

Hitler's Shadow Reaches toward Today

From the Archive: The key role of neo-Nazis in Ukraine's U.S.-backed coup is denied by the mainstream U.S. press, which can't believe the U.S. government would collaborate with such unsavory characters, but that isn't the real history, as Robert Parry reported in 2010.

By Robert Parry (Originally published on Dec. 17, 2010)

The U.S. government protected Nazi war criminal Klaus Barbie in the years after World War II and later unleashed the infamous Butcher of Lyon on South America by aiding his escape from French war-crimes prosecutors, according to a report issued by the National Archives in 2010.

The report, entitled "Hitler's Shadow," concentrates on the decisions by the U.S. Army's Counterintelligence Corps to use Barbie and other ex-Nazis for early Cold War operations, but other work by investigative journalists and government investigators has shown how Barbie's continued allegiance to Nazi ideology contributed to the spread of right-wing extremism in Latin America.

With his skills as an intelligence operative and his expertise in state terror, Barbie helped shape the particularly vicious style of anti-communism that dominated South America for most of the Cold War. He also played a role in building a conduit for drug proceeds to fund right-wing paramilitary operations, including Ronald Reagan's beloved Nicaraguan Contra rebels.

In 1980, Barbie used his perch in Bolivian intelligence to organize an alliance of military leaders and cocaine barons to overthrow Bolivia's democratically elected leftist government in a bloody coup. Though fitting with Washington's distrust of left-wing populist governments in South America, the so-called Cocaine Coup had other long-term consequences for the United States.

Bolivia's coup regime ensured a reliable flow of coca to Colombia's Medellin cartel, which quickly grew into a sophisticated conglomerate for smuggling cocaine into the United States. Some of those drug profits then went to finance right-wing paramilitary operations, including the CIA-backed Contras, according to other U.S. government investigations.

Barbie reportedly collaborated, too, with representatives of Rev. Sun Myung Moon's Unification Church as they worked with Bolivia's Cocaine Coup regime to organize anti-communist operations in South America. By then, the region had become a center for Moon's global money-laundering operations. In 1982, Moon began pouring hundreds of millions of his mysterious dollars into the right-wing

Washington Times newspaper to influence U.S. politics.

Eventually, as Bolivia's corrupt Cocaine Coup government crumbled and Barbie's identity became well known, French authorities finally secured Barbie's return to France to face a war-crimes trial in 1983. (He died in 1991.)

The Butcher of Lyon's role in these South American anti-communist activities caused brief embarrassment for Moon's church and some right-wing Americans. But the Nazi collaboration didn't draw much attention from the U.S. news media, which was already shying away from critical reporting on the Reagan administration's unsavory alliances in Central and South America.

A Long Continuum

Indeed, the Right's growing dominance of Washington opinion circles can be viewed as a continuum dating back to those days right after World War II, when U.S. priorities switched quickly from prosecuting Axis war criminals to seeking their help in crushing leftist political influence in Western Europe and Asia.

Suddenly, U.S. intelligence agencies were freeing Nazi and Japanese war criminals from prison and exploiting their talents to neutralize labor unions, student groups and other left-wing organizations.

Though the National Archives report deals with ex-Nazis in Europe, a similar program was underway in Japan where war criminals such as right-wing *yakuza* gangsters Yoshio Kodama and Ryoichi Sasakawa were freed and allowed to become important political figures in Japan and later internationally by supporting a global crusade against communism.

In the 1960s, Kodama and Sasakawa joined with Rev. Moon and two right-wing dictators, Taiwan's Chiang Kai-shek and South Korea's Park Chung Hee, to create the World Anti-Communist League (WACL), which also brought in right-wing leaders from Latin America and Europe, including ex-Nazis and neo-Nazis, according to authors Scott and Jon Lee Anderson in their landmark 1986 book, *Inside the League*.

So, with the Cocaine Coup in 1980, Barbie not only closed the circle, bringing together death-squad commanders, ex-Nazis, neo-Nazis and various sociopaths from around the globe, but he helped ensure that drug proceeds would be available to fund right-wing causes in the future.

