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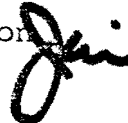
THE WHITE HOUSE

WASHINGTON

MEETING WITH THE MEXICAN ATTORNEY GENERAL

Tuesday, June 8, 1976
4:00 p.m. (10 minutes)
Oval Office

From: Jim Cannon



I. PURPOSE

To thank the Mexican Attorney General (Pedro Ojeda-Paullada) for the excellent cooperation he and his government have shown in the fight against drug trafficking and to urge continued close cooperation between our two countries.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Mexico is the source of an estimated 80 to 90 per cent of the heroin and more than half of the marihuana available in the United States. Attorney General Ojeda-Paullada has been a strong ally these past several years as the United States and Mexico have worked to suppress drug traffic. This year, for the first time, the Mexican government used herbicides to destroy crops of opium and marihuana and this has resulted in the eradication of twice as much opium and marihuana as in any previous year.

Ojeda-Paullada is extremely proud of his accomplishments but sensitive to any implied criticism of the Mexican effort. This is an opportunity for you to publicly commend him and at the same time urge continued close cooperation and greater effort so far as the noneradication aspects of the Mexican antinarcotic campaign are concerned.

B. Participants: Attorney General Ojeda-Paullada
Attorney General Edward H. Levi
DEA Administrator Peter B. Bensinger
Ambassador Sheldon B. Vance (State Department)
Alexandro Gertz-Manero (Assistant to the
Mexican Attorney General)
Raul Ortiz y Ortiz (Interpreter)

White House Staff: Brent Scowcroft, Jim Cannon and Dick Parsons.

C. Press Plan: White House Press photo opportunity.
Meeting to be announced.

III. TALKING POINTS

1. I am delighted to have a chance to meet you, since I have heard a great deal from Peter (Bensinger), Sheldon (Ambassador Vance) and Dick (Parsons) about your contribution to the fight against drug abuse.
2. I was especially impressed at the results of the recently completed opium eradication campaign. I am confident that we in this country will be able to see the results of that campaign within a few months. I want you to know that we appreciate the efforts of your government in this regard.
3. You and President Echeverria have been very far-sighted in devoting a high priority to this program. As you know, experience has shown that no nation is immune from drug abuse and producing nations inevitably become consuming nations unless strong action is taken.
4. We are taking strong action on our side of the border as well. I have recommended legislation to ensure that major drug traffickers receive mandatory prison sentences upon conviction. I have also made a number of other recommendations to tighten up our laws in this area, and we are spending about \$500 million a year to treat and rehabilitate addicts.
5. As you know, Secretary Kissinger will be visiting Mexico later this week, and I will be interested in receiving his report upon his return.
6. I look forward to meeting your new President some time following your country's upcoming election so that we might continue the dialogue that has been established concerning mutual cooperation in the fight against drugs.

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6/8/76

Did we know about this in advance?

Foreign Policy: News

N-2

HAK, Bolivian Pres. Issue Communique

Secretary Kissinger and Bolivian President Hugo Banzer Suarez agreed Monday on the necessity of both governments to step up efforts to cut the flow of cocaine from Bolivia.

The agreement was announced in a communique which also expressed the satisfaction at the high level of understanding and cooperation between the government and people of the two countries.

The communique was issued shortly before Kissinger's departure for Santiago for a meeting at the OAS.

Before Kissinger arrived, some 60 political prisoners were freed from Chilean jails. AP,UPI,ABC -- (6/7/76)

U.S. Loans to Support British Pound

The United States and nine other industrial nations Monday offered to loan Britain more than \$5 billion to support the plunging pound.

Under the terms of this temporary credit, the bank of England can borrow up to \$2 billion from the U.S. government. ABC,CBS -- (6/7)

N. Vietnamese Deny POW's Remain

The North Vietnamese government said Monday there are no remaining American prisoners of war in North Vietnam.

A Michigan VFW delegation, who met with the North Vietnamese in Paris last week, said Friday they had the impression there still were POW's in that country. ABC,CBS -- (6/7/76)

Castro Says Cuba Not Involved with JFK Assassination

Premier Fidel Castro said Monday that Cuba had no part in the assassination of John F. Kennedy.

His remarks, reported by Havana radio, were intended to refute a revival of recent theories that Cuba was responsible for the Kennedy death. CBS -- (6/7/76)

RECEIVED
JUL 29 1976
CENTRAL FILES

*file
Justice - Drugs*

THE WHITE HOUSE

WASHINGTON

June 8, 1976

Dear Congresswoman Fenwick:

Because of my personal involvement in overseeing the Federal drug program for the President, Tom Loeffler forwarded your letter of May 6 to me.

First, I want to thank you, on behalf of the President and personally, for your support of the Federal program to control drug abuse. As you know, this is a program to which the President has devoted a great deal of personal time for many months and one which he considers to be of highest priority.

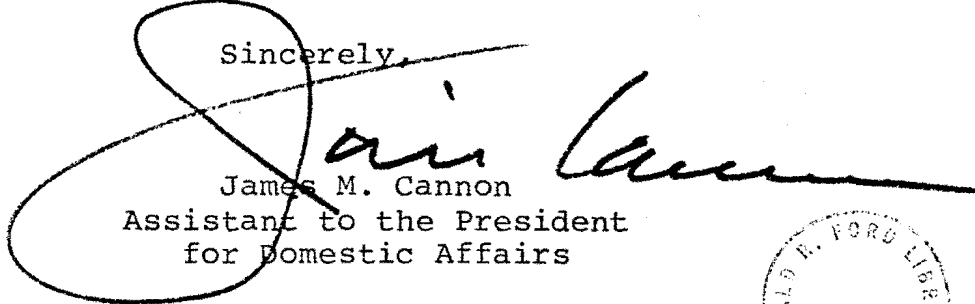
In 1972, the Congress enacted P.L. 92-508, which authorized and requested the President to declare the week of October 15 as "National Drug Abuse Prevention Week." Since that time, the third week of October has been proclaimed "National Drug Abuse Prevention Week." In the expectation that the third week of October 1976 would be so designated, many organizations across the country are already planning against that schedule. Thus, to set July 13-August 13 as "National War on Drugs Month" at this late date would cause considerable confusion and difficulty.

You may be sure, however, that the high priority the President places on combating drug abuse will continue for as long as the problem exists.

Thank you for writing and for your support of the President's program in the drug abuse prevention area.

Kind personal regards.

Sincerely,



James M. Cannon
Assistant to the President
for Domestic Affairs



The Honorable Millicent Fenwick
United States House of Representatives
Washington, D. C. 20515

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United States House of Representatives
Washington, D. C. 20515

JMC:RDP:EEJ:MED:med

bcc: Tom Loeffler
Ed Johnson, OMB



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Ed Johnson, OMB



MILICENT FENWICK
5TH DISTRICT, NEW JERSEY

WASHINGTON OFFICE:
1610 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-7300

DISTRICT OFFICES:
41 NORTH BRIDGE STREET
SOMERVILLE, NEW JERSEY 08876
TELEPHONE: (201) 722-8200

POST OFFICE BUILDING
1 MORRIS STREET
MORRISTOWN, NEW JERSEY 07960
TELEPHONE: (201) 538-7267

Congress of the United States

House of Representatives

Washington, D.C. 20515

May 4, 1976

MAY 6 1976

COMMITTEES:
BANKING, CURRENCY AND
HOUSING
SMALL BUSINESS

Mr. Thomas G. Loeffler
Special Assistant for Legislative Affairs (House)
The White House
1600 Pennsylvania Avenue
Washington, D. C. 20500

Dear Tom:

I am writing on behalf of the National Committee to Declare War on Drugs. They are extremely interested in having the President declare the month from July 13 to August 13 National War on Drugs Month.

Mr. George Richardson, who is the founder of the organization, was a colleague of mine in the New Jersey State Assembly, and he has worked extremely hard to reduce drug addiction in this country. I have joined him, as have many other people in New Jersey, by agreeing to be a member of the State Advisory Board.

The War on Drugs Committee has been encouraged by the President's recent statements about the drug problem and are very interested in increasing the public awareness of the severity of the problem. Certainly, a Presidential resolution such as they are suggesting would be a great help in that goal.

Although I know that Mr. Richardson has written directly to the President, I am enclosing another copy of the letter for your information.

Thank you for your help.

With all good wishes,

Yours sincerely,

MILICENT FENWICK
Member of Congress



MF:hk

Enclosure.

