter specified that special attention should be paid to the abuse of sedative hypnotics, particularly certain barbiturates which have been the cause of many deaths in the United States for a considerable period of time. He requested on HEW review of these drugs to determine whether they should remain on the market. This review is underway, and portions of a recent National Institute on Drug Abuse (NIDA) study on this category of drugs, have been presented to our advisory committee. I understand the complete report is now available, and I'm sure will be given wide distribution.

Our expert committee will be asked for recommendations on specific drug products in this category in the near future in terms of relabeling, rescheduling, or possibly, removal from the market.

We are considering the use of patient package inserts in conjunction with other efforts to attempt to minimize abuse of these categories of drugs. The Institute of Medicine of the National Academy of Sciences will be conducting a study for the Office of Drug Abuse Policy and for NIDA, and will examine, among other things, the use of patient package inserts involving this group of drugs. The study will also examine the prescribing practices and the attitudes of physicians and the attitudes of patients, and various policy options for dealing with issues on therapeutic use and abuse of the sedative hypnotic drugs. We expect that this study will be extremely useful to the agency, as well as to the medical profession and the public.

I'd like to say a few words about our methadone monitoring program.

The basic intent of the program is to insure that methadone is safe and effective when used in the maintenance or detoxification of narcotic-dependent individuals. This includes monitoring for compliance with regulations which serve as minimum standards for its use.

The risks and benefits both to the individual and to society are taken into account in the current program. Thus, the availability of appropriate patient rehabilitative services, as well as the potential for diversion, are matters of concern to the agency.

Specifically, we do the following in regard to the methadone programs:

- (1) cooperatively with NIDA, set treatment standards;
- (2) certify to DEA whether the applicant meets the Secretary's treatment standards in his application to become registered with DEA; and
- (3) periodically inspect the treatment programs to determine their compliance with treatment standards.

The methadone regulations were promulgated by the agency under the Comprehensive Drug Abuse and Control Act of 1970. FDA has the authority in matters dealing with the approval and regulation of new drugs being safe and effective for the treatment of narcotic addiction.

Under the Narcotic Addict Treatment Act of 1974, the Secretary of HEW was authorized to establish standards for practitioners who dispensed narcotic drugs for individuals for maintenance treatment

or detoxification treatment. This authority has been delegated by the Secretary to the National Institute on Drug Abuse.

The methadone regulations, then, comprise the only federally established medical treatment standards for drug treatment of narcotic addiction, since no other drug has been approved by FDA as safe and effective for such use.

Within our Bureau of Drugs, the Division of Methadone Monitoring reviews applications for treatment program approval, and through the field forces monitors methadone treatment programs for compliance with the regulations.

The FDA coordinates approval of applications with the DEA and respective State methadone agencies.

In addition to the inspections conducted by our regional district personnel, up to 300 treatment program inspections per year are conducted through contracts with 5 State agencies.

The FDA is a member of the Methadone Treatment Policy Review Board, along with NIDA, the DEA, and the Veterans' Administration. This board meets periodically to review and establish policies concerning treatment of narcotic addiction with methadone.

I should say that our legal basis for our monitoring of these programs has been the subject of a legal challenge. Specifically, the authority was questioned as the result of a suit brought by the American Pharmaceutical Association, which successfully challenged our authority to restrict the distribution of methadone for use as an analgesic.

Because of that, on July 9, the regulation was published rescinding the FDA's control of methadone use and distribution for analgesia. However, the remaining regulations continue in force, and our monitoring program continues.

We are reviewing the entire methadone monitoring program this year, including both our legal authority, and the consideration of a variety of administrative options in this area.

We have not yet decided what our future course will be, but we intend, you may be sure, to remain active in our concern for the safety and efficacy of methadone programs.

I might say that on October 28, 1977, FDA and NIDA published jointed proposed regulations which, if finalized, will serve as the Federal treatment standards under the National Addict Treatment Act.

The third category of activities that relate to drug abuse consist of our advice to DEA on scheduling and quotas. The Controlled Substances Act requires HEW to provide to the Attorney General information relating to the scientific and medical evaluation and recommendations as to whether a drug or other substances should be controlled or removed from the controlled substance schedule.

The act requires that the Attorney General consult with the Department of HEW before initiating such proceedings. FDA performs this review function for the Department, and prepares its recommendation for the Assistant Secretary for Health.

In carrying out this function, of course, the Agency consults with other bodies, particularly NIDA, and its Controlled Substances Advisory Committee. This committee evaluates data which have been compiled relevant to whether or not a drug should be controlled, and under what conditions of the act.

In addition, there is an Interagency Committee on Drug Control which exists to facilitate Departments of Justice-HEW interaction in all aspects of drug control.

The same Controlled Substances Act requires the Secretary of HEW to supply the Attorney General with the results of studies and reports relating to controlled substances that are necessary to supply the normal and emergency medical and scientific requirements of the country.

The drug abuse staff of the Bureau of Drugs has the primary responsibility for carrying out studies to determine medical needs, and for preparing a report for transmittal to the Attorney General by the Assistant Secretary for Health, and we give a detailed account of the calculations used in the statement submitted for the record.

It should be pointed out, however, that the actual quotas for controlled substances in kilograms are determined by the DEA, not by the FDA, and that agency may consider other factors than the information submitted by FDA.

In conclusion, we have a multiplicity of activities starting from the investigational use of drugs through the approval for marketing and surveillance, which can affect the licit, and therefore the illicit use of drugs.

We attempt to work closely with other Government agencies and professional organizations, and, for example, are participating in the demand reduction policy review conducted by the Office of Drug Abuse Policy.

We attempt to get public input from physicians, patients, industry, academia in making our decisions. Our current proposed review of the amphetamines is representative of this approach.

We are attempting to explore new approaches, such as the use of patient package inserts, which we think will result in greater awareness on the part of the public of the potential for abuse of licit drugs, and one hopes will bring about a diminution in the abuse of such drugs.

Mr. Chairman, I think that concludes my summary of the formal statement, and I'll be happy, along with my colleagues, to attempt to answer any questions you might have.

[Dr. Jennings' prepared statement follows:]

PREPARED STATEMENT OF JOHN JENNINGS, M.D. ASSOCIATE COMMISSIONER FOR MEDICAL AFFAIRS, FOOD AND DRUG ADMINISTRATION, PUBLIC HEALTH SERVICE, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. Chairman, I am pleased to discuss the compliance and regulatory functions of the Food and Drug Administration (FDA) in relation to drug abuse and will, as per your request, emphasize new initiatives in the past 12 months and new developments in some of our current programs. I will also comment on our collaborative activities with other Federal agencies and our goals for the future. The specific questions posed by you in your invitation letter of September 26, 1977, are answered in the Appendix.

FDA has a number of compliance and regulatory activities related to the drug abuse problem. One way of grouping these various activities is to consider them under the following FDA programs: New Drug Review, Methadone Treatment Monitoring, and Advice to the Drug Enforcement Administration on Scheduling and Quotas.

NEW DRUG REVIEW

The spectrum of general drug taking in the United States includes drug use, misuse and abuse. Therefore, prevention for the FDA includes the prevention of harm to the individual and to the general public from the use, misuse, and the abuse of drugs.

FDA's primary function in drug abuse prevention is the review of all psychotropic drugs for abuse potential during their investigational phase and in marketed drugs when problems arise.

As part of the scientific review of data to determine the safety of a drug, an evaluation is made of its effects on the central nervous system to determine the extent of such effects and whether such activity is or is not detrimental. If such activity exists, a determination is made of the potential abuse liability due to this activity relative to the potential benefits to be gained from its therapeutic use during marketing.

If the drug has central nervous system (CNS) activity which the FDA determines to be so great as to present a risk to the public health because of abuse liability, and is otherwise approvable (marketable), the drug may then be placed under one of the Schedules of the Controlled Substances Act which places certain restrictions on prescriptions and requires various degrees of recordkeeping, depending upon the schedule under which the drug has been controlled. If the drug is found to have the capacity to produce a severe drug abuse problem because of intense psychological or physical dependence producing properties, it may be placed in the most restrictive category under the Controlled Substances Act for Marketed Drugs—Schedule II. The quota provisions of the Act apply under Schedule II and the amount of drug which can be manufactured is regulated by the Federal Government (Department of Justice (DOJ)). The above procedures are designed to prevent diversion and abuse of drugs which may be harmful to the public health because of their abuse liability.

A drug which has been controlled under the Controlled Substances Act must carry the symbol indicating the Schedule (II-V) under which it is controlled, thus notifying the physician and others in the distribution chain that the drug does have abuse liability and alerting the physician to the relative liability of the drug vis-a-vis other controlled substances.

Our use of advisory committees in this review process and our relationship with the Drug Enforcement Administration (DEA) in this area is described in the section "Advice to DEA on Scheduling and Quotas."

In addition to determining which drugs meet legal standards for marketing, the FDA has a number of activities in the drug review area which operate to prevent abuse: labeling, regulation of advertising for prescription drugs, and monitoring of adverse effects through our adverse drug reporting system and the FDA Poison Control Center data, and other epidemiological studies such as DAWN (Drug Abuse Warning Network).

Our mission also includes information dissemination to health professionals and consumers. The latter approaches include the FDA Drug Bulletin, which reaches almost one million health professionals, and the FDA Consumer, directed to the lay public.

New initiatives in this area relate to amphetamines and sedative-hypnotics (e.g., barbiturates, benzodiazepines). The fundamental question in both cases is whether regulatory action should be taken under the Federal Food, Drug, and Cosmetic Act because of a continuing high level of abuse even though most of these drugs are in Schedule II.

The following summarizes the current status and future plans regarding the amphetamines and sedative-hypnotics.

During testimony before Senator Nelson in November 1976, we indicated that there is a major problem with amphetamine abuse and that we would thoroughly examine the scope of current problems in their use and abuse, review the need for amphetamines in medical practice, and move ahead with any regulatory action which might be appropriate. The range of possible regulatory actions include complete removal from the market, at one extreme, to other regulatory, administrative, and educational actions, many of which would require labeling revisions.

We presented to our Neurologic Drugs Advisory Committee on February 3, the issue of the need for amphetamines in the treatment of narcolepsy and minimal dysfunction. It was the view of this group that there are alternatives to the amphetamines for the therapy of narcolepsy; that the alternatives are not equivalent, let alone superior to the amphetamines. Furthermore, the Committee concluded that the complete withdrawal of amphetamines from the market would have a deleterious effect on patients with minimal brain dysfunction. With the above advice from our Neurological Drugs Advisory Committee, we do not feel that total removal of the amphetamines from the market would be in the interest of good medical care for patients with these serious conditions.

Our current plan, published in the Federal Register on October 14, 1977, includes the presentation at a public hearing of a proposed FDA plan for relabeling amphetamines and promoting their proper use in medical care.

The Public Hearing is scheduled for December 2, 1977. The Federal Register notice outlines current information on prescribing, abuse, and diversion of the amphetamines and other anorectics (antibesity drugs). Further, it outlines the proposed regulatory plan for the removal of anorectic indications from amphetamine drug products, their retention on the market for the indications of narcolepsy and minimal brain dysfunction, and the requirement of a patient package insert. If the administrative record of the Public Hearing supports a case for removal of the antibesity indications because of a high level of abuse, the Bureau of Drugs would initiate administrative action.

It is by no means certain, however, that the labeling revision alone will have a significant impact on amphetamine abuse. It is clear to us that combined Government-professional action is likely to produce the best result in minimizing abuse of amphetamines and, at the same time, encourage proper use. The publication of articles and position statements by responsible medical professional associations are also essential to promoting the rational use of drugs such as amphetamines. It is our hope that voluntary activities of this type will take place and we are already working with the medical profession and other relevant Federal agencies to promote such a common venture.

The area of sedative-hypnotics has been one of particular importance to the Federal Government over the past several years. The problem of poly-drug (nonopiate) abuse and multiple drug abuse in general, however, has been highlighted as it related to treatment needs, but has only recently been viewed within the context of inappropriate prescribing and the role of the physician.

In his drug abuse message to Congress, August 2, 1977, President Carter specified that special attention should be paid to the abuse of sedative-hypnotics, particularly certain barbiturates which cause many deaths yearly in the United States. He also requested an HEW review of sedative-hypnotic drugs to determine whether they should remain on the market. At least one nonbarbiturate non-benzodiazepine drug—Doriden—has been discussed with our FDA Advisory Committee and similar scrutiny will be given to other sedative-hypnotic drug products as warranted by the data. Portions of a recently completed, but not yet released, National Institute on Drug Abuse (NIDA) study on sedative-hypnotic drugs, were presented to our advisory committee. When this committee meets again, it will be asked for recommendations on specific drug products in terms of possible relabeling, rescheduling, or removal from the market.

Progress in controlling the misuse of sedative-hypnotic drugs should also result from FDA's work on labeling requirements for drugs in general. We are currently developing final labeling regulations for all drugs. We expect that these will deal more appropriately with issues relating to the treatment of the drug abuser.

FDA is also examining the appropriate format, priority, and resource investment in an overall program for patient package inserts (PPI's) for all or most drugs. The use of PPI's for sedative-hypnotic drugs has been singled out. The Institute of Medicine of the National Academy of Sciences will be conducting a study for both the Office of Drug Abuse Policy and NIDA, and will examine the use of PPI's as one of a variety of issues involving this group of drugs. The study will also examine the prescribing practices and attitudes of physicians, the attitudes of patients, and various policy options for dealing with issues on the therapeutic use and abuse of the sedative-hypnotic drugs. The findings of this study should be useful to the medical community, patients, and the FDA.

METHADONE TREATMENT MONITORING

The basic intent of the methadone program is to ensure that methadone is safe and effective when used for the maintenance and/or detoxification of narcotic dependent individuals. This includes monitoring for compliance with regulations which serve as minimal standards for its use. The risks and benefits, both to the individual and to society, are taken into account in the current program. Thus, methadone diversion and the availability of appropriate patient rehabilitative services are of central concern to the FDA.

Specifically, FDA does the following:

1. Cooperatively with NIDA, sets treatment standards.
2. Certifies to DEA whether an applicant meets the Secretary's treatment standards in an effort to become registered.

3. Periodically inspects treatment programs to determine their compliance with the treatment standards.

The FDA methadone regulatory program which governs methadone maintenance and detoxification therapy continues in place, but because of a legal challenge, is being reevaluated vis-a-vis our authority for these important regulations. Specifically, FDA's current treatment program inspection and compliance activities are subject to successful judicial challenge as a result of the American Pharmaceutical Association's suit (*APHA v. Mathews*, 530 F.2d. 1054 (1976)) which successfully challenged the Agency's statutory authority to restrict the distribution of methadone for analgesia. On July 9, 1976, a regulation was published rescinding the FDA control of methadone use and distribution for analgesia. However, the remaining FDA regulations concerning methadone for narcotic addiction treatment continues in force. The Agency is currently evaluating the impact of the *APHA* decision on its current methadone monitoring program. On October 28, 1977, FDA and NIDA jointly published in the Federal Register proposed substantive revisions to the current methadone regulation. These are being submitted for the record.

The methadone regulations (21 CFR section 291.505) were promulgated by the FDA pursuant to section 4 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (42 U.S.C. section 257(a)), sections 505 and 701(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. sections 355, 371(a)), and section 303(a) of the Public Health Service Act (42 U.S.C. section 242(a)). The authority vested in the Secretary of the Department of Health, Education, and Welfare under section 4 of the 1970 Act was delegated by the Secretary to FDA and NIDA (37 FR 27646, 12/15/74). FDA's authority extends to all matters dealing with the approval and regulation of new drugs deemed safe and effective for use in the treatment of narcotic addiction. NIDA's authority extends to matters dealing with the establishment of medical treatment practices and procedures for narcotic addiction treatment. The methadone regulations comprise the only federally established medical treatment standards for narcotic addiction treatment. No standards exist that prescribe the use of other narcotic drugs in the treatment of narcotic addiction, since no other narcotic drug has been approved by FDA as safe and effective in the maintenance treatment of narcotic addiction.

Under the Narcotic Addict Treatment Act of 1974 (NATA) 42 U.S.C. section 823(g), the Secretary of HEW was authorized to establish standards for practitioners who "dispense narcotic drugs to individuals for maintenance treatment or detoxification treatment," and to certify qualified practitioners to DEA for narcotic addiction treatment registration.

The Division of Methadone Monitoring within the Bureau of Drugs, FDA, reviews applications for treatment program approval and, through FDA field personnel of the Executive Director of Regional Operations, monitors methadone treatment programs for compliance with the methadone regulations. While FDA and NIDA have jointly published proposed methadone regulations which will serve as treatment standards under the NATA, the agencies are still working on ways in which to best effectuate the practitioner registration qualification standards.

FDA coordinates approval of applications with the DEA and respective State methadone agencies. Furthermore, up to 300 treatment program inspections per year are conducted through contracts with five State agencies. Where necessary, FDA, in conjunction with NIDA, publishes amendments to the current treatment standards (as above).

FDA is a member of the Methadone Treatment Policy Review Board (MTPRB), along with the National Institute on Drug Abuse, the DEA, and the Veterans Administration. The Board meets periodically to review and establish policies concerning treatment of narcotic addiction with methadone.

One of our goals in the coming year will be to complete a review of the methadone program. This review will include an examination of our current legal authority and a consideration of a variety of administrative and legislative options in this area. The review has already started and is including input from all organizational units within the Agency.

The methadone program is operating effectively at the moment. Its long-term health depends, however, on a firm legal basis. While we are considering various options to deal with the issue of our legal authority, we have not yet decided that new legislation is the only available, or necessary, approach at this time.

ADVICE TO DEA ON SCHEDULING AND QUOTAS

Scheduling

Section 201 (b) and 201 (f) of the Controlled Substances Act (21 U.S.C. section 811 (b) and (f)) require HEW involvement in the scheduling of drugs. The Attorney General must consult with HEW before initiating proceedings to control a drug or remove a drug from a schedule. The Secretary must provide the Attorney General with a scientific and medical evaluation and recommendations as to whether such a drug or other substance should be controlled or removed as a controlled substance.

The medical and scientific evaluation and recommendation function for the Secretary of HEW has been delegated to the Assistant Secretary for Health. The FDA performs the review and prepares the recommendation for the Assistant Secretary for Health. Within the FDA the Drug Abuse Staff, Division of Neuropharmacologic Drug Products, Bureau of Drugs, performs these functions.

Informal liaison activities are maintained with other parts of the Public Health Service (e.g., NIDA) and, as appropriate, advice is sought from the Controlled Substances Advisory Committee. This committee evaluates data which have been compiled relevant to whether or not a drug should be controlled and under what conditions of the Controlled Substances Act. This committee represents the interests of the noncommercial medical and scientific communities that will be affected by control. A more informal interagency committee, Interagency Committee on Drug Control, exists to facilitate DoJ/HEW interaction in all aspects of drug control.

The FDA Drug Abuse Staff is also responsible for monitoring legally marketed drugs, whether or not scheduled, to see whether or not they have become a danger to individuals or the public in general because of abuse. When appropriate, a scientific and medical evaluation and recommendation is prepared according to the approach specified above. Recommendations may include control, or transfer of the drug from one schedule to another.

Many other activities, outside of scheduling recommendations, flow from determinations of abuse potential prior to approval for marketing, and from abuse uncovered during the post-marketing surveillance. Examples of these include: initial labeling or revision of labeling to deal with hazards, new treatments for overdose or the withdrawal syndrome, removal of certain formulations of a drug product and removal of the most abused drugs of a class from the market. Also, the regulation of advertising of marketed drugs is an important issue relating to our regulatory mandate. Other activities include public hearings, professional and consumer meetings and the promulgation of labeling regulations sensitive to drug abuse issues. The Class Labeling Project, to provide uniform labeling for classes of drugs, is another example of a Bureau of Drugs initiative which will have an impact on drug abuse.

Quotas

The Controlled Substances Act (CSA) amended the Public Health Service Act to require the Secretary of HEW to supply the Attorney General with results of studies and reports relating to controlled substances "that are necessary to supply the normal and emergency medical and scientific requirements of the U.S."

The Drug Abuse Staff Bureau of Drugs, has primary responsibility for carrying out studies to determine medical needs for controlled drugs and for preparing a report for transmittal to the Attorney General by the Assistant Secretary of Health. The staff consults with the Division of Drug Experience in the Bureau of Drugs for the collection and evaluation of necessary data, and receives data from NIDA on Schedule I and II drugs.

In establishing quotas, FDA assumes that when a duly licensed practitioner writes a prescription for a patient to obtain a drug controlled under Schedule II of the CSA, that prescription and the receipt of the drug by the patient pursuant to that prescription, represents legitimate medical need. However, the FDA does not take into account Schedule II drug purchases by Government agencies, direct dispensing by physicians and veterinarians, or use in hospitals, since such data are not readily available and since trends in general prescribing are felt to reflect general usage. Further, FDA does not project scientific or emergency needs, since data bases are not available to perform this function. The approach used for FDA calculations is described in the answer to question No. 8 in the Appendix.

It should be pointed out that the actual quotas in kilograms are determined by DEA, not FDA. Other factors, such as drug "in the pipeline" and diversion, may be considered by DEA.

New initiatives in the area of scheduling include our current review of phen-cyclidine hydrochloride (PCP), a widely abused veterinary drug product now in Schedule III, and, after our current plan for the amphetamines is publicly discussed and any resulting action is effected, a promised review of the current Schedule III and IV anorectics.

CONCLUSION

In conclusion, the FDA is involved in a multiplicity of activities related to drug abuse. A wide spectrum of regulatory concerns, from new drug development to post-marketing surveillance, can affect licit and—indirectly—illicit drug use.

Symbolic of our close working relationship with other Federal agencies is our active participation in the Demand Reduction Policy Review being conducted by the Office of Drug Abuse Policy (ODAP). The deliberations of this group will lead to further recognition of the importance of the health regulatory apparatus in the prevention and control of drug abuse.

All of these activities benefit from public input, including that from patients, physicians, industry, academia, and agencies at all levels of Government. Our current proposed review of the amphetamines is representative of this anticipated input. Also, FDA is embarked on a variety of innovative programs—including patient package inserts—which should result in greater consumer protection in the drug area. FDA has increasingly sought to give the public more access to its decisionmaking process and is making a very strong effort to inform health professionals and the general public through such vehicles as the FDA Drug Bulletin, the FDA Consumer, and press releases.

Mr. Chairman, this concludes my formal statement. My colleagues and I will be happy to answer any questions you may have.

APPENDIX

Question 1(a). What formal criteria and procedures has the FDA designed in order to assist its personnel in the initiation of an effective enforcement policy?

Answer. We assume the question relates specifically to the methadone monitoring procedures and not to the totality of FDA's enforcement activities. The criteria and procedures used by FDA personnel in carrying out an effective enforcement policy in methadone monitoring are specified on pages 21 through 24 and 39 through 41 of Chapter 23 of the FDA Compliance Program Guidance Manual—dated July 16, 1976, which we would like to submit for the record.

Chapter 23 of the Compliance Program Manual will need revision to become consistent with the revised methadone treatment regulations, which will be issued in final form after comments are received on the proposed regulations published jointly by NIDA and FDA on October 28, 1977 in the Federal Register. These revisions will also include recommendations made in the GAO Report, "More Effective Action Needed to Control Abuse and Diversion in Methadone Treatment Programs" (March 9, 1976.)

Question 1(b). Discuss briefly the FDA program review procedure, delineating each step from initial application to final program approval.

Answer. Newly received applications are reviewed to determine if the applicant satisfies the requirements of the methadone regulation. If the application is deficient, the Bureau of Drugs' Division of Methadone Monitoring requests the applicant to submit additional information to complete the application. Simultaneous with the submission of an application to the FDA and the State Authority, the applicant applies for registration with DEA. Upon receipt of the registration application, DEA notifies FDA that it has received the application and requests notification when the applicant meets the standards established by the Secretary. When it has been determined that an application is minimally acceptable for review, the Division of Methadone Monitoring informs DEA and the appropriate State Authority that an application for approval of a narcotic treatment program has been received, and requests notification when the applicant has satisfied the requirements of each respective agency. When the application is approvable from FDA's standpoint and notice of approvability has been received from the State agency, we notify DEA that the applicant may be registered as a narcotic treatment program whenever the program satisfies the conditions established by them. Upon notification by DEA that it has registered the narcotic treatment program, FDA provides written approval of the applicant to secure methadone for use in a treatment program.

In the event the applicant cannot or will not satisfy the requirements of the methadone regulations for approval of the application, administrative action is begun with the intent to deny approval.

Question 2. What is the average time period for conducting this review process to the point of program approval?

Answer. Within a day or two an application is received, we can determine whether it is approvable as submitted or if there is a need to request additional information. Our records show that recent applications have, on the average, been in the Agency 128 days between receipt and final approval. There are three reasons for such delays in approval: (1) the need to request additional information from the applicant, which requires time for the transmittal of letters and forms back and forth between the FDA and the applicant; (2) the time required for the registration application to be approved by DEA; and (3) the time required for State licensing or approval of an application. It should be noted that FDA and DEA have coordinated the approval process so that approval by one agency closely coincides with the other.

Question 3. What steps have been taken to reduce the time elapsed from onsite program inspections to the preparation and evaluation of their reports? Discuss the priority system developed to review these reports. What has its effect been in insuring the compliance of violative and seriously violative program?

Answer. Procedures outlined in the Compliance Program Manual Chapter 23 were developed for use both by FDA staff and the State agencies with whom FDA has inspection contracts to assure the timely submission of inspection reports. When the reports are received in the Bureau of Drugs they are logged and assigned to reviewers who are "program monitors." Insofar as possible, the reviews are conducted by personnel in the Division of Methadone Monitoring who are assigned the responsibility to monitor applications from program in a specific geographic area. It is their responsibility to evaluate briefly the state of compliance from the comments summarized by the inspector and field reviewer. Inspection reports deemed severely deficient (see Compliance Program Manual) are given immediate attention whether it is by the respective program monitor or another member of the staff. All severely deficient reports take priority over reports preliminarily evaluated to be in compliance or marginally in compliance. Prior to July 1976 when the Agency was bringing injunctions against deficient programs, it had an internal policy that all such actions be processed by the Agency and filed with the court no later than 30 days after the completion of an inspection by the field investigators.

Since July 1976, when the Agency adopted a policy of not provoking regulatory contests in the methadone area under the Federal Food, Drug, and Cosmetic Act, we have revised our enforcement approach. Now, FDA requests that the Drug Enforcement Administration revoke or suspend registration of an applicant pursuant to provisions of the Narcotic Addict Treatment Act of 1974. It is difficult to assess the effect on compliance of the latter procedure by itself. Other important factors in obtaining compliance in recent years include the State agencies with which FDA has contracted to perform inspections. These State agencies have used their own influence and authority where possible to resolve problems of noncompliance by the treatment programs. In our view, this has been one of the more successful approaches to assuring compliance. Furthermore, States which have their own methadone regulations but are not under contract, and cities which have their own regulations, often have taken successful direct action to effect compliance.

Question 4. How many applications for methadone maintenance treatment programs have been filed with the FDA since 1974? Of these, how many were granted approval to operate? How many were denied approval?

Answer. Since January 1, 1974, FDA has received 265 applications to establish new narcotic treatment programs. We have not formally denied any applications from then until the present, electing instead to allow the applicant to withdraw the application from consideration rather than proceed under the time-consuming denial procedure. Of the 265 new applications FDA has received, 36 applications continue to receive consideration for approval, 157 are operating with current approval. Fifty applications were withdrawn by the applicant without approval having been given, and 22 were later withdrawn after the applications had been approved.

Question 5. Of the methadone maintenance programs licensed in the last three years, how many have had their license revoked for failure to comply with program regulations?

Answer. The FDA has not "revoked" any approved application to receive methadone to treat narcotics addicts. Further explanation of the manner in which we handle deficient treatment programs, however, places this response in perspective.

Once we identify a deficiently operating treatment program, we initiate the first stage of the revocation process through a regulatory letter, notifying the applicant that certain violative conditions exist and requesting a response as to how corrections will be made. Most applicants provide adequate assurance that corrections will be made. Those applicants who fail to correct the violations as they had promised, either undergo a formal hearing process or an injunction proceeding. Three sponsors have been enjoined and another has initiated the formal hearing set forth in the revocation process. Consent decrees were successfully obtained in the injunction cases and an agreement similar to a consent decree was obtained in the revocation proceeding, rather than requiring the program to cease operation. In each of these cases, followup inspections have shown that corrections have been made. In a manner similar to the withdrawal of new applications, the FDA allows deficiently operating treatment programs to withdraw their applications, rather than proceed through the lengthy formal hearing process.

Some applicants elect to withdraw their applications rather than bear the expense of the revocation process. In such instances, we agree to the withdrawal of the application because, in doing so, our resources are more efficiently used. Since 1974, 14 treatment program sponsors have elected to withdraw their applications after receiving FDA regulatory letters calling for response to a listing of inspectional deficiencies within 10 days. In the preceding year (1973), 2 applications were withdrawn under similar circumstances.

Question 6. How many methadone maintenance programs does the FDA monitor in the U.S. today? Discuss briefly the FDA administrative organization for insuring the compliance of treatment programs. How many regional offices are charged with enforcement responsibilities, over how many treatment programs does each have jurisdiction, and what is the average staffing level of these regional offices? How many employees devote full-time to insuring the compliance of methadone maintenance programs with the regulations governing their operation?

Answer. The FDA monitors approximately 684 methadone treatment programs for compliance with the regulations. Methadone treatment programs are inspected by FDA investigators or State employees under contract to the FDA. The methadone compliance program is one of many programs conducted jointly through bureaus and regional offices. It should be noted that the Food and Drug Administration's field operations are organized into 10 regional field offices, each under the direction of a Regional Food and Drug Director (RFDD). When warranted by workload or geographic size, a region is further organized into district offices, a branch office, or a resident post. They may execute some or all of the following functions, as assigned by the RFDD.

1. Obtains compliance with the laws and regulations enforced by FDA, and initiates and conducts educational and voluntary compliance programs.
2. Conducts investigations and inspections, and analyzes samples of food, drugs, and other commodities for which FDA has regulatory responsibility.
3. Conducts administrative hearings on alleged violations, and initiates appropriate enforcement action.
4. Recommends legal action to the RFDD, to the Office of General Counsel, DHEW, or to the responsible U.S. attorney (when such direct reference is authorized), and assists in implementing approved action.
5. Provides analytical and inspectional support in programs for which FDA has responsibility.
6. Provides assistance to States and localities in the event of a national disaster or other emergency requiring FDA assistance.

Inspection reports are reviewed at the FDA District and Regional office level and at headquarters (Office of Compliance, Bureau of Drugs).

It should be noted that the FDA Regional Offices, per se, are not staffed with investigators. Investigators are assigned to District offices and there may be more than one district office in a given FDA Region. Any one field investigator does not devote his or her full time to methadone treatment program compliance activities. Field investigators have a broad range of expertise in enforcing the various portions of the Federal Food, Drug, and Cosmetic Act and inspect methadone treatment programs, among other duties on assignment under the FDA

field plan. In FY 77, 22 District offices in all of the 10 FDA Regions were involved in methadone treatment inspections. A total of 20.4 FDA field man-years were expended on methadone program inspections in FY 77, out of 426 total man-years for all human drug activities.

In FY 77, 279 methadone treatment programs were inspected by FDA investigators, and 208 by State investigators under contract to FDA.

The Division of Methadone Monitoring of the Bureau of Drugs has a staff of 13 full-time employees who review inspection reports as well as evaluate treatment program applications.

Question 7. The FDA is currently revising the Methadone Maintenance Treatment Regulations. Briefly outline the major changes in these new regulations in relation to those implemented in 1973. What is their anticipated effect?

Answer. The proposal to revise the methadone regulations was published jointly by FDA and NIDA in the Federal Register on October 28, 1977. The anticipated result of these revisions is to enhance the effectiveness of narcotic addiction treatment and rehabilitation, and to maximize currently available resources. Briefly, the proposed revisions are:

1. To reduce, as a prerequisite for entering maintenance treatment, the period of physiologic dependence on heroin or other narcotics from two years to one year.
2. To extend from one week to six months the time within which an adult may be admitted to maintenance treatment after release from forced detention or a chronic care institution, without having to demonstrate current physiologic dependence on a narcotic substance.
3. To authorize readmission to maintenance treatment within two years after a patient has been detoxified from maintenance treatment, without the necessity of demonstrating that the patient is currently physiologically dependent.
4. To require the development of an initial individual patient treatment plan with periodic updates and evaluations.
5. To delineate standards for an appropriate physical examination for patients in the methadone program.
6. To specify several required and other recommended laboratory tests.
7. To define more clearly the responsibilities of the Program Medical Director.
8. To extend the period of time within which pregnant patients must be evaluated for continuance in treatment from 6 weeks to 3 months after the end of their pregnancy.
9. To clarify vocational and educational rehabilitation requirements and their relationship to the treatment program.
10. To eliminate specific program staffing requirements, except for the counselors.
11. To eliminate routine required urine tests for drugs of abuse, except for the test performed during patient's admission to treatment.
12. To lower the maximum dosage which may be dispensed to a patient without the need for an exception approval, from 120 mgs. daily to 100 mgs.
13. To authorize the dispensing of up to 6 dosage units for take-home purposes after patients have been in treatment for 3 years and if the program certifies in the patient's record that the patient has progressed sufficiently in rehabilitation. The current regulations require coming to the program for medication at least twice weekly.
14. To discontinue the requirement for the specific 2-year evaluation of the need to discontinue treatment, in favor of evaluations related to the treatment plan.
15. To require each program to establish a written policy on involuntary termination from treatment, and to inform the patients of this policy.

Question 8. Under the controlled Substances Act, FDA makes recommendations to the Attorney General (DEA) regarding manufacturing quotas for Schedule II substances.

a. Is this substantially a correct statement?

Answer. Section 701(j) of the Controlled Substances Act amends the Public Health Service Act to include the following statement: "The results of studies and investigations of the quantities of narcotic drugs, or other drugs subject to control under such acts, together with reserves of such drugs that are necessary to supply the normal and emergency medical and scientific requirements of the United States shall be reported not later than the first day of April of each year to the Attorney General, to be used at his discretion in determining manufacturing quotas, or importation requirements under such acts." Thus, the FDA does not

make recommendations regarding quotas but, through the Assistant Secretary for Health, transmits a report to the Drug Enforcement Administration on the results of studies to estimate the medical and scientific requirements for drugs subject to quota control. DEA then establishes quotas on the basis of their report plus additional information it may have on these drugs.

b. How does FDA arrive at these recommendations?

Answer: The basic approach for estimating the United States medical and scientific needs for the Schedule II drugs as required under Public Law 91-513 is as follows: It is the current position of FDA that when a duly licensed practitioner writes a prescription for a patient to obtain a drug controlled under Schedule II of the Controlled Substances Act, that the prescription and its receipt by the patient represents legitimate medical need. Thus, we equate the quantities of drugs necessary with the quantity of drugs legitimately prescribed. Estimates are given to the DEA as forecasted percent changes, from past to current years, in the quantities of these drugs dispensed by retail pharmacies.

METHODOLOGY

IMS-America's National Prescription Audit (NPA) supplies information on drugs dispensed by retail pharmacies. For each drug named in Schedule II of the Controlled Substances Act, the total number of prescriptions for the quarter are calculated, multiplied by the average three months prescription quantity, and by the product's strength (in mgs.), as given in the NPA. The number of prescriptions in NPA is given as a projected U.S. total and represents only those drugs that are prescribed and dispensed through a retail pharmacy outlet in the continental U.S. The average prescription quantity is calculated. Since the NPA gives the number of prescriptions in "thousands" in order to convert to kgs, the total mgs for a drug (product) is divided by one thousand rather than one million. The final calculation for each drug is kgs per quarter for each year. Working with a graph covering several years for a specific drug, the NPA calculations are plotted and calculations are made to forecast the estimated amount of the drug which would be prescribed in the current and next calendar year. Using the estimates and NPA calculations from previous years, the percent change from current to next year is forecast. This information is sent to DEA.

Such estimates by FDA do not include Schedule II drug purchases by Government agencies, direct dispensing by doctors or veterinarians, or use in hospitals. In addition, scientific or emergency needs are not projected, since no data bases are available to FDA to estimate these needs. It is assumed that the above estimate percentage change in drug need, which is based on retail pharmacy sales, is a valid index of the estimated change in all sales (i.e., that percentage change in Government hospitals, direct doctor dispensing, etc., will be similar to changes in retail pharmacy sales).

It is to be emphasized that the actual quota in kgs is determined by DEA. We do not consider data on the diversion of a drug in our calculations, nor the amount of drug which exists "in the pipeline."

c. When quota changes are revised by DEA is there a formal procedure by which you are made aware of such changes?

Answer: Not directly. However, quotas are published as proposals in the Federal Register. The companies can comment on the proposals and in certain cases they may ask for changes. DEA then conducts a process of reconciliation of differences. Final production and aggregate quotas are published by DEA in the Federal Register before the first of each year. Quota revisions may occur during the year based on appeals to DEA. FDA has not been involved in these processes except when asked to testify or explain our methodology or specific calculations.

Question 9. In November 1976, Senator Nelson held hearings on the efficacy and safety of amphetamines. Dr. Crout, representing FDA, argued against the medical need for amphetamines on the grounds that the social risks outweighed any public benefit. Has FDA moved in any fashion towards more closely monitoring amphetamines or perhaps placing them on Schedule I of the CSA?

Answer: Subsequent to Senator Nelson's hearing on anorectics in November 1976 the Director of the Bureau of Drugs met with the Administrator of DEA and the Director of NIDA to review more recent data and they agreed to institute a staff-level group to develop and refine the information which would be needed by FDA to take any regulatory action. This group worked closely together and utilized various Federal and non-Federal data sources and surveys.

Concomitant with ongoing staff-level activities, we presented the issue of the medical need for amphetamines in the treatment of narcolepsy and minimal brain dysfunction to our Neurologic Drugs Advisory Committee on February 3, 1977. It was the view of this group that there are alternate safe and effective treatments for narcolepsy and minimal brain dysfunction, but which are not fully equivalent. Therefore, the withdrawal of amphetamines from the market could have a deleterious effect on the treatment of patients with narcolepsy and minimal brain dysfunction.

Given that advice from our Neurologic Drugs Advisory Committee, we do not currently feel that total removal of the amphetamines from the market would be in the interest of good medical care for patients with these serious conditions.

Thus, based on FDA staff and Advisory Committee views, we developed a proposed approach to deal with the amphetamines. This is detailed in a Federal Register notice of an informal public hearing on the amphetamines, published on October 14, 1977. The public hearing on the amphetamines will be held on December 2, 1977. If testimony received at the hearing supports the position outlined in this Federal Register statement, which is similar to that described by Dr. Crout in his testimony before Senator Nelson, the FDA will initiate appropriate action. The proposed action would be to remove the indication of obesity from amphetamines and methamphetamines, to leave them on the market for narcolepsy and hyperkinesia due to minimal brain dysfunction, and to require a patient brochure for amphetamines and methamphetamines. Because they would retain a recognized medical use they cannot be placed in Schedule I.

Question 10. Recently there has been considerable discussion over "patient package inserts" a plan whereby the consumers of drugs would receive a complete description of the product written in layman's terms. Has FDA taken a position on this issue and, if so, what?

Answer. The subject of Patient Package Inserts (PPI's) has been of great interest to FDA for several years. FDA has already determined the need for PPI's for a few selected drugs, such as oral contraceptives and estrogen products. In the coming year, we will publish for public comment, an extensive policy statement describing our position regarding patient labeling for a wide variety of prescription drugs. FDA strongly endorses the PPI concept, but we do not believe PPI's can or should be rapidly implemented for all drugs. Therefore, it is likely that a priority system will be utilized for ranking the order of initial PPI implementation. The seriousness of adverse effects of a drug (including the potential for substance abuse) in light of possible benefits to the patient is likely to be an important factor in establishing priorities for PPI's. In general, we believe PPI's can be an important resource for improving the public health and increasing the individual consumer's participation in his or her own therapy. However, the potential role of PPI's in decreasing drug abuse still needs to be determined.

The FDA is considering a PPI as part of its proposed plan for amphetamines. The FDA is also considering PPI's as part of its Class Labeling Project in which the barbiturate class has the highest priority.

Question 11. Schedule II quotas apply only to domestic manufacture. How much, if any, value do you see in trying to legislate similar quotas to American firms operating in foreign countries, perhaps limiting that manufacture to an amount reasonably expected to be consumed by the particular country in which the drug is manufactured?

Answer. From our perspective, there is probably little to be gained by attempting to legislate the amount of any particular drug which is produced by an American manufacturer for a country other than the United States. We can assume that in most cases there are other companies producing the same drug in foreign countries and that they would merely increase production under such circumstances.

We would recommend the United States become a party to the Psychotropic Convention which is currently in force on an international basis. This would allow the United States to participate in the international control of psychotropic drugs which includes the importation and exportation of these drugs across national borders. In addition, it allows the United States to participate in the process of controlling drugs on an international basis. This would be more effective than attempting to control drugs through manufacturing by American companies in foreign countries, because the international agreement would regulate all manufacturers in the countries who are participating.

Mr. BURKE. I beg your pardon, then.

I might say that we again want to thank you, and I have promised to cede my time the first time in the opportunity of questioning you, to Mr. Gilman, whom I cut off.

I think what I can do now is cut off the chairman and put him back here temporarily.

[Mr. Wolff presiding.]

Mr. WOLFF. We have heard conflicting reports as to the effects and the dangers of cocaine abuse. Now, I wonder whether or not the agency has actually come to any conclusions as to what the effects are of cocaine abuse, and what your recommendations have been regarding cocaine?

I know that you've talked about a wide variety of substances here. We're faced now with a situation where this confusion exists as to the true facts about cocaine.

Do you have any recent studies that you could offer this committee to increase our breadth of knowledge on this?

Dr. JENNINGS. Mr. Chairman, I can only say that the licit or legitimate medical use of cocaine is very limited, and its hazards have been recognized for a very long time.

Mr. WOLFF. When you say the hazards have been recognized, I don't know by whom. There are some people who don't recognize the hazards very much. I mean, all they do is talk about a "hole in the nose."

Dr. JENNINGS. I think the medical profession has treated cocaine with great respect for a long period of time. As far as any recent studies are concerned, I think Dr. Tocus would probably be better qualified to answer that than I.

Mr. WOLFF. There have been some recent recommendations made for the use of heroin in terminal cases of cancer and the like. Would you like to comment on those recommendations?

Dr. JENNINGS. The most recent mention of that, of course, was by Dr. Bourne, the Special Assistant to the President, and head of the Office of Drug Abuse Policy. I haven't had an opportunity to see his complete statement, but in what seemed to be an extensive quotation, he was asking for a kind of dispassionate review of the medical and scientific aspects of the usefulness of heroin in certain situations such as terminal cancer.

I believe this is based on some reports, primarily from abroad, in institutions devoted to terminal care for cancer patients, where it has been said that the use of heroin, in contrast to certain other drugs, analgesic and tranquilizing drugs, seems to give the terminal patient a better quality of life in their final days. This is something that would be required to be subjected to very close scientific scrutiny. Heroin is a narcotic, analgesic, antitussive.

Mr. WOLFF. We do give morphine to terminal cancer patients.

Dr. JENNINGS. Right.

Mr. WOLFF. You do give a lot of other pain suppressants.

Dr. JENNINGS. Yes; and I think the question would be, whether, aside from its milligram potency, heroin is qualitatively different from the other opiates that are available. I think that it is something that is worth considering. I can only say that the FDA, if it were put in the position of reviewing submission for investigational drug exemption, would have to consider that very carefully.

As you know, we regulate the investigational uses of drugs through a system known as the IND.

Mr. WOLFF. You have had some studies going with marihuana for therapeutic purposes?

Dr. JENNINGS. Yes; there are a few and I believe that heroin could be studied under an IND; also, since to the best of my knowledge, there is no legal bar to its investigational use.

Mr. WOLFF. Would you be the proper person to ask about the therapeutic effects, if any, of marihuana?

Dr. JENNINGS. Our agency would be, eventually, the one that would have to make the determination on its therapeutic effects. I know that we have had studies submitted to us in the past. Dr. Tocus might know more about that.

Mr. WOLFF. Were you consulted by ODAP on the statements that have been made relative to the decriminalization of marihuana?

Dr. JENNINGS. The Food and Drug Administration was not, to the best of my knowledge. But on the other hand, that wouldn't necessarily be appropriate, because the decriminalization issue would not refer to any therapeutic or medical use.

Mr. WOLFF. It would in a contravening sense in the fact that if it were a dangerous substance, then you would be called into account, would you not?

Dr. JENNINGS. I distinguish between investigational and perhaps prescription use as a drug from decriminalization.

Mr. WOLFF. I'm talking now about FDA as a monitoring agency on dangerous substances. Now, if you have a responsibility to protect the public from dangerous substances, regardless of whether or not we are for or against the idea of decriminalization of marihuana, it would seem to me that your agency should have to be consulted as to what potential dangers there might be from increased use of marihuana.

Dr. JENNINGS. Well, we would be consulted. In fact, it would be necessary for us to approve the use of marihuana if it were being offered as a drug for medical use.

On the other hand, if there were steps taken to permit its free sale as a drug of relaxation like tobacco or alcohol, it would not necessarily be up to us.

Mr. WOLFF. Now, let me ask you a question. Your agency has the responsibility for food substances, dyes that are used in food. Now, that is not taken on a therapeutic basis—that you have made your recommendations based upon the harmful effects of those particular substances.

Wouldn't that be in the same category as something like—

Dr. JENNINGS. That would depend. We have very specific statutory authority in the drug area, as we do in the food area. Food additives, generally speaking, must be approved as safe prior to their introduction into the market. And if marihuana were to be presented in such a way that either the drug or the food additive provisions of the act applied, then, of course, we would be required—

Mr. WOLFF. But the parameters that you have established—I'm sorry. Do you have a statement to make?

Mr. VODRA. Yes; I though I might expand on it a little bit, and put it in a larger context.

The jurisdiction of the Food and Drug Administration into certain areas is very ambiguous. You may recall, the last year Congress amended our acts to limit our jurisdictional boundaries, saying in essence, in certain uses those are beyond FDA's reach. Similarly, tobacco and alcohol have been placed fairly beyond FDA's reach.

We are now reviewing the status of tobacco under the Federal Food, Drug, and Cosmetic Act. About a year, maybe 18 months ago, we attempted to move forward with alcohol labeling. We lost that one.

Mr. WOLFF. Wasn't the change in the law based upon the dosage recommendations and not upon the vitamins or what have you yourselves?

You had issued a requirement, as I recall, on the limitations of the dosage requirements, or the amount that could be sold safely, but not the basic elements.

In other words, it was the total amount.

Mr. VODRA. That's correct.

Mr. WOLFF. And we restricted your right to determine dosage or the safe limits that were involved.

Mr. VODRA. That's part of it. There were several other things that happened to that amendment. But the point I'm trying to drive at is that there are certain things that don't fall quite neatly in the category of foods, like carrots or lettuce, or drugs, particularly aspirin.

And that alcohol, tobacco, vitamins, minerals—

Mr. WOLFF. What is marihuana?

Mr. VODRA. In a legal context?

Mr. WOLFF. Whatever context you want to put it in. Where do you put marihuana?

Dr. JENNINGS. For one thing, it's a controlled substance. And if it were to be used, and promoted and labeled for glaucoma or for the alleviation—

Mr. WOLFF. The side effects of chemotherapy?

Dr. JENNINGS. The side effects of chemotherapy and so on, it would be a drug. And we would be required to bring the full weight—

Mr. WOLFF. I thought that your agency was a protective agency against harmful substances in addition to those restrictions that you have, or those parameters that you have just mentioned?

Dr. JENNINGS. It is when we can get the grasp on them. But as Mr. Vodra pointed out, we have not been able to—for example—

Mr. WOLFF. Let's get down to the point. You don't consider that marihuana is a harmful substance?

Dr. JENNINGS. Do I personally, or the agency?

Mr. WOLFF. Well, the agency.

Dr. JENNINGS. Of course we do. We consider it to be a substance with unproved—

Mr. WOLFF. That's the point I want to make. Now, here we are changing legislation, or making a request to change legislation. I'm asking, as a substance that you consider to be a harmful substance, whether or not you are consulted in any changes that are made in the law?

Dr. JENNINGS. We consider it to be a substance with unproven potential for harm, let's put it that way.

Mr. WOLFF. But you don't permit other unproven substances to be sold.

Dr. JENNINGS. Not if they come under our jurisdiction, we don't.

Mr. GILMAN. Would the gentleman yield?

Mr. WOLFF. Yes, I yield.

Mr. GILMAN. It is my impression that your agency has some jurisdiction over what are controlled substances, including the definition of controlled substances. Isn't that correct?

Dr. JENNINGS. Yes; we, together with the Department of Justice, act to control or schedule substances.

Mr. GILMAN. Was it your agency that defined whether marihuana was a controlled substance?

Dr. JENNINGS. No; marihuana is in an older act.

Mr. VODRA. It was originally enacted by Congress. It was listed as a controlled substance in the 1970 legislation passed by Congress. Earlier, it was originally controlled in 1937 in the Marihuana Tax Act.

Mr. GILMAN. Did your agency have anything to do in classifying marihuana as a controlled substance?

Mr. VODRA. We have never been affirmatively asked until literally this summer to review the status of marihuana under the Controlled Substances Act.

Mr. GILMAN. Have you been asked to do that now?

Mr. VODRA. Yes; the Drug Enforcement Administration forwarded to us this summer a petition filed by the National Organization for the Reform of Marihuana Laws (NORML). That has triggered a process of medical and scientific evaluations of marihuana. This will, among other things, be presented to our advisory committee on controlled substances in mid-November.

Dr. TOCUS. Tomorrow.

Mr. GILMAN. Are you going to make the report tomorrow? I wonder whether this is a dangerous substance.

Mr. VODRA. Not a report. It's being reviewed by our advisory committee of experts on drug abuse.

Mr. GILMAN. Have you made a determination?

Dr. TOCUS. No, sir; what we are reviewing—the Controlled Substances Evaluating Committee has been presented with all drugs that come to the Food and Drug Administration for a scheduling recommendation.

The district court ordered the Justice Department to send to the Department of HEW the petition which was presented from NORML. That has been presented.

The question being asked the Controlled Substances Evaluation Committee tomorrow is whether the drug should be controlled, and if it should be controlled, under what schedule should it be controlled.

The committee is a medical/scientific-based committee. The decisions will be based on the medical and scientific use of marihuana.

Mr. GILMAN. Is this the first time that a Federal agency has made an investigation of that nature?

Dr. TOCUS. This is the first time that the Food and Drug Administration has been presented, yes, sir.

Mr. VODRA. The Institute of Drug Abuse has been publishing reports on marihuana and saying to Congress each year for the last 6 or 7 years—

Mr. GILMAN. I'm familiar with those reports. How long will it take your committee to complete the investigation?

Dr. TOCUS. Our committee has been presented with the evidence that was in the court decision. This is what they've been presented with.

They are to make a determination on whether the controls of marihuana as they exist now, or should they be changed.

Mr. GILMAN. How long will it take the committee?

Dr. TOCUS. The committee meets tomorrow, and I'm the executive secretary of the committee.

Mr. WOLFF. Has a decision been made?

Dr. TOCUS. No, sir.

Mr. GILMAN. Will the committee make a decision tomorrow?

Dr. TOCUS. I don't know. We tried to allow our expert committee to function as experts without the Federal Government imposing our own point of view over them. So that gives them as much freedom to discuss as possible.

They've been instructed that their decisions can be to change the control of marihuana if they feel that the data that have been presented to them would allow such a decision. They can decide not to change controls and leave it, leave marihuana in schedule I where it is.

They can decide that there's not sufficient data on a medical and scientific basis to change marihuana from schedule I to any other schedule and defer it until such data does develop.

Mr. GILMAN. If there is insufficient data available, will your agency undertake an investigation to obtain the necessary information?

Dr. TOCUS. Our agency will have and does receive application for the medical and scientific use of any drug, including marihuana. This has not been well understood.

Mr. GILMAN. Doctor, I'm not asking whether you have that ability. I'm asking if your committee meets tomorrow and if there is insufficient data, will you then undertake under your own initiative an investigation to get that data?

Dr. TOCUS. I think we have in our files all the data that exists on the medical and scientific use of marihuana on a scientific basis. In other words, we have in our files all of the IND's that are now going on for the use of marihuana.

Mr. GILMAN. For the first time, the Food and Drug Administration will determine whether marihuana is dangerous. Is that correct?

Dr. TOCUS. That's right.

Mr. WOLFF. Does that include just the therapeutic use?

Dr. JENNINGS. Yes, sir; it was the use of the term "decriminalization" which threw me off. What comes out of tomorrow's deliberations, I'm afraid, will not answer the question that you raised. It has nothing to do with the decriminalization.

Mr. WOLFF. Just on the therapeutic uses?

Dr. TOCUS. Exactly.

Mr. WOLFF. In other words, the treatment of certain specific problems.

Mr. GILMAN. What would be needed to have your agency undertake a thorough study of the dangers of marihuana as a legalized substance?

Dr. JENNINGS. Well, for one thing, I think that would fall more within the purview of NIDA than FDA. It's not our mandate to develop data relating to safety and efficacy, or safety of products, except under very exceptional circumstances. For example, a drug that has gained widespread use.

Mr. GILMAN. Don't you think that marihuana has gained widespread use?

Dr. JENNINGS. Yes; but it is not, in the context of which we're speaking, a drug. That is, it is not a therapeutic substance. It is an abusable substance, and it may be, under certain circumstances, in the treatment of glaucoma or terminal cancer, a drug. But as far as the investigation of its hazards as a substance of popular abuse, this is within the purview of the National Institute on Drug Abuse. And, as Mr. Vodra pointed out, they have periodically made reports of their investigations.

Mr. WOLFF. Now, if someone were to start to put cocaine back into the bottle, such as the original Coca-Cola did, who would be the agency that would be entrusted with the responsibility of making a determination as to whether or not the cocaine should stay in the bottle or not?

Dr. JENNINGS. We certainly would be involved in that. That would be a food additive.

Mr. VODRA. Also the DEA.

Mr. DURRIN. We would certainly be involved in that.

Mr. WOLFF. What I'm trying to get at is that we seem to be going around somewhat in circles here. You're talking about the therapeutic angle, and we're talking about an abused substance which presents a health hazard to the abuser.

Now, I'm not saying that marihuana does or not. You're the experts to tell us that. You're the people that are entrusted with the protection of the public against substances which are harmful.

Now, are you not in that position?

Mr. VODRA. We are one, I think, of a group of Federal agencies all of which have been charged with responsibility. The very distinction between the Controlled Substances Act which emphasizes substances and doesn't categorize them as foods, drugs, tobaccos, or whatever, and the Federal Food, Drug, and Cosmetic Act which focuses primarily on things when they are intended to be used as foods and drugs, indicates that there is a subtle difference.

Mr. WOLFF. Did you ever hear of anybody chopping up marihuana and eating it in foods?

Mr. VODRA. Yes.

Mr. WOLFF. OK, now, there's a food. Now, what's the matter with it? [Laughter.]

Dr. JENNINGS. If someone brought to the market brownies according to the recipe of Alice B. Toklas, we'd have something to say about that.

Mr. VODRA. We've also heard of people injecting peanut butter into their veins. Now, that does not make peanut butter a drug, even though that was what the intended use was by that person.

Mr. WOLFF. All right. Now, when I was a kid, I read "100 Million Guinea Pigs," and I understand that somebody committed suicide by swallowing a full tube of toothpaste. Are you involved in anything like that, in putting the restrictions on a substance which is ingested?

Dr. JENNINGS. Yes, sir; we have recently removed from toothpaste chloroform on the basis that it has been found to be carcinogenic in animal studies. The point I'm trying to make is that there are agencies charged with specific parts of this problem.

I think what the chairman and Mr. Gilman are referring to, the development of information relating to the hazards of marihuana as a recreational drug, probably comes within the purview of NIDA, and they have been concerned with this.

I think it would be useful for the committee to request of them an update on their current position.

Mr. WOLFF. They tell us that that is not their responsibility, to make that final determination. They can make recommendations which they have in the past, but the determination does not rest with them. NIDA is not a regulatory agency.

Dr. JENNINGS. No, sir, I think they are the ones who would have to develop the information that might lead to a possible decriminalization of marihuana.

Mr. WOLFF. On a recommended basis alone. But they are not a regulatory agency.

Dr. JENNINGS. Right. They couldn't take that final step. We would be the ones who would be required to make a decision if marihuana were offered for some therapeutic use.

Now, to the best of my knowledge—

Mr. GILMAN. Would the gentleman yield?

If marihuana was legalized today, you would then have to determine whether it is a dangerous substance, would you not?

Dr. JENNINGS. What do you mean, legalized?

Mr. GILMAN. Legalizing sale of marihuana.

Dr. JENNINGS. By whom?

Mr. GILMAN. By the Congress or by the State government. And then if someone distributed marihuana cigarettes, would you then have to determine whether that was a dangerous substance?

Dr. JENNINGS. Not if Congress removed all penalties for the possession or sale or distribution of marihuana. We would still have to make a determination as to its safety and efficacy if it were submitted as a drug for a particular therapeutic use.

Mr. GILMAN. And if it was utilized just for smoking purposes, you would have no control of it, is that correct?

Mr. VORNA. Now, I'm not altogether clear: We have spent the last 6 months in response to a petition filed with the agency about the status of tobacco, and the status of tobacco and the status of marihuana, both substances for smoking, both substances intended to induce some type of euphoria—tobacco with an incredibly long series of documentation on the health risks related to it.

It's not at all clear from the things we've looked at so far, that Congress ever intended the Food and Drug Administration to regulate tobacco. They simply did not define that as either a food or a drug or a cosmetic.

Mr. WOLFF. You make it mandatory that the restrictions are placed upon cigarettes. Is not the warning on cigarettes—

Dr. JENNINGS. No; that does not emanate from the Food and Drug Administration. That's an act of Congress. And as a matter of fact, Congress was very specific in restricting—

Mr. WOLFF. The tobacco lobby is a strong lobby. [Laughter.]

Mr. VODRA. The marihuana lobby has become one, too.

Mr. WOLFF. Could we get to that cocaine point that I made before, that you were about to answer?

Dr. TOCUS. Yes; we are concerned about cocaine, also. And I'm happy you asked the question about the harm of cocaine, because like you, I've had the impression that society in general takes it much too lightly.

We know very little about cocaine, although it's a very dangerous drug. The National Institute on Drug Abuse is currently doing studies to determine just precisely what the harm is from cocaine being used the way it's being used now, that is, by society for its own psychogenic purposes. And by harm, I mean harm both physical—organ toxicity type of harm—and harm in terms of psychological damage.

Now, we don't have that data now, and we're looking forward to it. And it is a priority item. Our Interagency Committee has been aware of it, and we've discussed this. And NIDA and DEA and FDA, in our determination of our priorities, where we will put our priorities, have put cocaine fairly high.

Now, I'm concerned from the FDA's point of view that there may be harm going on that we don't see. And regulatory action may be necessary. But we need the data in order to take the action.

Mr. WOLFF. Part of the problem, as I'm sure you recognize, with the abuse—I'm talking of abuse of marihuana, I'm not talking of the occasional user—but the abuse of a substance like marihuana.

And the present mood on decriminalization and the like is the result of almost a throwing-up-of-the-hands attitude that so many people are abusing the substances, that there's nothing that we can do about it.

I am concerned that that same situation would obtain with cocaine as it becomes more readily available.

Dr. TOCUS. Precisely.

Mr. WOLFF. And I think that we ought to prepare for that day so that people do not take such a casual look at a substance such as this, with the cavalier attitude that they have adopted as an elite-type of entertainment of some sort. And I would hope that this becomes a very high priority among the agencies of Government who are charged with the protection and the health of the public of this country.

Dr. TOCUS. I share that same concern, Mr. Chairman. And the Food and Drug Administration cannot itself do the studies. We can only work with the DEA and the NIDA, two sister agencies, to generate the data which then we can take some action on.

Mr. WOLFF. Doesn't NIH come into the picture, too?

Dr. TOCUS. The National Institutes of Health do come into the picture; that's true. And I don't know their role right now. But NIDA does.

Mr. WOLFF. Excuse me. I beg your pardon.

Mr. GILMAN. Thank you, Mr. Chairman.

Gentlemen, I am frank to say that I am a bit confused about the overlapping or the lack of clear lines of jurisdiction among DEA, FDA, and NIDA. It would seem to me that these three agencies could somehow get together and define for our Nation whether substances such as marihuana, which is frequently used and abused, is a dangerous substance.

What are your thoughts about that?

Mr. DURRIN. Mr. Gilman, I'd just like to say, at this point in time that marihuana is a schedule I substance, and in terms of large quantities in the traffic, it still is being dealt with by DEA.

Mr. GILMAN. It is probably the largest "abuse" drug on the market at the present time.

Mr. DURRIN. Other than alcohol, yes. Certainly in terms of the final determination on the hazards with regard to marihuana, DEA is principally the police agency, the enforcement agency. We have to bow to our brothers in NIDA and FDA in terms of making that kind of decision.

Mr. GILMAN. FDA is bowing to you, now.

Mr. DURRIN. We furnish them with full data.

Mr. GILMAN. We have a lot of bowing, but we do not have very much action around here.

Some of the leading businessmen in my area sent me a bulletin entitled "Business Executives Health Bulletin," which points out three independent studies that show that there are some serious medical problems—physiological and psychological problems—with regard to the prolonged use of marihuana. Apparently the effects of prolonged use of marihuana is being treated lightly, and that it is something that we should take a good, hard look at, and I am wondering who is looking at this problem. If you are bowing and they are bowing and nobody is looking at it, it would seem to me that it is time that we did an in-depth study of this problem.

Now, how do we go about getting that taken care of?

Mr. DURRIN. Again, that has to be the medical end, the scientific community. As far as we're concerned, that's a schedule I substance at this point in time, and it's illegal. The medical community has the responsibility for making any determination as to whether or not it should be—

Mr. GILMAN. Can this committee request NIDA, FDA, or DEA, and say, "We'd like an in-depth study of marihuana. Tell us, is it dangerous or isn't it dangerous." Can you then respond to that kind of request?

Dr. JENNINGS. I think, Mr. Chairman, although there seems to be some problem of the jurisdictional overlap here, or rather a matter of a failure of jurisdictions to abut so that there is no space between our responsibilities, nonetheless I think we know what our responsibilities are here, and it is true that there is an area that is not covered explicitly by our act.

We will undertake to consult with NIDA, who has the primary responsibility for research into drugs of abuse, and bring to the committee's attention what information has been developed as well as what studies are ongoing. I think we can offer to do that for you, and then, perhaps, you might wish to frame any further requests in light of what we can develop for you there.

Now, as we've pointed out, if the substance comes within our purview, because it is either offered as a drug or it becomes a food additive, then our responsibilities and authorities are clear, and we're ready to exercise them.

As Mr. Vodra pointed out, we've recently been required to reexamine the question of whether tobacco actually could be considered under the Federal Food, Drug, and Cosmetic Act. I think that's going to be

a very difficult determination, because Congress has repeatedly made clear—or fairly clear—its intent in this area. Perhaps what's needed is some indication, such as you seem to be giving, regarding marihuana.

Mr. GILMAN. I am going to ask if both of you gentlemen representing FDA and DEA could give our committee a short summary of your findings with regard to marihuana; specifically, what studies you have undertaken.

And Mr. Chairman, I would like to ask our counsel if he could make a similar request of NIDA, so that at a future meeting of our committee, we could then decide what direction our committee should take.

[The information referred to follows:]

Two studies on marihuana were initiated under BNDD. They were as follows:

1. A study at Yerkes Primate Center in 1969 determined that smoked marihuana did not have reinforcing properties in the chimpanzee. That is, the apes would not continue smoking unless rewarded.
2. A contract at Collaborative Research, Inc., terminated in 1975, with one of the first methods for the detection of THC in body fluids. This method uses a radioimmunoassay technique and currently is widely used in analytical laboratories.

Mr. GILMAN. I would like to address a question to the panel:

I have been reviewing a recent article in the New York Daily News that talked about a Harlem drug clinic that had received over \$1 million in Federal grants in the last fiscal year—a methadone clinic where there was a great deal of abuse and waste and a misuse of funds. The News in its editorial questioned that if there have been these irregularities, why it took so long for a Federal or State agency to look into the clinic's operations, and why this was allowed to continue for such a long time.

Are you familiar with this methadone clinic? It is called the United Harlem Drugfighters, Inc., which operated a clinic in Harlem and received \$1 million in Federal grants in the last fiscal year. It also ran up a \$4 million tab in medicare reimbursements.

Mr. VODRA. Are we talking now about financial fraud or diversion of drugs?

Mr. GILMAN. Both.

Mr. NELLIS. It is both.

Mr. GILMAN. The clinic received \$1,049,500 from the National Institute on Drug Abuse, mostly to cover administrative costs awarded in two grants. The money was earmarked for two separate programs with separate staffs and separate set of expenses.

One program is an inpatient detoxification unit that uses methadone. The other is a residential drug-free rehabilitation unit.

Mr. DURRIN. Mr. Gilman, to the best of DEA's information, the primary problem there, as the newspaper accounts reflected, was the financial fraud.

When we receive this kind of information, of course, the Federal agency with jurisdiction over financial fraud with regard to these programs, particularly where it's Federal money, is the Federal Bureau of Investigation and, of course, the Inspector General of the Department of Health, Education, and Welfare.

And I might add that this is not the first occasion where some financial fraud has been involved with these programs. And when we run into this, when we're in there looking for the accountability

for the methadone, we turn these facts over promptly to HEW and the FBI. We had a similar case up in Michigan not too long ago.

Mr. GILMAN. How often do you look at these methadone clinics?

Mr. DURRIN. We check out each methadone clinic at least once every 3 years. The ones that have posed the greatest problems get checked out a great deal more frequently. As I've indicated, we've taken action against 172 clinics. The amount of methadone being diverted out of these clinics is less than one-half of 1 percent of the methadone being dispensed, as I indicated earlier. That is not the problem in the programs.

Mr. GILMAN. Are the 1 out of 3-year inspections onsite inspections?

Mr. DURRIN. One out of 3-year, or more frequently where we have a problem program that needs a very close scrutiny.

Mr. GILMAN. The Daily News editorial concludes:

Sloppy and incompetent supervision of addiction programs in medicaid seems to be the rule rather than the exception. The taxpayers deserve an explanation for the negligence.

Mr. WOLFF. Would the gentleman yield?

I don't think that's the province of these gentlemen.

Mr. GILMAN. I am asking where they think the problem might lie, and I am not pointing the finger at any agency.

Mr. WOLFF. The problem is fraud that has taken place with the diversion of funds, rather than diversion of these substances, but I would like to just respond to one point that was made by Mr. Durkin.

And that is, you said about one-half of 1 percent, or 1 percent of methadone diversion in these clinics. That doesn't take into consideration, I'm sure, the trafficking in methadone that takes place by the methadone patients.

Mr. DURRIN. That's correct, Mr. Chairman. That's where the problem lies.

Mr. NELLIS. Mr. Chairman. Mr. Gilman, will you yield for one moment?

Just about the point you were making—

Back in March of 1976, GAO did a study about FDA compliance activity. And there are some very serious statements made in that study concerning FDA's failure to take aggressive enforcement action against methadone treatment programs in violation of FDA regulations.

Are you familiar with that, Mr. Vodra?

Mr. VODRA. Yes.

Mr. NELLIS. Well, now—

Mr. VODRA. I'm not intimate with it, but I think Mr. Stonecipher is more closely involved with it, but we are familiar with it.

Mr. NELLIS. But Mr. Gilman is very—Mr. Gilman's question is very pertinent to that issue.

There were serious allegations made of a lack of professionalism on your part, and the inability of the FDA compliance people to keep up with this methadone diversion.

What have you been doing since March of 1976 to correct that?

Mr. STONECIPHER. I might mention that the GAO study that you referred to covered the period from 1972 to 1976.

Mr. NELLIS. That's right.

Mr. STONECIPHER. They had the opportunity to follow cases as they were being developed by the FDA. The GAO highlighted in particular one of the programs, a program run by Dr. Karkus, that had been violative on a number of occasions, violative of the FDA methadone regulations.

There were several reasons why FDA could not get a handle on this particular program. One was the revocation procedure outlined in the regulation called for due process. In other words, you had to inspect, make findings, notify the sponsor of the findings, determine what responses the sponsor would make to those findings, and then follow up to assure that the findings were complied with.

Now, if there was a break in the inspection procedures where the second inspection found that the treatment program was operating in compliance, we would have to begin the process anew.

Now, if I may go one step further. I'm not saying that FDA was not at fault in its review procedures.

Mr. NELLIS. The question is, what have you done to meet the point that Mr. Gilman was making. Which is, here is a clinic that operates for 7 years, unaudited, uninspected, and we find at the tail end of the story there's a fraud—

Mr. STONECIPHER. This particular one has not been unaudited and uninspected by FDA.

Mr. NELLIS. That was the allegation. When did FDA inspect this particular clinic?

Mr. STONECIPHER. I don't know the dates to give to you at this time.

Mr. NELLIS. What I'm trying to compare is the function of the agency post-March 1976 with the function that was criticized pre-March 1976.

Mr. STONECIPHER. OK; post-1976, we have increased our review capability to the point that we can now timely review inspection reports and take timely actions to get the treatment program out of business, or to let them continue. That was not the case prior to 1976.

Mr. NELLIS. How many programs have you put out of business since March 1976?

Mr. STONECIPHER. We have put out of business none. But let me explain—

Mr. GILMAN. Would the gentleman yield? How many drug clinics did you put out of business before 1976?

Mr. STONECIPHER. While methadone was under the IND system, then that was prior to 1972, we, I believe, revoked about 13 applications. But I'm not sure that that is the correct figure.

Mr. GILMAN. Is that nationwide?

Mr. STONECIPHER. Nationwide. Now, but if I may continue.

Subsequent to 1972, we did not formally revoke any applications. And for this reason—

Mr. GILMAN. At any time.

Mr. STONECIPHER. At any time. We have elected to allow the applicant to withdraw the application voluntarily, rather than revoke the application. And if you'll notice—

Mr. GILMAN. Why do you permit that even though there is wrongdoing? Why do you allow them to withdraw the application?

Mr. STONECIPHER. Revocation is not a penalty. Revocation is a mere administrative process to remove the application from consideration.

Mr. GILMAN. How would anyone examining the applicant's record find out that there had been any wrongdoing, if the applicant was permitted to withdraw his license?

Suppose there was an investigation of this operator of a methadone clinic, and all we had was the record of a voluntary withdrawal. How do you find out whether there has been any fraud, abuse, or misuse by that applicant?

Mr. STONECIPHER. OK; when it comes to fraud on the part of the clinic involving moneys, FDA contacts NIDA when it comes to our attention. Our contacts: the individuals or the agency who provide the funds.

If it's a State that's providing the funds, FDA contacts the State. We normally do a joint inspection. We have done joint inspections with NIDA: FDA inspecting for compliance with methadone regulations, NIDA inspecting for compliance with the Federal funding criteria and with the terms of the contract under which the funds were provided.

Restate your question.

Mr. VODRA. I think it's important to emphasize what you are seeing, and perhaps the first time you're exposed to it, is clear jurisdictional lines imposed upon various regulatory agencies because of the nature of their basic mandate. Which ends up in not only having two inspections done by two separate agencies, but three or four inspections.

You will have DEA go into a methadone program and inspect for security over the storage of the methadone and walk out, approving it only for that aspect. FDA will walk in and look at the program from the health care delivery—that is, are the proper records being kept, are people being screened appropriately to get into the program, are the doses of methadone being regulated, are the take-home people qualified to do take-home treatment, and so forth?

Then NIDA comes in as the Federal funding agency and audits the books from a financial standpoint, to look at what's going on there. Then they leave.

Now, they may also well be under the new organization of HEW to deal with the problem of financial fraud in health care delivery, and the Health Care Management Administration taking over that NIDA function and looking into that to coordinate the problems.

Mr. GILMAN. But who controls the license? Who issues the license in the Commission?

Mr. VODRA. There are two licenses issued—DEA issues one license; FDA issues a second.

Mr. GILMAN. It seems to me that one of you can undertake a licensing revocation procedure if there is some wrongdoing. Isn't that correct?

Mr. VODRA. That is true. The question you ask is, are the records available? Once we complete the action, whether it's by termination—

Mr. GILMAN. If I might interrupt you for a moment.

How many methadone clinics are there nationwide?

Mr. STONECIPHER. At the moment, 684.