"Hitler's Shadow," in effect, tells the first chapter of this right-wing restoration as U.S. intelligence agencies turned to former Nazi officials and SS officers to counter the perceived greater threat from the Soviet Union and Communist groups in Europe.

"Gestapo officers, who also held ranks in the SS, were in the U.S. Army Counterintelligence Corps's automatic arrest category after the war," the report said. "Later, CIC used former Gestapo officers to garner useful intelligence for the postwar period on everything from German right-wing movements to underground communist organizations. Intelligence officers often overlooked the significant role Gestapo officers played in the murder of Jews, POWs, and the political enemies of the Nazis."

The report notes that "approximately 1,200 newly released files relate to the penetration of German Communist activities and specifically to 'Project Happiness,' the CIC's codename for counterintelligence operations against the KPD," the German Communist Party.

Though Barbie notorious for personally torturing French partisans during the war may be the best known ex-Gestapo officer recruited by the CIC, others had similar histories.

For instance, Anton Mahler was the chief interrogator of Hans Scholl, a leader of the White Rose, a Munich-based student organization that secretly passed out leaflets urging Adolf Hitler's overthrow and decrying German apathy in the face of Hitler's crimes. Hans and his sister Sophie Scholl were convicted of high treason and beheaded in February 1943.

Mahler also served in Einsatzgruppe B in occupied Belarus as the group slaughtered more than 45,000 people, most of them Jews, the report said. Nevertheless, CIC deployed Mahler as an informant starting in February 1949 and soon made him a full-time employee.

Regarding Barbie, the report builds on a 1983 investigation by a Justice Department investigator who confirmed suspicions that U.S. intelligence had worked with and protected this hunted war criminal who was accused of executing 4,000 people and shipping 7,000 Jews to concentration camps.

"In the spring of 1947 a CIC agent named Robert S. Taylor from CIC Region IV (Munich) recruited Klaus Barbie, the one-time Gestapo Chief of Lyon (194244)," the new report said. "Barbie helped run a counterintelligence net named 'BÃ¼ro Petersen' which monitored French intelligence.

"In 1948 Barbie helped the CIC locate former Gestapo informants. In 1949, he penetrated German Communist Party (KPD) activities in CIC Region XII (Augsburg). He continued to work for the CIC in return for protection against French war crimes charges."

Ratline to Bolivia

The story of Barbie's escape to South America with the CIC's collaboration was addressed in the 1983 report by Allan A. Ryan Jr., head of the Justice Department's Nazi-hunting Office of Special Investigations. Ryan's 218-page report said that in 1951, the CIC helped Barbie evade French authorities and flee over a "ratline" to Bolivia.

Ryan said that a half dozen CIC officers participated in the cover-up of Barbie's identity and excused their actions by claiming that the French arrest of Barbie could jeopardize the security of other CIC operations. To get Barbie to Bolivia, the CIC officers used a ratline run by a Croatian priest, Father Krunoslav Draganovich, Ryan wrote.

Ryan said the Central Intelligence Agency later rebuffed suggestions that Barbie be reactivated in the 1960s, but Barbie using the name Altmann held an official position with a state-owned shipping company that allowed him to move freely and even to travel to the United States. [For more on Ryan's report, see Time magazine, Aug. 29, 1983]

More significantly, Barbie became a figure in Bolivian intelligence and used that perch to coordinate with other right-wing intelligence services around the continent that were engaged in Operation Condor, a program of assassinating suspected subversives and other dissidents.

In the 1970s, these intelligence agencies had teamed up to give their assassination squads regional and even global reach, including the murder of Chilean diplomat Orlando Letelier and an American co-worker on the streets of Washington in 1976.

For the Cocaine Coup in 1980, Barbie recruited Argentina's feared intelligence service along with young neo-Nazis from Europe. The World Anti-Communist League arranged support from Moon and other Asian rightists.

