

# STATE-ORGANIZED CRIME—The American Society of Criminology, 1988 Presidential Address\*

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There is a form of crime that has heretofore escaped criminological inquiry, yet its persistence and omnipresence raise theoretical and methodological issues crucial to the development of criminology as a science. I am referring to what I call "state-organized crime."

## THE PROBLEM

Twenty-five years ago I began researching the relationship among organized crime, politics, and law enforcement in Seattle, Washington (Chambliss, 1968, 1971, 1975a, 1975b, 1977, 1980, 1988a). At the outset I concentrated on understanding the political, economic, and social relations of those immediately involved in organizing and financing vice in the local area. It became clear to me, however, that to understand the larger picture I had to extend my research to the United States and, eventually, to international connections between organized criminal activities and political and economic forces. This quest led me to research in Sweden (Block and Chambliss, 1981), Nigeria (Chambliss, 1975b), Thailand (Chambliss, 1977), and of course, the Americas.

My methods were adapted to meet the demands of the various situations I encountered. Interviews with people at all levels of criminal, political, and law enforcement agencies provided the primary data base, but they were supplemented always with data from official records, government reports, congressional hearings, newspaper accounts (when they could be checked for accuracy), archives, and special reports.

While continuing to research organized crime, I began a historical study of piracy and smuggling. In the process of analyzing and beginning to write on these subjects, I came to realize that I was, in essence, studying the same thing in different time periods: Some of the piracy of the sixteenth and seventeenth centuries was sociologically the same as some of the organized criminal relations of today—both are examples of state-organized crime.

At the root of the inquiry is the question of the relationship among criminality, social structure, and political economy (Petras, 1977; Schwendinger and Schwendinger, 1975; Tilly, 1985). In what follows, I (1) describe the characteristics of state-organized crime that bind acts that are unconnected by time and space but are connected sociologically, (2) suggest a theoretical

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\* Portions of this paper are based on William J. Chambliss, *Exploring Criminology* (New York: Macmillan, 1988).

framework for understanding those relationships, and (3) give specific examples of state-organized crime.

### STATE-ORGANIZED CRIME DEFINED

The most important type of criminality organized by the state consists of acts defined by law as criminal and committed by state officials in the pursuit of their job as representatives of the state. Examples include a state's complicity in piracy, smuggling, assassinations, criminal conspiracies, acting as an accessory before or after the fact, and violating laws that limit their activities. In the latter category would be included the use of illegal methods of spying on citizens, diverting funds in ways prohibited by law (e.g., illegal campaign contributions, selling arms to countries prohibited by law, and supporting terrorist activities).

State-organized crime does not include criminal acts that benefit only individual officeholders, such as the acceptance of bribes or the illegal use of violence by the police against individuals, unless such acts violate existing criminal law and are official policy. For example, the current policies of torture and random violence by the police in South Africa are incorporated under the category of state-organized crime because, apparently, those practices are both state policy and in violation of existing South African law. On the other hand, the excessive use of violence by the police in urban ghettos is not state-organized crime for it lacks the necessary institutionalized policy of the state.

### PIRACY

In the history of criminality, the state-supported piracy that occurred between the sixteenth and nineteenth centuries is an outstanding example of state-organized crime (Andrews, 1959, 1971).

When Christopher Columbus came to the Americas in search of wealth and spices in 1492, he sailed under the flag of Spain although he himself was from Genoa. Vasco da Gama followed Columbus 6 years later, sailing under the Portuguese flag. Between Spain and Portugal, a vast new world was conquered and quickly colonized. The wealth of silver and gold was beyond their wildest dreams. A large, poorly armed native American population made the creation of a slave labor force for mining and transporting the precious metals an easy task for the better armed Spanish and Portuguese settlers willing to sacrifice human life for wealth. Buttressed by the unflagging belief that they were not only enriching their motherland and themselves but also converting the heathens to Christianity, Spanish and Portuguese colonists seized the opportunity to denude the newly found lands of their wealth and their people (Lane-Poole, 1890). Portugal, as a result of Vasco da Gama's voyages, also established trade routes with India that gave it a franchise on

spices and tea. Portuguese kings thus became the "royal grocers of Europe" (Howes, 1615; Collins, 1955).

In Europe during the sixteenth and seventeenth centuries, nation-states were embroiled in intense competition for control of territory and resources. Then, as now, military power was the basis for expansion and the means by which nation-states protected their borders. Military might, in turn, depended on labor and mineral resources, especially gold and silver. The wealthier nations could afford to invest in more powerful military weapons, especially larger and faster ships, and to hire mercenaries for the army and navy. Explorations cost money as well. When Spain and Portugal laid claim to the Americas, they also refused other nations the right to trade with their colonies (Mainwaring, 1616). Almost immediately, conflict developed between Spain and Portugal, but the pope intervened and drew a line dividing the New World into Spanish and Portuguese sectors, thereby ameliorating the conflict. But the British, French, and Dutch were not included in the pope's peace. They were forced to settle for less desirable lands or areas not yet claimed by the Spanish and Portuguese.

Although they lacked the vision to finance explorers such as Christopher Columbus and Vasco da Gama, France, England, and Holland nonetheless possessed powerful navies. They were also the home of some of the world's more adventurous pirates, who heretofore had limited their escapades to the European and African coasts.

With the advent of Spain and Portugal's discovery of vast new sources of wealth, other European nations were faced with a dilemma: They could sit idly by and watch the center of power tip inexorably toward the Iberian Peninsula, or they could seek ways to interfere with the growing wealth of their neighbors to the south. One alternative, of course, was to go to war. Another, less risky for the moment but promising some of the same results, was to enter into an alliance with pirates. France, England, and Holland chose the less risky course.

To transport the gold and silver from the Spanish Main (the Caribbean coast of South America) to Bilbao and from Brazil to Lisbon required masterful navigational feats. A ship laden with gold and silver could not travel fast and was easy prey for marauders (Exquemling, 1670). To complicate matters, ships were forced by the prevailing winds and currents to travel in a predictable direction. These conditions provided an open invitation for pirates to exploit the weaknesses of the transporting ships to their advantage. Poverty and a lack of alternatives drove many young men to sea in search of a better life. Some came to the New World as convicts or indentured slaves. The lure of the pirate's life was an alternative that for all its hardships was more appealing than the conditions of serfdom and indentured servitude.