P.S. Congressman Peter Rodino and I are Honorary
Co-Chairmen in N.J. for this "War on Drugs."
We are working together on this in the House.

M.F.

NATIONAL COMMITTEE TO DECLARE
**WAR ON
DRUGS**

23 Fulton Street, Newark, N.J. 07102
Phone: (201) 643-3740

April 30, 1976

AWARDS NIGHT
NEW JERSEY COMMITTEE

NATIONAL PRESIDENT
GEORGE RICHARDSON
HONORARY CO-CHAIRMAN
GOVERNOR BRENDAN T. BYRNE
GOVERNOR WILLIAM T. CAHILL
CHAIRMAN
DR. PETER SAMMARTINO, Chancellor
Fairleigh Dickinson University
CO-CHAIRMAN
HON. RAYMOND BATEMAN,
Former President
New Jersey State Senate
DR. HORACE DEPODWIN, Dean
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MRS. ROBERT MULHOLLAND, Founder
Morris County, N.J.
Dope Open Golf Tournament
VINCENT COLUCCI,
Vice President
New Jersey A.F.L.-C.I.O.
ALTHEA GIBSON, Commissioner
New Jersey Sports Commission
MARY G. ROEBLING,
Chairman of the Board
The National State Bank
COMMITTEE
ANDREW AXTELL, Commissioner
New York/New Jersey
Port Authority
JUDITH BOYD, Exec. Director
N.J. Hospital Assn.,
Women's Auxiliary
RALPH DUNGAN, Chancellor
N.J. Dept. of Higher Education
HON. ELDRIDGE HAWKINS
N.J. State Assemblyman
JOEL JACOBSON, President
N.J. Public Utilities Commission
HON. RONALD OWENS
N.J. State Assemblyman
CLARA ALLEN, Director
N.J. Communications
Workers of America
DONALD BURLINGAME
Marketing Consultant
MARTIN GERBER, Director
Region 9, United
Auto Workers Union
HON. WILLIAM HART
Mayor, East Orange, N.J.
DR. WYNONA LIPMAN
N.J. State Senator
ROBERT NAROZANICK, President
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Contractors Association
RICHARD PECKMAN, President
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BERNARD RUDD, ESQ.
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DR. HARRY SMITH, President
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JEFF STEWART, President
Denhard and Stewart
Advertising, Inc.
EUGENE WATSON, President
Equal Opportunities Personnel
Services

President Gerald L. Ford
The White House
Washington D.C.

Dear President Ford:

Congratulations, and our very sincere gratitude, for the very timely message you conveyed to Congress and the nation about the "clear and present danger" representing by skyrocketing drug addiction levels across the nation.

As you can see from the enclosed material, this is exactly what our committee has been trying to warn the nation about for the past three years.

We were particularly impressed by your warning that no federal effort against addiction could curb this scourge without the active support and cooperation of citizens working within their own communities. One of our major goals is to rally the American people to face the very real threat of addiction to each of them, and to come together in local groups to support federal war on drugs efforts and initiate local supporting action. You could be of tremendous assistance in our efforts to rally the nation behind your call for citizen participation.

Will you please allow a few members of our committee and some members of Congress who support our movement, to meet with you and have you designate the month of July 13 to August 13, or so, National War On Drugs Month. This spans the time of both political conventions, at each of which we hope to win a war on drugs plank in their platforms.

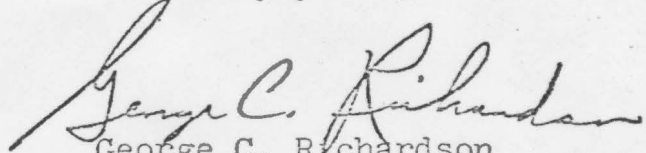
We would follow your war on drugs declaration with a series of Walks Against Death, such as the one we had in Newark, in several cities across the nation. In further support we would also launch a series of TV and radio messages designed to involve the American people and win their active support in a national effort to combat the scourge of addiction.

MORE

If you are interested in more background on our movement, we have had some earlier correspondence with your office which was answered by Richard Parsons of the Domestic Council on June 25, 1975. During the past three years we have also had several meetings with Hugh Morrow, of the Vice Presidents office, and he can also help to fill you in on our work.

We know that through united action we can inspire the public to an effective response to our drug addiction crisis. We look forward to working with you in the very near future.

Sincerely yours,



George C. Richardson
President

GCR:if

ENC.

CC: Dr. James Cowan
Congresswoman Millicent Fenwick
Dr. Peter Sammartino
Governor Raymond Shafer
Congressman Peter Rodino



WAR ON DRUGS

23 Fullon Street, Newark, N.J. 07102
Phone: (201) 643-3740

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THE NEW YORK TIMES, WEDNESDAY, APRIL 28, 1976

President Asks Congress To Stiffen Antidrug Laws

By PHILIP SHABECOFF
Special to The New York Times

WASHINGTON, April 27— President Ford, calling growing drug abuse "a clear and present threat to the health and future of our nation," asked Congress today to enact an "aggressive" new program to combat narcotics, including minimum mandatory sentences for traffickers.

In a message to Congress, the President said that the nation "had not won the war on drugs" and that, in fact, previous gains in reducing the abuse of narcotics were now being lost. "In human terms," Mr. Ford declared, drug abuse has become "a national tragedy."

The President asked Congress to give its first attention to stronger action against the criminal drug trafficker.

"These merchants of death who profit from the misery and suffering of others deserve the full measure of national revulsion," he said.

Mandatory Sentences

Asserting that most convicted traffickers in heroin and similar drugs were receiving short sentences or no sentences at all, he asked Congress to legislate sentences of at least three years for a first offense, six years for a second offense and six years for selling to a minor.

Mr. Ford said that the purpose of this proposal "is not to impose vindictive punishment but to protect society from those who prey upon it and to deter others who might be tempted to sell drugs."

The following are other measures Mr. Ford asked Congress to adopt to curb drug abuse:

Enabling judges to deny bail for defendants arrested for drug trafficking if the defendants have previously been convicted of a drug felony, or if they are on parole, are nonresident aliens, are fugitives or were arrested while in possession of a false passport.

Changing provisions of the law to allow the seizure of boats, aircraft, other vehicles and property used to smuggle drugs up to a value of \$10,000. The current ceiling for the value of such seizures is \$2,500.

Enacting a law requiring the forfeiture of cash or other personal property found in the possession of a narcotics violator when there is evidence the cash was intended for use in connection with an illegal drug transaction.

Giving the Government authority to prevent profits made from the illegal sale of drugs from being smuggled out of country.

Requiring masters of small privately owned boats to report to the United States Customs

Service immediately upon arriving in the United States rather than within 24 hours as now required. The 24 hours "give ample time to unload, contraband," Mr. Ford said.

Approving the treaty for the international control of synthetic drugs.

The President also said he would take a series of executive actions to fight the illegal sale of drugs. He announced that he was establishing today two new Cabinet committees. One committee would deal with law enforcement and the other would be concerned with drug abuse prevention, treatment and rehabilitation.

Mr. Ford also said he would direct the Secretary of the Treasury and the Commissioner of Internal Revenue to develop a tax-enforcement program aimed at high-level drug traffickers, saying, "We know that many of the biggest drug dealers do not pay taxes on the enormous profits they make on this criminal activity."

Commenting that "many countries see drug abuse as primarily an American problem and are unaware of the extent to which the problem is truly global in scope," the President promised to intensify diplomatic efforts to enlist the widest possible commitments from other countries to cooperate in attacking the problem.

'Fight the Scourge'

"All of this will be of little use, however, unless the American people rally and fight the scourge of drug abuse within their own communities and their own families," the President said. "We cannot provide all the answers to young people in search of themselves, but we can provide a loving and caring home; we can provide good counsel; and we can provide good communities in which to live."

In 1973, President Nixon and others in his Administration asserted that the nation had "turned the corner" on the drug problem. But Mr. Ford's message today indicates that the problem is worse than ever. He pointed out that more than 5,000 Americans a year die from the improper use of drugs and that perhaps half of all "street crimes" are drug-related.

"In simple dollar terms, drug abuse costs us up to \$17 billion a year," the President said.

When signing his message to Congress, Mr. Ford said, "Now that the problem is worsening, we must not shrink from this challenge but rather redouble our efforts at all levels to provide the leadership and re-

sources to reverse the trend."



