IMF Continues To Back Drug Money-Laundering

by Valerie Rush

Colombian President Andrés Pastrana's visit (right, with U.S. Attorney General John Ashcroft) did not show a turn in U.S. policy against the narco-terrorist FARC, despite clear signs beforehand. Does the reason lie with the IMF?

Declaring that "it would be inappropriate for the [International Monetary] Fund to become involved in law enforcement issues," the Executive Board of the world's leading financial policeman made it clear where it stands on the global challenge of doing real battle with the drug money-laundering which finances international terrorism. The Board met Nov. 12 to discuss how the Fund should respond to the post-Sept. 11 clamor worldwide for effective measures to fight international terrorism. But when it came down to endorsing a set of eight Special Recommendations issued at an extraordinary plenary of the multinational Financial Action Task Force on Money-Laundering (FATF), held in Washington, D.C. on Oct. 29-30, the IMF choked.

Those recommendations were especially designed to go beyond the money-laundering issue per se, and to take direct action on the question of combatting terrorist financing. The measures committed the 31 FATF member-nations to "criminalize the financing of terrorism," "freeze and confiscate terrorist assets," "provide the widest possible range of assistance to other countries' law enforcement and regulatory authorities for terrorist financing investigations," and more.

Had the IMF agreed to require member-nations' implementation of such measures as a conditionality for lending, it would have gone a long way to clamping down on the drug money flows that finance terrorism worldwide, and on the drug trade itself. Instead, the IMF Executive Board statement read, "The Fund's primary efforts should be in assessing compliance with financial supervisory principles and providing corresponding technical assistance. . . . It would be inappropriate for the Fund to become involved in law enforcement issues."

As money-laundering specialist Jonathan Winer told Bloomberg news service following the Fund's executive meeting, "They are willing to do everything to combat money laundering and terrorist finance except make it a condition for lending. . . . Until the IMF demands these changes, some countries will feel they don't have to make them."

A History Of Drug-Pushing

The IMF's refusal to make adherence to the FATF's Special Recommendations on terrorist financing the *sine qua non* of its money-lending practices, should come as no surprise to *EIR* readers. In fact, back on July 16, 1999, we reported on the fact that the Colombian government was including the profits of the illegal drug trade in its GNP calculations *on the explicit recommendation of the IMF*. Said the IMF's Western Hemisphere public affairs officer Francisco Baker at the time, "In principle, countries all over the world should be measuring illegal activity," just as the Netherlands includes prostitution as part of its national economic activity.

As far back as 1978, the IMF was defending drug money. In an interview then with *EIR*, an IMF Colombia specialist talked about that country's marijuana crop: "From an economic viewpoint, the marijuana is just a crop, like any other. It brings in foreign exchange, and provides income for the peasants. . . . Well, you know, legality is a relative concept. In a few years, marijuana may become legal anyway."

EIR has consistently warned that the motivating force behind the push to legalize drugs, and specifically the profits they generate, is the accelerating decline of a cancer-ridden world financial system, which heavily relies on injections of those illegal profits to survive another day. In essence, the IMF is dedicated to protecting the income flow that keeps the system alive.

U.S. 2004 Presidential pre-candidate Lyndon LaRouche has dubbed this unholy alliance between international finance, the drug trade, and the terrorism it finances, the "Grasso factor," after New York Stock Exchange president Richard Grasso. In June of 1999, Grasso flew down to Colombia, to meet with Raúl Reyes, the financial chieftain of the terrorist FARC cocaine cartel. The two shared an affectionate embrace, and went on to discuss "mutual investment possibilities." Grasso's trip triggered a virtual pilgrimage of international business magnates to Colombia's cocaine heartland, where the FARC's business acumen and "knowledge about investment and capital markets" were openly admired.

Many inside the Bush Administration have begun to see the need for policy changes. Yet, until the "Grasso Factor" is eliminated, neither the drug trade nor terrorism can be defeated.