

Liquidate Drug Trade With Glass-Steagall

by Matthew Ogden

Nov. 21—Viktor Ivanov, the director of Russia’s Federal Drug Control Service (FDCS), and a years-long close associate of Prime Minister Vladimir Putin, spoke in Washington at the Center for Strategic and International Studies (CSIS), on Nov. 18.¹ In a presentation to a very high level audience of State Department diplomats, CIA analysts, foreign embassy representatives, Drug Enforcement Administration (DEA) officials, military officers, intelligence experts, FBI agents, think-tankers, Russian and other media (in addition to three reporters from *Executive Intelligence Review*), Ivanov revealed newly assembled evidence which his agency has compiled proving conclusively that the international speculative financial system could not continue to exist if not for the hundreds of billions of dollars in “dirty money” from the drug trade which it actively launders through its biggest banks.

Ivanov caused a major stir in the room by calling for a “drastic transformation of the international financial system,” in order to carve out the dirty money flows, protect the physical economy, and “liquidate global drug trafficking.” The model for such a transformation, he said, must be “a revival of the logic of the Glass-Steagall Act” of the United States in 1933.

Ivanov was in the U.S.A. for the fifth meeting of the Counter-Narcotics Working Group of the U.S.-Russia Bipartisan Presidential Commission, held in Chicago earlier in the week. Head of the FDCS since 2008, Ivanov was previously deputy chief of the Kremlin staff and then assistant to Putin as Russian President. His presentation at the CSIS, called “Global Narcotics Flows and the Global Financial and Economic Crisis,” should be seen as indicative of the policy of the Russian government at the very highest level.

Ivanov illustrated his speech with series of dramatic



Viktor Ivanov, Russia’s anti-drug czar, called for a “drastic transformation of the international financial system.”

graphics, showing the relationship of “dirty” money to the international financial crisis, which is driven by a huge speculative bubble, the growth of which is strangling the real, physical sector of the economy; this is preventing any possibility of global recovery as long as this “paradox” of the world financial system is ignored.

“Assertions about the prevailing role of criminal ‘dirty’ drug money in the global crisis are also confirmed by other numerous evidence,” said Ivanov, “including the data at the disposal of our service. It is obvious and analytically confirmed that the existing financial system, which operates numerous growing financial instruments like options, futures, swaps and other derivatives that fill the so-called ‘financial soap bubble,’ can no longer exist without injections of ‘dirty’ money.”

Banks Are Addicted to Dope Money

The Russian presented proof that less than one-half of one percent of drug dollars from the dope industry are ever intercepted and seized—the other portion of the proceeds from the narcotics trade (greater than 99%) serving to feed the ever-growing bubble. He also stated that his agency had uncovered evidence showing that Afghan heroin profits and the money from the Colombian cocaine trade both follow the same route, going through the same big banks, entering and leaving the same hands, all at the same time.

This is no coincidence, Ivanov said. Wachovia, Bank of America, HSBC, and others, are not only participating in the laundering of drug dollars, through a “welcoming” and “permissive” attitude towards such dirty money activity, but are, in reality, actively seeking out these drug-money flows, as their other sources of

1. *EIR* will provide the full text of Ivanov’s speech in an upcoming issue.

liquidity continue to dry up. “Drug money and global drug trafficking are actually not just valuable elements but, as donors of scarce liquidity, a vital and indispensable segment of the whole monetary system.”

Ivanov stressed, however, that this is not just the isolated criminal activity of a handful of large banks—the symbiotic relationship between the narcotics market and the financial bubble is built into the very nature of the international financial system itself. He cited the estimates of Antonio Costa, the former executive director of the UN Office of Drug Control, on the injection of narco-dollars into major world banks during their liquidity panic in 2008-09. “It is quite symbolic that the high-ranking international official emphasized that it is not a problem with individual banks, but with the general setup of the whole financial system,” Ivanov said.

He emphasized that it’s not enough to try to eliminate the drug supplies, or to police individual banks; we must address this problem in the very design of the entirety of the international financial system itself. And, to do this, Russia and the United States must work in tandem to effect this “drastic transformation of the international financial system.” Only through a close U.S.-Russia partnership can we successfully combat the narco-trafficking/organized-crime/“financial-terrorism” nexus, which now has bigger budgets, more political power, and better armed military forces than some leading national governments on this planet—and which can be traced directly to such terror operations at the Madrid train bombing, and other destabilization operations, such as in the Balkans, Chechnya, northern Africa, Mexico, and countless others, including what is happening right now in the Middle East.

This condition proves that only an international, top-down total transformation of the entire financial/economic architecture of the planet can adequately address this deadly enemy to the security of the nations and peoples of the world.

Spotlight on Glass-Steagall

“To a certain extent,” Ivanov stated in the conclusion of his speech, “we are observing a revival of the logic of the Glass-Steagall Act adopted in the U.S.A. in 1933, at the height of the Great Depression, which separated deposit and investment functions of banks. However, hard restrictions to prevent criminal money attraction are required yet more.

“In other words, liquidation of the financial bubble alone will not be enough. The key way to liquidate global

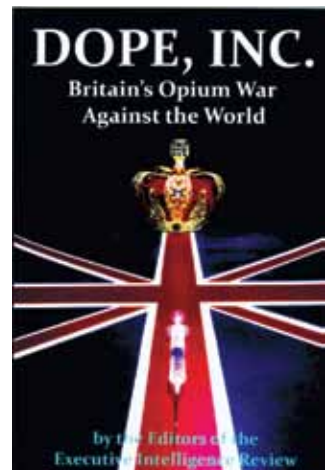
drug trafficking is to reformat the existing economy and to shift to an economy that excludes criminal money and provides reproduction of net liquid assets, i.e., to an economy of development, where decisions are based on development projects and special-purpose credits.”

Ivanov also reiterated the Glass-Steagall principle as the key to the Russian government’s anti-narcoterrorism policy, during the question-and-answer period, in reply to a question from *EIR*’s Bill Jones. Ivanov stressed that it is fundamentally necessary to separate the dirty money flows from the real economy—to “carve them out.” He described the case of a drug addict, who spends all his money and strength on his addiction, while becoming personally unproductive and sick. This is just a microcosm of what happens in the global economy, he said, and the only solution will be for world leaders to agree to make tough and aggressive laws which eliminate the role of derivatives and related speculative vehicles, as the only effective way to counteract the money-laundering and related criminal activity which is currently built into the very nature of the financial system.

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