NATIONAL COMMITTEE TO DECLARE WAR ON DRUGS

THE STAR-LEDGER, Thursday, April 11, 1974

P. O. BOX 915

NEWARK, N. J. 07101

PHONE: 201-759-4369

Thousands march against drugs

By STANLEY E. TERRELL

ADDRESS COMMITTEE HEADED BY RICHARDSON

AWARDS NIGHT NEW JERSEY COMMITTEE

NATIONAL PRESIDENT

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NATIONAL COMMITTEE TO DECLARE

WAR ON DRUGS

23 Fulton Street, Newark, N.J. 07102
Phone: (201) 643-3740



WAR
ON
DRUGS
TELEVISION SPECIAL

THE STAR-LEDGER
Saturday, April 17, 1976

TO BE FILMED AT:

WAR ON DRUGS
AWARDS NIGHT

THE FELT FORUM
MADISON SQUARE GARDEN
FRIDAY, MAY 21

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

June 8, 1976

18

MEMORANDUM FOR: Jim Cannon

FROM: Dick Parsons

SUBJECT: Paul H. O'Neill's Memo of 6-7-76
Re: Office of Drug Abuse Policy

You requested my comments and recommendations concerning the subject memorandum.

Summary of Memorandum

Congress has included in the second supplemental bill, which the President signed, a \$250,000 appropriation for the Office of Drug Abuse Policy for the remainder of this fiscal year and the transition quarter (i.e., October 1, 1976). The question presented by the memorandum is: Should the President propose a rescission of the \$250,000 appropriation or, in the alternative, establish the office? OMB recommends that he propose a rescission of the \$250,000.

Discussion

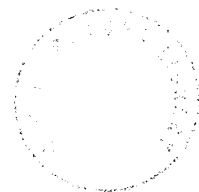
As you will recall, when the legislation establishing ODAP came to the President, he decided to approve the bill because, among other things, this was the unanimous recommendation of all of the Republican Congressional leaders, based on the fact that a veto of the bill could not be sustained. It is my personal view that the proposed rescission would similarly not be sustained. I assume, therefore, that the real reason to propose a rescission of the \$250,000 is to permit the President to make a political statement concerning the proliferation of government agencies and outline his attempts to decrease the size of the Federal bureaucracy.

In my view, this is not the place where the President should make his stand because of:

- the intense public interest in doing something about the drug abuse problem;
- the apparent Congressional interest in addressing this matter; and
- the relatively small amount of money involved.

Recommendation

I recommend Option 1. Establish ODAP and submit a 1977 budget for its continuation.



ODAP MEMORANDUM

MESSAGE FOR DICK PARSONS

How do we square support of Option #1 and the President's statement of March 20 that he would not seek appropriations for the office?

To support Option 1, I need some statement getting over this seeming contradiction.

ANSWER FROM DICK PARSONS:

- a) The President did not "seek" appropriations for the office; rather the appropriation was added at the initiative of the Congress.
- b) The question is, whether having indicated his disagreement with the concept, further resistance serves any useful purpose. In my view, it does not. In fact, further resistance would be counterproductive.

Date: June 7, 1976

Time:

FOR ACTION:

cc (for information):

Phil Buchen

Jim Cannon

Max Friedersdorf

Bob Hartmann

Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, June 9

Time: 2 P.M.

SUBJECT:

Paul H. O'Neill's memo 6/7/76 re Office of Drug Abuse Policy

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

*Support
O'Neil 1
June*



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor
For the President

*file
drug*

THE WHITE HOUSE
WASHINGTON

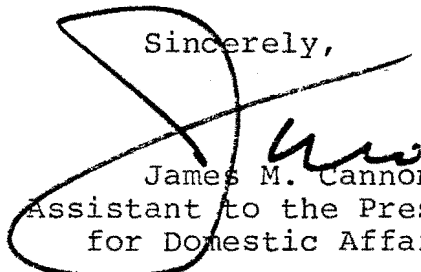
June 10, 1976

Dear Mr. Secretary:

The President appreciated your prompt action in designating representatives to work with you in connection with activities of the Cabinet Committee for Drug Law Enforcement. He asked me to thank you for your thoughtfulness in writing.

Warm personal regards.

Sincerely,



James M. Cannon
Assistant to the President
for Domestic Affairs

The Honorable William T. Coleman, Jr.
Secretary of Transportation
Washington, D. C. 20590



MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Drugs

July 12, 1976

MEMORANDUM FOR: Jim Cannon
FROM: Dick Parsons *D.*
SUBJECT: Drug Abuse Legislation

Art Quern asked me to give you an update on where we are with the President's drug legislation.

As you know, all of the legislation proposed by the President in his message on drug abuse has been introduced: in the House by Congressmen Staggers, Hutchinson, McClory, Frey and Carter; and in the Senate by Senators Scott (Pa.), Eastland, Hruska, Thurmond and Buckley.

Hearings on the legislation before the Subcommittee to Investigate Juvenile Delinquency (Birch Bayh, Chairman), of the Senate Judiciary Committee, have been scheduled for July 20 and August 5.

Hearings before the Subcommittee on Health and the Environment (Paul Rogers, Chairman), of the House Interstate and Foreign Commerce Committee, have tentatively been scheduled for late August.

We are in touch with John Rector, the key staff person on the Bayh Subcommittee, in terms of lining up appropriate Administration witnesses.

cc: Art Quern

THE PRESIDENT HAS SEEN....

God's Got A Better Idea

Week of July 19, 1976

To Jerry,

From "Z"

VERSE

Proverbs 20:24
Living Bible

#123

"Since the Lord is directing our steps why
try to understand everything that happens
along the way?"

PRAYER

Lord,

As human beings, we always want to know the "why" of everything.

We want to put all the pieces together ourselves and know all the details
before they happen or after they have happened in our lives.

But if we really believe that You are guiding our lives and leading us along
life's way, we will not always try to figure You out.

Forgive me for my human nature that questions. I will do my best to question
as little as I can.

Help me, Father, to accept Your guiding steps and walk in them.

In Jesus Name,

AMEN

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Mrs. Nell Yates
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[Aug. 1976]

CRIME

Q. Mr. President, the latest FBI crime reports indicate there have been reductions in violent crimes and crime against property.

A. (Talking Points)

1. It is better, and these reductions reflect the vigorous effort at all levels of government -- local, state and Federal -- to reduce crime.
2. But more must be done, and that's why I sent anti-crime legislation to Congress in June 1975, and additional legislation to curb drug abuse last April.
3. If Congress would act on this legislation, we could do more to make people safe on the streets and safe in their homes.
4. Congress should pass the mandatory minimum sentence law which would make imprisonment certain for persons convicted of Federal offense with a dangerous weapon and those convicted of kidnapping, highjacking, and trafficking in heroin and other hard drugs.
5. ~~More than~~ ^{Almost} half of all crime today is related to drugs.



6. The habitual drug felon should be denied bail if he is arrested for selling heroin or other hard drugs. If he is convicted, he should receive a mandatory prison sentence that will keep him out of the hard drug business.



file
Drugs

THE WHITE HOUSE
WASHINGTON

INFORMATION

August 12, 1976

MEMORANDUM FOR: JIM CONNOR
FROM: JIM CANNON
SUBJECT: Lynn-Scowcroft Memorandum on
Commitment For Narcotics Control
Assistance to Bolivia

I believe the President should approve the program recommended by the Department of State and NSC calling for up to \$53 million in narcotics control assistance to Bolivia over seven years (FY 1977 to FY 1983), for the following reasons:

1. Peru and Bolivia produce virtually all of the world's coca (90 per cent plus), from which cocaine is manufactured. The United States would be a principal beneficiary of reduced coca cultivation by either or both of these countries. Bolivia is ready to cooperate with us now, and Peru isn't far behind. In order to secure their cooperation, however, they must be assured of our financial assistance not just next year but in the years to follow. They want to know we are committed to completion of the job, not just in getting it under way. That's why we must make a multi-year commitment.
2. The package is for up to \$53 million over seven years. If the Bolivians fail to keep their end of the bargain or if the total cost of the program is less than \$53 million, we are not committed to further expenditures.
3. We are not necessarily talking about "new" money. I am advised that AID annually expends between \$15 million and \$30 million in Bolivia on programs designed to assist that country. I would argue, and the State Department argues, that some (if not most) of the \$45 million in AID money to be used for crop substitution would be chargeable against the normal AID to Bolivia. In effect, we would be killing two birds with one stone: providing economic assistance to Bolivia and reducing the flow of narcotics into this country.