Mr. GILMAN. 684. You made the statement that FDA has not revoked any approved applications to receive methadone or to treat narcotics addicts. And you talk about 13 possible revocations.

Mr. STONECIPHER. That was prior to 1972.

Mr. GILMAN. But none since 1972?

Mr. STONECIPHER. No, sir, that's right.

Mr. GILMAN. What I do not understand is that if there is some wrongdoing, why is there reluctance to go in and revoke the license?

Mr. STONECIPHER. No reluctance, sir; the withdrawal is a quicker, simpler process.

Mr. GILMAN. But a withdrawal is a slap on the wrist. A withdrawal is no penalty. A withdrawal leaves no record behind.

Mr. STONECIPHER. A revocation is no penalty either. It's an administrative procedure.

Mr. VODRA. All the findings of the agency are there on the record, whether it's withdrawn or terminated.

Mr. WOLFF. They're on the record of the individual agency that's involved. The question is whether there's an interchange of information among the agencies that are involved so that there is less of a chance that an infraction that has been found that causes a withdrawal would be known to another agency who has a licensing responsibility.

In other words, if you have cause to withdraw, do you then inform DEA that you have required a withdrawal?

Mr. STONECIPHER. Yes, we do.

Mr. WOLFF. Do you have lists of those things?

Mr. DURRIN. We have a methadone policy review board that meets regularly, that discusses this kind of problem. And, of course, we're in day-to-day contact.

But let me point out, in terms of registration of the narcotics treatment program with the Drug Enforcement Administration, in terms of action against a registration, that is predicated upon a violation of our regulations. And I submit that we don't have a problem regarding accountability for methadone in terms of the security perspective in the treatment programs. The diversion problem is what the patients take out or take home.

Mr. WOLFF. I would like to know how many withdrawals you have had?

Mr. STONECIPHER. In the question-and-answer responses we have provided to you, there have been 50 applications withdrawn by applicants who had not yet received approval. This is before the application was approved by either FDA or DEA.

All right, of those that had been approved—and for some reason, they did not want to continue or could not continue—

Mr. GILMAN. Or should not have continued.

Mr. STONECIPHER [continuing]. Should not have continued or did not meet the requirements. There were 22 of these.

Mr. WOLFF. That's over a period of how long?

Mr. STONECIPHER. A period since 1972, I believe.

Mr. WOLFF. Therefore, you have 600 and how many, did you say—684 approved clinics?

That means that you have had 30 voluntary withdrawals. And then how many more, did you say?

Mr. STONECIPHER. No; 50 who had not received approval had voluntary withdrawals.

Mr. WOLFF. Fifty had voluntary withdrawals.

Mr. STONECIPHER. Twenty-two who had been approved were also voluntary withdrawals.

Mr. WOLFF. Fifty had voluntary withdrawals.

Mr. STONECIPHER. Twenty-two who had been approved were also voluntary withdrawals.

Mr. WOLFF. All. Now, that means that there's been total applications since 1972 of 750 methadone clinics?

Mr. STONECIPHER. There have been more than that, sir.

Mr. WOLFF. Then what's happened to the others?

Mr. STONECIPHER. Since 1972, there were 265 new applications for methadone programs. Thirty-six are now in some process, some stage of review for approval. One hundred and fifty-seven of those were approved for operation. Then some 52 who elected to withdraw, and 22 who withdrew after application.

Mr. GILMAN. Would the chairman yield?

When you find some wrongdoing by the licensee, you must, I would assume, report that to the Federal or State prosecuting authorities. Is that correct?

Dr. JENNINGS. I think maybe there's a misunderstanding here. As pointed out, there are two sets of licenses, and there are essentially three kinds of audits going on.

The DEA audits for diversion. And Mr. Durrin has pointed out that he hasn't found it necessary to shut down any programs because of diversion.

I can't tell you whether NIDA or other funding agencies in their traditional auditing have found sufficient wrongdoing or sloppiness to require closing programs.

The kind of auditing that the FDA does is for compliance with regulations that relate to the medical treatment of the patient.

Now, Mr. Stonecipher has pointed out—

Mr. WOLFF. Does that mean we know there was fraud?

Dr. JENNINGS. That may mean, anything, sir. It may not mean an intent to do wrong on their part, it may mean simply they are not able to provide the kinds of services and facilities that are required. Some of these have had this pointed out to them before approval. Some 50 of them have then withdrawn their applications voluntarily. After approval, another certain number have been found to be deficient.

Now, the purpose of the programs is to treat patients. And prior, for example, go back into dim, ancient history, before DEA had the administrative ability to close a program and where it was necessary to take legal action, we occasionally closed programs for combined reasons of medical deficiency and diversion. We were always at pains to make sure that the patients in those programs didn't suffer because of an abrupt closing of the program.

I think you may have heard the uproar that was caused right here in New York City when it became apparent that we had to close down a program servicing some 600 patients, I think it was.

So I think what should come through here is that frequently we are speaking of deficiencies from a medical point of view which may entail no intent at fraud or deception or diversion or any wrongdoing.

Mr. WOLFF. What is very interesting to me is the fact that we have heard you describe medical doctors who are overprescribing in California. And here we find either no diversion or minimal diversion of the clinics in methadone so far as DEA is concerned. And you're telling us that there is no medical machinations, if we want to call it that, or overprescribing of methadone.

Dr. JENNINGS. No, sir, I didn't say that at all. What I'm trying to say—and for some reason or another we don't seem to be doing as well verbally as we did in our written statement—that there are different reasons for closing a program.

Mr. WOLFF. I understand. But the point that was made is the fact that you said we have closed only occasionally before them. We haven't closed any.

Mr. VODRA. I think the example given earlier about the overprescribing in California dealt with drugs other than methadone, Mr. Wolff.

Mr. WOLFF. I understand that. But I don't understand that methadone is that peculiar a drug if it isn't overprescribed at times.

Mr. VODRA. For 4 years in this country, methadone was only available through licensed methadone clinics or hospitals. It was taken out of all the retail pharmacies by regulation of the Food and Drug Administration, which was finally overturned in a lawsuit brought by the American Civil Liberties Union.

Mr. WOLFF. Even Ivory soap is only 99⁴/₁₀₀ percent pure. I just don't understand how we can get all these methadone clinics that are so pure that we don't have to take anybody and bring them to justice.

Dr. JENNINGS. If I may continue—I was only part-way through. There are other procedures—some, as Mr. Stonecipher pointed out, withdrew applications prior to approval. Others withdrew their applications when they would not or could not correct the deficiencies that were found.

And in other instances, for example, he points out that some of these programs have agreed to either comport with the regulations or to face revocation.

In other words, what he is saying is that where corrections are possible, and where they are made, then it is not necessary to close a program. And if the programs have some purpose, then every effort should be made to continue them under the proper circumstances.

Mr. WOLFF. I think we're getting far afield, actually, from our basic purpose.

What we should be asking you is, are you convinced that methadone maintenance programs are programs that are consistent with your agency's attempt to solve the drug abuse problem that we have?

Dr. JENNINGS. I think you would get as many answers to that question as there are people involved.

Mr. WOLFF. That means that we're really not sure, doesn't it?

Dr. JENNINGS. I think that that's true. I can say that the methadone maintenance programs that comport with our regulations are in keeping with the best opinions regarding the utility of methadone in the treatment of heroin addiction.

Mr. WOLFF. Does not methadone maintenance create methadone addiction?

Dr. JENNINGS. Certainly.

Mr. WOLFF. So are we not substituting one form of addiction for another?

Dr. JENNINGS. I think that's granted right from the beginning.

Mr. WOLFF. Why is that? Why is methadone addiction any better than heroin addiction?

Dr. JENNINGS. I think the only reason that it would be considered better is that it is under controlled circumstances, and under the best

of conditions it is coupled with other efforts at rehabilitation of the addict.

The physiological dependence upon methadone is just as profound as that on heroin.

Mr. DURRIN. Mr. Chairman, I'd just like to say I don't want to create a misimpression here when I say that from DEA's perspective, that the methadone in the program is being adequately controlled and all requirements are being fulfilled, I don't mean there isn't a methadone problem in the United States. There very certainly is an extreme methadone problem in the United States.

And the problem is you've got an unstable patient clientele in these programs by their very nature. The people that are in these programs are unstable. They take home methadone, they sell methadone in the street.

I would say that 90 to 95 percent of your methadone street problem emanates from take-homes by patients in these programs.

Mr. NELLIS. Would that be the percentage, do you really think?

What about diversions from the manufacturers, diversion in transit, all these things we've been hearing about, pharmacies being broken into.

Mr. DURRIN. Of course, until very recently, there wasn't any methadone in pharmacies until the courts overturned the FDA regulation.

The thing is, methadone is so easy to obtain from patients with their take-home, that there's not the tremendous push—

Mr. WOLFF. There's a real trade in that now. There's a methadone trade. They are in fact trading different types of methadone for another.

Mr. DURRIN. That's right. The individual may only need a number of milligrams to satisfy his or her habit. They sell the excess on the street. Perhaps they sell the whole thing and buy heroin.

Mr. WOLFF. Why don't we prohibit the idea of take-home?

Mr. DURRIN. We have raised that question for some time in our methadone policy review group. Washington, D.C., did it.

Of course, there are counterbalancing questions here in terms of how many patients would be discouraged from getting into programs. Would it create an inconvenience for patients who are back in society, holding full-time jobs?

Mr. WOLFF. Their being addicted creates an inconvenience for society itself. I think that we have to put aside some of their inconveniences from time to time, since they've become a charge of society as well.

Mr. DURRIN. From my perspective, Mr. Chairman, it creates a substantial diversion problem, but there are other perspectives in the picture.

Mr. WOLFF. We have kept you gentlemen long enough.

Thank you very much for your cooperation. And we have a hearing tomorrow morning that starts at 9:30.

The information that we have received from you has added to our storehouse of knowledge. We are appreciative again of your coming in and presenting this material to us.

The committee stands adjourned.

[Whereupon, at 5:45 p.m., the meeting was adjourned, to reconvene the next day, Wednesday, November 16, 1977, at 9:30 a.m.]

OVERSIGHT HEARINGS ON FEDERAL DRUG STRATEGY

WEDNESDAY, NOVEMBER 16, 1977

U.S. HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,
New York, N.Y.

The Select Committee met, pursuant to notice, at 10:15 a.m., in the auditorium, U.S. Mission to the United Nations, New York, N.Y., Hon. Lester L. Wolff (chairman of the committee) presiding.

Present: Representatives J. Herbert Burke, Benjamin A. Gilman, and Mario Biaggi.

Staff present: Joseph L. Nellis, chief counsel; Alma E. Bachrach, investigator; Paul M. Snyder, researcher; Elliott A. Brown, professional staff member; Arthur P. Endres, Jr., visiting counsel, Committee on the Judiciary.

Mr. WOLFF. The committee will come to order.

The purpose of today's oversight hearing by the Select Committee on Narcotics Abuse and Control is to examine the efforts of Federal law enforcement agencies in the interdiction of narcotics at our borders.

We are all aware that the opium poppy and the coca leaf are not indigenous to the United States. Therefore, the illicit drugs that are produced from these plants and supplied to our national addict population must enter the United States by passing through our territorial boundaries.

As our drug abuse problem is growing yearly, it is incumbent upon the Select Committee, in line with our mandate, to question the effectiveness of the border interdiction policies and programs of the agencies that are concerned; to question how they deploy their manpower, their equipment, and financial resources; and to further question how they interface with each other, and how this interface complements or disrupts the enforcement process.

The problems involved in border interdiction are not new to us. The subject has been discussed, reviewed, and investigated extensively over the past several years.

However, with the increasing flow of narcotics into the United States exacerbated by the large numbers of illegal aliens entering our country, two studies dealing with the problem were recently conducted by the Office of Drug Abuse Policy and the General Accounting Office.

This morning gentlemen from these offices will present their findings and recommendations.



CONTINUED

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Now, if we in the Congress and the Federal Government expect to prevent the development of a new generation of drug users, it's time that we did take very positive action. When we consider the enormous sums of money expended and the countless man-hours that are devoted to this effort, the American public has the right to question the effectiveness of programs that result in less than 10-percent interdiction of narcotics at the border.

I went through some of the testimony that's been given here this morning, and I see that the maximum, if you put all the agencies together, is about 6 percent according to the GAO study.

Now, I don't care if it's 6 percent—and I'm sure that my colleagues are not concerned with the 6 percent, 10 percent, or 20 percent. It certainly is not achieving the objective. And I don't know whether we can achieve the objective of attempting to stop narcotics at the border even if we had a Maginot line around the borders of our country because I'm sure that the traffickers will find ways to fly over it, submarine under it, do everything possible in order to evade and avoid the lines that are set up.

And it's very difficult for us to understand how we can hope to stop drugs at the border if we can't stop the illegal flow of aliens crossing our borders which are much larger than the packets of drugs that are coming across the border.

Now, one of the major recommendations of both ODAP and the GAO is that a single management agency be created for the administration of the various border responsibilities. The major enforcement activities at this time lie within the U.S. Customs Service and the Immigration and Naturalization Service.

The U.S. Coast Guard is perhaps the largest Federal law enforcement agency, and yet their sole contribution to narcotics interdiction would appear to be the support services requested by other agencies.

Although the DEA is the lead Federal agency in narcotics enforcement, they are precluded by Reorganization Plan No. 2 from primary border interdiction activities. This causes a fragmentation of effort.

There is a further fragmentation by the fact that the Customs Service is not permitted, or is not privy to, a lot of the intelligence information that is available prior to entry into the country. And as well, it does not have the ability, under the law, to follow cases that they make.

And it seems to me that we're leaving an awful lot to chance.

This afternoon there will be representatives of the U.S. Customs Service, Immigration and Naturalization, the U.S. Coast Guard, and DEA. They will have an opportunity to present their programs and discuss the ODAP and GAO recommendations, and answer questions related to what their agencies are doing singly and in cooperation with other agencies at the border.

Our two witnesses this morning are Richard L. Williams, the Deputy Associate Director for Organization and Management of the Office of Drug Abuse Policy, and Mr. William J. Anderson, Deputy Director of the General Government Division of the GAO.

Mr. ANDERSON. Good morning, Mr. Chairman.

Mr. WOLFF. Good morning. If you gentlemen could step forward.

Mr. ANDERSON. I'd like to have my two colleagues join me, too.

Mr. WOLFF. Please do. We'd like to swear you gentlemen if we can.

[Witnesses sworn.]

Mr. WOLFF. Thank you very much.

Do any of my colleagues here have an opening statement they would like to make?

We are joined this morning by special counsel from the House Judiciary Committee who will participate in these proceedings.

Would each of you identify yourself as you start to speak?

Now, I would ask that you summarize your statement as it would help us get along to the important aspects of the questions that I know that our people need to have. Without objection, your full statements will appear in the record.

And I understand, Mr. Williams, that you have some slides that you would like to use. We are, I believe, set up for that.

Will you please proceed.

TESTIMONY OF RICHARD L. WILLIAMS, DEPUTY ASSOCIATE DIRECTOR FOR ORGANIZATION AND MANAGEMENT, OFFICE OF DRUG ABUSE POLICY

Mr. WILLIAMS. Yes, sir, I'm Richard Williams, Deputy Associate Director for Organization and Management of the Office of Drug Abuse Policy.

Mr. Chairman, members of the committee, it's really a pleasure to be here today. Rather than read my prepared statement at all, sir, with your permission, I would like to run through some slides—both a summary of the ODAP report and some 35 millimeter slides which members of my review team took during their inspection trips around the border which perhaps might set the framework for the remainder of the hearing today.

Mr. WOLFF. Fine. Do we have to do anything with the lights here?

[Slide.]

Mr. WILLIAMS. As I mentioned, sir, I'm from the Office of Drug Abuse Policy.

[Slide.]

And our mission in ODAP is to recommend Government-wide improvements in the organization, management, and resource and program priorities of all Federal agencies concerned with drug abuse prevention and control.

[Slide.]

As Dr. Bourne testified before your committee in September, we have a number of policy reviews underway. The first set was the supply control set, and the review that we're talking about today is border management and interdiction.

I was the team leader of the border management team, and I would like to show you some photographs that were taken during our inspection trips to kind of set the stage. I will go rather rapidly through these, as well as outlining the report for you, sir.

[Slide.]

The Mexican border is the first place that we visited. It's slightly less than 2,000 miles of border which varies quite widely in geography. A very high volume of traffic. This is a picture of the border.

[Slide.]

Mr. WOLFF. I understand that fence ends, too.

Mr. WILLIAMS. Yes, sir, and it is not a very strong deterrent to crossing. The Rio Grande River is also a major portion of the border. This is one of the more formidable portions of the river.

[Slide.]

It goes to areas where it's generally dry and no obstacle to entry whatsoever. Even in the places where there is water, the water is generally shallow enough that you can wade across, or just a few strokes to swim across.

[Slide.]

Many places along the southwest border are just open countryside with no barrier whatsoever. This picture was taken in Arizona.

[Slide.]

A few miles of the border have sufficiently rough terrain to present a physical barrier, but unfortunately for border control reasons, or fortunately for commercial traffic, very little of the border is this rough.

[Slide.]

The border is generally marked with a set of cement border markers placed within sight of each other. And as you might guess, sir, this row of cement markers is not much of an obstacle to crossing the border, either.

[Slide.]

The Canadian border, is about twice as long as the Mexican border, about 4,000 miles. A substantial number of people cross. Eighty million people a year cross the Canadian border, 13 million vehicles. There are 94 ports of entry along the Canadian border, plus a number of water ports, generally along the Great Lakes and St. Lawrence Seaway.

The Canadian border is a significant consideration in our study, although we do not experience quite the same threat with Canada as we do with Mexico, particularly in the drug traffic.

[Slide.]

This is again the southwest border. One of the problems that causes significant difficulties in border control is the difference in the economy on the Mexican side and on the United States side. It's very attractive to cross the border to either work on a daily basis, or to enter the country and move inland and stay for a much longer period of time.

The cultivated side is the United States side, and it's pretty obvious where the border is in this photograph. You get the same impression in most of the border towns in looking at the fence through the middle of the town and comparing the United States side to the Mexican side. So the incentive is there to cross the border.

[Slide.]

We also have a significant amount of coastline which must have some control. That is, the entire Pacific coast, the entire gulf coast, and the entire Atlantic coast.

[Slide.]

This is the port of entry on the southwest border. And I mentioned that the southwest border is 2,000 miles long. There's 170 million persons entering the United States across the southwest border each year. We apprehend 1.5 million illegal entrants annually.

We also enter 50 million vehicles through ports of entry like this. There are 14 rail lines across the southwest border.

Our total number of land ports of entry along the southwest border is about 24.

[Slide.]

This is looking at the same port of entry, except from the management view. With the extremely large number of vehicles that must cross the border, there are very long waiting lines, and generally there must be a balance between the service to the public and law enforcement—the two being somewhat counter to each other. The more attention you put on law enforcement, the longer the delays and the more dissatisfaction on the part of the traveling public.

[Slide.]

This is another vehicular lane on the southwest border. Of interest is the bus, or commercial transportation into the United States. The people get off the bus on the Mexican side—[slide]—come through a pedestrian inspection point; then reenter the bus on the United States side and continue on their journey.

[Slide.]

This is one of the 14 rail entries to the United States across the southwest border. You'll note that the gates across the bridge are intended to keep out illegal alien traffic. However, it was explained to us that it is a very unsatisfactory barrier, as evidenced by the picture. People were crossing the rail bridge while we were there.

One of the techniques that seems to be very effective is when a freight train moves through here, particularly at night, there is a trick of chaining those steel gates to the side of the freight train. And then when the freight train moves out, a major portion of the gate moves with the train and opens up a very convenient entry point.

[Slide.]

This is an airport of entry. This particular one is JFK here in New York. These people are waiting their primary inspection for immigration purposes.

[Slide.]

The immigration inspector asks them where they are coming from, checks their passport, and allows them to enter the country, including specifying how long that they may stay.

[Slide.]

If there is some difficulty with the specific traveler, then he is referred to what's known as secondary inspection, where there's a more experienced inspector who makes the more technical decision and then allows the person to enter the country.

[Slide.]

From here the people pick up their luggage and move to customs inspection where, again, the people are asked their country of origin, purpose of their travel, their luggage is inspected—[slide]—and also during the customs inspection, these inspectors are checking the computer terminal to see if there's a lookout on any of the persons being inspected.

[Slide.]

We also have a major inspection activity with cargo. Approximately one-half billion tons a year of cargo enters the United States, and

it's Customs responsibility to do the entry inspection, valuation, and assessment.

This is a containerized cargo ship, also here in New York.

[Slide.]

Those containers are offloaded from the ship still under customs seal and simply locked onto a set of wheels. From that point, it becomes the trailer which can be attached to any tractor and travel on our highways.

[Slide.]

However, it must be inspected before it leaves the port area. And this gentleman is about to cut the Customs seal.

[Slide.]

And inside, this happens to be a load of cheese. It's quite heavy, so obviously the truck was not full. It weighed out before it bulked out, and the Customs inspector is responsible for determining that it is, in fact, cheese; that it is properly manifested; and that each of the boxes in fact contains cheese. And he also takes samples of the cheese for the Food and Drug Administration to check for their purposes.

[Slide.]

This container happens to be cigarette wrapping paper from Spain. Now, obviously, that truck is full to the top and it will be very difficult to determine if the first box placed in that truck had cigarette papers in it or not.

So Customs has some very significant problems with the bulk of cargo entering the country in trying to do a totally effective inspection.

[Slide.]

This is the older way, bringing cargo out of the hold by net.

[Slide.]

And that loose cargo goes into a break bulk warehouse where it goes through the same inspection process to check it for value, proper manifesting, and the taking of samples for the Food and Drug Administration testing purposes.

[Slide.]

We have also a large amount of air cargo. It's handled a little differently. It doesn't come in, in such large bulk. Each of those boxes usually contains a separate shipment handled primarily by forklift and subject to the same inspection procedures.

[Slide.]

Mr. WOLFF. Am I not correct in stating that in some airports like JFK, that the items that have cleared and those that have not cleared are intermingled in certain areas?

Mr. WILLIAMS. Yes, sir, that is true. But Customs keeps a pretty good account of which has been cleared and which hasn't been cleared.

Mr. WOLFF. Well, there is some question as to that. The amount of cargo theft that has occurred and as to whether or not that commingling has really proven to be an effective method of utilization of the area. Of course, there are limitations, space limitations that they do have.

But that was one of the things—before I chaired this committee—that we investigated. At Kennedy Airport what was found to be lacking was in the types of protection given to the various areas that were involved.

Mr. WILLIAMS. Yes, sir, and our system requires a great deal of cooperation on the part of the carrier in order to make it work.

[Slide.]

This is a picture of the Secaucus mail facility and just a hint of the problem associated with the hundreds of thousands of parcels that come in through the international mail channels.

Customs is also responsible for checking and valuating the content. Assessing the duty is a truly monumental task.

The Secaucus facility is a very modern facility, very much automated, with X-ray capability. But the sheer volume is almost unbelievable.

[Slide.]

Customs makes very good use of their four-legged aide, the dog. Every place we went, we saw the canine branch of the Customs Service being utilized very well. The dog can check out a large amount of packages or check out a single vehicle much faster than a man can. The dog has a very acute sense of smell and is trained to detect narcotics.

Mr. BURKE. Is he capable of sniffing out, say, the cigarette things you had in the cargo container? The No. 1, way in the back? Could he sniff once they take up part of it? How far is their capability of smelling? I know they can go around a car real quick or truck, and get inside. But can they smell from any distance beyond that?

Mr. WILLIAMS. Well, I asked the same question when they opened the truck with the cigarette papers. There was a rather pungent odor associated with the truck overall, and the dog handler was present at the facility when we visited.

He said that sometimes the odor is overpowering, so the dog is better in detecting slight odors than such an overpowering odor. His comment was that the dog would probably not be able to detect in that truck, because it had been sealed so long.

Mr. BURKE. He detected it at San Diego when we were there, outside of San Diego. One of heroin, and another of marihuana, underneath the gasoline truck.

Mr. WOLFF. It seems like a very primitive method. It's almost like we're using carrier pigeons to deliver the mail. Don't we have sensors? Can't we use electronic devices of some sort?

Mr. WILLIAMS. Yes, sir, we have invested some money in research for mechanical sniffers—the Immigration Service has mechanical sniffers installed at the port of San Ysidro. But generally speaking, everyone says that the dog is our best detection device.

[Slide.]

This is a shipment of furniture that was coming in from Thailand being inspected by a Customs inspector. It was addressed to a fictitious address, and so the Customs inspectors decided to open the shipment. There were quite a large number of crates which they had to open. And this shows the necessity and time consumed in drilling, searching for hidden compartments used in some of the more ingenious smuggling techniques. They were in the process of checking out this shipment when we visited in Los Angeles.

[Slide.]

To the patrolling part, or stopping illegal entry between ports of entry, this is the mesa above San Ysidro, south of San Diego, which I know you're all very familiar with.

That is an Immigration helicopter, and a ground patrol vehicle. And you might note that that whole mesa top is interspersed with trails which are very active during the night.

The period of time that we were there, there was a 100-man augmentation of the border patrol force, and they were apprehending more than 1,000 aliens each night in this area.

Mr. WOLFF. Do you have any assessment in your report of the efficiency of the U.S. aircraft involved, the capability of the aircraft involved in the border services, both the Customs and the Border Patrol?

As I understand it, most of our services have to use confiscated equipment.

Mr. WILLIAMS. Yes, sir, we make several uses of aircraft that are associated with the border. The Customs air interdiction program we do discuss in the report, and that is primarily targeted at smuggling aircraft which are illegally crossing the U.S. border. Customs has a program to intercept those aircraft and make an appropriate arrest. The helicopter in this picture was obtained specifically for immigration use. It has a spotlight for night operation, and of course—

Mr. WOLFF. How many of them do they have, do you know?

Mr. WILLIAMS. I am not sure, sir, but you might ask that question of the INS people.

Mr. WOLFF. Because you showed us the wide borders, and areas that we have, and we don't have sufficient aircraft. What good is just this one aircraft?

Mr. WILLIAMS. The use of aircraft in the San Diego area was started out as a test. And it is really impressive, sir, to be out there in the middle of the night. The aircraft with its huge spotlight cannot help but be a very significant deterrent.

Mr. WOLFF. I heard somebody say two. You can't patrol on a test basis, I understand, but do you make certain recommendations in your report as to the efficacy of this type of operation?

Mr. WILLIAMS. No, sir, we did not address this operation specifically. But I think it's safe to say that the team felt that this was a very effective way of apprehending illegal aliens at night. And it saves a great deal of ground patrol time, in that rather than having people traveling by van or by vehicle or by foot and searching for illegal aliens, the helicopter can identify very quickly, call a patrol in on the aliens. As far as determining the specific location of the alien and apprehending them quickly, this is a much more effective way to do it.

Mr. WOLFF. I agree on the effectiveness. But suppose we have a pilot doing that. It doesn't mean very much if there's not going to be, in large part, the recognition that you report to them on the surface.

Mr. WILLIAMS. We talk about the air program overall, but I believe, sir, that we focused more on the Customs air interdiction program as it addresses narcotics smuggling.

Mr. WOLFF. We have just been joined by Ambassador Mezvinsky. I hope you don't mind my interjecting these points.

Congressman Gilman and I visited the Mexican border area and the Mexican growing area. We went down to Mexico and we traveled in a DEA aircraft that was a confiscated aircraft. Three weeks later that aircraft went down and the pilot was killed.

Mr. BIAGGI. His timing was bad, Mr. Chairman. [Laughter.]

Mr. WOLFF. What concerns me is the quality of the equipment that is being given to the services which are expected to perform a job. And if we in our narcotics program can give helicopters to the Government of Burma, certainly we should be able to give helicopters to people who have to do the job of U.S. border interdiction. And I don't see that. And that's one of the major criticisms that I have of our overall Federal effort, that these people have to deal with makeshift and often outdated equipment.

I hope that that's part of the overall study. What both you and GAO have come up with is that this type of situation is less of a commitment than the rhetoric that has been given as to our full commitment to our war on drugs.

Mr. WILLIAMS. Yes, sir, if I might digress for a moment, and just talk about the air program.

There are two different programs. The INS air program is very limited. It has basically two kinds of aircraft. The Cessna T-41 type aircraft which the border patrol fly to observe border crossings during the day, to aid in their tracking program. And the helicopters, which are a relatively new test activity. And my immigration team member has advised that they have two helicopters at Chula Vista, which is this particular picture. The Customs air interdiction program is very different.

Immigration does not use seized aircraft, but the aircraft that they use are designed for the type of task that they're being used for. Customs, on the other hand, has made a tremendous effort to build an air interdiction fleet. And it does consist of seized aircraft, some purchased aircraft, and some military surplus aircraft which, frankly, are getting quite old and are not particularly well-suited to the mission.

And as you may know, sir, Mr. Chasen has been working on developing a modular approach to the air interdiction program which would modernize their fleet, get rid of some of the aircraft which can generously be classified as junk, and they're pursuing a program very much like you're talking about.

And I think that we have some difference between the ODAP report which wishes to strengthen the air program, and some of the other reports which question the cost-effectiveness of the Customs air program.

Mr. WOLFF. Please proceed.

[Slide.]

Mr. WILLIAMS. This is a picture of the INS sector office. The lights on the board are sensor alerts. And this is another way that the Border Patrol uses to cover the tremendous areas they're responsible for covering without having to put physical guards every 10 yards or so along the way.

Mr. WOLFF. Mr. Williams, let me ask you another question. In your study, you said you were the one directly connected to the study.

Mr. WILLIAMS. Yes.

Mr. WOLFF. How many people were involved in the study?

Mr. WILLIAMS. It was an interagency review team, sir, that ODAP led. OMB helped us with it. I had full-time participation from all of the agencies with direct border responsibilities—Customs, INS, DEA.

I also had full-time representatives from the Departments of Justice, Treasury, and Transportation. Plus I had part-time assistance, as required, and the full cooperation from HEW, from the Department of Agriculture, from Fish and Wildlife Service in Interior, from the Coast Guard, and some advice from the Department of State, sir.

Mr. WOLFF. How about the Department of Defense?

Mr. WILLIAMS. We did not have team membership by the Department of Defense, but we did meet with the—

Mr. WOLFF. What I'm getting at is, who on your team was capable of assessing the type of sensors that are used?

Mr. WILLIAMS. With the membership from Customs and INS, the owners and operators of the sensors, I think we got a pretty good assessment, sir. Plus with my military background, I had some contact with sensors in Vietnam.

However, one of the objectives of our study was to look at how we could improve the effectiveness of border control overall. And one of the things that would have detracted significantly from that objective was to get involved in great detail in the internal management of each of the operating agencies.

Mr. WOLFF. I'm not really directing my question to that, but as to the professional quality of the assessment of particular equipment.

Myself, Mr. Burke, Mr. Gilman, Mr. Biaggi and quite a number of us visited a number of the border stations. We examined the quality of equipment available to the people who are charged with the responsibility for this job. I'm ashamed to say that we are not providing the type of equipment which we are capable of providing these people to give them the necessary tools to do their job.

And when we are critical—and this committee is critical of the way we are attempting to stop narcotics from coming into the country—we have to keep in mind that the people that are charged with the responsibility are not getting the proper type of equipment.

I saw equipment that was old, World War II surplus equipment, that was being used in sensing devices for the border.

Now, if we can have new sophisticated equipment in the military, why can't we have that in an area that is just as important in protecting our borders as the military is?

I hope that in addressing these questions that the General Accounting Office and ODAP, as long as it's in existence, will attempt to direct attention to the very serious deficiencies that exist in the supply function and in the available resources that you put at the command of the people charged with the responsibility.

I find a great deficiency in the resources that are made available, and we on the committee have been talking to Chairman Rodino about the idea of revising the posse comitatus rules to see to it that the highest sophistication of equipment is made available for these people.

You're sending people into the field—a very dangerous field—with less than the equipment they need to perform their function.

Mr. BIAGGI. Mr. Chairman, I was going to wait until they finished these slides, but on that note, I would like to chime in. I just can't sit here and wait any longer.

Because what we're really talking about, there's no program at all. Isn't it a fact that we have nothing that's effective in these areas, notwithstanding the commitment of the individuals involved?

We understand the spirit and what they're confronted with.

But as a Nation, we should be ashamed of ourselves if we really believe we're doing something, and intend to do something. If this is the end result of a genuine effort, then we indeed should be ashamed of ourselves.

My understanding is that this is a stepchild situation. It has a minimal, if any, priority, and we're not dealing with it. And we can just as well abandon the whole thing, because the effect of this is so minimal and has no bearing on the entire picture.

Mr. Williams said they apprehend 1.5 million aliens a year. I'm curious what happens to those aliens. Do you bring them back into Mexico? They come back again? Any punishment? Any incarceration for having illegally crossed our borders?

Mr. WILLIAMS. I suspect that you're exactly right. A great many of them are sent back to Mexico, and then simply seek another route into the country.

Mr. BIAGGI. Of course, I know that you know that; 1,000 a night, how many? Then they keep going round and round.

Mr. BURKE. It's my understanding that there's nothing under the law, under our laws that can be done about it because they, if they want, they can demand a hearing, and we don't have the facilities even to allow them a hearing.

So if they demand a hearing, they stay here, and then you can't find them. So what they try to do is to get them back. And I'm sure, if you ever look at the way, the border, they come over the border some night around midnight or 1 o'clock, they come over like ants.

And I think, in fairness, we're wrongfully criticizing the wrong people.

Mr. BIAGGI. I'm criticizing our Government. I'm not criticizing the people who work it.

Mr. BURKE. I mean the individuals, Mario. I mean what we're wrong to be criticizing is the fact ourselves for not taking up on the laws and the judiciary for not trying for enforcement.

But we have to give everybody the right tools, or none of them can function properly. And I don't think we've been giving them the right tools, because for obvious reasons, the American public hasn't been willing to accept the tremendous cost this is going to involve, and they don't understand how much waste there is now in not giving them the tools. In other words, by way of criminal development along with the rest.

I didn't mean to interrupt. I merely wanted to mention—

Mr. BIAGGI. I couldn't agree with you more on the question that the American public is not aware, but let me tell you what I say in relation to illegal aliens. And that is correlated with this relationship of bringing back illegal drugs.

We've seen them make—at least they've alleged in some instances—the fact is, the economic stability of this country is jeopardized by the free flow of illegal aliens into this country. If you permit that condition to persist, and this country is so negatively impacted by the numbers that they deal with, at the economic level at which they are when they come into this country—the point I'm making is, we're going round and round again with legislation, with appropriations, and enjoin committed individuals to go out and do a professional job and

not doing the job fully. The Government is not genuine. It has not regarded this in its proper perspective and, Mr. Chairman, we'll go round and round here again.

The only thing I can see us accomplishing is by focusing attention and nailing the responsible parties.

Congress, for one, as well as the administration, whosoever the administration is, ought to make them face up to the responsibility—they're going to do this job or stop having charades, because that's what this is the total sum of.

Mr. WOLFF. I did not mean to interrupt, Mr. Williams, in order to vent our anger upon you—our anger is based upon the fact—

Mr. Biaggi. Forgive me. I said that very clearly. I'm not talking about an individual. I in your place would be angry. I am in the place of any individual committed to this, would be angry.

Mr. WOLFF. Mr. Biaggi can speak from very good authority, having been the most decorated police officer in the Congress of the United States, and he knows something about law enforcement.

The important element, as Mr. Burke said—and I take it Mr. Gilman is leaning forward to make the statement, too—that the important thing that is involved here is that in the studies that you gentlemen make, we are upset that they are cosmetic in many cases and do not get to the real heart of the matter. The heart of the matter is the bottom line, the fact that we are unable to do the job with the present resources and facilities. And our concern is that there be strong enough evidence upon the part of the people who are involved in making these studies to be able to recommend to us a new line that will make the people who are responsible for doing this job more efficient and more effective.

Our criticism is not directed at Customs. Our criticism is not directed at DEA. It's directed at the higher authority that does not provide them with the equipment and the resources that are necessary to do the job.

The people that we have out in the field are dedicated people. I can find a no more dedicated people than we have at our borders or in our DEA. These people are in a dangerous business, and they certainly are not compensated for the job they do. But by the same token, I think that it is responsible when we start to make studies and reports that we tell it as it is and which are not merely cosmetic.

Mr. GILMAN. Would the chairman yield?

Mr. WOLFF. Yes.

Mr. GILMAN. I thank the gentleman for yielding.

Mr. Williams, I am certainly gratified to see that ODAP took the time and effort to arrange for an interagency review. I think that it was long overdue. I would like to see more of this kind of effort at the senior level. I certainly join with my colleagues, the gentlemen from New York, Mr. Wolf and Mr. Biaggi, in expressing concern about the limited amount of funding, equipment, and manpower that we give to these important areas, and we look forward to digging into your analysis and your recommendations with regard to the proposed reorganization.

When our committee visited the southwest border, we did an extensive review of the border operations. We went to at least four border towns on both sides, both in Mexico and in the United States. We went

along the entire border. We went out on border patrols. The border patrol officers are doing a good job out there with the limited resources that they have. But we recognized how extensive the problem is. And when you tell us about the hundreds of millions of people crossing that border, including the millions of vehicles, and the amount of funding expended—I think that it was over \$140 million in 1976—and yet the limited results that we get—I think that less than 1 percent of all the heroin seizures and less than 2 percent of the cocaine seizures were picked up at the border—something is radically wrong and needs some attention.

I hope that your recommendations, we will examine, have some worthwhile fruits that will enable us to have a more effective border operation. We certainly need it.

And I hope that we can raise the consciousness in the Congress about doing more along the southwest border. The problems we saw along that border have been going on for years. We have studied it, rehashed it, and we still cannot seem to get a handle on what we are doing.

The New York Times today carried a story of six men and three women who were charged for allegedly conspiring to distribute 22 pounds of Mexican heroin a week in New York City. That would amount to more than half a ton a year by just one small group, not any major organized group. This indicates how little we know concerning the extensiveness of the amount of narcotics traveling across that border into the United States.

I look forward to hearing more of your analysis and your recommendation.

Mr. WOLFF. Counsel?

Mr. NELLIS. May I make this comment, Mr. Williams.

I'm sure you're familiar with the order issued by the Commissioner of Customs on October 3, cutting back even the present ineffectual number of aircraft, and the primary reason given, apparently, is that the Customs air arm is so ineffective that we might as well not use it.

And there is nothing I can find—of course, we're going to ask Commissioner Chasen about it—nothing I can find in the program that creates any promise of any better interdiction through the air program in the future.

What is your comment on the order cutting back the present ineffective aircraft?

Mr. WILLIAMS. Well, may I answer that question indirectly, Mr. Nellis?

Mr. NELLIS. Surely.

Mr. WILLIAMS. I think that—knowing the committee has an extensive background in border management and that we're really all concerned about border management, we're very much in agreement that we don't have enough resources to control our borders.

We state that as a clear finding in the study; because we don't have enough, we need to do two things: Get all that we can out of what we do have, as well as adding more resources in the critical areas.

Mr. NELLIS. Customs is taking the position that because we don't have enough, we'd better cut out what we have.

Mr. WILLIAMS. Yes, sir, I have spoken to Customs about that.

We have several things going as far as the air program is concerned.

Customs, as the chairman indicated, does have some very obsolete aircraft, aircraft which any aviator would stipulate are not effective in the performance of their mission. They are so old that they are expensive to maintain. And there's probably not a lot of reason to keep them in the inventory, just to be a member in the air fleet.

However, I personally believe that there is a great value in the Customs air program, not only for the cases which are made, the actual interceptions, but also for the deterrent effect of having a highly visible air program.

Mr. NELLIS. Do you really think those confiscated aircraft and that surplus World War II equipment that the committee saw on its south-west border trip is any kind of a real deterrent to the traffickers who have Learjets, Bell helicopters, and all the other equipment we know they have.

Mr. WILLIAMS. No; for someone with a very sophisticated aircraft, a very high-speed aircraft, the Customs air fleet has a limited deterrent effect.

But I think we are equally interested in deterring those that attempt to fly over the border in Piper Cubs or little Cessnas, and it probably does have some impact on that type of smuggling.

Mr. NELLIS. With all due respect, I would like to see some evidence of that today. I just don't believe it exists. And I'm disturbed that in the October 3d order of the Commission there is no reference that I can find to any kind of a new program that would supplant the so-called ineffective program they now have, and I was wondering whether your study or your thinking about it since your study has focused in any respect on that.

Mr. WILLIAMS. Mr. Nellis, you might ask Mr. Chasen this afternoon.

Mr. NELLIS. We will.

Mr. WILLIAMS. They do have a 5-year program that calls for various aircraft modules at various times, they certainly will be able to use some support in getting the funding for that program. I certainly would be in favor of appropriate funding.

Mr. NELLIS. Thank you.

Thank you, Mr. Chairman.

Mr. WOLFF. Please proceed. We've interrupted your flow of material here, but you can see our concern, I'm sure.

Mr. WILLIAMS. I welcome that kind of interruption, sir.

The one thing that I think we should be very aware of, is the true professionalism of the customs and immigration officers at the border. While they do have inferior equipment in many cases, nevertheless, they are making very good use of that equipment. They have gone out to the Department of Defense trying to procure, on a loan basis or on an excess basis, additional equipment, and they do have priorities established within both services where—the Mexican border, for instance, gets the highest class of equipment. Because they can't afford enough for all areas, as the less capable equipment is replaced on the Mexican border, then they move it to the next higher priority area.

Mr. WOLFF. What prompted all of this was your showing this sensor operation, and Mr. Gilman and I went out on one of these operations and saw the type of sensors that were used. Mr. Burke was out

on another operation. We sat in the bush for about 1½ hours waiting to track somebody coming through, and the equipment that was available was of such a primitive nature that we lost the people involved.

And I am just wondering whether or not you are satisfied with, for example, an operation such as this, taking the time of dedicated men in a primitive effort when we have the sophisticated means that could be substituted.

Mr. WILLIAMS. No, sir, I personally am not satisfied—

Mr. WOLFF. Did you make any recommendations along those lines?

Mr. WILLIAMS [continuing]. Neither with the capability of the equipment, nor with the degree of the border coverage, which is more a function of the amount of equipment that we have available—

Mr. WOLFF. Did you make any recommendations along those lines?

Mr. WILLIAMS. No, sir, we did not make any specific recommendations regarding sensors.

Mr. WOLFF. Is ODAP making any recommendations relative to this whole question, aside from the idea of merging services?

Mr. WILLIAMS. Yes, sir—if I might defer answering that question till we get to the conclusion of the study—

[Slide.]

Another thing that the U.S. Border Patrol and Immigration Service does is operate fixed checkpoints. This is one in California. These checkpoints are back away from the border, within the 25-mile distance, and they check for illegal aliens in the automobiles.

[Slide.]

They also have roving checkpoints which they move around.

[Slide.]

This picture is the El Paso Intelligence Center, known as EPIC.

Here, all of the border agencies get together, and I'll talk a little more about EPIC later on, if I might.

[Slide.]

We did look at some of the other functions of the Immigration and Naturalization Service that are not directly border-related. This happens to be a waiting room here in New York City for processing of applicants for various immigration requirements. The New York office processes 4,000 inquiries per day, and there is a fantastic crowd—a big waiting room, a take-a-number system—and it's truly an impressive workload in itself.

[Slide.]

Another function that the Immigration Service performs is maintenance of files on each alien in the United States. This is also here in New York, a picture of the most modern INS immigration file facility. There are 2½ million active personnel files in this single facility.

So maintaining the records is a big business in itself.

[Slide.]

Mr. WOLFF. Counsel just asked why aren't these on computers instead of being in folders?

Mr. WILLIAMS. Sir, that would be a good question to ask Immigration.

The answer that I got to that question was there is a requirement for the complete file. Generally, a judge will require the original document for processing an application.

Mr. WOLFF. He wouldn't if he had to go back to them and do the manual work.

Mr. WILLIAMS. And the conversion of these files to microfilm would probably take 20 years in itself, sir.

That's almost an unanswerable question.

Mr. BURKE. Are these illegal aliens?

Mr. WILLIAMS. These are all aliens, sir.

Mr. BURKE. Both illegal and—

Mr. WILLIAMS. These records would be records on legal aliens that are present in the United States.

Mr. BURKE. But there are illegal aliens in this country that you know about. Somehow or other we can't remove them. There are a lot of them in Miami. We have a lot of them in Miami.

Mr. WILLIAMS. Yes, sir, I'm not sure that all of them would have a file. [Slide.]

The purpose of the ODAP review was, first, to identify the problems that were having the greatest impact on effectiveness, to propose solutions to improve the effectiveness, and to take a long-term look at how to improve border control, rather than focus on any transitory operating problems—not that they are not important, but we had to draw the line someplace.

One thing that I would like to emphasize is that we looked at border control overall. We didn't look at how to optimize the immigration function of control over line crossers, nor how to optimize the drug function or other smuggling of other contraband.

I'll talk more about that in just a minute, if you don't mind. [Slide.]

The process that we used—I've already given you the interagency nature of our team—was a rather elaborate process of identifying problems and issues as seen from the perspective of the departments and agencies involved. We made sure the team had a clear understanding of the key functions associated with border control.

Inspections and patrolling are the two principal functions, and investigations and other support activities assumed a lesser role in our study, although that doesn't mean that they are not important.

I asked part of the team to take a look at our border management structure as if we didn't have all of these existing organizations, or how one might develop a new organizational structure from scratch. We did this to give us a little insight into how to analyze the current structure.

And then we sent inspection teams to airports, seaports, the northern border, southern border, EPIC, to validate the tentative conclusions that we reached during the Washington part of the review. [Slide.]

These are the threats that we face at our borders—quite a wide variety. Unfortunately—

Mr. WOLFF. Excuse me. Is tourism a threat? [Laughter.]

Mr. WILLIAMS. No, sir, tourism is one of the border interests. That was poorly stated.

These are the threats and the interests for which we must provide a border patrol.

Revenue is not a threat, either, sir.

Mr. WOLFF. My colleague here made a remark that the endangered species are the Republicans on this side. [Laughter.]

[Slide.]

Mr. WILLIAMS. The unfortunate thing is that there is a separate Federal agency associated with almost every one of these various in-

terests, and each of those Federal agencies is in a different department, again, with the exception of Immigration and DEA, both being under Justice. [Slide.]

What we attempted to do in our border management report was add the term "border management" and get all of these interests working together to get as much control as we can out of the existing resources. [Slide.]

Now, talking about resources, this is a chart of the number of personnel associated with border control.

Notice the two principal activities directly associated with the control over entry are Customs and Immigration with approximately 25,000 employees.

The Agriculture, DEA, Fish and Wildlife, and Public Health all have much smaller numbers, and then the Coast Guard has a total strength of 45,000 responsible with plenary jurisdiction over the seas surrounding the United States.

Mr. WOLFF. Does that include the Reserves?

Mr. WILLIAMS. No, sir, that's Active.

[Slide.]

Looking at the border resources from a budget sense; again, Customs and Immigration have the largest part of control over entry, with lesser amounts in the other agencies, except, again, in the Coast Guard with its total budget of \$1.4 billion.

Mr. WOLFF. Do you have these charts in the study that you presented to us?

Mr. WILLIAMS. These charts are not in the study, sir. I will be glad to provide, for the record, a copy of all of these slides in black and white.

Mr. WOLFF. Yes, please, if you would; without objection, they will be included in the record.

[The slides referred to are in the committee files.]

[Slide.]

Mr. WILLIAMS. We found that in our discussions and in our analysis that there are really two underlying problems affecting border control: The piecemeal approach to border enforcement problems, with every agency watching out principally for its own interests and then cooperating as far as possible or as far as they are capable; second, this unique organizational structure provides a very definite lack of flexibility in responding to changing problems.

[Slide.]

For example, when we have an illegal alien crisis, we have what we viewed as sort of a pipeline management of a crisis situation. When illegal aliens are the problem, we get out our pipeline, and we see the Immigration and Naturalization Service as the agency principally interested in immigration matters. So we stuff management attention, resources, both dollars and personnel, down that pipeline into the Immigration Service, and it has to fight its way through the budget process, generally being reduced as it goes along. But we don't have a mechanism for looking at all those other folks in the border area and trying to get all of the resources to work together on this crisis.

[Slide.]

So our approach to these problems was, improving border management will improve control over all the problems—and, incidentally,

we felt very strongly that rather than do a drug study, which would attempt to optimize drug interdiction, that we would be more successful in getting something done by cleaning up the organizational structure and improving the level of control overall.

[Slide.]

Now, if I might just quickly go through the report itself, sir, there are more than 300 ports of entry around the United States. They are not all marked on this map. This is just a sample of the land ports in red, the airports in blue, and the seaports in green.

[Slide.]

The principal function of a port of entry is the inspection, and that's to determine the admissibility and conditions of entry.

The threats that we're protecting against are drugs, aliens—again, merchandise is not particularly a threat—enforcing the Endangered Species Act and other wildlife activities, and then protecting against health and agricultural hazards.

[Slide.]

Looking at the numbers of inspectors, there are over 4,000 customs inspectors who do both people inspection and cargo inspection. We have slightly over 1,500 immigration inspectors who focus on people, and then a lesser number of agricultural inspectors who do secondary inspection.

We do not have any, or very few, of the agricultural inspectors on primary inspection, and none of the public health officials or other inspectors on primary.

[Slide.]

We found that, in the inspection area, just changing the management structure isn't enough. There's a general shortage of inspection manpower, no matter how you cut it; there is a lack of coordination which contributes to not getting as much as we can out of our existing manpower; as well as some duplication of effort and inspection. We did note that immigration inspectors and customs inspectors are cross-designated with each other's authority, so we do not have an authority problem in the inspection area.

[Slide.]

In patrolling, at and between ports, our principal threats are smuggling and illegal entry, and this involves patrolling of the land borders, a good deal of patrolling activity in Florida, and the port security requirement at seaports.

[Slide.]

This chart gives a sense of the deployment of the various patrol forces.

We focused primarily on patrolling between land ports of entry.

You will note that 2,300 of the total 2,500 positions in immigration are used for patrolling the land borders, the equivalent number in Customs of 800 positions.

Then, in the customs patrol there are 500 positions dedicated to principally port security activities. The air interdiction program within Customs is also part of air patrol activity.

[Slide.]

Our findings in patrolling are that there is a significant duplication of effort along the southwest border, that there is a serious lack of cooperation and coordination on the southwest border between Customs

and the U.S. Border Patrol, but in this area also there is a significant shortage of manpower overall. If we really want to increase the control over entry at our borders, it's not likely that we're going to be very effective with the total patrol force currently available to the two services.

We also looked at the air interdiction program and came up with many of the observations that the committee has made, sir; that the aircraft were obsolete, that it was a very important activity because of the potential for smuggling of hard narcotics and the obvious evidence of smuggling of very large amounts of marihuana, as well as the economics associated with such smuggling, the profits being used to support other criminal activities.

We felt that the air interdiction program was a very important part of the overall customs effort and that it should be augmented and modernized.

[Slide.]

I have left out quite a bit of the study in order to summarize it for you, sir, but we might cover the nonborder functions.

Immigration has several very significant nonborder functions—the adjudication of applications, the naturalization process, and a substantial force of special agents or investigators that conduct investigations within the interior of the United States.

DEA on the other hand is not a principal border agency in the sense of control over entry of persons and material, but they do handle referrals based upon apprehensions by Customs officers or Immigration officers. They are responsible for providing narcotics intelligence to the border agencies. We found also that the DEA offices that are physically along the border furnish personnel to support the poppy eradication program in Mexico because of the language capabilities of the DEA agents in border offices.

Mr. GILMAN. Mr. Chairman, if I may have permission from the committee to interrupt—I know that our time is running rapidly, and that I should not be doing this—but in looking over your material and listening to you, Mr. Williams, I am frank to say that I am a bit disappointed in the results of your study.

Essentially, once again, you are recommending musical chairs, or taking some ineffective programs and putting them under one broad authority. We may obtain some better personnel or better utilization of personnel, and maybe a little more equipment out of this proposal, but I do not see any initiatives or any new direction to resolve the kind of problems that all of us at this table have expressed this morning.

Where are the new initiatives?

Where are the new ideas and new concepts of border management that we are going to have besides changing and shifting around some of the personnel and putting a new address on the main office?

Mr. WILLIAMS. One of the problems and one of the points that we tried to make in the study is that we did not try to identify dramatic new border operating policies. It was inconceivable to the team that even if we had a dramatic new border policy, given the organizational structure of the agencies along the border, we would have little hope of being able to implement it effectively.

So we propose a restructured organization with a single person responsible for border operations as key to establishing a foundation

for developing new border operating policy, which I think you are talking about, Mr. Gilman. And I think that you have to do this in a practical way; getting your organizational structure straightened out and getting it under one man's control so that you have a specific person who is responsible.

Mr. GILMAN. Mr. Williams, I hope that your optimism bears some fruit, but I am inclined to be a bit more cynical of late. In the Congress we seem to be following this bureaucratic, cosmetic approach of let us combine agencies and put them into a new, big reorganization plan, and hopefully out of that will spring forth a new chicken that will lay the right kind of eggs.

I am frank to say, that we need more than just musical chairs. We need some new operation methods, some new techniques, some new initiatives, and not just rearranging offices and putting them all in one council chamber.

Mr. WILLIAMS. Yes, sir, I think we are in total agreement with you, providing that we do it a step at a time.

We stipulate that even after you did do the reorganization that we recommend, you still have to, No. 1, put more resources into border control and, second, that there isn't in the system even after the basic reorganization there needs to be a continuing executive overview, to provide the kind of management attention that's necessary to develop comprehensive border strategy.

And I think that our friends from the General Accounting Office came to a similar conclusion; that we need to develop a comprehensive U.S. border policy.

Mr. GILMAN. Precisely. We need a national narcotics strategy, and I am pleased to see that finally the Strategy Council just this past week met for the first time. I am sorry to see that your office is being dismantled. We hope that there will be some more of these policymaking decisions emanating where they belong—at the White House level.

Mr. WILLIAMS. I'm very close to the end. If I might just quickly go through—

Mr. WOLFF. Because we do want to get to Mr. Anderson.

[Slide.]

Mr. WILLIAMS. Mr. Gilman, in an extension of your comment, we found that there was a lack of coordinated border management on two levels: Operational coordination, and executive oversight.

We proposed to straighten out the operational coordination through reorganization. The executive oversight is what is needed to get that comprehensive policy you're talking about. Both of those are our recommendations.

We also found extensive overlap and duplication in patrolling and inspection and in many of the support activities: Telecommunications, computer support, and obviously all the administrative overhead.

[Slide.]

We looked at a set of four options which started with no change in the organization but simply increase the amount of resources available to selected parts of the program. A second option was a limited transfer of functions, which is the more historical approach to the problem—that is, a single manager for inspection, and a single manager for patrolling.

The third option we looked at was the creation of a multipurpose border management agency to get the whole thing under control.

The fourth option was to expand the border management agency beyond control over entry of people and things, to look at the entire perimeters of the United States.

[Slide.]

Our first option, no change in the organization, but more resources—we found to be an inadequate response. However, we need more immigration and customs inspectors and there's not enough border patrol officers. Immigration antismuggling investigators need to be redirected and there needs to be more attention on interstate transportation of aliens, or the interstate conspiracy approach.

We found the customs air interdiction program to be weak in equipment, a little bit weak in attention, and possessing a lot of potential, and we need to get expanded participation by the U.S. Customs Service in the El Paso Intelligence Center.

We found advantages and disadvantages with this option as listed on the slide.

[Slide.]

The second option was the possibility of putting inspection under single agency control, or/and patrolling under single agency control. We did not stipulate that these had to be either in the same agency or in different agencies. This option would solve a great deal of the coordination problem. But it really does not resolve the bigger border management questions, looking at the border as an entirety.

Historically, this approach has received very strong opposition from various constituencies.

[Slide.]

Option three would combine the Immigration and Naturalization Service and the U.S. Customs Service under a multipurpose border management agency. We felt that this does treat border management as a system and would eliminate overlap and duplication. Plus it would provide a great deal of flexibility to respond to changing threats and future problems.

Mr. NELLIS. Mr. Chairman, may I ask a question?

Mr. Williams, under what agency would the Immigration and Customs Service function? Under what department of Government?

Mr. WILLIAMS. May I defer the answer to that? I'll talk about it in just a second.

[Slide.]

Option four is the creation of an expanded multipurpose border management agency which would add the U.S. Coast Guard. This option looks at control of the entire perimeter of the United States, rather than focusing on control over entry of people and things.

We looked at the set of options as having the advantages and disadvantages as listed on this slide.

Option one, the resource option, really didn't meet our objectives.

Option two, single agency management over the two principal functions, a partial solution. Our biggest disadvantage is that it might receive such strong opposition that it would never happen.

Option three, the single border management agency combining Immigration and Customs, we felt was a pretty good option.

Option four presented the same advantages as option three. But we were concerned that if you put the Coast Guard with its wide-ranging responsibilities into another agency that's designed to control entry of people and cargo, we're liable to lose the intent of the whole effort. The border management people are likely to get involved in the other Coast Guard functions rather than vice versa. We felt that this possibility is a significant disadvantage of the Coast Guard option.

[Slide.]

Our conclusion was that option three responds to the issues and problems. Most importantly, it establishes a framework for long-term flexibility and creates a foundation for major initiatives in border control.

We recommended special considerations for implementation. There are many ways to look upon border management. Control over entry is one perspective, and it happens to be our perspective.

We felt that the reorganizations should not automatically abolish either Immigration or Customs, and should insure the availability of special expertise where necessary to enforce specific laws and regulations.

We propose an umbrella management concept with a single manager over these two agencies. After priorities are established, we should attempt to get improvement through internal management decisions as opposed to outside advisers telling the agency what to do and how to organize internally.

[Slide.]

We propose a director, and a transition staff within the new agency. The Commissioner of Immigration and Naturalization and the Commissioner of Customs would continue to manage the operations of their respective organizations.

Mr. WOLFF. Aren't you presenting the same problem that occurred when DEA and Customs were put into a similar situation? You're creating a parallel situation here.

We have experienced great problems because of the parallel services of DEA and Customs. Now aren't you taking more away from Customs? In other words, it's a whittling away of one agency. If you want to destroy it, why don't you just destroy it?

Mr. WILLIAMS. There's a long history of tradition and really good work associated with both of these agencies.

Mr. WOLFF. But you don't leave these people with anything to do. After all, Reorganization Plan No. 2 gave much of the responsibility, or most of the responsibility for narcotics to DEA. Now you're making a recommendation that takes their other responsibility away. You know, we don't need all those people just to stand around.

Mr. WILLIAMS. Sir, under phase I, we would tell the director in the reorganization plan that he has 18 months to develop a plan and to consolidate the principal operating functions. His priorities would be to consolidate the inspection forces, and to consolidate patrolling forces. Incidentally now that you have both of these agencies under one agency, you would have the opportunity to consolidate the computer activities, the telecommunications activities—

Mr. WOLFF. All right, now, where does that line from the director go? To whom?

Mr. WILLIAMS: We did not answer that question because it is beyond the responsibility of ODAP to make a responsibility regarding which department—

Mr. WOLFF: You've got a body without a head. [Laughter.]

Mr. WILLIAMS: Yes, sir, we suggested some considerations that should be used in deciding which department would receive the new agency. In fact, we went through an exercise of looking at the possibility of Justice, Treasury, Transportation, or—

Mr. WOLFF: Do you think any one of the Departments is going to give up one of their services?

Mr. WILLIAMS: Not freely, sir. [Laughter.]

But the very nature of an interdepartmental organization requires that someone does.

Mr. GILMAN: Mr. Chairman, would the gentleman yield?

Essentially, then, you are talking about eventually abolishing one of these agencies. You are talking about merging both agencies into a single agency, are you not?

Mr. WILLIAMS: We would stipulate—

Mr. GILMAN: The end result would be a merger, isn't that correct?

Mr. WILLIAMS: We would stipulate that at the end of a fixed period of time—we suggest 18 months—the new director would be required to report back to the Congress and to the President on how successful he had been in merging all of the operations.

Mr. GILMAN: So that is your concept of a complete merger, is it not?

Mr. WILLIAMS: There were several options which we hypothesized in considering what phase II might look like. One phase II might be that the Customs Service and the Immigration Service would end up as two service-oriented activities, with all of the law enforcement activity, that is, the inspection function and the patrol function, would be in a third block which would be the law enforcement block.

Phase II could go any number of ways. But another thought was that it might go to functional organization and, as you suggest, the two agencies, in their current form, might disappear.

Mr. GILMAN: Mr. Williams, the chairman raised the issue as to whom the proposed director reports to. The only conceivable executive body on the scene right now is the Strategy Council. Now that ODAP is abolished, would not that be the only one?

Mr. WILLIAMS: No, sir.

Mr. GILMAN: Then what would be the possibilities?

Mr. WOLFF: I make a recommendation that they report to the Select Committee on Narcotics. [Laughter.]

Mr. GILMAN: Commissioner Wolff. [Laughter.]

Mr. WILLIAMS: This really concludes the slide presentation, sir.

And if I might just wrap up quickly, I think I have a partial answer to your question. As the last step in our report, we furnished all of these options to various departments. Needless to say, we did not get concurrence as to which department should own such a border management agency.

We did get concurrence that the right problems were identified and that something needed to be done. And for once, in several years of working in this area, there seems to be consensus that the right problems are identified, and it is time to do something about them.

After the team reviewed the Department comments, we concluded with the recommendation that an umbrella agency be formed; that the director should be allowed some flexibility in determining the internal organization, and that his list of priorities for consolidation should be primary inspection of ports of entry, patrolling of the land borders, and the operational support activities—specifically, the computer operations and the communication systems, the management structure, and the administrative support activities.

The next step is the President's reorganization project. OMB has the ultimate responsibility for preparing reorganization plans in conjunction with their ongoing study of the entire Federal Government.

Our report is intended to provide OMB with some insight into border management; the problems, the requirements, and a strong recommendation.

ODAP will assist OMB in working on their options and in developing any reorganization plan related to this review. Of course, they have a slightly different perspective on the problem, and they will develop recommendations for the President.

ODAP will use this report in conjunction with all of the other ongoing policy reviews that I have mentioned in developing a revised Federal drug strategy.

In conclusion, sir, I'd like to thank this committee for its continued support of the Federal drug abuse prevention effort, and for the opportunity to meet with you today and present the features of our study.

Quite honestly, we think this is a good, practical solution that has great potential for moving the system, and that's the objective; to get something done.

[Mr. Williams' prepared statement and the ODAP Interagency Review follow:]

PREPARED STATEMENT OF RICHARD L. WILLIAMS, DEPUTY ASSOCIATE DIRECTOR FOR ORGANIZATION AND MANAGEMENT, OFFICE OF DRUG ABUSE POLICY

Mr. Chairman and Members of the Committee. It is a pleasure to be here today to discuss the recent report on Border Management and Interdiction. As background for the report, when the President established the Office of Drug Abuse Policy in March of this year, he asked Dr. Peter Bourne, the Director, to assume the lead role in studying proposed changes in the organization and management of Federal drug abuse prevention and control functions. The report that I will discuss today is one of a series of policy reviews being conducted by the Office of Drug Abuse Policy of all Federal drug abuse functions.

A major part of the Federal effort to reduce the availability of illegal drugs is directed towards disrupting the supply chain at any point where it may be vulnerable, from overseas sources to domestic interstate drug trafficking networks. The United States border provides a unique opportunity in this chain of drug trafficking to intercept the drugs, arrest the person, and perhaps trace the source or the ultimate destination of the illegal drugs. The border also serves many other important national interests in regulating the international flow of persons, merchandise and commercial carriers.

Our border control is a piecemeal activity with numerous Federal agencies responsible for specific interests and specific functions in the border areas. Several studies of border control have been conducted in recent years. However each of these studies focused on a specific function or problem rather than taking a comprehensive view of the entire border control effort. As part of the President's goal to achieve greater effectiveness in government operations, our review was directed toward the broad and long-term goal of improving the management of the overall border control effort.

An interagency review team was formed with representation from the principal departments and agencies involved in control of the borders of the United States. The Departments of Justice, Treasury and Transportation, the U.S. Customs Service, the Immigration and Naturalization Service, and the Drug Enforcement Administration provided full time representatives. The Departments of State and Agriculture, as well as Health, Education, and Welfare, and representatives of the U.S. Coast Guard and the Fish and Wildlife Service of the Department of the Interior also contributed to the study effort. Copies of the team report have been furnished to the Members of the Committee. I will summarize the major points of the report.

Our report describes the vastness and distinctness of the border areas, as well as the operation of ports of entry—land ports, seaports and airports. In the past, we have responded to border management problems in a fragmented manner. When a crisis occurred, new resources and manpower were allocated to deal with the immediate problem without deliberate consideration of how changes may affect overall border management. The current organizational structure contributes to the problem with personnel from eight agencies representing seven different Departments directly involved in border operations.

The basic assumption of our review is that improved effectiveness of border control will enhance all related programs including drugs, aliens, guns, etc. Further, an improved management structure could serve as the foundation for all border control efforts and is likely to accomplish far more than a self-limited study directed at improving control over one particular commodity.

After an extensive review of the problems and issues as seen by the agencies responsible for border control, the Review Team conducted a series of field trips to develop firsthand information on operating practices and problems. We also interviewed field managers and the individual officers at all types of border locations.

The report focuses on the two principal functions of border control; inspection of persons and goods at ports of entry, and patrolling between ports of entry. The agencies with primary responsibility for these two key functions are the U.S. Customs Service in the Department of Treasury and the Immigration and Naturalization Service in the Department of Justice. Other agencies provide specialized skills and functions in support of their areas of interest. The review team identified two major issues: overall lack of coordinated border management, and significant overlap and duplication of effort in both of the principal border control functions. There is a significant amount of overlap and duplication in patrolling activities between land ports of entry with both the Immigration Service and the Customs Service responsible for providing patrol force in these areas in support of each of their separate missions. There is also overlap and duplication in primary inspection at ports of entry, particularly at airports and larger land ports. In seeking a solution to these problems, several options were considered.

The first option was assigning a higher budget priority to select border control functions. We concluded that adding more budget resources to the existing agencies was simply a repetition of previous management practices and not likely to provide any major improvement in the system.

A second option would provide single agency management over key functions by consolidating the inspection function in one agency and the patrolling function in another. The Review Team concluded that while this would reduce the duplication, it would not be effective in eliminating the potential for conflict between the agencies. Further, we noted that this approach had been recommended on several previous occasions but has never seemed to be able to reach the implementation stage.

The Review Team also considered an option of establishing a multi-purpose border management agency which would include all of the existing responsibilities and resources of the Immigration and Naturalization Service and the U.S. Customs Service. By combining the two principal border enforcement agencies, a new agency would be created to provide the basic foundation for a full service organization for control over entry of persons and goods. It would also allow consolidation of some support functions and could be handled so as to minimize opposition and turbulence so often associated with reorganization efforts.

The Review Team considered a fourth option which would go beyond control over entry to consolidate management of the major Federal resources involved in the control of the borders and U.S. waters forming the perimeters of the

United States. This option would expand the size and responsibilities of the new organization by including the U.S. Coast Guard. It assumes that the Coast Guard would remain a separate entity within the border management agency to facilitate its transfer for national security purposes during time of war.

As the last step in the process of developing the report, the options were furnished to the involved agencies for review and comment, and the responses received were attached as appendices to the report. After consideration of these responses, the Review Team made the following recommendations:

(1) A multi-purpose border management agency should be created by consolidating the Immigration and Naturalization Service and the U.S. Customs Service in a new agency (the third option).

(2) An appropriate reorganization plan should be developed by the President's Reorganization Project to include placement of the consolidated border management agency in a Cabinet Department consistent with overall government reorganization planning.

(3) A consolidation of the agencies and functions involved should be achieved through an umbrella management concept with the reorganization plan providing a set of initial priorities. However, the new Director should be allowed flexibility in determining the internal structure of the new agency. The following functions should receive high priority for early consolidation: (a) Primary inspection at all ports; (b) Patrolling of the land borders; (c) The operational support activities, particularly communications and computer systems; and (d) The management structure and administrative support activities.

It was suggested that the new Director be given these priorities and be required to report back to the President and to the Congress at the end of 18 months on the accomplishments during the transition period and his plan for the next phase.

The President's Reorganization Project in the Office of Management and Budget has the ultimate responsibility for developing reorganization plans in conjunction with their on-going reorganization study of the entire Federal Government. Therefore, our report is intended to provide OMB with a current evaluation and recommendations regarding border management. The Office of Drug Abuse Policy will assist OMB in developing any specific reorganization plan related to this review. Further, the Office of Drug Abuse Policy will use this report in conjunction with the other on-going drug policy reviews in developing a new Federal drug abuse strategy.

I wish to thank this Committee for its continued support of the Federal drug abuse prevention effort, and for the opportunity to present the significant features of our Border Management report. I will be glad to respond to any questions you may have or furnish any additional information that you desire.

OFFICE OF DRUG ABUSE POLICY



BORDER MANAGEMENT AND
INTERDICTION
AN INTERAGENCY REVIEW

OFFICE OF
DRUG ABUSE POLICY

Recommend government-wide improvements in the organization, management, and resource and program priorities of all Federal agencies concerned with drug abuse prevention and control.