For years, Moon had been sinking down roots in South America, especially in Uruguay after right-wing military dictators seized power there in 1973. Moon also cultivated close ties with dictators in Argentina, Paraguay and Chile, reportedly ingratiating himself with the juntas by helping the regimes buy weapons and by channeling money to allied right-wing organizations.

"Relationships nurtured with right-wing Latin Americans in the [World Anti-Communist] League led to acceptance of the [Unification] Church's political and propaganda operations throughout Latin America," the Andersons wrote in *Inside the League*.

"As an international money laundry, the Church tapped into the capital flight havens of Latin America. Escaping the scrutiny of American and European

investigators, the Church could now funnel money into banks in Honduras, Uruguay and Brazil, where official oversight was lax or nonexistent.”

Moon expanded his network of friends when Barbie helped pull together a right-wing alliance of Bolivian military officers and drug dealers for the Cocaine Coup. WACL associates, such as Alfredo Candia, coordinated the arrival of some of the paramilitary operatives from Argentina and Europe who would help out in the violent putsch.

Barbie, then better known as Altmann, was in charge of drawing up plans for the coup and coordinating with Argentine intelligence. One of the first Argentine intelligence officers to arrive was Lt. Alfred Mario Mingolla.

“Before our departure, we received a dossier on” Barbie, Mingolla later told German investigative reporter Kai Hermann. “There it stated that he was of great use to Argentina because he played an important role in all of Latin America in the fight against communism. From the dossier, it was also clear that Altmann worked for the Americans.”

The Cocaine Motive

As the coup took shape, Bolivian Col. Luis Arce-Gomez, the cousin of cocaine kingpin Roberto Suarez, also brought onboard neo-fascist terrorists such as Italian Stefano della Chiaie who had been working with the Argentine death squads. [See *Cocaine Politics* by Peter Dale Scott and Jonathan Marshall]

Still a committed fascist, Barbie started a secret lodge, called Thule. During meetings, he lectured to his followers underneath swastikas by candlelight.

On June 17, 1980, in nearly public planning for the coup, six of Bolivia’s biggest traffickers met with the military conspirators to hammer out a financial deal for future protection of the cocaine trade. A La Paz businessman said the coming putsch should be called the “Cocaine Coup,” a name that would stick. [See *Cocaine Politics*]

Less than three weeks later, on July 6 in Buenos Aires, Argentina, U.S. undercover drug enforcement agent Michael Levine said he met with a Bolivian trafficker named Hugo Hurtado-Candia. Over drinks, Hurtado outlined plans for the “new government” in which his niece Sonia Atala, a major cocaine supplier, will “be in a very strong position.” [See Levine’s *Big White Lie*]

On July 17, the Cocaine Coup began, spearheaded by Barbie and his neo-fascist goon squad which was dubbed the “FiancÃ©s of Death.”

“The masked thugs were not Bolivians; they spoke Spanish with German, French and

Italian accents," Levine wrote. "Their uniforms bore neither national identification nor any markings, although many of them wore Nazi swastika armbands and insignias."

The slaughter was fierce. When the putschists stormed the national labor headquarters, they wounded labor leader Marcelo Quiroga, who had led the effort to indict former military dictator Hugo Banzer on drug and corruption charges. Quiroga "was dragged off to police headquarters to be the object of a game played by some of the torture experts imported from Argentina's dreaded Mechanic School of the Navy," Levine wrote.

"These experts applied their 'science' to Quiroga as a lesson to the Bolivians, who were a little backward in such matters. They kept Quiroga alive and suffering for hours. His castrated, tortured body was found days later in a place called 'The valley of the Moon' in southern La Paz."

To DEA agent Levine back in Buenos Aires, it was soon clear "that the primary goal of the revolution was the protection and control of Bolivia's cocaine industry. All major drug traffickers in prison were released, after which they joined the neo-Nazis in their rampage.

"Government buildings were invaded and trafficker files were either carried off or burned. Government employees were tortured and shot, the women tied and repeatedly raped by the paramilitaries and the freed traffickers."

