

Russia and Eastern Europe

Dope, Inc.'s newest 'growth market'

by Linda de Hoyos

There are no official figures showing the extent of narcotics cultivation and production in the countries that formerly composed the Union of Soviet Socialist Republics and its Warsaw Pact allies. However, there is no doubt that since 1989 and the fall of the Berlin Wall, Dope, Inc. has vastly increased its production capacities and consumption market in these countries. The flooding of these countries with easy drugs, the mushrooming of "criminal gangs" and mafias, the jump in drug-related crime, and seizures of tons of narcotics, with a street value in the billions, in a single year, paint the picture.

Dope, Inc. has waged a new opium war against the Newly Independent States (NIS) and Russia, comparable to the first opium wars against China. It would be mistaken, however, to attribute the near takeover of eastern European, Russian, and Central Asian economies by Dope, Inc., and its higher-level controllers, to the fall of communism. The floodgates were opened by British Prime Minister Margaret Thatcher and U.S. President George Bush. The International Monetary Fund supplied the economic "gunboats" that forced open the former Soviet economy to the drug trade. While putting the populations into penury, the International Monetary Fund's (IMF) free-trade regimen, imposed on Russia, gave Dope, Inc. and its local offspring a field-day.

The process is similar to that which has taken place in Nigeria. The emergence of Nigerians in the international drug circuit as couriers, and of Nigeria as a transshipment point for drugs, coincides precisely with the imposition in 1986 on Nigeria of an IMF "structural adjustment program" that reduced Nigerians' per capita living standard by 75% in eight years!

Tons of it

According to the U.S. State Department's *International Narcotics Control Strategy Report* of March 1996, law enforcement authorities in Russia seized

more than 90 tons of illicit drugs in the single year of 1995! As an overpopulation of vermin forces significant of their numbers out into the daylight, so the superabundance of drugs in the Russian economy has netted seizures of huge amounts of drugs. Giving an idea of Dope, Inc.'s expansion, the amount of drugs confiscated has tripled in the last three years. Seizures in other NIS countries point to the same phenomenon:

- In Georgia, 2.5 tons of marijuana were seized in 1995, and 12,000 poppy plants.
- In Kyrgyzstan, 1 ton of opium was seized in 1995.
- In Armenia, 17 tons of cannabis and opium were destroyed in 1995.
- Moldovan authorities say they confiscated 2 tons of illegal narcotics last year.
- In Ukraine, more than 23 tons of illegal narcotics were seized in the first six months of 1995 alone. In 1994, police grabbed one haul of 3.5 tons of narcotics at the Russia-Ukraine border, as Ukraine has not only become a major transshipment point for Golden Crescent drugs into Europe, but also a drug producer itself.
- In Uzbekistan, in 1994, two major shipments of marijuana, each weighing in at 15 tons, were interdicted. The shipments were on their way to Turkey and the Netherlands, from their origin in Afghanistan and Pakistan.

The seizures are the tip of the iceberg of the actual dope flow through the NIS. This flow includes 1) the domestic distribution of narcotics grown there or synthetic drugs produced there; 2) the flow of domestically grown narcotics out of the NIS states to other points—notably western Europe and the United States; and 3) the opening up of Russia, Central Asia, and eastern Europe as a major drug transshipment nexus.

Britain's opium war on Russia may ultimately have the same annihilating effect on the population as London's opium war against China in the nineteenth century.

Although, officially, the figure for drug users in Russia is 1-1.5 million, as early as

May 1992, the newspaper *Nezavisimaya Gazeta* reported on an explosion of drug addiction: "According to the latest expert estimates, 5.5 to 7.5 million people regularly use narcotics in the territory of the former U.S.S.R. At the beginning of 1991, this figure was only 1.5 million. Specialists believe that the process of headlong narcoticization of the country will continue for the next five to seven years." The International Association for Combatting Drug Addiction and the Narcotics Trade estimates that there are 6 million drug addicts in Russia—4% of the population—and that 20 million have tried drugs at least once. They expect the number to double within the next four years. Official Russian reports state that drug consumption has been increasing at a rate of 50% per year, since 1989.