4. While it is true that cocaine is not as high a priority drug as heroin, this country still has a very significant interest in reducing the use of this illicit narcotic. As you know, many in law enforcement believe that excessive cocaine use leads to extremely violent behavior. Moreover, there is no question but that the profits made in cocaine trafficking are being used by organized crime to finance other criminal endeavors. The \$53 million contemplated by this program is not being diverted from other narcotics control assistance programs. Nor would this money be available for other anti-narcotics programs. Therefore, the question of priority is really a red herring.

RECOMMENDATION

Approve multi-year commitment, as recommended by the Department of State.



ACTION MEMORANDUM

THE WHITE HOUSE
WASHINGTON

LOG NO.:

Page 15

Date: August 9, 1976

Time:

FOR ACTION:

Phil Buchen
Jim Cannon
Max Friedersdorf

Jack Marsh
Dave Gergen

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, August 11

Time: 10 A.M.

SUBJECT:

Lynn and Scowcroft memo re: Multiyear Budget
Commitment for Narcotics Control Assistance to
Bolivia

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

Jim Connor
For the President

Drugs

THE WHITE HOUSE

WASHINGTON

July 30, 1976

MEMORANDUM FOR: THE HONORABLE WILLIAM E. SIMON
SECRETARY OF THE TREASURY

FROM: JAMES M. CANNON
ASSISTANT TO THE PRESIDENT FOR
DOMESTIC AFFAIRS

SUBJECT: Status of the Narcotics Tax Enforcement
Program, Department of the Treasury

As you know, the President has placed a high priority on the Federal drug abuse prevention effort. In his April 27 message to the Congress on this subject, he directed

" . . . the Secretary of the Treasury to work with the Commissioner of the Internal Revenue Service, in consultation with the Attorney General and the Administrator of the Drug Enforcement Administration, to develop a tax enforcement program aimed at high-level drug traffickers."

Earlier this week, the President asked me for a comprehensive status report on the drug abuse program and specifically about IRS progress in their efforts. In order to tell the President where we are, I would appreciate having from you a brief summary of the

- steps which have been taken to date;
- remaining steps, with anticipated timing; and
- program objectives and planned resource levels.

This summary should also indicate what internal procedures IRS has established to handle referred cases, to initiate investigations and to follow up on cases.

I would appreciate having this information by Thursday, August 5.

Thank you.



THE WHITE HOUSE
WASHINGTON

August 14, 1976

TO: DICK PARSONS

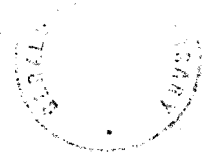
FROM: JIM CANNON

Would you draft a letter from me to Secretary Simon setting forth the additional things that need to be done at ~~the~~ IRS in the Narcotics Task Enforcement Program?

Many Thanks

file
Assignment for
Parsons
Drugs

pending



THE WHITE HOUSE

WASHINGTON

August 9, 1976

MEMORANDUM FOR: JIM CANNON
FROM: DICK PARSONS D.
SUBJECT: Status of Narcotic Tax Enforcement Program

You requested a brief summary of the contents of Deputy Secretary Dixon's Report on the status of the IRS Narcotic Tax Enforcement Program.

Basically, the Deputy reports the following:

Steps Taken to Date

1. On July 27, 1976 IRS and DEA signed a joint Memorandum of Understanding concerning the exchange of information between those two agencies. DEA has already supplied IRS with the names of 200 suspected narcotic violators and these names have been distributed to IRS field offices for "appropriate follow-up."
2. IRS and Customs are developing a similar agreement, providing for the exchange of information between those two agencies.

Remaining Steps

1. IRS anticipates issuing permanent Narcotic Tax Enforcement Program guidelines to the field and establishing a permanent reporting system by September 30, 1976.
2. IRS intends to maintain continuing liaison with DEA and Customs.

Program Objectives

1. Without committing himself to a specific number, the Deputy indicates a possible doubling of IRS narcotic-related investigations in FY 77.

General Comment

I am not terribly encouraged by the Deputy Secretary's report. The DEA/IRS agreement is good as far as it goes, but if one looks at it closely, one discovers that IRS has really not committed itself to do very much with the names DEA supplies. IRS's posture, as reflected in Dixon's memo, is that, absent additional resources, it simply cannot do much more than it is already doing. This is based on the assumption that everything IRS is doing now is as important, if not more important, than a vigorous narcotic tax enforcement program. If we are willing to buy this assumption, then we should go after OMB.* On the other hand, if it is our view that the Narcotic Tax Enforcement Program should receive priority over other IRS activities, we will have to figure out a way to bring Commissioner Alexander on board (which won't be as easy as it sounds).

We should talk about this.

* OMB takes the position that there is already \$15 million in IRS's Budget for a narcotic tax enforcement program. You should know, however, that this money has been diverted to general IRS programs over the past two fiscal years.



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

August 5, 1976

MEMORANDUM FOR THE HONORABLE JAMES M. CANNON
ASSISTANT TO THE PRESIDENT
FOR DOMESTIC AFFAIRS

Subject: Status of the Narcotics Tax Enforcement
Program, Department of the Treasury

The attached report is being forwarded to you in Secretary Simon's absence, even though he has not seen it.

The report contains a brief summary of steps taken to date to implement the program, remaining steps and program objectives, including planned resource levels. The Commissioner of Internal Revenue is available to brief you further at your convenience.

If additional information is needed, please advise me.


George H. Dixon
Acting Secretary

Attachment



Rie
Drugs

THE WHITE HOUSE

WASHINGTON

FOR IMMEDIATE RELEASE
August 24, 1976

JOINT STATEMENT OF
JAMES M. CANNON
ASSISTANT TO THE PRESIDENT FOR DOMESTIC AFFAIRS
EXECUTIVE DIRECTOR, DOMESTIC COUNCIL

and

JAMES T. LYNN
DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

before the

SENATE GOVERNMENT OPERATIONS COMMITTEE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to address a problem of great national concern -- drug abuse. We have chosen to submit a joint statement since both the White Paper on Drug Abuse and the Administration's budget in this area were the result of close cooperation between the Domestic Council and the Office of Management and Budget.

The cost of drug abuse to the nation is staggering. Counting narcotic-related crime -- estimated to account for as much as one half of all street crime -- health care, drug program costs and addicts' lost productivity as major items, the dollar cost is estimated at upwards of \$17 billion per year. To that must be added more than 5,000 deaths each year, and the incalculable burden of ruined lives, broken homes, and divided communities. Drug abuse is a problem which affects millions of Americans either



directly or indirectly and which strikes at the very heart of our national well-being.

President Ford has made reducing the tragic toll of drug abuse one of his Administration's highest priorities, and has invested a great deal of his time and attention to this effort. He initiated and then endorsed a major study of the issue which has resulted in wide understanding and acceptance of the Federal policy in this area, and in major improvements in agency operations. He has met frequently with foreign heads of State, Members of Congress, and members of the Cabinet to seek ways to improve the program. He has requested additional funds for both law enforcement and drug abuse treatment in accordance with White Paper recommendations, and proposed legislation to the Congress aimed at getting drug traffickers off the street. He has created new Cabinet committees to ensure that all government resources are brought to bear on the problem in a coordinated manner. He has directed the Internal Revenue Service to develop a tax enforcement program aimed at high level traffickers. And he has brought the issue to the American public in several major addresses calling for a national commitment to combatting this menace to the health of our nation.

In short, the President is deeply concerned about the ravages of drug abuse on American society and his commitment to improving the Federal narcotics program is absolute. We therefore view

these hearings as extremely important, and offer our fullest cooperation and that of our staffs in helping you develop a complete and impartial understanding of this crucial and complex issue.

Background

In 1965, an epidemic of heroin use began in the United States. New use (or incidence) increased by a factor of 10 in less than seven years. This epidemic began among minority populations living in metropolitan areas on both coasts where use was traditional (e.g., New York City, Washington, D.C., Los Angeles, San Francisco), then spread to other population groups living in those same metropolitan areas and to other large metropolitan areas throughout the nation (e.g., Detroit, Boston, Miami, Phoenix). By about 1970, heroin use had begun to appear in cities of all sizes across the United States.

