Andean Report by Javier Almario

The mafia's 'golden opportunity'

International pressures and economic woes have forced Colombia to invite in the IMF and the drug mafia.

Toward the end of February, the *junta monetaria* headed by Finance Minister Edgar Gutiérrez Castro ordered the Colombian central bank to begin buying up gold on the domestic market for $100 above the going international price. Not long after, the government announced that it was going to start selling its gold holdings on the international market in order to bring in dollars to replenish its drained reserves and pay its foreign debt.

Individuals with dollars to spare could thus buy gold on the international market for $380 a troy ounce and sell it to the Colombian government for the peso equivalent of $480 a troy ounce. The peso, officially pegged at 95.45 to the dollar, has in effect been made available at 120.55 to the U.S. dollar. In March, the central bank bought 60,000 ounces of the metal, 40,000 more than in February.

The decision not only implies a de facto 30% devaluation of the Colombian peso but, perhaps more importantly, opens the door to outright legalization of the drug trade. Both are conditionalities demanded by the international financial community in exchange for reopening the credit spigot.

The only holders of significant dollar caches abroad with the capacity to smuggle gold into Colombia are the same gentlemen who smuggle narcotics out of Colombia. As the National Association of Jewelry Makers in Colombia recently charged, the government's gold offer is providing an excellent laundering mechanism for Colombian traffickers. The only difference is that the infamous *ventanilla siniestra* ("sinister window") at the Banco de la Republica which once took in narcodollars, no questions asked, has now become a *ventanilla aurea,* a "golden window."

Colombia's vulnerability on the economic front is what has forced the country with the best record for fighting drugs on the continent into giving the drug mafia an open invitation. The collapse of trade both internationally and intraregionally over the past year has significantly cut into Colombia's export revenues. Its international reserves in 1983 fell from $4.3 billion to $2.5 billion, and in the first quarter of 1984 have dropped another $700 million.

With more than half of its remaining reserves in the form of gold bullion, Colombia has only enough liquid reserves left for four months of imports. Thus its desperation to bring in dollars by any means necessary.

The international financiers who control the credit flows to countries like Colombia have been pressuring for precisely such submission on the part of the Betancur government. Last November, the Swiss daily *Neue Zürcher Zeitung* warned Betancur to stop his war on drugs if he wanted the economy to survive:

"In the past decade, Colombia could depend annually on $2 to $3 billion which flowed from uncontrolled [illicit] exports of the most varying sorts. . . . Were the government's moralizing campaign to become the basis for a reduction in this area, Colombia . . . would see itself—even after a toughening of the already existing import restrictions—no longer in a position to earn the foreign exchange necessary for its economy. . . ."

Drug-linked financial interests in Colombia who see in the government's "buy dear, sell cheap" scheme a *golden* opportunity to buy up the economy wholesale are not wasting any time in urging the full-scale legalization of drug dollars. The daily *La Republica* editorialized openly on April 24 for using "dirty money" to pay the debt:

"[We recommend] that the dollars which operate on the internal market should have the option of investing in the acquisition, through bonds offered by the state, of part of the public municipal debt of Colombian cities. . . . The intention of such an arrangement for the national economy would be converting surreptitious money into legal tender."

Selling off its gold holdings is not the only measure the government has launched to try to beef up its anemic reserves. In the second and third weeks of April, the government placed some 850 import products on the prohibited list. Another 1,800 now require "prior licensing." Many of the prohibited products are food items, energy components, and tools. One importer of hospital chemicals told *EIR*, "I'm going to go bankrupt. Nearly all the products I imported are now prohibited. I don't know how many patients are going to die. . . ."

On top of the import cutbacks, the government has launched austerity measures the IMF would be proud of. In upcoming coverage, we will discuss these measures in depth. Meanwhile, those of you who have never seen Bogotá's famous *Museo del Oro* had better hurry.