The French government was the first to seize the opportunity offered by engaging in piracy (Ritchie, 1986). It saw in piracy a source of wealth and a

way of neutralizing some of the power of Spain and Portugal. Although piracy was an act second to none in seriousness in French law (summary execution was the punishment), the French government nonetheless instructed the governors of its islands to allow pirate ships safe portage in exchange for a share of the stolen merchandise. Thus, the state became complicitous in the most horrific sprees of criminality in history.

The pirate culture condoned violence on a scale seldom seen. There was no mercy for the victims of the pirates' attacks. Borgnefesse, a French pirate who wrote his memoirs after retiring to a gentleman's life in rural France, was an articulate chronicler of these traits. He wrote, for example, of how he once saved a young girl "not yet into puberty" from being raped by two "beastly filibusters" who were chasing her out of a house in a village that he and his men had attacked (LeGolif, 1680). Borgnefesse wrote of being embarrassed that on that occasion he felt "pity" for the young girl and violated one of the ironclad laws of the pirate's world: that women were prizes for whoever found them in the course of a raid. The would-be rapists resisted his effort to save the girl and "told me I was interfering in a matter which was none of my business, that pillage was permitted in the forcing of the women as well as the coffers."

It was commonplace among pirates to "take no prisoners" unless, of course, they could be useful to the victors. Borgnefesse described how he cut off the heads of everyone on board a Spanish "prize" because the enemy angered him by injuring his arm during the battle. Another time he and his men took all the people on a captured ship, tied them up in the mainsail, threw them in the water, and then drank rum while listening to the screams of the slowly drowning men. For all his criminal exploits, however, Borgnefesse was well protected by French ships and French colonies.

England and Holland were quick to join the French. Sir Richard Hawkins and his apprentice, Francis Drake, were issued "letters of marque" from the Admiralty directing governors of British colonies and captains of British warships to give safe passage and every possible assistance to Hawkins and Drake as they were acting "under orders of the Crown" (British Museum, 1977). Their "orders" were to engage in piracy against Spanish and Portuguese ships. Thus, the state specifically instructed selected individuals to engage in criminal acts. The law, it must be emphasized, did not change. Piracy remained a crime punishable by death, but some pirates were given license to murder, rape, plunder, destroy, and steal.

The state's complicity in piracy was more successful, one suspects, than even the most avaricious monarchs expected. On one voyage (between 1572 and 1573), Drake returned to England with enough gold and silver to support the government and all its expenses for a period of 7 years (Corbett, 1898a, 1898b). Most of this wealth came from Drake's attack on the town of Nombre de Dios, which was a storage depot for Spanish gold and silver. In this

venture Drake joined forces with some French pirates and ambushed a treasure train.

Drake was knighted for his efforts, but the Spanish were not silent. They formally challenged Britain's policies, but the queen of England denied that Drake was operating with her blessing (after, of course, taking the gold and silver that he brought home) and Drake was tried as a criminal. He was publicly exiled, but privately he was sent to Ireland, where he reemerged several years later (in 1575) serving under the first Earl of Essex in Ireland.

Borgnefesse and Sir Francis Drake are only two of hundreds of pirates who plied their trade between 1400 and 1800 (Senior, 1976). Their crimes were supported by, and their proceeds shared with, whatever nation-state offered them protection and supplies. In theory, each nation-state only protected its own pirates, but in practice, they all protected any pirates willing to share their gains.

To rationalize the fundamental contradiction between the law and the interests of the state, European nations created a legal fiction. Issued either directly from the monarch or the Admiralty, the letters of marque gave pirates a sort of license, but with specific limitations on the kinds of acts that were permissible. One restriction was that the pirates were not to (a) attack ships of the country issuing the letter, (b) plunder villages or towns, or (c) open the captured cargo until they returned to port.

The reality of piracy was quite at odds with all of these limitations. Much of the success of piracy depended on attacking towns and villages, during which raping, plundering, and razing the town were accepted practices. Pirates sometimes kept one or more officers from captured ships along with their letters of marque and identifying flags in order to show them in case of attack by a ship from another country. This also enabled a pirate ship from France, say, to raise an English flag and attack a French ship. For the pirates loyalty to the nation came second to the search for gold.

At one time or another virtually every European nation, and the United States as well, between 1500 and 1800 was complicitous in piracy. In the United States, Charleston, South Carolina, several New England towns, and New York were safe harbors for pirates. In return for sharing in the prize, these towns provided safety from capture by foreign authorities and a safe place for pirates to celebrate their victories.

John Paul Jones became an American hero through his success as a pirate and was even given a commission in the navy (de la Croix, 1962; MacIntyre, 1975). Jean and Pierre Lafitte were the toast of New Orleans society while they enriched themselves by organizing and aiding pirates and smugglers at the mouth of the Mississippi River. Their status was considerably enhanced when the federal government enlisted their aid in the war against England and made Jean an officer of the U.S. Navy in return for helping to defeat the

British Navy that was gathering its forces for an attack on New Orleans (Verrill, 1924) In time of war, nations enlisted pirates to serve in their navy. In time of peace, they shared in the profits.

During the period from 1600 to 1900, capitalism was becoming firmly established as the dominant economic system of the world. The essential determinant of a nation's ability to industrialize and to protect its borders was the accumulation of capital. Not only was another nation's wealth a threat to the autonomy of neighboring states, one nation's gain was invariably another's loss. Piracy helped to equalize the balance and reduce the tendency toward the monopolization of capital accumulation. The need for capital accumulation does not end with the emergence of capitalism; it continues so long as the economy and a nation's military and economic strength depend on it. When piracy ceased to be a viable method for accumulating capital, other forms of illegality were employed. In today's world, there is evidence that some small city-states in the Far East (especially in Indonesia) still pursue a policy of supporting pirates and sharing in their profits. But piracy no longer plays a major role in state-organized crime; today, the role is filled by smuggling.

## SMUGGLING

Smuggling occurs when a government has successfully cornered the market on some commodity or when it seeks to keep a commodity of another nation from crossing its borders. In the annals of crime, everything from sheep to people, wool to wine, gold to drugs, and even ideas, have been prohibited for either export or import. Paradoxically, whatever is prohibited, it is at the expense of one group of people for the benefit of another. Thus, the laws that prohibit the import or export of a commodity inevitably face a built-in resistance. Some part of the population will always want to either possess or to distribute the prohibited goods. At times, the state finds itself in the position of having its own interests served by violating precisely the same laws passed to prohibit the export or import of the goods it has defined as illegal.

