How the IMF pushes drugs: The case of Ibero-America

by Robyn Quijano

The International Monetary Fund is recognized throughout Ibero-America as a colonial-style enforcer of conditions that cause the bankruptcy of industry, mass unemployment, social explosions, brain-damaging malnutrition and death by starvation for growing numbers of the continent's "marginalized" population.

The IMF prides itself on imposing "adjustments"—that is, cleaning up the "excesses" of governments that dared to push industrial growth. The moral quality of this institution may be gauged by the results of its program, which can most scientifically be termed *genocide*.

But is the IMF also directly responsible for the bumper crops of coca and opium poppies whose refined products, cocaine and heroin, are now flooding U.S. markets?

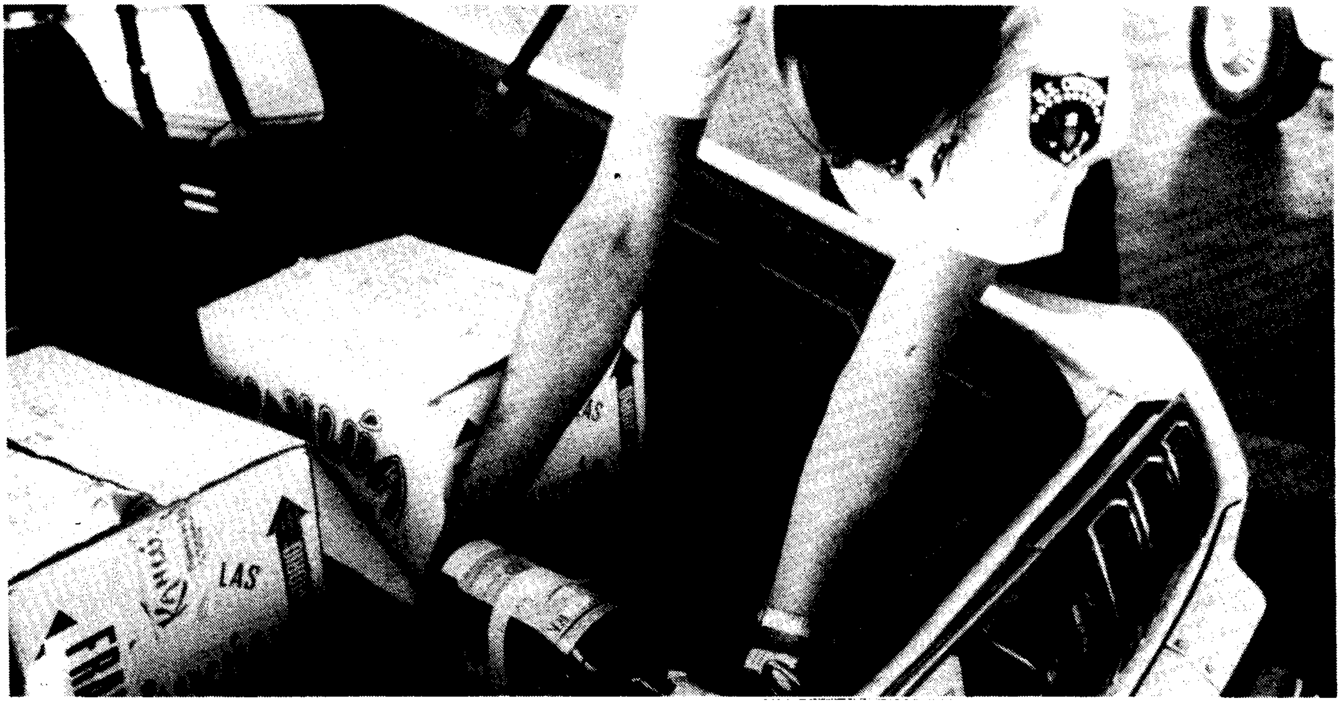
According to U.S. government narcotics experts, the new levels of austerity being imposed throughout Ibero-America are the "catalyst" for a sophisticated new phase of drug operations. Thus the IMF is not only destroying our allies in this hemisphere, provoking social explosions and chaos, but, as we will prove, purposefully facilitating the international drug trade.