DRUG ABUSE PREVENTION – POLICY REVIEWS

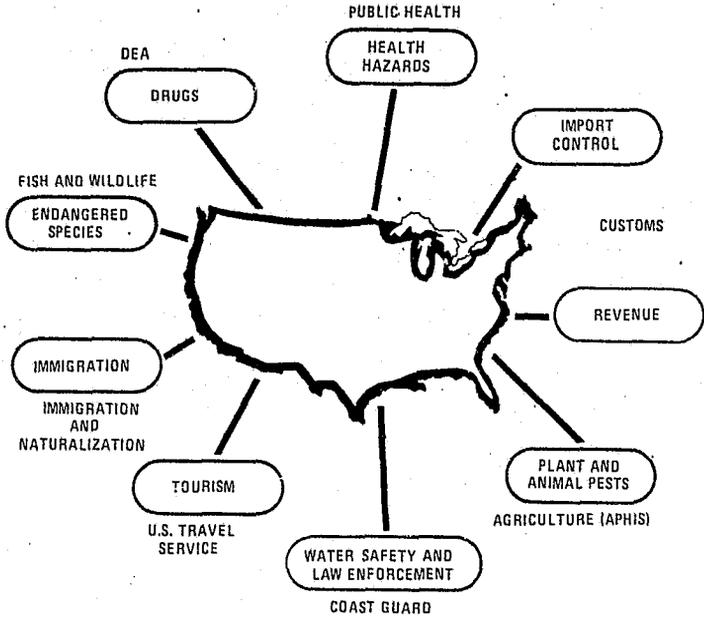
- Supply Control
 - DRUG LAW ENFORCEMENT
 - NARCOTICS INTELLIGENCE
 - BORDER MANAGEMENT AND INTERDICTION
- Treatment, Prevention, and Rehabilitation
- International Control

PURPOSE

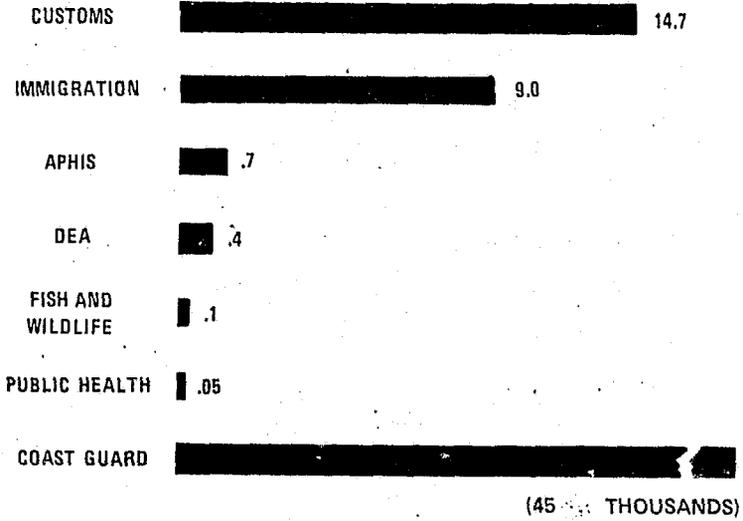
- Identify problems having greatest impact on effectiveness
- Propose solutions to improve effectiveness
- Recommend longer term improvements to enhance border control

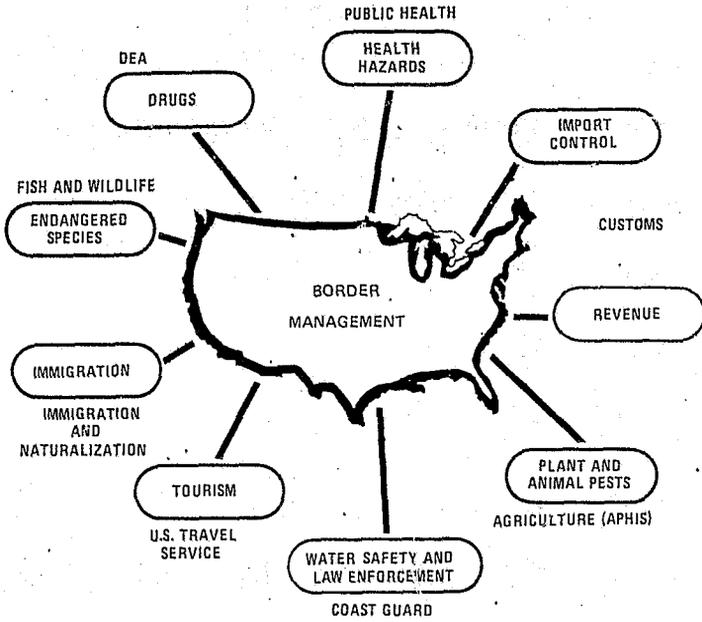
UNDERLYING PROBLEMS

- Piecemeal approach to border enforcement problems
- Lack of flexibility to respond to changing priorities



BORDER RESOURCES
PERSONNEL IN THOUSANDS



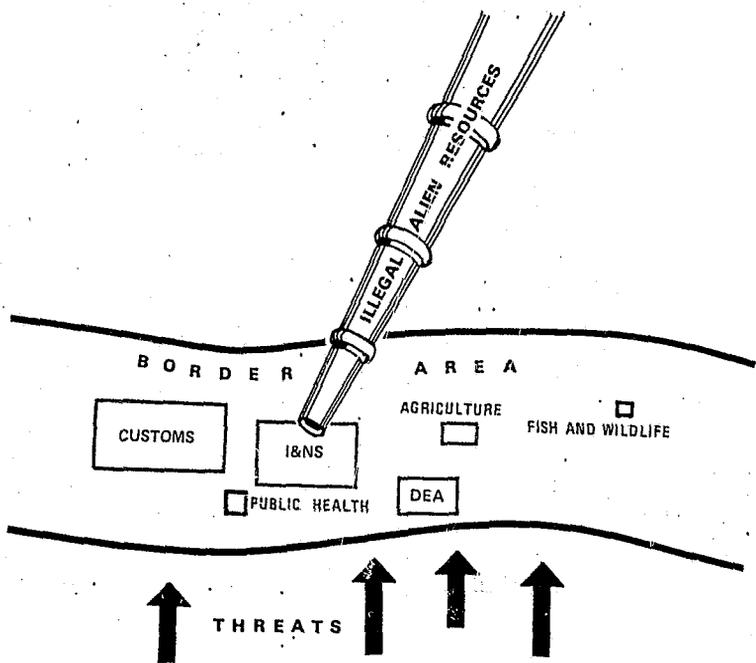


BORDER RESOURCES

BUDGET IN MILLIONS OF DOLLARS

CUSTOMS	[REDACTED]	\$359 MIL
IMMIGRATION	[REDACTED]	\$235 MIL
APHIS	[REDACTED]	\$25 MIL
DEA	[REDACTED]	\$21 MIL
FISH AND WILDLIFE	[REDACTED]	\$10 MIL
PUBLIC HEALTH	[REDACTED]	\$2 MIL
COAST GUARD	[REDACTED]	

(\$1.4 BILLION)



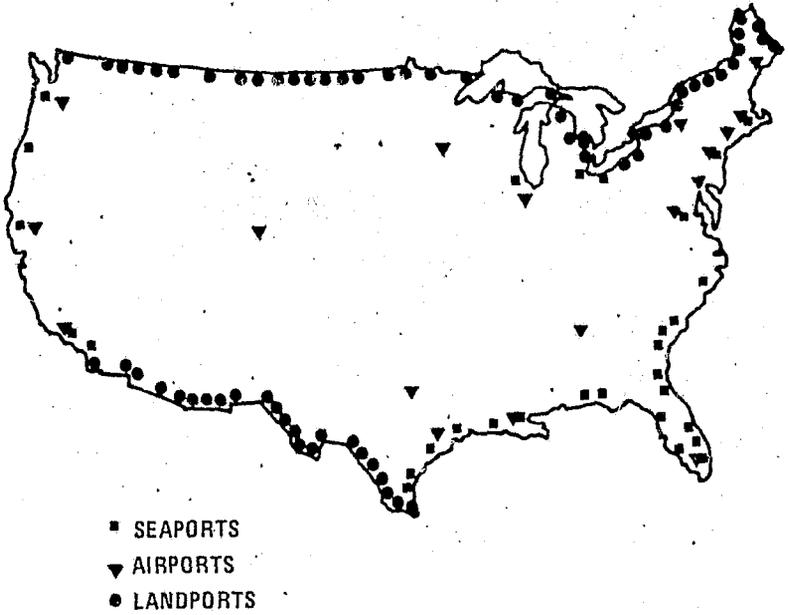
APPROACH TO SOLUTION

- Improving border management will improve Federal efforts at controlling all border problems

PROCESS

- Agency participation
- Identification of problems and issues
- Definition of key functions
 - INSPECTIONS
 - PATROLLING
 - INVESTIGATIONS
 - SUPPORT
- "New Start" approach
- On-site observations and interviews

MORE THAN 300 PORTS OF ENTRY



INSPECTION

- Determining the admissibility and conditions of entry of people, baggage, cargo, and conveyances at ports of entry.

INSPECTORS

CUSTOMS		4,239 (64%)
IMMIGRATION		1,591 (24%)
AGRICULTURE		650 (10%)
PUBLIC HEALTH		53 (1%)
FISH & WILDLIFE		32 (1%)

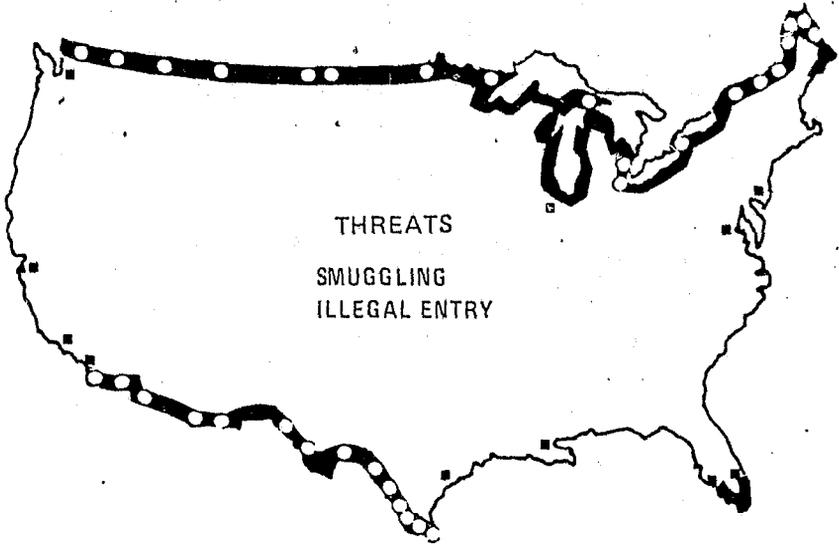
THREATS

- Illegal entry of
 - DRUGS
 - ALIENS
 - MERCHANDISE
 - ENDANGERED SPECIES
 - HEALTH AND AGRICULTURE HAZARDS

INSPECTIONS – FINDINGS

- General shortage of manpower
- Lack of coordination
- Some duplication of effort
- Cross-designation of inspectors

PATROLLING AT AND BETWEEN PORTS



PATROL | Detecting and preventing the surreptitious entry or smuggling of aliens or contraband into the United States.



BETWEEN THE ' AND
PORTS OF ENTRY
(2300 POSITIONS)

2500 POSITIONS
IMMIGRATION
BORDER PATROL

IN INTERIOR
LOCATIONS.
(200 POSITIONS)



BETWEEN THE LAND
PORTS OF ENTRY
(800 POSITIONS)

AT THE PORTS OF ENTRY
(500 POSITIONS)

AIR INTERDICTION
(200 POSITIONS)

1500 POSITIONS
CUSTOMS
PATROL

PATROLLING – FINDINGS

- **Duplication of effort on Southwest border**
- **Serious lack of cooperation, coordination on Southwest border**
- **Shortage of manpower**
- **Air interdiction program**

OTHER CONSIDERATIONS.

- Immigration has major non-border responsibilities
 - ADJUDICATIONS
 - NATURALIZATION
 - INVESTIGATIONS

- DEA does not have a major border presence but border responsibilities include
 - HANDLING REFERRALS
 - PROVIDING INFORMATION
 - SUPPORTING ERADICATION PROGRAM

ISSUES APPROPRIATE FOR EXECUTIVE CONSIDERATION

- Lack of coordinated border management
 - OPERATIONAL COORDINATION
 - EXECUTIVE OVERSIGHT

- Overlap and duplication
 - PATROL: OPERATIONS AND MANAGEMENT
 - INSPECTION: OPERATIONS AND MANAGEMENT
 - SUPPORT

OPTIONS

1. No change in organization. Increase resources for selected functions
2. Limited transfer and consolidation of specific functions and responsibilities.
3. Creation of a multi-purpose border management agency
4. Creation of an expanded multi-purpose border management agency.

OPTION 1

No change in organization. Increase resources for selected functions

- Immigration and Customs Inspectors
- Border Patrol
- Immigration Antismuggling Investigators
- Customs Air Interdiction Program
- Customs Participation in EPIC

ADVANTAGES:

- Provides specific resources directly to specific problem areas
- Enhances deterrent effect by highly visible response
- Least disruptive

DISADVANTAGES:

- Does not eliminate duplication and overlap
- Does not correct lack of coordination
- Does not provide for flexible response to crises

OPTION 2

Limited transfer and consolidation of specific functions and responsibilities

- Responsibility and resources for inspections
- Responsibility and resources for patrolling between the land ports

ADVANTAGES:

- Provides a single manager for inspections and patrolling
- Eliminates some duplication and lack of cooperation
- Provides some flexibility to respond to crises

DISADVANTAGES:

- Does not view border management in its entirety
- Permits overemphasis on agency's own mission
- Has strong special interest opposition

OPTION 3

Creation of a multi-purpose border management agency

- Immigration and Naturalization Service
- U.S. Customs Service

ADVANTAGES:

- Treats border management as a system
- Eliminates overlap and duplication
- Provides flexibility to respond to future problems

DISADVANTAGES:

- Possible loss of effectiveness during reorganization period
- More complex management problems
- Generates management turbulence.

OPTION 4

Creation of an expanded multi-purpose border management agency

- Immigration and Naturalization Service
- U.S. Customs Service
- U.S. Coast Guard

ADVANTAGES:

- Places Federal responsibility for all U.S. borders in one organization
- Strengthens the law enforcement role of the Coast Guard

DISADVANTAGES:

- Coast Guard emphasis on safety and other responsibilities could be reduced
- Safety and other responsibilities of the Coast Guard could detract from law enforcement

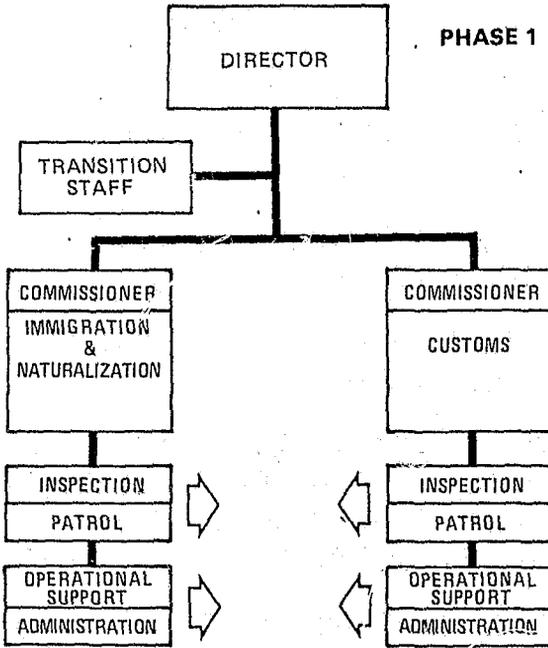
ADVANTAGES AND DISADVANTAGES

	OPTION			
	1	2	3	4
Ends duplication	NO	SOME	YES	YES
Increases coordination and cooperation	NO	SOME	YES	YES
Provides a single manager	NO	SOME	YES	YES
Border control as a system	NO	NO	YES	YES
Increases effectiveness	SOME	SOME	YES	YES
Provides flexibility	NO	SOME	YES	YES
Minimizes disruption	YES	NO	NO	NO
Emphasizes border control	YES	YES	YES	NO

CONCLUSION.

Option 3 responds to both issues

- **ELIMINATES CAUSE OF LACK OF COORDINATION**
- **ELIMINATES PRINCIPAL OVERLAP AND DUPLICATION**
- **ESTABLISHES A FRAMEWORK FOR LONG-TERM FLEXIBILITY IN RESPONDING TO NEW THREATS AND ACCOMODATING OTHER BORDER REQUIREMENTS**
- **RECOMMEND SPECIAL CONSIDERATIONS FOR IMPLEMENTATION**



BORDER MANAGEMENT AND INTERDICTION

- AN INTERAGENCY REVIEW -

September 7, 1977

THE OFFICE OF DRUG ABUSE POLICY
THE EXECUTIVE OFFICE OF THE PRESIDENT

PREFACE

This report summarizes the observations and findings resulting from a comprehensive review of Federal border control and law enforcement activities. The report concludes that a set of National policies exist in the form of laws, regulations and priorities regarding illegal aliens, drug smuggling, etc., but there is no effective mechanism to provide overall coordination of these policies as they affect border operations. This review does not discuss the merits of each policy, but addresses the way in which these policies are implemented and the resulting effectiveness of border management.

The review of border management was conducted under the guidance of the Office of Drug Abuse Policy (ODAP) in coordination with the Office of Management and Budget. The Review Team was an interagency working group of representatives from the principal Departments and Agencies involved with control of the borders of the United States.

The Departments of Justice, Treasury, and Transportation, the Customs Service, the Immigration and Naturalization Service, and the Drug Enforcement Administration provided full-time representatives to the Team. The Departments of State and Agriculture as well as Health, Education and Welfare and representatives of the U. S. Coast Guard and the Fish and Wildlife Service of the Department of the Interior contributed to the effort.

September 7, 1977

BORDER MANAGEMENT AND INTERDICTION

EXECUTIVE SUMMARY

An interagency Review Team, under the leadership of the Office of Drug Abuse Policy, conducted a comprehensive review of Federal border control and associated law enforcement activities. The basic assumption is that improved effectiveness of border control will enhance all related programs (drugs, aliens, guns, revenue, etc.), as opposed to the traditional, but self-limiting response of dedicating resources to a single purpose.

The report describes the vastness and distinctness of our border areas, as well as the operation of land, sea and air ports of entry. Many problems associated with effective law enforcement at ports of entry and with patrolling between ports are attributed to past and present practices of dealing with border management in a fragmented manner. The current organizational structure contributes to the problem with personnel from eight agencies representing seven different departments directly involved in border operations.

The two principal functions of border control are inspection of persons and goods at ports of entry, and patrolling between ports to prevent surreptitious entry. The principal agencies involved in these key functions are the U.S. Customs Service (Treasury) and the Immigration and Naturalization Service (Justice). Other agencies provide support and specialized skills in their areas of responsibility.

After a thorough problem analysis, two major issues are identified; overall lack of coordinated border management, and the overlap and duplication of effort in the principal border control functions. The principal overlap and duplication is in the patrolling between land ports of entry (Immigration and Customs) and in the primary inspection at ports of entry (Immigration and Customs). Massive workloads and duplicate management systems compound the problems.

Several options are considered, ranging from assigning budget priority to selected functions to creation of an expanded border management agency. The report concludes that a revised management structure is needed which can achieve maximum effectiveness with available resources, respond to changing priorities, and provide adequate border control, as well as better service to the public. Further, the first phase of any reorganization should be directed at correcting the fundamental problems. From this basic foundation, border management can evolve toward further improvements in effectiveness and efficiency.

The Review Team recommends a consolidation of the Customs Service and the Immigration and Naturalization Service into a border management agency to provide central management over the key border functions and resources. Specific criteria are suggested to minimize opposition and turbulence associated with reorganization.

Comments received from the departments and agencies involved in border operations reflect general agreement with the findings, but lack agreement regarding which department should have responsibility for a new border management agency.

The President's Reorganization Project in the Office of Management and Budget (OMB) has responsibility for developing specific reorganization plans and the Office of Drug Abuse Policy will assist OMB in developing any reorganization plan related to this review. Additionally, the report will be used in conjunction with other policy reviews in preparing a new Federal drug abuse strategy.

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CHAPTER 1 - INTRODUCTION

BORDER MANAGEMENT AND INTERDICTIONPURPOSE

This report summarizes the observations and findings resulting from a comprehensive review of Federal border control and law enforcement activities. The review was designed to meet the following objectives:

- To review Federal policies and management of resources committed to control of the land, water, and air borders of the United States and to assess their effectiveness.
- To review operating policies, procedures and practices to identify areas where potential exists for improvement in effectiveness, efficiency or economy and to make appropriate recommendations.

BACKGROUND

Conducted under the guidance of the Office of Drug Abuse Policy (ODAP) and in coordination with the Office of Management and Budget (OMB), this is one of a series of policy reviews of all Federal drug abuse functions conducted under the provisions of Public Law 94-237.

In establishing the Office of Drug Abuse Policy, the President asked the Director to "assume the lead role in studying and proposing changes in the organization and management in Federal drug abuse prevention and control functions, as part of my promise to reorganize and strengthen Government operations."

The Federal effort to reduce the availability of illegal drugs is directed toward disrupting the supply chain at any point where it may be susceptible; from crop eradication in the foreign countries of origin to disrupting domestic interstate drug trafficking networks. The U.S. border provides a unique opportunity in this chain of drug trafficking to intercept the drugs, arrest the person and, perhaps, to trace the source or ultimate destination of the contraband.

Therefore, the interdiction of drugs as they are smuggled into the United States is an important function in the overall Federal program for controlling illegal drugs.

Border management is a piecemeal activity with numerous Federal agencies responsible for various functions. Numerous studies of segments of border management have been conducted in recent years. However, these studies have focused on a specific function or problem rather than taking a comprehensive view of the entire border control problem.

ODAP and OMB agreed that as part of the President's goal to achieve greater effectiveness in Government operations, attention should be directed towards a broad and long-term goal of improving the management of the overall border effort. Therefore, this review addresses all border law enforcement activities and other Federal functions and resources associated with border control. Any reorganization proposals made to the President related to this study will be made by the President's Reorganization Project of OMB, with the full participation of ODAP and any affected departments and agencies.

THE PROCESS

The team reviewed the functions necessary to border management and collected a comprehensive listing of problems having an adverse impact on operational effectiveness. A "new start" approach was developed which viewed the requirements for border management as if there were no organizational structure. The existing system was then compared to the hypothetical system.

Extensive field trips were conducted to test the analysis and to obtain current observations of border enforcement operations. These observations were considered in developing team findings and potential options for improvement.

A draft report was then furnished to the departments and agencies for comment on the options. Their views were incorporated in the final report.

SOURCES OF INFORMATION

Previous studies of border management were used as background to minimize duplication of effort. However, no prior conclusions or recommendations were accepted unless they were revalidated as part of the current review.

Conversations were held with representatives of numerous agencies involved with border enforcement operations, including the Immigration and Naturalization Service, the U.S. Customs Service, the Drug Enforcement Administration, the U.S. Coast Guard, U.S. Attorneys, Canadian inspectional services, the Royal Canadian Mounted Police and the El Paso Intelligence Center operated by the Drug Enforcement Administration, as well as with

inspection and patrol personnel along the borders. Additionally, the Air Interdiction Program was discussed at the North American Air Defense Command at Luke Air Force Base in Arizona and with the Airborne Warning and Control System (AWACS) Project Manager at Tinker Air Force Base, Oklahoma.

Officials were interviewed on a non-attribution basis to assist the Review Team in receiving a frank and objective view of internal management problems and interagency relationships. The broad experience, objectivity and dedication of the team members contributed significantly to the analysis process.

CONTENT

This report contains a description of our borders which goes beyond the physical characteristics to address the nature and philosophy of borders. Through a presentation of the various functions necessary to meet border control requirements and of the Federal agencies currently performing these functions, the complexity of controlling our land, sea and air borders is described.

The report then identifies those problems and issues which are sufficiently important to demand Executive Office consideration and presents a discussion and alternative solutions to these problems.

CHAPTER 2

OUR BORDERS AND THEIR CONTROLA. BORDERS AS AN INSTRUMENT OF NATIONAL POLICY

Border control is not simply a matter of regulating the international flow of persons, merchandise, and carriers. Borders define a political entity and their control expresses a national definition and purpose -- legally, economically, environmentally, and even philosophically. Thus, borders are important as an instrument of national policy.

In our world of both highly industrialized and under-developed countries, limited resources, and expanding populations, border policies may have a dramatic international and domestic impact. Rapid long distance transportation and communications have changed the nature of the borders, but the requirement to control the entry of persons and material continues.

Nations develop border policies which both protect and further domestic goals and interests and project a constructive international image. The two extremes of border control range from a totally open border to a totally closed one. Either extreme would have a major impact on domestic activities and international relationships. Most nations have intermediate policies which reflect their current interests and which change over time to reflect new situations.

The United States has a generally unstated border policy which attempts to enhance the flow of beneficial ideas, goods and people to this country while simultaneously limiting illegal entry. However, these interests tend to compete with each other in actual implementation. Measures to keep out the harmful inhibit the passage of the desirable, and vice versa. Therefore, a balanced policy of selected enforcement measures is necessary to keep out the most serious threats to our Nation while facilitating international relations and commerce.

Historically, the U.S. Government has responded to border management problems in a fragmented manner. As a crisis occurred or a major National program was threatened, resources and manpower were allocated to deal with the immediate problem. Border management has been addressed piecemeal without deliberate considerations of how changes in one segment may affect border policy and management as a whole. Special interests have grown around the specific commodities or organizations and they are not receptive to any effort which is perceived to endanger their priority for attention or resources. As a result, our present border agencies are basically a set of activities directed at a single purpose or commodity, e.g., immigration, customs, public health, agriculture, wildlife.

B. THE DISTINCTNESS OF THE BORDER AREA

The concept of the border and border policy is broader than a series of laws, regulations and operations applying to a political boundary. To millions of persons living in and near our land borders, the border is a way of life, a third world distinct in character from the interior of either of the adjoining nations. Border ties are far more complex than demography and geography might dictate. There is a border culture encompassing the arts, family ties and language. There is a border economy intertwining industry, agriculture, tourism, services and trade. Larger border cities adjoin each other on opposite sides of the border where it is a way of life to cross the physical border regularly, often several times daily, to shop, visit with family and friends, enjoy recreation opportunities, or to work. This tradition is manifested in our law which facilitates the movement across both the Mexican and the Canadian borders.

In many areas along the Canadian border, the international boundary bisects a playground, and children play a ballgame in both countries at the same time. Next door neighbors are in different countries with the backyard fence marking the international boundary. Along the Southwest border, the theory of AZTLAN (the Aztec word for the territory encompassing Northern Mexico, California, New Mexico, Arizona, Texas and parts of Colorado) persists, maintaining that "rights" exist to access this border territory which should not be violated by artificial political boundaries. This unique cultural affinity and economic interdependence of border communities must be considered as an integral part of our border policy and management of our borders.

C. DESCRIPTION OF OUR BORDERS

1. GENERAL

The borders of the United States are long and complex. In addition to extensive land and sea borders, the advent of international air travel extended the geophysical features of the border, creating interior borders of points of arrival for international travelers and cargo. The roughly 96,000 miles of total land border and coastline present many diverse elements

in terms of geography, workload, and problems faced as they adjoin Mexico, Canada, the seas, or as they extend to international airports in the interior.

2. SOUTHWEST LAND BORDER

a. Geographic Description: The almost 2,000 mile border adjoining Mexico varies from rolling hills, international lakes, rugged mountains, vast deserts, wasteland, and thick brush to cultivated farmland immediately adjacent to the border on both sides as it extends from San Ysidro, California, to Brownsville, Texas. In many areas, twin border cities exist. Typically, these twin cities are interdependent and the border ports of entry provide a mutual link to facilitate shopping, entertainment, recreation and visiting. High chain-link fencing marks the border for some 26 miles through five of these border cities, but elsewhere, the border is a barely discernible line between concrete boundary markers. Although the Rio Grande River forms approximately half of the border, it does not present a significant physical barrier because it is narrow, shallow and slow-moving much of the time. The weather along the Southwest border varies from hot and dry to cool and rainy but is temperate most of the year.

b. Workload: Legal traffic, including some 50 million vehicles, 170 million persons, and an enormous volume of cargo annually comes through 24 ports of entry and over 14 rail lines. Another 1.5 million persons are apprehended annually as they attempt illegal entry at or between the ports of entry.

c. The Problem: The Southwest land border has historically posed a unique problem to law enforcement agencies attempting to control that area. Nowhere else in the world does a greater difference in per capita income exist between two adjacent nations than between Mexico and the United States. Mexico is among the fastest growing nations in the world, with extreme population pressures, especially in the border cities. The standard of living and the economy of the United States have attracted millions of Mexicans who have migrated to the border area in Mexico and then on into the United States. Additionally, in recent years Mexico has become the chief source of heroin smuggled into the United States.

This influx of illegal entry and smuggling of all forms of contraband and aliens from Mexico into the U.S. has exacerbated Southwest border enforcement problems. Although in many areas the natural terrain serves to channel much of the illicit flow of people, drugs and other contraband, illegal crossings are made all along the border.

Within the ports of entry, a similar problem occurs because of the enormous inspectional workload of persons, vehicles, and cargo along the Southwest border. Smugglers use a variety of ingenious modes and tactics for smuggling aliens, merchandise, or narcotics into the U.S. The use of hidden compartments in conveyances or merchandise, and the intentional mislabeling of merchandise are common. Additionally, thousands of persons who are not qualified to enter the United States attempt to do so at the ports by presenting fraudulent documents or by misstating the purpose of their visit. In addition to efforts to stem these attempts at the illegal entry of aliens, drugs and merchandise, there is also a major effort to facilitate the entry of legal traffic and to ensure that cargo arriving by rail and truck complies with revenue laws and other Federal requirements. These factors, both at and between the ports of entry, make the Southwest border a particularly complicated control problem.

3. THE NORTHERN LAND BORDER

a. Geographic Description: The 4,000 mile long Northern border is called the longest undefended border in the world. Terrain varies considerably from mountains, to vast expanses of great plains, the Great Lakes, rolling farmland, and forests. The weather is far more variable than that on the Southern border, with sub-zero temperatures and several feet of snow prevalent several months of the year. In contrast, in the summer much of this same border region becomes a major recreation area and attracts millions of people annually.

b. Workload: Some 30 million vehicles and 80 million persons enter annually through the 94 ports of entry along the Northern border. Additionally, numerous small waterports (primarily on the Great Lakes) are located along the border.

c. The Problem: Although the illegal entry of aliens, narcotics, and merchandise pose a problem along the Northern border, the magnitude of the problem is much less than that encountered along the Southwest border. Even though the numbers of illegal entries may be small, border control is still required to protect the interests of the United States as well as those of the States along the border. The greatest problem on the Northern border is the vastness of the border and the limited manpower available to cover it.

4. SEA BORDERS

a. Geographic Description: The U.S. seacoasts include the long Pacific and Atlantic coastlines, the Gulf coast from Florida to Texas, the St. Lawrence Seaway, the Great Lakes,

Alaska, Hawaii, and Puerto Rico, the Virgin Islands of the U.S., Guam and American Samoa. The coastline is comprised of countless inlets, bays and thousands of miles of inland waterways.

b. Workload: The Nation's seaports and sea borders are a significant part of the overall border activity. Representing the bulk of \$250 billion in import and export trade, 160,000 vessels arrive at our seaports each year carrying 3 million crewmen and passengers to the U.S. In addition to the required inspection of people and cargo, several special navigation laws must be enforced regarding the reporting of the arrival of vessels.

Special regulations have been developed to reduce the enormous inspection workload by facilitating local traffic by boat along the Northern border waterways. For instance, crewmen of Great Lakes vessels and ferries operating between Canada and the United States are inspected for immigration purposes only once each year, on their first arrival each spring.

c. The Problem: Our sea borders are frequently used to evade the established importation controls and the prohibitions against specific items such as drugs. Additionally, stowaways or alien crewmen deserting ship are common problems. The inherent difficulties of searching vessels for these persons or merchandise present a unique enforcement problem. Ingenious methodologies for concealing drugs and contraband have been developed by smugglers. Items can be concealed in cargo, in the vessel itself, below the waterline of the ship, dropped overboard, or on the persons of crewmembers or passengers. To combat the wide range of smuggling activity requires special skills and techniques on the part of Federal law enforcement agencies. Pilferage of imported cargo at waterfront locations is a traditional problem to carriers, importers and insurance companies.

Hundreds of thousands of arriving private yachts and small boats have also become a major law enforcement problem. Along the Florida/Gulf and Southern California coasts these vessels are capable of reaching foreign ports and returning to U.S. ports anywhere on the waterways. This technique is a relatively safe way to smuggle aliens, contraband, or narcotics because of the volume of small boats in these areas and the comparably small law enforcement presence to combat illicit traffic.

5. AIR BORDERS

a. Geographic Distribution: Arriving international passenger and cargo flights are inspected at over 50 international airports of varying size scattered across the country. The

majority of international air arrivals are centered in thirteen major international airports: J.F. Kennedy, Miami, Honolulu, Los Angeles, O'Hare, Logan, San Juan, San Francisco, Houston, Philadelphia, Dulles, Dallas, and Seattle.

b. The Workload: In recent years, the number of international flights has increased dramatically. Large numbers of inexpensive package tours and charter flights have become available for travel to all parts of the world. During the past decade, air arrivals have grown at the rate of eight to ten percent per year. Annually, 20 million persons and huge volumes of air cargo arrive in the United States on 350,000 commercial, military and private flights. To help reduce some of the pressure at the overcrowded U.S. international airports, some 4 million passengers and their baggage are precleared at selected foreign locations for both commercial passenger and military flights.

c. The Problem: Air arrivals pose a considerable risk of illegal entry of aliens, contraband, agriculture pests, and drugs. The alien visitor arriving by air who intends to violate his legal status is generally more sophisticated than the land border crosser. He usually has money to sustain his visit and can blend easily into city populations, find employment and remain illegally. To further complicate the inspection, many aliens and U.S. citizens attempt to bring forbidden or undeclared merchandise or illegal drugs into the United States. Under the pressures of long lines of passengers waiting for inspection, the need for a thorough inspection must be balanced with the need to facilitate the entry of U.S. citizens, legal aliens and their baggage.

Inspection of air cargo is subject to the same pressure to facilitate entry. Because of the premium freight charges, air shippers expect Federal inspectional agencies to show a concomitant interest in the quick release of the merchandise to the importing public.

During the past decade, there has been increasing use of private aircraft for smuggling drugs, contraband, and aliens. The use of aircraft enables the smuggler to cross the border at a time and place of his own choosing and with a minimal risk of detection or interception. The Southern border is a natural gateway for smuggling by air. There are thousands of landing fields or suitable isolated landing places within a short distance of each side of the border. The thousands of legal air crossings occurring each month offer the smuggler even further concealment from detection. Interdiction of illegal entry by air is difficult. Development of intelligence and use of the short and long range radar capabilities of the Federal Aviation Administration (FAA) and the North American Air Defense Command

(NORAD), mobile ground radar, airborne radar in patrol and pursuit aircraft all contribute to interdiction efforts. Current estimates indicate that some 4,000 to 6,000 illegal smuggling flights are crossing the Southern border each year.

D. PRINCIPAL AGENCIES WITH BORDER INTERESTS

Presently eight agencies representing seven cabinet departments have a physical presence in border operations and enforce over 400 Federal laws and regulations involving entry and departure of people and goods across the border. This diversity of organizational response is a reflection of the multiplicity of problems inherent in border control. Protection of agriculture and industry, control of immigration and illegal entry, and detection of drugs and other contraband are some of the contributions to the constant problem of border control which has manifested itself throughout our history.

The Immigration and Naturalization Service (INS) and the U.S. Customs Service work side by side in enforcing laws and providing service to people and goods entering the U.S. They face many common problems and use many common techniques while pursuing their individual enforcement goals. The U.S. Coast Guard is also responsible for law enforcement and service to the public, but works in a different element, the high seas and U.S. waters. A number of other agencies have an interest in and participate in border operations. These include the Drug Enforcement Administration of the Department of Justice, the Animal and Plant Health Inspection Service of the Department of Agriculture, the Center for Disease Control in the Public Health Service (HEW), Fish and Wildlife in the Department of the Interior, and other investigative agencies. These agencies routinely support and are supported by each other. The Review Team focused on the functions performed by these agencies to include how they complement or conflict with each other and how overall effectiveness might be improved.

Following are brief descriptions of the Federal agencies with border management responsibilities. All of these agencies or activities have varying degrees of border and interior responsibilities. The personnel and budget data represents the total for both responsibilities. Attached to this report is a more complete description of the principal agencies as submitted by the individual agencies. (See Appendices)

AGRICULTURE

Animal, Plant Health Inspection Service

Prevents the entry of foreign plant and animal pests and the introduction of plant and animal diseases through the inspection of imported plants and plant products and animals and animal products. Provides export certification of the same.

FY 1977 Budget: 650 Positions, \$24.8 million
(plus 177 man years and \$4.3
million for veterinary services)

COMMERCE

U.S. Travel Service

Works with U.S. Government agencies to reduce official barriers to international travel.

FY 1977 Budget: 141 Positions, \$14.6 million

HEALTH, EDUCATION, AND WELFARE

Public Health Service

Prevents the introduction, transmission and spread of communicable diseases from foreign countries into the United States, and supervises the medical examination of aliens abroad seeking admission to the U.S. and aliens in the U.S. applying for permanent residence.

FY 1977 Budget: 53 Positions, \$1.9 million

INTERIOR

Fish and Wildlife Service

Monitors the importation and exportation of all wildlife and parts of wildlife through the use of wildlife inspectors and criminal investigations.

FY 1977 Budget: 271 Positions, \$8.6 million

JUSTICE

Drug Enforcement Administration

Provides a leadership and coordination role in narcotics and dangerous drug suppression programs at the National

and international level and develops overall Federal drug enforcement strategy, programs, planning and evaluation.

FY 1977 Budget: 4,365 Positions, \$168.3 million

Immigration and Naturalization Service

Controls entry and stay of persons into the U.S. by inspection of persons to determine admissibility; adjudication of requests for benefits under the law; prevention of illegal entry; investigation, apprehension and removal of illegal aliens; and the examination of applicants wishing to become citizens through naturalization.

FY 1977 Budget: 9,452 Positions, \$244.5 million

TRANSPORTATION

U.S. Coast Guard

Exercises plenary jurisdiction over all violations of Federal laws upon the high seas and U.S. waters; renders aid to persons and property in distress on, over, and under the high seas and waters of the U.S.; facilitates the safe and expeditious passage of marine traffic in U.S. waters; prevents environmental harm to navigable waters and adjacent shore areas; and maintains an effective and ready armed force.

FY 1977 Budget: 45,336 Positions, \$1.4 billion

Federal Aviation Administration (Support Only)

Regulates air commerce and assures its safe and proper development; ensures the safe and efficient use of the national airspace; develops and operates a common system of air navigation and air traffic control for both military and civil aviation; assists in the development of an effective national airport system; and does all these things with due regard to the safety, environment and economic factors involved.

FY 1977 Budget: 75,626 Positions, \$2.6 billion

TREASURY

U.S. Customs Service

Protects and collects revenue of the U.S. from imports by inspection of baggage and cargo imports, prevention of contraband smuggling, investigation of import violations, and enforcement of border-related laws of other Government agencies.

FY 1977 Budget: 14,707 Positions, \$359 million

CHAPTER 3

FUNCTIONSA. GENERAL

The principal enforcement functions at the border are:

- Inspection of people and goods crossing the borders.
- Patrolling land borders between ports of entry, at seaports and air and marine patrol.
- Investigation or follow-up on illegal acts and violators.

These functions are supported by communication and computer systems, as well as administrative activities. In addition, the assessment and collection of duties produces \$5 billion annually. While other activities such as processing of immigration applications, naturalization procedures, and drug trafficking and fraud investigations may not be performed at the border, they are tied directly to border interests.

Each function and related activities are described in this chapter, followed by Review Group findings. No attempt is made to repeat the quantitative analysis contained in other recent reports regarding the level of threat or the relative priority of functions.

B. THE INSPECTION FUNCTION

The inspection function is performed at air, sea and land ports of entry by inspectors of five different agencies from five different departments.^{1/}

- Customs (Treasury)
- INS (Justice)
- Animal and Plant Health Inspection Service (Agriculture)
- Public Health Service (Health, Education, and Welfare)
- Fish and Wildlife Service (Interior)

^{1/} Representatives of the U. S. Travel Service (Commerce) are also present at some ports of entry to greet arrivals and serve as interpreters. However, they do not perform inspection.

1. (a) Purpose: The purpose of inspection is to determine the admissibility and conditions of entry for arriving persons and cargo. The object of the inspection may be a person; baggage; a vehicle, vessel or aircraft; or cargo and the container in which it arrived. Customs and INS are the principal inspection agencies.

The individual inspector must be cognizant of the functions and requirements of the various agencies. However, inspectors place greatest emphasis on the specific laws and regulations of the agency which they represent. At land borders, inspectors are cross-designated with the authority of all involved agencies to allow them to do a full range of inspection as required. The inspection function is designed to be responsive to a number of potential threats to the economy and well being of the United States.

(b) Immigration Threats: The United States prohibits some persons from entering the country, such as known terrorists, narcotics violators, anarchists, etc. Immigration quotas exist and must be enforced. On the other hand, foreign tourists are encouraged to visit, providing they depart the country at the scheduled completion of their visit. The Immigration Inspector examines the arriving persons to determine if they are aliens and, if so, determines whether they can be admitted and under what conditions. He must also identify and exclude those aliens who attempt to enter with fraudulent documents or false claims. Four hundred thousand immigrants enter the United States each year. An additional 14,000,000 alien visitors have immigration controls placed upon their stay and 269,000,000 people are examined on entry.

(c) Health Threats: Historically, the first uniformed inspector that an arriving person met was a Public Health Inspector. The inspector asked questions and examined documents regarding immunizations, x-rays, places visited and visually examined the person to determine if his entry would pose a public health problem. The present strategy is to support the elimination of disease overseas, rather than attempt to stop it entering the country by assigning hundreds of inspectors to ports. Immigration inspectors perform the Public Health interrogation and visual inspection. Public Health provides only a small backup force at selected ports.

(d) Customs Threats: The Customs inspector is responsible for preventing the entry of narcotics and other contraband through the ports of entry. Customs inspectors examine baggage and vehicles and collect duty on certain imported articles carried by arriving persons. Arrivals are questioned regarding things they are bringing with them and an intensive search of persons, baggage, or vehicles may be conducted on a selective basis. An inspection is also performed on all arriving cargo for the purpose of assessing duties or permitting free entry. Customs also enforces over 400 laws for 40 other agencies thus reducing the requirement for additional border inspection agencies. Over 475 million tons of cargo were processed in 1975.

(e) Agriculture Threats: A major economic threat to the United States is the possible entry of animal and plant pests and diseases that could prove disastrous to the U.S. agriculture. The Agriculture and Customs inspectors work together to detect any potential carrier of insect pests or disease.

(f) Endangered Species Threats: Laws aimed at protecting domestic and foreign endangered wildlife require that wildlife be accompanied by proper documentation to enter the United States. A small contingent of Fish and Wildlife inspectors as well as Customs and Agriculture inspectors enforce these laws. Additionally, the Fish and Wildlife Service uses Special Agents to inspect and clear fish and wildlife importations at various ports of entry.

2. (a) Process: The process of inspection differs from port to port and between different types of ports. Procedures also vary depending on whether the inspection station is at an air, sea or land port.

Fundamental to the process is the principle of primary and secondary inspection. Primary inspection is performed by the initial inspector who meets the arriving person. The arrival may be identified as low risk or with no complications and may be cleared immediately. If there is reason to require a more detailed inspection, the primary inspector will refer the arrival to a secondary inspector who completes the inspection. Reasons for referral may be:

- to detect and exclude fraudulent alien entrants
- to complete required forms
- to obtain specialized inspection assistance

- to conduct a detailed search for drugs or other contraband
- to collect duty on imported merchandise.

(b) Land Ports of Entry Inspection: Cross-designated inspectors of both INS and Customs staff the primary inspection posts on both vehicular and pedestrian lanes. A few Agriculture Inspectors are also cross-designated and staff a small number of pedestrian lanes on the Mexican border. Primary inspectors have the authority to clear persons for entry or refer them for a more detailed inspection in the secondary areas of the appropriate agency. Temporary visitors, immigrants, suspect aliens, and border crossing card applicants are referred for Immigration secondary inspection. Referrals are made to Customs secondary for the collection of duty, baggage examination, and personal or vehicle searches. Potential health, agriculture or wildlife threats are referred to the appropriate office for secondary inspection.

(c) Airport Inspection: A two-stop inspection process is used at airports. The person initially is inspected for public health and immigration purposes by Immigration inspectors. All names of arriving persons are checked in an INS lookout book and appropriate controls are placed on all aliens. Referrals may be made to an Immigration or Public Health secondary area.

After clearing Immigration, passengers pick up their baggage and proceed to a Customs inspection area. A Customs inspector enters the traveller's name into the Customs automated lookout system, completes the inspection or refers the passenger to a secondary inspection. Referrals are made to Customs secondary for the payment of duty or for a more detailed search of the traveller and baggage.

(d) Seaport Inspection: Immigration inspection of passenger vessels is typically conducted by inspectors boarding the ship and performing crewman and passenger inspection prior to docking. Public Health inspection is accomplished by "Radio Pratique," by which a responsible ship's officer reports the absence of disease among the crew. The Customs and Agriculture inspection is typically done at dockside with inspectors and patrol officers boarding the ship and searching for contraband. The hundreds of seaport facilities and different types of ships require a wide variety of inspection procedures.

(e) Preclearance Inspection: To reduce inspection workloads at U. S. airports and to facilitate travel, passengers departing by air for the U. S. are inspected by U. S. inspectors at selected locations in Canada, the Bahamas, and Bermuda.

FINDINGS - INSPECTION

1. Current low levels of staffing create significant problems in providing adequate inspection during peak arrival times. The result is a faster, less detailed inspection for each arrival.
2. Expanding the number of secondary inspections would improve the effectiveness of law enforcement at land ports of entry.
3. A more effective inspection process overall would enhance the entire border control effort.
4. There is a significant duplication of management overhead between INS and Customs at most ports of entry and added duplication of an Agriculture management structure at large ports.
5. Levels of interagency cooperation vary, but there is a general sense of conflicting priorities and less than full cooperation between agencies. Both personality conflicts and process conflicts appear to be magnified by the lack of personnel to meet the workload.
6. The most obvious inspection problems are the duplication of effort and management difficulties associated with the number of agencies present with separate responsibilities for portions of the inspection process.
7. A single agency responsible for the inspection process and for the entire inspection force would provide more flexibility in scheduling and a more balanced inspection program.
8. Single management would significantly improve primary inspection at land ports and could eliminate the current two-stop inspection process at airports.

9. There is a need for special expertise for the more technical secondary inspection. Even with single management, specialists in immigration, customs, agriculture, etc., will be required to handle referrals. However, this requirement for specialists could be met either by a limited number of secondary inspectors from the responsible agency or specialized career fields within a single agency.

C. THE PATROL FUNCTION

1. Purpose: The purpose of the patrol activity is to detect and prevent the surreptitious entry or smuggling of aliens or contraband into the United States. All persons seeking to enter the United States for any purpose are required to present themselves at a port of entry for inspection. Consequently, anyone crossing the border between the ports is entering the U. S. illegally. The patrol function is performed by the U. S. Border Patrol of the Immigration and Naturalization Service and the Customs Patrol of the U. S. Customs Service.

2. Process:

(a) U. S. Border Patrol: The U. S. Border Patrol guards the land borders as well as the Gulf and Florida coasts against the entry of persons without inspection and is charged with apprehending those who try to enter surreptitiously. The Border Patrol collects information and watches the rivers, land, and coastal border areas. They also intercept illegal border crossers by checking the various modes of transportation and maintaining traffic check points on highways leading from the border. Their aim is to prevent the illegal aliens from moving into the interior of the United States. The Border Patrol also checks employees of farms, ranches and industries in the border area and apprehends illegal entrants who have evaded detection and obtained employment.

Because of its substantial presence along the border, the Border Patrol interdicts significant quantities of marihuana and other contraband as a by-product of its primary mission. Many Border Patrol agents are cross-designated with Customs search and seizure authority. In areas where Border Patrol agents are not cross-designated, they exercise citizen arrest rights under state law to apprehend drug smugglers.

(b) Customs Patrol: The Customs Patrol's primary responsibilities are patrolling between the ports of entry to detect and prevent the smuggling of contraband and providing port security at ports of entry. Between the ports of entry, the principal tactic is to maintain surveillance at locations where smugglers of contraband are known to cross. To meet its port security function, the Customs Patrol is stationed throughout the United States at air, land and sea ports of entry. Customs Patrol Officers (CPOs) also operate air and marine interdiction programs which are discussed below.

Air and Sea Patrolling: Surveillance and interdiction of illicit air and sea traffic are two of the most complex and difficult tasks for Federal law enforcement agencies.

(a) Air Interdiction: The monitoring of illegal air traffic across the borders is a joint Federal effort with the Customs Air Patrol Units supplying the lead. Supported by the North American Air Defense Command (NORAD), the Federal Aviation Administration (FAA) and the El Paso Intelligence Center (EPIC), Customs currently provides our anti-smuggling air interdiction capability. NORAD, FAA and U. S. Customs mobile radar units are used in the detection and identification of aircraft crossing the border areas. Procedures have been developed with the FAA to require pilots to fly into designated airports along the Southwestern border or obtain previous Customs permission to overfly into the interior. Aircraft which fail to comply can be more readily identified and an interdiction may be attempted.

Smuggling by private aircraft has long been acknowledged as a major threat in the southern border area. The recent Domestic Council Report on the Southwest Border indicated that marihuana is the predominant drug smuggled by air.

A successful air interdiction program requires effective intelligence support. While the present air interdiction effort creates some deterrent effect, additional information on smuggling activities would allow the resources to be used much more effectively in apprehending the smuggler.

However, one of the principal objectives of the air program must be to determine the volume of illegal air traffic and its characteristics. The Air Force Airborne Warning and Control System (AWACS), is being considered as a possible source of additional air traffic information which might be collected during AWACS training flights. Customs is engaged in discussions with the Air Force to develop this potentially valuable support.

The Customs air support consists of 75 aircraft of mixed capabilities. Additional air-to-air radar capability combined with a better mix of aircraft would enhance the potential capability of air interdiction.

(b) Sea Interdiction: The Customs Patrol has responsibility for interdiction of smuggling attempts along the water borders of the United States. Customs maintains a small fleet of boats for their own use and has made a number of marine interdictions using radar aboard their boats.

The United States Coast Guard (USCG) is the lead agency for maritime law enforcement because it is the only Federal agency with plenary jurisdiction over all violators of Federal laws upon the high seas and waters over which the United States has jurisdiction. The Coast Guard has several primary missions other than law enforcement. Therefore, most Coast Guard personnel, vessels and aircraft are multi-mission oriented including such functions as enforcing the 200-mile limit for fishing rights; public safety; maritime assistance; aids to navigation; and pollution control. An estimated 10 percent of the Coast Guard's patrolling activities involve law enforcement.

FINDINGS - PATROLLING

1. The land, sea and air patrol functions are vital to successful border control principally due to their deterrent effect.
2. The U. S. Border Patrol on the Southwest border was observed to be highly motivated and skilled in interdicting larger numbers of illegal border crossers. However, their efforts are somewhat frustrated by the overwhelming volume of illegal aliens.

3. The Customs Patrol is doing an excellent job in the area of seaport security. While INS has responsibility for crew member control at seaports there was no reported conflict between the two efforts.
4. Along the Southwest border, the air interdiction function is a combination of patrol and investigative activities that are supported with a variety of sophisticated Air Force and FAA equipment.
5. The use of additional technologies, such as the Airborne Warning and Control System (AWACS) of the Air Force and expanded support by the Federal Aviation Administration can provide a more accurate picture of the amount of illegal air traffic.
6. A better mix of aircraft would be likely to provide a good return on the investment by increasing the effectiveness of the Customs air interdiction effort.
7. The U. S. Coast Guard was judged to be responsive to the needs of the existing border enforcement agencies. However, it was noted that the Coast Guard's law enforcement activities in support of the border control effort are only a small part of their overall responsibilities.
8. The major shortcoming in the patrolling function is the duplication of effort and lack of cooperation between the Border Patrol and the Customs Patrol on the Southwest border.

D. INVESTIGATIONS

Purpose: The purpose of the investigation function is to gather evidence leading to the prosecution of violators of U. S. laws. The analogy often used is the uniformed policeman and the detective. The uniformed policeman provides the physical presence to apprehend violators in the act and present a visible deterrent to wrongdoers. The detective in plain clothes is called in to investigate a specific case and prepare evidence for prosecution. The investigation function also supports border interdiction through the collection of intelligence.

Each agency involved in border law enforcement has its own force of criminal investigators (special agents). Customs, INS, DEA, and Fish and Wildlife have special agents who are located near the border, as well as in the interior of the United States. By definition the smuggling

of drugs and contraband and the illegal entry of aliens are violations which originate outside our borders. The illegal activity continues throughout the border zones to interior destinations of aliens or distribution points for narcotics or controlled merchandise. The international nature of border crime assures that aliens are likely to be involved as either the victim or the violator.

1. Immigration and Naturalization Service

INS currently has some investigators assigned to the land border area. However, most INS investigators are located at coastal and interior cities with large concentrations of aliens and frequent sea and air arrivals from abroad. Investigators, usually responding to a specific report, apprehend aliens in the interior cities. Information gained from this activity, called "area control," may lead to major investigations involving organized crime and conspiracies.

Investigative emphasis is placed upon alien smuggling and fraudulent documents. Joint investigations with Customs or DEA may be generated when a multi-purpose smuggling conspiracy is involved. INS also investigates cases of fraudulent, criminal or immoral acts by aliens or suspect aliens seeking benefits through the adjudications or naturalization process.

The U. S. Border Patrol also uses investigative techniques in collecting information and pursuing alien smuggling in the vicinity of the borders. However, Border Patrol agents, rather than criminal investigators, are assigned these duties.

2. Customs Service

The Customs Office of Investigations investigates a wide variety of violations of Customs and related laws including, but not limited to, smuggling of merchandise such as diamonds or jewelry, fraudulent invoicing, currency and neutrality violations. Fraud investigations currently account for approximately 25 percent of their case load with the remainder in currency, neutrality and other categories. Although the Customs Special Agents are prohibited from investigating drug smuggling, the Customs Patrol has adopted a limited investigative mode and provides some direct support to DEA on narcotics cases.

3. Drug Enforcement Administration

DEA is the lead agency for all Federal drug investigations. DEA supports cooperative efforts in foreign countries which are designed to reduce the availability of illegal drugs, such as the eradication of illicit opium and the disruption of the flow of illegal drugs in international traffic. DEA is responsible for operating a national drug intelligence system and is charged with providing information on drug smuggling to the border law enforcement agencies.

Drug arrests and seizures made by inspectors or patrol officers are referred to DEA investigators who take custody of the violators and drugs, initiate appropriate follow-on investigations and prepare the case for criminal prosecution. In cases where the Federal system will not accept the case for prosecution, DEA or Customs may attempt to secure a prosecution in state courts.

4. Interagency Considerations

The current U. S. policy on drug trafficking requires a full range of supply reduction activities, from eradicating the source of the drug at its overseas origin, disrupting the transportation or processing systems which bring it to the U. S. in a more refined form and destroying distribution networks within the U. S. DEA is designated the lead agency to implement the Federal drug strategy. Other Federal agencies responsible for border law enforcement are required to pass their drug smuggling cases to DEA for further investigation and prosecution.

The creation of DEA in 1973 was justified largely on the basis of the then existing conflict over the drug smuggling investigations in the U. S. Customs Service and the domestic drug conspiracy investigations of the Bureau of Narcotics and Dangerous Drugs (BNDD). It was alleged that Customs and BNDD were unable to work together. The intent of the 1973 reorganization was to make DEA responsible for all drug investigations, with Customs retaining responsibility for border interdiction. Customs disagrees with the current policy regarding drug investigations.

On most smuggling violations, Customs exercises investigative jurisdiction over the entire process. However, Customs investigators are not permitted to pursue drug smuggling investigations. Therefore, Customs has a strong desire to resume investigation of drug smuggling to maintain the continuity of the Customs overall effort in the belief that it will enhance the availability of drug smuggling information for use at the border itself.

FINDINGS - INVESTIGATIONS

1. The principal border control functions are inspection and patrolling. Investigation is an important supporting activity in responding to seizures and developing information. However, investigators have many other responsibilities which are less directly tied to the principal border control functions. Border management should be organized around the principal control functions with investigations organized to provide the best possible support consistent with other priorities.
2. Customs disagrees with the relative priorities assigned to drug trafficking investigations versus drug interdiction at the border. Customs' principal mission is border interdiction. DEA is responsible for developing Federal drug enforcement strategy and programs and for handling high level drug conspiracy cases. The different perspectives result in some conflict between the two agencies.
3. As long as the U. S. has a single purpose agency charged with the overall drug control mission, that agency should have the principal voice in determining the most effective approach to drug trafficking investigations. Therefore, any change in Customs' responsibility for domestic drug smuggling investigation should be contingent on DEA's agreement.
4. The Review Team found wide disagreement regarding current CPO/DEA relationships. Some Customs representatives felt that the current CPO/DEA working arrangements are a significant improvement in the relationship between drug interdiction and drug investigation. Others felt that the total responsibility for drug smuggling should be in Customs.
5. If the current National priority given to drug trafficking investigations is changed or DEA should cease to exist in its present form or role, consideration should be given to restoring Customs authority to pursue drug smuggling investigations.
6. A significant potential for reducing the impact of new illegal aliens on the domestic economy exists in expanding the investigative effort aimed at the interstate conspiracies which transport the smuggled aliens from the border crossing location to their ultimate destination in the U.S. Additional investigative resources should be committed in this area.

E. SUPPORT FUNCTIONS

In addition to the operating functions, there are a number of direct support activities which are vital to effective border management. The physical facilities (buildings, inspection areas, etc.), computer systems, and communications systems form the operational support base for border law enforcement.

1. **Facilities:** Physical facilities in many areas were observed to be inadequate. Many major land border crossings on both the Northern and Southwestern borders process a high volume of passenger and cargo traffic through facilities that are not designed to facilitate the flow of traffic and do not provide adequate space for secondary inspections. Emphasis on construction of standard port facilities, such as the one at Nogales, Arizona, could enhance the inspection function. Additional ports of entry could be opened to distribute the workload. However, political pressures to protect the economies along current entry routes have restricted management decisions.

Several major airports have recently undertaken efforts to remodel the international arrival areas to improve the passenger and baggage processing cycle. For example, the Seattle/Tacoma International Airport provides separate levels for Immigration and Customs processing. The smooth flow of passengers provides a valuable assist to the inspection process.

Observations at other locations supported the problem perceived by the study team. In Dallas, for example, the physical layout of the airport inspection area was viewed as small and cramped. Problems concerning airports, land border crossings and detention center facilities were noted at other locations. In addition, inadequate facilities at Montreal and Vancouver hampered effective Customs inspection at these preclearance locations. Passenger control, baggage control and ramp security are all viewed as problem areas in the preclearance facilities in these Canadian cities.

Summary: Most of the physical facilities provided for border operations are inadequate to meet current workloads. A high priority should be given to improving and expanding the facilities to provide both better service and more effective law enforcement.

2. Computer and Telecommunications Systems: Each of the principal agencies operates its own computer system. The DEA and Customs systems are modern and capable of meeting the requirements of these agencies. INS is in the process of expanding their computer system with some procurement action currently underway. The agency budget for computer procurement and operations for Fiscal Year 1977 were:

Customs	\$24.0 million
DEA	18.1
INS	8.2
TOTAL	<u>\$50.3 million</u>

A brief description of the systems follows:

(a) Customs

With almost 900 terminals located throughout the United States and at preclearance sites, the Treasury Enforcement Communications System (TECS) gives the greatest user coverage of the systems reviewed. In addition to an information storage and retrieval capability, TECS has a real-time enforcement administrative message switching capability, an intelligence function and interfaces to several other enforcement systems. TECS provides information to and receives information from several other agencies in the Federal community, e.g., ATF, IRS, DEA, and the Coast Guard. Department of State and the National Central Bureau of Interpol also use TECS. The principal use of TECS is to query the names of passengers arriving at airports, and license plate numbers of vehicles entering at land ports of entry. TECS provides a number of specialized systems for aircraft inspection reporting, vessel violation profiles, and currency violations. The hardware used for the TECS system also supports the Customs Activity Reporting (CLEAR) System which includes several statistical reports.

In addition to TECS, Customs also operates administrative computer support systems and is developing an automated merchandise processing system.

(b) DEA

The Narcotics and Dangerous Drugs Information System (NADDIS) is composed of centralized automated files on some 660,000 narcotics traffickers, a secure nationwide computerized telecommunications network which supports approximately 190 terminals.

While not a computer system, the El Paso Intelligence Center (EPIC) is an interagency sector intelligence center where six Federal agencies work toward a common goal -- a more secure U.S./Mexican border. They use all available information systems including TECS, NADDIS, NCIC, etc. The EPIC objective is to provide a complete and accurate picture of drug trafficking and alien and contraband smuggling along the Southwestern border of the United States. Working under DEA leadership, INS, FAA, Customs, Coast Guard, and ATF, render direct and immediate services to enforcement officers of the member agencies for border interdictions, seizures, arrests and/or prosecutions. EPIC provides timely information directly to Headquarters and field elements of participating law enforcement agencies. The processing and dissemination of this intelligence also contributes to strategic analyses by member agencies.

(c) INS

Currently, INS has limited computer capability. The INS system is largely a Headquarters support system which is rapidly developing agency-wide support capabilities. However, there is no INS equivalent of either TECS or NADDIS.

INS has devoted considerable systems design effort in recent years to plan a modern computer support system. INS' most promising development is the Alien Documentation, Identification and Telecommunications System (ADIT). ADIT will replace the 17 existing editions of the alien registration receipt and border crossing cards concurrent with the development of similar documents by the Visa and Passport Offices. The new cards contain fraudulent document control features which, when used in the automated ADIT System, are virtually counterfeit-proof and unalterable. When fully implemented on a nationwide basis in 1981, ADIT will consist of an alien ID card plus automated card and visa readers at approximately 200 U. S. ports of entry; telecommunications lines; mini-computers and automated access from field locations to the massive documentation for files which INS is legally responsible.

3. Radio Communications Systems: The U.S. Border Patrol, the Customs Patrol and the Drug Enforcement Administration all have radio communications systems. The telecommunications capabilities described in the preceding section supplement commercial and government telephone lines. The radio system is designed primarily to provide communication with mobile units. All agencies are interested in complete area coverage because of the need to maintain contact with the individual law enforcement officer both to give instructions and to provide for the safety of the individual officers. Therefore, each agency has an area radio system with repeaters located at appropriate locations to relay radio signals.

The Immigration and Naturalization Service, utilizing VHF radio equipment, has the only nationwide radio system of all border agencies. INS maintains a network of 340 radio base stations along U.S. borders and at the offices in the interior U.S. All INS districts, all Border Patrol Sectors, all ports of entry and suboffices are tied into this nationwide system.

The U.S. Customs Service, utilizing VHF radio equipment covers the U.S. borders everywhere except along certain sections of the Canadian border. For area coverage in these locations, there is a system to monitor INS frequencies. Customs plans to expand its own system to include this area.

The Drug Enforcement Administration, utilizing UHF radio equipment, maintains a radio network which supports the operating offices.

Customs Patrol and the Border Patrol have the most obvious need to communicate directly with each other. Even though the radios are compatible, the assigned frequencies are different and the mobile radios cannot communicate between patrols. At some locations, the field unit may call its communication center and the message is relayed by phone to the communications center of the other agency who relays it on its own radio system to the intended receiver. At some locations both INS and Customs acquire "scanners" so they can monitor each other's transmissions at the base stations and relay the message to the intended receiver.

Neither Customs nor the Border Patrol can communicate with DEA because VHF and UHF systems are incompatible. However, the need for routine radio communications between the patrols and DEA does not appear to be as important as the need for direct communication between mobile patrols.

4. Other Support Systems: R&D, Laboratory Support, Technical Equipment Program and Training: All investigative agencies have developed support programs to enhance enforcement effectiveness and provide more efficient operations and improved delivery of service. Research and development, laboratory support, use of technical equipment, and training are essential tools in improving the effectiveness of law enforcement. To minimize duplication, agencies with common or related objectives coordinate their "support" activities.

(a) Research and Development: Research and development supports investigation, interdiction, intelligence or regulatory programs and policy development and evaluation. Two categories of programs exist -- those resulting in hardware developments; and those providing data and analysis relative to policy or procedural development.

Hardware research and development programs include the requirements analysis, systems design, fabrication and test and evaluation of technical equipment required (1) to meet immediate specific operational needs, and (2) to meet long-term requirements of a general nature. Other research and development programs include: analytical studies primarily consisting of the application of systems analysis, operations research and social and behavioral sciences techniques to identify problem areas and recommend solutions.

Many of the projects have applications in other Federal, state and local law enforcement and drug abuse control organizations; consequently, research and development is coordinated with other agencies having similar functions. Examples include coordination between DEA, the U. S. Customs Service and the Department of Defense interdiction sensing devices and research on methodologies to assess abuse potential of drugs with Food and Drug Administration and the National Institute on Drug Abuse.

(b) Laboratories:

1. Customs

The Customs Service has laboratories in each of its nine regions, at Headquarters and in Puerto Rico. The labs are equipped to analyze samples of all merchandise entering the United States. Analysis of merchandise is essential since tariffs often depend on the component parts of the imported commodity.

Prior to DEA's becoming responsible for drugs, the Customs laboratories analyzed all seizures of drugs made by Customs officers and testified in Federal and State courts as to their findings. Customs laboratories continue to analyze samples of significant heroin and cocaine seizures made by Customs officers. Additional analysis of these seizures is done in DEA laboratories. Customs also analyzes drug seizures made by Customs officers when the Federal Government declines prosecution or when prosecution is accepted by state or local agencies.

2. DEA

The primary purpose of DEA's eight laboratories is to analyze drug evidence in support of the prosecution cases. The evidence analysis also provides a potential for linking suspects to achieve conspiracy indictments and providing strategic intelligence on the nature of illicit traffic.

Much of DEA's strategic intelligence is based upon laboratory analysis. Also, DEA supports state and local agencies when they need assistance to prepare drug cases for prosecution.

(c) Technical Equipment Programs:

1. Customs:

The Customs Technical Equipment Program is working to expand surveillance of air smugglers and to develop Regional Communication Centers which will cover the entire Nation. The expansion of computer facilities is also part of the program. Customs is now using mobile radar, night vision devices, forward looking infrared devices and ground sensor systems to track smuggling suspects. Customs R&D effort is geared toward support of the Customs Air Interdiction Program and operation of ports of entry.

2. DEA

DEA's Technical Equipment Program is designed to identify, develop and/or provide required advanced technical investigative equipment, and is managed by the Technical Operations Division with several field area technical operations groups who insure availability, utilization, maintenance and training in the use of technical equipment. In addition to radio and other communication systems and devices, technical equipment includes vehicle position location and tracking systems and a remote multi-spectral opium poppy sensor system.

3. INS

The Immigration Technical Equipment Program includes their nationwide radio communications system.

In support of its border interdiction program, Immigration has installed extensive systems of commercially designed and procured ground sensors which are tied into the radio base stations through a series of repeaters. Minicomputers are being used in a number of Border Patrol sectors to record, analyze and verify signals transmitted to the base station by the unattended ground sensors.

(d) Training:1. Customs:

Customs maintains its own training academy for inspectors, patrol officers, import specialists, and other Customs personnel. CPO's and Special Agents also receive training at the Federal Law Enforcement Training Center at Glynco, Georgia.

2. INS

The training academies at Glynco, Georgia, conduct basic and journeyman programs for all INS officers including Border Patrol agents, immigration inspectors, criminal investigators, detention and deportation officers and naturalization examiners.

3. DEA:

DEA's National Training Institute (NTI) conducts a full range of agent and support training to provide U. S. and foreign law enforcement officers with the drug law enforcement skills.

REVIEW TEAM FINDINGS - SUPPORT SYSTEMS

1. Facilities -- High priority should be given to improving and expanding the physical facilities at ports of entry to provide better services and more efficient enforcement.
2. Computer and Telecommunication Systems -- The systems developed by each agency appear to be appropriate for that agency's use. However, increased effectiveness could be realized through joint use of existing capabilities.
3. Radio Communications Systems -- If two separate land patrol forces are continued, the mobile VHF radios currently in use should be modified or replaced to provide direct radio communication between patrol elements operating in the same area.
4. Other Support Systems -- Some basic duplication exists, but there are no major advantages in consolidation unless there is a merger of the parent agencies.

F. INTELLIGENCE SUPPORT

Other policy review efforts are addressing the intelligence function in detail. Therefore, this section will address only the relationship of intelligence to border enforcement activities.

Border interdiction intelligence consists of two types of information which are reflective of the differing missions and attitudes of the various agency's interests in controlling the borders:

- Major trafficking networks or conspiracies which deal in the high priority drugs (heroin and cocaine) and with the smuggling of aliens from foreign areas into the interior of the United States.

- Activities within the local border area aimed at interdiction of narcotics and other contraband, illegal entrants and those smugglers who assist aliens in crossing the border itself.

1. National Intelligence

The major alien and narcotic trafficking network intelligence (National level) is aimed at disrupting and eliminating major trafficking rings wherever it is possible and where the greatest impact can be achieved. This intelligence effort supports crop eradication in foreign areas, foreign prosecution of narcotics violators, and domestic prosecution of major traffickers in both aliens and hard narcotics. Although some of the resulting cases may be terminated with an interdiction at the border to avoid exposing confidential informants and investigative methods, this National intelligence is not generally supportive of the alien or narcotic interdiction function at the borders. DEA concentrates its resources on national level intelligence.

2. Local Intelligence

In the border areas, however, the situation and the information required to deal with it are quite different. Border area smugglers trade in anything which is profitable and which provides the least risk, such as aliens, marihuana, parrots and pinto beans. Border area smugglers build effective supply and distribution networks on the basis of these relatively "safe" commodities. Border area smugglers are directly affected by successful interdiction efforts. High-level international drug traffickers normally do not participate directly in the border activity and, consequently, are insulated from the effects of successful interdiction.

The local intelligence required for the interdiction function is normally gathered by the Border Patrol, the Customs Patrol and DEA through their daily contacts with the local population. Local persons and businesses have proved to be a valuable source of local interdiction intelligence.

3. EPIC

To coordinate the collection, analysis and dissemination of border-related intelligence, DEA, with the cooperation of INS, formed the El Paso Intelligence Center (EPIC) which was described earlier in this paper. All intelligence information gathered by the DEA and Border Patrol relating to marihuana, narcotics, alien smugglers, fraudulent documents, etc., is processed through EPIC for analysis and dissemination to the appropriate agency. Customs does not believe that DEA assigns a high enough priority to the collection of intelligence to support the border interdiction function. It is, therefore, Customs' view that EPIC, under DEA management, is of limited utility to the principal border management agencies, and, to be effective, EPIC must be under the control of the principal border management agency.

FINDINGS - INTELLIGENCE SUPPORT

1. All intelligence gathered in the border area should be processed through a central location and tied into the communications and intelligence systems of all concerned agencies. The most logical "clearing house" for this intelligence function is the El Paso Intelligence Center (EPIC).
2. EPIC will never be fully capable of providing adequate information for border interdiction until Customs, as a principal border enforcement agency, is also a major user of the analysis capability of the Center. Customs should participate in the management of EPIC and reconsider the potential benefit of EPIC's border interdiction information function for use by Customs officers.
3. If a border management agency is created, EPIC is a logical resource to be utilized by the border management agency and should provide border interdiction information as well as supporting DEA's drug investigative requirements.



CONTINUED

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G. NON-BORDER FUNCTIONS

In addition to those functions performed at the border, there are functions which, although performed in the interior, are natural extensions of border operation. Those functions performed by INS include such areas as adjudications, naturalization, investigations, detection and deportation, and certain other functions performed by the inspectors and Border Patrol Officers. Customs, however, by virtue of its mission, focuses its resources almost exclusively on the border and border-related activities. The preponderance of DEA's resources are allocated to non-border areas.

For a more detailed description of non-border functions, see Appendix G.

CHAPTER 4
PROBLEMS AND ISSUES

A. INTRODUCTION

Over the past five years, Federal efforts to stop illegal drug trafficking have received a high priority through Federal attention and budget increases. Similarly, the illegal alien problem and its impact on the U.S. economy is causing a great deal of concern in both the Congressional and the Executive branches of our government. Border control is an important part of the solution to both of these National problems.

This report addresses overall border management and what can be done to improve border control. The preceding chapters describe the organizations and functions which contribute to the complexity of border operations. The wide variety of responsibilities create a challenge to management in balancing service to the public with effective law enforcement.

In the midst of this complexity, it is difficult to address individual problems. What is a significant problem at a major airport may have no relevance to a small northern land port. A multitude of examples can be collected to support either side of any discussion regarding border operations.

The review process has been designed to identify those problems which are having the greatest impact on overall effectiveness and to propose solutions which will improve border management. The review is not intended to solve all border problems, but to provide a framework within which problems can be solved as they occur.

Following a problem identification phase, problems were grouped into categories and used as the basis for discussion during field visits. The principal categories were:

- The magnitude of border problems.
- Duplication of effort.
- Lack of cooperation and coordination.
- Inadequacy of border management resources.
- Service to the public.
- Inadequacy of intelligence.
- Border policies and priorities.

Specific problems associated with these categories are discussed throughout the report. The organizational implications have been included in the options in the following chapter.

During the analysis of problems, two areas were identified as the major obstacles to effective border control. Both issues are appropriate for Executive Office consideration as beyond the control of any single agency or department.

ISSUE 1 -- Lack of coordinated border management.

ISSUE 2 -- Overlap and duplication of effort.

Two other areas were considered as having a serious impact on border interdiction, but are directly associated with National policy and priorities regarding drug law enforcement; drug investigations and drug intelligence. The Federal strategy and relative priorities given to these two areas are the subject of other policy reviews. Therefore, this report only summarizes the border perspectives. Their impact on border interdiction is described in the preceding chapter.

ISSUE 1

ISSUE: THE LACK OF COORDINATED BORDER MANAGEMENT

Effective border control is an important part of insuring the economic and social well-being of the United States. Yet, the Federal effort to control the borders is not a coordinated activity. Various responsibilities are vested in eight agencies in seven departments. Current border management policy exists only in the form of separate laws, regulations and operating priorities of the various agencies with border management responsibilities.

Problem Resolution:

Each of the border agencies is responsible for a specific part of border control and each agency pursues its own mission, sometimes in competition with the other Federal border agencies and interests. When conflict between agencies appears, there is no effective mechanism to resolve the problem. Even though interagency agreements exist in writing, the operating problems continue along the borders.

Flexibility:

The current organizational structure of border agencies creates a lack of flexibility in responding to crisis and difficulty in providing a coordinated interdepartmental response to new or existing threats. When a major problem or a crisis situation grows beyond the control of the responsible agency, it generates a lengthy process of study, Executive Office decision, Congressional consideration and eventual commitment of new resources to the agency most concerned with the problem. More flexibility in management would encourage timely use of all existing Federal border resources before new resources are considered.

New Approach:

The unique characteristics of the border area and the increasing interest in border control suggest a broader approach to management of our border resources. The expanded use of the term "border management" in itself suggests a more appropriate view of border requirements. A long range plan for border management is needed to set overall operational and budget priorities.

FINDINGS:

The Review Team found that two levels should be addressed in improving coordination, operating management and policy direction.