## NARCOTICS AND THE VIETNAM WAR

Sometime around the eighth century, Turkish traders discovered a market for opium in Southeast Asia (Chambliss, 1977; McCoy, 1973). Portuguese traders several centuries later found a thriving business in opium trafficking conducted by small ships sailing between trading ports in the area. One of the prizes of Portuguese piracy was the opium that was taken from local traders and exchanged for tea, spices, and pottery. Several centuries later, when the French colonized Indochina, the traffic in opium was a thriving business. The French joined the drug traffickers and licensed opium dens throughout

Indochina. With the profits from those licenses, the French supported 50% of the cost of their colonial government (McCoy, 1973: 27).

When the Communists began threatening French rule in Indochina, the French government used the opium profits to finance the war. It also used cooperation with the hill tribes who controlled opium production as a means of ensuring the allegiance of the hill tribes in the war against the Communists (McCoy, 1973).

The French were defeated in Vietnam and withdrew, only to be replaced by the United States. The United States inherited the dependence on opium profits and the cooperation of the hill tribes, who in turn depended on being allowed to continue growing and shipping opium. The CIA went a step further than the French and provided the opium-growing feudal lords in the mountains of Vietnam, Laos, Cambodia, and Thailand with transportation for their opium via Air America, the CIA airline in Vietnam.

Air America regularly transported bundles of opium from airstrips in Laos, Cambodia, and Burma to Saigon and Hong Kong (Chambliss, 1977: 56). An American stationed at Long Cheng, the secret CIA military base in northern Laos during the war, observed:

. . . so long as the Meo leadership could keep their wards in the boon-docks fighting and dying in the name of, for these unfortunates anyway, some nebulous cause . . . the Meo leadership [was paid off] in the form of a carte-blanc to exploit U.S.-supplied airplanes and communication gear to the end of greatly streamlining the opium operations . . . . (Chambliss, 1977: 56).

This report was confirmed by Laotian Army General Ouane Rattikone, who told me in an interview in 1974 that he was the principal overseer of the shipment of opium out of the Golden Triangle via Air America. U.S. law did not permit the CIA or any of its agents to engage in the smuggling of opium.

After France withdrew from Vietnam and left the protection of democracy to the United States, the French intelligence service that preceded the CIA in managing the opium smuggling in Asia continued to support part of its clandestine operations through drug trafficking (Kruger, 1980). Although those operations are shrouded in secrecy, the evidence is very strong that the French intelligence agencies helped to organize the movement of opium through the Middle East (especially Morocco) after their revenue from opium from Southeast Asia was cut off.

In 1969 Michael Hand, a former Green Beret and one of the CIA agents stationed at Long Cheng when Air America was shipping opium, moved to Australia, ostensibly as a private citizen. On arriving in Australia, Hand entered into a business partnership with an Australian national, Frank Nugan. In 1976 they established the Nugan Hand Bank in Sydney (Commonwealth of New South Wales, 1982a, 1982b). The Nugan Hand Bank

began as a storefront operation with minimal capital investment, but almost immediately it boasted deposits of over \$25 million. The rapid growth of the bank resulted from large deposits of secret funds made by narcotics and arms smugglers and large deposits from the CIA (Nihill, 1982).

In addition to the records from the bank that suggest the CIA was using the bank as a conduit for its funds, the bank's connection to the CIA and other U.S. intelligence agencies is evidenced by the people who formed the directors and principal officers of the bank, including the following:

- Admiral Earl F. Yates, president of the Nugan Hand Bank was, during the Vietnam War, chief of staff for strategic planning of U.S. forces in Asia and the Pacific.
- General Edwin F. Black, president of Nugan Hand's Hawaii branch, was commander of U.S. troops in Thailand during the Vietnam War and, after the war, assistant army chief of staff for the Pacific.
- General Erle Cocke, Jr., head of the Nugan Hand Washington, D.C., office.
- George Farris, worked in the Nugan Hand Hong Kong and Washington, D.C. offices. Farris was a military intelligence specialist who worked in a special forces training base in the Pacific.
- Bernie Houghton, Nugan Hand's representative in Saudi Arabia. Houghton was also a U.S. naval intelligence undercover agent.
- Thomas Clines, director of training in the CIA's clandestine service, was a London operative for Nugan Hand who helped in the takeover of a London-based bank and was stationed at Long Cheng with Michael Hand and Theodore S. Shackley during the Vietnam War.
- Dale Holmgreen, former flight service manager in Vietnam for Civil Air Transport, which became Air America. He was on the board of directors of Nugan Hand and ran the bank's Taiwan office.
- Walter McDonald, an economist and former deputy director of CIA for economic research, was a specialist in petroleum. He became a consultant to Nugan Hand and served as head of its Annapolis, Maryland, branch.
- General Roy Manor, who ran the Nugan Hand Philippine office, was a Vietnam veteran who helped coordinate the aborted attempt to rescue the Iranian hostages, chief of staff for the U.S. Pacific command, and the U.S. government's liaison officer to Philippine President Ferdinand Marcos.

On the board of directors of the parent company formed by Michael Hand that preceded the Nugan Hand Bank were Grant Walters, Robert Peterson, David M. Houton, and Spencer Smith, all of whom listed their address as c/o Air America, Army Post Office, San Francisco, California.



Also working through the Nugan Hand Bank was Edwin F. Wilson, a CIA agent involved in smuggling arms to the Middle East and later sentenced to prison by a U.S. court for smuggling illegal arms to Libya. Edwin Wilson's associate in Mideast arms shipments was Theodore Shackley, head of the Miami, Florida, CIA station.<sup>1</sup> In 1973, when William Colby was made director of Central Intelligence, Shackley replaced him as head of covert operations for the Far East; on his retirement from the CIA William Colby became Nugan Hand's lawyer.

In the late 1970s the bank experienced financial difficulties, which led to the death of Frank Nugan. He was found dead of a shotgun blast in his Mercedes Benz on a remote road outside Sydney. The official explanation was suicide, but some investigators speculated that he might have been murdered. In any event, Nugan's death created a major banking scandal and culminated in a government investigation. The investigation revealed that millions of dollars were unaccounted for in the bank's records and that the bank was serving as a money-laundering operation for narcotics smugglers and as a conduit through which the CIA was financing gun smuggling and other illegal operations throughout the world. These operations included illegally smuggling arms to South Africa and the Middle East. There was also evidence that the CIA used the Nugan Hand Bank to pay for political campaigns that slandered politicians, including Australia's Prime Minister Witham (Kwitny, 1977).