When the full magnitude of this problem became apparent in the late 1960's and early 1970's, the Administration, with strong Congressional support, responded quickly. A vigorous prevention and treatment component was added to the then-existing law enforcement efforts. Federal spending for a broad range of programs aimed both at demand reduction (prevention, treatment, rehabilitation and research) and supply reduction (law enforcement and international control) tripled, and then tripled again -- all within five years. A variety of permanent and temporary offices



were created to provide policy guidance, program oversight, and interagency coordination of the rapidly expanding program.

These included:

- . The Cabinet Committee on International Narcotics Control (CCINC), created in 1971 to coordinate the international control program.
- . The Special Action Office for Drug Abuse Prevention (SAODAP), created in 1971 to oversee and coordinate the development of a comprehensive treatment and prevention program to balance the existing law enforcement program.
- . The designation of the head of the Justice Department's Office of Drug Abuse Law Enforcement (ODALE) as Special Consultant to the President for Narcotics Affairs in 1972.
- . The creation of a special drug abuse staff within the Domestic Council.

As the drug program matured, many of these temporary offices were replaced with permanent structures. By mid-1973, for example, the specialized Domestic Council staff had evolved into a small office in the Office of Management and Budget (OMB), and the executive directorship of CCINC had been transferred to the Senior Adviser for Narcotic Matters (S/NM) in the Department of State. In July 1973, ODALE was merged with the Bureau of Narcotics and Dangerous Drugs, the Office of National Narcotics Intelligence, and those U.S. Customs Service officers involved in drug intelligence and investigations to create a new Drug Enforcement Administration (DEA) in the Department of Justice, and the Attorney General was given overall responsibility for drug law enforcement. Finally, by early 1974, the permanent

successor to SAODAP, the National Institute on Drug Abuse (NIDA), was established in the Department of HEW's Alcohol, Drug Abuse, and Mental Health Administration. Over the next 18 months, NIDA gradually assumed most of SAODAP's functions, allowing SAODAP to expire as scheduled on June 30, 1975.

Sufficient progress had been made by late 1973 and early 1974 that Administration spokesmen, including the former President, began to make cautious statements about "turning the corner on drug abuse." We now know that the very real progress which led to this confidence was, in the main, temporary and regional. In fact, at that very time, the underlying trends had already begun to turn upward after having declined steadily for almost two years.

By the summer of 1974, Federal drug abuse program administrators began to realize that conditions were worsening and that the gains of prior years were being eroded. The deteriorating situation was confirmed over the next several months and, by early 1975, it was clear that a major drug abuse problem still faced the nation.

The White Paper on Drug Abuse

In May of 1975, faced with evidence that the gains made in 1972 and 1973 were being eroded and that the use and availability of drugs was again increasing, the President directed the Domestic Council to undertake a thorough review and assessment



of the effectiveness of the Federal program to control drug abuse. Almost 100 individuals from more than 20 different government organizations participated in this review, and more than 30 other individuals representing almost as many community organizations involved in the drug abuse area contributed valuable perspective and ideas to it.

The resulting report to the President entitled the White Paper on Drug Abuse, won wide praise in the Congress and throughout the country for its candor, practical tone, and sensible recommendations. On December 27, 1975, after the White Paper's unanimous endorsement by the members of the Cabinet having drug abuse responsibility, the President endorsed it and made it the centerpiece of a revitalized Federal program. We are pleased, therefore, to note that you have already made the White Paper a part of the record of these hearings, and we commend Chapters 1 and 3 to your attention as especially relevant to your deliberations.

Several basic themes of the White Paper have a direct bearing on the questions concerning drug law enforcement which this subcommittee is investigating. In the following paragraphs we will discuss them, as well as the progress made to date in implementing them.

The first major theme is that there should be more selectivity and targeting of Federal law enforcement efforts. These efforts

should focus on the arrest of leaders of high-level trafficking networks, and should move away from "street-level" activities. Highest priority should be given to reducing the supply of those drugs, such as heroin, which impose the greatest cost on society.

Great strides have been made in shifting priorities since publication of the White Paper.* For example:

- . Total Federal seizures of heroin increased 54 percent in the first three quarters of FY 76 over FY 75. During the same period, the seizures of heroin by foreign law enforcement officials in cooperation with DEA increased 137 percent.
- . Total DEA arrests of high-level violators increased 41 percent in the first 9 months of FY 76 over FY 75, while arrests of lower level violators decreased 22 percent. Arrests for heroin trafficking increased by 44 percent, while arrests for marihuana decreased 11 percent.

We expect that DEA Administrator Bensinger and Customs Commissioner Acree will discuss these results in more detail when they appear before the subcommittee.

A note of caution should be sounded concerning this concept of priorities. It does not suggest devoting all resources to the higher priority drugs and none to lower priority drugs.

* While not directly relevant to the current investigation, we are proud to note that similar progress has been made in shifting priorities on the treatment side as well. For example, the number of treatment slots filled by users of low priority drugs has been cut by 57 percent between October and March, and the number of inefficient outpatient drug free slots has been reduced by 11 percent.

All drugs are dangerous in varying degrees and should receive attention. Also, many investigative techniques are not easily targeted by drug or even by level of violator. Often the arrest of a lower level violator may lead to the subsequent arrest of higher level violators; and many smuggling networks trade in a variety of drugs, so immobilizing the network for marihuana smuggling removes a potential heroin network. Where resource constraints force a choice, however, we believe the choice should be made for the higher priority drug and the higher level violator.

The second major White Paper theme of direct relevance to this subcommittee is that we must mobilize, coordinate and utilize more effectively all the resources of the Federal, State and local governments, and of the private community to combat drug abuse. While the task force which prepared the White Paper endorsed the "lead agency" concept, it concluded that opportunities existed to more fully utilize the resources of the U.S. Customs Service and the FBI within an integrated Federal law enforcement program. Further, the task force recommended that the Federal Government should take the lead in mobilizing the enormous potential resources available in State and local law enforcement agencies.

The most important need for increased cooperation and coordination which existed at the time the White Paper was being developed

involved the Drug Enforcement Administration and the U.S. Customs Service. Under Reorganization Plan No. 2 of 1973, a distinction is drawn between investigative and interdiction functions with respect to narcotics enforcement. The investigative function was given to DEA and the interdiction function left with the Customs Service. Unfortunately, the distinction between interdiction and investigation was not made clear in the reorganization plan. This ambiguity led to jurisdictional disputes between the agencies, and an interagency rivalry which hampered supply reduction efforts.

The most valuable contribution the White Paper made toward the resolution of these disputes was to focus the debate on a relatively narrow set of issues, and to point out the considerable areas of agreement which existed but which were often overlooked. Since the White Paper's release, the working relationship between DEA and the Customs Service has improved markedly.

For example:

- . Last December, officers of the U.S. Customs Service and the DEA signed and implemented a Memorandum of Understanding which outlines operating guidelines for improving coordination between those agencies, thus signalling an end to the rivalry which had hindered Federal drug law enforcement efforts for more than ten years.
- . To respond to Customs' complaint that DEA was not providing usable tactical intelligence in sufficient quantity, DEA established a small unit within its intelligence shop to work specifically on Customs requirements. In addition, Customs has made provisions for assigning three intelligence analysts to DEA's Headquarters to ensure that DEA personnel are sensitive



to Customs' intelligence requirements, and that all relevant information is passed, and Customs has assigned personnel to the interagency El Paso Intelligence Center. The resulting flow of information from DEA to Customs has increased sharply from a few hundred specific items per month at the time the Memorandum of Understanding was signed to nearly one thousand per month now.

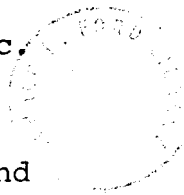
- . In June, 1976, DEA and Customs agreed on a procedure which permits Customs to debrief persons arrested for drug smuggling at the border if DEA declines to do so. This had been a major Customs' complaint.

Another example of improved interagency cooperation and fuller utilization of all Federal resources is the Memorandum of Understanding signed by DEA and the Internal Revenue Service in July of this year which provides for the sharing of information concerning suspected tax violations by major narcotics violators. It is extremely important in our view to focus on the fiscal resources of narcotics traffickers, since we know that drug dealers do not pay income taxes on the enormous profits they make on this criminal activity. We are hopeful that the new DEA-IRS agreement will promote the effective enforcement of the tax laws against high-level drug traffickers who are currently violating the law with impunity.

