

## EIR Feature

# The IMF 'Opium War' on Ibero-America: a decade later

by Gretchen Small

In its Sept. 18, 1978 issue, *Executive Intelligence Review* published a cover story on the narcotics trade entitled, "Why the World Bank Pushes Drugs," which warned that the marijuana crop in Colombia had just tripled, bringing a new "tidal wave of drugs" into the United States. *EIR* charged this was "the first phase of a deliberate and operational plan by the World Bank, International Monetary Fund and allied London, Amsterdam and . . . American financiers . . . [to] force major portions of the Third World to abandon 'expensive, wasteful' development hopes, and become profitable, starving narcotics plantations."

Over the course of the past decade, Dope, Inc. has more than doubled its annual take from Ibero-America—from \$63 billion per year to \$130 billion per year—and over this ten-year period has accumulated close to a trillion dollars in drug lucre from the continent!

The first phase of this bankers' "Opium War" against Ibero-America completed, a new phase has now begun. Drug criminals demand the narcotics trade be legalized. Corrupted politicians speak of benefits to be gained by taxing all those narcotics profits. Economists write of the cost-saving "economies of scale" which can be achieved if the heroin "industry" is legalized, and heroin sold in American drug stores.

*Fortune* magazine's June 20, 1988 issue exemplifies the new offensive. Displaying on its cover Colombian narco Rodríguez Gacha—on whose ranch the mauled body of kidnaped Colombian Attorney General Carlos Mauro Hoyos was found in January—*Fortune* introduces "The Drug Trade" as the following: "Think of it as a huge, multinational commodity business with a fast-moving top management, a widespread distribution network, and price-sensitive customers . . . the fastest-growing industry in the world and . . . unquestionably the most profitable." *Fortune* suggests the time has come to talk of "waving a white flag," starting by legalizing marijuana.

The very fact that legalizing narcotics is debated as a possibility today, shows how far the drug criminals have advanced in their campaign to destroy Western morality.



*Supporters of the National Organization for the Reform of Marijuana Laws express the views of the international bankers who pull their strings, at a 1981 "pot parade."*

In May 1986, the cocaine cartel chiefs in Colombia sent an open letter, published by *El Tiempo*, which proclaimed that the proof that they "are neither bandits nor criminals," is that "we, the mafia . . . [have] offered in a very disinterested way . . . to pay off the entirety of the Colombian foreign debt," and to seek "the right to bring back into the country our capital, which is currently in foreign countries. In truth, these resources could generate employment by paying taxes and generating foreign exchange that could help relieve our weakened national economy." Among those who signed the letter, are the top killers of the cocaine trade: Carlos Lehder, Pablo Escobar, Fabio Ochoa, Rodríguez Gacha.

### **The drug trade is genocide**

The premise of the immoral campaign for drug legalization is that the war on drugs has been lost. The truth is, it has yet to be launched. The time has come for a change in strategy, not for capitulation. Governments must launch a strike against the Western stronghold of the dope cartel itself: the banking cartel, which *EIR* warned in 1978 is the leading institutional power seeking to transform the Americas into one vast drug plantation. It is *they* who have launched an "Opium War" against the nations of Ibero-America—and the youth of the United States.

In this feature, *EIR* reviews what has happened over the past decade in the Ibero-American economies. The consequences of governments' failure to take on the banking cartel and its policies are devastating. The banks have succeeded in forcing through the "structural adjustment" they sought in the economy of the region: The industrial, productive econ-

omy lies dying as its labor, resources, and credit are sucked off by the drug economy.

Where are the jobs, the wealth, the improvements in standards of living to Ibero-America which the drug lobby tells us the dope trade has brought to Ibero-America? The drug trade has not only killed the minds and bodies of those who consume drugs; to establish mass production of these narcotics *required* that the productive economy of entire nations be killed also.

Interdiction, eradication, military raids, and confiscating all wealth of those caught profiting from narcotics, are all crucial elements of a war against drugs. But even these will not be sufficient, until the economic policies which have forced entire nations into the drug trade are reversed.

Until they are reversed, for every plant eradicated, shipment seized, trafficker caught, or bank account shut, ten more of each will be generated.

### **On the record**

No secret has been made of the fact that the Western banking cartel set out to transform developing sector nations into drug economies, as the most "profitable" means to generate surplus to maintain their crumbling international financial system. Banking officials discussed it openly back in 1978.