The streets are virtually flooded with the stuff, in the same way as the inner-city ghettos of residents of the United States suddenly found their streets awash with heroin in the late 1950s. *Nezavisimaya Gazeta* further reported that, "while, earlier, a 'new' drug would appear on the Soviet 'market' every five to ten years, in the capital alone," during the first three months of 1992, "three new powerful stimulants had arrived," including cocaine from South America, which has become the drug of "fashion" among Russia's youth elites.

It is noteworthy that the Russian Ministry of Internal Affairs, which had a figure of 1.5 million regular drug users in 1993, estimated that 70% of those users were under 30 years of age, and 8.5% of those users were under-age children. Drug addiction is especially strong in the cities and industrial centers.

The skyrocketing of drug use in Russia is matched by that in other countries, particularly eastern Europe. The Bratislava-West Slovakian region of the Slovak Republic, for instance, reported a more than tenfold increase of heroin addicts referred for treatment from 1992 to 1994, according to the State Department report. Whatever the officially reported figure, it is generally acknowledged that the actual number of regular drug users is ten times the official count, and all sources agree on growth rates of addiction in the range of 33-50% per year.

Drug-related crimes are increasing at even greater rates: According to the wire service Novosti on Nov. 20, 1994, the Russian Internal Affairs Ministry reported that drug-related crime had risen 60% in the first nine months of 1994, over 1993.

In Russia, the newspaper *Vecherny Petersburg* claims for that city the title of the

Narcotics-trafficking routes: Russia and Central Asia



Sources: NNICC; DEA; UN; EIR.

The former Soviet Union is Dope Inc.'s most promising growth market. Narcotics consumption rates are rapidly climbing. Cheap domestic marijuana, synthetic drugs, and opium derivatives, are available for export to the West.

- 1.** The **Central Asian republics** are being taken over by the Golden Crescent narco-economy, and are now used for both narcotics production and transshipment.
- 2.** The **Baltic ports** are used to smuggle narcotics from Central Asia, and raw materials from throughout Russia.
- 3.** The **Balkan route** is used to smuggle everything from cigarettes to narcotics and weapons.
- 4.** The **Cyprus banking system** is central to Russian capital flight, the laundering of narco-dollars, the use of these narco-dollars to buy Russian privatized assets, and the looting of Russia's raw materials.
- 5.** The **City of London** and the **London Metal Exchange** are the centers for the looting of Russia's raw materials, and the use of the commodities trade for narcotics money-laundering.

“northern capital of the drug trade,” since, as stated in an article on April 1, 1994, “its location is convenient for the transit of drugs from Asia to Scandinavian countries and the Baltic states.”

The city’s function in Dope, Inc., has taken its toll on the city’s populace. The August 1995 *Zakonnost* carried an article by A. Stukanov, head of the Criminal Forensics Directorate, stating that “the total number of enterprises involved in narcotics distribution in St. Petersburg almost doubled in 1994. More than 1,000 criminals were sentenced, 75% of them for illegal manufacture, acquisition, or possession of narcotics with intent to sell. . . . Among the people convicted in 1994 of the production, sale, and theft of drugs, and establishment of drug haunts . . . 84% are criminals under age 30.”

The Eastern nexus

Since at least 1992, the criminal gangs in Russia have been operating in cooperation with the international cartel operators, represented, for instance, by the Cali Cartel. In 1992, Cali Cartel mobsters came to Russia to meet with their criminal counterparts. Business started immediately, rising to such levels that in 1993, in St. Petersburg, police seized 1 ton of cocaine originating in Colombia. According to an official of the Russian Ministry of Internal Affairs, the shipment had come from South America to Finland by sea, and then was taken to St. Petersburg by road, where it was seized. The cocaine was hidden in tins labelled as containing meat for Russian consumers. There were 20 tons of cans altogether.

Officials of the Russian Ministry of Internal Affairs and their western counterparts tend to emphasize that the dope trade in Russia, eastern Europe, and Central Asia is run by criminal gangs, most of which are organized along ethnic divides. The widely publicized role of the Chechen criminal clans, and of the Chechen Republic as a processing and transshipment zone in Russia, is a case in point.

But this picture of the dope trade as run by a bunch of individual criminal gangs, is the same as saying that a train is nothing a but a bunch of boxcars. What makes a train a train, are the *linkages between* the boxcars—and the engine. Although each criminal gang may be organized internally along ethnic lines, these gangs are in constant contact with each other, passing and receiving huge shipments of drugs being passed from third parties, often located continents away.