1. Eliminate the basic cause of lack of operational coordination by consolidating the principal border functions in one agency. By reducing the requirement for interagency and interdepartmental coordination, agency operating policies will be more representative of the total Federal interests.
2. Provide a continuing overview mechanism within the Executive Office to develop a long-range border management plan and necessary policies to insure that border operations are supportive of all Federal programs.

ISSUE 2ISSUE: OVERLAP AND DUPLICATION OF EFFORT

Findings of overlap of responsibilities and duplication of effort are the common theme in previous studies of border operations. This review also identified overlap and duplication in both the operating and support functions and attempted to assess the resulting impact on effectiveness.

Several factors were considered in determining effectiveness. The obvious need for economy and efficiency was balanced with the observation that the differing perspectives of a variety of specialties may enhance successful detection of illegal activities. Duplication of effort was considered in the light of reported resource deficiencies by the principal border enforcement agencies. Both INS and Customs reported a lack of personnel, equipment and other resources required to perform their respective missions. The Review Team found it difficult to determine the degree of resource shortage because both agencies have duplicate functions and support structures, e.g., inspection, patrol, and investigation; computer systems, radio systems, boats, aircraft, vehicles, etc. It is not possible to make a definitive judgment on overall resource shortages because of the existing duplication. Therefore, observations regarding resources shortages are based on inability to meet workload requirements.

Likewise, the total amount of illegal activity taking place is unknown and makes the determination of "adequacy" particularly difficult. It was evident that considerable illegal activity is continuing to take place despite a high level of effort by the current Federal border enforcement force. Following is a summary of the Review Team's observations in each functional area.

Inspections:

- a) At land ports of entry, Immigration inspectors and Customs inspectors jointly man the primary inspection area. Differences in inspection priorities and duplication of management structure were observed. While duplication of inspection personnel was evident, the workload was sufficiently large to suggest that the duplication is not, in itself, inefficient.

There are informal local agreements regarding the ratio of Customs inspectors to INS inspectors assigned at primary inspection points. Shortages of inspectors

resulted in an undesirable ratio or balance between primary and secondary inspection and, in one case, caused a major part of the facility to be closed.

Part of the illegal alien problem is attributed to lack of adequate Immigration inspection, particularly on the Southwest border. Further, lack of Customs inspectors to fully man secondary inspection was identified as a serious shortcoming in detecting smugglers. Both problems appear to be resource sensitive, but one contributes directly to the other. When INS cannot meet the desirable 50/50 ratio in staffing primary inspection of vehicles, Customs inspectors are diverted from secondary to fill the gap. Therefore, both conditions exist; understaffing of Immigration interests and of Customs secondary. Increasing the number of INS inspectors would contribute to the solution of both problems by restoring a balanced staffing of primary inspection and releasing Customs inspectors to do secondary inspections.

The dual management structure complicated local policy and operating decisions. Various attempts have been made to consolidate management of inspection by alternating responsibility between INS and Customs, but the basic problem remains.

Consolidation of inspection responsibility at land ports would allow better utilization of the existing inspection force and eliminate the duplication in management structures. However, continued availability of qualified specialists would be required for all areas of secondary inspection.

b) At most airports of entry there is a two-step passenger inspection configuration; Immigration followed by Customs. Elimination of the duplicative management structure and the potential efficiencies in a consolidated inspection force could improve airport inspection. A single-stop inspection process would be the likely outcome of a merger of inspection forces. Again, the need for specialized secondary inspectors would not be eliminated by consolidation. However, consolidated management could include procedures which would insure availability of specialists.

c) At sea ports of entry, overlap and duplication of inspection efforts is apparent. Customs has responsibility to board vessels for the purpose of checking cargo manifests and ship's papers. Immigration and Naturalization Service inspectors board vessels to ascertain the Immigration status of the crew and/or passengers. Also, Agriculture

inspectors board vessels and check the food lockers, cargo manifests and garbage control. A single inspection service could perform all ship inspections.

Patrol:

The most obvious example of overlap and duplication of effort was observed in the patrolling of the land borders between the ports, particularly along the Southwest border. Customs Patrol officers and INS Patrol officers cover the same territory. The Customs Patrol interdicts drugs and other contraband. The Immigration Border Patrol apprehends illegal aliens. Both use similar methods of patrol by uniformed officers and intercept persons in the vicinity of the border. Both use sophisticated technology such as sensors and night vision devices to detect intruders. Each patrol was observed to pursue the mission of his respective agency with little regard for cooperation with the other.

Consolidation of responsibility and resources for patrolling would eliminate the overlap and duplication of effort with the land patrol function and should improve overall effectiveness.

Investigation:

DEA, INS and Customs all have criminal investigators. Each agency uses these special agents to investigate violations of laws which they enforce. As a general observation, the duplication of investigative staff does not create inefficiency.

However, there are allegations of fragmentation of drug smuggling investigative responsibilities. The issue focuses on the relative priority of border interdiction compared to the National priority on narcotics trafficking investigations. As stated earlier, this policy question is addressed in a separate report on Drug Law Enforcement.

Air Surveillance and Patrol:

The Customs Air Program uses seized and purchased aircraft, augmented by military type gap-filler radar to detect and intercept smugglers of narcotics and other contraband. INS uses light aircraft to support its ground operations through surveillance of the actual border. DEA uses aircraft in support of its investigations. The use of aircraft provides both operational support and visible deterrence.

There is little overlap or duplication of effort in the various aspects of the air activities. Each agency uses its aircraft in a different mission orientation. The geographic dispersion of the aircraft suggests that consolidation of air support or maintenance activities does not appear to offer either significant savings or increased effectiveness.

Support Functions:

The support functions are generally duplicated in each agency. It appears that each of the border agencies will continue to develop their own systems with duplicative management structures and processes.

In the absence of consolidation of agencies, the consolidation of support functions is unlikely to be successful. The history of lack of cooperation between border agencies mitigates against a central support activity. As an example, the joint use of the Customs computer support system has been recommended for several years. The agencies have not been able to get together on this obvious solution. INS is developing its own computer support system and current efforts to force joint use of a Customs system are not likely to produce a solution acceptable to both agencies.

However, if agencies are consolidated, significant potential exists for greater efficiency and effectiveness in consolidation of the following support functions:

- computer support systems
- radio communications systems
- telecommunications systems
- training activities
- research and development activities

The El Paso Intelligence Center (EPIC) is an intelligence support activity designed to integrate the information data bases of DEA, Customs, INS, FAA, the Coast Guard, and other agencies, and provide a clearinghouse service to meet border enforcement needs. The potential exists for significant improvement in intelligence support if all border agencies integrate the full use and support of EPIC into their operations.

Other Considerations:

Secondary Inspection: Another factor considered was the absence of conflict when one set of personnel have independent duties, but operate in support of the primary function. For example, there was no conflict attributed to the specialized inspectors who normally do not work in primary inspection (Agriculture, Public Health, Fish and Wildlife). Several factors contribute to this lack of conflict; very small numbers of personnel present, clearly defined and specialized duties, and physical separation from the massive workload of primary inspection.

The Review Team felt that the continued need for specialized inspectors and the existence of other responsibilities outside of inspection combined with the absence of conflict provided sufficient justification to set aside these smaller contingents of specialized inspectors from considerations of consolidation. In the long term, a consolidated border management agency would be able to accommodate the requirements for specialized inspectors by establishing appropriate career fields within its inspection service.

Other Activities: In reviewing the operating problems in border management, inefficiency and conflict inevitably involved physical presence. Where patrol officers or inspectors have similar responsibilities and operate in the same facility or same geographic area, the opportunity for conflict is greatest. Where agencies have similar responsibilities but operate apart from each other in different areas or in a different element, the problems are greatly reduced.

The primary example of operating in a different element is the U.S. Coast Guard. The current interagency relationships and the support provided by the Coast Guard to other law enforcement agencies were judged to be satisfactory. Further, the Coast Guard may enforce Customs laws because every officer of the Coast Guard is empowered, by statute, with the authority of a Customs officer.

FINDINGS:

1. Overlap and duplication were noted in the functions of patrolling the land borders between ports of entry and in the inspection process at ports of entry. Elimination of this condition would enhance overall effectiveness.

2. Some support activities are duplicative but are not, in themselves, likely candidates for consolidation. However, consolidation of the principal agencies would allow consolidation of support activities.

3. Universal duplication of effort in each function was not found. For example, the port security function of the Customs Patrol at seaports was not duplicated by another agency. However, each port of entry had a dual management structure of both INS and Customs managers. In some larger ports, there is an added management structure in the Agriculture inspection force.

4. A merger of the principal border enforcement agencies would significantly reduce overlap and duplication of effort and greatly enhance the overall effectiveness of border operations. It would allow management greater flexibility in responding to peak workloads and to immediate crises. A single border management agency would also allow consolidation of management and support functions which should create significant savings.

CHAPTER 5

OPTIONSINTRODUCTION

The purpose of this chapter is to set forth a range of options identified by the Review Team as the most viable alternatives for achieving more effective border management. The objective in the selection of options is to be more responsive to current needs and have inherent flexibility to adjust to future needs.

The policy findings discussed in the preceding chapter should serve as general guidelines for any border management organization. The options selected range from additional resources within the existing organizational structure to a major reorganization. For example, additional resources should be allocated to reinforce selected functions even if a reorganization option is selected. In summary, the options are:

- OPTION 1 - No change in organization. Budget priority to selected functions.
- OPTION 2 - Limited consolidation involving specific functions.
- OPTION 3 - Creation of a multi-purpose border agency (INS and Customs)
- OPTION 4 - Creation of an expanded multi-purpose border agency (INS, Customs and Coast Guard)

A detailed discussion of each option follows.

OPTION 1

NO CHANGE IN ORGANIZATION. EXISTING AGENCIES
CONTINUE TO PERFORM THEIR CURRENT DUTIES.
ADDITIONAL BUDGET PRIORITY GIVEN TO SELECTED
FUNCTIONS.

DISCUSSION OF OPTION 1

This option provides direct additional resources to meet specific needs identified during the review. In response to current National problems of aliens and drugs, there is a need for additional border resources to strengthen the inspection, patrol and air interdiction functions. This approach continues the policy of applying resources to the specific commodity or function that is deficient and responding directly to critical areas such as the illegal alien and drug smuggling problems. Budget and other resource decisions should give priority to the following:

1. Add INS and Customs inspectors to meet expanding workloads and provide for increased level of secondary inspections.
2. Increase the number of U.S. Border Patrol (INS) officers to improve the interdiction and deterrence capabilities between the ports of entry on the Southwest and Northern borders.
3. Increase the force of INS investigators to conduct interstate conspiracy investigations of alien smuggling rings.
4. Expand the capability of the Customs Air Interdiction Program to detect and intercept smuggling attempts by air.
5. Expand Customs participation in the management and use of the border intelligence center (EPIC).

ADVANTAGES

- . Adds resources in areas of greatest potential for effectiveness.
- . Provides additional resources to specific problem areas.
- . Permits agencies to continue emphasis in area of specific expertise.

- . Enhances the deterrent effect of more visible enforcement.
- . Least disruptive of all options in that existing organizational structures are not changed.

DISADVANTAGES

- . Does not consider border management as a total package.
- . Continues a form of crisis management focusing on current problems.
- . Does not eliminate existing overlap and fragmentation of effort.
- . Continues duplicative management and support structures.
- . Higher budget priority does not insure better use of existing resources which may be available in other activities.
- . Does not correct the continuing interagency competition and lack of coordination.
- . Little probability of improved management or procedures.

OPTION 2LIMITED TRANSFER AND CONSOLIDATION OF
SPECIFIC FUNCTIONS AND RESPONSIBILITIES.DISCUSSION OF OPTION 2

This option provides for substantial increase in effectiveness through consolidating responsibilities and resources for the key border enforcement functions. While this option would not result in a decrease in the number of border agencies, it would minimize jurisdictional and geographical overlap by focusing one agency on a particular aspect of border management activities. This option would result in some short-term disruption but it would provide more flexibility in meeting workloads. The major candidates for consolidation and transfer under this option are:

- . Responsibility and resources committed to the inspection function at all ports of entry could be transferred to either INS or Customs.
- . Responsibility and resources committed to the patrol function on the land borders between ports could be transferred to either INS or Customs.

ADVANTAGES

- . Provides a single manager responsible for each of the key border functions.
- . Minimizes disruption, since existing agencies would continue.
- . Assigns responsibility to a single agency to focus attention and expertise within each functional area.
- . Eliminates duplication in local management structure.
- . Permits some flexibility in that agencies would have broader responsibilities within each function.
- . Eliminates the source of existing competition and lack of cooperation within the principal operating functions.

DISADVANTAGES

- . Does not view border management in its entirety.
- . Would not completely eliminate competition between agencies.
- . Creates high probability of conflict over how well the single manager is performing services for the other agency.
- . Continued duplication on part of the management structure.
- . Specific emphasis and expertise could be lost for those functional and commodity responsibilities transferred into the other agency.
- . Would create some personnel turbulence and disruption during changeover.
- . Likely to receive intense opposition from unions currently representing inspectors and patrol officers.
- . Has been tried and failed on several previous occasions because of special interest opposition.

OPTION 3

CREATION OF A MULTI-PURPOSE BORDER MANAGEMENT

AGENCY INCLUDING INS AND CUSTOMS

DISCUSSION OF OPTION 3

Option 3 represents a major change from the existing structure. It would provide greater management flexibility in the use of existing resources and would allow the consolidation of the inspection and patrol functions included in Option 2. Option 3 would result in fewer Federal agencies with the transfer of functions and resources into a consolidated multi-purpose agency. All agencies which have border enforcement responsibilities were considered in developing this option. For reasons discussed in the preceding chapter, this option sets aside consideration of Agriculture, Public Health, Fish and Wildlife and supporting agencies in favor of correcting the fundamental problem of the overlap and duplication between the two principal border enforcement agencies, INS and Customs. If these two agencies were transferred into a new border management agency, it would provide the basic foundation for a full service organization which might expand later to include secondary inspection functions performed by such agencies as the Fish and Wildlife Service, Agriculture, and Public Health.

Option 3 focuses on the transfer of all functions and personnel of INS and Customs, as well as the management of the border support function within the El Paso Intelligence Center. Consideration of Option 3 included:

1. Which agencies and functions should be involved.
2. How such a transfer would be handled to minimize opposition and turbulence associated with the organizational changes.
3. Which Cabinet department should be responsible for the new agency.

Many of the current problems are tied closely to the existing organizations. The border agencies have a long history of service to the United States. Tradition should not be lost through merger of one into the other. Any reorganization effort should provide for the continuation of special expertise where necessary to enforce specific laws and regulations.

The Review Team selected the following set of agencies and conditions to be the most practical approach to improving effectiveness through reorganization:

1. INS and Customs resources and functions should be joined together under single management. Management of the border interdiction portion of the El Paso Intelligence Center (EPIC) should be assumed by the single border management agency.
2. Rather than specify a date certain for the disestablishment of INS and Customs, the consolidation should be accomplished over a specified period of time and under the control of the single manager ultimately responsible for the new organization. Accordingly, the reorganization should provide for an umbrella management structure to direct the new organization and for a special transition staff within the new agency to accomplish the reorganization.
3. As previously stated, the reorganization should not be considered as a merger of INS into Customs or vice versa. It should be considered as creation of a new agency with the virtues of both organizations. Along these lines, a proposed name for the new agency might be the U.S. Customs and Immigration Service.
4. Both Customs and INS should continue their current organizational structure at the transfer. Priorities for internal reorganization and consolidation should be established and a target date should be specified for the initial consolidation of selected functions. The following functions should be considered by the new agency for early consolidation:
 - A. Primary inspection at all ports.
 - B. Patrolling of the land borders.
 - C. Operational support functions, particularly communications and computer systems.
 - D. Management structures and administrative support.
5. The new Director should be required to report to the President and to the Congress at the end of 18 months on the accomplishments during the transition period and the plan for the next phase.

6. In determining the appropriate Cabinet department for a consolidated border enforcement agency, the most likely candidates are the Department of Justice and the Department of the Treasury. The review suggests that the principal considerations should be the size and nature of the border presence, the relative strength of each agency's ties to its current department, the relative contribution to control over entry and the potential impact on the revenue function.

Viewing Option 3 and an appropriate implementation process as a package, the advantages and disadvantages are:

ADVANTAGES

- . Provides central management for principal border enforcement functions.
- . Eliminates existing overlap, duplication and fragmentation of effort.
- . Recognizes the interrelationships of border management functions; i.e., inspection, patrol, revenue collection and support services.
- . Responds to current problems of interagency coordination, competition and parochialism.
- . Provides flexibility of a multi-purpose organization in responding to a variety of both transitory and long-term problems.
- . Provides opportunity to provide better services to the public.
- . Better utilization of Federal resources.
- . Reduces the number of Federal agencies.
- . Does not disrupt those areas which were not identified as problems, e.g., Agriculture, Coast Guard, etc.

DISADVANTAGES

- . Possible reduction in effectiveness during reorganization period.
- . Generates some personnel turbulence particularly at mid-level and senior management as duplicate organizations are merged.
- . Larger organization may present more complex internal management problems.
- . Change may be opposed by various special interest groups.

OPTION 4

CREATION OF AN EXPANDED MULTI-PURPOSE
 BORDER MANAGEMENT AGENCY WHICH INCLUDES
 INS, CUSTOMS, AND THE U.S. COAST GUARD

DISCUSSION OF OPTION 4

Option 4 is an expanded version of Option 3 which provides a more comprehensive border management agency. It goes beyond control over entry to consolidate management of the major Federal resources involved in control of the borders and U.S. waters forming the perimeters of the United States.

As in Option 3, agencies with minor presence and support responsibilities are set aside. Options 3 and 4 both provide for the elimination of overlap and duplication between INS and Customs. Option 4 greatly expands the size and responsibilities of the new organization to include the broad responsibility of the Coast Guard for the seas surrounding the United States. Currently, the Coast Guard is responsive to the support requirements of border law enforcement agencies and coordinates directly with the agencies involved. However, border law enforcement was found to be a relatively small portion of the Coast Guard's total responsibilities.

Option 4 requires the same considerations as Option 3 for implementation regarding INS and Customs. It assumes that the Coast Guard would remain a separate entity within the border management agency to facilitate its transfer for national security purposes in time of war. A logical alternative to Option 4 might be to include the U.S. Coast Guard in the same department as the new border management agency. Assuming an appropriate implementation process, Option 4 presents the following advantages and disadvantages.

ADVANTAGES:

The advantages described in Option 3 also apply to the expanded multi-purpose border management agency. The principal advantages which would result from such a consolidation are:

- Places Federal responsibility for the entire perimeter of the U.S., both borders and U.S. waters, in a single organization.

- . Likely to enhance the priority of the border law enforcement role within the U.S. Coast Guard.
- . Significant increase in the total amount of resources within the border management agency.
- . Possible elimination of separate Customs Marine Patrol activities.

DISADVANTAGES:

The disadvantages identified under Option 3 would also apply if the U.S. Coast Guard were included. Additional disadvantages are:

- . Increased emphasis on border law enforcement could detract from the safety and other non-law enforcement responsibilities of the U.S. Coast Guard.
- . The large size of the Coast Guard and its broad range of responsibilities could detract from the desired border law enforcement orientation of the remainder of the border management agency.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONSA. GENERAL

As the last step in the process of developing this report, the preceding chapters were furnished to the involved agencies and departments for review and comment. Upon receipt of the comments, they were given careful consideration and appropriate changes were made to insure that the report accurately reflects the intent of the Review Team.

The responses from the departments and agencies are attached as appendices to this report. They are included in their entirety with the exception of the remarks from the Department of Agriculture. The Agriculture comments were in the form of notations on the original draft and have been incorporated in the final report.

The comments acknowledge the existence of overlap and duplication and the need for some consolidation of effort. However, the comments reflect different opinions regarding which Cabinet department should receive the new agency. Further, other questions are raised regarding Federal law enforcement in general which are beyond the scope of this review.

The President's Reorganization Project in the Office of Management and Budget has the ultimate responsibility for developing reorganization plans in conjunction with the overall reorganization study of the Federal Government. Therefore, this report is intended to provide OMB with a current evaluation of and recommendations regarding border management. The Office of Drug Abuse Policy will assist OMB in developing any specific reorganization plan related to this review. Additionally, the report will be distributed to the participating departments and agencies and will be used in developing a new Federal drug abuse strategy.

B. CONCLUSIONS OF THE REVIEW TEAM

The Review Team discussed the entire set of comments received from the departments and agencies. The objective of a long-term solution to observed problems of lack of central management, overlap of responsibilities, and duplication of effort in border management was reaffirmed and the Review Team findings are:

1. The current organizational structure was determined to be the underlying cause of the majority of current operating problems. Therefore, the solution to existing border management problems lies in a revised management structure which can achieve maximum effectiveness with available resources, respond to changing priorities, and provide adequate border control as well as better service to the public.

2. Any major change in organization must be planned to provide clear responsibility for the result. The need for long-term effectiveness was weighed against potential disruption in on-going efforts. The first phase of any proposed reorganization should be directed at correcting the fundamental problems underlying the entire area of border management. From this basic foundation, border management should evolve toward further improvements in effectiveness and efficiency.

3. The basic causes of lack of coordinated border management can be eliminated by consolidating the principal border functions in one agency. By reducing the requirement for interagency and interdepartmental coordination, agency operating policies will be more responsive to the total Federal interests. It would also allow consolidation of selected management and support functions which should create significant savings.

4. The Coast Guard should not be included within a consolidated border management agency. However, the option of including the Coast Guard in the same department was not eliminated from consideration. The President's Reorganization Project has indicated that further consideration of the relative priorities of the Coast Guard's law enforcement functions may be warranted.

5. A continuing overview mechanism should be established within the Executive Office to develop a long-range border management plan and necessary policies to insure that border operations are supportive of all Federal programs. The overview mechanism would also be useful during the transition period for any reorganization effort.

6. In addition, there should be immediate action to increase resources available to the functions of inspection, patrol of land borders and adjudication.

C. RECOMMENDATIONS

The Review Team makes the following recommendations:

- A multi-purpose border management agency should be created by consolidating INS and Customs in a new agency (Option 3).
- An appropriate reorganization plan should be developed by the President's Reorganization Project to include placement of the consolidated border management agency in a Cabinet department consistent with overall government reorganization planning.
- The emphasis and direction of the reorganization planning should be to provide the optimum organization for long term effectiveness in overall border control. This approach enhances control over all the border threats (drugs, aliens, loss of revenue, gun smuggling, etc.).
- Consolidation of the agencies and functions should be achieved through an umbrella management concept. The reorganization plan should provide a set of initial priorities, but allow the new Director some flexibility in determining the internal structure of the new agency. The following functions should receive high priority for early consolidation.
 1. Primary inspection at all ports.
 2. Patrolling of the land borders.
 3. Operational support, particularly communications and computer systems.
 4. Management structure and administrative support.

BORDER MANAGEMENT AND INTERDICTIONINDEX OF APPENDICESDescription of Agencies

- Appendix A - United States Customs Service
- Appendix B - Immigration and Naturalization Service
- Appendix C - Drug Enforcement Administration
- Appendix D - Public Health Service
- Appendix E - Animal and Plant Health Inspection Service
- Appendix F - United States Coast Guard
- Appendix G - Fish and Wildlife Service
- Appendix H - Non-Border Functions

Department and Agency Comments

- Appendix I - Department of Justice
- Appendix J - Department of the Treasury
- Appendix K - Department of Transportation
- Appendix L - Department of Agriculture
- Appendix M - Department of Health, Education, and Welfare
- Appendix N - Department of State
- Appendix O - U. S. Customs Service
- Appendix P - Immigration and Naturalization Service
- Appendix Q - Drug Enforcement Administration
- Appendix R - Fish and Wildlife Service

September 7, 1977

UNITED STATES CUSTOMS SERVICE

The United States Customs Service of today is a dynamic organization, characterized by a burgeoning workload, a professional workforce, and an increasingly wide and more complex range of responsibilities. It is a relatively large and a widely dispersed organization, performing a diversity of functions which profoundly impact the travelling public, the importing and exporting community, and the health and welfare of American business and the general public. Additionally, its annual collections of over \$5 billion contribute significantly to the National revenue.

Customs Organization

The Customs Service is comprised of approximately 15,000 employees assigned to over 300 offices located throughout the United States and at various overseas locations. A major reorganization in 1965 - 66 resulted in a significant decentralization of management control by establishing nine regional offices, overlaying a regional structure upon existing district offices which previously had reported directly to Headquarters. Today there are 45 districts which supervise the activities of 303 ports-of-entry located at airports, seaports and land border crossings. Additionally, we have Customs Attaches and Representatives at ten foreign offices and Customs Military Advisors in four countries.

Several factors, including: the wide geographic dispersal of the organization; the requirement that enforcement and operational programs be coordinated among the several offices; the scope and complexity of functions performed; and the requirement that policies and laws enforced by Customs be consistently applied; have presented formidable difficulties in assuring effective management and control of Customs activities. In response to this challenge, in recent years Customs has implemented several management improvements designed to enhance communication, consistency, coordination, and cooperation among Customs managers. These innovations have included the restructuring of field activities to conform to common geographic boundaries; the collocation of Principal Field Officers in the same building in the regional headquarters city and the institution of regular meetings among them; the initiation of annual conferences of neighboring regions for discussion of inter-regional enforcement and operational programs; and the increase of emphasis on face-to-face meetings between key headquarters and field managers.

Customs Mission and Functions

The mission of the Customs Service is to collect the revenue from imports and to enforce Customs and related laws. Customs administers the Tariff Act of 1930, as amended, and other Customs laws. Additionally, at ports-of-entry, Customs administers over 400 statutory or regulatory requirements for 40 other agencies. Among the specifically assigned responsibilities are: properly assessing and collecting Customs duties, excise taxes, fees, and penalties due

on imported merchandise; interdicting and seizing contraband, including narcotics and illegal drugs; processing persons, baggage, cargo, and mail; administering certain navigation laws; detecting and apprehending persons engaged in fraudulent practices designed to circumvent Customs and related laws; protecting American business and labor by enforcing statutes and regulations such as the Antidumping Act, countervailing duty law, copyright, patent, and trademark provisions, quotas, marking requirements for imported merchandise, etc.; cooperating with, and enforcing regulations of, numerous other Government agencies relating to international trade, including collection of import and export data for compilation of international trade statistics; and enforcing requirements of other agencies for protection of the welfare and security of the American people, including automobile safety and emission control standards, counterfeit monetary instrument prohibitions, electronic product radiation and radioactive material standards, flammable fabrics restrictions, pet quarantine regulations, and other food and drug and hazardous substance prohibitions. At the border, Customs represents other agencies, eliminating the need for these agencies to provide inspectional personnel.

The activities performed by Customs in executing these responsibilities call for increasingly sophisticated operational and enforcement techniques and the application of a wide variety of skills and disciplines. Utilization of modern communications and computer technology enable Customs Inspectors and Import Specialists to efficiently and effectively process the growing numbers of travellers and volume of merchandise entering the United States each year. Built-in safeguards and follow-up regulatory audits by Customs Auditors assure that facilitation of merchandise processing does not increase the opportunity for fraud. Application of state-of-the-art technology and equipment, including operation of sophisticated enforcement communications systems, assures integration of inspection and control; air, land, and sea patrol; and investigations functions in an all-out attack on smuggling of narcotics and other prohibited articles and on frauds against the revenue. This effort involves coordination of such diverse activities as laboratory analysis; classification and valuation of merchandise; inspection of passengers; baggage and cargo; technical investigation; aircraft and watercraft operation; and police-type patrol.

Customs External Involvements

Customs has an extensive involvement with other Government agencies, with outside commercial and policy organizations and trade associations, and with international organizations and foreign Customs services.

In carrying out its revenue collection and enforcement functions, Customs maintains working relationships with numerous agencies including the International Trade Commission; the Internal Revenue Service; the Bureau of Alcohol, Tobacco, and Firearms; the Department of State; the Federal Bureau of Investigations; the Drug Enforcement Administration; the Coast Guard; the Federal Aviation Administration; and state and local officials. As a consequence of its inspectional presence at ports-of-entry, Customs has been

charged with responsibility for enforcing, regulating, controlling, investigating, and reporting functions for other agencies, most notably the Immigration and Naturalization Service, the Public Health Service, and the Department of Agriculture.

In processing cargo, carriers, and persons, Customs maintains daily contact with the public, with importers, Customhouse brokers, importers' associations, freight forwarders, chambers of commerce and the media.

Customs emphasis on coordination and cooperation carries over into ever growing international involvements. As a member of the Customs Cooperation Council, Customs works for the simplification and harmonization of worldwide Customs procedures. Customs has ten foreign offices for the purposes of providing liaison with foreign Customs services and advise to potential exporters to the United States, and for conducting foreign inquiries related to fraud investigations, general smuggling, illegal export violations, and currency or neutrality violations. Under the auspices of the Cabinet Committee on International Narcotics Control, Customs provides enforcement training to foreign Customs officers, and U. S. Customs Advisors provided assistance and share expertise with host country customs services. Customs also participates on the Cabinet Committee on Terrorism, assisting in the development of programs to enhance international cooperative efforts to combat terrorism. The Commissioner regularly meets with heads of foreign customs services, and as a result, Customs has entered into several bilateral cooperative agreements with the services of the countries.

Importance of the Customs Program

Customs programs have a significant impact on international trade and travel; on international narcotics control and the smuggling of contraband; on the national revenue; and on domestic industry, agriculture, public health, and the environment.

Regarding trade policy, Customs provides expert advice on tariff matters and on the formulation and drafting of trade policy, agreements, and legislation to House and Senate Committees, to the Department of State, and to the International Trade Commission. Customs also works as a member with the Customs Cooperation Council to simplify and harmonize Customs procedures throughout the world. Customs continues to aggressively support passage of the Customs Modernization and Simplification Act which is aimed at facilitating international trade and travel through institution within U. S. Customs of modern, automated, business procedures in merchandise, revenue, and passenger processing; and modern auditing techniques.

Foreign Customs training programs - both here and abroad, international exchange of narcotics and other enforcement information, and especially close working relationships with our Mexican and Canadian counterparts have paid off in increased narcotics enforcement effectiveness worldwide.

Customs makes a significant contribution to the national revenue, collecting over \$5 billion annually in duty, taxes, and fees on imported merchandise and in penalties.

Customs performs a significant service to domestic business and industry through the administration of tariff laws and the enforcement of over 700 quotas. Customs also enforces statutes and regulations related to patent, copyright, trademark, and marking requirements. Additionally, the Service enforces antidumping and countervailing duty regulations, conducting investigations which protect against domestic sales of foreign merchandise at less than fair value. Import statistics collected by Customs and issued by the Bureau of Census are used in negotiating trade agreements protective of American industry and labor.

Finally, the Customs Service, in enforcing the myriad provisions of law on behalf of 40 Federal agencies performs services which safeguard American agriculture, public health, and the environment. These laws and regulations relate to such things as pest and plant and animal disease control, meat and other food product restrictions, drug and hazardous substance control, public health requirements for entering the country, water pollution standards, electronic product radiation standards, radioactive material restrictions, auto safety and emission control standards, flammable fabric restrictions, arms and explosive prohibitions, pesticide restrictions, counterfeit coins, currency reporting requirements and endangered species and wildlife protective measures.

Workload

In the 15 month period from July 1, 1975, through September 30, 1976, the U. S. Customs Service cleared 102,110,962 aircraft, vessels, and land carriers; inspected 353,598,729 persons; processed 26,611,919 merchandise entries; collected \$6,369,607,621 with a return rate of \$100 for each \$6.60 expended; made 30,241 seizures of narcotics and dangerous drugs with a value of \$770,724,906; and made 86,480 seizures for other violations with a value of \$188,015,455. In addition, 654 special agents conducted 27,145 investigations.

The magnitude of those accomplishments is heightened when specific areas of Customs workload are compared with the resources available to process that work. For example, the 102,110,962 carriers and the 353,598,729 persons were cleared and inspected with a force of only 4,020 Customs inspectors; a ratio of one inspector to every 25,400 carriers and 87,000 persons; 96,000 miles of border were patrolled by a force of 1,426 officers.

Customs Response

In an effort to meet this increasing workload, the Customs Service has initiated the following programs which employ advanced technology and sophisticated methods for deploying scarce resources and manpower:

. Customs Accelerated Passenger Inspection System (CAPIS)

The Customs Accelerated Passenger Inspection System (CAPIS) is designed to increase passenger facilitation while providing maximum revenue protection and optimal enforcement against the introduction of narcotics, dangerous drugs, and other articles into the United States in passenger baggage.

The higher processing rate of CAPIS results in better utilization of manpower and inspectional facilities, since more passengers are able to move into and out of the area in a given time frame. Preliminary study further indicates that enforcement also improves when the TECS query coupled with intensive examination aspects of the system are utilized.

. Fraud Investigation Program

Current indications are that fraud violations -- as just one component of the burgeoning white-collar crime problem confronting the U.S. -- are on a sharp upswing. Investigations, to date, have disclosed an increasing number of major fraud cases involving country of origin violations, undervaluation, dumping, etc., committed by large, multinational corporations with multimillion dollar revenue losses to the Government. The enactment of the Trade Act of 1974 is expected to only accelerate this trend. In short, an increase in fraud violations is expected to carry through FY 77 as a problem of national significance.

. Cargo Security

In 1971, the Customs Service established a Cargo Theft Prevention Program to curb losses from international cargo in Customs custody. Customs regulatory authority, and the close proximity of Customs personnel to such cargo placed Customs in a unique position to make a major contribution to the reduction of theft and pilferage.

The program implemented by the Customs Service is designed to:

1. Minimize thefts from international cargo in Customs custody at ports of entry and its movement in-bond.
2. Combat organized crime involvement in cargo theft and smuggling.

. Container Program

To increase our protection against smuggling, a servicewide program of selective examination of high-risk house-to-house and pier-to-house container shipments has been in operation since March 1975. Mobile inspection/examination teams make their examinations at importers' premises or at other designated examination sites requested by the importer or his agent.

. Sector Communications Systems and Regional Communications Centers

The Sector Communications Systems have proven to be a valuable asset in providing administrative, tactical, and strategic support to the Customs enforcement mission. They have vastly enhanced the effect of both TECS and the products of the Enforcement Systems Development and Evaluation Program. They have also afforded our officers the degree of mobility and safety which is essential to permit them to cover the thousands of miles of borders and coast lines and hundreds of designated ports of entry.

Within the past two years, Customs has collocated the regional management team in each of its nine regions in accordance with the recommendation of a study to improve the efficiency and the effectiveness of the Customs Service. Subsequently, it was decided that further efficiency could be obtained by providing each regional management team with a total law enforcement communications support facility in the form of a Regional Communications Center. These centers will contain complete radio and message center facilities; will serve as an integral part of the enforcement activities of the region; will serve as the focal point for all regional intelligence gathering and dissemination; and will provide duty officer support to the entire regional management team.

. Automated Merchandise Processing System (AMPS)

The Automated Merchandise Processing System (AMPS) is an ongoing program designed to improve nationwide the Customs Service supervision and control of \$120 billion of imported merchandise entering the United States each year and collections of over \$5 billion of duties and taxes. This program consists of a variety of process improvements to many fundamental Customs procedures, together with the application of modern computer and communications technology to entry and revenue processing. Implementation of AMPS is enabling Customs to meet the demands of increasing workload and responsibilities with limited resources while increasing operating efficiency.

. Treasury Enforcement Communications System

TECS has been in operation since late 1969. Originally developed to provide an automatic lookout and message-switching capability for Customs, its success has fostered its overall development into a comprehensive Treasury Enforcement Communications System (TECS).

. Regulatory Audit

The Regulatory Audit Program is designed to implement a Customs compliance by selectivity approach. This approach is in contrast to physically examining and individually processing each importation. Under the Regulatory Audit Program, our limited resources are concentrated on the high payoff, high-risk transactions, and depend largely on importers and international carriers to voluntarily comply with our requirements.

. Integrated Interdiction:

- Tactical Interdiction

To protect the thousands of miles of borders, Customs has implemented a tactical interdiction approach which employs enforcement intelligence and mobility to place our units in the right spot at the right time. On the land borders, especially the Southwest border, Customs employs an effective electronic ground sensor surveillance system for monitoring activity in remote areas, mobile sensor reaction teams, sophisticated communications systems, and a highly trained staff of Customs patrol officers. Along the sea borders, Customs has implemented a marine interdiction program to curb smuggling by small boats and private yachts as well as to combat smuggling by vessels in international trade, which is the regular tactic employed by smugglers to evade detection.

- Air Support Program

In response to the escalating level of smuggling by private aircraft across the nation's border, especially the Southern border, the Congress in 1969, authorized the establishment of a Customs Air Support Program.

Technologically, Customs has made enormous strides since acquiring eight surplus military aircraft in 1969. In addition to constant improvements in airborne radar and Forward Looking Infrared (FLIR) capabilities, both used for detecting and tracking suspect aircraft, Customs has developed an all-important support system to assist the air interdiction units. The supporting systems include the Treasury Enforcement Communications System (TECS), the Private Aircraft Reporting System (PAIRS), and the recent breakthrough in implementing an interagency agreement with the military and the Federal Aviation Administration for long-range radar coverage.

To deal with the multitude of problem related to interdicting air smuggling, Customs has undertaken a systematic approach to effectively diminish the inherent advantages enjoyed by the air smuggler.

- Detector Dog Program

The Detector Dog Program is an integral part of the overall Customs tactical interdiction program which concentrates on drug smuggling. The program was developed to meet a requirement for an effective low unit cost method of screening incoming mail, cargo and vehicles. Detector dogs were first introduced to the U.S. Customs Service on a wide scale in September 1970, and were initially trained only in the detection of marijuana and hashish. Since then, their training has been extended to the detection of heroin and cocaine and they have become an integral part of the total Customs enforcement effort. Detector dog teams, consisting of a dog and handler, are assigned and utilized at Customs international mail facilities, cargo docks and terminals, at international airports, where they screen unaccompanied baggage and cargo, and at border and seaports, screening cargo, unaccompanied baggage, ships and other carriers.

- Neutrality Program

Customs has assigned a top priority to stopping the illegal import and export of arms and munitions across this nation's borders. Arms smuggling during the past year has been linked to the IRA and organized crime groups in this country as well as others.

Customs has deployed additional patrol officers, special agents, and inspectors throughout Southwest border areas to counter this traffic -- and dramatic results have been achieved. Over 41,000 guns, implements of war, and other weapons were seized during FY 76 with an appraised value in excess of \$300,000.

- Contraband Detection Systems

Customs enforcement programs call for the timely implementation of technological advancements such as the electro/chemical narcotic vapor detection. This instrument was recently developed and is in the process of field testing and evaluation.

Customs has developed a pilot model of the vapor detection apparatus that detects the major prohibited drugs -- heroin, cocaine, hashish, and marijuana -- and in addition, detects explosives commonly used by today's terrorists. Several configurations have been developed which allow the basic detectors to efficiently examine passengers, baggage, and mail parcels.

- Private Aircraft/Yacht Reporting System

In order to respond to the enforcement problems resulting from private aircraft clandestinely entering the United States from areas south of the United States, special requirements and procedures were instituted to control such aircraft.

A similar system, but directed at private yachts, is now operating in the Florida-Gulf area. A major weakness of this reporting system is the statutory 24-hour grace period permitted private yachts before reporting. An immediate reporting requirement would greatly improve our effectiveness against smuggling by private yachts.

- Vessel Violation Profile System

The Vessel Violation Profile System (VVPS) was developed to maintain complete and accurate records on the activities of commercial vessels. All violations or suspected violations of law and/or regulation as well as intelligence and lookout data on such violations fall within the scope of VVPS. Sources of information contained in a vessel record include Search and Seizure Reports, Penalty Notices, Memorandum of Information Received, and Reports of Investigation. Active liaisons are maintained with other Federal agencies and with foreign governments for the purpose of obtaining data from report documents which is input at Customs Headquarters. Customs officers may directly input information of immediate importance such as lookouts or positive search reports on vessels engaged in coastwise movements.

- Currency Program

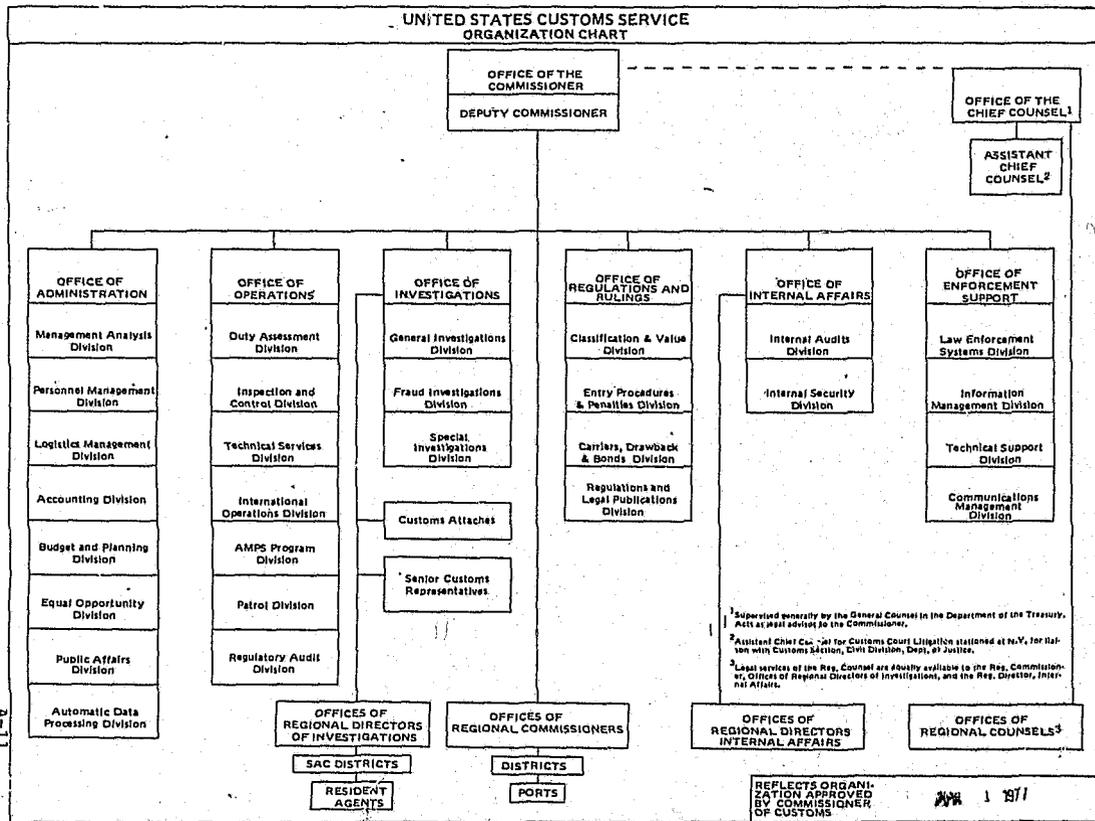
Since money is the single common denominator to all smuggling actions -- narcotics trafficking, arms and munitions, boats, autos, aircraft, and general merchandise -- Customs has launched a major effort to aggressively enforce the Currency & Foreign Transactions Reporting Act against the illegal import or export of currency and monetary instruments.

The intensified enforcement of the Currency Act may be one of this country's most powerful weapons against narcotics traffic and all other forms of smuggling. This view was reinforced in a recent Presidential message to Congress in which it was noted that tremendous amounts of money are illegally taken out of the country each day, either to purchase drugs or to transfer profits made by selling drugs, to safe and secret bank accounts abroad. The White House Domestic Council's White Paper on Drug Abuse also recommended that Customs adopt this strategy to provide lateral support to DEA in a coordinated attack against major traffickers.

Organization and Budget

Customs appropriation for FY 77 was \$359,190,000. The attached chart depicts the Customs organizational structure.

UNITED STATES CUSTOMS SERVICE
ORGANIZATION CHART



¹Advised generally by the General Counsel in the Department of the Treasury. Acts as legal adviser to the Commissioner.

²Assistant Chief Counsel for Customs Court Litigation stationed at N.Y. for liaison with Customs Section, Civil Division, Dept. of Justice.

³Legal services of the Reg. Counsel are usually available to the Reg. Commissioner, Offices of Regional Directors of Investigations, and the Reg. Director, Internal Affairs.

REFLECTS ORGANIZATION APPROVED BY COMMISSIONER OF CUSTOMS

APR 1 1971

APPENDIX B

IMMIGRATION AND NATURALIZATION SERVICE

Background

The Immigration and Naturalization Service (I&NS) is responsible for administering and enforcing the immigration and nationality laws of the United States to insure that persons entering into or remaining in the United States are entitled to do so. The immigration and nationality laws have been structured to encourage the flow of temporary visitors across our borders, promote family reunification, supply skills and knowledges which are lacking here, and continually revitalize the United States with infusions of people yearning to participate in the economic and social freedom we enjoy. Because our resources are limited and because our population can accommodate only a small portion of those who wish to come, Congress placed limitations on the numbers which may be admitted for permanent residence and provided for a system of controls on those who come temporarily to insure that they depart from the U.S. within the time period authorized.

In the past fifteen years, the problem of illegal immigration has grown far beyond the capabilities of the present staff of I&NS to handle it. Decades ago the problem of illegal aliens was largely confined to the agricultural sectors of the border areas. Today illegal aliens have spread throughout the United States in large numbers taking jobs in factories, construction, and service industries, as well as in agriculture. They are found in New York, Chicago, Detroit, and Seattle as well as in the Southwest border area. The current illegal alien population has been estimated at 6 to 8 million persons with more than one million additional illegal aliens being added annually. With a current force of 9,473 people and \$245 million, I&NS has apprehended almost one million illegal aliens and refused admission at ports to almost another million in the last fiscal year, while continuing to provide benefits and services.

Resources

Because of increasing national awareness of and concern about the growing illegal alien problem in the United States, I&NS, since 1973, has received significant increases in resources.

Fiscal Year	1973	1974	1975	1976	1977
Positions	7,682	7,982	8,082	8,832	9,473
Dollars(000)	137,484	155,186	181,320	213,609	244,615

Mission and Organization

The Immigration and Naturalization Service (I&NS) has the dual mission of providing services and benefits to the public and enforcing the law, primarily against illegal entry into the country and violation of status

after legal admission. Specifically, this includes the inspection of persons to determine their admissibility into the U.S.; adjudication of requests for benefits under the law; prevention of illegal entry into the U.S.; investigation, apprehension, and removal of aliens in this country in violation of law; and the examination of applicants wishing to become citizens through naturalization. To respond to this dual mission, I&NS has organized into the three major functional areas of Enforcement, Examinations and Management. (See attached organization chart.) I&NS has a central office, four regional offices, 34 districts in the U.S., three districts in foreign countries and 21 Border Patrol sectors. Nine of the sectors are on the Southwest land border, one in the San Joaquin Valley, two on the Gulf and Florida coasts, and nine on the Northern border.

Functions

There are two major I&NS functions of a service nature: Adjudications and Naturalization.

Adjudications

I&NS must make decisions on some 31 different types of applications for benefits under the immigration laws. These include applications by aliens temporarily in the United States who desire extension of their authorized stay, a change from one temporary status to another, or an adjustment to permanent resident status; applications for certain documents required by law; requests filed by a prospective employer, or by an alien's close relative who is a citizen or permanent resident of the United States to permit the alien to immigrate to this country; and many others.

Naturalization

In recent years approximately 200,000 persons annually have been granted U.S. citizenship. At proceedings held in Federal and State courts, Service officers make recommendations for the granting or denial of citizenship following interviews and background checks of persons who have applied and have met the legal requirements.

I&NS officers also must pass upon applications for Certificates of Citizenship from persons who claim to have acquired U.S. citizenship through one of several ways: birth abroad to citizen parents; through the naturalization of one or both parents, or through marriage, prior to September 22, 1922, to a U.S. citizen. I&NS has four major functions of an enforcement nature: Inspections, Border Patrol, Investigations, and Detention and Deportation.

Inspections

Operating at air, land and sea ports of entry into the United States, immigration inspectors examine each person seeking admission to the United States to determine if he is admissible under the immigration laws. This is the first contact an applicant for admission has with a representative of the Government of the United States. The immigration inspectors must conduct their inspections quickly enough so that the entry of U.S. citizens, bonafide immigrants, tourists, and other nonimmigrants is facilitated. At the same time they must be able to identify and reject aliens who are not admissible under the law, such as terrorists and other criminal elements. They must be especially alert for the increasing number of aliens who seek to enter this country ostensibly as temporary visitors or students, with the actual intention of remaining here permanently and working in violation of the law. They must also be alert to the increasing use of fraudulent and counterfeit immigration and identity documents, and false claims to United States citizenship.

Several levels of alien control programs are geared to the vital port inspection function. Border crossers are screened prior to the issuance of their identity cards, and the border crossing privilege may be cancelled if violations are found during inspections or after entry when encounters are made with Border Patrol or investigative personnel. Individual controls regarding length of stay and permission to work are placed upon approximately seven million nonimmigrant visitors each year. Annual address report and change of address reporting requirements follow the alien residing in the United States until he becomes naturalized or departs.

Border Patrol

The United States Border Patrol, founded in 1924, is an elite corps of highly trained, uniformed officers which guards our land borders and Gulf and Florida coasts between ports of entry with the primary mission of preventing the entry of persons without inspection and detecting and apprehending those who have eluded our first line of defense. These officers are trained extensively not only in immigration and criminal law but also in the Spanish language. The Border Patrol operation involves the gathering of information in adjacent foreign areas, actual watch of river, land and coastal border, check of transportation, traffic check on highways leading from the border, observation by aircraft, and checks of farms, ranches and in industries in the border area. The Patrol also handles criminal prosecution of immigration law violators it apprehends, and, in some cases, handles similar criminal violations arising at ports of entry.

The smuggling of aliens has become a lucrative business, posing a threat to efforts to reduce the flow of illegal aliens and resulting in a heavy traffic in human flesh. Apprehension of smugglers and smuggled aliens has increased dramatically in recent years, but large profits associated with alien smuggling continue to generate increased activity.

Because of the extensiveness of our border (6,000 miles of land border, plus over 2,000 miles patrolled along the Gulf and Florida coasts) and the limited number of agents, the Border Patrol must employ sophisticated technology to extend the effectiveness of its officers and give it mobility, good communication and illegal entry detection capabilities. To this end the Border Patrol operates fixed wing aircraft and helicopters, a complex and sensitive remotely controlled sensor system, a communication system linking the entire border, and repair and maintenance facilities for vehicles, radios, and electronic equipment. Border Patrol agents, while pursuing their primary mission of immigration law enforcement, also apprehend violators of other laws and intercept millions of dollars worth of narcotics, arms, ammunition and other contraband and identify and apprehend vendors and purchasers of fraudulent documents on which to base claims to legal status or U.S. citizenship, either for illegal immigration or other border related illegal activities.

Investigations

I&NS employs approximately 900 criminal investigators who conduct case work investigations involving fraud and other violations of immigration law, and also apprehend illegal aliens in the cities and elsewhere away from border areas. Among the investigators functions is the detection of complex fraudulent schemes to circumvent the immigration laws. These include sham marriages to citizens or lawful residents of the U.S. and the use of altered, forged, counterfeit or fraudulently obtained visas, passports, birth certificates, and other documents. Investigators also develop material used in prosecution involving violation of the immigration and nationality laws and related statutes such as those relating to the making of false statements in immigration or naturalization matters; the unlawful bringing in, transporting or harboring of aliens; and the making of false claims to citizenship. In addition to performing these functions at interior locations, criminal investigators are stationed at selected northern and southern ports of entry to respond to suspected criminal violations disclosed during the inspection process.

Detention and Deportation

The Detention and Deportation division supports the Border Patrol and Investigations by controlling apprehended aliens from the time of apprehension through removal from the United States. This is accomplished through an extensive alien detention, transportation and removal network.

Other Functions

I&NS has numerous other functions which are interwoven into the fabric of our major service and enforcement programs. These include an extensive records and public information program; exclusion and deportation hearing programs; the intelligence program; the Alien Documentation, Identification and Telecommunication (ADIT) program and others.

Interagency Cooperation

Border management and control is a complex operation involving a large number of federal, state and local. It is basically an enforcement activity to control the passage of people and goods of all types in accordance with laws and regulations. Agencies involved in the border management and control functions have consistently been faced with the problems of limited resources and budgets, making interagency cooperation for effective border enforcement a necessity.

The Immigration and Naturalization Service, the Drug Enforcement Administration and the U.S. Customs Service, the three key agencies having principal roles in law enforcement in the border area, face common problems and cooperate closely for effective border control.

I&NS/Customs

I&NS Inspections coordinates its primary inspection operations with Customs at land border ports of entry where Immigration and Customs officers are cross designated, to perform both functions. Interaction is taking place between Customs and I&NS in the development of the I&NS Alien Documentation, Identification and Telecommunications System. A Memorandum of Understanding was signed by I&NS and Customs in April 1975.

I&NS/DEA

I&NS coordinates closely with DEA in exchange of mutually responsive intelligence data and in some joint field operations. Drug seizures and relating apprehensions by Border Patrol agents, and I&NS investigators, are turned over to DEA for disposition. I&NS inspectors turn over drug seizures to Customs at the ports. These seizures are then turned over to DEA by Customs. Operational agreements have been in force since November 29, 1973.

I&NS and DEA share operational duties for the El Paso Intelligence Center (EPIC), an interagency center which collects, analyzes and disseminates information regarding drug trafficking and illegal alien activity along the U.S. borders. I&NS maintains all narcotics trafficking lookouts at ports for EPIC. EPIC participants also include Customs, FAA, ATF and Coast Guard.

I&NS/FBI

I&NS Inspections and Investigations cooperate with the FBI relating to smuggled criminals and potential subversives and terrorists, and maintain thousands of FBI lookouts at ports of entry and I&NS offices at their request.

I&NS/State and Local Agencies

Local law enforcement agencies account for the greatest number of non-I&NS illegal alien apprehensions. Therefore, both Investigations and Border Patrol coordinate their activities with these agencies for maximum efficiency in border enforcement.

I&NS/ATF

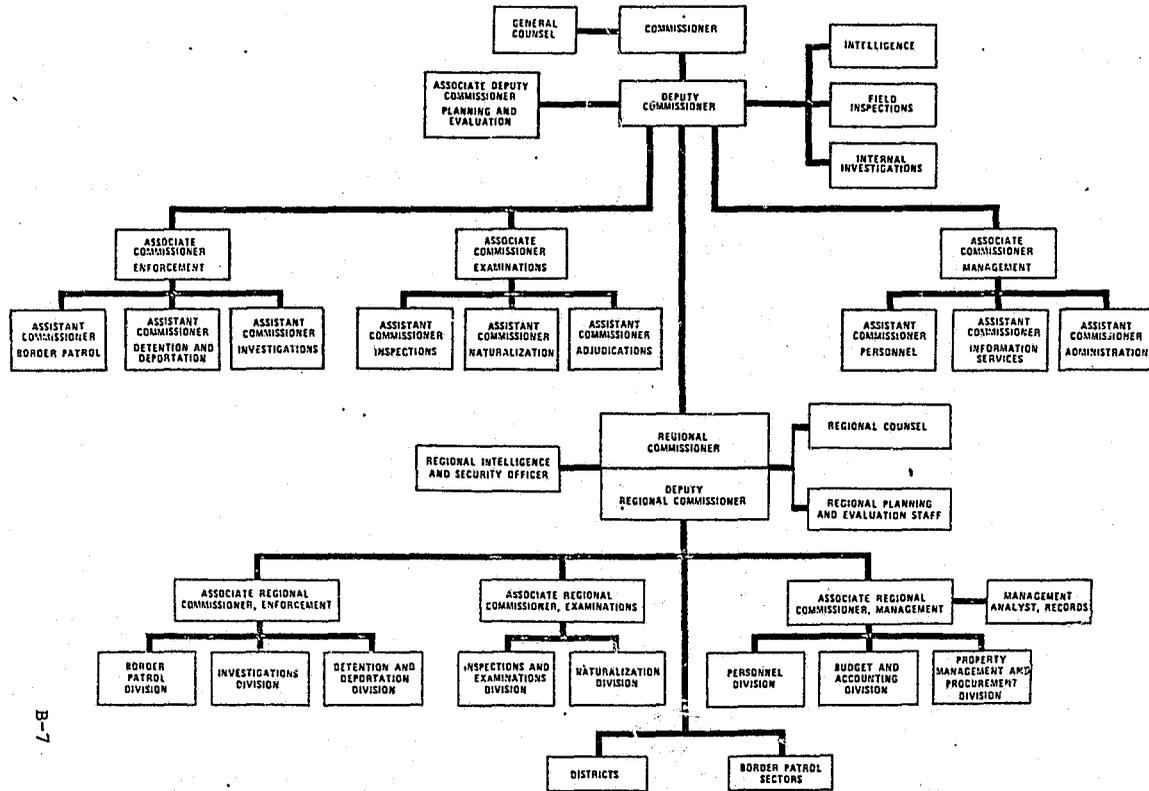
I&NS Investigations and Border Patrol cooperate with the Bureau of Alcohol, Tobacco and Firearms when violations within the jurisdiction of that agency are encountered.

Accomplishments

In the face of evermounting pressure from the flood of illegal aliens who wish to gain entry into the United States and continuing shortages of personnel, the Immigration and Naturalization Service has responded with increasingly sophisticated technology coupled with time-proven skills to stem the flow. Even though I&NS apprehends and prevents entry of almost two million illegal aliens a year, it is estimated that an additional million evade our defenses at and between ports and join the illegal alien population which is currently estimated at six to eight million, with three to four million employed. Because of the severe impact that this population has on unemployment, I&NS has targeted its interior operations on illegal aliens holding well-paying jobs.

As a by-product of I&NS's enforcement efforts to intercept all persons entering the U.S. across the land borders between the ports of entry and as a result of our presence in primary inspection at ports of entry, I&NS intercepts large quantities of marijuana, narcotics, dangerous drugs and other contraband.

While pursuing its enforcement mission, I&NS must also devote significant resources to providing services and benefits to those persons entitled to them. To this end, more than one million adjudications are completed annually, more than 200,000 naturalization applications are completed, more than 25,000 Certificates of Citizenship are issued, and more than 8 million requests for information are answered. I&NS has also been involved in various refugee programs, the most recent being the resettlement of approximately 150,000 Vietnamese and Cambodians.



DRUG ENFORCEMENT ADMINISTRATION

I. BACKGROUND:

On July 1, 1973, the DEA was established under the provisions of Reorganization Plan # 2. DEA was charged with the responsibility of enforcing and implementing the Controlled Substances Act of 1970. These duties encompass the investigation and suppression of the illegal importation and domestic trafficking in illicit controlled substances and the licensing and regulation of the pharmaceutical industry in the U.S.

The President's Reorganization Plan # 2 of 1973 merged the Bureau of Narcotics and Dangerous Drugs (BNDD), the Office of Drug Abuse Law Enforcement (ODALE), the Office of National Narcotic Intelligence (ONNI), the drug investigative and intelligence functions of the Bureau of Customs and a major segment of the White House Office of Science and Technology. BNDD had been created by Reorganization Plan # 1 (1968) which merged the Federal Bureau of Narcotics (FBN) and the Bureau of Drug Abuse Control (BDAC). The reorganization and creation of DEA continued trends to consolidate the Federal drug investigative efforts within the U.S. Department of Justice.

The cornerstone of DEA's authority and responsibility is the Controlled Substances Act (CSA) of 1970. This act incorporated the provisions of more than 55 previously-existing Federal narcotic and dangerous drug laws; it provides a comprehensive framework for the regulation of certain narcotic and non-narcotic psychotropic drugs in order to reduce the illicit diversion of these substances to non-medical or non-scientific users; and it provides the Attorney General with the express authority to enforce its provisions. DEA is the lead Federal agency charged by law with responsibility for investigations pertaining to narcotic and dangerous drug violations.

II. MISSION:

DEA's mission is to enforce the U.S. drug laws and to bring to justice those organizations and principal members of those organizations involved in illicit drug activities. (An illicit drug activity is one that involves the cultivation, manufacture or distribution of drugs appearing in or destined for the U.S. illicit market).

DEA also provides information, technical assistance, and guidance to its state, local and foreign counterparts and other Federal and international organizations.

Specifically, the DEA:

1. Investigates and prosecutes major drug violators;
2. Regulates the legal manufacturing and distribution of controlled substances;
3. Manages a national narcotic intelligence system;
4. Under the guidance of ODAP and the State Department, operates all programs associated with drug law enforcement officials in foreign countries;
5. Coordinates and cooperates with state and local agencies in investigations of drug offenses;
6. Supports the overall drug suppression effort with training, enforcement expertise, intelligence, research, science/technology and other activities;
7. DEA cooperates with the United Nations, Interpol and other organizations with mutual interests in international drug control-suppression interests.
8. Coordinates and supports non-enforcement activities designed to reduce drug availability.

III. RESOURCES:

During Fiscal Year 1977, DEA will carry out its mission using a total appropriation of \$168,263,000 and complement of 4,365 employees, 2,117 of which are criminal investigators (172 stationed in foreign countries). DEA is an organization consisting of a national office and 13 domestic regions with an accompanying 94 district offices. In addition, there are six foreign regions supporting some 62 foreign district offices which represent DEA in 40 foreign countries.

IV. FUNCTIONS:

These resources are deployed in a broad, multi-faceted attack on the channels and individuals supplying narcotics and dangerous drugs to the illicit market in the United States. The DEA effort is worldwide, with stress on eliminating the sources of illicit drugs and disrupting the highest levels of the traffic, through

intelligence gathering/dissemination and law enforcement actions. The Drug Enforcement Administration has adopted as a management tool, a program designed to evaluate, target and immobilize significant narcotic traffickers operating throughout the world. This system assesses traffickers and their organizations on a geographical/quantitative/qualitative format and ranks violators numerically as to their relative importance within a specified drug category. A Class I violator being the most significant - a Class IV the least important. G-DEP provides DEA with a means by which resource allocations can be prioritized and subsequently evaluated.

In carrying out its functions, DEA works to accomplish the following:

1. Limitation of cultivation/production of legitimate but abuseable pharmaceuticals to those quantities required for the practice of medicine.
2. Elimination of illicit cultivation/production on a global basis of narcotics and dangerous drugs.
3. Disruption of international routes and foreign staging areas prior to the entry of narcotics into the smuggling pattern aimed at the United States.
4. Disruption of organized efforts to smuggle narcotics and dangerous drugs through the United States ports and borders by means of coordinating intelligence acquired through overseas operations with domestic law enforcement investigations.
5. Suppression of the domestic traffic in controlled substances, whether produced in the United States or illicitly imported from abroad.
6. Cooperation with state and local law enforcement agencies to insure a continuity of enforcement actions at all levels of narcotic trafficking activity.

To engage successfully in such programs conducted in diverse geographic areas requires an array of techniques that must be employed selectively and flexibly. Additionally, DEA maximizes its strength by drawing upon foreign law enforcement agencies in the international fight against narcotics.

The following approaches are illustrative of the methods used to immobilize major traffickers and their organization structures:

1. Substantive cases, in which detailed investigation of a subject's modus operandi, surveillance of his operation activities, the recruitment of knowledgeable informants and undercover approaches which lead to the arrest of the trafficker and seizure of evidence of narcotics trafficking.
2. Conspiracy cases, in which the elements of past narcotics trafficking are carefully delineated and substantiated through documentary evidence and testimony.
3. Task Force approaches which combine the resources available at all levels of Federal/State/local law enforcement agencies which then interact and impact narcotic trafficking at all levels of activity.
4. Special projects and central tactical units which are used to provide flexibility in striking at major identified groups, as these organizations generally transcend the established regional boundary jurisdictions - domestic and foreign.

Abroad, where DEA has no jurisdictional authority, additional methods are employed such as:

1. Providing timely and accurate operational intelligence which permits foreign narcotic enforcement agencies to interdict and suppress controlled substances.
2. Providing substantive and documentary evidence obtained by DEA in the United States which enables foreign governments to prosecute source of supply narcotic traffickers in their respective countries.
3. Providing training, technical assistance and other resources to aid foreign countries in enforcing and suppressing the narcotic traffic.
4. Upon the request of host countries assists in investigations to the extent possible under operational agreements and guidelines.

These techniques require several essential support activities including:

1. An intelligence program and data base which permits exchange of DEA information with other Federal, state, local and foreign law enforcement agencies.

2. Training programs for domestic and foreign law enforcement officers at the DEA Headquarters as well as regionally in the U.S. and overseas. These programs assist these officers in raising their individual and collective levels of enforcement and intelligence expertise and familiarizing the officers with the mission and resources capabilities of DEA. These programs also enhance DEA's working relationships with state and local officers and assist foreign countries in developing cooperative techniques and enforcement methodologies.
3. A network of forensic laboratories and other scientific programs which support not only the DEA enforcement and intelligence programs, but also those of cooperating foreign and domestic narcotics law enforcement agencies.

V. COORDINATION:

Drug control, being the multi-faceted endeavor that it is, requires not only the efforts of DEA, but also the cooperation of many other agencies, including foreign, state and local police; the Departments of State, Treasury, Transportation, Agriculture, and Health, Education and Welfare; and other agencies within the Department of Justice.

DEA interfaces with foreign police under the auspices of the State Department by providing these agencies with intelligence and guidance. DEA works closely with the State Department's Narcotic Control Coordinators who are assigned to the U. S. embassies in nations that either produce drugs or are used as transit points in the international drug traffic.

The most comprehensive foreign cooperative drug control program is the joint program with Mexico. DEA has developed, expanded and improved the Mexican effort to eradicate illicit poppy cultivation and fully supports the Mexican drug investigative efforts.

DEA domestic cooperative efforts involve:

1. U.S. Customs Service. Narcotics intelligence is exchanged between DEA and the U.S. Customs Service at the field level, DEA provides monthly to Customs, a computer tape with all new information on DEA Class I, II and III violators. In most DEA Regions, a Customs Patrol Officer is assigned to the Regional Intelligence Unit. DEA narcotics intelligence is designed to assist the U.S. Customs Service in their interdiction of illegal drugs at or between the U.S. ports and borders. DEA operational agreements in this regard have been in force since December 11, 1975. DEA in turn responds to Customs narcotic interdictions at or near our U.S. ports and borders.

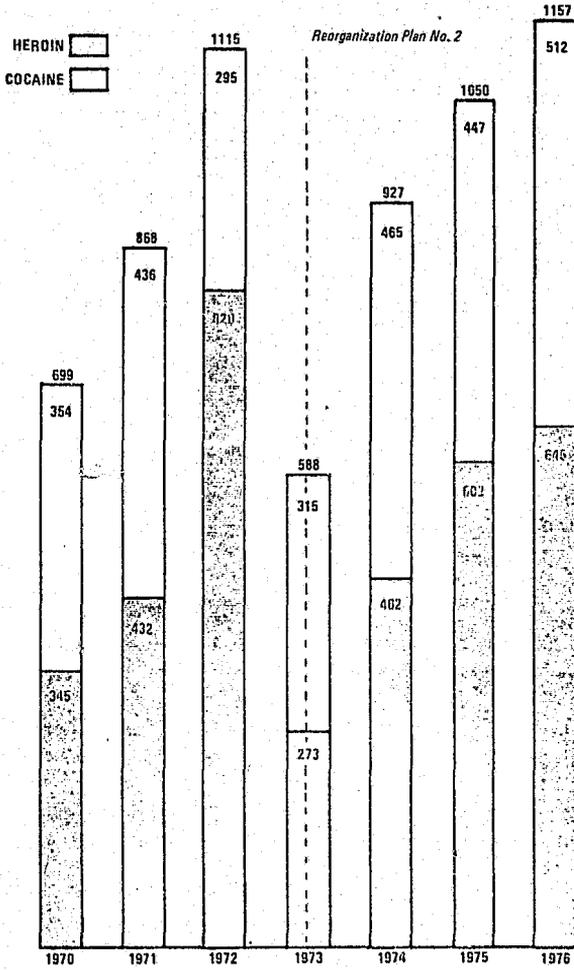
2. Internal Revenue Service (IRS). The IRS has agreed to devote resources against major narcotics violators. Since signing the Narcotics Trafficker Tax Program agreement in July 1976, DEA has been providing the IRS listings of high-level drug violators, and meetings have been conducted by members of both agencies at the field level. IRS prosecutions and investigations have proceeded with increased efforts and results.
3. Federal Bureau of Investigation (FBI). DEA agents question their informants not only on matter pertaining to drug trafficking activities, but also other violations of Federal law such as bank robberies, terrorism, etc. This information is then forwarded to the FBI. In addition, DEA submits names and pertinent data of all DEA Class I drug fugitives to the FBI for their assistance in apprehensions.
4. Immigration and Naturalization Service (INS). The DEA coordinates closely with INS not only by exchanging mutually-responsive intelligence, but also by responding to notices of drug seizures and apprehensions effected by the INS. Operational agreements have been in force since November 29, 1973.
5. EL Paso Intelligence Center (EPIC). This joint center is comprised of full-time Watch participation from DEA, INS, and Coast Guard. Liaison/coordination with Customs, FAA, ATF is accomplished by representatives assigned to EPIC. This center collects, analyzes and disseminates information regarding drug movement and illegal alien activity along the border, e.g., EPIC produces 1,115 copies of a weekly bulletin of which 335 go to Customs. The center is currently expanding its intelligence exchange with foreign intelligence services as well as domestic state law enforcement organizations.

DEA, INS and Customs participate in the Interagency Drug Intelligence Group/Mexico thus providing INS and Customs access to all investigative reports (DEA-6's) that relate to Mexican narcotics activity. INS and Customs are being requested to participate in the newly formed Asian Heroin Working Group. Participation in these groups permits joint products. These programs are designed to provide strategic and tactical intelligence on a timely basis to aid and assist the interdiction agencies in performing their duties and responsibilities.

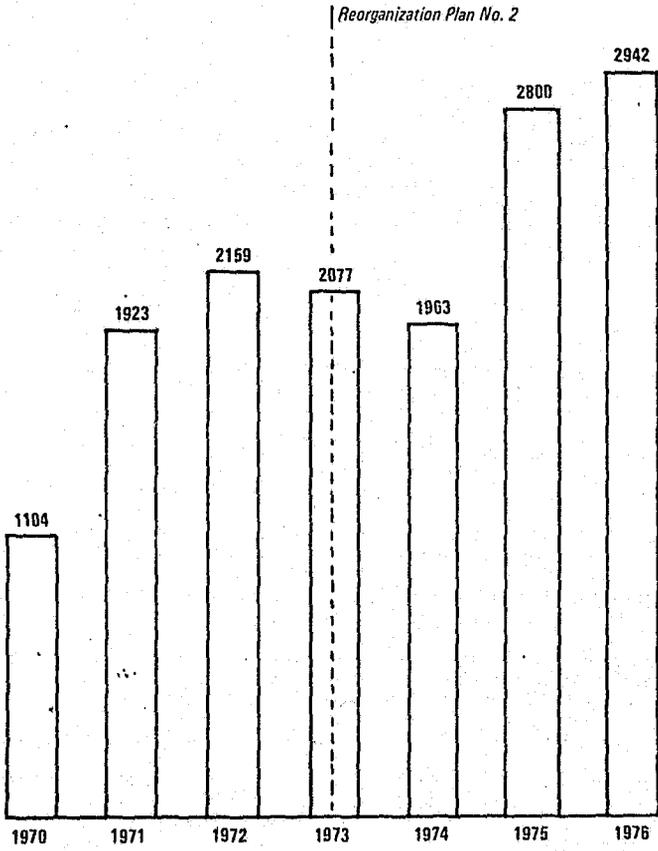
VI. ACHIEVEMENTS:

DEA functions within a worldwide social, economic, and political system in which the variable performance of other governments and agencies greatly affect the application of DEA's enforcement efforts, and the total impact on the U.S. supply reduction efforts. Certain objective statistical measures of performance may be cited which either directly or indirectly reflect the value of the agency's activity. It is of utmost importance that the quality and strategic significance of the application of DEA's efforts be understood in connection with the interpretation of these statistical measures. Therefore, it is necessary to consider the significance of the violators arrested and not simply their number. It is necessary to consider the strategic significance of eradication efforts in Mexico and other countries which have an impact on the overall supply and availability of illicit drugs in the U.S. Finally, it is important to realize the foreign drug enforcement efforts reflect the training, expertise, and stimulus provided by DEA personnel with the diplomatic assistance of the Department of State.

DEA FEDERAL DOMESTIC NARCOTIC REMOVALS (lbs.)



DEA FEDERAL DOMESTIC HEROIN ARRESTS*



*1970 & 1971 data includes cocaine; heroin alone not available.

