

division helped him set up bank accounts in Switzerland. At the time, the bankrupt Citicorp was secretly being run by the Fed, which scrutinized all major transactions.

Bankers Trust—which cheated its customers so blatantly in 1994 that one, Procter & Gamble, accused the bank in court of racketeering—recently pleaded guilty to felony charges of misappropriation of unclaimed deposits, and was slapped on the wrist. The plea was timed to coincide with the bank’s

takeover by Germany’s Deutsche Bank.

In case after case, commercial and investment banks caught laundering drug and related dirty monies have received only minor punishment, while leaving the laundering capability intact. These same banks have fought bitterly against efforts by law enforcement to follow the money chain, thereby heading off any serious blows against Dope, Inc.

Wall Street and the State Department’s new allies: Colombia’s ‘Third Cartel’

by Dennis Small and Gretchen Small

As U.S. leader Walter Reuther used to say, “If it looks like a duck, walks like a duck, and quacks like a duck, then it just may be a duck.”

So, too, it can be said, that the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN) guerrillas are *drug-runners*. Not “freedom fighters” with whom to discuss, but *drug-runners*. In fact, they are Colombia’s “Third Cartel,” superseding both the largely defunct Medellín and the Cali cartels of the 1980s and early 1990s.

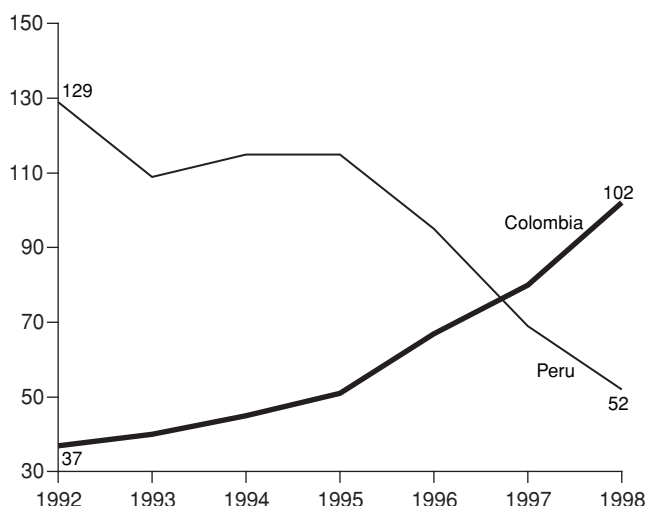
Yet, about the only official voice in Washington that has been willing to yell “duck!” has been drug policy adviser Gen. Barry McCaffrey (ret.), who, as far back as 1996, said about the FARC and the ELN: “They’re guarding drugs, they’re moving drugs, they’re growing drugs. . . . They’re a narco-guerrilla force, period.”

Start from reality

How do we know this? Review the snapshot summary of zooming drug production in Colombia, provided by the following graphs.

Only three countries produce all of the world’s coca crop (the raw material for cocaine): Bolivia, Colombia, and Peru—all in South America. Until the mid-1990s, Colombia was in third place in coca leaf production, although it was always the region’s top processor of coca leaves into refined cocaine for export. Since that time, under the successive Ernesto Samper (1994-98) and Andrés Pastrana (1998-) administrations, Colombia has been catapulted into the number-one spot, in terms of area under cultivation, doubling over the last three years, from 51,000 hectares in 1995 to 102,000 hectares in 1998 (see

FIGURE 1
Coca area harvested
(thousands hectares)