Michael Hand tried desperately to cover up the operations of the bank. Hundreds of documents were destroyed before investigators could get into the bank. Despite Hand's efforts, the scandal mushroomed and eventually Hand was forced to flee Australia. He managed this, while under indictment for a rash of felonies, with the aid of a CIA official who flew to Australia with a false passport and accompanied him out of the country. Hand's father, who lives in New York, denies knowing anything about his son's whereabouts.

Thus, the evidence uncovered by the government investigation in Australia linked high-level CIA officials to a bank in Sydney that was responsible for financing and laundering money for a significant part of the narcotics trafficking originating in Southeast Asia (Commonwealth of New South Wales, 1982b; Owen, 1983). It also linked the CIA to arms smuggling and illegal involvement in the democratic processes of a friendly nation. Other investigations reveal that the events in Australia were but part of a worldwide involvement in narcotics and arms smuggling by the CIA and French intelligence (Hougan, 1978; Kruger, 1980; Owen, 1983).

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1. It was Shackley who, along with Rafael "Chi Chi" Quintero, a Cuban-American, forged the plot to assassinate Fidel Castro by using organized-crime figures Santo Trafficante, Jr., John Roselli, and Sam Giancana.

### ARMS SMUGGLING

One of the most important forms of state-organized crime today is arms smuggling. To a significant extent, U.S. involvement in narcotics smuggling after the Vietnam War can be understood as a means of funding the purchase of military weapons for nations and insurgent groups that could not be funded legally through congressional allocations or for which U.S. law prohibited support (NARMIC, 1984).

In violation of U.S. law, members of the National Security Council (NSC), the Department of Defense, and the CIA carried out a plan to sell millions of dollars worth of arms to Iran and use profits from those sales to support the Contras in Nicaragua (Senate Hearings, 1986). The Boland amendment, effective in 1985, prohibited any U.S. official from directly or indirectly assisting the Contras. To circumvent the law, a group of intelligence and military officials established a "secret team" of U.S. operatives, including Lt. Colonel Oliver North, Theodore Shackley, Thomas Clines, and Maj. General Richard Secord, among others (testimony before U.S. Senate, 1986). Shackley and Clines, as noted, were CIA agents in Long Cheng; along with Michael Hand they ran the secret war in Laos, which was financed in part from profits from opium smuggling. Shackley and Clines had also been involved in the 1961 invasion of Cuba and were instrumental in hiring organized-crime figures in an attempt to assassinate Fidel Castro.

Senator Daniel Inouye of Hawaii claims that this "secret government within our government" waging war in Third World countries was part of the Reagan doctrine (the *Guardian*, July 29, 1987). Whether President Reagan or then Vice President Bush were aware of the operations is yet to be established. What cannot be doubted in the face of overwhelming evidence in testimony before the Senate and from court documents is that this group of officials of the state oversaw and coordinated the distribution and sale of weapons to Iran and to the Contras in Nicaragua. These acts were in direct violation of the Illegal Arms Export Control Act, which made the sale of arms to Iran unlawful, and the Boland amendment, which made it a criminal act to supply the Contras with arms or funds.

The weapons that were sold to Iran were obtained by the CIA through the Pentagon. Secretary of Defense Caspar Weinberger ordered the transfer of weapons from Army stocks to the CIA without the knowledge of Congress four times in 1986. The arms were then transferred to middlemen, such as Iranian arms dealer Yaacov Nimrodi, exiled Iranian arms dealer Manucher Ghorbanifar, and Saudi Arabian businessman Adman Khashoggi. Weapons were also flown directly to the Contras, and funds from the sale of weapons were diverted to support Contra warfare. There is also considerable evidence

that this "secret team," along with other military and CIA officials, cooperated with narcotics smuggling in Latin America in order to fund the Contras in Nicaragua.

In 1986, the Reagan administration admitted that Adolfo Chamorro's Contra group, which was supported by the CIA, was helping a Colombian drug trafficker transport drugs into the United States. Chamorro was arrested in April 1986 for his involvement (Potter and Bullington, 1987: 54). Testimony in several trials of major drug traffickers in the past 5 years has revealed innumerable instances in which drugs were flown from Central America into the United States with the cooperation of military and CIA personnel. These reports have also been confirmed by military personnel and private citizens who testified that they saw drugs being loaded on planes in Central America and unloaded at military bases in the United States. Pilots who flew planes with arms to the Contras report returning with planes carrying drugs.

At the same time that the United States was illegally supplying the Nicaraguan Contras with arms purchased, at least in part, with profits from the sale of illegal drugs, the administration launched a campaign against the Sandanistas for their alleged involvement in drug trafficking. Twice during his weekly radio shows in 1986, President Reagan accused the Sandanistas of smuggling drugs. Barry Seal, an informant and pilot for the Drug Enforcement Administration (DEA) was ordered by members of the CIA and DEA to photograph the Sandanistas loading a plane. During a televised speech in March 1986, Reagan showed the picture that Seal took and said that it showed Sandinista officials loading a plane with drugs for shipment to the United States. After the photo was displayed, Congress appropriated \$100 million in aid for the Contras. Seal later admitted to reporters that the photograph he took was a plane being loaded with crates that did not contain drugs. He also told reporters that he was aware of the drug smuggling activities of the Contra network and a Colombian cocaine syndicate. For his candor, Seal was murdered in February 1987. Shortly after his murder, the DEA issued a "low key clarification" regarding the validity of the photograph, admitting that there was no evidence that the plane was being loaded with drugs.

Other testimony linking the CIA and U.S. military officials to complicity in drug trafficking includes the testimony of John Stockwell, a former high-ranking CIA official, who claims that drug smuggling and the CIA were essential components in the private campaign for the Contras. Corroboration for these assertions comes also from George Morales, one of the largest drug traffickers in South America, who testified that he was approached by the CIA in 1984 to fly weapons into Nicaragua. Morales claims that the CIA opened up an airstrip in Costa Rica and gave the pilots information on how to avoid radar traps. According to Morales, he flew 20 shipments of weapons

into Costa Rica in 1984 and 1985. In return, the CIA helped him to smuggle thousands of kilos of cocaine into the United States. Morales alone channeled \$250,000 quarterly to Contra leader Adolfo Chamorro from his trafficking activity. A pilot for Morales, Gary Betzner, substantiated Morales's claims and admitted flying 4,000 pounds of arms into Costa Rica and 500 kilos of cocaine to Lakeland, Florida, on his return trips. From 1985 to 1987, the CIA arranged 50 to 100 flights using U.S. airports that did not undergo inspection.