APPENDIX D

PUBLIC HEALTH SERVICE

The Public Health Service consists of six operating agencies under the direct line authority of the Assistant Secretary for Health.

The Center for Disease Control (CDC) is the principal PHS agency responsible for preventing the introduction, transmission, and spread of communicable diseases from foreign countries into the United States. CDC is also charged with responsibility for supervising the medical examinations of aliens abroad seeking admission to the United States, as well as those aliens in the United States applying for permanent residence. These objectives are met within the framework of existing U.S. laws and regulations and international health regulations developed by the World Health Organization.

Mission

To prevent the introduction, transmission, or spread of communicable diseases from foreign countries into the United States is accomplished through surveillance, investigation, and control.

- Advances in disease control have made routine port inspections obsolete. Therefore, CDC maintains selective surveillance and uses experienced professional judgment in conducting appropriate inspection services.
- Public Health Service Inspectors are especially trained and have an experienced understanding of disease epidemiology.
- Inspections performed by Public Health Inspectors are based on potential risk rather than on volume of travelers.
- Medical backup, when indicated, is provided by field and headquarters medical epidemic intelligence service officers and other medical experts of the CDC's specialized disease prevention and control program.
- Laboratory services, when indicated, are provided by CDC laboratories.

To fulfill its mission, CDC must have public health competence and a working relationship with the network of public and private health resources that are essential in mobilizing an effective defense against the introduction of potential disease threat.

In 1966, upon reorganization of the Public Health Service, CDC was given responsibility for all quarantine activities. Management studies were immediately conducted and recommended changes were implemented in policy, practice, and procedures for inspections at ports of entry. These changes were based on revised assessments of worldwide health conditions. Improved

communications, the current state-of-the-art of epidemiology, development of an early warning system and secondary defense, and advances in modern technology. Some of the changes implemented were:

- a. developing and implementing radio clearance of vessels;
- b. restricting smallpox vaccination requirements to persons arriving only from those countries reporting smallpox;
- c. reducing the number of excludable diseases from 21 to 7 contagious diseases;
- d. discontinuing block inspection of aircraft and permitting co-mingling of passengers from different flights;
- e. implementing multiple inspections at the U.S. - Mexico border crossing points in collaboration with the other three inspectional agencies;
- f. implementing accelerated inspections at international airports in collaboration with the other three inspectional agencies;
- g. implementing a dual inspection system at international airports in collaboration with the Immigration and Naturalization Service.

Because of the dynamic changes in worldwide health conditions, the Center for Disease Control continues to assess its ports of entry quarantine operations. As a result of a recent study, additional modifications will be made during the next year, which will continue the trend established by the Center in 1966. Changes in inspectional practice and procedure during the past ten years have been accompanied by increased assistance from the U.S. Customs Service, the Immigration and Naturalization Service, and the Department of Agriculture who provided screening services for routine public health inspectional activities. This has permitted the CDC ports of entry inspectional staff to focus its efforts on traffic from high risk areas.

PLANT PROTECTION AND QUARANTINE PROGRAMS

Animal and Plant Health Inspection Service
U.S. Department of Agriculture

Introduction/Background

Plant and animal pests and diseases cost American farmers, ranchers, businessmen, and consumers over \$12 billion each year despite the fact that the United States is generally recognized as having the most effective pest and animal disease control program of all the nations of the world. Major responsibility for this heavy loss is traceable to alien pests and diseases introduced into the United States before effective Federal controls were established in 1912. If allowed unrestricted entry, new invasions of plant and animal pests and diseases, such as foot-and-mouth disease, exotic Newcastle disease, hog cholera, Mediterranean and other fruit flies, and khapra beetle, from foreign countries and offshore islands could cost U.S. citizens additional millions in lost and damaged agricultural resources, reduced production efficiency of our farms and forests, increased expenditures for pesticides and pest control, and increased hazards to human health, farm animals and wildlife. The plant quarantine system is America's first line of defense against foreign plant and animal pests. To safeguard the nation's food, forest, and ornamental resources, Federal plant and animal quarantine regulations prohibit or restrict the entry into this country of foreign pests, plants, plant and animal products, soil, or other materials or conveyances carrying plant and animal pests constituting a hazard. Among the essential enforcement aids provided by the plant and animal quarantine laws and regulations are: import/export inspections at ports; approved procedures and facilities for treating restricted imports when necessary to remove the pest risk; authority to refuse entry or seize and dispose of restricted or prohibited articles found entering the country in violation of regulations; and legal penalties for wilful violation of regulations.

Mission and Organization

The Plant Protection and Quarantine Programs (PPQ) program of the Animal and Plant Health Inspection Service (APHIS) conducts programs designed to (1) prevent the entry of foreign pests into the United States; (2) control or eradicate outbreaks of those that manage to slip in before they become established; (3) prevent the spread of foreign pests that establish colonies; (4) suppress periodic outbreaks of native pests too widespread for farmers and ranchers to handle by themselves; and (5) certify U.S. grown agricultural products to meet entry requirements of importing countries. These activities are accomplished through five major functions: Agricultural quarantine inspection at international ports of entry, pest surveys, regulatory services, control operations, and methods development.

Agricultural Quarantine Inspection (AQI)

PPQ's role of preventing entry of plant and animal pests and diseases is carried out by the AQI program. The AQI work is conducted at major ports of entry, which include airports, saltwater maritime ports, land border stations, and interior freshwater ports. This activity also is responsible for preventing pest movements from offshore U.S. territories to the mainland and between such areas. These responsibilities are accomplished by an inspection force of PPQ Officers located at or near ports of entry. The PPQ Officers work in close cooperation with other Federal Inspection Agencies in examining aircraft, ships, cargoes, passenger baggage, and other imported material. Cargoes of both an agricultural and nonagricultural nature are inspected for presence of foreign pests. Treatments or other safeguards may be applied to make infested or infested materials safe for entry. Foreign and offshore domestic mail parcels are inspected to assure freedom from prohibited products.

In addition to protecting the United States from invasion by unwanted plant and animal pests and diseases, PPQ Officers working in the AQI activity also inspect and certify U.S. grown agricultural products being shipped to foreign countries. This inspection is done as a service to exporters so their products will meet the agricultural entry requirements of the foreign country where the material is being shipped. Such inspections help strengthen the reliance of foreign countries on the pest-free condition of U.S. products, thereby increasing the demand overseas of our agricultural commodities.

Interactions

Historically the AQI program has had a strong working relationship with other Federal and State regulatory agencies. Because of the close interaction with the U.S. Customs Service (USCS), APHIS has an USCS Liaison Officer located in USCS headquarters. In processing carriers, cargo and persons, PPQ maintains daily contact with the public and industry involved in foreign commerce.

The AQI program participates directly with the Armed Forces Pest Control Board, national and international air and maritime organizations, National Plant Board Advisory Council, and other organizations which share mutual interests.

Program Results

The following are selected results of the AQI program regulatory effort for FY 1976:

118,257	Interceptions of foreign arriving organisms
380,000	Interceptions of prohibited plant material from baggage
103,000	Interceptions of prohibited meat products from baggage
18,500	Cargo treatments conducted
153,000,000	Plant units inspected
166,000	Mail packages of agricultural interest
3,000	Mail packages refused entry
6,000	Lots of animal products intercepted from mail
325,000	Ships and aircraft with prohibited plant and animal material
23,000	Lots of animal products (excluding meat) inspected (over one-half billion pounds)
146,000	Ships and aircraft with prohibited meat products
125,160	Ship and aircraft garbage disposal entries
76,000	Phytosanitary export certificates issued

Program Resources

The total PPQ budget for FY 1978 is estimated at \$58,829,309 of which \$25,983,000 will be devoted to the AQI activity. Of the 1,626 PPQ line and staff personnel, 750 technically trained professional employees carry out the enforcement activities of the AQI program.

U.S. DEPARTMENT OF AGRICULTURE
 NATIONAL AND PLANT HEALTH INSPECTION SERVICE
 PLANT PROTECTION AND QUARANTINE

OFFICE OF DEPUTY ADMINISTRATOR

1. Participates with the Administrator and other Agency officials in the overall planning and formulation of all policies, programs and activities of APHIS oriented to the Nation's agricultural and consumer protection needs.
2. Plans, provides leadership, formulates and coordinates policies, and directs the administration of Plant Protection and Quarantine programs and activities to protect the Nation's agricultural resources from foreign plant pests, and prevent the entry of such pests and animal diseases into the U. S. or their spread in foreign commerce.
3. Issues regulations (including quarantine) pursuant to law relating to Plant Protection and Quarantine programs and activities.
4. Coordinates with and provides technical assistance to State and local governments in regard to plant pest control programs and foreign governments with regard to pests and diseases of international quarantine significance.
5. Provides for the professional development and training of APHIS employees and training for foreign students in plant protection and quarantine programs.

34 30 01

RECOMMENDED: *[Signature]*
 Deputy Administrator, PQA

APPROVED: *[Signature]*
 Administrator, APHIS

DATE: OCT 14 1975

PROFESSIONAL DEVELOPMENT STAFF
 34 30 02

NATIONAL PROGRAM PLANNING STAFFS-
 OFFICE OF DIRECTOR
 34 30 07 0001

STAFFS

FORE OPERATIONS DEVELOPMENT STAFF	- 34 30 07 0010
PEST PROGRAM DEVELOPMENT STAFF	- 34 30 07 0015
ENVIRONMENTAL EVALUATION STAFF	- 34 30 07 0020
HIGH PEST DETECTION & SURVEY STAFF	- 34 30 07 0025
REGULATORY SUPPORT STAFF	- 34 30 07 0030
PLANT INFORMATION & TECHNICAL SUPPORT STAFF	- 34 30 07 0035
METHODS DEVELOPMENT STAFF	- 34 30 07 0040

NORTHEASTERN REGION
 34 30 22

SOUTHEASTERN REGION
 34 30 27

SOUTH CENTRAL REGION
 34 30 33

WESTERN REGION
 34 30 37

MEXICO REGION
 34 30 40

VETERINARY SERVICESAnimal and Plant Health Inspection Service
U.S. Department of Agriculture

The mission of the Animal and Plant Health Inspection Service's Veterinary Services is to protect the country against the introduction of animal diseases through the importation of infected and infested animals to assure that only healthy animals are allowed for export to protect the market for United States livestock. Veterinary Services is also charged with a responsibility for the eradication of animal diseases, either as their sole responsibility in the case of exotic diseases, or in cooperation with the various States for diseases which are or have been endemic.

Import-Export

The Import-Export part of Veterinary Services is involved at 84 international ports for importation of livestock; 16 air and ocean ports of which six are staffed and 10 which receive personnel for service on call, 43 Canadian border ports which are serviced by 17 persons, 15 Mexican border ports which are serviced by 10 persons. Personnel trained in diagnosis of foreign animal diseases are selected for port work to provide the extra protection necessary whenever they are available.

Cattle Fever Tick Program

Boophilus ticks, vectors of bovine piroplasmosis, were eradicated from the mainland of the United States in 1943, Swan Island in 1949, and Puerto Rico in 1968. It is necessary to maintain a quarantine area along the Rio Grande River from the Gulf of Mexico to the Amistad Dam to prevent the establishment of Boophilus infestations in the United States which are caused by stray or smuggled livestock entering from Mexico where Boophilus ticks and bovine piroplasmosis exist. Recent infestations of Boophilus ticks in areas of Texas beyond the permanently quarantined zone have depleted necessary personnel in the quarantined zone so they can be used to control the outbreaks. This depleted force in the quarantine zone makes the United States more vulnerable to further Boophilus penetration from Mexico.

The danger can be shown by the attachments which indicate the number of premises infested, both within the quarantine zone and beyond the quarantine zone, where the threat to United States livestock is even greater.

The eradication of the Boophilus vector of piroplasmosis is carried out by Animal Health Technicians. Their duties involve horseback patrol of pastures to determine whether animals from Mexico have entered and whether animals in the pasture are tick infested. The roping of cattle from horseback is a necessary skill to immobilize animals so that ticks may be collected and identified.

The identification of ticks must precede the treatment of animals with pesticide mixtures to kill the pests. The treatment of animals involves the dipping and spraying of animals with properly prepared pesticide mixtures and the submission of dip samples to the laboratory. The Animal Health Technicians must be capable of recognizing animal diseases to determine if animals become infected with bovine piroplasmosis.

The quarantine area must be patrolled to assure that infestations do not go undetected, that animals are not allowed to leave until they have been checked, found free of ticks, and given a precautionary treatment.

The movement of infested animals from the quarantined area would seriously jeopardize the livestock industry of this country, particularly that which is now established in the 985 counties and 15 states where the Boophilus tick was able to maintain itself before it was eradicated. This area now maintains a cattle population in excess of 30,000,000 head of cattle worth over \$5 billion.

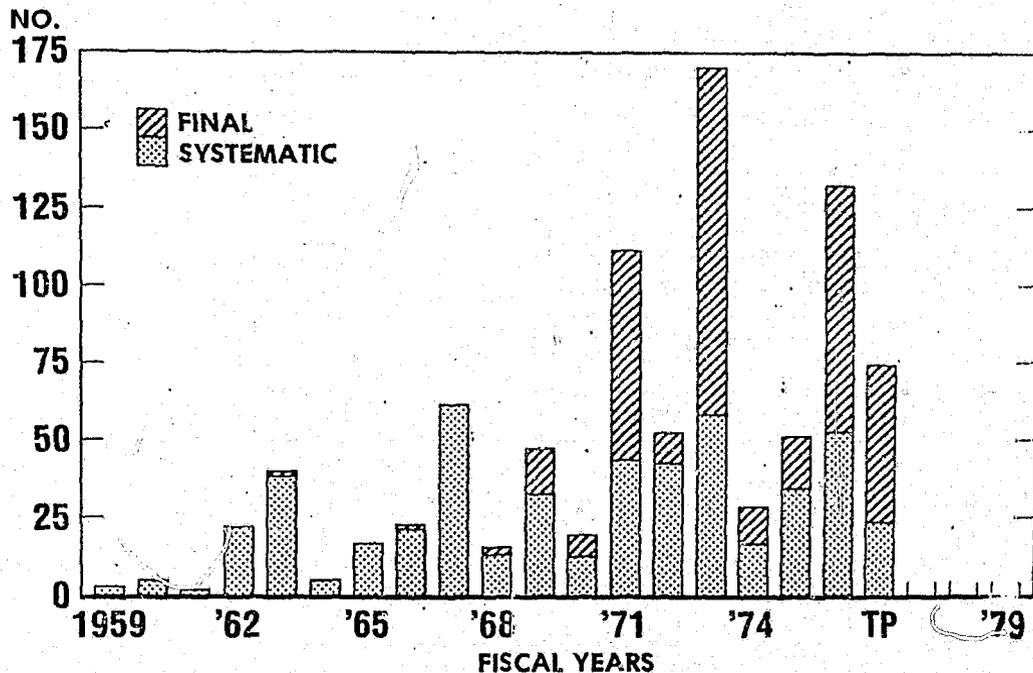
Resources

Funds for the import/export program are \$1.9 million. The cattle fever tick program is funded in the amount of \$2.4 million.

CATTLE FEVER TICK INFESTATIONS

<u>Fiscal Year</u>	<u>Systematic Area (Permanently Quarantined)</u>	<u>Final Area</u>
1959	2	0
1960	4	0 ^a
1961	1	0
1962	21	0
1963	38	1
1964	4	0
1965	16	0
1966	21	1
1967	61	0
1968	13	2
1969	32	15 (year of Dimmit county outbreak)
1970	12	7
1971	43	68
1972	42	10
1973	58	112 (Alice outbreak)
1974	16	12
1975	34	17
1976	52	80
Transitional period	23	51
1977 (first quarter)	11	31

CATTLE FEVER TICK INFESTATIONS



B-8

U.S. DEPARTMENT OF AGRICULTURE

VETERINARY SERVICES

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

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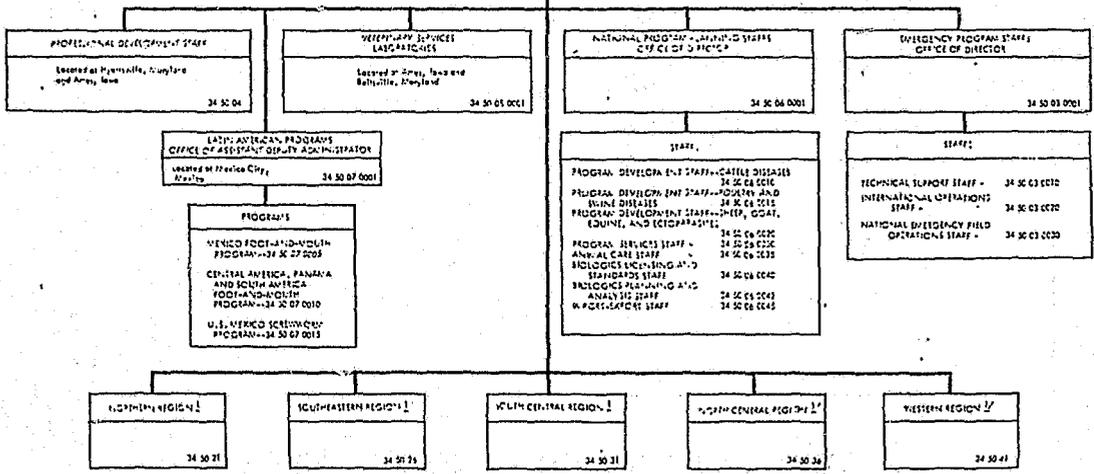
U.S. DEPARTMENT OF AGRICULTURE
ANIMAL AND PLANT HEALTH INSPECTION SERVICE
VETERINARY SERVICES

OFFICE OF DIRECTOR AND ASSISTANTS

1. Participates with the Administration and other Agency officials in the overall planning and formulation of policies, programs and activities in ADHS oriented to the Nation's agriculture and consumer protection needs.
2. Plans, provides leadership, formulates and coordinates policies, and directs the activities of a national and overseas staff program to protect the health of the Nation's livestock and poultry resources, animal quality and safety of veterinary biologics, and provides for the welfare and humane treatment of certain animals.
3. Issues regulations pursuant to laws relating to Veterinary Services programs and activities.
4. Coordinates with and provides technical assistance to State and local governments in respect to international quarantine and zoonotic animal disease programs.
5. Provides for the professional development and training of ADHS personnel and teaching of foreign students in veterinary services programs.

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34 51 03

RECOMMENDED: INT 761
APPROVED: J. M. [Signature]
DATE: 2/23/76



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1 Regional Director located at Beltsville, Maryland

U.S. Coast GuardBACKGROUND

The Coast Guard is the nation's primary maritime law enforcement agency. It is the only federal agency with plenary jurisdiction over all violations of federal laws upon the high seas and waters over which the United States has jurisdiction. These waters include the internal waters of the United States; the 3 mile territorial sea; the 12 mile contiguous zone for customs and immigration; the 200 mile fisheries conservation zone; and the high seas beyond the territorial sea. 14 USC 2 states that the Coast Guard shall enforce or assist in the enforcement of all applicable Federal laws upon the high seas and waters subject to the jurisdiction of the United States and under 14 USC 89 the Coast Guard may make inquiries, examinations, inspections, searches, seizures, and arrests to enforce those laws. For such purposes, commissioned, warrant, and petty officers may at any time go on board any vessel subject to the jurisdiction, or to the operation of any law of the United States, address inquiries to those on board, examine the ship's documents and papers, and examine, inspect, and search the vessel and use all necessary force to compel compliance. The section goes on further to outline the authority to arrest persons and seize the vessel if a breach of the laws of the United States has occurred. In addition to the authority outlined above, sections 14 USC 143 and 19 USC 1401(1) designate Coast Guard commissioned, warrant, and petty officers as "officers of the customs." Under 14 USC 141 the Coast Guard may, when so requested by proper authority, utilize its personnel and facilities to assist any Federal agency, State, Territory, possession, or political subdivision thereof, or the District of Columbia, to perform any activity for which such personnel and facilities are especially qualified. The Coast Guard may also avail itself of the facilities and personnel of the organizations listed above.

MISSIONS

The Coast Guard has several primary missions and most Coast Guard facilities, vessels, and aircraft are multi-mission: a buoy tender on an Aids-to-Navigation mission may conduct law enforcement boardings of pleasure craft and fishing vessels; an aircraft on pollution patrol may also be looking for suspect vessels. In like fashion, a Marine Inspector checking a vessel's seaworthiness may uncover a customs violation.

Enforcement of Laws and Treaties. The objective is to protect and preserve the natural resources and national interest on or under the territorial waters, contiguous zone, and special interest areas of the high seas by all appropriate means including the enforcement of

international agreements and Federal laws except for those relating to pollution, traffic control and port and vessel safety. This includes but is not limited to the enforcing of federal laws and international agreements related to fisheries, the protection of marine mammals, the exploitation of natural resources, and the smuggling of narcotics and illegal aliens.

Port Safety and Security. This mission is to safeguard the nation's waterways, port facilities and vessels, persons, and property in the vicinity of the ports from accidental or intentional destruction, damage, loss or injury. It is also to protect the navigable waters and adjacent shore areas of the United States, and the adjacent resources from environmental harm.

Search and Rescue. The purpose of this mission is to minimize loss of life, injury, and property damage by rendering aid to persons and property in distress on, over, and under the high seas and waters under the jurisdiction of the United States. This includes cooperation with other governmental organizations (Federal, State, and local) to carry out activities in the international sphere where appropriate in furthering national policy, and to assure efficient utilization of public resources.

Marine Environmental Protection. The purpose is to maintain or improve the quality of the marine environment. Also of major concern is to minimize the danger caused by pollutants discharged into the marine environment by endeavoring to provide efficient, coordinated, and effective action in response to the discharges of oil or hazardous substances into the waters of the coastal area.

Commercial Vessel Safety. The objective is to minimize deaths, personal injuries, and property loss or damage associated with vessels and other facilities engaged in commercial, scientific or exploratory activity in the marine environment. This is pursued through the administration of federal laws, the development and enforcement of Federal standards, and implementation of international agreements.

Boating Safety. The purpose is to minimize the risk of loss of life, personal injury, and property damage associated with the use of recreational boats to provide the boaters with maximum safety in the nation's waterways. In addition, Coast Guard boating safety personnel conduct liaison with the States, train State personnel, and coordinate Federal/State programs to assist effective State participation in boating safety programs.

Military Preparedness. The objective is to maintain the Coast Guard as an effective and ready armed force which is prepared for and immediately responsive to assigned tasks in time of peace, war, or national emergency.

Ice Operations. The purpose is to facilitate U.S. maritime transportation, scientific research, and other activities in the national interest. This is accomplished by providing icebreaking service on icebound domestic waters and in polar regions of interest to the United States, and by providing assistance to other governmental agencies in the prevention of flooding caused by ice accumulation.

Marine Science Activities. The objective is to conduct the International Ice Patrol; to improve marine environmental measurement and prediction in furtherance of the Search and Rescue, Marine Environmental Protection, Ice Operations, and other Coast Guard programs; and to assist other Government agencies and non-Federal scientific organizations in support of national marine science objectives.

Aids to Navigation. The purpose is to facilitate the safe and expeditious passage of marine traffic in coastal areas, inland waterways, and harbors in order to enhance the utility of national waterways for commercial, recreational, public, and private users. In addition, this program is to provide a continuous, accurate, all-weather position fixing capability for marine and air traffic.

ORGANIZATION

The Coast Guard is organized into twelve districts which encompass all 50 states, U.S. territories, and possessions. East Coast and Gulf districts are under the operational control of Commander, Atlantic Area, while West Coast districts are under the operational control of Commander, Pacific Area. Within each Coast Guard district, the District Commander controls all operations. If operations cross district boundaries, the cognizant Area Commander normally assumes operational control. The locations and areas of responsibility of the Area and District commands are depicted on the chartlet attached.

RESOURCES

Personnel. The Coast Guard as of 31 March 1977 had 37,068 military and 6,532 civilian personnel to carry out and support Coast Guard operations.

Vessels. The Coast Guard has 253 cutters over 65 feet in length and approximately 1800 smaller vessels.

Aircraft. The Coast Guard has 24 air stations located throughout the country and Puerto Rico to provide aviation assets in support of Coast Guard operations. There are 55 fixed wing aircraft (C-130, HU-16E, C-131) and 115 helicopters (HH-52A, HH-3F).

Shore Units. The Coast Guard has Bases, Marine Safety Offices, Depots, Port Safety Stations, Search and Rescue Stations, and various other shore units throughout the country. These units are located in major ports and other areas along our maritime borders. Most of these units have offshore and harbor patrol craft which engage in law enforcement and other missions.

OPERATIONS

The following is a summary of Coast Guard maritime law enforcement operations:

1. Operations in the Southeast U.S. including the Atlantic, the Gulf of Mexico and the Caribbean:

a. Surface Law Enforcement Patrol (SURLEPAT) - These surface patrols are conducted by a single vessel, either a 210' medium endurance cutter or an 82' patrol boat, and are primarily conducted in the Florida Straits - Windward Passage area and in the waters surrounding Puerto Rico. Vessel traffic is reported and law enforcement boardings are conducted.

b. Multi-Unit Law Enforcement Patrol (MULEPAT) - This is a multi-unit version of SURLEPAT that usually consists of a 210' medium endurance cutter, with helicopter embarked, and one or more 82' patrol boats supported by land-based aircraft. They patrol various areas of interest such as Mona Passage, Windward Passage, etc., based on available intelligence information.

c. Yucatan Patrol (YUCPAT) - This is a random scheduled patrol conducted by a 210' medium endurance cutter with helicopter embarked. The patrol is in the Yucatan channel and vessel traffic is monitored and law enforcement boardings are conducted.

d. Airborne surveillance flights are conducted on a random schedule to detect violations and report on any suspect vessel activity. The flights utilize rotary and fixed wing aircraft and are concentrated along the Southeast and Gulf coasts of the United States, Puerto Rico, and the isolated cays of the Bahama Islands.

e. There have been some very successful multi-agency (primarily Customs, DEA and Coast Guard) operations in the Gulf of Mexico and Caribbean areas.

2. Operations along the West Coast of the United States and Hawaii:

a. The Coast Guard's law enforcement efforts are being emphasized in the Southern California area and the Hawaiian Islands. Effective

liaison has been established in these areas with appropriate law enforcement agencies, local and federal.

b. West Coast Coast Guard Districts, including Hawaii, have scheduled random patrols utilizing 82' and 95' boats and small patrol craft from local stations. The patrols will monitor vessel traffic and conduct law enforcement boardings.

c. Airborne surveillance flights, similar to those conducted off the Southeast United States, are also planned.

3. The Coast Guard fully supports and participates in the El Paso Intelligence Center (EPIC). The intelligence provided by EPIC has resulted in several major seizures by the Coast Guard.

4. Summary of vessels seized and value of narcotics and other dangerous drugs confiscated.

<u>Calendar Year</u>	<u>Vessels</u>	<u>Street Value of drugs</u>
1973	4	4,085,000
1974	11	33,251,400
1974	7	34,804,525
1976	25	133,134,265

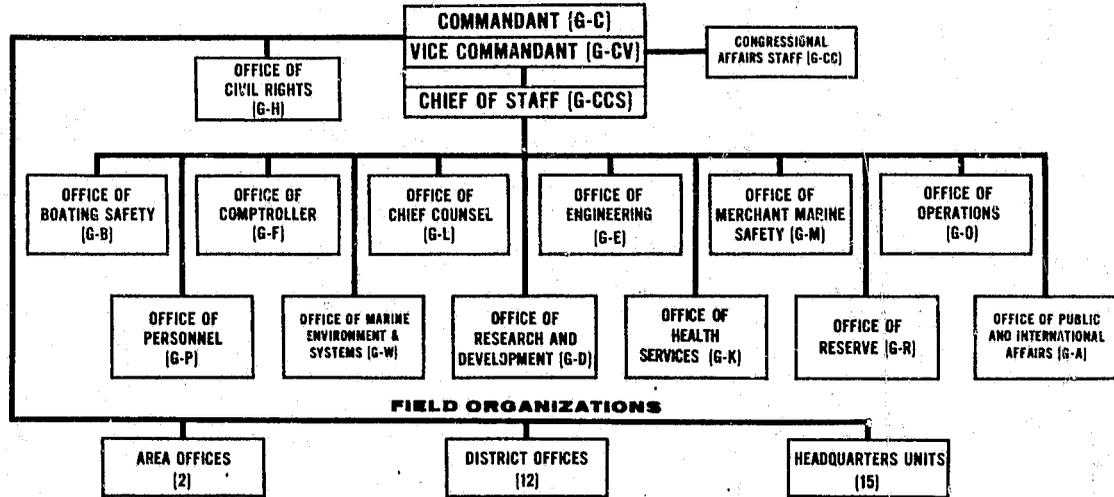
BUDGET

The FY 78 Coast Guard budget is presently in the Congressional stage and in part is as follows:

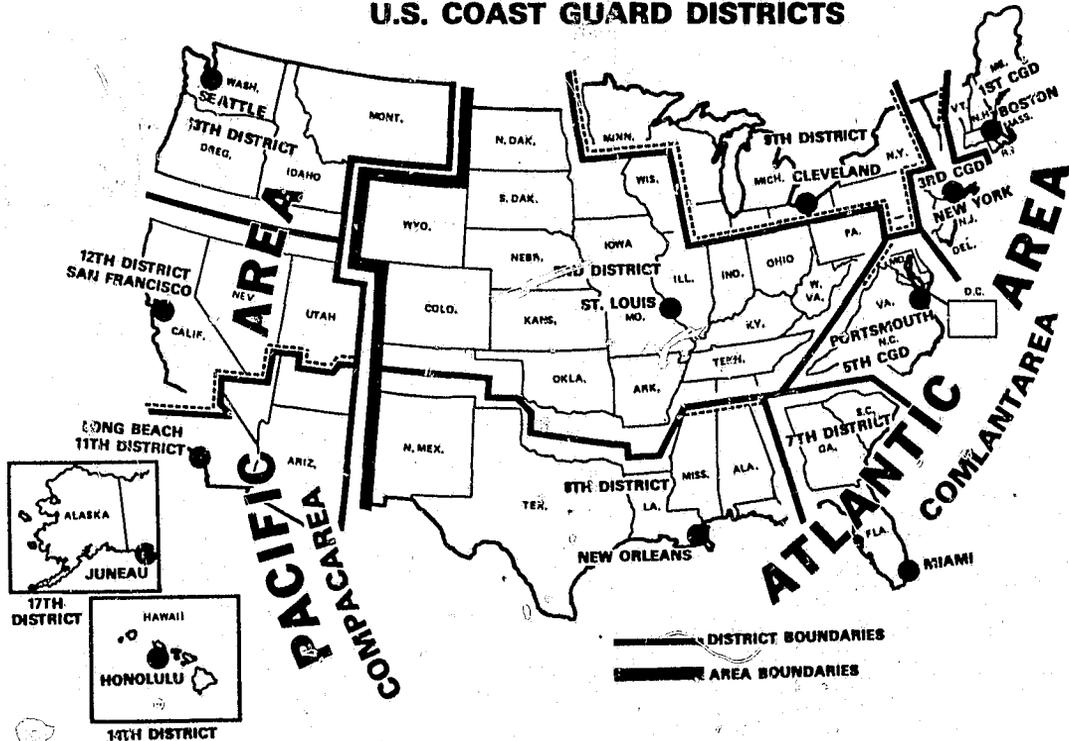
Total Requested \$1,348,012,000

Of this total, \$874,261,000 is for Operating Expenses which includes \$92,494,000 for Enforcement of Laws and Treaties.

**DEPARTMENT OF TRANSPORTATION
U.S. COAST GUARD ORGANIZATION**



U.S. COAST GUARD DISTRICTS



537

FISH AND WILDLIFE SERVICE
DEPARTMENT OF THE INTERIOR

CONTROL OF WILDLIFE IMPORTATIONS
INTO THE UNITED STATES

Although the United States has had legislation restricting the importation of certain species of wildlife--such as migratory birds--since the early 1900's, serious attempts at controlling the importation of wildlife were not begun until 1970. This law enforcement emphasis on wildlife importations was precipitated by the enactment of the Endangered Species Conservation Act of 1969 and amendments to the Lacey Act of 1900, both of which became effective in 1970. Subsequently, other new laws were enacted which increased the authority of the U.S. Fish and Wildlife Service (FWS) to control wildlife importations. These include: the Marine Mammal Protection Act of 1972, amendments to the Migratory Bird Treaty with Mexico, implementation of a Migratory Bird Treaty with Japan, and the Endangered Species Act of 1973, which expanded the protection afforded to endangered species and implemented the Convention on International Trade in Endangered Species of Wild Fauna and Flora. These laws have provided the FWS with broad authority to control and regulate the importation and exportation of wildlife. The following is a discussion of how the United States implements these controls on wildlife importation.

DESIGNATED PORTS OF ENTRY

In 1970, the United States designated 8 ports of entry--with certain exceptions--through which all wildlife and its products must be imported: New York, Miami, New Orleans, Chicago, Seattle, San Francisco, Los Angeles, and Honolulu. This requirement substantially reduces the cost of inspecting and clearing wildlife shipments. At the same time, FWS officers who are specially trained in the handling of wildlife importations can be made available at these ports of entry on a 24-hour basis.

The normal procedure for wildlife importations entering the United States is for the shipment to be inspected and cleared by FWS officers at one of these designated ports prior to being transhipped to an interior port of entry for final U.S. Customs clearance. This procedure eliminates the need for the FWS to station officers at all U.S. ports of entry, thus reducing the costs for clearing and monitoring wildlife importations. In the event that a wildlife shipment is imported at a port of entry other than one of the 8 designated ports, it is forwarded under Customs bond to the nearest designated port for FWS clearance.

There are some specific exceptions to this designated port requirement. Wildlife imported from Canada or Mexico may be imported through any of several ports along those borders which are designated for such importations. In addition, passenger baggage and household goods are generally exempted from the designated port requirement. These exemptions do not apply to wildlife which cannot be legally imported into the United States. With the initiation of export controls, the same ports designated for wildlife importation will be designated as ports for exportation for wildlife and wildlife products.

WILDLIFE INSPECTION

Initially, designated ports of entry were staffed with FWS Special Agents (criminal investigators) who conducted all monitoring, inspecting, clearing, and other activities necessary to control the importation of wildlife. It was soon evident, however, that these Special Agents were spending an inordinate amount of time with routine inspections and clearances and were not able to conduct investigations into suspected illegal activities, therefore, the concept of Wildlife Inspectors taking over the routine port activities of inspection, document examination and clearance was developed. This program was initiated at the Port of New York in 1975 and proved highly successful.

The Wildlife Inspector program was expanded to all designated ports of entry during 1977, and plans are underway to further expand the program to include large volume nondesignated ports, as well as border ports. Under this plan, all wildlife shipments presented for importation or exportation will be initially inspected by a Wildlife Inspector. If the shipment meets all requirements for importation or exportation, then the Wildlife Inspector will have the authority to grant FWS clearance. If, however, the Wildlife Inspector discovers irregularities in the shipment, he will refer the matter to a Special Agent stationed in the port city who will conduct the followup investigation.

LAWS AND PROCEDURES

U.S. law currently prohibits the importation without a permit of all migratory birds, marine mammals, endangered species, live injurious wildlife, and all wildlife listed on Appendices I, II, or III of the Convention on International Trade in Endangered Species of Wild Fauna and Flora. In addition, U.S. regulations require that all other wildlife imported into the United States be accompanied by certification from the country of origin and/or the country of export that such wildlife was lawfully taken and exported. U.S. law also prohibits the transportation in foreign commerce of wildlife which has been taken, transported or sold in violation of the laws of any foreign government.

Depending upon the individual circumstances involved, wildlife which has been imported into the United States contrary to U.S. law and regulations may be seized, reexported by the owner, abandoned, released to the importer on bond subject to recall or refused clearance until such time as the importer can comply with U.S. import requirements.

To facilitate the enforcement of the importation restrictions, each importer is required to file a Declaration for Importation or Exportation of Wildlife (Form 3-177) in which he must declare all wildlife or wildlife products by both common and scientific names. FWS clearance of imported wildlife shipments will not be granted until the FWS officer is satisfied that the wildlife has been properly identified by the importer. Failure to provide such identification is sufficient grounds for a FWS officer to refuse clearance of a shipment.

If the officer suspects that the shipment contains one or more restricted species, then the shipment may be sent to one of several experts for identification. In addition to the declaration requirements, U.S. law further requires that all packages and containers of wildlife transported in interstate or foreign commerce be marked on the outside with the name and address of the shipper and consignee, as well as the number and species of wildlife contained therein.

EFFECTIVENESS

The effectiveness of the FWS program to control importations and exportations of wildlife has been directly proportional to the staffing level at the various ports of entry. The program has been very effective in areas where Service Special Agents maintain a close liaison with U.S. Customs authorities, providing the needed technical expertise to Customs officers. In those areas where Service officers are not able to provide this support, the program has been less effective because the heavy workload placed upon Customs officials prevents them from giving the necessary emphasis to the wildlife importation control system. Similarly, the initiation of the Wildlife Inspector program at the Port of New York more than doubled the efficiency of the wildlife importation system in that area.

ACCOMPLISHMENTS

Total importations of wildlife and wildlife products inspected or cleared by the Service more than doubled in the year following the implementation of the Wildlife Inspector program, increasing from approximately 12,000 entries to over 25,000 entries. It is expected that similar results will be obtained as Wildlife Inspectors are assigned to other designated ports of entry. In 1976, approximately 60,000 wildlife importations were inspected by Service officers. The wildlife importation control system in the United States has been largely responsible for a dramatic reduction in commercial violations of importation restrictions through the designated ports.

In addition to the monitoring and inspection of wildlife shipments, FWS has initiated a campaign of public education and information about the importation and exportation restrictions of wildlife. This campaign has taken the form of radio and television announcements, public appearances

by FWS employees, fact sheets and pamphlets made available at U.S. ports of entry and upon request to members of the general public. While this program has been effective, the substantial number of violations detected on the part of tourists returning to the United States indicates that many people within this country are still uninformed about Federal wildlife importation restrictions and public education efforts need to be increased.

RESOURCES

FY 1977 Budget: 271 Positions, \$8.6 million (32 border inspectors).

G-4

NON-BORDER FUNCTIONSIntroduction

The agencies involved in border management perform certain functions which, although performed in the interior, are natural extensions of the border operation. The following synopsis reflects some of these activities involving INS, DEA and Customs. In addition, significant functions performed by the United States Coast Guard, although border related, are not law enforcement oriented. These activities are detailed in the description of the U.S. Coast Guard contained in Appendix F.

INS

The following represents a description of those INS functions performed at interior locations and their relationship to the border.

1) Inspections: The inspections function is principally a border operation. With few exceptions, the Immigration Inspector at the port of entry creates a record of admission on every alien who enters the U. S. This record is the basis for future investigation if the alien fails to comply with his stay limit, and is used in determining eligibility for other immigration benefits.

In some cases, the inspection may be deferred to an INS district office to allow time to secure additional information before deciding on the alien's admissibility. The alien is instructed to report there at a later date to present the additional information to the examining Inspector. Similarly, refugees must present themselves to an INS district office for further inspection and permanent admission to the U. S. two years after their parole or "conditional" entry at the port.

2) Adjudications: Applications or petitions for benefits under the Immigration and Nationality Act are regularly adjudicated by Immigration. Applications for Mexican border crossing cards, replacement cards and for permission to go more than 25 miles beyond the border are considered border functions because they are filed and adjudicated by INS at border ports of entry.

The bulk of adjudications for other types of benefits, however, are routinely processed in the interior in INS district offices. A large volume of adjudication work is done by inspectors at air, land and sea ports of entry during standby time available between peak workloads. This administrative work is also performed during night shifts, at airports between flights, and at low-volume ports of entry.

3) Naturalization: Naturalization is a function conducted exclusively in the interior. Subsequent to immigration to the U.S. and the satisfaction of specified time and qualitative requirements, an alien may apply for naturalization at INS district offices. Descendants of naturalized citizens in turn may become eligible for derivative citizenship. Therefore, the file on the newly naturalized citizen may be the starting point for continued immigration and naturalization.

4) Border Patrol: Although most of the functions of the Border Patrol are directly related to the border, other functions such as city patrol, transportation check and farm and ranch checks are done beyond the immediate border location. For instance, some Border Patrol sectors and stations have no direct border responsibility but maintain back-up operations to apprehend aliens illegally in the U.S. Anti-smuggling efforts of the Border Patrol are directed at border area alien smugglers and on the interdiction of trafficking rings at the border.

5) Investigations: The INS investigations program is conducted primarily in the interior. Although INS investigators are stationed in a few of the Southern land border ports of entry to handle cases of document fraud, most are stationed in district offices throughout the U.S. Their function in the interior is to investigate cases of fraudulent, subversive, criminal immoral, or narcotic actions by aliens; to investigate suspect aliens seeking benefits through the adjudications and naturalization processes; and to conduct area control operations, where, in response to leads, they apprehend aliens illegally in the U.S. Whereas border anti-smuggling operations are conducted by the Border Patrol, in the interior, investigation of alien/narcotics smuggling rings which recruit aliens abroad and transport them to the interior of the U.S., are conducted by the INS investigators.

6) Detention and Deportation: The detention and deportation program in INS district offices supports both border and interior operations. There are three INS detention facilities and a staging area along the Southwest border. Many aliens apprehended at the border or denied entry at the ports are held in these detention facilities pending hearings, prosecution, or expulsion.

Border detention facilities are also used to support interior enforcement operations. Mexican aliens apprehended through Border Patrol back-up or interior investigative operations are bussed from locations such as Albuquerque, Denver, and Chicago, to these border facilities where they are detained. INS also operates a detention facility in New York City which is utilized by the INS interior enforcement efforts, primarily in the Northeast. In other areas of the interior where INS detention facilities are not available, apprehended aliens are held in state or local detention facilities.

7) Immigration Judges: Immigration Judges are responsible for presiding over administrative hearings both in the border area and in the interior. All aliens found to be inadmissible to the U.S. at a port of entry or determined to be illegally in the U.S. in the border area or in the interior, are entitled to a formal exclusion or deportation hearing. Judges are located in the interior in several of the larger INS district offices and travel extensively to other interior and border locations to conduct hearings.

8) Records: With few exceptions, a record is kept of all formal INS contacts with or regarding the alien. These records together form a single file on the alien which is used to establish eligibility, deportability, or any other subsequent process within the Service. These files are maintained in the INS district in which the alien lives.

9) Summary: INS can be considered as both a border and an interior operating agency. The district offices and four regional offices provide both the overall management and act as operating centers for these interior functions. INS believes that the management of the alien is a continuum from the time he states an intent to come to the United States until he has departed or becomes a naturalized citizen, because an alien's eligibility for benefits or liability to deportation often depends on actions taken prior to or at the time of admission to the U.S. The records maintained on the individual are the supporting documents for all phases of the alien's involvement with Immigration. The records provide a connecting link for the entire process. Therefore, significant problems would be created if the border functions and the interior functions were in different agencies.

DEA

The mission and functions of the Drug Enforcement Administration focuses its resources on domestic enforcement (including investigations, intelligence, regulatory and compliance and a number of support activities) and foreign initiatives (principally enforcement support, intelligence and training). The current thrust of DEA's operations is to immobilize major traffickers and organizations with particular emphasis on conspiracy investigations.

Because of DEA's focus on investigations and penetrations of drug trafficking networks, border support activities are viewed as important, but subordinate to DEA's principal mission. Therefore, the preponderance of DEA's resources are allocated to non-border areas.

CUSTOMS

In contrast to the DEA, Customs mission and functions focus its resources almost exclusively on the border and border-related activities of the Customs Service which can be classified as a non-border function is the adjudication process of the Customs Court.

The Customs Court provides a mechanism for resolution of disagreements or appeals to Customs determinations and rulings. This adjudication process is a direct result of Customs operations at the borders.



THE DEPUTY ATTORNEY GENERAL
WASHINGTON, D.C. 20530

August 24, 1977

Peter G. Bourne, M.D.
Director
Office of Drug Abuse Policy
The White House
Washington, D. C. 20500

Dear Dr. Bourne:

By letter of August 8, 1977, you solicited the views of the Department of Justice on the draft report of the Border Management and Interdiction Review Team. We appreciate this opportunity for review and comment.

The responses of the Drug Enforcement Administration and the Immigration and Naturalization Service are attached. In addition, the Department of Justice wishes to convey several points.

The report, in our view, does not go far enough in the development of alternatives to the present organization. It falls short in analysis of the central questions which are (1) where in the government a new border management agency should be located, and (2) precisely what portions of existing agencies would make up the new agency.

This study was initiated because drug enforcement was identified as a high priority. On pages 74 and 75 the draft states that the revenue collection function, traditional departmental support, and the relative size of enforcement activities are most relevant to determining the organizational placement of a new agency. We do not agree.

Placement should be based on eliminating fragmentation and competition which in the past have led to inefficiency. The central findings of the ODAP study revolve around this issue and therefore the proposed solutions should proceed from it.

The Department of Justice is charged with the enforcement of the federal drug and immigration laws. It follows that consolidation of border management functions should be in the Department of Justice. This would permit the Attorney General to direct the full range of drug control and immigration activities. Any other placement would simply perpetuate present problems of fragmentation.

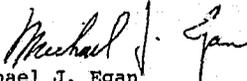
Until such a discussion of alternatives takes place, we do not believe the scope of the study has been sufficiently developed to warrant a reorganization decision. A full examination of enforcement issues is underway by the President's Reorganization Project of OMB. The ODAP study will provide useful preliminary materials for that review. When completed, the Attorney General expects to comment further before any proposal on these matters is submitted to the President.

Thank you.

Sincerely,



Peter F. Flaherty
Deputy Attorney General



Michael J. Egan
Associate Attorney General

Attachments

cc: Bert Lance, Director, Office of Management and Budget
F. Treadwell Davis, President's Reorganization Project



THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

August 22, 1977

Dear Dr. Bourne:

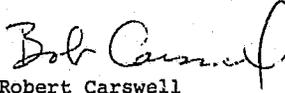
Thank you for transmitting the draft report of the Border Management and Interdiction Review Team with your letter dated August 8, 1977 to us for our views and comments.

The Customs Service is providing to you under separate cover its comments on the report. We have reviewed those comments and in general are in agreement with the concerns expressed therein although we believe it is premature for us to endorse a particular option. We also believe it would be premature to address the question of which department should supervise consolidated border agency enforcement. The resolution of that issue should await not only a decision as to whether there should be a border management agency but also the results of your study on Drug Law Enforcement and OMB's overall law enforcement agency study. Those studies will necessarily have to face issues that go well beyond the scope of this report but that clearly have a bearing on the question, e.g. whether all or most law enforcement activity should be concentrated in one department, whether investigative and prosecutorial functions should be consolidated under one department, whether law enforcement activities associated with collection of revenues should be supervised separately from enforcement of general criminal statutes, how the non-border enforcement activities of the agencies here involved will be supervised, etc.

I might also emphasize that regardless of how the overall question of consolidation is resolved, the present structure of intelligence collection and dissemination pertaining to border interdiction must be changed. Quite apart from whether there is any valid distinction between

national and border intelligence, the fact is that the Customs Service is not now receiving adequate intelligence whether that judgment is made on an historical basis or on a current, qualitative basis. There is every reason to believe that inadequate intelligence has adversely impacted drug interdiction at the border, and any reorganization must address this inadequacy.

Sincerely,



Robert Carswell

Dr. Peter G. Bourne
Director
Office of Drug Abuse Policy
The White House
Washington, D.C. 20220



OFFICE OF THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

ASSISTANT SECRETARY
FOR ADMINISTRATION

August 22, 1977

Pete/ G. Bourne, M.D.
Director
Office of Drug Abuse Policy
The White House
Washington, D.C. 20500

Dear Dr. Bourne:

I am forwarding for your consideration the Department of Transportation (DOT) response to the draft Border Management and Interdiction Study. In view of your request for comments from the United States Coast Guard (USCG), we have included in this reply the views of the Commandant.

As a matter of general comment upon the entire study, some significant policy, management and organizational problems affecting Federal border law enforcement activities were identified. Specifically, the problem seems to be the numerous cases of jurisdiction overlap and duplication of effort between the United States Customs Service and the Immigration and Naturalization Service (INS).

Neither option one nor option two offer a lasting solution to the problem. While additional resources, as suggested in option one, may help stem a particular crisis it is precisely this approach which seems symptomatic of the problems the review team identified in their analysis. Option two also would be an inadequate solution. By transferring and consolidating the inspection and patrol functions it only partially addresses the problem. This approach is also similar to the reorganization plan of 1973 which was met with intense union and Congressional opposition and consequently was never implemented.

The proposed creation of a multi-purpose border management agency (option three) including Customs and INS is a solid, viable approach to the problem. We endorse it. An opportunity would be created for the rationalization of functions and the elimination of duplication and overlap between the two principal border agencies. In addition to the advantages delineated in the report, the two agencies should no longer work at cross objectives but instead enjoy a cross-fertilization that should have a positive effect on the quality of understanding and the efficiency of the new organization. Except for political sensitivity, I see no reason why the State Department's Visa and Passport Offices should not be included in this option. They are integrally related to the efficacy of any border management effort.

We take vigorous issue with the proposed expansion of option three to include the U.S. Coast Guard in a border management agency or in the same Department as the new agency. The body of the draft report does not supply the kind of closely reasoned and well documented argument needed to provide substance for this proposal. For example, not only do chapters three and four not cite any functions, problems, or issues involving the USCG which could be improved by transfer from DOT, but on the few occasions the USCG is mentioned at all, its present role in support of border law enforcement is judged to be responsive, appropriate and satisfactory. On page 76, option four frankly appears as a "solution searching for a problem" which has not been defined in the rest of the report.

The rationale for establishing a Department of Transportation in 1966 was to provide Cabinet-level direction to the development of a full range of cohesive national transportation policies and programs. The USCG, with its operational, regulatory and many of its law enforcement functions directly involved in transportation and facilitation, was an obvious candidate for inclusion in the new Department.

Since its transfer, Congress has given the USCG increasingly greater responsibility in transportation safety-related functions. Tab A briefly summarizes these legislative actions. It should be noted that this increased involvement in transportation safety missions was not obtained at the expense of the law enforcement program. In fact, the law enforcement budget has grown from 2.2 percent of the total USCG operating expense budget in FY 1969 to 11.1 percent in FY 1977. The most significant portion of this growth, however, represents increased activity in enforcement of maritime laws for which USCG does not share responsibility with border management agencies; i.e., protection and preservation of natural resources on or under the territorial waters, contiguous fisheries zone and special interest areas of the high seas. Tab B provides a detailed analysis of the various advantages and disadvantages attributed to option four.

In conclusion, we strongly recommend that option four be eliminated from the draft report. At the same time we give our strong endorsement to option three. The inclusion of option four in the report only obfuscates the problems and issues identified by the ODAF review team. Option three is clearly the most viable current solution to the Nation's border management problems.

Edward W. Scott, Jr.
Edward W. Scott, Jr.

Enclosures

SUMMARY OF MAJOR LEGISLATION AFFECTING COAST GUARD PROGRAMS
SINCE TRANSFER TO THE DEPARTMENT OF TRANSPORTATION

1. National Environmental Policy Act (1970)

Aimed at reducing the damage of environmental damage, this Act dictated Coast Guard involvement in the preparation of Environmental Impact Statements for internal projects, and in reviewing similar statements submitted by other agencies.

2. Water Quality Improvement Act (1970) - Federal Water Pollution Control Act (1972 Amendments)

Enacted to provide effective emergency response to pollution incidents, this legislation is the basis for Coast Guard participation in the National and Regional Response Teams. On-scene commanders for individual pollution incidents are provided, and regional contingency plans are prepared which encompass Coast Guard areas of responsibility. The National Strike Force, consisting of the Atlantic, Pacific, and Gulf Strike Teams, equipped with specialized pollution control equipment, provides a Coast Guard ready response force for rapid control and cleanup of pollution incidents.

3. Federal Boating Safety Act (1971)

In promoting safety on the water, this Act empowers the Coast Guard to prescribe standards for the manufacture and construction of pleasure boats and associated equipment. Existing regulatory authority for controlling the use of boats and their equipment was given added flexibility and extended to permit Coast Guard termination of voyages involving unsafe operating practices. Flexibility was also added to the provisions for administering the boat numbering system to facilitate reciprocity by states and encourage increased state participation through a financial assistance program.

4. Vessel Bridge to Bridge Radiotelephone Act (1972)

The Coast Guard is empowered by this Act to administer and enforce regulations requiring approaching vessels to maintain radio contact for communicating their intentions, thereby reducing the risk of collision.

5. Ports and Waterways Safety Act (1972 - Title 1)

Aimed at the prevention of damage to vessels, structures and water or water resources, this Act authorized establishment of the Vessel Traffic System, and granted broad Coast Guard authority for the regulation of vessel movements in restricted or hazardous waters. Provisions for the regulation of dangerous cargo and establishment of limited access and safety zones were included.

6. Marine Protection, Research, and Sanctuaries Act (1972 Amendments)

Coast Guard involvement in the Ocean Dumping Program stems from this Act. Surveillance and enforcement of current regulations are carried out to prevent unlawful dumping and transportation for dumping in U.S. waters. Protection of marine sanctuaries is provided by charging the Coast Guard with enforcement responsibility for individual sanctuary regulations.

7. Oil Pollution Act (1973 Amendments)

Under this Act, the Coast is authorized to inspect for and report violations of high seas pollution regulations such as bilge pumping, ballast discharge, or tank cleaning.

8. Marine Mammal Protection Act (1973)

The authority of the Coast Guard under Title 14, U.S. Code permits enforcement of the provisions of this Act. Assistance is furnished to the Department of Commerce in the form of occasional surveillance flights and transport of National Marine Fisheries Service personnel engaged in marine mammal protection. Such support is generally provided in conjunction with activity involving enforcement of Inter-American Tropical Tuna Convention regulations where an incidental porpoise catch is anticipated.

9. Intervention on the High Seas Act (1974)

This Act provides the authority for Coast Guard intervention to control or eliminate oil pollution hazards to the U.S. environment stemming from high seas casualties involving foreign vessels. This Act provided the basis for Coast Guard response to the Argo Merchant incident. In the near future this Act may be amended to include hazardous substances other than oil.

10. Deepwater Ports Act (1974)

This legislation provides the authority for the Coast Guard to oversee the licensing, design, ownership, construction, and operation of deepwater port facilities. A license has recently been issued for the construction of a deepwater port facility in the Louisiana offshore area.

11. Fishery Conservation and Management Act (1972)

A new scheme for control of U.S. fishery resources was introduced by this legislation. Based on sound management and conservation principles, FCMA regulations provide strict control of fisheries stock and limit the types and quantities of fish which may be harvested by foreign vessels. The Act established a 200-mile fishery conservation zone and assigned enforcement responsibility to the Coast Guard and National Marine Fisheries Service. Air and surface patrols and a comprehensive boarding program are used to ensure compliance with FCMA regulations.

ANALYSIS OF OPTION 4

The specific advantages cited in the draft report as applying to Option 4 are:

- a. Places Federal responsibility for the entire perimeter of the U.S., both borders and U.S. waters, in a single organization.
- b. Likely to strengthen the law enforcement role of the U.S. Coast Guard (USCG).
- c. Significant increase in the amount of resources available to the border management agency.
- d. Possible elimination of separate Customs Marine Patrol activities.

Analysis of these cited advantages, however, does not demonstrate that any clear benefits would accrue from the adoption of Option 4. In particular:

- a. Consolidation of border management responsibility is an advantage only if cooperation among separate agencies has proven inadequate and overlap and duplication of efforts would be reduced. This is not so in the case of the USCG. Indeed, the draft Report states that the USCG role in support of border law enforcement is judged to be responsive, appropriate and satisfactory (see pp. 30 and 65). Since Option 4 states the USCG must be continued as a separate entity, the law enforcement functions could not be consolidated with those of the Immigration and Naturalization Service (INS) and Customs. It should also be reemphasized that the USCG is multi-mission in every sense and have no operational resources identified solely with the support of narcotics and drug interdiction.
- b. Option 4 implies that the USCG's role in law enforcement has been unduly constrained by its location in the Department of Transportation (DOT). An analysis of the growth of the Enforcement of Laws and Treaties (ELT) since FY 69 (with DOT input) demonstrates that such an assumption is fallacious. Table 1 compares the growth of the operating expense budgets for ELT and for the USCG as a whole in fiscal year dollars. The fact that ELT has grown at an average rate of 35.5% compounded annually over the past eight years, while the total USCG operating expense budget has grown at a rate of only 10.8% clearly indicates that DOT location has not been an undue constraint on the law enforcement role of the USCG.
- c. There would be no significant net increase in resources available for border management resulting solely from the transfer of the service to the new agency since USCG total mission requirements would transfer as well. Any increased commitment of existing USCG resources to border management duties could be accomplished only at the expense of other USCG

mission areas since no excess USCG resources exist. Note again in the draft Report that the current level of border management law enforcement services provided by the USCG is judged to be responsive, adequate, and satisfactory; the need for more USCG-type resources has not been identified.

- d. It may prove possible to eliminate the Customs Marine Patrol without transferring the USCG from DOT. Rather than reorganization of the Executive Branch, the first step towards this goal should be the initiation of working level discussions between the sub-cabinet level agencies involved.

The specific disadvantages cited as possibly applying to Option 4 are:

- a. Safety and other non-law enforcement responsibilities of the USCG could be adversely affected by over-emphasis of law enforcement.
- b. Because the majority of the USCG's responsibilities are non-law enforcement, they could detract from the law enforcement orientation of the remainder of the border management agency.

Analysis of these possible disadvantages indicates that they are all too probable.

- a. "Advantage" c. cited above indicates the members of the study team already regard the non-law enforcement portions of the USCG budget as a central pool from which resources could be reprogrammed to deal with the "real" work of the border management agency.
- b. Assuming that the new agency consisted of the USCG, INS, Customs, and 10% of the Drug Enforcement Agency (DEA), (i.e., the El Paso Intelligence Center (EPIC)), its budget would be (in millions of FY 78 dollars):

CG	1,400
Customs	359
DEA	17
INS	244
	<u>2,020</u>

More than 60% of the new agency's total budget would be devoted to non-border management missions including the safety and facilitation of waterborne transportation, marine environmental protection and military preparedness. The wide variety of Congressional interest and public and private pressure groups to which the agency would be expected to respond would be of a magnitude and diversity more commonly associated with a department than a sub-cabinet agency.

TABLE I

1	2	3	4	5	6
YEAR	1/ ELT OE \$ (OOO's)	2/ % OF FY69	CG OE \$ (OOO's)	% OF FY69	ELT \$ AS A % C TOTAL OE \$
FY 69	8,194	100	368,943	100	2.2
70	9,690	118	409,981	111	2.4
71	10,603	129	449,446	122	2.4
72	17,859	218	491,028	133	3.6
73	25,091	306	548,361	149	4.6
74	29,355	358	584,504	158	5.0
75	47,640	581	653,053	177	7.3
76	64,975	793	702,308	190	9.2
77	93,222	1138	838,383	227	11.1

1/ Enforcement of Laws and Treaties

2/ FY 69 is the base year or 100% of Column 2. Subsequent years represent increased percent from base year.

APPENDIX L



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

AUG 22 1977

Dr. Peter G. Bourne, Director
Office of Drug Abuse Policy
The White House
Washington, DC 20500

Dear Dr. Bourne:

This will respond to your letter of August 8, 1977, requesting USDA comments on the draft report of the Border Management and Interdiction Review Team.

Our overall impression of the draft is that it is a well prepared document, obviously the result of a great deal of effort and thought. The options presented provide clear-cut alternatives for solving the problems associated with border management, with emphasis on strengthening drug interdiction and overall management capabilities. Even though the Animal and Plant Health Inspection Service (APHIS) of this Department is not directly involved in immediate actions recommended under the options, we feel any move to improve border management will enhance the effectiveness of all agencies.

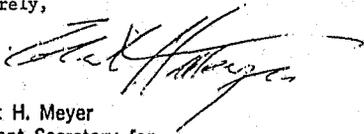
We believe the proper role of our APHIS programs in the port of entry activities upon which the report focuses is to provide technical backup to primary inspection of persons, baggage, vehicles and goods. Our APHIS programs, however, also have direct responsibilities for performing inspections, carrying out treatments, and supervising prescribed plant pest and animal disease safeguard measures in connection with imports and exports of agricultural commodities, both plant and animal. These activities are designed to prevent or minimize the likelihood of plant pest or animal disease introduction, and to ensure that agricultural exports meet the import requirements of receiving countries. The Plant Protection and Quarantine Programs of APHIS also are concerned with general cargoes which, by their nature, or by contamination, infestation or infection, represent a risk of plant pest or animal disease introduction.

We are pleased to enclose those pages of the draft report upon which we have specific comments. These appear in the form of marginal notes, with each page supported by an attached page expanding upon the notes as necessary.

L-1

Thank you for affording us the opportunity to contribute to the activities of the Review Team, and to comment upon their draft report. We shall appreciate consideration of our views in the preparation of the final report.

Sincerely,



Robert H. Meyer
Assistant Secretary for
Marketing Services
Enclosure



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE ASSISTANT SECRETARY FOR HEALTH
WASHINGTON, D.C. 20201

Peter G. Bourne, M.D.
Director
Office of Drug Abuse Policy
The White House
Washington, D.C. 20500

Dear Dr. Bourne:

I am responding to your memorandum of August 8 to Dr. Dickson requesting review by the Public Health Service (PHS) of the draft report of the Border Management and Interdiction Review Team.

I would like to compliment the Review Team for its thoroughness in the report's findings and options. I am especially appreciative of PHS being afforded the opportunity to comment to the Review Team over the course of the project. The draft report adequately addresses the major policy issues and provides a comprehensive set of options for achieving more effective border management.

PHS believes that implementation of either option 3 or 4 would achieve the objective of better coordinated, more effective border management while substantially reducing costly overlap and duplication of operational and support activities between the principal federal agencies with border control responsibilities. The net result of adopting either option should be that traffic would be much better facilitated by a "one-stop" inspection system. One distinctive advantage of this system is that the quality of secondary referrals for PHS will definitely improve since the interest of all agency requirements will be given equal consideration by the primary inspector.

The Review Team was perceptive in excluding the entry quarantine operations of PHS' Center for Disease Control (CDC) from the proposed Border Management Agency. These activities, which the Review Team did not consider an area of concern, are integrally related to and benefit from CDC's broader disease prevention and control responsibilities and could not readily or effectively be carried out independent of the larger organization.

We appreciate the opportunity to review and comment on the draft report.

Sincerely yours,

Julius B. Richmond, M.D.
Julius B. Richmond, M.D.
Assistant Secretary for Health



DEPARTMENT OF STATE

Washington, D. C. 20520

August 23, 1977

MEMORANDUM FOR DR. PETER G. BOURNE
THE WHITE HOUSESubject: Draft Report of the Border Management
and Interdiction Review Team

We have reviewed the draft report of the Border Management and Interdiction Review Team. It is a highly commendable and incisive report that focuses on the problem areas and offers reasonable solutions.

We agree with the report's emphasis on the two basic issues of lack of coordinated border management and the overlap and duplication of effort. Concerning the four options offered for solution, we agree with Option Four recommending the creation of an expanded multi-purpose border management agency. It offers many more advantages and optimal resolution of the problems described in the report. Our second preference would be Option Three.

The following are suggestions for minor changes in wording that might be considered:

Page 17 -- under the definition of the role of DEA, suggest the elimination of the words: "...at the national and international level" This would avoid the issue of ODAP and State performing the direction and coordination for the international program, which is not really relevant to this study.

Page 35 -- We suggest that the third sentence of the first paragraph should read: "DEA is responsible for developing Federal drug enforcement strategy and programs and for handling high-level drug conspiracy cases within the U.S." This would avoid the problem of questioning the responsibility of ODAP and State to direct the international program. Next line should begin: "The different"

Annex C (V) paragraph 2 -- suggest the elimination of the sentence concerning overseas narcotics control coordinators. They are State personnel, not DEA, and the sentence gives a misleading impression.

The team deserves high praise for the yeoman service it has performed in putting together the report and its recommendations.

Frank H. Wiener for
Peter Tarnoff
Executive Secretary

APPENDIX O



DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE
WASHINGTON



August 23, 1977

REFER TO

The Honorable
Peter B. Bourne
Director, Office of
Drug Abuse Policy
Old Executive Office Building
Washington, D. C. 20503

Dear Dr. Bourne:

We appreciate this opportunity to comment on the draft report of the Border Management and Interdiction Review Team. The review team, under the guidance of ODAP, is to be complimented for this fine effort. We believe that the study has already shown positive results in the emergence of the term "border management." The now common use of this term in the federal community represents a new generation of thinking in regard to border activities and has served to focus attention not upon a single or possibly transitory issue, but rather upon the identification of long term solutions for a variety of border related problems.

In our opinion, several points contained in the report do require further clarification. Initially, however, we believe it essential to again offer our perspective of the approach required to improve the overall effectiveness of border management. Since the inception of this study, we have suggested that creation of a single border management agency would eliminate the duplication and overlap existing in the current federal response to border activities. Therefore, it was gratifying to note that two and possibly three options presented in the report could result in the creation of a single border management agency.

The review team has been both comprehensive and realistic in the array of options presented for consideration. In addition, we agree with their assessment that these options are not mutually exclusive. It is, therefore, difficult to totally eliminate any of the alternatives presented. However, we favor the approach in option three as we believe it could be implemented within a relatively short timeframe, with a minimum of opposition and organizational disruption. This option would provide the border management agency sufficient time to determine the functions to consolidate while enabling consolidation of certain duplicative functions to occur immediately. We feel this is a logical and well reasoned approach to significantly increasing the effectiveness of border management.

O-1

As a resolution to the current fragmented approach to border management, we believe option one, if it were to be considered the only action taken, is undesirable. This option is contrary to the principles we attribute to a total border management system. It is this type of fragmented approach to border problems that has led to the overlap, duplication, and ineffectiveness that characterize border management today. Increases in resources for patrol and inspection may be required, but this action by itself would tend to perpetuate existing problems while resulting in only a marginal increase in enforcement effectiveness.

We do not view option two as a viable proposal as presently written. If rewritten, however, to recognize that direct border functions such as patrol, inspection, revenue collection and certain support services form an integrated system that should be located in one agency, while retaining non-border functions in the other agency, it could provide for a flexibility in implementation not available in the other options.

Option four, like three, provides for a single border management agency and presents the possibility of enhancing the perimeter defense of the nation through increased utilization of the Coast Guard. In the event this option is supported by either ODAP or OMB, we suggest that the Coast Guard be maintained as a separate entity outside of the border management agency but within the same department.

Also, we concur with the study team's criteria for the selection of the cabinet level department to host the new agency. In our view, the Department of Treasury most nearly meets these criteria and that, further, in Customs, Treasury has a multipurpose agency that already manages and meets the enforcement requirements of a number of other federal agencies. Border law enforcement is inextricably tied to collection of revenue (\$5 billion in 1976). The problems and administrative strictures associated with this intermixture have been dealt with in Treasury for many years, not only in Customs but in the Internal Revenue Service and the Bureau of Alcohol, Tobacco and Firearms. We, therefore, suggest that Treasury is the most appropriate department to assume these functions.

As previously stated, for the most part, the report is thorough and accurate in the assessment of the present state of border management. However, we suggest that the following points require clarification before the report is finalized:

- There is only passing reference to the investigative and intelligence requirements in support of the border management function. As you know, it is Customs position that overseas intelligence collection, border interdiction and follow-up investigations of all contraband smuggling, including narcotics, are integral and inseparable parts of the same process. While we recognize that ODAP is addressing the narcotics intelligence and investigative functions in



CONTINUED

6 OF 7

separate studies, it is our contention that the Border Management Study should specifically address this question as a major issue as follows: "Can the border management agency achieve optimum efficiency in border interdiction if the investigative and foreign intelligence functions reside outside the border management agency?"

- We believe that the conclusion that consolidation of the support functions should not be attempted if no merger of border agencies is achieved should be reconsidered. Of particular concern is the area of computers and telecommunications systems. Several instances of successful interagency cooperation including the FBI's National Crime Information Center and the Treasury Enforcement Communications System refute this conclusion. These systems have resulted in substantial savings while significantly increasing federal law enforcement effectiveness. We believe failure to recommend a consolidation of these systems, regardless of merger possibilities, would be a significant oversight.
- The assessment of the patrol and inspection functions contain certain inaccuracies or omissions that should be clarified. For example, the difference between the tactical deployment of the Customs Patrol and the Border Patrol is not adequately described. Also, the assertion that additional INS inspectors alone would significantly improve the interdiction effort is, we believe, fallacious.

Further amplification of our position is continued in the attachment to this letter.

We wish to once again express our appreciation for the opportunity to participate in this study effort. If you wish to discuss the study or our comments in further detail, please do not hesitate to call.

Sincerely,

Robert E. Chasen

Commissioner of Customs

Enclosures

The Inspection Function

While the report is quite comprehensive, it does not adequately articulate the close relationship of the inspection function to the cargo processing and revenue collection functions. The functions are essential components of the overall Customs concept and are inextricably related to the collection and protection of the revenue.

The Customs Inspector, during the merchandise examination process, identifies critical elements required by the Import Specialist in determining the proper classification, value and rate of duty to be applied to imported goods. The importance of the inspection function is further magnified by the impact which the control of carrier and goods and the collection of trade statistics have upon international relationships through trade agreements and the balance of payments.

In addition, the inspection function should not be viewed as an activity which can be easily divided into two distinct and unrelated parts: the inspection of cargo versus the inspection of persons. Quite the contrary is true. The demands of both cargo and passenger processing upon the inspectional workforce dictate an extremely high degree of flexibility in the utilization of available manpower. Customs Inspectors do not function in a stable work environment, but are utilized over a wide range of inspectional activities and locations which encompass a great diversity of the duties required to process both cargo and persons.

In view of the need for a dynamic, flexible and versatile inspectional workforce, we have some concern over the efficacy of the remedy suggested by the report to overcome the perceived deficiencies in the inspectional workforce; specifically, to increase the number of INS inspectors for primary inspections to release Customs inspectors for secondary inspections. The logic behind this suggestion may be fallacious, for, as this and other studies recognized, inspectors of the various agencies tend to concentrate upon the duties related to the mission by their parent agencies and pay less attention to the requirements of other agencies. Consequently, the staffing of the primary inspection activity largely with INS inspectors would have the effect of increasing the number of referrals for secondary inspections, without regard to criteria that might enhance the interdiction effort, resulting in the overloading of the Customs inspectional workforce and thereby diminishing the effectiveness of the total inspection function.

We feel that a better solution to problems of the inspection function lies in the single agency approach, where an integrated inspectional workforce, adequately trained and under the direction of a single manager would produce maximum efficiency, effectiveness and economy.

The Patrol Function

A significant issue raised by the report relates to the overlap and duplication of effort in the patrolling of land borders between ports of entry, particularly along the Southwest Border.

While it is true that Customs and INS operate in the same border areas, the tactics of the Customs Patrol and the INS Border Patrol differ considerably. In attempting to intercept illegal aliens, the INS Border Patrol protects specific areas of the border which are well known crossing points. Routine patrols and a "laying in" at the points of crossing are common tactics. In contrast, the Customs Patrol employs a tactical interdiction approach which features a highly mobile patrol force supported by sophisticated and highly developed electronic sensor and detector systems, a widely deployed computer-assisted intelligence network, and a nationwide direct communications system. The time, place and mode of the smuggler are extremely unpredictable. Consequently, the Customs interdiction force is geared to responding to intelligence, both tactical and strategic, and to sensor alerts. Because we have determined that protecting an area as extensive as the Southwest Border against the illegal intrusion of smugglers by routine patrols and static border watches is ineffective, we continue to emphasize the tactical interdiction approach.

Insofar as overlap and duplication are concerned in the deployment of unattended ground sensors, we wish to point out that INS sensor fields are generally located near ports of entry where most illegal alien crossing occur, while Customs sensor fields are deployed much further away from ports where the majority of smuggling activity occurs.

These distinctions are drawn not to refute the issue that overlap and duplication does exist, but to explain certain differences that should also be recognized in the report.

The Investigation Function

As the report discloses, Customs and DEA view the priorities assigned to the combatting of drug trafficking from different perspectives. While DEA operates over the entire spectrum of the anti-narcotics effort, Customs is restricted to the interdiction of narcotics at the border.

The conflicts which the Study Team perceived to exist between Customs and DEA are not simple conflicts engendered by the uncooperative attitudes of two agencies sharing the responsibility for preventing the introduction of illegal narcotics into the U. S. The conflicts stem from the efficacy of the concept of a single agency being charged with the overall Federal drug control mission, including the responsibility for determining the most effective approach to the combatting of drug trafficking by all agencies having a role in the Federal drug law enforcement effort.