The total picture of the drug-smuggling routes into Russia from Central Asia and the

Golden Crescent, back out through Russia into eastern and western Europe, and the flow of drugs from the Western Hemisphere into and then out of Russia and eastern Europe, shows a fully integrated trade, using any criminal gang as the feet on the street. There is one international drug cartel directing the overall flow, market delivery, and price. Its engine is the biggest profiteers of Dope, Inc., the money-launderers and the controlling banks that are raking in the money.

The St. Petersburg bust is but one case exposing the cross-directionality of the drug flows, into eastern Europe and Russia, for transshipment back out to western Europe. The newly independent Baltic states are playing a key role in this routing. One cocaine route travels through Lithuania, according to the State Department report. Cocaine is smuggled from Germany through Lithuania to Russia; the cocaine also flows in the opposite direction. Cocaine is also being smuggled into eastern Europe via airports in Bulgaria, the Bulgarian criminal gangs being more directly allied to the Italian Mafias, which in turn, cooperate fully with the South American cartels. The Czech Republic has also become a depot for transport of cocaine into western Europe.

The Baltic states are also being used for transshipment into western Europe from as far away as the Golden Triangle. Estonian drug couriers have been arrested in Thailand. Opium and hashish cargoes are often transferred to Estonian ships bound for western Europe, especially Scandinavia.

Poland: Dope, Inc. depot

Poland is the “Grand Central Station” for drug flows, reports of the U.S. Drug Enforcement Administration (DEA) show. Marijuana and cocaine come in to Poland from the Baltic Sea from the Western Hemisphere and Africa bound for points east and west. Heroin and marijuana also come into Poland from the eastern border with Ukraine, where it is transported to western Europe. The amount of drugs flowing through the country is so dense that in May 1993, Polish Customs officers seized 4.4 metric tons of hashish. In November 1993, a 2.5 metric-ton shipment of hashish was intercepted; its point of origin was Afghanistan. An additional 2.5 tons of the same shipment had been seized in Belarus. In December 1993, Polish Customs seized half a ton of marijuana that had arrived on a KLM (Dutch airlines) flight from Lagos, Nigeria. On April 18, 1995, 2.1 metric tons of marijuana were seized from a container which had been transported on the Danish

ship *Maersk Euroquinto*. Reportedly, the container had been loaded in Rotterdam in a legitimate shipment of ginger. The marijuana shipment was intended for transshipment through Poland to western Europe.

Heroin is also being moved on the roads. Polish police authorities, according to the DEA, say that Nigerians, Turks, Indians, and Pakistanis recruit Polish couriers to transport heroin from the Golden Crescent and Golden Triangle to points west.

Lastly, Poland is itself a major producer of amphetamines for consumption in western Europe. According to the DEA, Poland ranks second only to the Netherlands in the illicit production of amphetamines for the overall European drug market. But this is not necessarily a rivalry, but cooperation—Swedish authorities have determined that most of the amphetamines consumed in that country are produced in the Netherlands, and smuggled into Sweden through Poland (see article, p. 6).

Poland assumed its key role as the stationhouse for European drug routes after the launching of the Balkan war. Its services to Dope, Inc. have not left the Polish people unscathed. Officially, there are 40,000 drug addicts in Poland. One-third of its intravenous drug addicts are HIV-positive. But Poles don’t consume the high-priced drugs arriving in their ports and airports. Most addicts consume processed poppy seeds with a high opium content, grown in Poland’s own illicit poppy fields, but considered of too poor quality for export. In 1993, police located 4,000 illegal poppy fields in Poland. Commensurate with Poland’s rise in the drug world, is its crime rate, which has nearly doubled yearly in the 1990s.

Ukraine: the Dope, Inc. grip

Another country caught in the drug cross fire is Ukraine, once the breadbasket of eastern Europe and the Soviet Union. In only the first six months of 1995, Ukrainian authorities seized 23 tons of illicit drugs, including hashish, opium poppy straw, and amphetamines. Ukraine is also a critical transshipment point for chemicals, such as acetic anhydride, which is produced in large quantities in Russia, for use in opium refining to produce heroin in the Golden Crescent.