The destination of the flights by Morales and Betzner was a hidden airstrip on the ranch of John Hull. Hull, an admitted CIA agent, was a primary player in Oliver North's plan to aid the Contras. Hull's activities were closely monitored by Robert Owen, a key player in the Contra Supply network. Owen established the Institute for Democracy, Education, and Assistance, which raised money to buy arms for the Contras and which, in October 1985, was asked by Congress to distribute \$50,000 in "humanitarian aid" to the Contras. Owen worked for Oliver North in coordinating illegal aid to the Contras and setting up the airstrip on the ranch of John Hull.

According to an article in the *Nation*, Oliver North's network of operatives and mercenaries had been linked to the largest drug cartel in South America since 1983. The DEA estimates that Colombian Jorge Ochoa Vasquez, the "kingpin" of the Medellin drug empire, is responsible for supplying 70% to 80% of the cocaine that enters the United States every year. Ochoa was taken into custody by Spanish police in October 1984 when a verbal order was sent by the U.S. Embassy in Madrid for his arrest. The embassy specified that Officer Cos-Gayon, who had undergone training with the DEA, should make the arrest. Other members of the Madrid Judicial Police were connected to the DEA and North's arms smuggling network. Ochoa's lawyers informed him that the United States would alter his extradition if he agreed to implicate the Sandanista government in drug trafficking. Ochoa refused and spent 20 months in jail before returning to Colombia. The Spanish courts ruled that the United States was trying to use Ochoa to discredit Nicaragua and released him. (*The Nation*, September 5, 1987.)

There are other links between the U.S. government and the Medellin cartel. Jose Blandon, General Noriega's former chief advisor, claims that DEA operations have protected the drug empire in the past and that the DEA paid Noriega \$4.7 million for his silence. Blandon also testified in Senate committee hearings that Panama's bases were used as training camps for the Contras in exchange for "economic" support from the United States. Finally, Blandon contends that the CIA gave Panamanian leaders intelligence documents about U.S. senators and aides; the CIA denies these charges. (*The Christian Science Monitor*, February 11, 1988: 3.)

Other evidence of the interrelationship among drug trafficking, the CIA, the NSC, and aid to the Contras includes the following:

- In January 1983, two Contra leaders in Costa Rica persuaded the Justice Department to return over \$36,000 in drug profits to drug dealers Julio Zavala and Carlos Cabezas for aid to the Contras (Potter and Bullington, 1987: 22).
- Michael Palmer, a drug dealer in Miami, testified that the State Department's Nicaraguan humanitarian assistance office contracted with his company, Vortex Sales and Leasing, to take humanitarian aid to the Contras. Palmer claims that he smuggled \$40 million in marijuana to the United States between 1977 and 1985 (*The Guardian*, March 20, 1988: 3).
- During House and Senate hearings in 1986, it was revealed that a major DEA investigation of the Medellin drug cartel of Colombia, which was expected to culminate in the arrest of several leaders of the cartel, was compromised when someone in the White House leaked the story of the investigation to the *Washington Times* (a conservative newspaper in Washington, D.C.), which published the story on July 17, 1984. According to DEA Administrator John Lawn, the leak destroyed what was "probably one of the most significant operations in DEA history" (Sharkey, 1988: 24).
- When Honduran General Jose Buseo, who was described by the Justice Department as an "international terrorist," was indicted for conspiring to murder the president of Honduras in a plot financed by profits from cocaine smuggling, Oliver North and officials from the Department of Defense and the CIA pressured the Justice Department to be lenient with General Buseo. In a memo disclosed by the Iran-Contra committee, North stated that if Buseo was not protected "he will break his longstanding silence about the Nic[araguan] resistance and other sensitive operations" (Sharkey, 1988: 27).

On first blush, it seems odd that government agencies and officials would engage in such wholesale disregard of the law. As a first step in building an explanation for these and other forms of state-organized crime, let us try to understand why officials of the CIA, the NSC, and the Department of Defense would be willing to commit criminal acts in pursuit of other goals.

## WHY?

Why would government officials from the NSC, the Defense Department, the State Department, and the CIA become involved in smuggling arms and narcotics, money laundering, assassinations, and other criminal activities? The answer lies in the structural contradictions that inhere in nation-states (Chambliss, 1980).

As Weber, Marx, and Gramsci pointed out, no state can survive without

establishing legitimacy. The law is a fundamental cornerstone in creating legitimacy and an illusion (at least) of social order. It claims universal principles that demand some behaviors and prohibit others. The protection of property and personal security are obligations assumed by states everywhere both as a means of legitimizing the state's franchise on violence and as a means of protecting commercial interests (Chambliss and Seidman, 1982).

The threat posed by smuggling to both personal security and property interests makes laws prohibiting smuggling essential. Under some circumstances, however, such laws contradict other interests of the state. This contradiction prepares the ground for state-organized crime as a solution to the conflicts and dilemmas posed by the simultaneous existence of contradictory "legitimate" goals.

The military-intelligence establishment in the United States is resolutely committed to fighting the spread of "communism" throughout the world. This mission is not new but has prevailed since the 1800s. Congress and the presidency are not consistent in their support for the money and policies thought by the frontline warriors to be necessary to accomplish their lofty goals. As a result, programs under way are sometimes undermined by a lack of funding and even by laws that prohibit their continuation (such as the passage of laws prohibiting support for the Contras). Officials of government agencies adversely affected by political changes are thus placed squarely in a dilemma: If they comply with the legal limitations on their activities they sacrifice their mission. The dilemma is heightened by the fact that they can anticipate future policy changes that will reinstate their resources and their freedom. When that time comes, however, programs adversely affected will be difficult if not impossible to re-create.