Finally, in May of this year the President established two new Cabinet Committees -- one for drug law enforcement and the other for drug abuse prevention, treatment and rehabilitation -- to provide direction for, and coordination of, Federal drug programs and activities. Both of these new Cabinet committees and their

supporting working-level subcommittees are now fully operational and extremely active. We are particularly impressed by the skill and enthusiasm shown by Attorney General Levi and DEA Administrator Bensinger in launching the Cabinet Committee on Drug Law Enforcement, and by the tangible results of that committee's work which are already apparent.

Since many of the most serious drugs of abuse originate in foreign countries, our capability to deal with supplies of drugs available in the United States to a large degree relies upon the interest and capability of foreign governments to control the production and shipment of illicit drugs. Recognizing this, the President has spoken personally to Presidents Echeverria of Mexico and Lopez-Michelsen of Colombia and with Prime Minister Demirel of Turkey in an effort to strengthen cooperation among all nations involved in the fight against illicit drug traffic. Further, at the President's direction, the Attorney General has held several meetings with his counterparts from Mexico and Peru, and the Secretary of State has discussed mutual narcotics control problems with the leaders of several nations. The President has endorsed the proposal of Mexican President Echeverria to establish a mechanism for formally exchanging information and ideas between high-level coordinating bodies and he has reaffirmed the Administration's commitment to continuing to provide cooperative enforcement through U.S. agents stationed overseas, technical and equipment assistance and formal training of foreign



enforcement officials.

Drug Abuse Budget

After endorsing the White Paper, the President ensured that his FY 77 budget request to the Congress was consistent with its major themes and recommendations.

Specifically, the President's FY 77 budget requests additional funds to implement all major White Paper recommendations.

Additional resources are provided for:

- . The growing problem of amphetamine and barbiturate abuse. The White Paper concludes that chronic, intensive, and medically unsupervised use of amphetamines and barbiturates ranks just behind heroin abuse as a major social problem affecting several hundred thousand Americans. To respond, the budget requests funds for treatment demonstrations for abusers of these substances, and provides 20 new positions within the Drug Enforcement Administration (DEA) for strengthened regulatory and compliance activities aimed at preventing diversion of amphetamines and barbiturates from licit production;
- . Additional community treatment capacity. Funds were included for the National Institute on Drug Abuse (NIDA) to fund at least 7,000 new community treatment slots and to recover 1,000 lost to inflation, thus providing Federally-supported community-based capacity to treat 102,000 individuals at one time. In addition, other managerial actions to ensure greater utilization of existing community mental health institutions for drug users, and the treatment capacity of the Bureau of Prisons, the Veterans Administration, and the Department of Defense for their specialized clientele will be maintained;
- . Better targeting of law enforcement efforts at high level traffickers. The Drug Enforcement Administration will add 82 positions for improved intelligence and laboratory analysis aimed at supporting the existing investigation and enforcement effort. In addition, research will be focused on improving our capability to

monitor drug abuse trends, and on developing tools and techniques to improve the productivity of investigators and agents;

- . Improve job opportunities for ex-addicts. Additional funds are provided for a joint HEW/Labor program to investigate ways to provide employment opportunities for persons in and completing treatment, so that the distressing situation of returning to the same conditions which led to drug use can be avoided. In addition, other managerial actions should ensure improved application of our vocational rehabilitation and manpower training services to drug users;
- . Maximizing effectiveness of border interdiction forces. A supplemental budget for the U.S. Customs Service has been approved which provides for the development and procurement of a variety of technical devices to detect drugs, for better information on smuggling, for additional detector dogs, and for improving radar coverage of aircraft illegally penetrating the southwestern United States.

All of these increases (with the exception of the new community treatment capacity) are aimed at: (1) improving the selectivity and targeting in the use of the current budget; or (2) the more effective mobilization, utilization, and coordination of resources already available in the Federal Government which can be applied to the fight against drug abuse. Also, in line with this concept of utilizing existing resources better and capitalizing on opportunities to "leverage" Federal efforts with those of State, local and foreign governments, the budget provides for:

- . Continued material and technical support for other nations involved in the fight against drug trafficking and for the training for foreign narcotics agents;
- . Continuation of the DEA task force program which capitalizes on joint Federal and local efforts, and continued training and laboratory support for State and local officers; and

- . A major multi-year program within the National Institute on Drug Abuse to evaluate the outcome of various types of treatment.

The President's budget for FY 1977 requests more than \$770 million for an integrated program of prevention and treatment, as detailed in the following chart.

DRUG ABUSE PREVENTION BUDGET
OBLIGATIONS IN \$ MILLION*

<u>DEMAND REDUCTION</u>	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>
SAODAP	13.0	0.0	0.0
HEW			
-ADAMHA (NIDA)	219.7	232.0	248.2
-Office of Education	4.0	2.0	0.0
-Social and Rehabilitation Service	79.0	88.0	94.0
-Office of Human Development	8.8	8.8	9.4
Defense (Note 2)	64.5	58.7	56.0
Veterans Administration	34.8	36.7	38.0
Justice (Note 3)	25.6	24.0	21.9
All Other	8.2	9.9	10.5
	<u>457.6</u>	<u>460.1</u>	<u>478.0</u>
 <u>SUPPLY REDUCTION</u>			
Justice			
-Drug Enforcement Administration	135.7	155.0	161.1
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Other	1.9	2.1	2.1
	<u>259.7</u>	<u>291.3</u>	<u>295.4</u>
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*NOTES

1. All figures adjusted from the FY 1977 budget documents to reflect supplemental requests and Congressional action, and to eliminate the "double counting" of drug abuse education, prevention and research activities by the Department of Justice.
2. Includes obligations for treatment of alcohol abuse.
3. Includes only Bureau of Prisons and LEAA; does not include DEA spending on prevention and education which is included in the total DEA number below.
4. Obligations during the July through September 1976 "transition quarter" will be approximately one fourth of the annual rate for all of these accounts except the State Department's obligations for international narcotics assistance. TQ obligations for this item could reach \$15.6 million because of a large carry-over from FY 1976.

The Remaining Agenda

It should be clear from this discussion that we believe that a great deal of progress has been made over the past 15 months in revitalizing and refocusing the Federal drug abuse program and putting it on a sound basis.

But there is more we are trying to do: Federal drug enforcement efforts can still be more narrowly focused on high level, interstate and international traffickers; our narcotics intelligence system -- despite progress in the past year -- is still weak; the new IRS program aimed at drug traffickers who violate tax laws has yet to prove itself effective; the potential contribution of the FBI and the U.S. Customs Service has yet to be fully realized; and we can still do much more to develop a stronger interface between Federal regulatory and compliance officials and their local counterparts.

However, these are all problems of intra- or inter- agency management, not of structure or statute. We are convinced that the necessary organizational entities and interagency mechanisms are already in place to deal with these problems, and we assure you that we will closely monitor progress toward more coordinated, effective performance. We strongly believe that any further organizational changes mandated by law are not only unnecessary, but most likely

would be disruptive. This is not the time for further delay and introspection concerning organizational structures; it is time to work day-by-day to do the job better.

What we need is for Congress to pass the legislation which the President proposed in his April 27 Special Message on Drug Abuse. This legislation is aimed at improving our ability to put major traffickers in prison and at closing loopholes in the law which allow too many traffickers to retain the profits from their evil trade.

It has become all too clear that gathering sufficient evidence to prosecute a trafficker does not guarantee his or her immobilization. An indicted trafficker may be operating in a foreign country, out of reach of effective prosecution and sentencing. Even in the United States, indictment and arrest do not guarantee immobilization; these events merely begin a long criminal justice process during most of which the trafficker is now free to continue operating. At the end of this process, incarceration may be relatively short. This failure to immobilize traffickers against whom a substantial case has been developed is very costly -- costly in terms of wasted investigative resources and lowered morale, costly in terms of weakening the deterrent value of the law, and costly in terms of reduced public trust in the criminal justice system.

Now that Federal law enforcement agencies are demonstrating the ability to shift their focus to high level violators, we must make the significant changes in the way the criminal justice system handles major traffickers after arrest to capitalize on this progress. Accordingly, the President has proposed legislation which will, among other things:

- . Require minimum mandatory prison sentences for persons convicted of high-level trafficking in heroin and similar narcotic drugs;
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These proposals are now before the Senate in the form of S.3411 and S.3645.* These bills should receive bi-partisan support and swift Congressional passage. Anything this subcommittee can do to ensure such prompt passage will represent a major contribution to the national anti-narcotic effort.