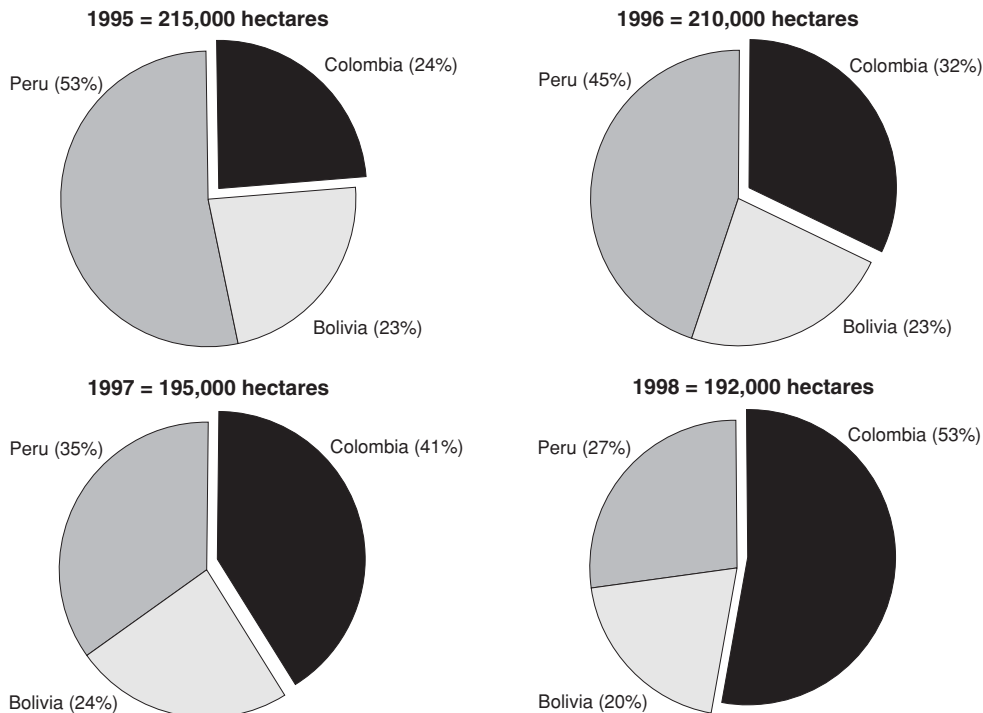
Sources: U.S. State Department and U.S. General Accounting Office.

Figure 1). Colombia today harvests 53% of all coca area worldwide (see **Figure 2**).

Colombia’s cocaine output (measured in tons of HCl equivalent, the psychoactive ingredient in raw coca) has also skyrocketed, rising by 154% over the last five years (see **Figure 3**). Whereas both Bolivia and Peru have engaged in

FIGURE 2
Coca area harvested

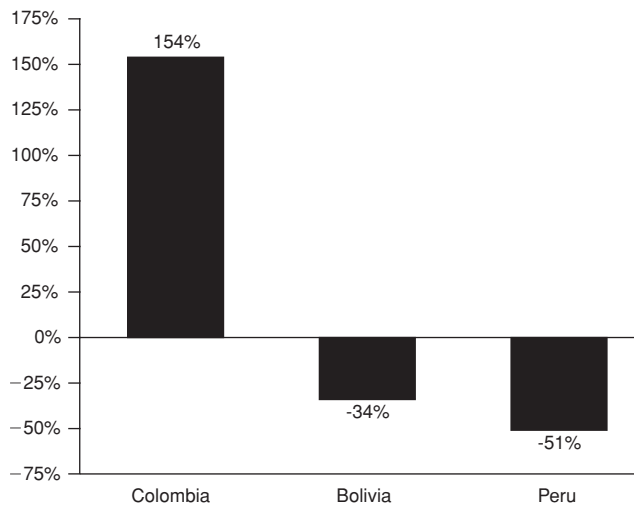
(% of total)



Sources: U.S. State Department and U.S. General Accounting Office.

FIGURE 3
Cocaine production

(% change, 1993–98)



Sources: U.S. State Department and U.S. General Accounting Office.

successful eradication campaigns, and a war against narco-terrorism in the case of Peru, the Colombian situation is out of control. Cocaine production rose from 125 tons in 1997, to 165 tons in 1998—a 32% leap in just one year (Figure 4).

Even though Colombia has more hectares under coca cultivation than Peru, the latter has historically produced more cocaine equivalent, due to higher yields and the greater potency of its crop. But even that is about to change. According to a June 1999 report issued by the U.S. General Accounting Office (“Narcotics Threat from Colombia Continues to Grow”):

“This new coca [being grown in Colombia], coupled with existing fields of coca, could increase potential Colombian cocaine production estimates from 1998 levels of 165 metric tons to between 195 and 250 metric

tons, or as much as 50%, over the next two years. According to the DEA [U.S. Drug Enforcement Administration], the production figure could be even greater if the cocaine-producing laboratories are more efficient at producing cocaine from the new coca leaf than their counterparts in Peru and Bolivia.”

The same GAO report notes that, between its own processed coca and what it refines from Peruvian and Bolivian leaves, Colombia is the source of about three-fourths of the cocaine entering the United States every year. Furthermore, Colombian drug-runners “are now capable of producing ‘black cocaine’ [adding charcoal and other chemicals] that hinders detection and are improving their transportation capabilities by manufacturing boats capable of carrying up to 2 tons of cocaine at high speeds.”