Reorganization Plan No. 2 had the effect of disrupting the Customs narcotics law enforcement effort. That effort, prior to the reorganization, was a continuum which included the investigation of cases abroad, interdiction at U. S. borders and related follow-up investigations. The reorganization constructed barriers and created gaps along the continuum by placing the investigators in one agency and the interdiction force in another. The result has been that the investigators are functioning with less than total involvement by the interdiction force, while the interdiction force is handicapped by the lack of a closely coordinated investigative capability.

We believe that it is important to address this aspect of the investigation function and, in addition, to express the Customs view that any border management agency must be authorized to conduct the investigations necessary for the support of its mission whether these investigations involve illegal aliens, fraud, currency violations, neutrality, export control, narcotics or other forms of smuggling, or any other violations which are within the scope of the border management agency's responsibility.

Note: The data on page 32 should be corrected to indicate that approximately 25 percent of the case load is fraud and the balance on all other investigative categories.

Support Systems

The information contained in page 38 concerning Customs support systems and cost data should be amended. The cost information is not limited to the TECS system but relates to total computer costs incurred by Customs. The attached proposed insert explains the various programs involved.

CUSTOMS	\$ 24.0
DEA	\$ 10.2
INS	\$ 8.2
Total	\$ 42.4 million

A brief description of the systems follows:

(a) Customs

TECS: With 900 terminals in the U. S. and foreign preclearance sites, The Treasury Enforcement Communications System (TECS) is operational 24-hours-a-day, 7-days-a-week providing lookout information on passengers and vehicles; an automated index to Customs central enforcement files on persons, vehicles, aircraft, vessels and companies; an intelligence function; an administrative message capability and enforcement management information. TECS interfaces with NLETS, CLETS and NCIC, as well as provides services to ATF, IRS, DEA, Coast Guard, Department of State and INTERPOL.

Administrative Computer Support: These systems provide, through on-line, batch and dispersed processing capabilities, centrally controlled at the Headquarters Computer Center, revenue, appropriations and reimbursable charges, accounting, property, vehicle and legal case inventories, space management, resource utilizations, position management, personnel and payroll, and fraud investigations services.

AMPS: Customs is developing an Automated Merchandised Processing System (AMPS), to be fully implemented by FY 1981, which will provide modernized entry and appraisal processing of commercial entries. The first phase of the system has been installed at a number of major ports and is based on a nationwide computer supported telecommunications and data processing system, implemented through a cost effective modular operating plan.

(b) DEA: The Narcotics and Dangerous Drug Information System (NADDIS)

APPENDIX P

UNITED STATES DEPARTMENT OF JUSTICE
 IMMIGRATION AND NATURALIZATION SERVICE
 WASHINGTON, D.C. 20536

PLEASE ADDRESS REPLY TO

OFFICE OF THE COMMISSIONER

AND REFER TO THIS FILE NO

AUG. 5 1977

CO 235-P

Dear Doctor Bourne:

This refers to your request of August 8, 1977, for comments on the draft report of the Border Management and Interdiction Review Team.

I want to express my admiration and congratulations to you and the team for producing a comprehensive and balanced study of an extremely complex set of interrelated federal programs.

Before commenting on the "OPTIONS" chapter, which is the core of the report, I want to emphasize the immediacy of providing a solution to the immigration problems facing the nation. The President, in his message to Congress of August 4, 1977, underscored the urgency of seeking remedies, which included a substantial increase in resources. These should not be delayed by a possible prolonged evolution of a reorganization plan.

The increasing workloads of the Service, such as the enormous growth of air traffic, and the predictable new additions to the workload stemming from the President's determination to control illegal immigration, require a timely and significant addition of personnel, as your report states.

OPTION 1 - NO CHANGE IN ORGANIZATION. EXISTING AGENCIES CONTINUE TO PERFORM THEIR CURRENT DUTIES. ADDITIONAL BUDGET PRIORITY GIVEN TO SELECTED FUNCTIONS.

This option responds to the President's concern regarding illegal immigration by recognizing the necessity of adding a substantial number of enforcement personnel to the Immigration Service. In his message to Congress, the President proposed such an increase, and your report parallels the recommendations of the Cabinet Committee in this regard.

I agree with the report's statement of the advantages and disadvantages of Option 1. However, many of the disadvantages might be overcome by a sub-option which stressed coordination among the agencies. An increase in resources, although necessary to meet present workloads, does not in itself guarantee cooperation. I believe that explicit and detailed interagency agreements that clearly define the roles of the

agencies involved in border management would go a long way towards resolving the present problems. One obvious and exemplary arrangement is the El Paso Intelligence Center (EPIC) which could be expanded to satisfy most of the needs of DEA, Immigration, and Customs.

Incidentally, the notion in the report's FINDINGS on page 51, that the only way to persuade the Customs Service to utilize EPIC would require their being put in charge of it, does a disservice to that agency. Their reluctance to support and benefit from this centralized border intelligence center could not spring from so base a motive, but must stem from some other, and presumably more lofty, perception on their part. But this is the type of dispute that could be resolved by an Administration-mandated set of interagency agreements.

Similar agreements in areas such as facilities management, communications, and computer support would simplify border management.

OPTION 2 - LIMITED TRANSFER AND CONSOLIDATION OF SPECIFIC FUNCTIONS AND RESPONSIBILITIES.

As your report notes, the major candidates for transfer are the patrol and inspection functions. The Service views the two as complementary and therefore inseparable.

The issue, as I view it, revolves around which cabinet department, Justice or Treasury, takes on the sole responsibility for patrolling the borders and inspecting arriving persons.

Using the sound management principles of single direction and concentration of force, logic would dictate that the Attorney General take on these functions, since the Department of Justice is responsible for both drug enforcement and immigration enforcement. The transfer of these functions to Justice would end the present split of drug enforcement responsibilities between Justice and Treasury, strengthen immigration response to the threat of illegal entry, and eliminate all the disadvantages cited regarding duplication of effort, divided management, and ineffective utilization of resources.

Another basic reason for such a transfer to Justice involves the relation of agency programs to border management. The Immigration Service is unique in that all its nonborder activities are inextricably tied to the entry of persons at ports or through the borders. As stated in your report, the immigration programs of adjudicating petitions and applications, naturalization, investigations, and immigration records, all of which are administered away from border activities, are nevertheless rooted in the actions taken and the records created in border management operations. Thus, where inspections go, adjudications must follow. In contrast, as your report also states, the Customs border functions relating to the entry of persons are self-contained, beginning and ending at the border. The transfer of these limited-impact functions would not be disruptive, since the revenue collection program of cargo inspection and control would remain undisturbed in the Customs Service.

Conversely, the transfer of the inspection and patrol functions to Treasury, as proposed in the ill-fated Reorganization Plan Number 2 of President Nixon, would only serve to deepen the split in drug enforcement responsibility, create an equally intolerable split in responsibility for administering the immigration law, and simply multiply and intensify all those problems and issues regarding the lack of single direction and the scattering of resources.

In sum, the only logical course under this option for effective drug enforcement and immigration programs, is the consolidation and transfer of resources for patrol and inspections into the Department of Justice.

OPTION 3 - CREATION OF A MULTI-PURPOSE BORDER MANAGEMENT AGENCY INCLUDING INS AND CUSTOMS.

This option could provide an answer to the lack of single direction and the dispersal of resources, and it also dissolves the threat of separating related immigration activities from border operations.

This option would not be disruptive of immigration law administration in the long-run. It is also attractive in that it could carry out a stated goal of the President to eliminate overlap and duplication in federal programs by consolidating agencies and reducing their number. It is, however, the most politically sensitive in that it will cause major changes in the spheres of influence of special interest groups.

The option has one potential pitfall relating to the heart of the whole study: effective drug enforcement. The key, as in Option 2, is what cabinet department receives the new agency. If the Justice Department takes it, there will be single direction and concentration of resources in the federal drug enforcement program. If the Treasury Department takes it, the current split in drug enforcement, with all attendant problems, will remain. The solution really rests on where the Drug Enforcement Administration is located. If it is in the same department as the new border management agency, drug enforcement will benefit. If it is in a different department, this option does not solve any of the present problems relating to the lack of single direction or duplication of effort in the drug enforcement effort.

Your report contains an obvious bias towards Treasury by stating that the principal considerations in selecting the appropriate department should include such things as revenue collection and relative size. If the collection of money were the deciding factor in supporting law enforcement, then the Social Security Administration should absorb the FBI, or Internal Revenue should run the Bureau for Prisons. And bigness does not necessarily equate with competence. New York has never been named an All-American City, while Rockville, Maryland has achieved that honor three times.

It would be more appropriate to focus on factors such as Immigration's required bi-lingual competence for border officers, its unique long term experience as the sole patrol force on the Mexican border, its people-oriented programs as contrasted to thing-oriented programs of Treasury, and its interlocking program arrangements with the staffs of the US Attorneys.

OPTION 4 - CREATION OF AN EXPANDED MULTI-PURPOSE BORDER MANAGEMENT AGENCY WHICH INCLUDES INS, CUSTOMS, AND THE US COAST GUARD.

I believe the disadvantages of merging a para-military organization into a federal law enforcement agency outweigh any of the apparent advantages.

Overall, the implementation of any of the first three options, with the restricting conditions I have noted, would be of considerable benefit to the administration of both immigration policy and drug enforcement policy.

Thank you for soliciting our views on these important national issues, and I commend you and the review team for a job well done.

Sincerely,

Leonel J. Castillo

Leonel J. Castillo
Commissioner

The Honorable
Dr. Peter G. Bourne
Director
Office of Drug Abuse Policy and
Special Assistant to the President
Old Executive Office Building, Room 424
Washington, DC

Enclosure

P-4



UNITED STATES DEPARTMENT OF JUSTICE
DRUG ENFORCEMENT ADMINISTRATION
Washington, D.C. 20537

August 24, 1977

Dr. Peter G. Bourne
Director
Office of Drug Abuse Policy
The White House
Washington, D.C. 20500

Dear Dr. Bourne:

I appreciate the opportunity to comment on your August 5, 1977, Border Management and Interdiction Review. In my opinion, the significant narcotics investigations are neither border, nor international, nor domestic; they transgress all three areas. What the Federal drug investigative function needs most is stability and a Government-wide commitment, not major changes in responsibility or jurisdiction.

In general, we are quite impressed with the border review team effort, the logic of the draft, and the fact that you have clearly focused on the two most pressing border management issues. We endorse the requirement for coordinated border management, and the need to minimize overlap and duplication of our border effort.

In our opinion, options two, three and four are responsive and could resolve the major issues. Option two appears to satisfy an immediate requirement to improve the inspection and patrol functions without undue disruption of the current border effort. Options three and four represent a comprehensive, long-term, organizational response with a high potential for improved border effectiveness. Ultimately, we must recognize the very real requirement to dedicate additional resources to the border effort.

While I am not prepared to endorse a specific option or combination thereof, I will observe that the majority of the nation's border problem is of an enforcement nature; therefore, I feel that the enforcement aspects of border management must

be weighed heavily when selecting the appropriate Department's placement of a new consolidated border enforcement agency. The Attorney General is the Chief Law Enforcement Officer of the United States.

The report seems to reflect a U.S. Customs frustration regarding the adequacy of the drug investigative and intelligence support to the Government's border interdiction effort. We believe that much of the controversy associated with drug interdiction centers on its relative priority within the overall U.S. drug supply reduction strategy. The role of border drug interdiction is essential; however, its relative importance must be placed in juxtaposition with the value of programs aimed at removing the foreign source, financing, etc., and the disruption of drug trafficking systems. Border interdiction is a deterrent to drug smuggling; it is a defensive rather than an offensive strategy. Its effectiveness, however, is handicapped by the need to expeditiously process a tremendous volume of cargo, passengers, baggage, and vehicles.

I also believe the report's perception of the El Paso Intelligence Center is oversimplified. EPIC now functions as a key element in DEA programs for managing and maintaining a national narcotics intelligence system, and it should be retained by the agency responsible for that system. The draft's limited view of EPIC as a processor of border intelligence may arise from its artificial separation of intelligence into two categories, namely, national and local. This divides what is actually a continuum of drug intelligence programs which monitor the interactions of violators involved in producing, processing and moving drugs into and through the United States. The report concludes that high-level traffickers are not involved at the border, and further concludes that border area intelligence should be assembled and processed independently of "national" intelligence. This assessment avoids the reality that major traffickers are located in or operate from border cities, and it fails to recognize that investigations and analyses of these and related targets clearly support interdiction operations at our borders and ports of entry.

EPIC currently supports the investigative efforts of all DEA field offices and, in an increasing mode, it supports state narcotics intelligence organizations. In fact, DEA looks forward

to the day when every state has some narcotics intelligence capability supported through EPIC. Finally, we believe that EPIC's capability to provide information for border interdiction will be increased if and when Customs becomes a major participant.

In summary, DEA has a vested interest in border management in that it plays an important role in the U.S. drug supply reduction effort. DEA recognizes its responsibility to support border narcotic interdiction and to exercise its lead agency responsibility to ensure the maximum effectiveness of the U.S. border enforcement effort. Narcotics interdiction at our U.S. ports and borders is a most complex and difficult task. Its deterrent value must be increased to present a high-risk barrier to the international drug traffickers and their organizations. An organizational response that will bring about such a deterrence has the support of DEA.

Sincerely,



Peter B. Bensinger
Administrator



United States Department of the Interior

FISH AND WILDLIFE SERVICE
WASHINGTON, D.C. 20240

ADDRESS ONLY THE DIRECTOR,
FISH AND WILDLIFE SERVICE

In Reply Refer To:
FWS/LE ADM 10

SEP 1 1977

Peter G. Bourne, M.D.
Director
Office of Drug Abuse Policy
The White House
Washington, D.C. 20500

Dear Dr. Bourne:

In response to your letter of August 8, 1977, requesting a review of the draft regarding Border Management and Interdiction, I have reviewed this document and wish to make the following comments:

Page 17:

Interior, Fish and Wildlife Service. Add (Division of Law Enforcement) FY 1977 Budget, 271 positions 8.6 million dollars.

Page 22:

(F) This paragraph addresses the Endangered Species Threats, however, the Endangered Species Act is only one of several Federal wildlife and conservation laws which prohibit or restrict the importation of wildlife. Included in the list of these laws are the Endangered Species Act of 1973, the Migratory Bird Treaty Act, the Marine Mammal Act, the Lacey Act, the Black Bass Act, the Eagle Act, and recently the Convention on International Trade in Endangered Species of Wild Fauna and Flora. Any discussion of the U.S. Fish and Wildlife Service presence at ports of entry should be directed toward the total enforcement effort aimed at the conservation of wildlife resources rather than at one act which forms only a part of that total effort. In addition, it should be pointed out in this section that the U.S. Fish and Wildlife Service also uses Special Agents to inspect and clear fish and wildlife importations at various ports of entry throughout the United States.

Page 25: Findings - Inspection

The findings in the report relative to border inspection present a logical argument for single agency control along the border. However, it must be remembered that the laws controlling or restricting the

importation of various items into the United States have been enacted for many diverse reasons, i.e., Customs laws are generally revenue collecting acts designed to insure that the appropriate tariff is paid upon items imported. The Federal drug laws as well as certain other importation laws are designed to prevent the importation of substances which are either dangerous or hazardous to the health of the general population. Agriculture laws are designed to prevent the importation of plant and animal diseases which could seriously damage the agricultural industry within the United States, while the restrictions administered by the Public Health Service are designed to prohibit the introduction of certain communicable diseases. The fish and wildlife laws prohibit the importation of many species and categories of fish, wildlife, and plants based upon the need to conserve and protect these resources from both the economic and aesthetic viewpoints, and to interdict injurious wildlife. Enforcement officers employed by the various agencies along the border have for the most part been indoctrinated with the ideas, viewpoints, and priorities of the employing agency and generally have a "feel" for the purpose of the laws they are authorized to enforce. By consolidating all border work under one agency many of these importation restrictions would probably be buried under what would be considered the high priorities of controlling narcotics and collecting tariff duties. In addition, it would be virtually impossible for one officer to be proficient enough in all aspects of the inspection operation to do an adequate job without specialized assistance. If the centralized agency were to specialize in the form of branches or divisions for agriculture, public health, fish and wildlife, etc., there would really be little difference from the present situation with the specialization divided among various agencies.

Pages 31 - 35: Investigations

No comment is made to the fact that the U.S. Fish and Wildlife Service has primary investigative jurisdiction over importation violations involving wildlife.

Page 34:

The statement is made "on all smuggling violations other than drugs Customs exercises investigative jurisdiction over the entire process." This statement is not entirely accurate inasmuch as smuggling violations involving wildlife are often investigated jointly by U.S. Customs and U.S. Fish and Wildlife Service or by U.S. Fish and Wildlife Service exclusively.

Page 64: Other Considerations - Secondary Inspection

We agree with the finding that there is little or no conflict between specialized inspectors for the Fish and Wildlife Service and the larger inspection agencies, such as Customs, and we agree with the

finding that these specialized inspection personnel are necessary. However, we do not agree that this mission can be accomplished by consolidating these specialize inspectors into one agency with special career fields. Inasmuch as the enforcement of fish and wildlife laws is based upon a series of Federal laws and international agreements and that the enforcement of these laws must be approached from a centralized perspective, we believe it would be detrimental to the intent and purpose of these laws to split the enforcement apart from the control of importations at the ports of entry. This splitting of enforcement responsibility between port inspections and followup investigations would seriously weaken the overall enforcement program of the Fish and Wildlife Service as well as the conservation of fish and wildlife generally. Another very important concern the Fish and Wildlife Service is charged with is the control of wildlife exports which is carried on at all designated ports.

Appendices

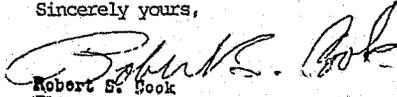
It is noted that the appendices to this report does not contain a section about the enforcement responsibilities of the U.S. Fish and Wildlife Service. With this in mind we will provide you with a section which may be included in the appendices to provide information about the law enforcement activities of this Service.

General Remarks

It is obvious to this Service that this report is designed primarily to address the problems which have arisen in recent years within the drug enforcement community. In so doing, however, the study team has blanketed in all other enforcement agencies which are involved in the control of imports at U.S. borders. However, the blanket extended to these other agencies is imperfect, as least as far as the U.S. Fish and Wildlife Service is concerned. It is recommended that prior to submitting the final report the study team should contact agencies such as Public Health Service, U.S. Fish and Wildlife Service, Animal and Plant Health Inspection Service, etc., and obtain indepth information from these agencies as to their roles and missions along the United States borders. Otherwise decision will probably be made seriously affecting the operations of these agencies based upon a study of the three largest agencies involved in border operations and the results of these decisions could be detrimental to the missions of the smaller agencies as well as to the intent and will of Congress.

I appreciate the opportunity to comment on this matter, and I am hopeful that you will find my input both informative and useful in your quest.

Sincerely yours,



Robert S. Book

Acting Director

Mr. WOLFF. Mr. Williams, I certainly don't want to pass judgment, and I don't think the committee wants to pass judgment on the study. We will hand it over to the staff and have their recommendations as well.

But I must say that I find that you're talking about narcotics and there's no place in this combined operation where you mention DEA at all. How does this new agency interface with DEA? Are you not going to create more rivalries and problems and competition by setting up another agency?

As Mr. Gilman has said, just by combining agencies—I know that the new administration has in mind the idea of putting together a lot of agencies—you put a horse and cow together and I don't know what kind of milk you're going to get out of it. [Laughter.]

Mr. WOLFF. I know the objective that is here. The objective is simplification. But I wonder if we are accomplishing that, or are we trying to put two lame ducks together to make a whole duck. And that hasn't proven too successful either.

Mr. WILLIAMS. Yes, sir, regarding the relationship with DEA, it was mentioned several times during the course of our review that we appeared to be forgetting about drugs. However, as I mentioned during my testimony, our whole objective was to raise the level of control over entry at the borders.

By raising the level of control over entry, we would do more for the drug program than we would by performing a drug study that attempted to optimize drug interdiction at the border. The latter approach would be just a continuation of our typical border management, looking at a special problem without considering the whole picture.

Mr. WOLFF. The only problem that you have in that is the fact that ODAP was created not for border management, but for drug policy. And to leave that aside doesn't seem to be fulfilling the major objective.

But again, we could be very flip up here, and be critical. But it's quite obvious that an awful lot of work went into this, and I'm appreciative of that and even the mere thought that a study was going to be made of trying to pull these things together, is certainly progress.

Now we've got to see that progress implemented in some fashion. And perhaps you might convey this to OMB: If the President really wants to make a unified function, then maybe it's time that we put Treasury and Justice together and solve the problem of down-the-line. Because both of them are going to be fighting for who has control over this new agency that you're creating.

Mr. WILLIAMS. Yes, sir.

Mr. WOLFF. But that's, you know, I'm sure with the fiefdoms that exist, the various areas, you're never going to be able to accomplish that. We can much more easily set up a new cabinet department than combine the cabinet agencies that are involved.

We have kept Mr. Anderson waiting for a long time. And for those of our visitors who are here who perhaps are questioning how we go about this procedure, I might explain one thing. The Office of Drug Abuse Policy is an Executive office. It operates out of the Office of the President.

Mr. Anderson is with the congressional arm, the General Accounting Office. And this is the way our system of checks and balances works,

the idea of one branch of Government acting as a check and balance upon the other.

The General Accounting Office is the auditing arm of the Congress. And its objective is to look at the various executive agencies and to try to find whether or not they are meeting the objectives that are set out by both the Congress as well as the Executive, and with the responsibility of reporting to the Congress.

Therefore, with that introduction, Mr. Anderson. We appreciate your patience. Perhaps, then, after you've made your presentation—and I take it you don't have any slides?

Mr. ANDERSON. No, sir, I do not.

TESTIMONY OF WILLIAM J. ANDERSON, DEPUTY DIRECTOR OF THE GENERAL GOVERNMENT DIVISION, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY FRANK TOTH AND PATRICK GORMLEY

Mr. ANDERSON. Thank you, Mr. Chairman.

I was interested that the committee figured out some of the basic problems on their own. But back to that in a minute.

I'd like to introduce the gentlemen who are with me today. On my left is Frank Toth. Frank is in charge of GAO's work in the drug area and at the Immigration and Naturalization Service. At the far right is Pat Gormley of our Los Angeles office.

One of the things that GAO brings to serve the Congress, a unique capability among the congressional support agencies, is a lot of people in the field who really go out and do legwork and pick up documents on the spot around the country and around the world.

In any event, I know that the members are aware, but I'll tell you a little bit for the other people who aren't aware of GAO's work in the law enforcement and drug areas, some idea of resources and other questions as were posed to Mr. Williams.

GAO has designated law enforcement generally as one of 30-odd issue areas. It's putting 80 staffers in the area generally.

A good part of that is in response to specific congressional requests, and most of the rest is in response to perceptions of congressional interest, even in the absence of a request.

In the drug area this year, we'll probably put 15 to 20 staff-years, depending again upon the level of request we get from the Congress. That's the time that Mr. Toth is responsible for applying.

I have a statement to be inserted for the record, Mr. Chairman.

Mr. WOLFF. Without objection, the full statement will be entered into the record.

Mr. ANDERSON. Thank you very much.

I want to point out, too, that this statement represents a very concise summary of a lengthy report that we expect to issue some time in the next week or so; hopefully, within a week. It will present in great depth our findings with respect to problems on the southwest border.

You mentioned some. I think Mr. Williams had mentioned some of the others. I won't bother repeating specific problems. Overall, it's quite clear that the border is porous, to put it mildly. It's full of holes.

I think that the committee was very astute in pointing out that consolidation and improved management of the existing resources

would have a very marginal effect on improving the integrity and security of the border.

What it will provide, though, hopefully, is for the first time, comprehensive planning. There's a need for good staff work—the Department of Defense-type staff work. To sit down, weigh the alternatives, recognize the limitations and our ability to control the flow of people, to control the flow of drugs, arrange options on what it would cost at varying levels of effectiveness.

The only figure I've seen is that of Mitre Corp., \$300 million, they say, to develop a system that's 85 percent effective in stopping illegals at the border.

I have no reason to suspect that's a good figure. It probably is understated considerably.

But what the Congress needs, and the staff work that the Executive has to provide it, is some analysis of what our options are, the cost effectiveness, how much would it cost to achieve total closure of the border to illegals, how much can we afford to pay, what can we really expect in the way of—

Mr. WOLFF. I must say that threading through this entire exposition here is the fact that I don't think that we in this country are anxious to build another Berlin wall. I think that must be presented as an important element in the whole structure that we are talking about.

Mr. ANDERSON. Right, sir.

Again, that's the type of analysis that needs to be made. The unified strategy is hopefully what will ultimately evolve out of this new organization, whatever it is.

In the past, nobody could really plan for the application of the resources of all the agencies that had a responsibility there, individual planning.

Mr. WOLFF. Did you find an inventory of resources that are available?

Mr. ANDERSON. We had a little difficulty trying to find out exactly. There was no centralized inventory. We had to develop it ourselves, depending upon information from the agencies.

Even in the interim, pending any reorganization, something that could have been done in the past few years would have been for OMB to perhaps take the lead in requiring some kind of a budget presentation that would pull together the plans of the various agencies. That's been the missing ingredient.

Mr. WOLFF. One factor in all of this, and I think this again is something for our visitors: The agency people here are aware that we have a number of visitors from the various delegations in the United Nations, but I think it's important for our visitors to understand something that I mentioned before.

The question of posse comitatus which restricts the use of the military in civilian affairs, and the utilization of military equipment, and forces in the conduct of our civilian affairs. It's a very strong restriction that is placed upon the intrusion of the Defense Department into civil affairs.

And I think this is something that perhaps some of our visitors have had some questions as to why we don't put these resources to work.

There are restrictions against it. I think it should be noted at this point.

Mr. ANDERSON. Right, sir.

Well, as I said, our report will be coming out shortly. The gentlemen of the committee can look at it at their leisure. Copies will be going to each of you as I said, hopefully, within a week.

It really sustains the arguments, further proof of the validity of the arguments, that are presented in the ODAP study. I thought that their study was a model of logic and clarity, personally. I believe it laid out the alternatives, argued them well.

Beyond that, I'm ready to respond to questions. As I said, we have our man on the spot there. In fact, I might mention that Pat has been working in the drug area for about 5 years now, and has worked extensively down in Mexico, down on the border.

[Mr. Anderson's prepared statement follows:]

PREPARED STATEMENT OF WILLIAM J. ANDERSON, DEPUTY DIRECTOR, GENERAL GOVERNMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE

Mr. Chairman and Members of the Committee: As requested, our testimony today deals with the work we performed during the past year relative to drug abuse with particular emphasis on our recent study of law enforcement programs along the United States-Mexico border.

During the past few years we have issued a number of reports dealing with the area of drug abuse. A listing of these reports, and digests from some of the more pertinent reports, are attached to our statement. As a result of our work in this area, during the past year we issued three reports¹ dealing with opium eradication efforts in Mexico, methadone deaths in New York City and the handling of drugs and other property seized by law enforcement agencies. Two of these reports were the result of work we performed at the request of a Member of this Committee.

In addition, we currently have in process reports dealing with (1) efforts to suppress retail level diversion of controlled substances, (2) the use of science and technology to improve drug enforcement, and (3) law enforcement efforts along the United States-Mexico border. As requested, Mr. Chairman, the majority of our testimony will focus on this latter review.

With that brief overview of our efforts in the drug area, the remainder of my remarks will focus on our review of law enforcement efforts along the Southwest border.

SIGNIFICANCE OF THE SOUTHWEST BORDER

As you know, Mr. Chairman, in the past few years law enforcement efforts along the Southwest border have taken on increased significance, mainly, because of the transit of illicit drugs and undocumented aliens across this border. United States authorities estimated that, in 1971, heroin flowing from and through Mexico represented 20 percent of the heroin consumed in the United States. For 1975, it was estimated that 89 percent of the heroin reaching the United States came from poppies grown in Mexico. Although this estimate is subject to question, there is general agreement that Mexico is the major source of heroin reaching this country.

Although meaningful figures on undocumented aliens are hard to come by, INS data on apprehensions of such aliens shows that from 1971 to 1975 the number of apprehensions have increased by about 85 percent. Most undocumented aliens apprehended are Mexican—about 90 percent.

The significance of the above figures is enhanced when one considers that the Federal policy to prevent illegal immigration emphasizes interdiction at the border rather than apprehension of illegal aliens after settlement. For drugs the

¹"Opium Eradication Efforts in Mexico: Cautious Optimism Advised," GGD-77-6, February 18, 1977. "Methadone Deaths in New York City," GGD-77-25, February 18, 1977. "Drugs, Firearms, Currency, and Other Property Seized by Law Enforcement Agencies: Too Much Held Too Long," GGD-76-105, May 31, 1977.

policy calls for giving priority in both supply and demand reduction efforts to those drugs which inherently pose a greater risk to the individual and to society—heroin is the top priority drug.

FEDERAL PRESENCE AND RESOURCES AT THE BORDER

Control of the border is basically a task of controlling the movement of people, vehicles, aircraft, boats, and goods. There are over 400 Federal laws and regulations governing entry and departure of people and goods across the border. While there are other agencies which play a role in controlling the Southwest border—Federal Bureau of Investigation (FBI); Bureau of Alcohol, Tobacco and Firearms (ATF); Department of Defense; Federal Aviation Administration (FAA); Coast Guard; Department of Agriculture; Public Health Service—the principal agencies involved in law enforcement are the Customs Service, Immigration and Naturalization Service (INS), and the Drug Enforcement Administration (DEA).

From a law enforcement standpoint, the primary responsibilities of these three agencies at the border are: Preventing the illegal entry of persons into the United States; preventing contraband from entering the country; and investigating narcotics and dangerous drug violations.

In carrying out these responsibilities, both INS and Customs use patrol officers, port-of-entry inspectors, and investigators. DEA is the single Federal agency charged with responsibility for investigation pertaining to narcotics and dangerous drug violators.

Difficult control problems exist at the Southwest border. Some examples of these problems are:

The increasing volume of legitimate traffic serves to inhibit enforcement efforts necessary to detect contraband and illegal entrants. From fiscal year 1971 through 1976, about 804 million people, 247 million vehicles, and 441,000 aircraft were inspected in the Southwest border area.

Only 2 percent of the entire Southwest border—40 miles out of a total of 2,000 miles—offers sufficient topographical barriers to make illegal entry unlikely.

The Southwest contains thousands of square miles of land containing abandoned or little-used airstrips, dry lake beds, and isolated roads where light aircraft can land. Radar coverage exists on portions of the border but is sufficiently limited in detecting low-flying aircraft that undetected entry by aircraft into the United States is relatively easy.

In San Diego, where 300 to 400 pleasure vessels depart or arrive on a Saturday, Sunday, or holiday, there are over 120 miles of waterfront, and it is only 10 miles from the entrance of San Diego Bay to Mexican waters.

To meet this imposing enforcement problem, the Federal resources employed by the three major enforcement agencies increased significantly during the period 1971 through 1976. Estimates prepared by these agencies show that Federal expenditures have approximately doubled, going from about \$70 million in 1971 to just over \$140 million in 1976 (see attachments 6 and 7). Enforcement and support personnel increased from 4,352 in 1971 to 5,707 in 1976—an increase of 31 percent.

WHAT IS BEING ACHIEVED

While impossible to measure the deterrent effect of border law enforcement, the available supply of drugs and the estimated number of illegal aliens attest to the fact that it has not been a serious impediment to illegal entry. The substantial Federal investment for enforcement at the Southwest border is achieving only limited measurable impact on the drug and alien problem.

Border forces interdict only a small quantity of the estimated heroin and cocaine entering the United States from Mexico. Most seizures are of marijuana. In fiscal year 1976, Customs and INS seized about 2 percent of the heroin, less than 1 percent of the cocaine and 10 percent of the marijuana estimated to come from and through Mexico. When DEA's border area seizures are added, these totals equal 6 percent of the heroin, 3 percent of the cocaine, and 13 percent of the marijuana. It is fairly obvious that the quantity of drugs being interdicted will not have a significant effect on the drug problem. This is especially true when one considers that these figures presume the drug seizures to be 100 percent pure while the purity of border seizures are significantly less—usually below 50 percent purity.

Border apprehensions seldom involve high-level traffickers. The overwhelming majority of persons crossing the border in possession of drugs who are apprehended by Customs and INS are drug users, small-time operators, couriers, or

low-level members of drug trafficking organizations. DEA's data shows that less than 2 percent of the interdictions, referred from INS and Customs, involve major violators, and about three-fourths of these were marihuana violators.

The results with respect to apprehension of aliens are more impressive but the problem remains serious. More illegal aliens are successful in getting into the United States than are prevented from entering. Many aliens apprehended are repeaters; some have been apprehended as many as 10 times. When one considers the many points along the Southwest border that can be used by aliens to enter the United States, it becomes apparent that attempts to prevent illegal migration at the border, by itself, will not solve the illegal alien problem.

PROBLEMS AFFECTING BORDER LAW ENFORCEMENT

Although border control alone will not solve the drug or illegal alien problems, it is a necessary element if the Nation is ever to control these problems. In our opinion, much more could be done if Federal border law enforcement activities were better planned, coordinated, integrated, and executed. The efficiency and effectiveness of law enforcement efforts at the border would be enhanced if intelligence support was improved and the costly overlapping and poor coordination of enforcement activities and support systems were corrected.

INTELLIGENCE

Under Reorganization Plan No. 2, DEA was tasked with providing nationwide drug intelligence. DEA is currently working on this task and some improvements have been made, but problems still exist. Some examples which illustrate this problem are the lack of factual data to reliably establish the amount of illicit narcotics smuggled across the Southwest border and the lack of actionable intelligence necessary for successful operations along the border.

One step taken by DEA to correct this situation was the establishing of the El Paso Intelligence Center (EPIC). The purpose of EPIC was to provide an overall intelligence picture of drug trafficking and/or smuggling by land, sea, or air between Mexico and the United States. This would enable DEA to provide tactical intelligence to agencies with border enforcement responsibilities. In the early stages of EPIC's development, progress was slow due to lack of support and agency resistance. Recent progress supports the concept of a single border intelligence center but problems persist.

One such problem is that little intelligence was being developed within Mexico to improve interdiction efforts at ports-of-entry and other locations along the Southwest border. Another problem, which is of long-standing duration, is the extent of cooperation among the major law enforcement agencies.

OPERATIONS

Not only did border interdiction efforts suffer from a lack of actionable intelligence, but also from deficiencies in operations. These are some of the problems we identified:

We found that a shortage of inspectors existed at the four ports-of-entry we visited along the Southwest border, even though most seizures of hard narcotics were made at the ports-of-entry. Inspection manpower has a significant impact on the thoroughness of inspections performed at these locations.

The only detection devices available to assist inspectors at the ports-of-entry are TECS data—Treasury's automated system, which is used by Customs for disseminating intelligence information to inspection and enforcement personnel—and trained detection dogs. The value of TECS data for ports-of-entry interdictions is limited because it is primarily keyed to vehicle license numbers.

Detector dogs are an effective time-saving drug interdiction aid. However, border officials believe that much of the hard narcotics which comes through the ports is packaged and inserted into the human body. Detector dogs are not used to search people, and inspectors are reluctant to perform intensive personal searches.

The INS Border Patrol and the Customs Patrol have overlapping roles for control of illegal movements across the land borders between the ports. Poor coordination and cooperation between the Customs and INS border patrols, as well as costly overlapping facilities, have contributed to conflicts and tension and produced only marginal results.

Although a Memorandum of Understanding exists between INS and Customs mandating "full cooperation between the two Services," this cooperation does not, in reality, exist. To illustrate, while waiting and watching with a Customs Patrol officer at a border canyon where a sensor hit occurred, the supervisory patrol officer told us that a lack of personnel might cause them to miss the intruder. Right after he made this statement, an INS Border Patrol car cruised slowly by our position, but no attempt was made to contact it and ask for assistance. Patrol officers could not recall a single example of assistance to one agency by the other on an as-needed basis.

Air and sea operations along the Southwest border have produced only marginal results. Most seizures involved marihuana.

Since 1975, there have been three intensified interdiction operations along the United States-Mexico border. These were to be cooperative and coordinated efforts among the various Federal agencies. As it turned out, there was minimal or no coordination among the enforcement agencies. In evaluating one such program—Operation Diamondback—the participants reported a lack of planning, coordination, cooperation, and intelligence. Fundamental planning and coordination never got out of the idea stage. The decisionmaking process was very poor due to confusion as to who had the authority and responsibility for directing actions. In essence, the land, sea, and air units were going their separate ways.

BORDER NEEDS AN INTEGRATED STRATEGY AND OVERALL CONTROL PLAN

Control of the United States-Mexico border is a complex and most difficult task that requires a comprehensive, coordinated effort by all segments of the border law enforcement community.

The executive branch of the Federal Government has not developed an integrated strategy or a comprehensive border control plan to consider all aspects of the problem and establish clear, measurable objectives indicating what it intends to accomplish with the various law enforcement resources. A plan of this type is critical because of the many agencies with overlapping responsibilities.

Over the past few years the Congress, the executive branch, and GAO have issued reports identifying problems among Federal border enforcement agencies and containing suggestions for improving their cooperation and coordination. While some recommendations have been implemented and outward appearances have changed as a result of these efforts the essential characteristics of the problem remain. Separate agencies with different orientations continue to identify the best means to meet their specific missions, with limited consideration for the activity of the others. This has led to the development of separate but similar lines of effort that continue to dilute border coverage and impact. Little consideration is given to overall border security.

We believe that sound management principles and the inherent difficulties of multiagency cooperation calls for an integrated Federal strategy and comprehensive border control plan. In our opinion, a single agency makes the most sense, in theory, as the long range solution. Single-agency management was recommended in our report "A Single Agency Needed to Manage Port-of-Entry Inspections—Particularly at U.S. Airports" dated May 30, 1973.

We believe:

The executive branch should provide the Congress, along with its appropriations requests, an overview of law enforcement along the United States-Mexico border. Included in this overview should be an analysis which brings together the budget requests and law enforcement strategies of the various border law enforcement agencies.

The Office of Management and Budget, Office of Drug Abuse Policy, and the principal border agencies should develop an integrated strategy and comprehensive operational plan for border control. This plan should consider the various alternatives to managing border operations ranging from the present management structure to single-agency management.

SANCTIONS AGAINST DRUG SMUGGLERS NEED TO BE ENFORCED AND STRENGTHENED

Improved interdiction capability can do little by itself to deter smuggling unless the penalties imposed outweigh the benefits derived. Opportunities exist to diminish the incentive to smuggle drugs by enforcing and strengthening criminal and administrative sanctions. Some improvements that could be made are:

Expansion of the jurisdiction of the Federal magistrates which would enable them to handle minor narcotics cases. Because the District court system is overburdened, most of these cases are not now prosecuted.

Improved administration of administrative sanctions and the providing of criminal sanctions against pilots smuggling illicit drugs by aircraft.

It should be recognized, however, that criminal prosecution and enforcement of existing administrative sanctions are limited as an effective deterrent because of the large profits involved, the nature of the violators being apprehended, and the ease with which penalties can be avoided by experienced smugglers. Improved effectiveness in stopping smugglers at the border is dependent, in large measure, upon the priority and commitment of the Mexican government to disrupting the production and shipment of illicit drugs.

This concludes my prepared statement, Mr. Chairman. We believe this Committee's oversight hearings provide the necessary forum for discussing the border control problems. Hopefully, the information contained in our final report will assist the Committee in its oversight function. We would be pleased to respond to any questions.

GAO REPORTS ON DRUG ENFORCEMENT

Title	Number	Date
1. Efforts to prevent dangerous drugs from illicitly reaching the public.....	B-175425.....	Apr. 17, 1972
2. Federal efforts to combat drug abuse.....	B-164031(2).....	Aug. 14, 1972
3. The heroin hotline.....	B-176833.....	Sept. 26, 1972
4. U.S. efforts to increase international cooperation in controlling narcotics trafficking (ID—Secret).....	B-176625.....	Oct. 4, 1972
5. Efforts to prevent heroin from illicitly reaching the United States.....	B-164031(2).....	Oct. 20, 1972
6. Heroin being smuggled into New York City successfully.....	B-164031(2).....	Dec. 7, 1972
7. Difficulties in immobilizing major narcotics traffickers.....	B-175425.....	Dec. 21, 1973
8. Identifying and eliminating sources of dangerous drugs: Efforts being made, but not enough.....	B-175425.....	June 7, 1974
9. Congressman Charles B. Rangel, House of Representatives (letter report concerning opium supply/demand).....	B-173123.....	July 23, 1974
10. Rescission of the opium poppy growing ban by Turkey (ID).....	B-173123.....	Sept. 9, 1974
11. U.S. economic assistance to Turkey (ID).....	B-125085.....	Sept. 16, 1974
12. Hon. William R. Cotter, House of Representatives (letter report on drug abuse efforts in Hartford, Conn. area).....	B-173123.....	Oct. 15, 1974
13. Hon. Charles B. Rangel, House of Representatives (letter report concerning additional information on opium supply/demand).....	B-173123.....	Nov. 21, 1974
14. Efforts to stop narcotics and dangerous drugs coming from and through Mexico and Central America (18634).....	GGD-75-44.....	Dec. 31, 1974
15. Security control for methadone distribution need improving (18632).....	GGD-75-50.....	Jan. 30, 1975
16. Problems in slowing the flow of cocaine and heroin from and through South America (Confidential) (18636).....	GGD-75-80.....	May 30, 1975
17. If the United States is to develop an effective international narcotics control program, much more must be done.....	ID-75-77.....	July 29, 1975
18. Improvements needed in regulating and monitoring the manufacture and distribution of illicit narcotics (18635).....	GGD-75-102.....	Aug. 28, 1975
19. Letter report: Inventory and security of U.S. opium stockpile (Restricted).....	B-173123, LOGCOM.....	Sept. 6, 1975
20. Federal drug enforcement: Strong guidance needed (18640).....	GGD-76-32.....	Dec. 18, 1975
21. Alleged improper personnel practices at the Drug Enforcement Administration.....	FPCD-76-27.....	Dec. 19, 1975
22. Stopping U.S. assistance to foreign police and prisons.....	ID-76-5.....	Feb. 19, 1976
23. More effective action needed to control abuse and diversion in methadone treatment programs.....	GGD-76-51.....	Mar. 9, 1976
24. Opium eradication efforts in Mexico: Cautious optimism advised (Rangel request) (Confidential).....	GGD-77-6.....	Feb. 18, 1977
25. Methadone deaths in New York City (Rangel request).....	GGD-77-25.....	Mar. 14, 1977
26. Drugs, firearms, currency and other property seized by law enforcement agencies: Too much held too long.....	GGD-76-105.....	May 31, 1977

COMPTROLLER GENERAL'S REPORT TO HON. CHARLES B. RANGEL, HOUSE OF REPRESENTATIVES—OPIUM ERADICATION EFFORTS IN MEXICO: CAUTIOUS OPTIMISM ADVISED (DEPARTMENTS OF STATE AND JUSTICE)

DIGEST

The opium poppy, from which heroin is derived, has been cultivated in Mexico for 30 years, despite increasing efforts by the Mexican Government to prevent it. With the disruption of the Turkish-French heroin connection in recent years, more poppies have been cultivated in Mexico to meet the demand for heroin by addicts in the United States. (See p. 1.)

The Drug Enforcement Administration's analyses of selected seizures in 1975 identified Mexico as the source of 89 percent of the heroin in the United States.

(See p. 2.) It estimates that 5.2 metric tons of Mexican heroin entered the United States during 1975 and that gross opium production in Mexico totaled between 100 and 110 metric tons.

Conflicting information on opium poppy cultivation exists; and, past estimates—as well as reports used in developing the estimates—may not accurately reflect the current situation. (See pp. 5 to 7.) The Drug Enforcement Administration, the Department of State, and the Foreign Intelligence Subcommittee of the Cabinet Committee on International Narcotics Control are aware of this and have acted to improve the situation. (See pp. 10 to 13.)

Since 1970 the United States has contributed about \$35 million to assist the Mexican Government with narcotics control efforts. Most of this assistance has been provided to the Mexican Attorney General's Air Services Section for aircraft and related support for improving the mobility of enforcement and eradication personnel. (See app. III.)

Eradicating poppies by aerially spraying them with herbicides has been a priority goal of the narcotics control program since late 1975. This placed greater responsibility on the Air Services Section. (See p. 16.) According to reported results for January through April 1976, about twice as many fields were destroyed during that period as during the 1975 program. (See app. II.)

The narcotics control action plan is to be the basic planning document for narcotics control funding, through the Cabinet Committee on International Narcotics Control. U.S. assistance to Mexico has escalated without sufficient detailed planning. (See pp. 18 to 20.)

A new administration took office in Mexico in December 1976, and its strong endorsement of the eradication program will be necessary for continued improvement. According to the Department of State, the new administration has recently pledged its continuing support of the eradication program.

The Drug Enforcement Administration will analyze U.S. heroin "removal" statistics to evaluate the eradication program. The Drug Enforcement Administration believes that a decline in availability, followed by a rise in price and/or by a drop in purity of heroin at the retail level, will indicate program success. Heroin removal statistics show a 6-month trend of lower purity and higher prices from March through September 1976. The Drug Enforcement Administration expects the trend to continue. (See pp. 34 and 35.)

To insure continued improvement and ultimate success for the opium poppy eradication program in Mexico, the Secretary of State, as Chairman of the Cabinet Committee on International Narcotics Control, should require the U.S. Mission in Mexico to develop a more comprehensive narcotics control plan which will:

Clearly define U.S. goals for assisting the Mexican Government in developing its own capabilities to control narcotics and develop specific objectives and criteria to evaluate progress being made. (See p. 37.)

The Department of State advises that the outgoing Mexican administration prepared a study of the resource needs for the ongoing program which will be reviewed by both governments and that a plan is being developed for identifying program goals and resources needed. (See p. 38.)

Comments from the Departments of State and Justice and from the Central Intelligence Agency were obtained and considered in the report.

COMPTROLLER GENERAL'S REPORT TO THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS, SENATE COMMITTEE ON GOVERNMENT OPERATIONS—FEDERAL DRUG ENFORCEMENT: STRONG GUIDANCE NEEDED (DEPARTMENT OF JUSTICE, DEPARTMENT OF THE TREASURY)

DIGEST

For years Federal drug law enforcement in the United States has not been as effective as it could have been if the agencies responsible had worked together to enforce the drug laws.

The price paid in this country for the lack of a concerted effort in attempting to control illicit drug activities cannot be measured.

The Federal agencies concerned—primarily the Drug Enforcement Administration and the U.S. Customs Service—have statistics on drug arrests, convictions, and seizures. However impressive these appear, they are not necessarily accurate indicators of how effective drug enforcement is.

True, statistics show increased arrests, convictions, and seizures. Law enforcement has not necessarily improved. Drug abuse is considered one of the most serious and most tragic problems in this country.

In his Reorganization Plan No. 2, of 1973, the President intended the Drug Enforcement Administration, the U.S. Customs Service, and the FBI to cooperate and coordinate their forces into a cohesive and powerful instrument for drug enforcement. They did not do so.

The Drug Enforcement Administration must obtain more valuable and reliable intelligence to assist the U.S. Customs Service in catching smugglers at border inspection posts. (See pp. 23 to 28.)

Since the 1973 reorganization, the Drug Enforcement Administration and the FBI have interpreted the FBI role in a narrow sense and have not materially changed their working relationship.

The Drug Enforcement Administration headquarters has not provided the FBI with names and information about drug traffickers. If the FBI was supposed to play a larger role in drug enforcement, it seems logical that the Drug Enforcement Administration would have provided the FBI with names and information about certain major traffickers. (See pp. 34 to 41.)

A recommendation that problems be solved by action at the highest level was made by the Domestic Council Drug Abuse Task Force in September 1975. Its chief recommendation said:

"The task force recommends that the President direct the Attorney General and the Secretary of the Treasury to settle jurisdictional disputes between DEA and Customs by December 31, 1975, or to report their recommendations for resolution of the matter to the President on that date."

GAO endorses this recommendation. History shows, however, that establishing interagency agreements alone usually will not solve problems.

It is questionable whether such agreements ever will work without a clear directive on the part of someone acting on the President's behalf to compel agencies to comply.

The Drug Enforcement Administration considers the purchase of evidence and information as one of the most effective tools available in narcotics investigations.

The use of funds for purchase of evidence and information has been controversial. The effectiveness of the use of these funds is difficult to assess. GAO recommends that the Attorney General develop better policy and criteria governing their use. (See pp. 43 to 57.)

GAO did not obtain written comments from either the Department of Justice or the Treasury; however, the Drug Enforcement Administration, FBI, and U.S. Customs Service reviewed the report and their comments and suggestions were considered.

COMPTROLLER GENERAL'S REPORT TO THE CONGRESS—IF THE UNITED STATES IS TO DEVELOP AN EFFECTIVE INTERNATIONAL NARCOTICS CONTROL PROGRAM, MUCH MORE MUST BE DONE

DIGEST

U.S. policy on eliminating opium production and illicit narcotics trafficking is not always clear to those who must follow it in attempting to carry out international narcotics control programs.

With U.S. and international encouragement, Turkey halted all opium production—the growing of opium poppies—in June 1971, but 3 years later, Turkey rescinded the ban. During the same period, the United States supported India's increasing its opium production for medicinal purposes. (See pp. 8 and 9.)

GAO recommends that the Secretary of State, as Chairman of the Cabinet Committee on International Narcotics Control:

Clarify U.S. opium policy. (See p. 22.)

Assess U.S. drug control activities abroad. (See p. 35.)

Define U.S. narcotics control objectives. (See p. 64.)

GAO makes a number of other recommendations to improve specific aspects of the narcotics control program.

GAO also suggests that the Congress complete its consideration of enabling legislation to permit the Senate to consider ratifying the 1971 Convention on Psychotropic Substances. This Convention is aimed at curbing unlawful diversion and illegal international trafficking of psychotropic—or mind-altering—drugs. (See p. 76.)

Annual worldwide illicit opium production is estimated at 1,130 to 1,520 metric tons. Most comes from regions where opium cultivation is illegal but governments lack effective political control to enforce the laws. (See pp. 23 and 24.)

In 1974 there were four large international narcotics trafficking networks. Enforcement efforts have partly succeeded in restricting trafficking through these networks, but much remains to be accomplished. (See pp. 24 to 28.)

Foreign governments' cooperation is crucial to the success of the U.S. international narcotics control program. This cooperation generally has been good, but the United States needs to strengthen diplomatic initiatives and gain greater cooperation from some countries. (See p. 47.)

The United States could improve narcotics control by supporting programs for educating, treating, and rehabilitating addicts in other countries to reduce production, use, and trafficking of illicit narcotics. (See p. 58.)

Although the United States continues to give top priority to international narcotics control, (1) it was not included among U.S. objectives in some narcotics-problem countries and (2) some U.S. embassies' officials were uncertain as to whether it was an objective in their countries. (See p. 80.)

International operations of the Drug Enforcement Administration have increased steadily and contributed to foreign government narcotics enforcement capabilities. Continued expansion of the agency's overseas activities, however, should be carefully considered in terms of potential problems with foreign government sovereignty, possible displacement of indigenous police functions, and appropriate development of foreign government enforcement capabilities. (See pp. 33 to 35.)

Most U.S. efforts have been directed toward short-term enforcement measures. Long-term measures, such as crop substitution and income replacement, will require changes in traditional economic and social conditions and establishment of political control over areas presently uncontrolled. (See p. 36.)

If a country's development priorities do not include replacing the opium poppy, crop substitution and income replacement are unlikely to follow without strong urging and assistance from outside sources. (See p. 41.)

The 1961 U.N. Single Convention on Narcotic Drugs provides the mechanism for continuous international cooperation on narcotic drug control through essentially voluntary restraints on the cultivation, production, manufacture, and import and export of opium and its products. (See p. 66.)

The 1971 Psychotropic Convention was aimed at limiting the manufacture, distribution, and use of psychotropic drugs, including LSD, mescaline, amphetamines, barbiturates, and tranquilizers, to legitimate medical and scientific purposes. Although the United States has been a leader in sponsoring and negotiating international drug control treaties, it has yet to ratify the 1971 Psychotropic Convention. (See p. 66.)

The U.N. Fund for Drug Abuse Control was established in March 1971 as a coordinated international program against drug abuse. However, it depends on voluntary contributions from governments and private sources, and its progress has been slow because of a shortage of funds. (See p. 67.)

The Department of State, the Agency for International Development, and the Drug Enforcement Administration have indicated in their comments (see app. II) that positive actions are being or will be taken in response to GAO's recommendations. However, they do not agree that U.S. opium policy is unclear to those who must follow it. (See pp. 18 to 22.)

COMPTROLLER GENERAL'S REPORT TO THE CONGRESS—EFFORTS TO STOP NARCOTICS AND DANGEROUS DRUGS COMING FROM AND THROUGH MEXICO AND CENTRAL AMERICA (DRUG ENFORCEMENT ADMINISTRATION, DEPARTMENT OF JUSTICE, DEPARTMENT OF STATE)

DIGEST

Why the review was made

The flow of narcotics and dangerous drugs from and through Mexico to the United States is increasing.

In 1971 about 20 percent of the heroin, 90 percent of the marihuana, 80 percent of the dangerous drugs, and much of the cocaine consumed in this country came from and through Mexico. By late 1973 heroin flowing from and through Mexico to the United States had increased to about half the total consumption.

In September and October 1974, Drug Enforcement Administration officials estimated that:

70 percent of all heroin reaching the United States comes from poppies grown in Mexico;

Virtually all the marihuana seized comes from Mexico and the Caribbean;

About 3 billion tablets of dangerous drugs, valued at more than \$1.6 billion on the illicit market, comes from Mexico in a year; and

Cocaine, which is becoming a preferred drug of abuse, passes through Mexico on its way from South and Central America.

Central America is also a potentially important transshipment point for drugs coming to the United States.

Accordingly, GAO examined U.S. programs designed to reduce the flow of drugs coming from and through Mexico and Central America.

Findings and conclusions

The United States is trying to stop the flow of drugs from Mexico by:

Forcibly preventing shipment of drugs to the United States (called interdiction).

Eliminating illicit production in Mexico.

Assisting the Mexican Government's antidrug efforts.

The U.S. Ambassador, as the President's representative, is responsible for seeing that U.S. objectives are achieved. In the drug area he is supported by: The Drug Enforcement Administration, the prime U.S. enforcement agency, maintaining liaison with Mexican Government narcotics enforcement agencies, and drug control committees in each country. (See pp. 2 and 3.)

Progress

Since 1969 the United States and Mexican Governments' antidrug efforts have: Increased drug seizures, opium and marihuana eradication, and arrests.

Provided better information on drug trafficking.

Improved Mexican capability through material assistance grants and training.

Increased cooperation and discussion at high diplomatic levels. (See pp. 15 and 16.)

Problems

Even with this progress, increasing amounts of drugs continue to reach the United States.

Factors which have hindered greater effectiveness in reducing the flow of drugs to the United States include: Lack of full cooperation between the two Governments regarding drug information and extradition and limited technical resources and manpower. (See pp. 20 to 25.)

Cooperation

One way to reduce the flow of drugs to the United States is the exchange of accurate data about the activities of known and suspected drug traffickers between the Drug Enforcement Administration and the Mexican Federal police. The Drug Enforcement Administration, however, has had only limited opportunity to interrogate persons arrested by the Federal police for drug crimes and sometimes was denied access to information the police obtained. (See p. 20.)

Immobilization of drug traffickers is further hindered because drug traffickers who flee to Mexico are not prosecuted and incarcerated. Mexico readily grants citizenship to persons having Mexican parents or background, regardless of the solicitant's place of birth. Some of them, before becoming Mexican residents, lived in the United States until they were convicted or suspected of violating U.S. drug laws.

The Administration estimates that more than 250 such persons now live in Mexico. Some still traffic in drugs. Because they are Mexican citizens, the Mexican Government refuses to extradite them to the United States for prosecution.

In a few cases, Mexican citizens have been convicted in Mexico for drug violations in the United States. Greater use of this procedure might deter Mexicans who have violated U.S. drug laws from using Mexico as a sanctuary from prosecution. (See p. 28.)

Material assistance

Mexico is not only a major transshipment area but also an indigenous source of drugs. Its sparsely populated and rugged mountains make location and eradication of clandestine cultivation areas difficult and time consuming.

Its extended border with the United States and two long coastlines afford traffickers virtually unlimited locations for smuggling. This, in turn, makes it harder for its ill-equipped police to locate trafficking routes. (See pp. 6 and 25.)

Since 1970 the United States has given Mexico \$6.8 million in equipment, such as helicopters for troop transportation. Additional equipment has been approved by the Cabinet Committee on International Narcotics Control. (See p. 26.)

More than 250 of the 350-member Mexican Federal police force have been trained in drug enforcement procedures by the Drug Enforcement Administration; this training is continuing. (See p. 26.)

The United States is also providing equipment and training to the Mexican Customs Service. (See p. 27.)

Other matters

DEA has had some success in locating and eliminating narcotics laboratories in other countries by publicly offering rewards for information about drug traffickers.

Though the Administration has had information for a number of years that heroin laboratories are operating in at least eight areas in Mexico, no significant laboratory had been seized until February 5, 1974. Since then six other laboratories have been seized.

GAO believes that publicly offering rewards would increase the identification of illicit laboratories, but the Mexican Government has not agreed to offer rewards for information, despite repeated U.S. requests.

Although the Drug Enforcement Administration recognizes that many oceangoing vessels and aircraft are used in moving drugs from Mexico illicitly, it had not monitored the use of oceangoing vessels and aircraft by drug traffickers. (See pp. 18 and 19.)

The Mexican Government recognized that corruption exists at many of its levels, including the Mexican Federal police, and developed plans to overcome this problem, such as reorganizing the police. This reorganization was to begin in January 1973, but no action had been taken as of September 1974. (See p. 18.)

Central America

Central America is not currently considered a prime source in transshipping drugs to the United States; however, it does offer traffickers many of the same benefits as does Mexico.

As enforcement improves in Mexico, the Drug Enforcement Administration expects traffickers to make greater use of the Central American countries. Plans are being developed, and the Administration plans to assign agents to these countries. (See p. 34.)

Recommendations

The Attorney General, in cooperation with the Secretary of State, should improve information gathering and cooperation in Mexico by encouraging the Mexican Government to: Share information obtained during interrogation of suspected drug traffickers and prosecute traffickers fleeing to Mexico within the Mexican judicial system if Mexico continues to refuse extradition.

Agency actions and unresolved issues

Department of Justice. The unclassified version of the Department of Justice's comments are included in appendix I. A copy of the Department's classified response will be made available to authorized persons upon request.

The Justice Department: Agrees with GAO's analysis of extradition problems and the possibility of prosecuting people in Mexico for violations of U.S. statutes and recognizes the merit of some observations concerning enforcement operations.

However, the Department believes GAO's findings, conclusions, and recommendations have serious weaknesses. The Department believes the report is a random collection of observations and includes items of secondary importance and that it ignores some significant issues, such as (1) investigative procedures used by the Mexican Judicial Police, (2) lack of operating agreements between the Drug Enforcement Administration and local Mexican police officers on custody and prosecution of arrested carriers, and (3) problems created for U.S. border investigations by the policy of the Government of Mexico which requires that known narcotics and dangerous drugs being smuggled out of Mexico be seized in Mexico. (This policy prevents the identification of U.S. traffickers by keeping the drugs under surveillance until they are delivered.)

GAO recognizes that many problems affect the efforts to stop the flow of

narcotics and dangrous drugs into the United States and that these problems and their seriousness change from time to time.

At the completion of GAO's fieldwork in late 1973, GAO's findings were discussed with appropriate U.S. agency officials in the field and in Washington. At that time GAO had not identified, nor had agency officials recognized, the three above areas mentioned by the Department as causing major problems.

If the Department has sufficient evidence to identify these areas as causing real problems to their efforts to stop the flow of narcotics and dangerous drugs into the United States, no additional work by GAO to develop these problems should be necessary. GAO suggests that the Department continue to work with the Government of Mexico to overcome these problems.

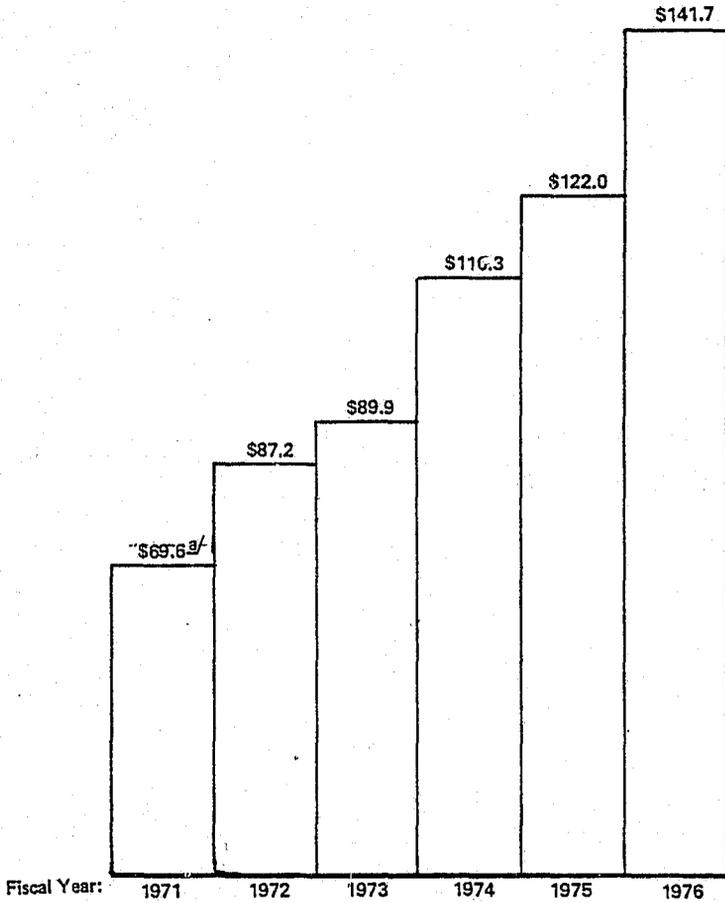
The Department also commented extensively on how it believed (1) the Government of Mexico could improve its drug enforcement activities and (2) U.S. operations on the border could be improved. It said that actions had been or were being taken to improve activities in both areas but that more efforts were needed.

The Drug Enforcement Administration's comments on specific actions planned or being taken on GAO's recommendations are included in the body of the report. (See pp. 22 and 32.)

Department of State. The Department of State (see app. II) endorsed the recommendations and said actions are underway and will be pursued. These actions are included in the body of the report. (See p. 32.)

Matters for consideration by the Congress

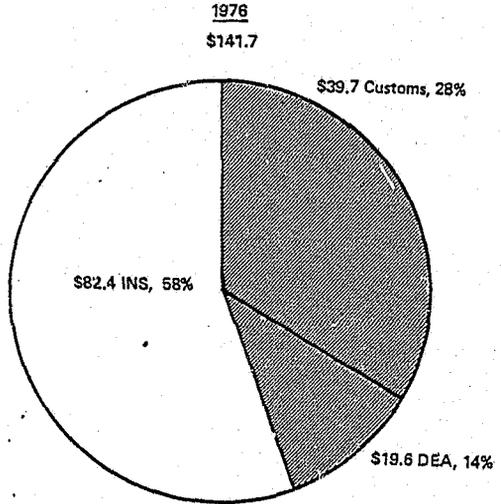
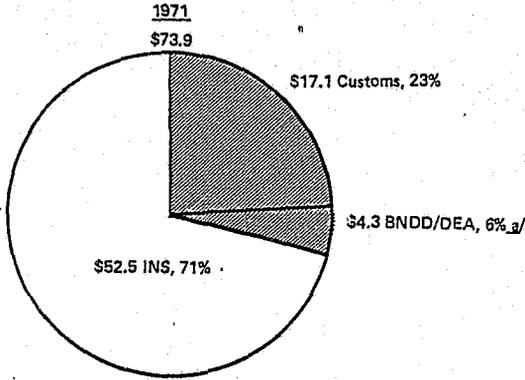
This report is being sent to the Congress to advise it of efforts needed and being taken to reduce the flow of drugs into the United States from Mexico and Central America. The report should be useful to those committees having oversight responsibilities in this area.



Customs, INS, and Bureau of Narcotics
and Dangerous Drugs/DEA Expenditures
(Millions)

^{a/}No cost for BNDD/DEA was included since such data was unavailable.
BNDD/DEA estimated cost for 1972 was \$4.3 million.

The following chart illustrates the mix and general purpose for which these expenditures were made.

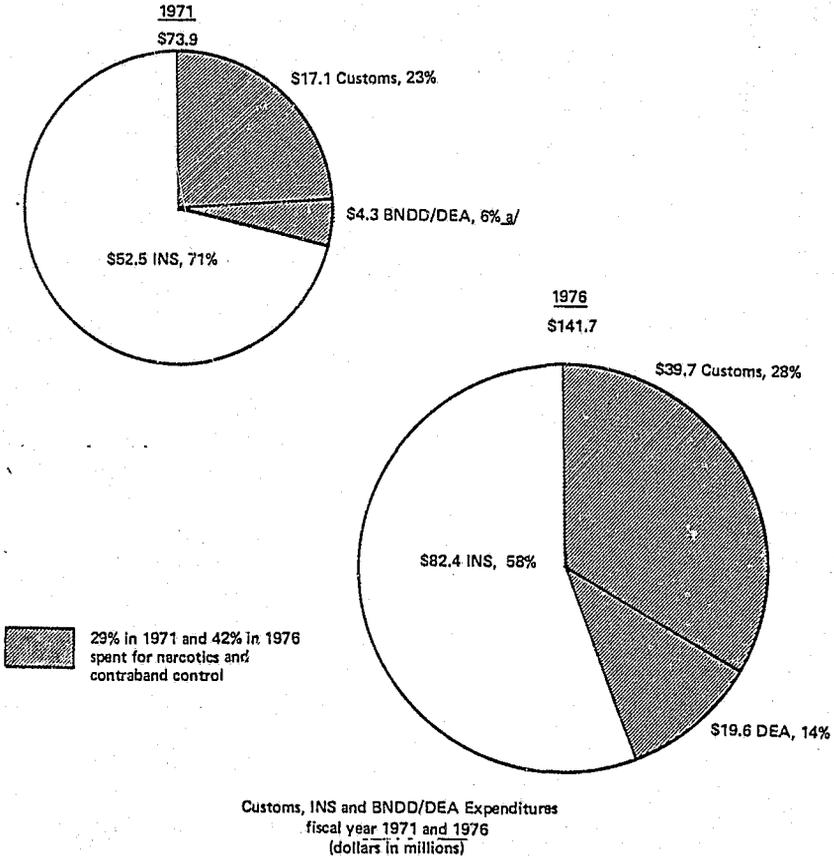


23% in 1971 and 42% in 1976 spent for narcotics and contraband control

Customs, INS and BNDD/DEA Expenditures
fiscal year 1971 and 1976
(dollars in millions)

^{a/} Since BNDD/DEA cost estimate for FY 71 unavailable, FY 72 cost for BNDD/DEA was used

The following chart illustrates the mix and general purpose for which these expenditures were made.



^{a/}Since BNDD/DEA cost estimate for FY 71 unavailable, FY 72 cost for BNDD/DEA was used

Mr. WOLFF. We are extremely pleased that there has been this type of reassessment in progress. This is one aspect of the total picture that exists.

It's difficult to ask you questions about a study which we don't have in our hands at the moment. But I would ask some questions relative to your appraisal of how your study coincides with that which has been made by ODAP. In other words, is there a coordination there?

Mr. ANDERSON. There's a problem at the border, as our study and the ODAP study surfaced, absolutely. There is overlapping and duplication. We could not really put a price tag on it, so to speak.

Everybody grants that there is overlap, there is duplication. We do have some unnecessary overhead with respect to two separate patrol forces. We did find instances where sensors were actually behind—the sensors of one agency were behind the sensors of the other. And both were responding to the same intrusion.

But again, what was the bottom line of all that, this overlapping and duplication? It sounds horrendous, but where would we have been if we didn't have any? Probably not much further toward solving our problem than we were.

The problem of intelligence coordination was referred to.

Mr. WOLFF. We have a duplicate system now. We have EPIC, and we have TECS.

Mr. ANDERSON. And we have NADDIS, and we have Pathfinder.

Mr. WOLFF. We understand that the reason that these two systems can't get together, or that the various systems can't get together, is because there are certain restrictions upon the classification of material that would go through the various systems.

And therefore the IRS information, for example, could not be processed in any fashion that would tie into the DEA's system. And the Privacy Act as well acts as an inhibitor.

But the very redundancy of the systems that are involved indicates a need for some type of coordination.

Mr. ANDERSON. An even beyond that, I think that one of the things that our report showed is that the type of intelligence that's being generated that might be useful for interdiction just isn't there.

Right now, I think it's been proven that there's no better way to have a successful interdiction than to have some advance awareness.

Mr. WOLFF. Prior intelligence.

Mr. ANDERSON. Right; and we just don't have that. Most of the time, in the lingo of the trade, I guess it's cold busts are basically what we're finding in the narcotics area. We just don't have it.

It's really hard to say what the probabilities of developing the type of sources that you'd need to have effective information of that nature, but it definitely inhibits the effectiveness of drug interdiction.

Mr. WOLFF. Mr. Burke.

Mr. BURKE. I don't have any questions. I would like to merely mention, like the chairman and the other members of the committee—I'm happy to see at least your reports, even though they're conflicting.

And the purpose of this committee is to recommend to the Congress procedures and methods where we can strengthen our laws and perhaps assist the agencies themselves.

I do find some concern, because even in your reports, your reports vary to some extent, so that disagreement—like there isn't any reorganization.

But I am concerned about the idea of reorganizing for reorganizing's sake. Unless something that is a workable plan can be come up with, my only recommendation is that I feel—I know I speak for other members, some of them expressed themselves—but it wouldn't be a bad idea if you didn't go back and do some more reviewing and try to coordinate, to come up with a little better recommendation, frankly.

And I say that—Mr. Williams, I know you put some hard work in. And basically, it sounds good. But unfortunately, I don't think it's going to work, the method which you suggested. But then, I'm not an expert.

We've had the opportunity of observing many of the things on the border such as you've shown us, and some of us have some concern, mostly the fact that we don't feel that there's enough recognition on

behalf of both Customs and the Narcotics people, not their recognition, but the public's recognition, of the work they do with the little they have to do it with.

And I think it's rather unfortunate that these men put in long hours, they work hard. And it's also been unfortunate that there has been that jealousy between Customs and some of the other agencies.

I hope it would stop and we can again improve some of the problems.

But I do think that in all fairness, if there is an overworked agency, it's the Customs people. And I certainly feel that there should be more cooperation.

I think it was in your report, one of the reports—Mr. Williams, I guess it was yours, where you pointed out the lack of the coordination, actually, between the agencies themselves.

So I'm sure you gentlemen are certainly maybe even better versed than we are. We are just not versed ourselves. We've seen some of the operations. We have our ideas.

But the purpose of these meetings, as the chairman said, is for you to educate us. And we, perhaps, to give you some idea of our problems in handling legislation, or recommending legislation, because there will be continued jealousies between agencies and those with the echelon responsibilities on the top. Nobody likes to lose their job or be transferred to other areas, by way of a reorganization.

But I personally want to thank you gentlemen. I think you both have put your teeth into a very, very difficult problem. If we can do just as well perhaps, other than criticize as Members of the Congress, I think then we'll have done a good service also.

Mr. WOLFF. Thank you, Mr. Burke.

Mr. Biaggi.

Mr. BIAGGI. Thank you, Mr. Chairman.

I agree with the conclusion of the recommendation made by Mr. Williams. And I'm happy to know that the interested parties have come to some agreement.

The point of contention which will be resolved ultimately almost, I'm sure, by Executive decision—

What I see developing in addition to the obvious elimination of overlapping and duplication, is the creation of new unit. And to the extent that this Government is committed, to that extent that unit will be enlarged and supported. And it will be charged with the responsibility of effective border control, rather than have it as a piece of a number of agencies. That will be its sole responsibility.

I also see it maximizing the personnel.

We're concerned with the various reasons for border control, illegal aliens, drugs, agriculture, any number of things.

I think a properly trained cadre of personnel can effectively discharge their responsibility in all these areas. And I'm hopeful that something will develop, because very frankly, I've expressed my view before with relation to the present abilities to deal with it because of absence of Government support.