A number of events that occurred between 1960 and 1980 left the military and the CIA with badly tarnished images. Those events and political changes underscored their vulnerability. The CIA lost considerable political clout with elected officials when its planned invasion of Cuba (the infamous Bay of Pigs invasion) was a complete disaster. Perhaps as never before in its history, the United States showed itself vulnerable to the resistance of a small nation. The CIA was blamed for this fiasco even though it was President Kennedy's decision to go ahead with the plans that he inherited from the previous administration. To add to the agency's problems, the complicity between it and ITT to invade Chile and overthrow the Allende government was yet another scar (see below), as was the involvement of the CIA in narcotics smuggling in Vietnam.

These and other political realities led to a serious breach between Presidents Kennedy, Johnson, Nixon, and Carter and the CIA. During President Nixon's tenure in the White House, one of the CIA's top men, James Angleton, referred to Nixon's national security advisor, Henry Kissinger (who became secretary of state) as "objectively, a Soviet Agent" (Hougan,

1984: 75). Another top agent of the CIA, James McCord (later implicated in the Watergate burglary) wrote a secret letter to his superior, General Paul Gaynor, in January 1973 in which he said:

When the hundreds of dedicated fine men and women of the CIA no longer write intelligence summaries and reports with integrity, without fear of political recrimination—when their fine Director [Richard Helms] is being summarily discharged in order to make way for a politician who will write or rewrite intelligence the way the politicians want them written, instead of the way truth and best judgment dictates, our nation is in the deepest of trouble and freedom itself was never so imperiled. Nazi Germany rose and fell under exactly the same philosophy of governmental operation. (Hougan, 1984: 26–27)

McCord (1974: 60) spoke for many of the top military and intelligence officers in the United States when he wrote in his autobiography: “I believed that the whole future of the nation was at stake.” These views show the depth of feeling toward the dangers of political “interference” with what is generally accepted in the military–intelligence establishment as their mission (Goulden, 1984).

When Jimmy Carter was elected president, he appointed Admiral Stansfield Turner as director of Central Intelligence. At the outset, Turner made it clear that he and the president did not share the agency’s view that they were conducting their mission properly (Goulden, 1984; Turner, 1985). Turner insisted on centralizing power in the director’s office and on overseeing clandestine and covert operations. He met with a great deal of resistance. Against considerable opposition from within the agency, he reduced the size of the covert operation section from 1,200 to 400 agents. Agency people still refer to this as the “Halloween massacre.”

Old hands at the CIA do not think their work is dispensable. They believe zealously, protectively, and one is tempted to say, with religious fervor, that the work they are doing is essential for the salvation of humankind. With threats from both Republican and Democratic administrations, the agency sought alternative sources of revenue to carry out its mission. The alternative was already in place with the connections to the international narcotics traffic, arms smuggling, the existence of secret corporations incorporated in foreign countries (such as Panama), and the established links to banks for the laundering of money for covert operations.

## STATE-ORGANIZED ASSASSINATIONS AND MURDER

Assassination plots and political murders are usually associated in people’s minds with military dictatorships and European monarchies. The practice of assassination, however, is not limited to unique historical events but has

become a tool of international politics that involves modern nation-states of many different types.

In the 1960s a French intelligence agency hired Christian David to assassinate the Moroccan leader Ben Barka (Hougan, 1978: 204–207). Christian David was one of those international “spooks” with connections to the DEA, the CIA, and international arms smugglers, such as Robert Vesco.

In 1953 the CIA organized and supervised a coup d’etat in Iran that overthrew the democratically elected government of Mohammed Mossadegh, who had become unpopular with the United States when he nationalized foreign-owned oil companies. The CIA’s coup replaced Mossadegh with Reza Shah Pahlevi, who denationalized the oil companies and with CIA guidance established one of the most vicious secret intelligence organizations in the world: SAVAK. In the years to follow, the shah and CIA-trained agents of SAVAK murdered thousands of Iranian citizens. They arrested almost 1,500 people monthly, most of whom were subjected to inhuman torture and punishments without trial. Not only were SAVAK agents trained by the CIA, but there is evidence that they were instructed in techniques of torture (Hersh, 1979: 13).

In 1970 the CIA repeated the practice of overthrowing democratically elected governments that were not completely favorable to U.S. investments. When Salvador Allende was elected president of Chile, the CIA organized a coup that overthrew Allende, during which he was murdered, along with the head of the military, General Rene Schneider. Following Allende’s overthrow, the CIA trained agents for the Chilean secret service (DINA). DINA set up a team of assassins who could “travel anywhere in the world . . . to carry out sanctions including assassinations” (Dinges and Landau, 1980: 239). One of the assassinations carried out by DINA was the murder of Orlando Letellier, Allende’s ambassador to the United States and his former minister of defense. Letellier was killed when a car bomb blew up his car on Embassy Row in Washington, D.C. (Dinges and Landau, 1982).

Other bloody coups known to have been planned, organized, and executed by U.S. agents include coups in Guatemala, Nicaragua, the Dominican Republic, and Vietnam. American involvement in those coups was never legally authorized. The murders, assassinations, and terrorist acts that accompany coups are criminal acts by law, both in the United States and in the country in which they take place.

More recent examples of murder and assassination for which government officials are responsible include the death of 80 people in Beirut, Lebanon, when a car bomb exploded on May 8, 1985. The bomb was set by a Lebanese counterterrorist unit working with the CIA. Senator Daniel Moynihan has said that when he was vice president of the Senate Intelligence Committee, President Reagan ordered the CIA to form a small antiterrorist effort in the Mideast. Two sources said that the CIA was working with the group that



planted the bomb to kill the Shiite leader Hussein Fadallah (the *New York Times*, May 13, 1985).

A host of terrorist plans and activities connected with the attempt to overthrow the Nicaraguan government, including several murders and assassinations, were exposed in an affidavit filed by free-lance reporters Tony Avirgan and Martha Honey. They began investigating Contra activities after Avirgan was injured in an attempt on the life of Contra leader Eden Pastora. In 1986, Honey and Avirgan filed a complaint with the U.S. District Court in Miami charging John Hull, Robert Owen, Theodore Shackley, Thomas Clines, Chi Chi Quintero, Maj. General Richard Secord, and others working for the CIA in Central America with criminal conspiracy and the smuggling of cocaine to aid the Nicaraguan rebels.