Then, there is heroin

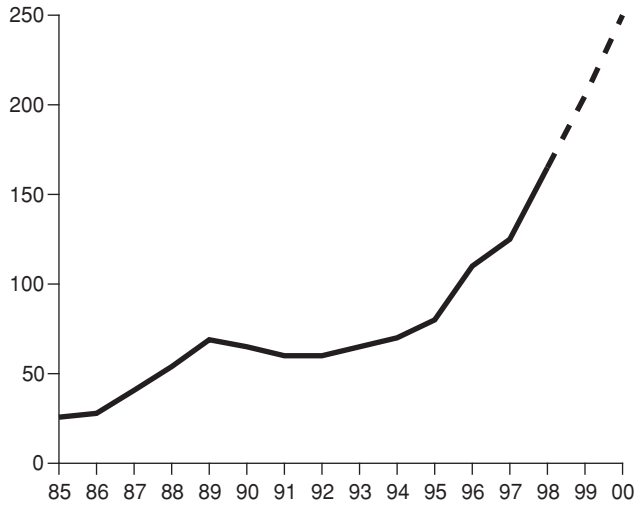
On top of that, there is heroin: Colombia has evolved over the last few years into the number-one supplier of heroin into the eastern United States.

Now look at the map (Figure 5). Where are the drugs being grown and processed? Who runs those areas? Who is producing all this poison? It is the FARC and the ELN—

FIGURE 4

Colombia: cocaine production

(tons of HCl equivalent)



Sources: U.S. State Department and U.S. General Accounting Office.

Wall Street and the State Department’s new allies. This news service has documented the organic link of terrorism and drug-running for 15 years. In 1996, the Colombian Army, then headed by Gen. Harold Bedoya (who was later sacked by the Samper government), published a book in both Spanish and English entitled *The FARC Cartel*, which documents that the FARC constitutes Colombia’s third, and greatest, cartel. And now, you can read about it even in the cautious GAO study mentioned above:

“The new growing areas are, for the most part, controlled by the insurgents,” i.e., the FARC and the ELN, the report states. “Within the area where most drug-trafficking activities occur, U.S. embassy officials stated that the drug traffickers and the insurgents have become virtually indistinguishable. . . . DEA reported that the presence of FARC units in Colombia’s eastern lowlands and southeastern jungle area was especially troublesome. According to the DEA, these areas include most of the coca and opium poppy cultivation and most of the major drug-trafficking production facilities.”

Peace, or legalizing the cartel?

So, you ask: How in the world does the U.S. State Department defend its support for the Pastrana government’s negotiations with the Third Cartel? How can they endorse, as they do, the fact that five municipalities in southern Colombia have been stripped of all government presence, and handed over to the FARC?

Simple. It is justified as part of a strategy . . . to fight

FIGURE 5

U.S. GAO's map of drugs and terrorism in Colombia



Source: GAO report, "Drug Control: Narcotics Threat From Colombia Continues to Grow," June 1999.

drugs! The FARC, you see, are taken at their word that they are not really *into* drug-running just because they are drug-runners; they only run drugs for “political” and “ideological” reasons. And they have made an “offer”: If they are handed control of half the country (particularly the areas of drug cultivation and production) as part of “peace negotiations,” they will generously curtail drug production there—eventually—so long as all of their other demands are also met.¹

You say we exaggerate? Go to your public library, and check out the July/August 1999 issue of the New York Coun-

1. As FARC “Supreme Commander” Manuel Marulanda so nicely put it in a January 1999 interview with Colombia’s *Semana* magazine: “If they can trust in us and give us money, we promise to end coca growing.” Not just a little money, either. He had earlier specified in a November 1998 video sent to Colombia’s Congress, that “a lot of money is required,” and that over “a period of three to five years,” and, maybe, then, eradication might be considered—but only if there is no fumigation or forced eradication of coca cultivation in the meantime.

cil on Foreign Relations's magazine, *Foreign Affairs*, an establishment mouthpiece if ever there was one. Look up the article, "Colombia on the Brink: There Goes the Neighborhood," written by Michael Shifter, head of the "Democratic Governance" program of the Inter-American Dialogue (IAD). There you will read:

"The two groups [FARC and ELN] have combined revenues of about \$900 million a year, some \$500 million of which is derived from taxes on coca producers and the rest of which comes from kidnapping and extortion. It would be a mistake, however, to see the guerrilla groups as common criminals or drug mafias (although some of the FARC's fronts seem to closely fit that mold). Their criminal activities help sustain a political agenda. Nor are they rigid ideologues, resistant to reason. The rebels should instead be viewed as fundamentally pragmatic actors, out to advance political, economic and strategic interests."