Thank you for this opportunity to present our views on this vital issue. We hope that these remarks are helpful.

* In addition, we urge prompt passage of S.1266, the implementing legislation for the 1971 Convention on Psychotropic Substances, which the President also called for in his Special Message.

THE WHITE HOUSE
WASHINGTON

August 25, 1976

TO: Jim Cannon
FROM: Dick Parsons *D.*
RE: FYI

The attached statement was submitted to the Subcommittee yesterday for inclusion in the record of its hearings.

THE WHITE HOUSE

WASHINGTON

FOR IMMEDIATE RELEASE
August 24, 1976

JOINT STATEMENT OF
JAMES M. CANNON
ASSISTANT TO THE PRESIDENT FOR DOMESTIC AFFAIRS
EXECUTIVE DIRECTOR, DOMESTIC COUNCIL

and

JAMES T. LYNN
DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

before the

SENATE GOVERNMENT OPERATIONS COMMITTEE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

F. U

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to address a problem of great national concern -- drug abuse. We have chosen to submit a joint statement since both the White Paper on Drug Abuse and the Administration's budget in this area were the result of close cooperation between the Domestic Council and the Office of Management and Budget.

The cost of drug abuse to the nation is staggering. Counting narcotic-related crime -- estimated to account for as much as one half of all street crime -- health care, drug program costs and addicts' lost productivity as major items, the dollar cost is estimated at upwards of \$17 billion per year. To that must be added more than 5,000 deaths each year, and the incalculable burden of ruined lives, broken homes, and divided communities. Drug abuse is a problem which affects millions of Americans either

directly or indirectly and which strikes at the very heart of our national well-being.

President Ford has made reducing the tragic toll of drug abuse one of his Administration's highest priorities, and has invested a great deal of his time and attention to this effort. He initiated and then endorsed a major study of the issue which has resulted in wide understanding and acceptance of the Federal policy in this area, and in major improvements in agency operations. He has met frequently with foreign heads of State, Members of Congress, and members of the Cabinet to seek ways to improve the program. He has requested additional funds for both law enforcement and drug abuse treatment in accordance with White Paper recommendations, and proposed legislation to the Congress aimed at getting drug traffickers off the street. He has created new Cabinet committees to ensure that all government resources are brought to bear on the problem in a coordinated manner. He has directed the Internal Revenue Service to develop a tax enforcement program aimed at high level traffickers. And he has brought the issue to the American public in several major addresses calling for a national commitment to combatting this menace to the health of our nation.

In short, the President is deeply concerned about the ravages of drug abuse on American society and his commitment to improving the Federal narcotics program is absolute. We therefore view

these hearings as extremely important, and offer our fullest cooperation and that of our staffs in helping you develop a complete and impartial understanding of this crucial and complex issue.

Background

In 1965, an epidemic of heroin use began in the United States. New use (or incidence) increased by a factor of 10 in less than seven years. This epidemic began among minority populations living in metropolitan areas on both coasts where use was traditional (e.g., New York City, Washington, D.C., Los Angeles, San Francisco), then spread to other population groups living in those same metropolitan areas and to other large metropolitan areas throughout the nation (e.g., Detroit, Boston, Miami, Phoenix). By about 1970, heroin use had begun to appear in cities of all sizes across the United States.

When the full magnitude of this problem became apparent in the late 1960's and early 1970's, the Administration, with strong Congressional support, responded quickly. A vigorous prevention and treatment component was added to the then-existing law enforcement efforts. Federal spending for a broad range of programs aimed both at demand reduction (prevention, treatment, rehabilitation and research) and supply reduction (law enforcement and international control) tripled, and then tripled again -- all within five years. A variety of permanent and temporary offices



were created to provide policy guidance, program oversight, and interagency coordination of the rapidly expanding program.

These included:

- . The Cabinet Committee on International Narcotics Control (CCINC), created in 1971 to coordinate the international control program.
- . The Special Action Office for Drug Abuse Prevention (SAODAP), created in 1971 to oversee and coordinate the development of a comprehensive treatment and prevention program to balance the existing law enforcement program.
- . The designation of the head of the Justice Department's Office of Drug Abuse Law Enforcement (ODALE) as Special Consultant to the President for Narcotics Affairs in 1972.
- . The creation of a special drug abuse staff within the Domestic Council.

As the drug program matured, many of these temporary offices were replaced with permanent structures. By mid-1973, for example, the specialized Domestic Council staff had evolved into a small office in the Office of Management and Budget (OMB), and the executive directorship of CCINC had been transferred to the Senior Adviser for Narcotic Matters (S/NM) in the Department of State. In July 1973, ODALE was merged with the Bureau of Narcotics and Dangerous Drugs, the Office of National Narcotics Intelligence, and those U.S. Customs Service officers involved in drug intelligence and investigations to create a new Drug Enforcement Administration (DEA) in the Department of Justice, and the Attorney General was given overall responsibility for drug law enforcement. Finally, by early 1974, the permanent

successor to SAODAP, the National Institute on Drug Abuse (NIDA), was established in the Department of HEW's Alcohol, Drug Abuse, and Mental Health Administration. Over the next 18 months, NIDA gradually assumed most of SAODAP's functions, allowing SAODAP to expire as scheduled on June 30, 1975.

Sufficient progress had been made by late 1973 and early 1974 that Administration spokesmen, including the former President, began to make cautious statements about "turning the corner on drug abuse." We now know that the very real progress which led to this confidence was, in the main, temporary and regional. In fact, at that very time, the underlying trends had already begun to turn upward after having declined steadily for almost two years.

By the summer of 1974, Federal drug abuse program administrators began to realize that conditions were worsening and that the gains of prior years were being eroded. The deteriorating situation was confirmed over the next several months and, by early 1975, it was clear that a major drug abuse problem still faced the nation.

The White Paper on Drug Abuse

In May of 1975, faced with evidence that the gains made in 1972 and 1973 were being eroded and that the use and availability of drugs was again increasing, the President directed the Domestic Council to undertake a thorough review and assessment

of the effectiveness of the Federal program to control drug abuse. Almost 100 individuals from more than 20 different government organizations participated in this review, and more than 30 other individuals representing almost as many community organizations involved in the drug abuse area contributed valuable perspective and ideas to it.

The resulting report to the President entitled the White Paper on Drug Abuse, won wide praise in the Congress and throughout the country for its candor, practical tone, and sensible recommendations. On December 27, 1975, after the White Paper's unanimous endorsement by the members of the Cabinet having drug abuse responsibility, the President endorsed it and made it the centerpiece of a revitalized Federal program. We are pleased, therefore, to note that you have already made the White Paper a part of the record of these hearings, and we commend Chapters 1 and 3 to your attention as especially relevant to your deliberations.

Several basic themes of the White Paper have a direct bearing on the questions concerning drug law enforcement which this subcommittee is investigating. In the following paragraphs we will discuss them, as well as the progress made to date in implementing them.

The first major theme is that there should be more selectivity and targeting of Federal law enforcement efforts. These efforts

should focus on the arrest of leaders of high-level trafficking networks, and should move away from "street-level" activities. Highest priority should be given to reducing the supply of those drugs, such as heroin, which impose the greatest cost on society.

Great strides have been made in shifting priorities since publication of the White Paper.* For example:

- . Total Federal seizures of heroin increased 54 percent in the first three quarters of FY 76 over FY 75. During the same period, the seizures of heroin by foreign law enforcement officials in cooperation with DEA increased 137 percent.
- . Total DEA arrests of high-level violators increased 41 percent in the first 9 months of FY 76 over FY 75, while arrests of lower level violators decreased 22 percent. Arrests for heroin trafficking increased by 44 percent, while arrests for marihuana decreased 11 percent.

We expect that DEA Administrator Bensinger and Customs Commissioner Acree will discuss these results in more detail when they appear before the subcommittee.

A note of caution should be sounded concerning this concept of priorities. It does not suggest devoting all resources to the higher priority drugs and none to lower priority drugs.

* While not directly relevant to the current investigation, we are proud to note that similar progress has been made in shifting priorities on the treatment side as well. For example, the number of treatment slots filled by users of low priority drugs has been cut by 57 percent between October and March, and the number of inefficient outpatient drug free slots has been reduced by 11 percent.

