

Andean Report by Valerie Rush

The parallel state

The drug trade's "true strategic center is finances," states the head of Venezuela's national anti-drug council.

With a year more to govern, President Jaime Lusinchi of Venezuela is not only severely weakened politically, but is facing economic disaster under the burden of an unpayable foreign debt and a global oil price collapse. After ramming through a highly unpopular refinancing of Venezuela's foreign debt with the creditor banks, in return for which his administration received not a penny in new credit, Lusinchi lost his bid to impose his favorite as the next presidential candidate of the ruling Democratic Action party (AD) to a bitter rival, ex-President Carlos Andres Pérez.

Venezuela's economic and political vulnerability, combined with intense pressure from international creditors to "open up" to greater "investment" from abroad, has allowed the drug-trafficking mob to surface as a "parallel state," in much the same way as in neighboring Colombia.

In September, a scandal blew up when seven convicted drug traffickers were freed from jail by a judge. Justice Minister José Manzo González scored the penetration of corruption into national institutions. Manzo presented President Lusinchi with a list of nearly 500 judicial decisions favoring drug traffickers in the previous six months. Without a persistent anti-drug commitment from the executive, he warned, "... the country would truly become a *parallel state*, and drugs would have penetrated to such an extent that it would be impossible to control."

An inventory of cocaine coming out of Venezuela and captured abroad over the past year, suggests how big the problem is: 3,100 kilograms of cocaine seized in Florida, in October 1986; 400 kilos in Curaçao, in April 1987; 1,060 kilos in Miami, in September 1987; and important seizures in Portugal, England, Holland, and Greece, all originating from Venezuela. These seizures reflect no more than 10% of the actual cocaine flow out of Venezuela.

Cattle raisers from the states of Táchira, Barinas, and Apure—all bordering on Colombia—have denounced purchases of border farms by strangers with "cash in hand." A special congressional commission reported that numerous cocaine-refining laboratories were being discovered along the border. Apparently, Venezuela no longer serves as just a transshipment point for Colombian cocaine, but is now a mafia base of operations—refining, and possibly production, of the drugs themselves.

Both the transshipment and production of cocaine in Venezuela are merely the advanced symptoms of a more deep-rooted disease, namely, the corruption of the Venezuelan financial system going back at least five years. Bayardo Ramírez Monagas, the head of Venezuela's national anti-drug council, identified the problem from a global standpoint, in an address to the fourth regional conference on preventive education against drug abuse and trafficking:

"The true strategic center of [the drug trade] is finances. This is what must be attacked. . . . Urgent measures are required to help establish controls on international financial capital. . . . For this, it is necessary to reform banking laws and to eliminate the so-called secret banking, reform the laws of the central banks of each country, establish control of taxes, and develop sanitary control of the pharmaceutical industry, to verify the destinations of certain products. . . ."

The degree of corruption in high places needed to cover up the vast amount of drug-money laundering through the Venezuelan banks is hard to hide. A series of scandals has broken out in recent weeks, implicating judges, police officials, retired military officers, congressmen, even ministers, in complicity with the drug trade. Some of the accusations, no doubt, are true. Others are likely serving the mafia's purpose of knocking anti-drug forces out of the ring.

Where the scandals will lead, given the vulnerability of the Lusinchi administration, is anybody's guess. What is clear is that by complying with the looting dictates of the international banking community, Venezuela has stripped itself of any capacity to fight the "parallel state."

On Oct. 2, Manzo told the press: "We can pay our debts, and make ourselves solvent, but if the country and its fundamental institutions are penetrated by drug traffickers, and the majority of the population—above all its youth—are addicted to drugs, it would be very difficult to call ourselves a free country. . . . Not only is this a problem of the state, but, fundamentally, it is one of national defense, since a country dominated by drugs is incapable of fulfilling its priority function, which is defense of its borders and of its national sovereignty."