Because what we're doing now simply isn't doing the job.

I have one question. I think Mr. Anderson stated that the Mitre Corp. submitted a proposal that with some \$300 million there would be 85 percent effectiveness?

Mr. ANDERSON. No; Mitre did a study that estimated—right—that it would cost \$300 million to achieve 85 percent interdiction rate.

Pat, are you familiar with the details of that study?

Mr. GORMLEY. Right; the Mitre Corp., in a series of volumes—I think in the early seventies—studied the problem of border interdiction, what can be done through the use of addition radar, as well as sensors, and position patrolmen in the most active places. And they also considered consolidation of the information process and the intelligence processing systems.

And they came up with a figure back then which would be considerably more today to lace the borders with sensors as well as with radar that would provide the certainty of protection. It's a very elaborate study. It was done for the Department of Justice, and I believe it was under a DEA-funded contract early when DEA was formed.

It came up with a lot of possibilities, but no solutions. And it did note many of the same problems discussed here today of overlapping, duplication, and support systems.

For example, the TECS system and the NADDIS system of DEA are very, very similar. They're all oriented to the same types of key documentation or key identity characteristics. And they said they should be consolidated.

And to this day they're very overlapping on a data basis. But consolidation of these support systems, as well as consolidation of the resources, is not very popular. That has been noted today.

Mr. BIAGGI. That may not be popular, but the Executive is going to have to go out and get himself involved in the decisions. If you're just going to go round and round again with this interagency competition—

Mr. GORMLEY. We've been doing that. If you look at the list of studies that are part of our report, as our appendix, we've been doing that for almost a decade, looking at border management and going around and around, and we are going to have to be making hard choices, and until we do we are going to be here for the next 3 years and asking the same question.

For instance, we had a very difficult time determining what are the results at the border. We have each agency reporting statistics differently.

Where are the resources? Very difficult to obtain, considering our figures would be the lowest estimate.

How many planes are down there?

It's very difficult to compile.

What they are doing with the utilization, in terms of the flight logs which are extremely poor, to determine if they are out there trying to interdict or if they are patrolling and going down to the border, and without this information it is very difficult to know where to go next.

And that's what we found, essentially—is that they do not know what's being achieved in a consolidated enough package to move forward.

Mr. WOLFF. If the gentleman will yield, one of the things that our committee is going to do is give GAO a new assignment and that is to check on the figures that are given to us by the various agencies as to the number of addicts that we have in the country. [Laughter.]

And the amount of stuff that's coming in, because we are getting different figures from every agency.

We get different figures on the addict population, on the amount that's coming in from the various countries, on the various types of drugs, and what have you.

And I think the only way of doing this is to have ODAP and the GAO make a combined study.

Mr. ANDERSON. What we'll be able to do is to tell you what's wrong with their figures. [Laughter.]

Mr. BIAGGI. Mr. Chairman, I have one comment.

First, I want to thank you for your testimony and your contributions and recommendations on what should be implemented, especially in light of our dismal failure to date. But, Mr. Chairman, the opening remarks, your opening remarks—you made a reference to the Coast Guard's contribution in the fight against the drug problem. You stated that they more or less provided supportive services.

I'm the chairman of that Subcommittee on the Coast Guard. I think the record should show that since 1973 they have participated in some measure. We have addressed ourselves to the Coast Guard and the drug problem in the Coast Guard since I became the chairman some 4 years ago, and I can tell you that in the year 1977 they made 28 seizures with 739,545 pounds of contraband seized, in contrast to the year 1973 where there were four seizures, 27,434 pounds.

Over and above that they do patrol extensively in the Caribbean, and then have a combined sea-air operation and a very, very effective progressive program underway. I'm sure their testimony this afternoon will reflect that.

Mr. ANDERSON. One point, sir.

We did develop some information on the maritime activity down in southern California, and the Coast Guard has its hands more than full down there. I mean, a phenomenal amount of boat traffic in and out of this harbor is far more than you could ever even on some selective basis interdict and examine. I mean, it's just impossible, totally.

Mr. WOLFF. Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. Anderson and Mr. Williams, we appreciate the analysis you presented to the committee for the executive branch. It certainly has provided a lot of food for thought.

In reviewing your testimony, Mr. Anderson, I find a certain trend here. On page 10 of your testimony, you state:

The executive branch of the Federal Government has not developed an integrated strategy or a comprehensive border control plan to consider all aspects of the problem and establish clear, measurable objectives indicating what it intends to accomplish with various law enforcement resources. A plan of this type is critical because many of the agencies have overlapping responsibilities.

Then you go on further in your attachment 2, which is the GGD 77-6—is that a 1977 report?

Mr. ANDERSON. Yes, sir, this is an earlier report.

Mr. GILMAN. You state at the end of the Comptroller General's report to Congressman Rangel on opium eradication efforts in Mexico:

To insure continued improvement and ultimate success for the opium poppy eradication program in Mexico, the Secretary of State as chairman of the Cabinet Committee on International Narcotics Control should require the U.S.

Mission in Mexico to develop a more comprehensive narcotics control plan which will clearly define U.S. goals for assisting the Mexican Government in developing its own capabilities to control narcotics and develop specific objectives and criteria to evaluate progress.

In attachment 3, which is entitled "Federal Drug Enforcement: Strong Guidance Needed," you state that it is questionable whether interagency agreements ever will work without a clear directive by someone acting on the President's behalf to compel the agencies to comply.

In attachment No. 4, entitled "If the United States Is To Develop an Effective International Narcotics Control Program, Much More Must Be Done"—that is a 1975 report—you state: "GAO recommends that the Secretary of State, as chairman of the Cabinet Committee on International Narcotics Control, clarify U.S. opium policy, assess U.S. drug control activities abroad, and define U.S. narcotics control objectives."

It seems to me that what you have been recommending in these reports is for the executive branch to take charge, to manage, to establish a policy. From the early 1970's right to the present time, you are saying and shouting and screaming for the same things. And it is not being done.

And, again, we sit here in this committee; we complain about the ODAP being eliminated—it is now being folded into a Strategy Council that met once in the entire year—we hope it is going to meet frequently. But I still do not see the kind of Executive control that you are asking for. Instead, you are just folding two agencies under one management head, and yet you do not have any direct authority from the executive branch. And we will be back here next year hearing your further report saying that what we need is a clearly defined policy and goal, and someone to manage our narcotics control efforts.

Recently, the Chicago Sun-Times reported your secret report and the State Department's secret report.

I do not know why these reports have been classified as "secret" or "confidential" documents. I think that they should be widely publicized and distributed.

But the newspaper report said, "The GAO study showed that our embassy in Mexico has a tendency to overstate its own abilities," and then it continued, "Ironically, both reports criticized the U.S. effort in narcotics for failing to have a 'comprehensive narcotics control plan which will clearly define U.S. goals for assisting the Mexican Government in developing its own capabilities to control narcotics and to develop specific objectives and criteria to evaluate progress.'"

Now, while both of you are analyzing the agencies, who is analyzing what should be done at the top to do all the things that you are asking continually—a better policy, a better executive control at the top level?

Mr. ANDERSON. I'd say that that would be ODAP's responsibility, to bring it to the attention of the President. There sits his policy office.

Mr. GILMAN. The President is dismantling ODAP, and it will be terminated in January.

And Mr. Williams, I wonder how you are going to be able to accomplish this if you are not going to be around after January.

Mr. WILLIAMS. Well, you're exactly right. Under the current legislation, it is ODAP's responsibility. Dr. Bourne has in fact been developing this series of policy reviews specifically to answer that question.

The review of the international narcotics control program is probably the last major initiative that ODAP will be able to complete. It is now underway and, hopefully, it will give further guidance to the State Department, as well as answering the questions that you've posed. Further, we hope to have, in draft, a revised "Federal Strategy," which would give us the broader policy statements for presentation to the Strategy Council.

I seriously doubt if we'll be able to finish the 1978 "Federal Strategy" prior to the time ODAP goes out of business, but we do intend to publish it under whatever continuing organization exists, at least under the auspices of the Strategy Council.

Mr. GILMAN. And you hope that someone will read it after that. [Laughter.]

Let me rephrase that.

Gentlemen, do you feel that the Strategy Council is going to have enough authority and the ability to do what you are saying should be done—to set up some policy, establish some goals, and then to provide the necessary oversight on all of these agencies?

Mr. GORMLEY. My personal opinion would be, without the authority to require the implementation, it is, unfortunately, maybe an exercise.

Mr. GILMAN. An exercise in futility?

Mr. GORMLEY. Exactly.

We must fix the responsibility so each and every agency cannot evaluate the specific information to their advantage to make it look like they are accomplishing a great deal. But it may be partially due to the interaction of the other agencies.

Mr. GILMAN. I appreciate your candid assessment.

Any other comments?

[No response.]

Mr. GILMAN. Thank you, gentlemen.

Mr. BIAGGI [presiding]. Mr. Nellis.

Mr. NELLIS. Thank you, Mr. Chairman. I'm going to share my time, Mr. Chairman, with your permission, with Mr. Endres.

Mr. Williams, I would like to ask you and Mr. Anderson a question that coincides with the last question asked by Mr. Gilman.

Apparently, these recommendations that ODAP will be making go to OMB because there's a lot of management decision that has to be made.

I understand that Congress has appropriated additional resources for both Customs and INS, but the President's ceilings on Government employment clash.

What happens when you try to pinpoint the responsibility somewhere for these resources that these agencies need not being given?

Where is the stumbling block?

Is it in OMB?

Mr. WILLIAMS. That's a tough question to answer.

Mr. NELLIS. That's why I asked it. [Laughter.]

Mr. WILLIAMS. What appears to me to be the stumbling block is that we do not look upon border management or border control as a

single entity. We look at the appropriations structure, the departmental structure, and the agency structure with each having its own appropriation. Looking at our decision process—without the overview that we recommend and that the General Accounting Office suggests, there is no way to look at border management or border control overall and make the kinds of decisions necessary. INS must justify their own piece within the overall justice structure and then to OMB and the Congress. Customs has to deal with the same thing within the Treasury structure. The Coast Guard has to do the same thing within the Transportation structure.

But there is no one to put it altogether.

Mr. NELLIS. But now wait. Whose responsibility is it to put it all together?

How can we educate OMB sufficiently to come up with an answer to these problems that we've been struggling with these many years?

Isn't that your function?

Shouldn't ODAP, before it passes out of the picture, in its last dying gasp, grab hold of the OMB director, whoever it may be there at the time, and say, "This problem has not only cost us dearly societally, but dearly in terms of millions of dollars wasted with duplicated computer systems, with lack of intelligence," with all of the horrors that you have described?

Isn't it about time that the President personally be advised, through OMB, I suspect, what the problem here is?

Isn't that ODAP's function?

I don't see it in your report. I don't hear any screams emanating from your report saying, hey, it's about time we did something about this.

Mr. WILLIAMS. There are two answers to that.

One is much as the committee suggested. From a practical view, if we were to go as ODAP to OMB and start stomping our foot and proclaiming border management without clear drug overtones, I suspect the answer would be, "What are you guys doing? You're interested in drugs, and you're talking about immigration."

Mr. NELLIS. There's an easy answer to that: Narcotics policy should be right up there with the highest level of our foreign policy or anything else.

Mr. WILLIAMS. I suggested that that is the practical problem. I suspect that this problem would have some impact on our being able to do anything.

The second, much more positive view, is that when this study and the OMB recommendations go to the President, we intend to be part of that presentation to the President. The very issue that you're talking about, our inability to look at border management in its entirety, we intend to make very clear and will point out that we must have some way to put it together within the Executive Office.

Mr. NELLIS. Well, I know Mr. Gilman and the rest of the members of this committee will be very interested to see what happens to all this in the White House, because it seems to me I have now read no less than 10 reports made over the years of the same subject, and they keep repeating themselves year after year after year, and the American taxpayer foots the bill for this constant fragmentation.

I want to thank Mr. Gormley, particularly, and Mr. Anderson, your office, for the excellent assistance you've given to the staff in understanding your problem.

Do you have something you want to say?

Mr. WILLIAMS. May I respond to something that you said? I think your observation is very important, Mr. Nellis, that there have been 10 or more studies on this subject. They are, in fact, listed in the back of the GAO report.

Mr. NELLIS. I only read 10.

Mr. WILLIAMS. It's very significant to Mr. Gilman's point.

We believe that each of these reports supports our conclusions—overlap, duplication, lack of coordination, all of the current operating problems.

But each of those reports looked at a very narrow segment of the overall picture. There is a report on patrolling between land borders; a report on single-agency inspection at airports of entry; a report on inspection of land ports on the southwest border.

We have all kinds of reports on little pieces of the overall package of control over entry.

Mr. GILMAN. If the gentleman will yield, and if I might interrupt you, Mr. Williams—agreed, the reports focus on segments of the total picture, but those studies all cry out in establishing an apparent pattern. What we need here is clearly defined policy goals from the top level and better oversight from the executive branch. And we are not getting it, neither then nor now, nor do I see it in the future with just a Strategy Council sitting there, meeting biannually.

Mr. WILLIAMS. Yes, sir, I agree. And I think that one of the reasons that those previous reports have failed to move the system is that this whole border management picture is a very complex problem with huge workloads. When we focus on how best to operate a major land port of entry with millions of cars coming through in a year, then those proponents of that little two-man port up in Vermont or North Dakota say, "That doesn't apply to us." We generate the kind of special interest conflict that tends, from a practical view, to keep us from getting anything done.

That's why I think we must have an overall foundation that doesn't accept this kind of argument about, "It doesn't apply to airports," or "It doesn't apply to seaports," or whatever other special interests are involved, and put it all together so we can get it under control.

Mr. NELLIS. But isn't it a fact, just to conclude, Dick, that our problem stems not so much from placing the blame on Congress or on the President—there is an absence of direct communication, exemplified by the fact that Congress has persistently tried to add resources to the problems you were showing us in border management, and the President's policy has always been to pull back so as not to expand the Federal Establishment.

And there you have a clash that has to be resolved.

Since you are in the President's office, it's my fond hope that you will be able to overcome these ceilings so that regardless of how you reorganize, we don't have the situation that I saw personally in my visit to the southwest border where there is a constant stream of illegal aliens, a constant stream of them carrying drugs, and a constant stream of contraband coming across the border.

Mr. WILLIAMS. I appreciate your confidence, and we will do our best.

Mr. NELLIS. Thank you, Mr. Chairman.

Mr. Endres?

Mr. ENDRES. As the chairman noted at the outset, I am with the Judiciary Committee, more particularly, the Immigration Subcommittee of that committee. And I think our committee's concerns are identical to those expressed earlier by Mr. Biaggi in that we want to assure that the proposed reorganization or the ODAP options are not counterproductive to the effective enforcement of the immigration laws and the immigration program in general—well, particularly, to the illegal alien problem.

I have noted there is a consensus with option 3, and I have heard that from a variety of different sources, and you so indicated here today. I was just wondering whether or not either ODAP or GAO is in a position to express a preference as to which Cabinet-level department ought to house the new agency.

And I understand your reluctance earlier to identify a particular Cabinet department, but I'm just wondering whether, based on both your studies, there is a preference as to which agency should do it.

Mr. ANDERSON. Speaking for myself, sir, and not for the Comptroller General of the United States, it seems to me that what we're trying to strengthen, at least as it applies to the southwest border, are the law enforcement functions of the agencies involved. And if you accept that that's where the emphasis is going to be and the thrust we're really concerned about, then Justice is going to be allowed to take it over. And then all the Treasury people are going to be madder than hell.

But the real concern of all these agencies lies in the illegal alien problem, the drug problem.

Mr. ENDRES. Mr. Williams, do you have a comment or do you want to express a preference at this time?

Mr. WILLIAMS. I would rather not say. [Laughter.]

We have agreed, generally, that what we want is higher levels of control over entry, and that should govern in making the decision as to which department receives the proposed agency. We even considered during the team review the possibility of it being an independent agency. We don't want to be counterproductive, as you suggested might happen. The fundamental judgment seemed to the team to be whether moving immigration to Treasury would harm the adjudication and naturalization function or somehow break up the records process.

We accepted the logic that the immigration process is a continuum, as suggested by the Immigration and Naturalization Service. But we did not suggest that you take patrolling out of Immigration and put it in Customs, or that you take inspection out of Immigration and put it in Customs. Moving the inspection might break up the INS continuum unless it is done in such a way as to minimize the disruption.

The same arguments apply to breaking up the connection between the inspection of persons—and the revenue-collection function within Customs.

So it's a question that has to receive a great deal of consideration before any recommendation like that is made.

I would say that we're working with the Office of Management and Budget; the President's reorganization project. They are considering the question of which department should receive such an agency. I think it will probably be another month before I could answer that question.

Mr. ENDRES. Let me try to be a little more specific.

It's been suggested by some observers—I'll categorize them as that—that the sensitive criteria that are enumerated in the ODAP studies surrounding option 3 set a tone that the transfer should in fact be to the Treasury Department.

My question would be, how are the criteria selected, and what weight ought to be accorded to each of the items listed, or the factors that are listed in the ODAP study?

Mr. WILLIAMS. We didn't stipulate what weight should be applied to those factors.

We selected the factors through the team effort. We informally asked team members and some career level top management in the services what criteria they felt should be used. Answers revolved around, not the inspection function and the patrol function, but the connection between inspection and the remainder of INS. In the Customs area, Customs is more totally border-oriented, if you will. The balance has yet to be decided regarding these factors.

Mr. ENDRES. Let me ask you this question that follows directly from that, then.

I am quite confused as to whether under option 3 the land border functions of INS adjudications, naturalization and others, would in fact be transferred to this single border agency.

Mr. WILLIAMS. Generally speaking, the team felt that there would be less disruption to the immigration function overall, if, whatever happens, the Immigration Service is treated as a whole rather than to break it up.

It follows that if the Treasury is the department that is eventually selected, then the team's opinion was that all of INS should be in Treasury, or vice versa.

Mr. ENDRES. Thank you, Mr. Chairman.

Mr. WOLFF [presiding]. I just wanted to follow up one point made by Mr. Anderson.

You indicated that there was a problem with narcotics intelligence gathering, I take it, and the fact that the information is pretty cold by the time the information was made available.

Mr. ANDERSON. No, sir. If I said that, I didn't mean it.

The point that I tried to make was, it is just lacking. Good information that the interdiction forces can act on is very few and far between.

I used the word "cold" in connection with the saying that in fact the type of narcotics finds that are made at the border are largely cold busts. They are not based on intelligence, on prior awareness.

Mr. WOLFF. Let me get back to another point.

Yesterday we learned that the narcotics effort overseas is now controlled by the State Department. Now, that impacts very heavily on interdiction.

Is there any line of either communication or management that either you or Mr. Williams' agency have developed at all in this connection?

Mr. ANDERSON. I'm sorry. Mr. Gormley was down in Mexico and he has seen it.

Mr. GORMLEY. In our visit, which was in the summer of 1976, when we were in Mexico looking both at the eradication campaign as well as what the resources were doing to support the interdiction function along the border, we found no mentioning whatsoever of interdiction in the responsibility of the U.S. mission, in their plan of action. And that is noted in our report. Since then, we've been advised, in comments on our report, that they have set up milestones or goals, or pieces of what they could do.

But we found that in the area like, for example, the Mexican Government, with the passage of various regulations and laws, our international effort is much more dependent on their cooperation: that we, for example, educated three of their agents in intelligence, none of which were in their intelligence unit at the time. And there is very little exchange between the Drug Enforcement Administration and the Mexican intelligence unit. DEA would send a lot of information, but we'd get very little information from them. And the resources that we had there that were applied to intelligence were mostly oriented to the traffickers and trafficking organizations, and the movement of the narcotics was a very small effort, isolated mostly to the Baja Peninsula on that side of the coast. And there was limited intelligence that might assist the border intelligence agencies being developed. But anything that was developed was being shared and sent to EPIC.

Mr. WOLFF. Now, on that score, we understand that the DEA—well, let me phrase it differently. The chief of mission, the ambassador, in each case is the responsible authority for the narcotics effort for the mission.

I have a very serious question about this because with the other matters that the chief of mission has to take care of, there's a serious question in my mind as to how much attention is paid to the narcotics effort and whether or not the diplomatic and political considerations override the law enforcement considerations that are involved in the interdiction of narcotics.

And I wonder whether or not your study is addressed to any aspects of this.

Mr. GORMLEY. Simply from in fact noting, by looking at the U.S. plan of action that the mission has with our orientation toward both the eradication campaign as well as toward the border interdiction function, at the time we did our work they weren't giving recognition to what could be done and what should be done for border interdiction.

Mr. WOLFF. The mission was not?

Mr. GORMLEY. Correct. They had no plan. It wasn't even mentioned in their control plan, the one they set up with the strategy. They were focusing on the eradication, which they considered to be the most productive use of their resources, in the eradication of the source.

Mr. WOLFF. Did you interview the DEA people down there?

Mr. GORMLEY. We certainly did.

Mr. ANDERSON. I don't think there's any evidence that the State Department is not cooperating fully with DEA in its efforts to get these overseas countries to act.

Mr. WOLFF. It's not a question of the overseas countries; we're not talking now of the country-to-country cooperation. I'm talking about the administration of our effort in the particular area interfacing with the interdiction effort at the border.

Mr. ANDERSON. Right. That's where we found, at least as it applies to Mexico, it is not well coordinated. In fact, it's relatively low priority.

Perhaps it's a realistic assessment. I really wouldn't say. Interdiction doesn't seem to be accomplishing too much anyway. Of course, maybe they're nabbing a lot on the other side of the border, too, the intelligence that does become available.

So do you let it go to the border? Do you track it through?

There are a lot of considerations.

Mr. WOLFF. One final question: Is there a study that your agency has relative to the northern borders, or are coastlines in a similar type of operation?

Mr. GORMLEY. No, sir. The coastline was limited to the southern California coastline.

Mr. WOLFF. Is that because you have not had a request for it?

Mr. GORMLEY. Our strategy was such that in reading the various testimony reported to congressional committees as well as looking at the strategy, the southwest border at the time was identified as the predominant flowthrough point.

Mr. WOLFF. I'm sure that, however, you're aware that one of the key areas is Florida today. Was that part of your southwest border examinations?

Mr. GORMLEY. No. We went no further than the land border and the air resources, based upon the information we had. And we felt we wanted to look because we found that—see, this is where we found the majority of the resources in the agencies being applied. The majority of the airplanes used by the Customs Service for interdiction, as well as their patrol, are on the southwest border. The overwhelming number of the patrolmen are on the southwest border. There's about an even break, or a little more inspectors, at the northern border.

Mr. WOLFF. Could you give us an indication of—I believe it was in the estimates contained in your study—that about 2 percent of heroin, about 3 percent of cocaine, was being interdicted at the border. And that conflicts very strongly with the figures we have been given by other agencies.

How did you arrive at those figures?

Mr. GORMLEY. We added up the figures that were provided by the agencies themselves as versus the inspection patrol, and then those two functions, in terms of what they had obtained in each of these categories, and we assumed them to be 100-percent pure simply because the purity statistics are not routinely gathered. And we compared them then to the DEA estimate as to the total amount of narcotics coming into the country from Mexico. And that's where we came up with our percentage.

Mr. WOLFF. Then you used the DEA figures as the basis for the total amount coming into the country.

Mr. GORMLEY. True.

Mr. WOLFF. Strangely enough, you know, your agency and your study and this committee's independent estimates, very crude estimates, do coincide on the rate of interdiction. We don't come near the figures or estimates of the total quantity coming into our country. But if you just interpolate the figures in some fashion, although there has been indicated a 10-percent interdiction, that standard 10 percent, that's almost like an agency, that 10 percent. It becomes so strict that it's used almost like a theatrical agent who has a percentage deal. We have every agency in the business now that has a 10-percent figure.

Mr. GORMLEY. May I just say one thing?

We saw the same thing in many of the statements that we read that were presented to the Congress, as well as information provided to us. That's why we went in and did this analysis, because we did not feel they were as high as claimed, and that's the reason.

Mr. WOLFF. Now, on the basis of your figures, on the interdiction figures—if you reversed the figures and took the 10-percent interdiction that DEA has given us or that Customs has given us and project from that the total and give the agencies credit for the interdiction, then you have the figure that this committee arrived at as somewhere in the neighborhood of between 50 to 100 tons of cocaine coming in rather than the .5 tons that they indicate.

Now, either one of their figures is wrong—either the amount of interdiction is wrong, or the total amount of product coming in is wrong, based upon your estimates and the estimates of this committee.

I think that somebody had better start looking at the method of compilation of the figures and how they are established.

This committee uses the Rangel formula, always. You turn right instead of turning left. That was the way he discovered the Mexican poppies growing. And the other was the projection of the amount of stuff that was coming in, directly coming in from Turkey at the time.

But if we are really to attack this problem, I think we've got to get some hard figures and some hard information, and I don't think that Congress or anyone else can be really complacent about the fact that someone just takes a figure out of the air—and I think that's where most of our figures have come from in the past—in order to prove the efficiency and efficacy of an agency, we get a figure of 10 percent.

And I would say, that based upon the total structure, that I don't think that ODAP, the President, the Congress, or anyone else, can be content with a 10-percent figure, which means that 90 percent of the stuff is getting through. It's not the amount of interdiction, it is the amount of stuff that's getting in, and even if we take the 10-percent figure, much more is getting through than is acceptable to the American people.

Mr. ANDERSON. What is on the streets has to be the final test. It's out there. We know it's out there, based on our buys. That's the only test. Whether it's 90 percent or 10 percent, whether we're really cutting down can only be known by answering the question—is it tough to find a fix?

Mr. WOFF. They have now used a new barometer of this, and that is purity, availability, and cost.

However, the fact is pretty well established that in order to determine whether or not a program is succeeding, you have to take that into consideration. But when it comes down to whether or not we are cutting down on the addict population, is have NIDA come in and make a determination—based primarily on the amount of people they have in treatment—a valid indicator that we can use?

If they can use the number of people in treatment, and then project the other portion of the people who are not in treatment, how in heaven's name do we understand or know how many people are not in treatment?

I think that there is much more work for all of us to do, that this is a continuing problem, and I for one would thank both ODAP and GAO for the work that they have done.

I hope that we are able to really zero in on some accurate information. I hope that both these reports stimulate the agencies to do further work.

Thank you.

Mr. BIAGGI. Thank you very much, gentlemen.

We will recess until 2 o'clock.

[Whereupon, at 12:45 p.m., the committee recessed for lunch.]

AFTERNOON SESSION

Mr. GILMAN [presiding]. Good afternoon, ladies and gentlemen.

Our session will be continued this afternoon with representatives of the U.S. Customs Service, the Immigration and Naturalization Service, the U.S. Coast Guard, and the Drug Enforcement Administration. We are giving these gentlemen an opportunity to present their programs, to discuss the ODAP and GAO recommendations, and to answer questions as to what agencies are doing singly and in cooperation with other agencies at the border.

Our chairman will be joining us shortly. He is detained in a conference.

We are going to ask our witnesses to rise and be sworn in so that we can abide by the committee rules.

[Witnesses sworn.]

Mr. GILMAN. I would like to identify the witnesses who are appearing before us this afternoon.

We have on my left Robert E. Chasen, Commissioner, U.S. Customs Service; Rear Adm. Norman Venzke, Chief, Office of Operations, U.S. Coast Guard; Gordon G. Fink, Assistant Administrator for Intelligence; and Mr. John L. Keefe, Assistant Commissioner for Inspection, Immigration and Naturalization Service.

We welcome you, gentlemen. We look forward to hearing your testimony.

Gentlemen, for purposes of saving time, we would appreciate if you would attempt to summarize as much of your testimony as possible. We will be pleased to admit the entire statement into the record.

Mr. Chasen, would you be kind enough to begin your testimony?

TESTIMONY OF ROBERT E. CHASEN, COMMISSIONER, U.S. CUSTOMS SERVICE, ACCOMPANIED BY: THADDEUS ROJEK, CHIEF COUNSEL; VERNON HANN, ACTING ASSISTANT COMMISSIONER FOR OPERATIONS; BOB SHAEFFER, DIRECTOR, PROGRAM AND PLANNING OFFICE, OFFICE OF OPERATIONS; PAUL ANDREWS, ASSISTANT REGIONAL COMMISSIONER FOR ADMINISTRATION, SAN FRANCISCO REGION

Mr. CHASEN. Mr. Gilman, it's a pleasure to appear before you today. During the course of this brief statement I will comment on the recent border studies conducted by the GAO and ODAP as they affect Customs operations.

The primary goal of Federal drug law enforcement should be to reduce the availability of illicit drugs in the United States through an integrated effort, which should include crop eradication, overseas interdiction, interdiction—including seizures and arrests—at our borders, investigations to penetrate smuggling organizations, and to support border interdiction, successful prosecutions both domestically and abroad, and overall domestic demand reduction programs.

The primary emphasis as far as Customs is concerned, in accordance with its mission, is border interdiction.

Since almost all illicit drugs consumed in the United States originate outside our Nation, Customs provides the first line of defense at the borders, and our interdiction efforts play an integral and vital role in Federal drug law enforcement.

In any interdiction strategy it is important that all border agencies utilize their full enforcement capabilities and that the interdiction and related functions of all these border agencies should be coordinated and mutually supportive.

Now, there are currently eight agencies representing seven Cabinet departments which have a physical presence in border operations. We in Customs enjoy close working relationships with these and many other agencies, and we attempt to provide them with positive support.

In spite of the concerted efforts of Customs, DEA, INS, the Coast Guard, and all the other agencies involved in border operations, our Nation is in fact facing the dual crisis of illegal alien and narcotics traffic.

The recent study conducted by GAO was primarily directed towards an analysis of those border activities which are related to curbing the flow of illegal aliens and illicit drugs across our southwest border. While the final report has not yet been issued, we have had a chance to look at the draft report, and we agree that there are several areas that are in need of improvement.

These areas include intelligence regarding how narcotics are entering the country, resources for border inspection and patrol, and development and application of drug detection aids.

We in Customs are taking and will be taking steps to resolve several of the problems identified in the GAO report. We are in agreement with the need identified in the report for additional resources at Mexican border ports.

A significant issue raised in our report relates to the overlap of mission resources and tactics between the Customs patrol and the INS border patrol.

I might say at this moment, sir, that today I'm celebrating the completion of my fourth month as Commissioner of Customs; so you have a dangerous missile in front of you, a 4-month expert.

Mr. GILMAN. Congratulations. We hope that it will be many more months for you.

Mr. CHASEN. But I have brought some of my experts with me, and during the question and answer period, if I can't field the questions I'll certainly call on them.

But I would like to comment that during this period of time, I have been able to arrange meetings with Mr. Peter Bensinger and Mr. Leonel Castillo, and I have been in contact with Clarence Kelley at the FBI, and I chatted with Admiral Venzke today. And we all agree that, despite the plethora of studies going on, we're bound and determined not to wait but to solve as many problems as we can by a frank and open exchange of criticism and ideas, and among ourselves to think as constructively as we can to resolve some of the problems we probably will be discussing today.

With regard to the ODAP report, we feel that this has been a valuable, extremely valuable contribution, and in general we in Customs feel that the most constructive thing we can do is to listen, learn, work very closely with the people who are putting these reports together, observe the identification and the analysis of these problems, work with this committee, and together we in Customs will do everything we can to make our contribution to improving the overall Federal border effort.

Thank you.

[Mr. Chasen's prepared statement follows:]

PREPARED STATEMENT OF ROBERT E. CHASEN, COMMISSIONER, U.S. CUSTOMS SERVICE

Mr. Chairman, and Members of the Committee, it is a pleasure for me to appear before you at today's hearings. During the course of my statement I will comment on the recent border studies conducted by the General Accounting Office and the Office of Drug Abuse Policy as they affect Customs operations.

The primary goal of Federal drug law enforcement should be to reduce the availability of illicit drugs in the United States through an integrated effort which includes crop eradication and overseas interdiction, interdiction including seizures and arrests at our borders, investigations to penetrate smuggling organizations and to support border interdiction, successful prosecutions both domestically and abroad, and overall domestic demand reduction programs. Customs primary emphasis, in accordance with our mission, is border interdiction. Since almost all illicit drugs consumed in the United States originate outside our nation, Customs provides the first line of defense at the borders, and our interdiction efforts play an integral and vital role in Federal drug law enforcement.

In order to fulfill our narcotics interdiction mission—which was reaffirmed by Reorganization Plan No. 2 of 1973—we developed systematized programs aimed at curbing smuggling by all modes and at all possible locations, both at ports of entry and along the border areas between ports. At the ports we instituted the intensified screening of persons, carriers and cargo, while our tactical interdiction approach between ports combines enforcement intelligence and sophisticated detection devices with land, air and marine units to place our units at the right spot at the right time. Our narcotics interdiction efforts have continued to be successful. These interdiction efforts often involve the cooperation of state and local law enforcement officials, the Coast Guard, FAA, as well as DEA and INS. In fiscal year 1977 these efforts resulted in the seizure of over 1.5 million pounds of marihuana, 15,922 pounds of hashish, 951 pounds of cocaine, 278 pounds of heroin, and over 7.8 million tablets of other controlled drugs. We made over 1,200 more narcotic seizures in fiscal year 1977 than in

fiscal year 1976. We are constantly striving to improve the effectiveness of our interdiction efforts to curb smuggling by all modes, whether by land, sea or air, and we expect that the intensification of our interdiction activities will continue to increase our narcotics seizures.

In any interdiction strategy it is essential that all border agencies utilize their full enforcement capabilities and that their interdiction and related functions are coordinated and mutually supportive. There are presently eight agencies, representing seven cabinet departments, which have a physical presence in border operations. We have enjoyed close working relationships with these and many other agencies, and we have provided them with positive support. Some examples are the Departments of State and Commerce (export and munitions control), the Coast Guard and FMC (navigation and vessel laws), and FAA (civil aviation). We have agreements with NORAD and FAA to permit our radar officers to use their long-range radar systems, which assist our air units in tracking aircraft which may be engaged in smuggling activities. As a result of our cooperative efforts with the Coast Guard, over 400,000 pounds of marihuana was seized during the first 11 months of fiscal year 1977.

In spite of the concerted efforts of Customs, INS, and all other agencies involved in border operations, our nation is, in fact, facing the dual crisis of illegal alien and narcotics trafficking. While this may be due in part to the several problems pointed out in the GAO and ODAP border studies, it is evident that illicit drugs are being smuggled into the country in massive quantities. In the past our borders have been the target for smuggling of other types of contraband, and it is likely that new forms of smuggling will develop in the future. By responding to past crises on an *ad hoc* basis, however, we have failed to develop and implement a flexible and integrated border strategy which permits us to apply the full measure of available Federal resources against present as well as future illegal border activities. The current studies, being conducted under the auspices of the President's Reorganization Project, are seeking the proper solution to this problem.

The study conducted by GAO was primarily directed toward an analysis of those border activities which are related to curbing the flow of illegal aliens and illicit drugs across our Southwest borders. While a final Report has not yet been issued, the draft Report makes several recommendations aimed at strengthening law enforcement efforts at the border. While we generally agree with GAO's assessment of the problem, I would like to comment on several observations which were made in the Report.

Several areas are noted as being in need of improvement. These areas include intelligence regarding how narcotics are entering the country, resources for border inspection and control, and development and application of drug detection aids. The Report also indicates that we need an integrated strategy and a comprehensive plan for border control.

Where possible, additional steps have been taken to resolve several of the problems identified during the course of GAO's review. The effectiveness of our border interdiction effort is affected by advance information on how drugs enter the country. The Report correctly points out that our interdiction information base is inadequate. Customs and DEA, both independently and in joint efforts, are giving priority attention to developing this type of intelligence data.

We are in agreement with the need identified in the Report for additional resources at Mexican border ports. Smuggling attempts involving sophisticated tactics have increased, and Mexico has become the principal source for heroin entering this country. We are continuing to place a high priority on the development of technological support systems to increase our border interdiction effectiveness. As you know, Deputy Commissioner G. R. Dickerson reported on several of the devices we have developed in his statement last month.

A significant issue raised in the Report relates to the overlap of mission, resources and tactics between the Customs Patrol and the INS Border Patrol. While we cannot refute the fact that some overlap and duplication do exist, it must be kept in mind that less than one-third of the Customs patrol force is located along the Mexican border. Most of our patrol force is located in areas, such as Florida and along the Eastern seaboard, where there are very few INS Border Patrol Officers.

The Report also notes that the Customs air program has been primarily successful in the area of marihuana interdiction with little success in the area of heroin interdiction. We do not believe that the efforts of law enforcement directed against traffickers of significant quantities of marihuana should be downgraded inasmuch as his sizeable "industry" provides a significant amount of illegal monies in direct support of organized crime in the United States. The availability of large and illicit profits has attracted criminal elements to organize the supply side of this "industry." It is currently estimated that 10-12 million pounds of marihuana is supplied each year to meet the growing domestic demand. Expenditures for these vast quantities of marihuana can run from \$3-\$5 billion, with substantial illicit profits for all trafficking levels. Probably about a billion dollars of this activity leaves the country to finance foreign purchases of marihuana. While much of the remainder is used to finance other illegal domestic activities, some of these monies are invested into legitimate business enterprises.

With regard to heroin, we are convinced that there is no accurate information on how it is entering this country in view of the fact that all heroin seizures represent only a fraction of the quantities being smuggled into the United States. Considering the extensive Mexican border air space and the ease with which air smugglers can avoid detection, the use of small aircraft may be one way that heroin and other hard drugs are being smuggled.

Customs is the only law enforcement entity presently having the capability of dealing with the problem of air smuggling. Our air program is a visible and known deterrent to potential smugglers. We believe that it is essential that we have an air smuggling response capability. Without this deterrent drug smugglers, who shift their operations depending on opportunity, would increasingly resort to smuggling by private aircraft with little or no chance of being caught.

The recommendations made in the draft Report call for further study and analysis, for greater coordination between participating agencies, for integrating the Federal border effort, and for an expansion of the Narcotics Control Action Plan on the part of the U.S. Mission in Mexico. Source eradication programs play an important role in an integrated Federal drug strategy. The Treasury Department has repeatedly advocated a greater commitment of Mexican resources, with the objective of eventually "de-Americanizing" the narcotics program in Mexico. We also agree that more could be done against drug smuggling and illegal entry if Federal border activities were better planned, coordinated, integrated and executed.

In a more recent study, the Office of Drug Abuse Policy has undertaken a review of Federal drug policy. Under the leadership of ODAP, an interagency Review Team which included Customs conducted a comprehensive review of the entire border control and interdiction effort. The Review Team presented a range of options which go beyond the scope of the GAO study. It presented four options which are identified as being the most viable alternatives to achieve more effective border enforcement. The President's Reorganization Project in OMB has the responsibility for developing any specific reorganization plans.

There is no doubt that narcotics interdiction at our borders is a massive problem. The GAO and ODAP studies have identified and analyzed the problems involved in this effort, and they have recognized the need for improvement. By improving the overall Federal border effort the effectiveness of all border interdiction programs, including narcotics interdiction, can only be enhanced.

I wish to thank the Committee for inviting us to appear again today. I will be happy to respond to any questions you may have and to furnish you with any additional information you may need.

Thank you.

Mr. GILMAN. Thank you, Mr. Chasen. We will reserve our questions until the entire panel has had an opportunity to present their statements.

Admiral Venzke, would you be kind enough to give us your statement.

TESTIMONY OF REAR ADM. NORMAN C. VENZKE, CHIEF, OFFICE OF OPERATIONS, AND DIRECTOR, ENFORCEMENT OF LAWS AND TREATIES PROGRAM, U.S. COAST GUARD, ACCOMPANIED BY COMDRS. TOM McGRATH AND JACK STREEPER

Admiral VENZKE. Mr. Chairman and members of the committee, I am Rear Adm. Norman C. Venzke, Chief of the Coast Guard's Office of Operations, and Director of its enforcement of laws and treaties program.

I am pleased to have this opportunity to summarize the Coast Guard's law enforcement actions against vessels engaged in international drug trafficking.

I would appreciate it, however, if my complete statement would be entered into the record rather than just summarized.

Mr. GILMAN. Without objection, it will be entered into the record.

Admiral VENZKE. Of our 10 major operating programs, 4 involve some law enforcement.

One, the enforcement of laws and treaties, deals exclusively with law enforcement. It is this program, which also includes fisheries enforcement and other offshore law enforcement, under which our drug interdiction efforts lie. We estimate approximately 18 percent of the total available law enforcement resource time is expended on drug interdiction. This constitutes approximately 2 percent of the Coast Guard's total activities.

Drug enforcement is conducted under the broad authority of section 2 of title 14, United States Code, which directs the Coast Guard to enforce or assist in the enforcement of "all applicable Federal laws on and under the high seas and waters subject to the jurisdiction of the United States."

Specific law enforcement actions, such as boarding of vessels, is authorized by section 89 of title 14, which states, in part, "The Coast Guard may make inquiries, inspections, searches, seizures, and arrests. * * * for the prevention, detection, and suppression of violations of laws of the United States."

The Coast Guard's ELT program—that's the enforcement of laws and treaties—has experienced steady and rapid growth since our transfer to the Department of Transportation in 1967.

The ELT operating budget over the last 8 years has expanded at an annual rate of more than 35 percent, as compared to a growth rate of slightly less than 11 percent for the total operating budget of the Service.

The transfer to DOT has not been a constraint to the development of the Coast Guard's law enforcement mission.

Theoretically, all of the Coast Guard's approximately 26,000 commissioned, warrant, and petty officers are empowered to act as enforcement officers, and an additional 11,100 nonrated personnel are used to support them. They are available to assist in accomplishing the Service's law enforcement missions.

Not all these people, however, are actively engaged in law enforcement at any one time. In fact, only a small percentage of Coast Guard personnel are devoted exclusively to law enforcement.

Coast Guard personnel, vessels, and aircraft are multimission in character. The Coast Guard Reserve can be used to augment our reg-

ular law enforcement force. However, the broad enforcement powers of 14 U.S.C. 89 apply only when the reservist is serving in an active-duty status.

Patrolling vessels accomplish a variety of tasks simultaneously.

Our boarding program is designed to prevent, detect, and suppress violations of all Federal laws, rather than focused on specific mission-related violations.

As a whole, the 1976 law enforcement effort consisted of approximately 90,000 cutter and aircraft patrol hours, and resulted in some 55,000 boardings. A number of our drug seizures cases were subsequent to a routine rescue-and-assistance boarding. This happened about a month ago.

A vessel had a fire onboard, and we helped it get the fire out. We were going to tow them into port, and we happened to look down in the hold and saw a lot of marihuana. That happens occasionally.

Mr. GILMAN. Admiral Venzke, if I might interrupt you. Of the 55,000 boardings, how many were narcotics related? Any idea of what percentage?

Admiral VENZKE. No, sir, I'll get into some numbers in a few minutes. The numbers will be very small compared to the 55,000 boardings.

The distribution of our cutters and aircraft is influenced by a number of factors. Drug trafficking is, of course, a factor considered in determining resource placement. This is particularly evident in our Florida, Gulf of Mexico, and California districts. In other words, we have to consider certain resource limits on where we put our vessels and aircraft.

Thus far, in 1967, the Coast Guard has seized 18 vessels for drug trafficking violations. Two additional vessels have been detained for further action.

Mr. GILMAN. I think your testimony reads "1977." I assume you want to correct that.

Admiral VENZKE. I'd like to correct that, in 1977.

Two additional vessels have been detained for further action by the Honduran Government. A third vessel, faced with imminent boarding, was scuttled by its crew; it sank with a cargo of marihuana on board.

These seizures and related activities resulted in confiscation or seizure of illicit drugs with an estimated street value of over \$165 million.

I'd like to point out, we caught a ship off the Bahamas on Saturday night with 12½ tons of marihuana.

Mr. GILMAN. Twelve and one-half tons?

Admiral VENZKE. Twelve and one-half tons.

Nine of the eighteen seizures made this year were assisted by intelligence information furnished by the El Paso Intelligence Center, EPIC. The six Coast Guardsmen now assigned to EPIC provide a 24-hour capability to disseminate intelligence to our operating units. We work very closely, obviously, with EPIC. We have six people there.

It has been intimated that the unique stripe on Coast Guard cutters diminishes our ability to accomplish drug seizures at sea.

I know of no evidence to support this premise. In fact, overt surveillance by surface units has, on occasion, resulted in some form of

response by the suspect vessel, which provided cause for initiating law enforcement action.

In other words, it did something that justified our boarding.

The training of Coast Guard law enforcement personnel is accomplished initially by the Coast Guard Academy in New London, Conn., and by training centers in Cape May, N.J., Yorktown, Va., and Alameda, Calif.

Academy cadets complete courses in legal system fundamentals and maritime law enforcement as part of their 4-year curriculum. The elective courses in specialized law and law enforcement are also offered.

Abbreviated versions of these fundamental courses are presented to officer candidates entering the service through the Yorktown Training Center.

Enlisted recruits at Cape May and Alameda, Calif., receive basic indoctrination in our general duties, responsibilities, and authority.

We have recently established a 5-week residence school in maritime law enforcement at Yorktown. This course is designed to enhance the student's knowledge in all facets of fisheries and general law enforcement which may be encountered as a result of Coast Guard operations.

Now, when I say "general law enforcement," I am including drug interdiction.

To the extent possible, Coast Guard field commanders have also availed themselves of the law enforcement expertise existing in their local areas. Coast Guard personnel have received short term training from Federal, State, and municipal law enforcement agencies.

Turning now to the primary statute on which we base our drug interdiction operations, I would note that the general revision of drug laws which produced the Comprehensive Drug Abuse and Control Act of 1970 omitted the provision making the possession of quantities of drugs by U.S. vessels on the high seas a Federal crime. Consequently, Coast Guard drug law enforcement action against U.S. vessels at sea beyond the 12-mile customs zone now requires the proof of conspiracy before law enforcement action can properly be undertaken.

Incidentally, this is a liability to the law enforcement operation. It's a loophole, you might say, that causes problems.

Mr. GILMAN. We appreciate your calling that to our attention.

Admiral VENZKE. The collection, analysis, and dissemination of intelligence information is critical to an effective maritime law enforcement program. We feel that EPIC is the logical choice as the central collection point for narcotics intelligence and should continue to expand to meet the needs of participating Federal drug law enforcement agencies. As the capabilities of EPIC increase, it may be necessary for individual agencies to assign additional personnel to El Paso.

Interagency coordination and cooperation is an essential element in the Federal enforcement effort. The joint operation concept, involving the Coast Guard, Customs Service, Drug Enforcement Administration, and Immigration and Naturalization Service, is of proven value in combating drug trafficking. We have carried out a number of joint operations and are working on another one right now.

The position of the Coast Guard within the Federal community is unique in that our activity is concentrated within the maritime en-

vironment. We have experienced entirely satisfactory support in our dealings with shoreside law enforcement agencies.

I am pleased to report that the same is true in the international community, where we have noted a growing trend by other governments to initiate reciprocal action against drug traffickers, or to authorize the United States to take law enforcement action on their behalf. This happens on many occasions. We have a foreign vessel, and we have reason to board—we have reason to think we should board and seize, and we get permission from the foreign government. Invariably, we get permission to seize if drugs are involved.

We get very good cooperation here.

Mr. GILMAN. Do other countries cooperate in giving you permission to board?

Admiral VENZKE. Oh, yes, sir. Yes, sir. We have very good cooperation—with, for example—the Honduran Government has been very cooperative, and you can name any number of others.

It is our policy to promote the formation of law enforcement organizations—we call them LEO's—at field management levels. Most Coast Guard district commanders have formed or are in the process of forming these functional bodies. They consist of representatives of Federal, State, and local law enforcement groups working together to improve the quality of their services within their respective area of jurisdiction.

Our immediate efforts in drug interdiction are aimed at measuring the effectiveness of our operations and determining the level of Coast Guard activity required.

Of course, this is a problem because we don't know really what the level of drug trafficking is.

As this work progresses, we are expanding our patrol efforts. A 2-percent expansion of current activity is expected in 1978.

Concurrently, we are examining various types of resources and equipment. The productive gains from this exploitation of technological advances appear to offer the best source for improving the efficiency of our operations.

And I would like to make one comment here.

Probably the most effective way to interdict drugs on the high seas is to have a good source of intelligence so that we can direct our units out there to the right place at the right time and seize that vessel as opposed to having many vessels just scouring the ocean.

So intelligence is probably the most important thing to our operation.

This concludes my prepared statement, Mr. Chairman, and I would be very happy to answer any questions that you may want.

[Admiral Venzke's prepared statement follows:]

PREPARED STATEMENT OF REAR ADMIRAL NORMAN C. VENZKE, CHIEF OF OPERATIONS,
U.S. COAST GUARD

Mr. Chairman and members of the Committee: I am Rear Admiral Norman C. Venzke, Chief of the Coast Guard's Offices of Operations and Director of its Enforcement of Laws and Treaties Program. I am pleased to have this opportunity to detail the Coast Guard's law enforcement actions against vessels engaged in international drug trafficking.

In order to place the drug interdiction role of the Coast Guard in perspective, it is necessary first to examine briefly our operating programs and their relationship to the law enforcement function. Of our ten major operating programs, four involve some law enforcement, primarily of a regulatory nature. These four

are Port Safety and Security, Marine Environmental Protection, Commercial Vessel Safety, and Recreational Boating Safety. One additional program, the Enforcement of Laws and Treaties (ELT), deals exclusively with law enforcement. It is this program, which also includes fisheries enforcement and other offshore law enforcement, under which our drug interdiction efforts lie. In recent years, fisheries enforcement has comprised the largest part of the ELT program, primary due to the specific statutory mandate for Coast Guard activities. We estimate that approximately 18 percent of the total available law enforcement resource time is expended on drug interdiction. This constitutes approximately two percent of the Coast Guard's total activities.

Drug enforcement is conducted under the broad authority of Section Two of Title 14, U.S. Code, which directs the Coast Guard to enforce or assist in the enforcement of "all applicable federal laws on and under the high seas and waters subject to the jurisdiction of the United States." Specific law enforcement actions, such as boarding of vessels, is authorized by Section 89 of Title 14, which states, in part, "The Coast Guard may make inquiries, inspections, searches, seizures, and arrests . . . for the prevention, detection, and suppression of violations of laws of the United States. For such purposes commissioned, warrant, and petty officers may at any time go on board of any vessel subject to the jurisdiction, or to the operation of any law of the United States, address inquiries to those on board, examine the ship's documents, and examine, inspect, and search the vessel using all necessary force to compel compliance."

The Coast Guard's ELT program has experienced steady and rapid growth since our transfer to the Department of Transportation in 1967. Despite the Coast Guard's assumption of additional transportation safety related duties, its ELT operating budget over the past eight years has expanded at an annual rate of more than 35 percent; as compared to a growth rate of slightly less than 11 percent for the total operating budget of the Service. The Transfer to DOT has not been a constraint to the development of the Coast Guard's law enforcement mission.

Theoretically, all of the Coast Guard's approximately 26,000 commissioned, warrant, and petty officers empowered to act as enforcement officers, and an additional 11,100 non-rated personnel used to support them, are available to assist in accomplishing the Service's law enforcement missions. Not all of these people, however, are actively engaged in law enforcement at any one time. In fact, only a small percentage of Coast Guard personnel are devoted exclusively to law enforcement. Coast Guard personnel, vessels and aircraft are multi-mission in character. The Coast Guard Reserve can be used to augment our regular law enforcement force, however the broad enforcement powers of 14 USC 89 apply only when the reservist is serving in an active duty status.

Patrolling vessels accomplish a variety of tasks simultaneously. For example, a cutter whose primary assignment is fisheries patrol is also available to pursue cases involving search and rescue, drug interdiction, and any other mission which falls within our area of responsibility. Our boarding program is designed to prevent, detect and suppress violations of all federal laws, rather than focused on specific mission-related violation. As a whole, the 1976 law enforcement effort consisted of approximately 90,000 cutter and aircraft patrol hours and resulted in some 55,000 boardings. Any of these boardings could have resulted in prosecution for violations of federal controlled substance laws had evidence of drug trafficking been discovered. As a matter of fact, a number of our drug seizure cases were consequent to a routine rescue and assistance boarding.

The distribution of our cutters and aircraft is influenced by a number of factors, including: the need for a short response time for rescue, law enforcement and other cases; the amount and type of vessel activity in a given area; availability of support facilities; and historic and projected future mission requirements. Drug trafficking activity is, of course, a factor considered in determining resource placement. This is particularly evident in our Florida, Gulf of Mexico and California districts, where Coast Guard units are heavily engaged in combating smuggling along the southern maritime border of the United States.

Thus far in 1977, the Coast Guard has seized 17 vessels for drug trafficking violations. Two additional vessels have been detained for further action by the Honduran government. A third vessel, faced with imminent boarding, was scuttled by its crew; it sank with a cargo of marijuana on board. These seizures and related activities resulted in confiscation or destruction of illicit drugs with an estimated street value of over 165 million dollars bound for the U.S. market. Although the contraband in question has been mostly large shipments of marijuana,

the "organized crime" character of these operations and our experience with packages being thrown over the side prior to our enforcement personnel getting on board leads us to believe that hard drugs are also a part of the illicit cargo.

Nine of the 17 seizures made this year were assisted by intelligence information furnished by the El Paso Intelligence Center (EPIC), a multiagency facility sponsored by the Drug Enforcement Administration. The six Coast Guardsmen now assigned to EPIC provide a 24-hour capability to disseminate intelligence to our operating units. Their presence lends expertise in maritime-related matters to the multiagency organization.

It has been intimated that the unique stripe on Coast Guard cutters diminishes our ability to accomplish drug seizures at sea. I know of no evidence to support this premise. In fact, overt surveillance by surface units has, on occasion, resulted in some form of response by the suspect vessel which provided cause for initiating law enforcement action. More importantly, the identification of our cutters does facilitate search and rescue operations, while also acting as a deterrent to a would be law breaker. In any case, the distinctive silhouette of our major cutters makes them easily recognizable, rendering the form of the actual markings academic. However, we recognize that the use of nondescript, undercover smaller vessels may be of benefit in the patrol of internal and near-shore waters.

The training of Coast Guard law enforcement personnel is accomplished initially by the Coast Guard Academy in New London, Connecticut and by training centers in Cape May, New Jersey; Yorktown, Virginia; and Alameda, California.

Academy cadets complete courses in Legal System Fundamentals and Maritime Law Enforcement as part of the four-year curriculum. These courses provide a basic background in domestic, international, and military law, with emphasis on jurisdiction, search and seizure, interrogation, investigation, examination, inspection, and the use of force. Weapons training is included. Elective courses in specialized law and law enforcement are also offered. In all cases, Coast Guard authority and maritime law enforcement duties are studied in depth.

Abbreviated versions of these fundamental courses are presented to officer candidates entering the Service through the Yorktown Training Center. Officer Candidate School and direct commissioned officers receive the maximum law enforcement training that their intensive and concentrated curricula will permit.

Enlisted recruits at Cape May and Alameda receive basic indoctrination in our general duties, responsibilities and authority. Seamanship and small arm training add practical knowledge to these academic studies.

We have recently established a five-week resident school in maritime law enforcement at the Yorktown Training Center. This course is designed to enhance the student's knowledge in all facets of fisheries and general law enforcement which may be encountered as a result of Coast Guard operations. The goal of the school is to better prepare commissioned, warrant, and petty officers to perform their duties as federal maritime law enforcement officers. Priority for the assignment of students is based on the extent of individual involvement with Coast Guard law enforcement activities. The first graduates of this school will enter the field in early 1978.

To the extent possible, Coast Guard field commanders have also availed themselves of the law enforcement expertise existing in their local areas. Coast Guard personnel have received short term training from federal, state and municipal law enforcement agencies in such practical matters as arrest techniques, prisoner control, vessel search procedures, and illegal weapons identification.

Turning now to the primary statute on which we base our drug interdiction operations, I would note that the general revision of drug laws which produced the Comprehensive Drug Abuse and Control Act of 1970 omitted the provision making the possession of quantities of drugs by United States vessels on the high seas a federal crime. Consequently, Coast Guard drug law enforcement action against U.S. vessels at sea beyond the 12-mile customs zone now requires the proof of conspiracy to import before law enforcement action can properly be undertaken.

The collection, analysis, and dissemination of intelligence information is critical to an effective maritime law enforcement program. The intelligence directed, preplanned sortie against designated target vessels is by far the most efficient means of interdicting narcotics at sea. We feel that EPIC is the logical choice as the central collection point for narcotics intelligence and should continue to expand to meet the needs of participating federal drug law enforcement

agencies. As the capabilities of EPIC increase, it may be necessary for individual agencies to assign additional personnel to El Paso, for the purpose of sorting that portion of the available intelligence information applicable to their programs, to avoid overburdening the facility with these transactions.

Interagency coordination and cooperation is an essential element to the federal enforcement effort. The joint operation concept, involving the Coast Guard, Customs Service, Drug Enforcement Administration, and Immigration and Naturalization Service, is of proven value in combating drug trafficking. Joint operations, such as BUCANEER and NIGHT OWL, have demonstrated the ability of federal agencies to combine their talents and resources in a cooperative effort against the criminal element. We will continue to mount and participate in such operations not only to apprehend violators, but to promote the interchange of enforcement techniques and information as well. The position of the Coast Guard within the federal community is unique in that our activity is concentrated within the marine environment. We have experienced entirely satisfactory support in our dealings with shoreside law enforcement agencies.

I am pleased to report that the same is true in the international community, where we have noted a growing trend by other governments to initiate reciprocal action against drug traffickers, or to authorize the United States to take law enforcement action on their behalf. We feel this observed cooperation is due to the growing recognition of the drug abuse problem as a threat to the collective world society rather than a singular concern of the United States or any other individual nation.

It is our policy to promote the formation of Law Enforcement Organizations (LEOs) at field management levels. Most Coast Guard district commanders have formed, or are in the process of forming, these functional bodies. They consist of representatives of federal, state, and local law enforcement groups working together to improve the quality of their services within their respective area of jurisdiction. The relationships developed through the LEO concept do much to prevent unnecessary duplication of effort and provide a cohesive response to law enforcement situations necessitating multiple agency participation.

As we examine the results of our drug interdiction effort, it is obvious that much remains to be done if the flow of illicit drugs into this country is to be minimized. Our immediate efforts are therefore aimed at measuring the effectiveness of our efforts and, in cooperation with the Drug Enforcement Administration and Customs Service, determining the level of Coast Guard activity required to fulfill our role in the control of illicit drug trafficking. As this work progresses, we are expanding our patrol efforts. A two percent expansion of current activity is anticipated in 1978.

Concurrently we are examining various types of resources and equipment, including high performance watercraft and surface, subsurface, air and spatial sensors in an effort to develop an overall ocean surveillance system. This system, which seeks to facilitate the detection of maritime violations of all U.S. laws, will reduce the amount of costly patrol time expended by ships and aircraft, and should allow further expansion of our drug interdiction program. Productivity gains realized from this exploitation of technological advances appear to offer the best source for improving efficiency of our operations. It is generally acknowledged that the overall federal effort against drug trafficking is low in effectiveness; unofficially estimated at from three to twelve percent. We believe that our increasing efforts in maritime drug interdiction will eventually result in positive signs that our activities are making real progress in the drug abuse battle. We anticipate that these indications will appear, at least in part, in the form of reductions in the amount of illicit drugs available to the user.

This concludes my prepared statement, Mr. Chairman. I would be glad to answer any additional questions you may have at this time.

Mr. GILMAN. Thank you, Admiral Venzke, and we will reserve our questions until the panel has had an opportunity to present their statements.

Mr. Fink?

TESTIMONY OF W. GORDON FINK, ASSISTANT ADMINISTRATOR FOR INTELLIGENCE, DRUG ENFORCEMENT ADMINISTRATION, ACCOMPANIED BY WAYNE VALENTINE, CHIEF OF ENFORCEMENT OPERATIONS, IRVIN C. SWANK, REGIONAL DIRECTOR, DALLAS, TEX., AND JOSEPH RIZZO, SAIC, BROWNSVILLE, TEX.

Mr. FINK. It's a pleasure to be here and represent the Administrator, Mr. Bensinger, whose schedule did not permit him to remain in New York for a second day.

His opening statement, tendered in October 1977, will be the DEA statement for the record.

I would like to introduce two or three members who will be backups should they be needed to assist me, or if you should want to direct questions specifically to them.

First, Wayne Valentine, who is the Chief of Operations in our Office of Enforcement; Joe Rizzo, next to him, is the SAIC of our Brownsville, Tex., district office; and Irv Swank, who is the Regional Director in Dallas. He has six district offices along the Texas-Mexican border that report to the Dallas region.

Mr. GILMAN. Good afternoon, gentlemen. It is good having you with us today.

Mr. FINK. I'd like to highlight some of the initiatives that have taken place in the last year.

The Administrator established within DEA as a priority objective that we undertake a number of joint ventures and expand the cooperation and support of the Federal, State, and local organizations.

These initiatives that I am reporting on are being now and have been functioning. I'll highlight some of the results.

The Commissioner of Customs mentioned a series of meetings that had been initiated by the Administrator and the Commissioner. They have agreed to meet once every 4 to 6 weeks, and I should say that we in DEA are very encouraged at the problem-solving nature of these meetings. They are not cosmetic. We are really laying problems out, people are being assigned to work on them in the interim period. DEA holds very high hopes that this will be a means of solving some of the mutual problems that we have.

Mr. GILMAN. Who is included in that meeting, Mr. Fink?

Mr. FINK. From DEA, the Assistant Administrator for Enforcement, John Evans, and myself, and the Administrator's Special Assistant, Bill Lenck, attend with the Administrator.

The Commissioner might go through—I can, but I prefer that he say who is attending for Customs.

Mr. CHASEN. At our last meeting, which was November 9, we had the Deputy Commissioner, Bob Dickerson, who appeared here; George Corcoran, the Assistant Commissioner for Investigations, and Mr. Al DeAngelis, who is the Assistant Commissioner for Enforcement Support, which basically involves the computerized enforcement communications system.

Mr. GILMAN. How frequently do you meet?

Mr. FINK. They have agreed to meet every 4 to 6 weeks, depending on their mutual schedule.

Mr. GILMAN. Was this the first meeting?

Mr. FINK. This was the second meeting. And there are some particular topics assigned to individuals. I have a couple to work out with Al DeAngelis in the interim; also, John Evans and George Corcoran have one.

So it's not just a meeting to talk. There is work now being accomplished. And there will be other topics raised. And I am very sincere when I say that so far these have been problemsolving in orientation, not just talking about statistics and relationships. We are mutually laying our problems on the table, and they are being addressed by the right level within each organization. We are very encouraged with the progress to date.

We have in the last year, 18 months, had within our regional structure several Customs representatives assigned to the DEA regional operating structure. Specifically, new enforcement groups that were formed for the Southeast Asian heroin effort have Customs representatives assigned full time as members of the team. At San Ysidro, the port operation near San Diego, the DEA enforcement group has three Customs representatives assigned full time. Most of our domestic regional intelligence offices in DEA have a Customs representative assigned to that office.

By their participation in the DEA regions, as well as the participation of EPIC headquarters, they have access to all the raw intelligence that's collected, all the DEA raw reports of investigation. If our people should miss something, they have the opportunity to see the report, ask for followup information, and also steer our collection and some of our activities if they see areas of particular interest.

So it's a two-way street and not just looking over the DEA reports. They are influencing some of the directions of regional intelligence.

With the IRS, DEA has initiated discussions with the Commissioner, Mr. Kurtz, and the Administrator. Tom Clancey, who testified before this group, and I meet monthly, and we have embarked on a new relationship—you might call it the revival of an old one, of several years ago. We now have IRS agents assigned to specific cases in the regions as participating members. They are assigned in regional intelligence offices. I have one now assigned in my headquarters office of intelligence.

DEA is about to get disclosure under the Tax Reform Act of 1976 on 800 violators, as a result of a request signed by Mr. Civiletti. The IRS legal staff has accepted it; we are now setting up the procedures for this information to flow to our case investigators. Tom Clancey and I are meeting very regularly to make sure that this new program gets off on a good start.

Mr. GILMAN. How new is this program?

Mr. FINK. It's just within days of implementation.

Mr. GILMAN. When we were in Chicago recently, we raised the issue with regard to the lack of cooperation by the Internal Revenue Service, and we were surprised to find how little had been done since our hearings about a year ago when we stressed the importance of IRS involvement.

Mr. FINK. We've had to work with their legal staff, because they are under very strict statutes. We now have evolved a procedure acceptable to our staff, including our counsel who has been a part of the team. IRS is now working with their field regions to effect what's called an I-2 disclosure of the investigative information on this first list of 800 violators.

Subsequent to this, the region comes through my office with a name request, I will then forward it to the Department of Justice—generally GDEP class I and II violators. We're settling on that as an initial requirement to protect both sides. We are also figuring out procedurally how to safely handle the information in our regions. Remember, there are both civil and criminal penalties for misuse of this information. So we are really treating it like classified information in the regions to assure that only those with the need to know and who are working on the case have access to it.

Mr. GILMAN. It sounds encouraging.

Mr. FINK. Yes, sir. It's taken awhile in Washington to get it worked out, but I can assure you DEA has put in a lot of time on it; my staff has worked to the point where our regions will start getting the contracts from the IRS regional structure and they'll start getting the information.

Mr. NELLIS. Mr. Chairman, may I ask a question?

Mr. GILMAN. Yes.

Mr. NELLIS. Thank you, sir.

These three new DEA-FBI units—

Mr. FINK. Yes, sir, I was going to cover that.

Mr. NELLIS. Let me ask you one question in advance.

Do they have any input from IRS? Are they working with IRS?

Mr. FINK. We are going to get IRS disclosure on the targets. They are working on preselected targets. The policy now is that they work on those preselected targets. When they get to the point of building the conspiracy, there will be a decision made whether to bring the IRS in so that they can in parallel use the information for work with the U.S. attorney.

Mr. NELLIS. In other words, you're determining first whether there may be IRS violations?

Mr. FINK. Well, I think right now, Mr. Nellis, we're in the initial phases. We've been in operation now for just a few weeks. We're making buys. We're working into the structure. And as soon as we get enough of the structure put together and have the financial aspects available, we'll bring the IRS agents in. We know there are violations. We will request the I-2 disclosure on those targets to see if they have information available relevant to the joint effort with the FBI.

Mr. NELLIS. Just in passing, I take it one of those targets has to be the Herrera family that we had our hearings about in Chicago, and since you have a task force there—DEA-FBI—a combined effort, I assume that the work that the IRS has been doing there on that family's background and income over the past year and a half will be made available to you.

Mr. FINK. The Herreras are the target of one of our Centac's and I prefer, because of the open-hearing aspect, not to go into detail. We can go in private session with you.

The enforcement group in Chicago targeted on the Herreras, has a customs agent assigned full time—this is for the title 31 potential financial violations.

I know that that effort is going very well, and we are working side by side as a member of the team.

But that is not a target, and I'd just as soon not get into a discussion of the targets.

Mr. NELLIS. I didn't intend to do that. I know the sensitivity of it.

My question was more targeted on the issue of how IRS fits into the FBI-DEA task force as distinguished from the Centac operation that's already in existence.

Mr. FINK. Let me make sure that—since Wayne Valentine has been instrumental in setting that up, Mr. Nellis—that what I said is correct, and that is that when we get to the point of having the information that is of value and relevant to the IRS investigation, that they will be brought in.

Is that correct?

Mr. VALENTINE. That's right.

Mr. FINK. They're not in now, but we just are really pulling together the basic information, starting buys and beginning to work as a team. But when they get to that point, especially when we get to the financial side, we're going to need their help, and they will be brought in. They are in many of our cases now in the same manner. We in Washington will help arrange the local relationship. But we're more just a catalyst to get them together. It's really in the field where the work is done.

Mr. NELLIS. Thank you, Mr. Chairman.

Mr. GILMAN. Mr. Fink, please proceed with your presentation.

Mr. FINK. With INS and Immigration we have had the same very good relationship.

As you know, they are not only a participant in EPIC but a major user as far as the number of queries that El Paso responds to INS.

Again, in the Southeast Asia task force in Los Angeles, one of the most valuable team efforts happens to be an INS Thai speaker because he not only knows the community, but he speaks the language. He has been an excellent team member. This is another example of where we have been able to pull the Federal expertise together. In this case, the files that are available to that INS man, because certain of the targets are aliens are very applicable.

The Coast Guard, Admiral Venzke, has mentioned the participation that we have in EPIC. I should note that with the increased activities of DEA in Colombia, we're getting a lot of additional intelligence that's being fed to EPIC. We're getting a better intelligence base on those vessels that are being loaded with a large quantity of marijuana. We're seeing some payoffs from the new initiatives, in this case, just months old.

The FBI we've covered because of the questions.

I should also note there are many new initiatives with the State and local organizations. With each State in the United States we are volunteering to tie into El Paso for a two-way exchange of intelligence. I leave tonight to assist at a conference in El Paso with the Assistant Administrator for Enforcement with the second group of States—the State narcotics unit commanders. They're being toured through EPIC.

We'll make the EPIC bulletin available to them weekly, as well as tie them in, as California is now, with the information that is available from the El Paso Intelligence Center. And they will in a similar sense enter information into that data base.

We hope to have all the States hooked in. But it's a voluntary operation, as far as a particular State. Most of them, though, are indicating a willingness to do it. It is going to take time to set the communications up that meet our security standards.

Mr. GILMAN. Thank you for your testimony.

Mr. FINK. I just have a couple more.

I'd like to say a few words about what I call the targets activity. The Administrator has mentioned that we're putting priority now working the source, the international source. I think, again, we have seen some major payoffs with those initiatives. We see smaller quantities coming through the ports of entry, and I must compliment—I have personally visited many of these—the competence that Dick Williams mentioned this morning of the Customs Inspector force. We see this showing up by our violators breaking down their shipments into much smaller packages because of the risk involved in bringing it through a port of entry. And I think the GAO report properly documents the fact that most of those come through the port that are subject to inspection are the users, the small-time operators, the couriers, the lower level members of the organization. They're not the major violators bringing it through.

However, we do see larger quantities coming in around the ports. A lot of the cocaine is coming into Florida by small aircraft. They are making drops in isolated areas, and they are coming in and not declaring or going around the ports.

The same is true in Mexico of Mexican heroin, coming across by land vehicles or other means around the ports of entry.

And, of course, with the marine smuggling, there are very large quantities of marihuana coming in along the coastline of the United States—many of these ships never enter the waters of the United States. They stay outside of the international limit, and it's the classic mothership operation, which is still very much a part of marihuana smuggling.

Let me mention in summary just a couple of very impressive statistics.

Two or three weeks ago, through operations starting from Miami with undercover agents, we have seized over 1,700 pounds of cocaine at the distribution point in Colombia. This represents, if you go back to the estimates that we discussed, 5 percent of the cocaine destined for the United States.

That's a significant amount.

And we know that was all destined for the United States because much of this was part of a prearranged buy from our Miami undercover agents.

The Colombians—

Mr. GILMAN. Mr. Fink, that was 5 percent of what?

Mr. FINK. Of that 15- to 20-ton figure.

Mr. GILMAN. All right.

Mr. FINK. Which would be the official Government estimate after Dr. Bourne signs off.

The Colombians also seized in May of this year over 600 tons at a farm based on DEA intelligence of marihuana.

And there are some of the successful operations that Admiral Venzke mentioned, as well as seizures made by the Colombians. There are several ships that have been seized with 20- to 25-ton quantities of marihuana on board.

The program that we have going with the additional agents and the intelligence collections in Colombia is paying off.

Similarly, with the Thais: The 1977 figure is 600 pounds of heroin seized by the Thai Government.

Mr. GILMAN. In what period?

Mr. FINK. In just 1977.

And that's a very significant increase in the amount of heroin that's being interdicted overseas from the previous year.

Again, it illustrates the point that it is moving in very large quantities internationally. The comments earlier about the transparency of the border in Europe and how easily you move across are accurate. There are no checks. And we see large quantities moving up to the point of bringing it into the United States.

I'll summarize very briefly some of the new initiatives and some of the successes from those initiatives, and I'll be available with the headquarters staff and from the field to answer any questions.

Mr. GILMAN. Thank you, Mr. Fink.

Mr. Keefe, would you be kind enough to make your statement?

TESTIMONY OF JOHN L. KEEFE, DEPUTY ASSISTANT COMMISSIONER FOR INSPECTIONS, IMMIGRATION AND NATURALIZATION SERVICE, ACCOMPANIED BY GLENN BERTNESS, ASSISTANT COMMISSIONER FOR INVESTIGATIONS

Mr. KEEFE. Mr. Chairman, members of the committee, I'm John L. Keefe, Deputy Assistant Commissioner for Inspections, Immigration and Naturalization Service. I regret that Commissioner Castillo and Deputy Commissioner Noto were unable to appear today because of prior commitments. I would like to introduce an enforcement expert on immigration, and that is Glenn Bertness, who's our Assistant Commissioner for Investigations, who's also available for any questions that come up. I'd like to run through the highlights of the statement, which will be introduced in the record.