As early as 1993, leaders in Ukraine were sounding the alarm on the Dope, Inc. takeover of their country. The New Jersey-based *Ukrainian Weekly* reported in May 1993 that the Ukrainian Security Service had called a special meeting of regional administrators to draw up plans on how to thwart the criminal takeover of the economy.

The *Weekly's* correspondent Dmytro Filipchenko reported: "Profiting from the after-effects of the collapse of the U.S.S.R., various gaps in the existing legislation and enforcement, and a lack of regulation of economic relations between the enterprises and the state, criminal elements have created so-called 'support groups' in the higher echelons of authority in Ukraine. They have also forged strong links with international organized crime groups, and diversified their activities—primarily in banking and trade." On the last point, it was reported by the newspaper *Kiev Pravda* in August 1993, that drug dealers from Russia, the United States, and Ukraine had held a grand council in Zurich, Switzerland, to set goals for drug expansion in eastern Europe.

The *Ukrainian Weekly* article listed the methods to be used: "The principal goals of the Ukrainian mafia today are perceived to be: to obtain illegal easements in export trade; to illegally obtain raw materials; to use foreign investments to fund criminal activities (such as narcotics, production and traffic, and the sale of nuclear materials); and to embezzle humanitarian aid arriving to Ukraine from abroad.

"As a result, organized crime in Ukraine is struggling to achieve control over the entire import and export system of the country" (emphasis added).

As always, Dope, Inc. in Ukraine is feeding on the destruction of young minds. According to the Ministry of Internal Affairs, the spread of drug consumption there has been "alarming." The cause is not only poverty and economic crisis, but, said a ministry official, "superabundance."

"Every year," *Kiev Pravda* reported in July 1993, "more than 6,000 drug addicts are registered in Ukraine, of which more than 40% are minors. More than 90% of all addicts are under 30 years of age. Half of them become addicted as teenagers."

Czech Republic: Shangri-la

To the Czech Republic, Dope, Inc. has given the special role as the "Nepal" of eastern and western Europe—a Dope, Inc. tourist trap. The government signed on, when it passed legislation which permits personal possession of drugs. Simultaneously, drug prices dropped. The combination has made the Czech Republic a drug attraction for tourists from western Europe, especially Austria and Germany, where cocaine and heroin sell for three times their price in the streets of Prague.

The Czech Republic also functions as a launching pad toward the East for the Italian

Mafia groups, such as the Neapolitan Camorra and the Sicilian Mafia. Drugs go the other way also: Kosova Albanians, Russians, Turks, and local Czechs move large cargos of heroin from the Golden Crescent to western European markets. South American traffickers are also finding safe passage through the Czech Republic. One ephedrine-smuggling route from Mexico has been discovered, and cocaine is now arriving in Czech airports, along with the drug tourists.

The Central Asia bonanza

While the western mafias are walking in the front door opened by the Thatcher-Bush imposition of free-trade globalization on Russia and eastern Europe, by far the biggest flow of drugs coming into and through Russia and eastern Europe, comes in through the back door, from Central Asia and the Golden Crescent of Afghanistan and Pakistan. As the agency Novosti described it in August 1994: "With the collapse of the U.S.S.R., opium from Afghanistan, Pakistan, and Iran started flooding into the NIS states. And though border guards and customs officers are doing their utmost, the major part of these lethal powders still seeps through the cordons. The new so-called Silk Road is very convenient for smugglers. It has replaced the former mainline into Europe, through Turkey and Bulgaria, which has become far more dangerous because of the political situation in the Balkans."

Hence, even before the opening of Russia and Central Asia to real economic development and trade along rail corridors organized as a new Silk Road spanning from Beijing to Paris, as proposed by American Presidential candidate Lyndon LaRouche, the Thatcher-Bush policies have produced a *drug* Silk Road (Map 15).

Evidence suggests, furthermore, that one of the major facilitators of this "Drug Road" is the Russian Army. According to some reports, up to 40% of the Russian and allied soldiers who fought in the Afghanistan War became addicted to drugs. As one official of the Russian Ministry of Internal Affairs admitted in a press conference in 1994, in answer to a question on this point, "Yes, there is some form of cooperation [between servicemen and the drug traffickers]. It's true that the drugs fall into the hands of the servicemen. We carried out a number of operations . . . to check army units deployed in and outside Moscow. A number of cases were revealed in which drugs were trafficked to and from the barracks." And in cities such as Dushanbe, Tajikistan,

sources report that Russian soldiers frequent the finest restaurants in the city—flush with funds from the drug trade.