Shifter writes that he does not know *what* the political goals of the FARC and the ELN are, and admits they have given no sign that they seek peace. But, he writes, the United States must ensure that peace talks continue, even though they "result in intense fighting and continued blood-letting."

The same shameless argument was made by Shifter on Aug. 5 last year, before a U.S. Congressional hearing on "Regional Conflict: Colombia's Insurgency and Prospects for a Peaceful Resolution," sponsored by the House Western Hemisphere Subcommittee.

No Congressman threw him out on his ear, as he calmly intoned that the FARC and ELN "now derive their financing primarily from illicit drugs and kidnapping. They are no longer interested in a socialist plan . . . but in fact, in enhancing their position and expanding their presence throughout the country. In many places they serve as surrogate states," only to then insist that "the guerrillas should not be considered as common criminals or drug mafias, as they are sometimes characterized. . . . They are political actors with interests and agendas. They are pragmatic and very much linked to the economic structure and products of their country (petroleum in the case of the ELN, and the illicit coca in the case of the FARC)."

Shifter was echoed at those hearings by the former director of an IAD project on violence in Colombia, the Brzezinski-trained Georgetown University Prof. Marc Chernick. Chernick urged Congress to support peace with the FARC, arguing:

"Let me say very clearly, the FARC is not a cartel. . . . It is an insurgent group that exercises authority in parts of rural Colombia, particularly in these coca-growing regions. . . . [They] make lots of money. All evidence shows that they don't save lots of money. Over the last 10 years, they've dedicated almost their entire earnings to building a major fighting capacity, not to saving money. This is not a drug

cartel, this is a fighting machine that's put their money into sustaining an insurgency."

Medellín, Cali, and FARC cartels

That the FARC "fighting machine" would make such an offer, is not surprising. Each cartel—and the "gentlemen above suspicion" who front for them—has made such offers. In the 1980s, the Medellín Cartel suggested it could pay off Colombia's foreign debt, and get out of the drug trade—so long as they were allowed to keep their wealth, and pay no penalty.

Then came the Cali Cartel's turn, with Gilberto Rodríguez Orejuela's offer that he, with his power over the traffic, could "significantly reduce" drug trafficking from Colombia, maybe even by 60%, provided he, his family, and his henchmen were guaranteed the right to lead a "normal" life as honest businessmen.

That this latest cartel offer would receive the active support of the Inter-American Dialogue and its minions is, also, no surprise. The Dialogue, after all, began campaigning for drug legalization back in the 1980s, so that drug monies could be used legally by banks.

But the IAD, British-allied and banker-run, maintains an iron grip on United States policy toward Ibero-America these days; and, so, the State Department has taken the lead in organizing for the bid to legalize the narco-terrorist Revolutionary Armed Forces of Colombia cartel. As the U.S. General Accounting Office's report notes, State Department officials dispute Defense Department estimates that the "insurgents" earn between \$5-600 million a year from drug trafficking, as "not . . . confirmed." State Department officials even told *EIR* last September that "only" 7-10% of the FARC is involved in drugs.

The U.S. Embassy in Colombia, in fact, has spent the last year organizing private "retreats," where they bring in prominent Colombians to hear lectures promoting the idea of peace with the traffickers. The head of State's Andean Affairs office met personally with the head of FARC finances, Wall Street's new partner, Raúl Reyes, last December to discuss the FARC's "offer." At every opportunity, State officials repeat, as did spokesman Thomas Foley on July 6, that the State Department endorses the Pastrana-FARC deals, because "progress in the peace process will enable the Colombian government, with our support, to accelerate anti-narcotics efforts against production and transit of cocaine and heroin."

And these are not just words. The GAO report reveals that the Colombian and U.S. governments commitment to policy is such, that they have gone so far as "not to allow certain types of overflights, such as surveying coca-growing areas, through the [FARC's] demilitarized zone," because of "promises" made to the FARC by the Pastrana government.