A criminal conspiracy in which the CIA admits participating is the publication of a manual, *Psychological Operation in Guerrilla Warfare*, which was distributed to the people of Nicaragua. The manual describes how the people should proceed to commit murder, sabotage, vandalism, and violent acts in order to undermine the government. Encouraging or instigating such crimes is not only a violation of U.S. law, it was also prohibited by Reagan's executive order of 1981, which forbade any U.S. participation in foreign assassinations.

The CIA is not alone in hatching criminal conspiracies. The DEA organized a "Special Operations Group," which was responsible for working out plans to assassinate political and business leaders in foreign countries who were involved in drug trafficking. The head of this group was a former CIA agent, Lou Conein (also known as "Black Luigi"). George Crile wrote in the *Washington Post* (June 13, 1976):

When you get down to it, Conein was organizing an assassination program. He was frustrated by the big-time operators who were just too insulated to get to . . . Meetings were held to decide whom to target and what method of assassination to employ.

Crile's findings were also supported by the investigative journalist Jim Horgan (1978: 132).

It is a crime to conspire to commit murder. The official record, including testimony by participants in three conspiracies before the U.S. Congress and in court, make it abundantly clear that the crime of conspiring to commit murder is not infrequent in the intelligence agencies of the United States and other countries.

It is also a crime to cover up criminal acts, but there are innumerable examples of instances in which the CIA and the FBI conspired to interfere with the criminal prosecution of drug dealers, murderers, and assassins. In the death of Letellier, mentioned earlier, the FBI and the CIA refused to cooperate with the prosecution of the DINA agents who murdered Letellier

(Dinges and Landau, 1980: 208–209). Those agencies were also involved in the cover-up of the criminal activities of a Cuban exile, Ricardo (Monkey) Morales. While an employee of the FBI and the CIA, Morales planted a bomb on an Air Cubana flight from Venezuela, which killed 73 people. The Miami police confirmed Morales's claim that he was acting under orders from the CIA (Lernoux, 1984: 188). In fact, Morales, who was arrested for overseeing the shipment of 10 tons of marijuana, admitting to being a CIA contract agent who conducted bombings, murders, and assassinations. He was himself killed in a bar after he made public his work with the CIA and the FBI.

Colonel Muammar Qaddafi, like Fidel Castro, has been the target of a number of assassination attempts and conspiracies by the U.S. government. One plot, the *Washington Post* reported, included an effort to "lure [Qaddafi] into some foreign adventure of terrorist exploit that would give a growing number of Qaddafi opponents in the Libyan military a chance to seize power, or such a foreign adventure might give one of Qaddafi's neighbors, such as Algeria or Egypt, a justification for responding to Qaddafi militarily" (the *Washington Post*, April 14, 1986). The CIA recommended "stimulating" Qaddafi's fall "by encouraging disaffected elements in the Libyan army who could be spurred to assassination attempts" (the *Guardian*, November 20, 1985: 6).

Opposition to government policies can be a very risky business, as the ecology group Greenpeace discovered when it opposed French nuclear testing in the Pacific. In the fall of 1985 the French government planned a series of atomic tests in the South Pacific. Greenpeace sent its flagship to New Zealand with instructions to sail into the area where the atomic testing was scheduled to occur. Before the ship could arrive at the scene, however, the French secret service located the ship in the harbor and blew it up. The blast from the bomb killed one of the crew.

## OTHER STATE-ORGANIZED CRIMES

Every agency of government is restricted by law in certain fundamental ways. Yet structural pressures exist that can push agencies to go beyond their legal limits. The CIA, for example, is not permitted to engage in domestic intelligence. Despite this, the CIA has opened and photographed the mail of over 1 million private citizens (Rockefeller Report, 1975: 101–115), illegally entered people's homes, and conducted domestic surveillance through electronic devices (Parenti, 1983: 170–171).

Agencies of the government also cannot legally conduct experiments on human subjects that violate civil rights or endanger the lives of the subjects. But the CIA conducted experiments on unknowing subjects by hiring prostitutes to administer drugs to their clients. CIA-trained medical doctors and

psychologists observed the effects of the drugs through a two-way mirror in expensive apartments furnished to the prostitutes by the CIA. At least one of the victims of these experiments died and others suffered considerable trauma (Anderson and Whitten, 1976; Crewdson and Thomas, 1977; Jacobs 1977a, 1977b).

The most flagrant violation of civil rights by federal agencies is the FBI's counterintelligence program, known as COINTELPRO. This program was designed to disrupt, harass, and discredit groups that the FBI decided were in some way "un-American." Such groups included the American Civil Liberties Union, antiwar movements, civil rights organizations, and a host of other legally constituted political groups whose views opposed some of the policies of the United States (Church Committee, 1976). With the exposure of COINTELPRO, the group was disbanded. There is evidence, however, that the illegal surveillance of U.S. citizens did not stop with the abolition of COINTELPRO but continues today (Klein, 1988).

## DISCUSSION

Elsewhere I have suggested a general theory to account for variations in types and frequency of crime (Chambliss, 1988a). The starting point for that theory is the assumption that in every era political, economic, and social relations contain certain inherent *contradictions*, which produce *conflicts* and *dilemmas* that people struggle to resolve. The study of state-organized crime brings into sharp relief the necessity of understanding the role of contradictions in the formation and implementation of law.

Contradictions inherent in the formation of states create conditions under which there will be a tendency for state officials to violate the criminal law. State officials inherit from the past laws that were not of their making and that were the result of earlier efforts to resolve conflicts wrought by structural contradictions (Chambliss, 1980; Chambliss and Seidman, 1982). The inherited laws nonetheless represent the foundation on which the legitimacy of the state's authority depends. These laws also provide a basis for attempts by the state to control the acts of others and to justify the use of violence to that end.

For England in the sixteenth century, passing laws to legitimize piracy for English pirates while condemning as criminal the piracy of others against England would have been an untenable solution, just as it would undermine the legitimacy of America's ideological and political position to pass legislation allowing for terrorist acts on the part of U.S. officials while condemning and punishing the terrorism of others.

Law is a two-edged sword; it creates one set of conflicts while it attempts to resolve another. The passage of a particular law or set of laws may resolve conflicts and enhance state control, but it also limits the legal activities of the state. State officials are thus often caught between conflicting demands as

they find themselves constrained by laws that interfere with other goals demanded of them by their roles or their perception of what is in the interests of the state. There is a contradiction, then, between the legal prescriptions and the agreed goals of state agencies. Not everyone caught in this dilemma will opt for violating the law, but some will. Those who do are the perpetrators, but not the cause, of the persistence of state-organized crime.