The evidence proves that the well-meaning "war on drugs" by the Reagan administration will never clean out the drug plague until the apparat of this century's Opium Wars—the IMF—is dismantled.

The IMF's demands to shut down capital-intensive industry, collapse "inflationary" salary levels, force urban populations back to the countryside, and maintain high interest rates, along with its promotion of tourism, casinos and other such "services" which provide quick cash for debt payments, provide the circumstantial evidence that this institution is the biggest "pusher" in the business.

In September 1978 *EIR* published a Special Report on the World B IMF's deliberate promotion of the drug trade. We exposed London and Wall Street banks' links to Dope Incorporated, and demonstrated that the same colonialist policies that were behind Britain's Opium Wars in the last century had become the operant doctrine of the collapsing Bretton Woods system.

Today, more than five years later, almost every nation of the continent is under direct or indirect IMF dictates; effective anti-drug operations like Mexico's Op-


U.S. Drug Enforcement Administration

A Texas Customs guard searching for drugs at the Mexican border. IMF austerity has created a dramatic increase in Ibero-American drug exports.

eration Condor have been all but destroyed, and drug "cash crops" are touted as the only realistic way to meet debt payments. Milton Friedman's monetarism has been imposed in country after country, and Friedman himself has openly declared the legalization of heroin philosophically coherent with his "free market" economy.

Officials of the IMF and the World Bank whom we interviewed in 1978 frankly admitted that to them the Ibero-American drug traffic was just another commodity market. We reported the following observations on Bolivia by John Holdson, a senior official for Latin America in the World Bank's International Trade and Monetary Flows department: "I know 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, and land and climate are perfect. . . ." A Colombia specialist at the International Monetary Fund put it this way: "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."

A top international banker in New York was chillingly matter-of-fact: "Coffee prices are simply too unstable, always fluctuating on the world market you know. . . . Drugs, on the other hand, provide a stable source of income at all times. With coffee prices like they are, Colombia will never get its development going, can't make plans like the oil producers can. . . . I happen to know that the World Bank has been pressuring some Latin American countries to find some way of statistically accounting for their contraband flows."

What these officials conceded in their "off the record" interviews is now a matter of recorded policy. The cold-blooded moves of the international banks to force the Third World to adopt a drug economy can be seen starkly in the ongoing battle in Colombia, whose president, Belisario Betancur, has incurred the wrath of the dope traders by announcing his own "war on drugs."

The Nov. 3 issue of the Swiss oligarchy's newspaper of record, the *Neue Zürcher Zeitung*, warned straightout that without its illicit drug revenues, Colombia will face a total economic crisis. "Colombian products [are] of limited interest for the industrial countries. . . . 1983 is expected to result in an all-time low for exports. Comparing its export earnings to its approximately $9.6 billion foreign debt . . . the stretched currency situation, and the low level of reserves at the central bank are already reflected in the exchange rate on the parallel market. . . . In the past decade, Colombia could depend annually upon $2 to $3 billion, which, following uncontrolled exports [the drug trade], 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. . . ."

Soon Colombia, which has consistently paid its debt service obligations, will face a crisis as grave as Venezuela's, concluded the *NZZ*, along with a declaration that there will be no recovery in the nation's legal economy.

The Zürich bankers do not wish "moralizing campaigns" to get in the way of the over $100 billion a year drug profits that find their way into the banking system and the dregs of the drug dollars left to give the "colonies" some foreign exchange.

But the international oligarchy's clear intention to turn the continent into a drug plantation has triggered a counter-offensive by Betancur and other Colombian leaders.

On Oct. 5 at the United Nations Betancur responded to a question by *EIR* on his war on drugs by indicting the banking system's "tolerance" for the drug trade, and its investment in dirty-money-laundering operations.

"The Presidents of Venezuela, Ecuador, Peru, Panama, Bolivia, and Colombia," he said, "have agreed to carry out a sustained fight against drugs and drug traffickers, and we are doing it." The President was referring to the agreement made by the Andean Pact nations at their summit last summer in Caracas. The heads of state pledged to wipe out the drug trade as part of their plans for continental integration for development.