The Golden Crescent of Pakistan and Afghanistan was launched with the Afghanistan war (see article, p. 25). This is the major source of heroin and opium going into the NIS countries.

The price of the heroin goes up every time it changes hands along the route, reported Anatoly Baranov in the Russian daily *Pravda* of Sept. 21, 1994, and has become the most lucrative form of business. "Tajiks have very little money. . . . Even when there is paper money, the Tajiks have nowhere to earn it—all industry is standing idle, agriculture is extremely unprofitable and inadequate, and trade is utterly disorganized." The expanded drug trade, coming in from Afghanistan, says Baranov, is flourishing as a result. In Tajikistan, drugs are called "modeling clay," and a kilogram of it in neighboring Afghanistan costs 80,000 rubles, or about \$35-40. "When it crosses the Pyandzh in a smuggler's bag, it increases in price approximately tenfold, and in the border regions of Pamir is valued at 800,000 rubles [\$35-40,000]." In Dushanbe, it is worth 2.5 million rubles, and in Moscow 10 million rubles.

Baranov reports that Afghanistan accepts anything in payment for the heroin—"hardware, ammunition, flour, military matériel, gasoline, and diesel fuel." He further claims that the Russian Army rear services directorate rides shotgun on food and fuel being sent into Afghanistan, in exchange for the drugs.

In addition to carrying heroin from points southwest, the newly independent countries of Central Asia, which have traditionally grown quantities of opium for local consumption, have now emerged as significant producers in their own right, placing these countries, which were already the poorest sections of the U.S.S.R., under the mercy of Dope, Inc. As Novosti reported in 1995, "Under conditions of war, it is difficult to cultivate agricultural land. Harvests suffer. But the planting of opium, for example, does not require any special conditions, and the profits are incomparably higher than for any of the products of normal agriculture. . . . For example, 1 hectare of a fruit-tree farm yielded in 1991, 15-20,000 rubles, but opium (5 kilos of raw opium) yielded 2.5 million rubles."

• In Tajikistan, drugs are cultivated in the Pamir region in the east of the country, called Badakhshan, whose population are mostly followers of the Ismaili Prince Karim Agha Khan. Sources report to *EIR* that once a traveler steps out of the capital of Dushanbe, he sees poppy fields everywhere in the country-

side. Opium grown in Tajikistan is shipped north to Osh, a largely Uzbek city within Kyrgyzstan on the Uzbek border.

- In Uzbekistan, opium poppy and hashish are cultivated in the mountainous regions of Uzbek, particularly in the regions of Samarkand and Syrhandarya, reports the State Department. But Uzbekistan's use to Dope, Inc. is mostly as a brokering center and transshipment point for drug operations.

- In Turkmenistan, opium has traditionally been produced for local consumption. Most opium poppy is grown on the Iranian border in the Akhal Velayat, which contains Ashgabat, and in the eastern regions of Lebap and Mary. As the State Department explains it, "Opium is *bartered by the local producers for scarce commodities like bread and fuel*" (emphasis added).

- Kyrgyzstan is a traditional opium producer, and after the Soviet Union banned its cultivation in 1973, illicit cultivation, mostly in remote mountainous regions, continued. In 1995, authorities seized 1 ton of indigenous opium. Cannabis is also produced here.

- In Kazakhstan, police seized 6 tons of illegal narcotics in 1995. Marijuana is the most important drug crop, but ephedrine and opium production is on the rise. Most of this production occurs in the vast Chu Valley, which also spans part of the territory of Kyrgyzstan and Uzbekistan. According to some reports, there are some 40,000 hectares of opium fields in the Chu Valley, and 4.5 million hectares of hemp (marijuana). Ephedra plants, from which ephedrine is derived, grow wild in the Taldy-Korgan and Dzhambyule regions, with 2,000 tons harvested in a single summer.