The fascists celebrated with swastikas and shouts of "Heil Hitler!" Hermann reported. Col. Arce-Gomez, a central-casting image of a bemedaled, pot-bellied Latin dictator, grabbed broad powers as Interior Minister. Gen. Luis Garcia Meza was installed as Bolivia's new president.

The victory put into power a right-wing military dictatorship indebted to the drug lords. Bolivia became South America's first narco-state.

Moon's Throne

One of the first well-wishers arriving in La Paz to congratulate the new government was Moon's top lieutenant (and former KCIA officer) Bo Hi Pak. The Moon organization published a photo of Pak meeting with the new strongman, General Garcia Meza. After the visit to the mountainous capital, Pak declared, "I have erected a throne for Father Moon in the world's highest city."

According to later Bolivian government and newspaper reports, a Moon representative invested about \$4 million in preparations for the coup. Bolivia's WACL representatives also played key roles, and CAUSA, one of Moon's anti-communist organizations, listed as members nearly all the leading Bolivian coup-

makers.

Soon, Colonel Luis Arce-Gomez, a coup organizer and the cousin of cocaine kingpin Roberto Suarez, went into partnership with big narco-traffickers, including Cuban-American smugglers based in Miami. Nazi war criminal Barbie and his young neo-fascist followers found new work protecting Bolivia's major cocaine barons and transporting drugs to the Colombian border.

"The paramilitary units conceived by Barbie as a new type of SS sold themselves to the cocaine barons," German journalist Hermann wrote. "The attraction of fast money in the cocaine trade was stronger than the idea of a national socialist revolution in Latin America."

A month after the Cocaine Coup, General Garcia Meza participated in the Fourth Congress of the Latin American Anti-Communist Confederation, an arm of the World Anti-Communist League. Also attending that Fourth Congress was WACL president Woo Jae Sung, a leading Moon disciple.

As the drug lords consolidated their power in Bolivia, the Moon organization expanded its presence, too. Hermann reported that in early 1981, war criminal Barbie and Moon leader Thomas Ward were seen together in apparent prayer.

On May 31, 1981, Moon representatives sponsored a CAUSA reception at the Sheraton Hotel's Hall of Freedom in La Paz. Moon's lieutenant Bo Hi Pak and Bolivian strongman Garcia Meza led a prayer for President Ronald Reagan's recovery from an assassination attempt.

In his speech, Bo Hi Pak declared, "God had chosen the Bolivian people in the heart of South America as the ones to conquer communism."

Flush with Cash

In the early 1980s, cocaine kingpin Suarez his coffers now overflowing with cash invested more than \$30 million in various right-wing paramilitary operations, including the Contra forces in Central America, according to U.S. Senate testimony in 1987 by an Argentine intelligence officer, Leonardo Sanchez-Reisse.

Sanchez-Reisse testified that the Suarez drug money was laundered through front companies in Miami before going to Central America. There, Argentine intelligence officers, including Sanchez-Reisse and other veterans of the Cocaine Coup, trained the fledgling Contra forces.

But by late 1981, the cocaine taint of Bolivia's military junta was so deep and the corruption so pervasive that U.S.-Bolivian relations were stretched to the breaking point. "The Moon sect disappeared overnight from Bolivia as

clandestinely as they had arrived," Hermann reported.

The Cocaine Coup leaders soon found themselves on the run, too. Interior Minister Arce-Gomez was extradited to Miami and was sentenced to 30 years in prison for drug trafficking. Drug lord Suarez got a 15-year prison term. General Garcia Meza became a fugitive from a 30-year sentence imposed on him in Bolivia for abuse of power, corruption and murder.

SS veteran Barbie was returned to France to face a life sentence for war crimes. He died in 1991 at the age of 77.

But Moon's organization suffered few negative repercussions from its role in the Cocaine Coup. By the early 1980s, flush with seemingly unlimited funds, Moon had moved on to promoting himself as a key friend of the new Republican administration in Washington.

A guest at Reagan's First Inauguration, Moon made his organization useful to the new President and to Vice President George H.W. Bush, who would later become a paid speaker for Moon's organization. Where Moon got his cash was not a mystery that American conservatives were eager to solve.