Mr. GILMAN. Without objection, the statement will be introduced into the record.

Mr. KEEFE. I'd just like to give some highlights and background on immigration and its relation to the Federal drug control efforts. We have two basic functions: To insure that all persons entering into or remaining in the United States are entitled to do so; and we provide public services in the form of processing applications for various benefits under the immigration and nationality laws.

While we have no statutory mandate to enforce Federal drug laws, we do encounter drug and contraband smugglers incidental to the performance of our duties.

We have two basic groups of border officers: Our immigration inspectors and border patrol agents. The immigration inspectors ex-

amine each person who seeks admission to the United States at the ports of entry. The U.S. border patrol is a corps of highly trained, uniformed officers which patrols and guards our land borders. These officers are trained in immigration and criminal law and in the Spanish language.

While pursuing their primary mission of immigration law enforcement, immigration inspectors and border patrol agents have intercepted millions of dollars worth of narcotics, arms, ammunition, and other contraband. The service arrested over 6,000 aliens in connection with drug violations during the past 5 years. During that same period, over 20,000 drug seizures have been made by immigration personnel. We deported 2,145 drug violators during those last 5 years.

The committee has asked about interagency cooperation in the drug enforcement effort. A number of our border patrol agents are also designated as customs officers and the immigration inspectors at land border ports of entry are cross-designated as customs inspectors.

Immigration coordinates closely with the Drug Enforcement Administration in the exchange of mutually responsive intelligence data and in joint field operations. Immigration and the Drug Enforcement Administration share operational duties at the El Paso intelligence center, which collects, analyzes, and disseminates information regarding drug trafficking and illegal alien smuggling activity along the U.S. borders. We maintain all the narcotics trafficking lookouts at the ports of entry for EPIC. DEA has 41 people assigned there. Immigration has 15 employees assigned. Other agencies participate in EPIC, including Coast Guard with 6, customs with 2, Bureau of Alcohol, Tobacco and Firearms, and FAA with 1 each.

Immigration also participated with the Drug Enforcement Administration and customs in the interagency drug intelligence group for Mexico.

Now regarding reorganization, the question of border management functions has been the subject of studies by the Office of Drug Abuse Policy and by the General Accounting Office. And in addition, the President's reorganization project is studying Immigration along with other agencies, and they should be making the recommendations in the near future.

The matter of reorganization is still under consideration by the Attorney General and by the OMB.

Finally, regarding suggestions for a more effective narcotics interdiction program, as you are aware, the President has given a high priority in his message to Congress to increase border enforcement. That includes a substantial increase in border enforcement resources and personnel, the creation of an antismuggling task force, and passage of pending legislation to prohibit the production and the knowing possession of false identity documents.

Immigration goals include the issuance of machine-readable alien travel documents and joint planning with the Customs Service on how that agency can benefit from the use of these automated data cards.

Mr. Chairman, we welcome the efforts of your committee, and hope that all our joint efforts will bring a more effective enforcement program.

That concludes the highlights.

Mr. GILMAN. Thank you. Mr. Keefe, for summarizing your statement.

[Mr. Keefe's prepared statement follows:]

PREPARED STATEMENT OF JOHN L. KEEFE, DEPUTY ASSISTANT COMMISSIONER,
INSPECTIONS, IMMIGRATION AND NATURALIZATION SERVICE

Mr. Chairman, members of the Committee, I am here to testify, according to your invitation on the role of the Immigration and Naturalization Service in interdiction of drugs at our border.

Before responding to your questions in the invitation to testify, I believe it appropriate to furnish some background on the INS and its relation to the Federal drug control effort.

INS is an agency of the Department of Justice and is responsible for administering and enforcing the immigration and nationality laws of the United States. We employ about 9,500 persons with a fiscal year 1977 budget of approximately \$245,000,000.

We have two basic functions: (1) to insure that all persons entering into or remaining in the United States are entitled to do so, under law, and (2) to provide public services in the form of processing various applications such as extensions of stay, petitions for permanent residence, petitions for naturalization and similar other benefits under the immigration and nationality laws. While INS has no statutory mandate to enforce Federal drug laws, we do encounter drug and contraband smugglers incidental to the performance of our duties and control over the entry of aliens into the United States.

In order to discharge our statutory responsibilities of inspection and apprehension of aliens, we have two basic groups of officers who function in border areas: Immigration Inspectors and the Border Patrol. In addition, Investigators, who function primarily in interior locations all across the country, have an enforcement support role in border areas.

Operating at air, land, and sea ports of entry into the United States, Immigration Inspectors, presently numbering 1,310, examine each person seeking admission to the United States. This is the first contact an applicant for admission has with a representative of the United States Government. Immigration Inspectors must conduct their inspections quickly enough so that the entry of U.S. citizens, bonafide immigrants, tourists, and other nonimmigrants is facilitated. At the same time they must be able to identify and reject aliens who are not admissible under the law, such as narcotic traffickers, other criminal elements, and aliens who are fraudulently posing as legal immigrants or nonimmigrants in order to enter the United States and work here without authorization.

The United States Border Patrol, founded in 1924, is an elite corps of highly trained, uniformed officers which patrols and guards our land borders and Gulf and Florida coasts between ports of entry. These officers are trained extensively in the immigration and criminal law and in the Spanish language. The present authorized force of the Border Patrol is 2,207. The Border Patrol operation involves the gathering of information from adjacent foreign areas, the actual watch of river, land, and coastal borders, check of public transportation, traffic check on highways leading from the border, observation by aircraft, and checks of farms, ranches and industries in the border area. The Border Patrol employs sophisticated technology to extend the effectiveness of its officers, including observation aircraft and helicopters, a complex and sensitive remotely controlled sensor system, a communication system linking the entire border, and repair and maintenance facilities for vehicles, radios, and electronic equipment.

While pursuing their primary mission of immigration law enforcement, Immigration Inspectors and Border Patrol Agents also apprehend violators of other laws, and have intercepted millions of dollars worth of narcotics, arms, ammunition, and other contraband. In addition, they identify and apprehend vendors and purchasers of fraudulent documents which are used in illegal immigration and drug smuggling schemes. Over the past five years, from fiscal 1972 to fiscal 1976, the Service spent \$407,758,451 on combined Inspections and Border Patrol Activities. A breakdown of this total by year and activity is contained in Chart A in the Appendix.

The Service has arrested 6,066 aliens in connection with drug violations during the past five years. A year by year breakdown of these arrests is contained in Chart B in the Appendix. In addition, during the same period over 20,000 drug seizures have been made by INS personnel, either alone or in cooperation with agents of the Customs Service or the Drug Enforcement Administration. A year by year breakdown of such seizures by controlled substance is contained in Chart C in the Appendix.

When unlawful drugs are intercepted by Immigration Inspectors at ports of entry, the violator is sent to the Customs secondary area where the arrest and seizure is made. If the arrest and seizure is made by the Border Patrol or an Investigator between ports of entry or at an interior location, the violator and contraband are turned over to the Drug Enforcement Administration. In the event that the U.S. Attorney declines prosecution, the violators are referred to state or local law enforcement authorities.

With respect to the processing of those aliens arrested for drug violations, the Service has deported 2,145 drug violators under section 241(a)(11) of the Immigration and Nationality Act, 8 U.S.C. 1251(a)(11) during the last 5 years. See Chart D in the Appendix. For aliens who are criminally prosecuted, according to the U.S. Bureau of Prisons the average sentence is 6.1 months and the average time spent in prison is 4.6 months. We do not keep statistics on the number of undocumented aliens who have been arrested for drug violations and who have been returned to their native countries without spending any time in a United States prison.

The Committee also has expressed interest in efforts at interagency cooperation in the drug enforcement effort. A number of Border Patrol agents are also designated as Customs Officers, and Immigration Inspectors at land ports of entry are cross designated as Customs Inspectors. As I have already pointed out, Immigration Officers have played an important role in seizing contraband and apprehending violators of other Federal laws. On their part, Customs Patrol Officers apprehend and turn over to the INS a number of undocumented aliens in the border areas. In the last year, 5,680 aliens were delivered to Immigration Officers.

In April, 1975, a Memorandum of Understanding was signed between the INS and Customs providing for cooperation between the two Services. While concededly there are still areas where Customs and INS can achieve more cooperation, we believe that significant progress has been made. This is especially true in the primary inspection process at land border ports, where cross designation and coordination has achieved substantial savings in time and manpower for both agencies. In addition, 15 of the 21 Border Patrol Sectors have the capability of radio communications with the Customs Patrol. Although few radios have been exchanged, base stations have crystals covering the other agency's frequencies.

INS coordinates closely with the Drug Enforcement Administration in the exchange of mutually responsive intelligence data and in joint field operations. Operational agreements with DEA have been in force since November 29, 1973.

In addition, INS and DEA share operational duties for the El Paso Intelligence Center (EPIC), which collects, analyzes, and disseminates information regarding drug trafficking and illegal alien smuggling activity along the U.S. borders. The Service maintains all narcotics trafficking lookouts at ports of entry for EPIC. DEA has 41 people assigned to EPIC and the Service presently has 15 employees assigned, 9 officers and 6 support personnel. In addition, the Service pays for approximately 20% of the operating expenses of EPIC, which amounted to \$64,000 in fiscal year 1975, when the Center was relocated, and \$21,000 in fiscal year 1976. Other agencies participating in EPIC include Coast Guard, with 6 employees, Customs, with 2, and the Bureau of Alcohol, Tobacco, and Firearms, and the Federal Aviation Administration, with 1 each.

INS has also participated with DEA and Customs in the Interagency Drug Intelligence Group-Mexico (IDIG-M). As a result, investigative leads were developed concerning smuggling of aliens as well as involvement of aliens using fraudulent immigration documents. INS was able to respond to queries by DEA and Customs for information which was used by those agencies in their investigations. The data compiled by this group showed that criminals involved in illegal alien traffic have also been involved in traffic of contraband, narcotics, and arms. The INS Director of Intelligence was a member of the permanent com-

mittee of IDIG-M, and an Investigator from our Central Office was assigned to the working group from May, 1976 until February, 1977.

As you are aware, the question of possible reorganization of border management functions has been the subject of studies by the Office of Drug Abuse Policy (Border Management and Interdiction—An Interagency Review) and the General Accounting Office. In addition, the President's Reorganization Project is studying INS along with other agencies and should be making their recommendations in the near future. The matter of reorganization is still under consideration by the Attorney General, and the O.M.B.

Finally, you have asked about our suggestions for a more effective narcotics interdiction program and our goals for the coming year. As you know, in his August 4, 1977 message to Congress on immigration policy the President gave a high priority to increased border enforcement. Specifically, he recommended the following measures, most of which require some Congressional action: (1) a substantial increase of border enforcement resources and personnel, (2) a shift by the INS of enforcement personnel to the border areas having the highest rates of illegal entry, (3) the creation of an antismuggling task force, (4) more resources for visa screening by the State Department, (5) passage of pending legislation to prohibit the production and knowing possession of false identity documents, and (6) cooperation with other countries in border enforcement and antismuggling efforts. While these measures were addressed to the problem of illegal entry of aliens, they will contribute to the Federal drug interdiction effort.

The INS goals for the coming year include the issuance of machine readable alien travel documents and joint planning with the Customs Service on how that agency can benefit from the use of these automated data cards. Automated screening of applicants for admission would allow more time to concentrate on drug interdiction.

The efforts of your committee, along with those of ODAP, GAO, and the President's reorganization project, have greatly helped to focus attention on this important area of law enforcement which deals with the flow of people and drugs across our national borders. I hope that whatever recommendations are eventually adopted and put into operation will lead to more effective and efficient Federal border operations for the future.

I shall be pleased to respond to your questions.

ARRESTS FOR DRUG VIOLATIONS

<i>Chart B:</i>	
FY-1976	1,874
FY-1975	1,639
FY-1974	1,252
FY-1973	1,018
Jan.-Jun. 1972	483
Total	6,066

APPENDIX

AMOUNT SPENT ON INSPECTIONS AND BORDER PATROL ACTIVITIES

CHART A

Fiscal year	Border patrol	Inspections	Total
1976	\$61,961,874	\$35,429,935	\$97,121,809
1975	55,254,055	33,016,665	88,270,720
1974	46,894,121	28,939,347	75,833,648
1973	40,302,543	34,422,250	74,724,793
1972	38,745,214	33,062,447	71,807,661
Total	242,887,807	164,870,644	407,758,451

CHART C
SEIZURES BY CONTROLLED SUBSTANCE

Fiscal year	INS	Joint	Total
Heroin seizures:			
1976	25	30	55
1975	19	56	75
1974	23	56	79
1973	33	53	86
January-June 1972	22	20	42
Total	122	215	337
Cocaine seizures:			
1976	26	33	59
1975	15	63	78
1974	29	64	93
1973	25	48	73
January-June 1972	11	20	31
Total	106	228	334
Marijuana seizures:			
1976	1,091	2,007	3,098
1975	1,612	3,125	4,737
1974	1,764	3,351	5,085
1973	1,568	2,363	3,931
January-June 1972	508	372	880
Total	6,543	11,198	17,741
Hashish seizures:			
1976	38	216	254
1975	63	299	362
1974	85	376	461
1973	99	356	455
January-June 1972	26	63	89
Total	311	1,310	1,621
1972-76 total			20,033

DRUG VIOLATORS DEPORTED

Chart D:	
FY-1976	464
FY-1975	583
FY-1974	396
FY-1973	395
FY-1972	307
Total	2,145

Mr. GILMAN. I want to thank the entire panel for summarizing for us, and now I will ask our panel members if they would like to question the witnesses.

The gentleman from New York, Mr. Biaggi.

Mr. BIAGGI. Thank you very much, Mr. Chairman. Thank you for your comments.

Admiral Venzke, in response to the comments you made on the omission from legislation of this proposed onship enforcement law in relation to arresting U.S. nationals, and having those arrests result in convictions for possession of narcotics outside the 12-mile limit, you might like to know that we're drafting legislation now. We have recognized that—

Admiral VENZKE. Sir, that will really help. That's good.

Mr. BIAGGI. We have a number of instances where the Coast Guard has effected an arrest for possession of very substantial quantities, and when they went to court, it's perfunctory. There just isn't any jurisdiction, any legislation, that makes it a crime.

And the only portion of that in which they can proceed would be conspiracy, and they find prosecuting and conspiracy in those instances very difficult because those who engage in it are well schooled in the loopholes of that law.

And you might like to know that. I don't know how it's developed. I was just speaking to Mr. Endres of the Judiciary. Was it a purposeful omission or was it just an oversight? Whatever, we're addressing ourselves to it.

I would like to pose this one question. I think most of you may have been present during this morning's testimony. What's your reaction to the recommendation of a border management unit? Does anybody want to comment on it?

[No response.] [Laughter.]

Mr. BIAGGI. Silence is eloquent. Then let's stay with Immigration. Mr. KEENE. I was going to defer to the Commissioner of Customs, as a matter of protocol.

Mr. BIAGGI. Or to the Commissioner of Customs because they seem to be the two outstanding agencies involved.

I wish you well in your new post.

Mr. CHASEN. Thank you, sir. I come to Customs from the private sector, and in a problem like this in the private sector, we would probably have given the individuals involved a chance to work out the problem. Since being on this job, I have taken that approach to it. I personally feel on the basis of the success that we've been having at our meetings, and although Gordon only mentioned DEA, we have also been having meetings with INS. And I feel that if we're given a certain amount of time to work the problem out ourselves, we probably could. But we haven't been given that chance, so no one will ever know. In the meantime, we're working at it anyway.

Mr. BIAGGI. You're liable to arrive at a meeting of the minds quicker than the alternate course.

I'd like to also once again make reference to the work of the Coast Guard in this regard. I do this for the record, for those who couldn't hear any comments this morning. We directed our attention to this area some few years ago. And the Coast Guard has, in fact, done a commendable job in this area, especially in the Caribbean, with relation to the apprehension. I read some figures this morning. In 1973, there were four seizures of contraband of about 27,000 pounds. In 1977, there were 28 seizures of contraband of a quantity of 739,000 pounds, which shows increased attention in this area.

I'm sure that with the benefit of EPIC and solid intelligence, those numbers would increase.

I agree with you, Admiral; just to tour the waters and take potluck is hardly the best way to get after these violators. Some good, hard intelligence helps immediately.

But, Mr. Fink, we had some slides this morning, and any number of agencies being displayed. Your agency was conspicuous by its absence.

Mr. FINK. The position that DEA has taken is to defer to the Department of Justice because we still would operate on the same basis.

with respect to any new organization. We have no patrol or enforcement function on the border per se.

I will say, however, though, that we have learned from some of the study efforts and are trying to constructively apply, for instance, intelligence gaps that might have come to our attention.

For instance, in El Paso, in EPIC, given additional manpower, which we hope to obtain shortly, we're going to create a new section to work on courier profiles and methods of concealment.

We are now organized basically in our analysis activities to air smuggling, marine smuggling, and surface.

We have learned from these reports. Officially, DEA is saying we could work with the new organization if it's decided to restructure, and that we defer to the Department because of the INS involvement for the official Justice response.

Mr. BIAGGI. How does DEA relate to immigration and border patrol, with specific reference to the illegal aliens?

Mr. FINK. We operate on a referral basis from the border patrol, customs patrol, or an inspector when they make a drug arrest. Then it's a joint effort in concept with the U.S. attorney. In a lot of cases, it's the amount of drug involved which determines whether the U.S. attorney will pursue the case. But those are referred to us by agreement, and then we follow through. Some cases DEA may work jointly with INS or Customs.

A large percentage of those arrests are for the position of user amounts of marihuana, for example, are not prosecuted.

I would like, if I could, to have my three backup assistants sworn, Mr. Chairman, so that they can help me respond.

Mr. GILMAN. Would you gentlemen please rise?

[The witnesses are sworn.]

Mr. FINK. Now, let me ask Mr. Valentine, is there any specific thing that he'd like to add to that?

Mr. VALENTINE. I don't know of any specifics that I might add to it, but the general relationship with Immigration over the years has been tremendous. We've worked together very, very closely on the border in all of the areas down there and in all of the referral cases that have been immediately referred.

But in addition to that, the cooperation and coordination on the investigational background has been immediately furnished. This goes a long way toward the successful conclusion of a lot of these joint investigations.

Mr. BIAGGI. Well, it makes a lot of sense. That's why I was curious at least that the DEA not be included in border management. That was a point that we addressed ourselves to today because, if nothing else, you do have the ability to have approved the amount of intelligence. I know about your limitation of personnel, but certainly, your intelligence is priceless. And that should be worked into that whole process.

Mr. FINK. They would still be a major customer of the narcotics intelligence from DEA, including what's being collected overseas. DEA has many new initiatives that are just now flowing intelligence to DEA. Those who make it across the border to Chicago where the traffic is destined are debriefed, and that information in a similar sense is fed to EPIC.

EPIC is the common denominator. EPIC does not change, there is no structural reporting change and no role of mission change for DEA as proposed by ODAP.

Mr. BIAGGI. Did you think it would be advantageous into the new?

Mr. FINK. No, sir. I think our resources are best applied as now, and that is that we do not have the resources to patrol, to inspect.

Mr. BIAGGI. At least for the intelligence portion.

Mr. FINK. The intelligence? We have already taken the initiatives; and while we could use some additional manpower, we're working with some of the organizations, as I think the admiral mentioned, to beef up EPIC. We're learning from that effort and constantly reviewing where we should have new initiatives. We have found some and we need the manpower. INS has been very good. They supplied us just recently with several additional personnel for these new initiatives.

So we've gone now to the full staff of 65 or 67, and that's, of course, from the 20 that started EPIC.

Mr. GILMAN. The gentleman's time has expired.

Mr. Nellis?

Mr. NELLIS. Thank you, Mr. Chairman.

Gentlemen, who would investigate, which agency would investigate, a conspiracy to smuggle aliens into the United States? I've seen pictures of truckloads, busloads, continuing run.

Is that your function?

Mr. KEEFE. That's an Immigration function; yes, sir.

Mr. NELLIS. All right. When you get to that situation and you find a conspiracy to smuggle aliens, you're very likely to find a conspiracy to smuggle drugs as well.

Mr. KEEFE. It can happen; yes, sir.

Mr. NELLIS. Is that correct? What do you do when you discover a narcotics aspect to the conspiracy to smuggle aliens?

Mr. KEEFE. Under our present ground rules, we cooperate then with DEA.

Mr. NELLIS. How? What do you do?

Mr. KEEFE. Furnish them information that we have.

Mr. NELLIS. Do you do it through EPIC or does the INS inspector who's involved in this investigation get a hold of the local special agent in charge or what?

Is that the way it works?

Mr. FINK. It's the latter case, Mr. Nellis. They work on a personal basis. They know one another. They deal frequently day-in, day-out, and he calls in our personnel and then they decide based on the case activity which way to go.

Sometimes they refer the whole case to us, it's really decided on a case-by-case basis.

Mr. NELLIS. OK. Now you have a conspiracy to smuggle aliens with a narcotic overtone and we've got DEA and INS working together.

Mr. FINK. And the U.S. attorney.

Mr. NELLIS. All right. That comes later. That's when you've got a case to present.

Mr. FINK. No, sir. Our guidelines and our relationship generally bring the U.S. attorney in at a very early stage.

Mr. NELLIS. Before you have all the evidence?

Mr. FINK. I would say yes, sir.

Mr. NELLIS. I'd hate to be assigned to your case until you go back and get the evidence.

Mr. FINK. Sometimes they give us very valuable guidance, and also determine if he's going to take the case, depending on the level of activity.

Mr. NELLIS. OK, we don't debate that because we're assuming different levels of evidence.

Mr. FINK. But our domestic guidelines require us to bring the U.S. attorney in, Mr. Nellis.

Mr. NELLIS. Why don't the two of you get together, right?

Mr. FINK. No—Wayne?

Mr. VALENTINE. It would be a very vague situation.

Mr. NELLIS. Let me give you a fact situation. You've got evidence that people are running five truckloads of illegal aliens from Mexico to El Paso every week. You've got evidence that these aliens, some of them, at least, some of them are couriers for heroin.

Now what do you do?

Mr. VALENTINE. Who has the information?

Mr. NELLIS. You have. INS has it. You come to DEA, right?

Mr. VALENTINE. Right.

Mr. NELLIS. At that point you advise the U.S. attorney. Is that correct?

Mr. VALENTINE. We probably would sit down and discuss some plan of action between Immigration and DEA, depending upon which element is the more important, whether it's a major case for them or for us, who takes the lead, and so forth.

Now once that's completed, then, yes, it would be discussed with with the U.S. attorney's office. We would serve notice that we are in the major investigation.

Mr. NELLIS. OK. Now what about Customs? Where does Customs fit into this set of hypothetical facts? Commissioner?

Mr. CHASEN. I think under this set of facts, I don't see a role for Customs.

Mr. FINK. Unless there was a currency violation, Neutrality Act, I would say it would be handled in this case by INS.

Mr. NELLIS. Let's say failure to find form 4790. Now Customs is involved.

Mr. FINK. And also the U.S. attorney is still a part of it because he's going to maybe make—use all three statutes, potentially, as far as prosecution.

Mr. CHASEN. Mr. Nellis, I should add if there were smuggling of narcotics, the DEA would advise us so that it would assist us in future situations to to help support them in the current situation.

Mr. NELLIS. But Commissioner, if there were also a currency violation, Customs would be obligated to get involved in the investigation by law.

Now you have three agencies. Who is running the show?

Wait. Excuse me. You have four. You have the U.S. attorney. Who's running the show?

Mr. VALENTINE. As Gordon pointed out, generally with all of the agencies involved at this table, the decision to work jointly is made at the lowest level.

So in other words, whichever region or field office, district office that this investigation starts with, of course, the agency that first comes across it, has the breakthrough in it, has the lead at that moment, we'll agree as gentlemen or as units which has more importance, who has more importance. If they cannot agree at that level, then it goes on up to the next level in all of our agencies.

Mr. NELLIS. OK. I'm going to take the point of view that there's no agreement at the lower level. Is it conceivable that a drug conspiracy that began with an investigation of illegal aliens could wind up at the administrator of DEA, the head of INS, Commissioner Chasen and the Attorney General?

Mr. VALENTINE. I would say it's probably unlikely because this is an operational matter right now. If it can't be solved say at my level, I don't think you'd get any more expertise at another level on it.

I would also have the additional advice from the Department of Justice and the U.S. Attorney's Office as to which would be more beneficial to the U.S. Government.

Mr. FINK. Which statutes have the best penalties? These decisions are made day in, day out by DEA and other organizations also in concert with the U.S. attorney as to which statutes were best to mobilize to be used in that particular case.

Mr. NELLIS. As a former prosecutor, I can just tell you this: From my own personal point of view, it is the most unsatisfactory mess that I've ever heard of. Can you imagine four major agencies sitting around trying to make a decision about how they can work together with their departments in different executive branches, or if there's a dispute or a disagreement, it has to be taken up all the way to Washington to be resolved.

Mr. FINK. I still go back to the fact that the U.S. attorney is a very important part of that process, and he is often very integral to the decision once you have the evidence as to which way to go. He's a team player, but also in part a leader, because he ends up having to prosecute the case.

Mr. NELLIS. In my hypothetical set of facts, I could have included the Coast Guard as well. And I could go on and on.

Are you gentlemen comfortable as law enforcement officers with that kind?

Gordon, you seem to be overly comfortable.

Mr. FINK. I've seen the work in the field, and I guess the regions that I visit day in, day out, not just with these organizations but with the FBI, with ATF, and others. I see an operation, Mr. Nellis.

Mr. NELLIS. I will yield to the Congressman.

Mr. BIAGGI. I understand your concern, gentlemen. I've been in law enforcement almost a quarter of a century, and I have found that the arrangement that Mr. Fink has been describing has worked out most satisfactorily. Most of these arrangements are understandings that come at the lower operation level. And it does go up a notch or two, but by and large, it rarely gets to a commissioner level or the Attorney General. If it does, it then must be of sufficient magnitude to warrant that ultimate judgment. It isn't a question of jurisdictional pride.

These are professionals. Our experience is that professionals work it out. They may not be happy the way it works out, but they gen-

erally subdue their personal feelings objectively on a professional basis.

Mr. NELLIS. Mr. Biaggi, there's one exception to that.

Mr. BIAGGI. If there's only one exception, that's pretty good. [Laughter.]

Mr. NELLIS. Let me tell you which one it is.

In my travels, I have found that where the local police are involved, the question frequently arises, for example, who make the collar? That seems to be a big item. There's no use ignoring that fact. It's a very practical situation.

I only did that to illustrate what appears to be a multiplicity of forces working on these cases. And if you have enough of these cases, there are going to have to be a thousand Gordon Finks, a thousand Mr. Keefes, and so on.

Thank you.

Mr. FINK. Mr. Nellis, I'd just also like to point out that same decision process and relationship exists for the State and local organizations. Very often cases are turned over and worked jointly with the State and local, where they prosecute if the U.S. attorney's load is too heavy.

So it's not just in the Federal community that this good cooperation exists.

Mr. GILMAN. The gentleman has consumed the balance of his time. Mr. Endres?

Mr. ENDRES. Thank you, Mr. Chairman.

I just have one brief question either for Commissioner Chasen or for Mr. Keefe which relates to the lack of coordination on the patrol function of both Customs and INS at the Southwest border.

I have a statement here from the GAO's testimony this morning that I can quote from. It says: "Although the memorandum of understanding between INS and Customs mandating full cooperation between these two services, this cooperation does not in reality exist."

It cites a case down on the border where a customs patrol officer noticed an illegal alien and failed to notify an INS border patrol officer nearby.

In fact that statement continues: "Patrol officers could not recall a single example of assistance to one agency by the other on an as-needed basis."

I wonder if Mr. Chasen or Mr. Keefe could comment on whether this particular coordination problem was discussed at the recent inter-agency meeting and whether there were any conclusions reached either to eliminate the duplication of the patrol function or to promote cooperation between the two agencies on certain respective patrol functions?

Mr. CHASEN. Mr. Chairman, could I have the three gentlemen I have with me sworn in? One of them happens to have been the district director for a number of years in that area and I'd like to have him answer that.

I have Mr. Vernon Hann, Ted Rojek, and Bob Schaeffer.

Mr. GILMAN. Please raise your right hands.

[The witnesses are sworn.]

Mr. CHASEN. Mr. Vernon Hann is the acting assistant commissioner in charge of operations. Ted Rojek is our chief counsel. And Bob Schaeffer is our director of program planning.

I'd like to ask Vern Hann, who actually was resident at San Ysidro for many years, to take a crack at that answer.

Mr. HANN. Well, in my experience, we have cooperation.

Mr. CHASEN. Excuse me, sir. He used to be a member of the border patrol, too.

Mr. KEEFE. Our border patrol. [Laughter.]

Mr. NEELIS. He used to be a member of our traveling party, too. Hi, Vern.

Mr. HANN. When we first reallocated some of our resources to the customs patrol on the Mexican border, we realized there were two patrols. We looked at the situation to see where there would be an overlap and tried to combat that.

I know when I was district director in San Diego, we met with the chief immigration patrol inspectors in the various sectors in that particular district. We had many discussions about the situation and ultimately came up with a solution where we had either a customs patrol radio or an immigration border patrol radio in our communications centers. We primarily deferred around the ports of entry to the immigration patrol where they had most of their activities. These are areas where aliens attempt to get to a mode of transportation as rapidly as possible, where in other remote areas the smuggler of contraband doesn't want to be seen. So he will go away out in the boonocks.

So we've tried to coordinate this, both in the immigration patrol and our customs patrol, in working out a reasonable solution. Occasionally we have aberrations, but they have decreased to the point now that I don't really think we have a problem. I think that there is close cooperation between the two organizations.

Mr. ENDRES. Can I get Mr. Keefe's response to see if he shares your opinion?

Mr. KEEFE. I fully agree with Vern Hann. You have a situation down there where you have isolated instances. You have an immigration border patrol that has been down there for 50 years. You've had a recent reactivation of the customs patrol. They obviously became the new boys on the block, and this causes obvious friction until things are worked out.

In the full statement, I do mention a number of aliens, some 5,600 who were apprehended by the customs patrol and turned over to the Immigration Service patrol.

So there is a measure of cooperation in existence today. And there will be isolated instances at almost any time you take a close look at a single port or area around there.

Mr. ENDRES. That's all I have, Mr. Chairman.

Mr. GILMAN. Thank you, gentlemen. If I might just interrupt our panel a moment and go back to Mr. Williams.

Mr. WILLIAMS, are you presenting all four options to the President? I know that you are recommending the third option, but are you presenting all of the options to the President in your proposed reorganization?

Mr. WILLIAMS. There will be a copy of our report, with all four options, available to the President. However, when the OMB recommendation goes forward, it will probably be a slightly different set of options which, hopefully, are agreed to by both the President's reorganization project in OMB and by ODAP.

So it would be premature to give you a very firm answer because, obviously, I don't know what will be presented. But I expect that it will be a range of options at least similar to those that are in the ODAP report.

Mr. GILMAN. Thank you.

Admiral Venzke, under option 4, you would be phased into the proposed multipurpose border management agency. And I am just wondering how you feel about those four options, particularly option No. 4 which affects your agency.

Admiral VENZKE. Sir, I believe I'll stand by what Secretary Adams thinks on this. [Laughter.] I think we're well off where we are.

Mr. GILMAN. You would prefer to stay where you are, of course. But do you have any comments at all about the effectiveness of the new proposal?

Admiral VENZKE. Sir, I'm going to just comment to elaborate, on what the Commissioner said.

I think we have a pretty fair level of cooperation among the various organizations, and I think that we can work together rather well. That's a personal opinion. I think I'd just leave it about at that.

And again, another personal opinion. You know, reorganization doesn't always solve problems. I think we have a pretty good level of cooperation at the present time.

Mr. GILMAN. I am pleased to hear your opinion with regard to that. Of course I am pleased to hear Mr. Fink's opinion about the better cooperation with IRS and the working arrangement with Customs.

One of the problems that we have all been concerned with and which we continually hear is the lack of coordination. And, as you recall, we referred earlier to the two reports, the secret State Department report and the GAO report, both of which commented on the lack of coordination and cooperation.

Mr. Anderson, today in his statement, said that a memorandum of understanding exists between INS and Customs mandating full cooperation between the two Services.

This cooperation does not in reality exist. And I am curious about why we need these memoranda of understanding between two agencies in the same government. It is almost like we are dealing with a foreign entity. But he illustrates the problem very well. On page 9 of his statement, he stated:

While waiting and watching with a customs patrol officer at a border canyon where a sensor hit occurred, the supervisory patrol officer told us that a lack of personnel might cause them to miss the intruder. Right after he made this statement, an INS border patrol car cruised slowly by our position, but no attempt was made to contact it and ask for assistance. Patrol officers could not recall a single example of assistance to one agency by the other on an as-needed basis.

I hope that we are getting beyond that situation with regard to the new type of cooperation that you are talking about, for it is sorely needed. Do you have any comment about that?

Mr. CHASEN. May I answer that?

We are having meetings with INS. We had one on October 20th, and we're scheduled to meet again on November 30th.

Two of the subjects we discussed, and the whole tenor of the discussion, is similar to discussions we're having at DEA. We're trying to solve problems such as these which I mentioned.

One of the problems we are working on is our joint efforts where preclearance exists, such as in Montreal. We're specifically talking about Calgary, where we can work together.

I just returned from a very difficult assignment in Bermuda this weekend. And the customs inspectors there were working interchangeably with the INS inspectors. And I wish Mr. Anderson could see that. You really couldn't tell the difference. They were just doing for the benefit of the citizens the same job. And that makes sense to me.

But we're trying to work out how we can use our total resources more effectively without being accused of duplication.

Another area where we're working together with INS, and with DEA, is we're trying desperately to avoid any inquiries on the use of EPIC, or TECS, or whose computer is better than whose computer. We're trying to put our resources together.

We having serious discussions about integrating our efforts. And I think that what Mr. Anderson has seen is unfortunate. We'd be glad to invite him to our meeting. But something is going on which we're not publicizing. We don't see any reason to do that. But we're just honestly and sincerely trying to do something about these types of problems.

And we feel that by the example we're trying to set at headquarters, the message will get down to the working levels. Of course, if they see the top people working together, these isolated incident, I think, will vanish.

Mr. GILMAN. I am pleased to hear that you are moving in that direction. I am pleased, too, that our chairman was able to conclude his conference and that he is able to rejoin us.

Mr. Chairman, I am going to finish my questioning, and then turn the gavel back over to you.

Mr. WOLFF. I just might interrupt for one moment to apologize to all of you, but I'm wearing two hats here—I'm wearing more than two. I was called into a conference upstairs, being part of your branch of government, the executive. And I'm in a somewhat unique position, being part of the executive and part of the Congress at the same time.

Mr. BIAGGI. That's quite a conflict-of-interest. [Laughter.]

Mr. GILMAN. Mr. Chasen, you raise an interesting point that I was about to delve into. You talk about the two informational centers. One, I think, cost \$4 million; the other, \$2 million. I don't remember which was more expensive. TECS and the other one, is the EPIC center.

Incidentally, we visited both centers in our border inspection. They are both highly sophisticated centers. Mr. Fink is talking about a new center, if I am not mistaken. Wasn't there some talk about DEA finding a need for specialized narcotics information? Wasn't there some talk about that?

Mr. FINK. Yes, sir, we have a system in intelligence called Pathfinder. And it has several functions, one of which is to support the EPIC watch activity. So that when one individual calls in, a record is made and it goes into the data base. If someone else calls in, even if it's negative, we can put the two people in contact.

But if I could respond to the point about TECS and EPIC and its relationship—

Mr. GILMAN. Before you do, are we now talking about three intelligence centers?

Mr. FINK. No, sir. Pathfinder is only a data processing support system providing support to both El Paso as well as headquarters intelligence activities. So it is a data processing system that supports both.

Mr. GILMAN. Is it a separate center?

Mr. FINK. No, sir, it's a data processing system. It's there at El Paso. It's a headquarters, and it's not a separate—

Mr. GILMAN. You weren't talking about the need for another?

Mr. FINK. No, sir. No separate center.

Mr. GILMAN. All right. Now, what I would like to do is address the entire panel.

Why do you see a need for both centers? Why can't we consolidate them?

Mr. FINK. You mean TECS? TECS is a data processing system. It supports the Customs operations. And it is one of the 15 data bases that an agent, INS patrol, or State and local has available in El Paso. A query is run in these various systems. We have TECS terminals at headquarters. We have NADDIS terminals, which is our indexing system within Customs.

It is technically very easy to intercouple, but there are Members of the Congress who are very concerned about the merging of the intelligence data bases and the data bases of the various organizations. The FBI and other organizations have come under a lot of scrutiny. We're watching that.

And so we maintain right now the safest, as far as protection of U.S. citizens' rights, to have each organization with its own separate accounting procedures; Privacy Act accounting that we have to go through by law.

When a hit is made in the different data bases, it's the purpose of this watch to relate the intelligence and put it together and get the best response. So there are different data bases and different Government organizations involved.

I think that's a proper way of operating right now, because of the major concern on the part of many about what would happen if you started to merge to form one giant data base.

Mr. GILMAN. Just so that we are clear for the record, you did not set up two separate informational centers because of the Congress or because of the right of privacy statutes, did you?

Mr. FINK. No, sir. But let me for the Commissioner say that TECS has a lot of other data in it that's relevant to the Customs mission that is not relevant to narcotics. They've got diamond-smuggling information and a lot of other data, just as we in DEA have data related to narcotics investigative activities of our own agents.

So as long as you have a separate organization—

Mr. GILMAN. That would be true in whatever computer center you had. It would not solve the problem; rather, it would not make the problem more complex by having one center, would it?

Mr. FINK. Let me see if I can clarify one thing.

TECS is not a center. It is the location where the computer is located. EPIC is a functional center where the material is interacted. NADDIS and Pathfinder are computer systems that support DEA,

but they aren't centers of activities with people in them doing intelligence analysis work.

When an agent wants to put a lookout into the system, he can call EPTC and he can type it into the various computer systems that instantly flash it to all the ports of entry, just as he can go to INS from that one point.

Mr. GILMAN. So then to be clear, do we have just one computer system?

Mr. FINK. No, sir, each service has its own computer system. But that's not a center, insofar as analysis and work that's being done. It's just like IRS has its computer system that supports its operation.

Mr. GILMAN. Could you not tie all of this into one center?

Mr. FINK. You could have one gigantic data processing—technically; yes, sir. Policywise, I do not believe that the Government would approve it right now.

Mr. GILMAN. Is there such a policy that prevents it?

Mr. FINK. I think it's an interpretation right now of the Privacy Act and what the Congress feels—

Mr. GILMAN. You keep mentioning the Congress. I do not recall the Congress making any prohibition.

Mr. FINK. No, but the advisers that we have in the Department of Justice, which is where we go for advice on matters like this, are very sensitive to some of the scrutiny that's been applied to the FBI and their data base.

Mr. GILMAN. Are you not speculating as to what congressional opinion would be?

Mr. FINK. Well, it's been stated by certain committees of the Congress to the Department. And our guidance from the Department is that we should maintain our own system with its discipline, making sure we meet the requirements of the law.

Mr. GILMAN. Mr. Fink, the Comptroller General in his report entitled Federal Drug Enforcement: Strong Guidance Needed, stated:

For years, Federal law enforcement in the United States has not been as effective as it could have been if the agencies responsible had worked together to enforce the drug laws.

The price paid in this country for the lack of concerted effort in attempting to control illicit drug activities cannot be measured.

The Federal agencies concerned, primarily the DEA and the U.S. Customs Service, have statistics on drug arrests, convictions, and seizures. However impressive they appear, they are not necessarily accurate indicators of how effective the drug enforcement is.

True, statistics show increased arrests, convictions, and seizures. Law enforcement has not necessarily improved.

Would you comment on that report for us?

Mr. FINK. I think one thing that would be very helpful is to get the data of the report, because I looked through those reports in the back of the room, and some of them go back to 1972.

Mr. GILMAN. Do you have the data on that? I think that it is 1973. Do you think that there has been a vast improvement since then?

Mr. FINK. Yes, sir, there's an awful lot of difference in what exists now—that would have been prior to 1972. We now have the GDEP system for ranking violators. There are a whole series of important steps that have been made since that report.

Mr. GILMAN. Mr. Chasen, just one more question.

On page 6 of your statement, you state, "Our air program is visible and produces a deterrent to potential smugglers." Would that deterrent be maintained if you reduce the number of your aircraft from 68 to 40, as you propose to do?

Mr. CHASEN. When I joined Customs, one of the shocks I received was to look at our fleet—which had some 70 planes. And there was one jet. The fastest plane we had, next to the jet, was a 1941-vintage Lockheed Lodestar.

Other than that, we had the S-2's, which fly fully equipped at about 140 miles an hour. We had hand-me-downs like the S-2, we have seized planes. And in general, it's a nonfleet of viable aircraft to act as a deterrent.

Before I joined Customs—I didn't discover this—the key people there had worked up a plan to try to convince people in Government to support the concept of a modernized Customs fleet with 12 jets, 12 turboprops, about 10 choppers—high class helicopters.

So what we did with some of our planes like the SD-2, we were instructed by the Navy not to fly them. As a matter of fact, they wanted to fuel one of them the other day, and the wing gave way.

And so what's really happening is we're trying to save the lives of some of our pilots and at the same time build for the future a new fleet. I'm in personal negotiations with the DOD for some more modern aircraft.

On my previous job in the private sector—I was, I guess, mostly in the electronics business with the Department of Defense. And it just struck me that what they wouldn't even miss could give Customs the kind of air force it needs to truly be a deterrent. But it's kind of papier mache right now.

And so what we're doing is, we just had to scale down some of the planes that were just unflyable, and start somewhere to build an air fleet that was going to be capable of truly being a deterrent.

So what really happened was not really a cutback, but we had to stop using some of the planes. We had World II radars, we had to get more modern radars. And that's the problem.

Mr. GILMAN. Mr. Chasen, is your agency permitted to use seized aircraft?

Mr. CHASEN. Yes, sir.

Mr. GILMAN. Under Chairman Wolf's leadership, the committee visited the border areas. We visited some airstrips where there were literally almost hundreds of planes that had been seized, including a substantial number of modern aircraft. As I recall, there was even a jet on the line. What do you do with the seized aircraft?

Mr. CHASEN. Well, the jet you probably saw was the Vesco jet which—do you want to answer that? Mr. Hann would like to give you an answer on that.

Mr. HANN. We can use certain seized aircraft that have been forfeited to the Government. And we do use these aircraft, providing they are safe to use and somewhat meet our needs. Many of the aircraft we seize are rental aircraft, leased aircraft, or a third-party aircraft from the individual that we caught with the aircraft.

These aircraft usually go back to the individual, the leasing company, the rental agent, the third party such as a bank that has loans on it. So it's very seldom that we get a modern aircraft that is suitable

for our use that is fully paid for and we catch the culprit with it. And they don't have the proper equipment. They don't have the avionics in it.

Mr. GILMAN. In your budget, have you included a request for new aircraft?

Mr. CHASEN. In the last budget submission, we disclosed our plan to modernize the Customs fleet. We have another jet on order, but it will not be until 1980 or 1981 that we will start to build up the strength that I'm talking about of 10 or 12 jets.

Mr. GILMAN. I assume that you would probably explore the possibility of using some of the surplus military aircraft?

Mr. CHASEN. We have been turned down by DOD. And that's why I said I'm trying some personal negotiations at the present time to get DOD to reconsider.

Mr. GILMAN. Are there some military aircraft that you could work on?

Mr. CHASEN. There are military aircraft that we think would meet our needs with radars. We'd have to make some changes on them, but some, I believe, could be used immediately.

Mr. GILMAN. Mr. Chairman, I would like to make a request that Mr. Chasen report back to us if he still has difficulty in obtaining some working arrangement with DOD. Maybe this committee might be able to help him in that direction.

Mr. WOLFF [presiding]. Thank you, Mr. Gilman.

Again, my apologies.

I have some questions that I would like to ask. You obviously did hear some of the comments that I made this morning relative to the lack of facilities that are afforded to you. I'm excluding the Coast Guard, because I understand you have pretty good facilities. I'm talking about some of the other agencies.

Has any move been made at all on the question of posse comitatus in order to enlist the services of the military, in order to augment your activity, Mr. Chasen?

Mr. CHASEN. I'd like to ask our counsel when you use legal terms.

Mr. WOLFF. I refer to the agreement, or perhaps the lack of agreement, which does not permit you to use the military facilities in handling of civil matters.

Mr. ROJEK. This varies from agency to agency, or from different segments of the military depending upon various requests that are made from time to time.

Mr. WOLFF. I know, for instance, that you're using Norad.

Mr. ROJEK. We've had very successful cooperation with them on that. On the other hand, there are other military entities we've asked for assistance, and they've declined on the basis of their interpretation of the posse comitatus act.

We are aware that the chairman has announced in recent times that he has the intention of seeking a clarifying amendment to this act, and we would certainly welcome that. We think that would resolve some of the problems of interpretation of the act.

On the other hand, there is also a feeling that with a strong administration position setting forth the need for all resources available to be used in this giant effort to interdict narcotics coming into this country, that there perhaps could be a change in point of view on the

part of those who invoke posse comitatus to explain their reluctance to give us such assistance.

Mr. WOLFF. Naturally, there is reluctance to impose military authority upon the civilians. We do have a civilian government; we intend to maintain it.

But this is a problem that is just as serious as another invasion we might have. And if we have the military in the position where it can protect our shores, then we've got to use them to protect our shores. I think it's just as simple as that.

There is one aspect of this that I'd like to ask each of you gentlemen—because here again, I'm coming down to the question of the effectiveness or lack of effectiveness of what we are able to do.

Mr. CHASEN, do you have a projection of what your agency has been able to do in the way of interdiction, and how much is coming through our borders in the way of narcotics? In other words, what percentage we are interdicting?

Mr. CHASEN. We know what we interdict. How that relates to percentages, we would just relate that to what other agencies might offer to us as estimates.

Mr. WOLFF. Now, how do you know whether or not you're doing a good job? In other words, of the stuff that's coming in, how do we know that we're able to at least stop a certain amount of the stuff coming in?

Mr. CHASEN. I think that the only criterion I can use is that we intercept an awful lot of marihuana. We believe, because we know that our air units could be more effective, that we could intercept more. We believe we could do a better job. We believe we're doing an excellent job with the equipment we have.

In the short period of time I've been on this job, I've visited all of our regions, many of our ports and districts. And I personally am convinced that a great deal is going by us.

I think that if you look at the percentage of cold hits which our inspectors make—as a former law enforcement officer myself, I was accustomed to work with informants—it just seems to me that our percentage of cold hits is a little too high. And we're working on that problem.

But I feel that the solution—this is my own personal conviction—to a large extent lies in the development of higher technology. I'd like to see a device developed, crude as it may sound, that simulates the nose of a dog. Doesn't sound like too much.

Mr. WOLFF. We asked about that this morning.

Mr. CHASEN. Well, I think whether it's done chemically or electronically, that would be very helpful. I think X-rays and other technological areas will provide a good part of the solution.

Mr. WOLFF. You did mention that you were in the private sector before coming aboard here.

Mr. CHASEN. Yes, sir.

Mr. WOLFF. I was, as well. Before I go to my question, I would like to make note of the fact that sitting on the panel here with us is Mr. J. C. Kennedy, one of our delegates to the United Nations. Mr. Kennedy is from Oklahoma, and also from the private sector.

When I was in the private sector, I know that I had to report to my stockholders. I had to think, just as many of you do, on the cost-effectiveness and the bottom line of the balance sheet.

And perhaps, because of my previous questions and statements to some of the witnesses, there is a reluctance upon the part of the individual panelists here to venture forth with the estimates which have been given in the past. If there is anything that we achieve here today, maybe it should be that we no longer have just blue-sky estimates as to the amount of interdiction.

I think the statement that you made is a very, very important one, that you know what you have taken, and you don't know what's going through. And I think that's the most important thing that we've learned here today.

At least, this—so far as drug policy is concerned—is what we are trying to get across to the kids in the community who are into the drug scene. I think if we can be more—that's not saying that anyone is lying, pardon me—but I think if we can be more truthful in our positions and not try to justify situations that are unjustifiable, perhaps we will make greater progress.

Now, with that in mind, does anyone else want to make an estimate? I know that we have had estimates here as to the amount of interdiction, or the percentage of interdiction that has been achieved by the various agencies.

But it would seem to me, again, that one of the best procedures that we could adopt would be to try to find, even on this basis, some coordination between the agencies to determine for us the approximate amount of stuff that's coming into the country.

For example, I don't believe the NIDA estimates. I just can't believe that they are all accurate, based upon our own surveys.

Now, I did understand, Admiral, that prior to my coming in, you indicated that about 2 percent of your activities were in the narcotics field. Is that correct?

Admiral VENZKE. Yes, sir, 2 percent of our funds or money is spent in support of drug interdiction.

But, sir, could I add something about the quantity of drugs? We don't have any idea how much drugs are being brought in by sea, but I'll give you an indication of what's happening here.

In 1973, we seized over 17,000 pounds of marihuana. Using that as an indicator, thus far in 1977 we have seized about 684,000 pounds of marihuana, and we have assisted other agencies in seizing a little bit better than 100,000 pounds. So in other words, we jumped from 17,000 pounds in 1973, to 700,000-some pounds in 1977.

Now, that's an indication, we think, that we're doing a better job at catching them. But we have no idea how many are getting by us.

Mr. WOLFF. Either that, or they're shipping more in.

Admiral VENZKE. Well, but you don't know. That's the thing. We just have no idea what the figures are.

Mr. WOLFF. Let me ask you—that means 98 percent of your resources are devoted to other activities.

Admiral VENZKE. Yes, sir.

Mr. WOLFF. Where does the direction come from as to how much of your resources you're putting into the narcotics area?

Admiral VENZKE. Well, we have other statutory requirements like search and rescue, domestic law enforcement, the Fisheries Conservation and Management Act—

Mr. WOLFF. How much of your resources do you spend on domestic law enforcement?

Admiral VENZKE. Sir, I can't give you a figure on that right now.

Mr. WOLFF. Could you give me—

Admiral VENZKE. Could I have one of my assistants sworn in? And then I could ask him.

[Witness sworn.]

Admiral VENZKE. Commander, could you answer that question on how much of our law enforcement efforts are put into domestic?

Commander STREPPER. Well, our budget is something like \$1.4 billion, I believe. For enforcement of laws.

Admiral VENZKE. Sir, we'll break that out.

Since domestic law enforcement includes functions of other operating programs not related to drug interdiction, as well as a portion of the fisheries effort, it would be difficult to quantify, and misleading as an indication of our antidrug activity. The ELT operating expense budget for 1977 is just over \$93 million; 18 percent of this figure, or approximately \$16½ million is expended for drug interdiction. While dedicated interdiction patrols are included in this figure, it ignores the contribution of the multimission concept to the overall interdiction effort. It is this concept which provides the presence of additional Coast Guard units at sea which, regardless of the label applied to their current mission, are available to participate in drug interdiction operations. If we chose to abandon this method of operation, and acquired a force dedicated solely to narcotics interdiction, the cost would constitute a much greater portion of the operating budget.

Mr. WOLFF. What I'm getting at is the comparison of the amount that you're spending for, and the resources that you're putting into domestic law enforcement, and the amount that you are putting into narcotics enforcement. And to find out from where the direction comes as to how much activity you put into the narcotics effort. Does your direction come from the executive or from your department chief, as to what your activities shall be in the drug enforcement area.

In other words, have you any directives so far?

Admiral VENZKE. Sir, we get directions from the Commandant in carrying out various statutory duties.

Mr. WOLFF. Well, your duty is to protect the coasts of the United States, is it not?

Admiral VENZKE. Yes, sir, search and rescue—

Mr. WOLFF. What about search and the rescue, the search for the people that are bringing in the drugs and the rescue of the people here in the United States who need rescue from the problem, from the problem of drug addiction?

What I'm getting at is the fact that this should be a high priority item. Are you only mandated to go into a situation when you are called in by another agency?

Admiral VENZKE. No, sir, we have responsibility to enforce the laws on any vessels under our jurisdiction.

Now, for example, we can board and search any vessel within the 3-mile limit. We can inspect for customs purposes out to 12 miles. Then we have jurisdiction over United States—

Mr. WOLFF. I understand that you boarded 50,000 vessels last year.
Admiral VENZKE. Yes, sir, a lot of vessels were boarded—some might have been motorboat safety inspections.

Mr. WOLFF. At the same time, did you do anything about looking for drugs?

Admiral VENZKE. Yes, sir.

Mr. WOLFF. In each one of the missions, in other words, there is a specific—in order to check out whether or not the vessel is carrying any contraband?

Admiral VENZKE. Yes, sir, I'll give you an example here.

If you board a vessel—and this is how it often happens—if you board a vessel for a routine safety inspection, you've got to check, for example, the number of the vessel on the main beam, down in the hold. Or it might be some other place.

Thus, many times in the carrying out of an ordinary law enforcement function or a safety inspection, you will run across drugs. It will happen accidentally, as opposed to having intelligence and going out and looking for it.

So many times we do come across drugs in the course of our normal duties. And we're carrying out safety inspections all the time.

Mr. WOLFF. You see, part of the problem is that Customs is in the position that they do not get very much in the way of prior intelligence, and they have these "cold" hits. You're having the same type of situation. I wonder where the hot part is—that's the thing.

Admiral VENZKE. We do get intelligence from EPIC. Obviously, we need better intelligence. You need better intelligence all the time. We do get a lot of good information that will direct us into an area where a ship is coming through. We get directions from EPIC, and we go there. Perhaps we'll find something if the ship is under our jurisdiction.

But I would say we have a lot of work to do in this area.

Mr. WOLFF. How much heroin did you seize last year in the Coast Guard?

Admiral VENZKE. Sir—let me see. I'll break that figure down. [Pause.]

In 1977, I have no indications of any heroin seizures, but I would like to add this comment, that on numerous occasions when we go up alongside a vessel or are about ready to board, there will be plastic bags thrown over the side. We've seen this on numerous occasions.

So, what I would say is that there has been heroin involved in the ships that we have boarded, but we didn't get it; it was thrown over the side.

Mr. WOLFF. It would seem to me that a greater amount of resources of the Coast Guard could be employed, since there is, we know, a lot of traffic via sea in the area of narcotics. The traffic that came from Bangkok to Hong Kong is mostly trawler traffic. We do know that a lot of private vessels are carrying contraband into the United States today. And I commend you for the work that you are doing, and some of the large hauls that you have made of marihuana. But I want you to know that the other agencies of Government today are not very much concerned about marihuana except if it does happen to be a large haul. And our concentration is in the area of the hard drugs.

Therefore, it would seem to me that a redeployment of resources should be made in order for this task to be more effective. The one thing that I think is most important in this whole situation, is that we should make it a risky operation for the trafficker to try to get stuff into the United States, and I don't know whether or not that is the case today. I don't know whether or not they feel that they're taking any great risk. If they felt they were taking a great risk, they couldn't get as many couriers as they have today, as many mules as they have, even body-carriers.

Admiral VENZKE. Sir, if I could add a couple more words on the cost—2 percent of our operating funds are used exclusively for drug interdiction. We have the problem of determining how to break out the total amount that we are actually using for drug law enforcement.

It's very similar to asking a police department how much they spend on homicide and robberies and that sort of thing.

It's very hard to split the pie up.

We carry out a lot of actions that probably are not charged to drug interdiction as a result of the nature of our multimission operations.

Now, for example, let's say we board a vessel in U.S. waters down off of the coast of Florida. When we go aboard that vessel to conduct a safety inspection—and that's what they're frequently doing—when they go aboard to conduct a safety inspection and look the vessel over and everything is well, nothing is out of line, there are no drugs on board—we didn't see any, anyway—put it that way—you might not consider that as a drug interdiction related operation, but yet it is. On the other hand, if you go aboard and catch one, then that's obviously drug interdiction.

But the thing is, when I say 2 percent, I think it can be very misleading because a lot of the work—

Mr. WOLFF. I hope it is.

Admiral VENZKE. Yes, sir, I think it is.

Mr. WOLFF. Admiral Venzke, let me indicate to you that this is as serious a war as we can fight, and unless we really make it costly—make it more costly—for these traffickers to do business—

Admiral VENZKE. Sir, you identified—the word you used is exactly what it is. It's a war. That a good identification.

Mr. WOLFF. If there is a war going on, then I think that we're hardly prepared for it. And that's the sad situation.

Anyway, there is no attempt here to badger the individual witnesses in an attempt to bring up shortcomings. The important element is the fact that I feel very strongly that direction from the top is lacking. That's where I see the main problem. I'm not talking about individual agencies. I'm talking about knocking heads together in order to bring about a more concerted warfare.

If we had an attack upon New York City tomorrow, every agency here would be brought together, and we would bring every bit of fire-power that we could in order to repel the attack. Now, that same situation should be true in drugs. And I think that, really, you should be supported.

Our questions to you are in the nature of trying to elicit from you the facts of where you are lacking the support so that we can give it to you.

This whole business that we talked about yesterday on someone saying, well, you know, the budget is too small; we can't afford to do these things. Let me tell you, Admiral, we can't afford not to do these things. And that is the big problem.

And until some of our people, including Members of our own Congress, see the importance of this and treat this as really guerrilla warfare—because that's what it is—and cut off the extremities and keep cutting them off until such a time that it hurts those people, then I think that we're not going to make the progress that we need to save the kids of this country.

And merely going through a whole litany of the number of people and the amount of stuff that's seized, that's great for the charts and great for the boards, great for the people who are making up the charts, but it doesn't help the kids that we saw in the hospital 2 weeks ago when we took U.N. delegates around and toured to see newborn infants undergoing withdrawal. That is unconscionable in America, or anywhere else.

And when we talk about human rights in the rest of the world, let's start talking about the human rights of our own people and the right of these people to stay free from the type of treatment that they are getting, free from the incursions that are made by people who are both corrupting our society and destroying it.

I think that we are today very grateful for all of your services. There's been criticism back and forth, and I'm sure that you realize that one of the reasons why we have to criticize, is because we want to make something better. It's not destructive criticism. Where we can help you, we will.

We do realize that this is a dangerous business. If I have had threats upon my life, I'm sure that you have had—many of you have had more than that. And I'm sure that the public really doesn't appreciate some of the things that go on, that everytime someone goes overseas and comes back to the United States and has to go through one of the various services that you have, they protest very loudly. But they also protest the fact that we're not doing the job that is supposed to be done. They can't have it both ways.

I was supposed to question you, and here I am making a speech, and I shouldn't do that. But I just feel so frustrated by this at times that I have to speak out. I hope you will excuse me.

Mr. GILMAN. Mr. Chairman, I just have one matter to correct for the record. I thought your comments were certainly appropriate at the end of our lengthy 2 days of hearings, and I might add that it has been very fruitful for this committee, and I hope it results in some worthwhile activity, not only for the various agencies, but for our executive branch, as I look over at our ODAP representatives.

Mr. Chairman, I would like to correct the date on the Federal Drug Enforcement paper (GGD-76-27) that I referred to in connection with Mr. Fink's testimony. The GAO report is dated December 18, 1975, instead of 1973.

I assume, Mr. Fink, that that would not change your testimony.

Mr. FINK. That's correct.

The GDEP system we have put in has been prior—that would have been 1975 information. I think there still are strides to be made in the way that we meet the chairman's point—trying to evaluate the

effectiveness of what we do. It's hard, but we are constantly re-examining our system and working with our regions to insure that they have a work plan and are meeting those objectives.

Mr. GILMAN. Thank you, Mr. Fink.

Mr. WOLFF. I have just one final question.

I'm sorry, Mr. Nellis has some.

You have a question?

Mr. NELLIS. Yes; I have one item that I'd like to take up, if I may, Mr. Chairman.

Mr. Fink, have you had a chance to read the advance finding of the GAO report?

Mr. FINK. No, sir, I read a summary, but I have not had a chance to read the whole report.

Mr. NELLIS. You do know from what was said here today, I assume, that GAO has some extremely critical comments to make about our problems at the border, and with respect to DEA they found in their investigation that tactical and operational intelligence to support border law enforcement has a very low priority in the U.S. mission in Mexico.

Mr. FINK. Yes, sir, I heard that this morning.

Mr. NELLIS. Right.

Now, I'm wondering what your views on that would be, not in the sense of counteracting what they said—

Mr. FINK. They also, Mr. Nellis—

Mr. NELLIS. Let me finish my question.

My question really is this: If it is nearly a fact, let alone a fact, doesn't this account for the problem that Mr. Chasen has, which is too many cold hits; doesn't it account for the problem that the Coast Guard has in that I understand they only made 17 seizures last year based upon the advance EPIC information?

Do you see what I'm driving at?

There is a course of action—9 out of 17 total—in any event, whatever the figures are, I'm sure that I'm assessing this correctly. The intelligence function is not up to par and that apparently causes the breakdown of seizures. That why we're getting hit-or-miss seizures instead of intelligence.

Mr. FINK. There are several points Mr. Nellis raised. The gentleman from GAO this morning also acknowledge that there have been some actions taken to correct the situation and, in fact, we have had a new regional director in Mexico. We also have a new administration in the Mexican Government which has been giving us intelligence.

As a matter of fact, the new administration in Mexico has brought back some of those people that we trained that were not applied for intelligence before—back into a newly formed intelligence unit.

We specifically have cast our field activities to expand their intelligence collection in the area we call drug movement intelligence. I have heard Admiral Venzke acknowledge the fact that the information base is improving at El Paso because of our effort. The seizures that they are making with these vessels loaded with grass at 15 to 20 tons, are coming from intelligence originating from our activities in Colombia and the Colombian Government, going to EPIC, so that when they make the sighting, they call, and they hit in EPIC data base. Then we

can give them the advice and information that we have, and they make the command decision on what to do.

So within the last year there have been some significant improvements noted.

I would like to make one comment that has kind of constantly come up with respect to cold hits.

We publish a lot of information in DEA, the EPIC bulletin, through other reporting vehicles, and Customs uses this information. It goes to the inspector—the profile of the courier, their methods of concealment. Maybe it's all Illinois tags coming through San Ysidro—we don't keep statistics on when there's a hit. It's not a hard piece of intelligence, but it's part of what we do day in and day out to keep Customs current on what's happening. And that's what we're going to further increase in El Paso.

We have agreed that statistics aren't always the best measure of intelligence support. We're producing the information to help the inspectors, to sensitize the patrol officers.

This is factor that's intangible. We can't measure it. We're constantly trying to improve that.

I know the Commissioner accepts that.

Mr. CHASEN. I'd like to say that I don't know.

Before you were present, Mr. Chairman, we were talking about our meetings with DEA at an executive level, and one of the missions we have carved out for ourselves is to work out definitively improved techniques for handling the intelligence information that is available to us.

I believe, personally, that we are going to have improved procedures because we discovered, for example, in our discussions that there is a common denominator, for example, of currency which is within the jurisdiction of the Customs.

So we're putting our heads together as constructively as we can.

The drugs get converted to currency; the currency again gets converted to drugs. We have to work together, and I concur with your statement—that's why I'm on this job. I want to try to do something personally, and I feel that the DEA effort, as I am experiencing it, is a first-class effort at cooperation and at trying to put together constructively all the information that is available to us.

And I'm grateful for that.

Mr. NELLIS. Thank you, Mr. Chairman.

Mr. WOLFF. We have an investigative staff of our own that is operating right now. We have found in certain circumstances that there are people and situations that are interposed between the successful performance of an ongoing investigation that is being conducted by one or two agencies. I am actually attempting to guard our investigation, as I speak. However, I am just wondering whether or not you, as people who are in charge of various operations, have had any experience of interference with the course of your duties that has been either political or has been as a result of interagency rivalry, or anything that impeded you in your efforts to perform your activities; whether or not—I'm not going to ask you to give that to us now, and I would ask that if you ever have any information along these lines, that you forward it to the committee so the committee is made aware of this, and that we can judge the importance of the information we receive.

Mr. WOLFF. I think, again, Mr. Nellis's staff would be able to follow this very carefully.

But it seems to me there are, as in any situation that we have that involves high costs, that involves a great deal of money, and high risks, that from time to time there are interposed into these situations pressures of one sort or another. And on that basis, I would request each individual agency to inform us as to whether or not they have had or they know of any pressures like this; and if you have had none, if you could just tell us that, we would be very happy to hear it.

But we shall not go further in public session on this. We would appreciate this in a classified manner.

We've kept you long today, and we appreciate the cooperation that you have given us, as well as the dedication that all of your people—not only you who sit at the heads of this table, but the people who are behind you in the ongoing operations.

All of us in public life today, no matter what part of government you represent, are subjected to a tremendous amount of criticism. It's time that someone said, "Well done."

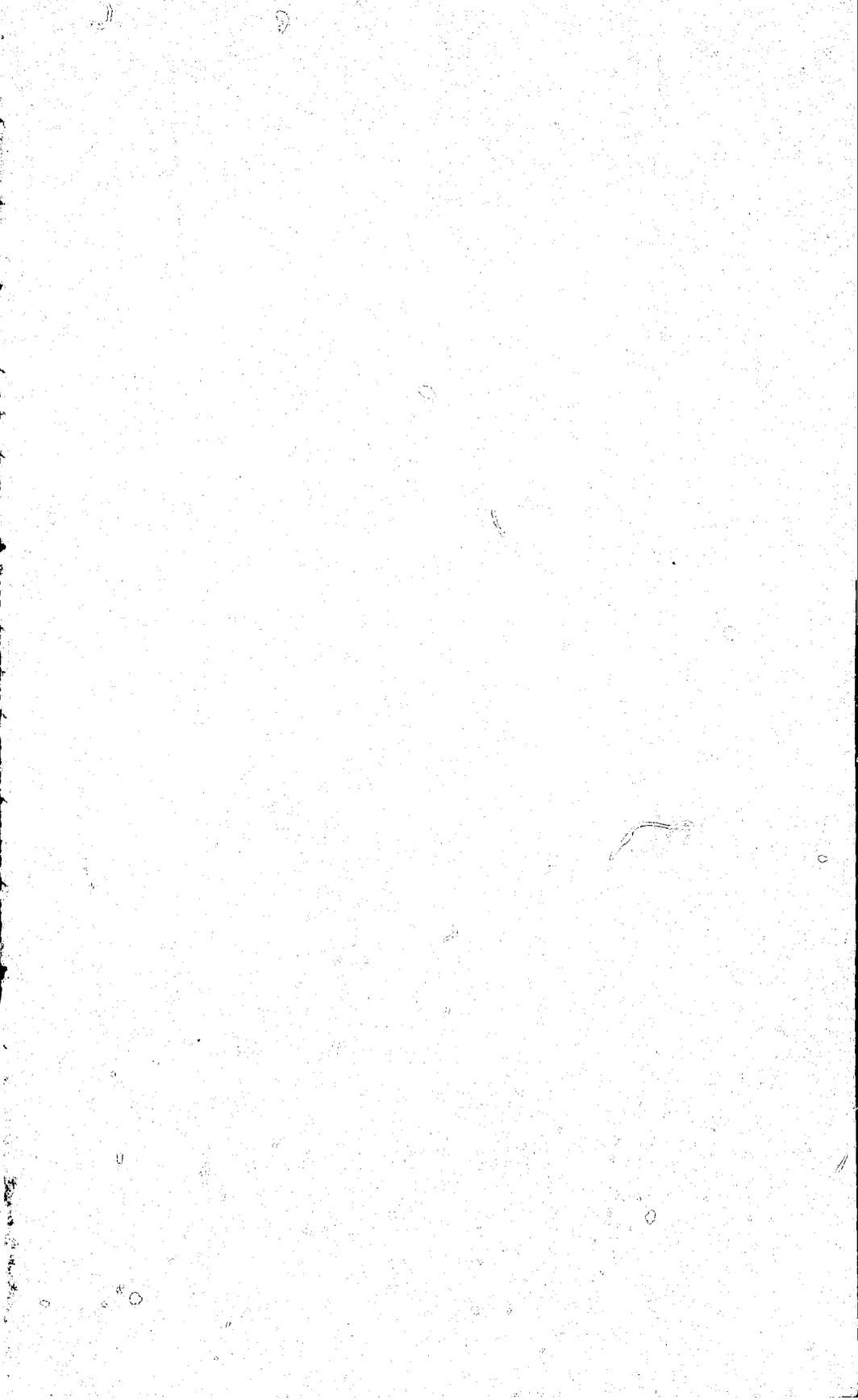
Thank you very much.

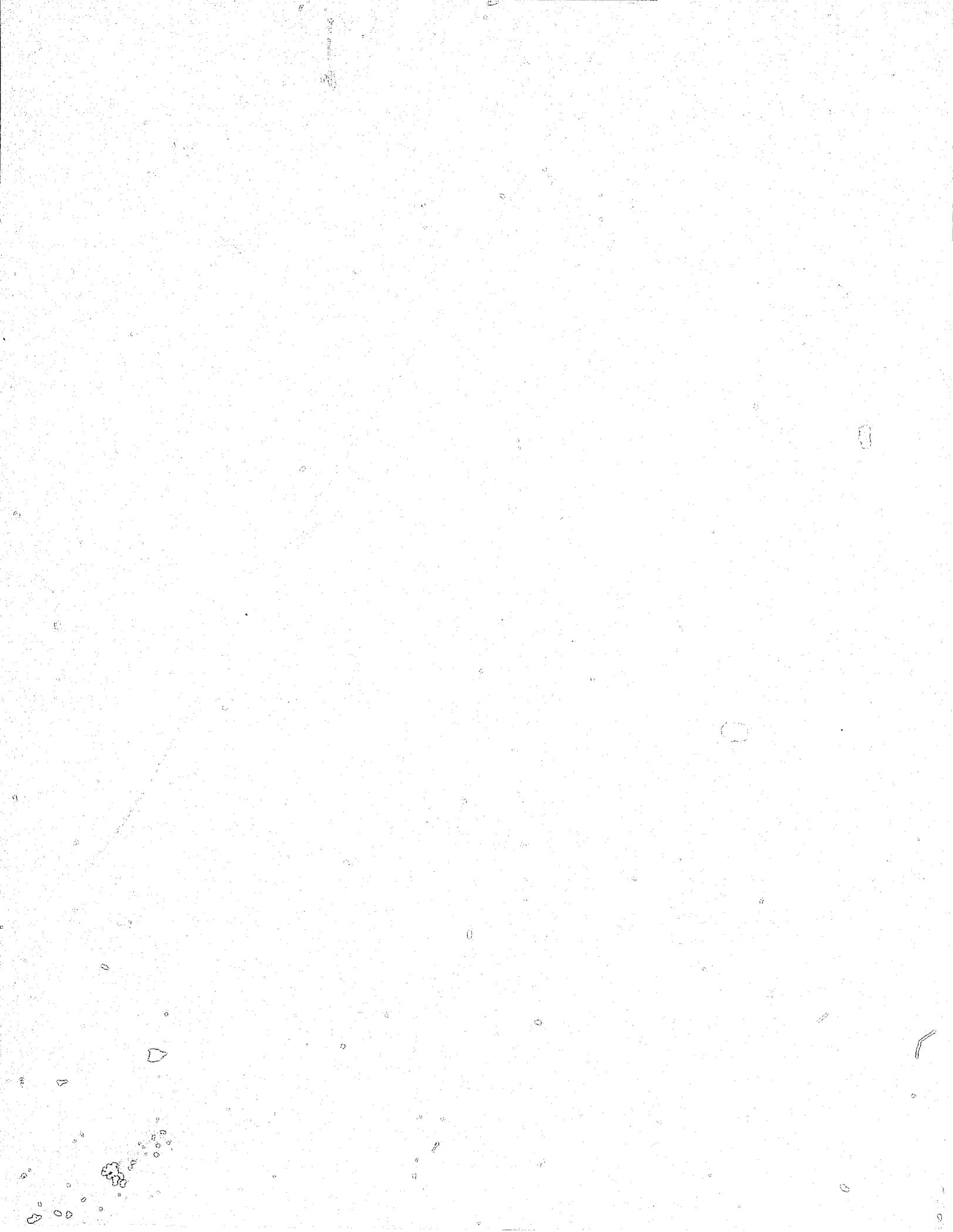
VOICES. Thank you.

Mr. WOLFF. The committee stands adjourned.

[Whereupon, at 4:35 p.m., the committee adjourned.]







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