Novosti further reported in 1995 that Russia itself is not immune from the narcotics cash-cropping. "In Russia, 1.5 million hectares of wild-growing hemp are registered. One hectare yields approximately one ton of narcotics material annually. Narcotics plants (hemp, poppy, oil-poppy) flourish in southern Russia, in the non-Black Earth territory, in the Far East, in Tuva, the Caucasus, Buryatia, Siberia, and other regions. *The annual growth of narcotics cultivation is 10-15%*" (emphasis added).

Perhaps nothing better illustrates the Dope, Inc. degradation of the Russian economy, than the way in which Russia, Poland, and other former Soviet satellites have become leading producers of amphetamines. Underground synthetic drug laboratories have become the major employers for thousands of chemists, thrown on the scrapheap by the Thatcher-Bush free-trade regimen, left to try to survive on \$20 a month.

The Dope, Inc. invasion of the Russian economy

by Roger Moore

In November 1991, at a conference of the Schiller Institute, only three months after the breakup of the Soviet Union, *EIR* editor Dennis Small presented to an audience of 400 people a documented picture on the disaster that the application of neo-liberal "free trade" dogma, especially its "shock therapy" form, has brought to the countries of Ibero-America. Small warned the audience of representatives of 36 countries, including from eastern Europe and almost all the newly independent states (NIS), that if they accepted the "reform" policy being pushed from the West by such Harvard yuppies as Jeffrey Sachs, "this is what will happen to you." Small cited the case of Bolivia, where Sachs admits that the tin- and oil-sector workers, laid off as a result of his reforms, had gone to work for the coca growers. Now, in early 1996, we read about laid-off fish cannery workers in the Soviet Far East growing marijuana and bartering it for food.

Not only have the populations of Russia and the NIS been reduced to desperate impoverishment, forcing them onto the payrolls of Dope, Inc., as foot soldiers. It is under the financial framework of the shock therapy imposed on Russia and the NIS countries by British Prime Minister Margaret Thatcher and U.S. President George Bush, that the filthy lucre produced by the criminalization of these economies reaches its ultimate destination: the coffers of Dope, Inc., primarily in the West. Thanks to Thatcher and Bush, Russia traded in communism for the British Empire's dope-driven black economy—offshore financial centers, metals speculators, money launderers, crime networks, and drug traffickers.

Meanwhile, in the last six years, Russian industry has been shrunken to 40% of its previous levels. Russian flight capital, on the order of \$300 billion, is locked into the global financial system's speculative nooks and crannies, and a vast black economy of smuggling and crime in Russia runs the scale from hard-core criminals to members of the *Nomenklatura* with Swiss bank accounts. But, as much as Russians are accountable for their own country's fate, the

logistics for this criminal revolution came from the West, and the Russians who joined whole hog, were often already active in the East-West weapons-for-drugs economy, where the borders between the Warsaw Pact and NATO were faded.

Within Russia, all experts admit that the institutional chaos, associated with the shock therapy reforms, has led to uncontrolled borders, unregulated banking, unbridled smuggling, underpaid police facing mafias flush with dollars, and a collapsing health care system for addicts. How did this Dope, Inc. takeover of the Russian economy happen?

Bust the ruble

A crucial step in the looting of Russia was the destruction of the Russian ruble. This plan went into high gear in January 1992, with the Gaidar reforms. Prices were decontrolled, inflation soared to rates of 2,000% per year, and dollarization of the Russian economy began. By December 1992, the ruble had crashed from 1.81 to the dollar in 1991, to 500 rubles to the dollar. By December 1993, it was 1,250 to the dollar, and by December 1994, it was 3,306 to the dollar. "Doing business" in the ruble became a losing proposition, with the result that transactions generating hard currency became the name of the game. Anything that could get a price in Western markets was bought, stolen, or swindled out of the domestic economy and shipped out.

The street mafias, an outgrowth of black marketeering under the Soviet system, became institutionalized, under International Monetary Fund (IMF) reforms, when Gorbachov privatized much of the retail sales infrastructure in the Soviet Union. These so-called cooperatives were picked up by regional *Nomenklatura* figures and their appended assortment of criminal contacts. According to Yuri Dashko of Moscow's Academy for Economic Security, this was a conscious policy to "integrate the shadow economy into legal areas."

The flood of Western consumer products, increasingly out of the reach of the impoverished average Russian, poured in through