"Some Moonie-watchers even believe that some of the business enterprises are actually covers for drug trafficking," wrote Scott and Jon Lee Anderson.

While Moon's representatives have refused to detail how they've sustained their far-flung activities including many businesses that insiders say lose money Moon's spokesmen have denied recurring allegations about profiteering off illegal trafficking in weapons and drugs.

In a typical response to a gun-running question by the Argentine newspaper, *Clarín*, Moon's representative Ricardo DeSena responded, "I deny categorically these accusations and also the barbarities that are said about drugs and brainwashing." [*Clarín*, July 7, 1996]

Nevertheless, Moon's organization did its best to disrupt the work of U.S. investigative reporters and government investigators looking into the connections between the drug trade and right-wing paramilitary operations such as the Nicaraguan Contras.

In the mid-1980s, for instance, when journalists and congressional investigators began probing the evidence of Contra-connected drug trafficking, they came under attack from Moon's Washington Times. An Associated Press story that I co-wrote with Brian Barger about a Miami-based federal probe into gun- and drug-running by the Contras was disparaged in an April 11, 1986, front-page Washington Times article with the headline: "Story on [contra] drug smuggling denounced as

political ploy.”

When Sen. John Kerry, D-Massachusetts, uncovered additional evidence of Contra-drug trafficking, the Washington Times denounced him, too. The newspaper published articles depicting Kerry’s probe as a wasteful political witch hunt. “Kerry’s anti-contra efforts extensive, expensive, in vain,” declared the headline of one Times article on Aug. 13, 1986.

Despite the attacks, Kerry’s Contra-drug investigation eventually concluded that a number of Contra units were implicated in the cocaine trade.

“It is clear that individuals who provided support for the contras were involved in drug trafficking, the supply network of the contras was used by drug trafficking organizations, and elements of the contras themselves knowingly received financial and material assistance from drug traffickers,” Kerry’s investigation stated in a report issued April 13, 1989.

Mysterious Contra Backer

In 1998, CIA’s Inspector General Frederick Hitz confirmed the earlier allegations of extensive cocaine trafficking by the Contras, including significant ties to Bolivia’s traffickers. Hitz also cited a partially redacted document referring to a “religious” group cooperating with the Contra-cocaine trade.

“There are indications of links between [a U.S. religious organization] and two Nicaraguan counter-revolutionary groups,” read an Oct. 22, 1982, cable from the office of the CIA’s Directorate of Operations. “These links involve an exchange in [the United States] of narcotics for arms.”

In 1982, the CIA quickly shut down any further reporting on this drug deal, citing the role of U.S. citizens. “In light of the apparent participation of U.S. persons throughout, agree you should not pursue the matter further,” CIA headquarters wrote on Nov. 3, 1982.

During the Inspector General’s investigation, Hitz conducted a follow-up interview, with Contra-connected drug trafficker Renato Pena, who described the redacted U.S. religious organization as a Contra “political ally that provided only humanitarian aid to Nicaraguan refugees and logistical support for contra-related rallies, such as printing services and portable stages.”

Moon’s religious-political groups, some based in the United States, were extremely active supporting the Contras in the early 1980s, suggesting that Moon’s Washington Times might have had more than an ideological reason to attack investigators exploring Contra drug trafficking.

To this day, the Washington Times remains a reliably right-wing voice in the U.S. capital. [Moon died on Sept. 3, 2012.]

Still, the CIA's shielding of the name of that "religious organization" and similar protective behavior represented a continuation of a long-standing pattern in which U.S. intelligence covered up for right-wing and neo-Nazi criminality, a dark history that began with the likes of Klaus Barbie and has extended "Hitler's Shadow" to modern times.

Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his new book, *America's Stolen Narrative*, either in [print here](#) or as an e-book (from [Amazon](#) and [barnesandnoble.com](#)). For a limited time, you also can order Robert Parry's trilogy on the Bush Family and its connections to various right-wing operatives for only \$34. The trilogy includes *America's Stolen Narrative*. For details on this offer, [click here](#).