"I've just returned from Bolivia, and I know that the coca industry there is highly advantageous to producers. In fact, from their point of view, they simply couldn't find a better product. Its advantages are that no elaborate technology is required, no hybrid seeds; the land and climate are perfect,"

John Holdson, senior official for Latin America in the World Bank's International Trade and Monetary Flows department told investigators in 1978.

A Colombian specialist at the IMF likewise argued: "From an economic viewpoint, marijuana is just a crop, like any other. It brings in foreign exchange, and provides income for the peasants. . . . Legality is a relative concept. In a few years, marijuana may become legal anyway."

The handing over of Jamaica to the drug trade, was duly recorded by Anglo-American financial journals as it occurred. The London *Observer* wrote in 1980, "the IMF is now helping . . . those who want to legalize pot."

On Nov. 3, 1983, the Swiss bankers' newspaper, *Neue Zürcher Zeitung* warned that anti-drug efforts had better not threaten the flows of profits from what they chose to call "uncontrolled exports": "Colombian products are of limited interest for the industrialized countries. . . . In the past decade, Colombia could annually depend upon \$2 to \$3 billion from uncontrolled exports, which were available to the country. Were the moralizing campaign of the government to reduce this source of funds, Colombia would find itself no longer in a position to earn the foreign exchange necessary for its economy."

Aspen Institute's Inter-American Dialogue was even more blunt about bankers' fears that anti-drug efforts might curtail drug revenues now feeding debt payments, in their 1986 Report, *Agenda for the Americas*. "Waging war on drugs costs money. More important, it will inevitably result in the loss of . . . foreign exchange that the drug trade provides

. . . [which] amounts are substantial for strapped economies carrying large burdens of external debt." states *Agenda*.

In 1988, the U.S. State Department joined the ranks of those publicly extolling the "benefits" of narcotics revenues. The section on money-laundering in the Department's March 1988 *International Narcotics Control Strategy Report*, acknowledges that "negative perceptions of the effects of narcotics money laundering" exist, such as the fact that "proceeds from drug-trafficking are used to finance other criminal activities." But it adds:

"Despite these serious problems, laundering criminally derived money can provide benefits to some otherwise economically unattractive countries. Such monies create an influx of capital which can lead to a stimulation of the country's economy. The increase in capital created by the criminally derived money increases money reserves, lowers interest rates, creates new jobs and, in general, encourages economic activity. Some officials are, therefore, reluctant to take action or provide information on money laundering activities."

The *Report* names the bank lobby as the agency which has ordered governments throughout the Americas to leave their drug profits intact. On page 51, we are told:

"Many governments face objections from strong bank lobbies, whose constituents stand to lose substantial deposits, commissions, and fees if their governments outlaw trafficking in drug proceeds."

Indeed, until the United States has a government which is willing to face its "bank lobby," narcotics will continue to destroy its citizens.

## The first Opium Wars

In 1715, the British East India Company opened its first Far Eastern office in the port city of Canton, and began trading in opium. From then until 1840, when the First Opium War against China broke out, Great Britain did not take over the opium trade; the opium trade took over Britain. The means by which this occurred was the quasi-coup d'état headed by Lord Shelburne, who in 1783 brought to power in London the political and financial faction which had run the Asian opium trafficking.

When, in 1840, the Chinese emperor, confronted by a galloping addiction crisis which was destroying both the mandarins and the nation, tried to crack down on the British trading companies and their dope smugglers, Great Britain went to war.

In 1839, the emperor had named Lin Tse-hsu Commissioner of Canton to lead a campaign against opium. Lin launched a serious crackdown on the British-sponsored Chinese drug gangs. When he moved to arrest a

British national employed by the drug-trafficking houses, Crown Commissioner Capt. Charles Elliot intervened to protect the drug smugglers with Her Majesty's fleet.

The British Crown had its *casus belli*. The Chinese forces, decimated by 10 years of rampant opium addiction in the Imperial Army, proved no match for the British. When the British laid siege to Canton in 1840, painfully aware of the fact that prolonging the struggle would strengthen the British negotiating position, the Chinese emperor petitioned for a treaty in order to end the war.

The First Opium War defined the proliferation of and profiteering from mind-destroying drugs as the cornerstone of British imperial policy. But not a dozen years had passed when the British Crown precipitated the second war, again with disastrous consequences for the Chinese, and again with monumental profits for the London narcotics pushers. Out of the Second Opium War (1858-60), the British merchant banks and trading houses founded the Hongkong and Shanghai Banking Corporation, which still today functions as the central clearinghouse for all Far Eastern financial transactions relating to the black market in opium and its heroin derivative.