All drugs are dangerous in varying degrees and should receive attention. Also, many investigative techniques are not easily targeted by drug or even by level of violator. Often the arrest of a lower level violator may lead to the subsequent arrest of higher level violators; and many smuggling networks trade in a variety of drugs, so immobilizing the network for marihuana smuggling removes a potential heroin network. Where resource constraints force a choice, however, we believe the choice should be made for the higher priority drug and the higher level violator.

The second major White Paper theme of direct relevance to this subcommittee is that we must mobilize, coordinate and utilize more effectively all the resources of the Federal, State and local governments, and of the private community to combat drug abuse. While the task force which prepared the White Paper endorsed the "lead agency" concept, it concluded that opportunities existed to more fully utilize the resources of the U.S. Customs Service and the FBI within an integrated Federal law enforcement program. Further, the task force recommended that the Federal Government should take the lead in mobilizing the enormous potential resources available in State and local law enforcement agencies.

The most important need for increased cooperation and coordination which existed at the time the White Paper was being developed

involved the Drug Enforcement Administration and the U.S. Customs Service. Under Reorganization Plan No. 2 of 1973, a distinction is drawn between investigative and interdiction functions with respect to narcotics enforcement. The investigative function was given to DEA and the interdiction function left with the Customs Service. Unfortunately, the distinction between interdiction and investigation was not made clear in the reorganization plan. This ambiguity led to jurisdictional disputes between the agencies, and an interagency rivalry which hampered supply reduction efforts.

The most valuable contribution the White Paper made toward the resolution of these disputes was to focus the debate on a relatively narrow set of issues, and to point out the considerable areas of agreement which existed but which were often overlooked. Since the White Paper's release, the working relationship between DEA and the Customs Service has improved markedly.

For example:

- . Last December, officers of the U.S. Customs Service and the DEA signed and implemented a Memorandum of Understanding which outlines operating guidelines for improving coordination between those agencies, thus signalling an end to the rivalry which had hindered Federal drug law enforcement efforts for more than ten years.
- . To respond to Customs' complaint that DEA was not providing usable tactical intelligence in sufficient quantity, DEA established a small unit within its intelligence shop to work specifically on Customs requirements. In addition, Customs has made provisions for assigning three intelligence analysts to DEA's Headquarters to ensure that DEA personnel are sensitive

to Customs' intelligence requirements, and that all relevant information is passed, and Customs has assigned personnel to the interagency El Paso Intelligence Center. The resulting flow of information from DEA to Customs has increased sharply from a few hundred specific items per month at the time the Memorandum of Understanding was signed to nearly one thousand per month now.

- . In June, 1976, DEA and Customs agreed on a procedure which permits Customs to debrief persons arrested for drug smuggling at the border if DEA declines to do so. This had been a major Customs' complaint.

Another example of improved interagency cooperation and fuller utilization of all Federal resources is the Memorandum of Understanding signed by DEA and the Internal Revenue Service in July of this year which provides for the sharing of information concerning suspected tax violations by major narcotics violators. It is extremely important in our view to focus on the fiscal resources of narcotics traffickers, since we know that drug dealers do not pay income taxes on the enormous profits they make on this criminal activity. We are hopeful that the new DEA-IRS agreement will promote the effective enforcement of the tax laws against high-level drug traffickers who are currently violating the law with impunity.

Finally, in May of this year the President established two new Cabinet Committees -- one for drug law enforcement and the other for drug abuse prevention, treatment and rehabilitation -- to provide direction for, and coordination of, Federal drug programs and activities. Both of these new Cabinet committees and their

supporting working-level subcommittees are now fully operational and extremely active. We are particularly impressed by the skill and enthusiasm shown by Attorney General Levi and DEA Administrator Bensinger in launching the Cabinet Committee on Drug Law Enforcement, and by the tangible results of that committee's work which are already apparent.

Since many of the most serious drugs of abuse originate in foreign countries, our capability to deal with supplies of drugs available in the United States to a large degree relies upon the interest and capability of foreign governments to control the production and shipment of illicit drugs. Recognizing this, the President has spoken personally to Presidents Echeverria of Mexico and Lopez-Michelsen of Colombia and with Prime Minister Demirel of Turkey in an effort to strengthen cooperation among all nations involved in the fight against illicit drug traffic. Further, at the President's direction, the Attorney General has held several meetings with his counterparts from Mexico and Peru, and the Secretary of State has discussed mutual narcotics control problems with the leaders of several nations. The President has endorsed the proposal of Mexican President Echeverria to establish a mechanism for formally exchanging information and ideas between high-level coordinating bodies and he has reaffirmed the Administration's commitment to continuing to provide cooperative enforcement through U.S. agents stationed overseas, technical and equipment assistance and formal training of foreign

enforcement officials.

Drug Abuse Budget

After endorsing the White Paper, the President ensured that his FY 77 budget request to the Congress was consistent with its major themes and recommendations.

Specifically, the President's FY 77 budget requests additional funds to implement all major White Paper recommendations.

Additional resources are provided for:

- . The growing problem of amphetamine and barbiturate abuse. The White Paper concludes that chronic, intensive, and medically unsupervised use of amphetamines and barbiturates ranks just behind heroin abuse as a major social problem affecting several hundred thousand Americans. To respond, the budget requests funds for treatment demonstrations for abusers of these substances, and provides 20 new positions within the Drug Enforcement Administration (DEA) for strengthened regulatory and compliance activities aimed at preventing diversion of amphetamines and barbiturates from licit production;
- . Additional community treatment capacity. Funds were included for the National Institute on Drug Abuse (NIDA) to fund at least 7,000 new community treatment slots and to recover 1,000 lost to inflation, thus providing Federally-supported community-based capacity to treat 102,000 individuals at one time. In addition, other managerial actions to ensure greater utilization of existing community mental health institutions for drug users, and the treatment capacity of the Bureau of Prisons, the Veterans Administration, and the Department of Defense for their specialized clientele will be maintained;
- . Better targeting of law enforcement efforts at high level traffickers. The Drug Enforcement Administration will add 82 positions for improved intelligence and laboratory analysis aimed at supporting the existing investigation and enforcement effort. In addition, research will be focused on improving our capability to

monitor drug abuse trends, and on developing tools and techniques to improve the productivity of investigators and agents;

- . Improve job opportunities for ex-addicts. Additional funds are provided for a joint HEW/Labor program to investigate ways to provide employment opportunities for persons in and completing treatment, so that the distressing situation of returning to the same conditions which led to drug use can be avoided. In addition, other managerial actions should ensure improved application of our vocational rehabilitation and manpower training services to drug users;
- . Maximizing effectiveness of border interdiction forces. A supplemental budget for the U.S. Customs Service has been approved which provides for the development and procurement of a variety of technical devices to detect drugs, for better information on smuggling, for additional detector dogs, and for improving radar coverage of aircraft illegally penetrating the southwestern United States.

All of these increases (with the exception of the new community treatment capacity) are aimed at: (1) improving the selectivity and targeting in the use of the current budget; or (2) the more effective mobilization, utilization, and coordination of resources already available in the Federal Government which can be applied to the fight against drug abuse. Also, in line with this concept of utilizing existing resources better and capitalizing on opportunities to "leverage" Federal efforts with those of State, local and foreign governments, the budget provides for:

- . Continued material and technical support for other nations involved in the fight against drug trafficking and for the training for foreign narcotics agents;
- . Continuation of the DEA task force program which capitalizes on joint Federal and local efforts, and continued training and laboratory support for State and local officers; and

- . A major multi-year program within the National Institute on Drug Abuse to evaluate the outcome of various types of treatment.

The President's budget for FY 1977 requests more than \$770 million for an integrated program of prevention and treatment, as detailed in the following chart.

DRUG ABUSE PREVENTION BUDGET
OBLIGATIONS IN \$ MILLION*

<u>DEMAND REDUCTION</u>	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>
SAODAP	13.0	0.0	0.0
HEW			
-ADAMHA (NIDA)	219.7	232.0	248.2
-Office of Education	4.0	2.0	0.0
-Social and Rehabilitation Service	79.0	88.0	94.0
-Office of Human Development	8.8	8.8	9.4
Defense (Note 2)	64.5	58.7	56.0
Veterans Administration	34.8	36.7	38.0
Justice (Note 3)	25.6	24.0	21.9
All Other	<u>8.2</u>	<u>9.9</u>	<u>10.5</u>
	457.6	460.1	478.0
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