However, President Betancur emphasized, the fight cannot be won without the cooperation of the U.S. banks and other financial institutions "which are, to a great extent, the beneficiaries of the drug trade. Drugs are less important to the Latin American economies," he said, than they are to the American banks. Most of the money "stays in the United States, and there is a certain tolerance among American banking and financial institutions because of the profits that they can make from the important sums that drug deposits represent."

Shortly thereafter, the theft of $13.5 million from Colombia's account at Chase Manhattan's London branch was discovered. The Colombian government is preparing a suit against Chase, which claims that Colombia will just have to take the loss for the millions that were wired illegally to Morgan Guaranty and then to a Swiss account. Colombia's finance minister called the theft international "gangsterism."

The British joined in the warfare by the extraordinarily belicose act of freezing the assets of the Colombian embassy in London—ostensibly to back a private British arms company that is suing Colombia for nonpayment of a purchase the Colombians claim to have canceled and returned.

Betancur's Foreign Ministry retaliated by canceling the planned visit of Britain's Vice Foreign Minister Lady Young, citing the British government's asset grab as the reason she was no longer welcome.

The clash between Colombia and the banks began when the government decided to challenge a clause in the contract for a $225 million loan from a Chemical Bank-led consortium that stated that in any juridical disputes regarding the interpretation of loan conditionalities, "applicable law will be British." As Colombian Finance Minister Edgar Gutierrez Castro explained in a press conference in Cartagena, "according to what was finally agreed, and to ensure that the sovereignty of Colombian laws was not disregarded, the signing and formalization of the credit will be carried out under the authority of Colombian laws and their full jurisdiction, whereas any subsequent developments in the negotiations or disbursement of the loan will be settled under the imperative of British law." Even this compromise formulation was enough to rattle the banking community, and Morgan Guaranty immediately withdrew from the consortium, taking its $40 million contribution with it.

President Betancur's effort to resist these heavy-handed pressures has received support from the trade unions and the Church. Jorge Carillo, vice president of the UTC, Colombia's second largest trade union confederation, said in a radio interview that the Colombian government should retaliate against the freezing of assets and the multimillion dollar theft by breaking relations with Britain. The rejection of Lady Young's visit could be the warning shot in such an escalation if Britain continues its provocations.

Colombia's Cardinal Alfonso Lopez Trujillo also joined forces with the President on his return from a meeting with the Pope. In his most violent attack ever against the drug traffickers, the Cardinal in his homily Nov. 8, called upon all parents and youth to cooperate with the authorities to destroy the drug trade. "Our youth is threated by drugs, by the cruel and inhuman business of the drug dealers who fill their coffers by destroying the dignity of their brothers." Where there should be hope among our youth, said the Cardinal, instead "There is only an accumulation of tears and tragedy."

The Betancur war on drugs has scored some significant victories. Big name drug runners like Carlos Lehder and Pablo Escober, who were running for office months ago, are now fugitives. The political parties have thrown them out.

But the drug oligarchy has hit back. A plot to assassinate Colombian Justice Minister Rodrigo Lara Bonilla, who has single-mindedly gone after the major figures in the drug mafias, was discovered in mid-October. Lara Bonilla said in an interview to the daily *El Tiempo*: "I know that the fight is difficult, against very wealthy and powerful sectors, and there is danger everywhere because the threats will not disappear when I leave the ministry, neither will the risks against my life end if I leave Colombia."

Lara praised "the reaction of society against the drug traffickers. . . . Their image as generous men, who gave revenues to the country and who somehow contribute to improve our precarious economic situation, has collapsed."

In recent weeks several journalists associated with the anti-drug effort have been assassinated—one the morning after meeting with the justice minister in Medellin. Fausto Charris and Maximiliano Londoño, the president and vice-president of the Colombian Anti-Drug Coalition, and Patricia Londoño, the editor of the Colombian magazine *War on Drugs*, have received several death threats and suffered three robberies and break-ins.

Londoño, who also secretary general of the Andean Labor Party (PLAN), is well-known in Colombia as a proponent of Lyndon LaRouche's Operation Juárez proposal which promotes an American System development boom—a policy that could put the narco-terrorists out of business.