When Spain and Portugal began exploiting the labor and natural resources of the Americas and Asia, other European nations were quick to realize the implications for their own power and sovereignty. France, England, and Holland were powerful nations, but not powerful enough at the time to challenge Spain and Portugal directly. The dilemma for those nations was how to share in the wealth and curtail the power of Spain and Portugal without going to war. A resolution to the dilemma was forged through cooperation with pirates. Cooperating with pirates, however, required violating their own laws as well as the laws of other countries. In this way, the states organized criminality for their own ends without undermining their claim to legitimacy or their ability to condemn and punish piracy committed against them.

It should be noted that some monarchs in the sixteenth and seventeenth centuries (James I of England, for example) refused to cooperate with pirates no matter how profitable it would have been for the Crown. So, too, not all CIA or NSC personnel organize criminal activities in pursuit of state goals.

The impetus for the criminality of European states that engaged in piracy was the need to accumulate capital in the early stages of capitalist formation. State-organized criminality did not disappear, however, with the emergence of capitalism as the dominant economic system of the world. Rather, contemporary state-organized crime also has its roots in the ongoing need for capital accumulation of modern nation-states, whether the states be socialist, capitalist, or mixed economies.

Sociologically, then, the most important characteristics of state-organized crime in the modern world are at one with characteristics of state-organized crime in the early stages of capitalist development. Today, states organize smuggling, assassinations, covert operations, and conspiracies to criminally assault citizens, political activists, and political leaders perceived to be a threat. These acts are as criminal in the laws of the nations perpetrating them as were the acts of piracy in which European nations were complicitous.

At the most general level, the contradictions that are the force behind state-organized crime today are the same as those that were the impetus for piracy in sixteenth-century Europe. The accumulation of capital determines a nation's power, wealth, and survival today, as it did 300 years ago. The state must provide a climate and a set of international relations that facilitate this accumulation if it is to succeed. State officials will be judged in accordance with their ability to create these conditions.

But contradictory ideologies and demands are the very essence of state formations. The laws of every nation-state inhibit officials from maximizing conditions conducive to capital accumulation at the same time that they facilitate the process. Laws prohibiting assassination and arms smuggling enable a government to control such acts when they are inimical to their interests. When such acts serve the interests of the state, however, then there are pressures that lead some officials to behave criminally. Speaking of the relationship among the NSC, the CIA, and drug trafficking, Senator John Kerry, chairman of the Senate Foreign Relations Subcommittee on Terrorism, Narcotics and International Operations, pinpointed the dilemma when he said "stopping drug trafficking to the United States has been a secondary U.S. foreign policy objective. It has been sacrificed repeatedly for other political goals" (Senate Hearings, 1986). He might have added that engaging in drug trafficking and arms smuggling has been a price government agencies have been willing to pay "for other political goals."

These contradictions create conflicts between nation-states as well as internally among the branches of government. Today, we see nations such as Turkey, Bolivia, Colombia, Peru, Panama, and the Bahamas encouraging the export of illegal drugs while condemning them publicly. At the same time, other government agencies cooperate in the export and import of illegal arms and drugs to finance subversive and terrorist activities. Governments plot and carry out assassinations and illegal acts against their own citizens in order to "preserve democracy" while supporting the most undemocratic institutions imaginable. In the process, the contradictions that create the conflicts and dilemmas remain untouched and the process goes on indefinitely.

A U.S. State Department report (1985) illustrates, perhaps, the logical outcome of the institutionalization of state-organized crime in the modern world. In this report the State Department offered to stop criminal acts against the Nicaraguan government in return for concessions from Nicaragua. Three hundred years earlier England, France, and Spain signed a treaty by which each agreed to suppress its piracy against the others in return for certain guarantees of economic and political sovereignty.

## CONCLUSION

My concern here is to point out the importance of studying state-organized crime. Although I have suggested some theoretical notions that appear to me to be promising, the more important goal is to raise the issue for further study. The theoretical and empirical problems raised by advocating the study of state-organized crime are, however, formidable.

Data on contemporary examples of state-organized crime are difficult to obtain. The data I have been able to gather depend on sources that must be used cautiously. Government hearings, court trials, interviews, newspaper

accounts, and historical documents are replete with problems of validity and reliability. In my view they are no more so than conventional research methods in the social sciences, but that does not alter the fact that there is room for error in interpreting the findings. It will require considerable imagination and diligence for others to pursue research on this topic and add to the empirical base from which theoretical propositions can be tested and elaborated.

We need to explore different political, economic, and social systems in varying historical periods to discover why some forms of social organization are more likely to create state-organized crimes than others. We need to explore the possibility that some types of state agencies are more prone to engaging in criminality than others. It seems likely, for example, that state agencies whose activities can be hidden from scrutiny are more likely to engage in criminal acts than those whose record is public. This principle may also apply to whole nation-states: the more open the society, the less likely it is that state-organized crime will become institutionalized.

There are also important parallels between state-organized criminality and the criminality of police and law enforcement agencies generally. Local police departments that find it more useful to cooperate with criminal syndicates than to combat them are responding to their own particular contradictions, conflicts, and dilemmas (Chambliss, 1988b). An exploration of the theoretical implications of these similarities could yield some important findings.

The issue of state-organized crime raises again the question of how crime should be defined to be scientifically useful. For the purposes of this analysis, I have accepted the conventional criminological definition of crime as acts that are in violation of the criminal law. This definition has obvious limitations (see Schwendinger and Schwendinger, 1975), and the study of state-organized crime may facilitate the development of a more useful definition by underlying the interrelationship between crime and the legal process. At the very least, the study of state-organized crime serves as a reminder that crime is a political phenomenon and must be analyzed accordingly.

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### AUTHOR'S NOTE

The historical documents used for the research on piracy were provided by the British Museum Library, the Franklin D. Roosevelt Library in New York, Columbia University Library, and the Naval Archives. For the more recent happenings and machinations of the CIA, DEA, and other government agencies, the primary data bases are confidential interviews with people involved in the events described, or people closely associated with the events, and information obtained through Freedom of Information requests. Attribution to people who generously gave their time and in some cases took risks for the sake of providing a better understanding of the world we live in is, of course, impossible. Where possible

the information forthcoming from the interviews has been supplemented by reference to published government documents, newspaper reports, and verifiable research.

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