

**EIR:** What else has resulted from the conditions imposed by the IMF and the World Bank?

**Wills:** There is a proliferation of malnutrition-based disease. If you cannot pay, you do not get food. And the alternative is to use “appropriate” food that is near you, which has no scientific basis for prolonging life. And to compound the misery, you are now being told that you are *right* to do so, because that is your *culture*, your *heritage*.

So the IMF is lowering life expectancy, increasing infant mortality, destroying health. The public health systems in the Third World are scandalous! The capacity to take part in the generation of new knowledge in the world is destroyed. The capacity to reach the heights that man can attain as an individual in a given time-frame, the capacity to locate yourself in the land in which you live is destroyed by this. With that goes all kinds of morality. What you do get is the generalized ideology which is called in the Caribbean “hustle.” You have to survive, therefore you compromise standards. Prostitution, homosexuality, crime. You seek redistribution of income by those methods, hoping that you might by that means have access to an ever-shrinking supply of production.

**EIR:** In a recent article, the Swiss paper *Neue Zürcher Zeitung* referred to a report from the World Bank which says that the current campaign against drugs being carried out by the Colombian government is going to hurt Colombia’s economy, because the economy could not then generate sufficient foreign exchange to pay back its debts. Many leaders of many countries will argue from the practical standpoint: “We agree that the drugs are no good; but the demand is placed upon us to pay our debts.” What do you recommend to those governments?

**Wills:** That instead of going in for something as bad as drugs, they should get together, have solidarity, and abandon the IMF! It’s anti-life! It’s depopulating the Third World, dehumanizing it. And the second thing is, to look for those enlightened leadership circles in the first and second world, which can promote rational development. You call a debt moratorium. In the meantime what you do produce is used for development and for paying something back. Your debt is extended five or ten years, and you float bonds to support it. That is what you have to do. But you cannot live on the basis of having to pay interest and principal on the one hand and having to pay from taxation and export receipts on the other hand, without some immoral mechanism like dope. You can’t stop production, but you can remove the credit squeeze. That is in the interest of the Third World, the First World, Second World, all worlds, because then the capacity to pay is revived, along with the capacity to rise above the bestial state, which makes production more rational and better, and therefore makes the capacity to pay again better.

So my recommendation is clear. You declare a debt moratorium; you abandon the IMF; you call a conference and postpone these debts.

## IMF hands Peru to the cocaine mafia

by Luis Vazquez

Peru’s transformation during the last few years into one of the world’s two primary producers of basic cocaine paste has coincided with the submission of its economic policy to the surveillance of the International Monetary Fund (IMF). The IMF has compelled a bankrupted Peruvian state to hand over its resources to the international oligarchy which runs the world’s largest and most lucrative business: narcotics. This “de-nationalization” of the economy in the name of “free enterprise” has created an underground economy controlling 70 percent of Peru’s economic life.

The IMF made the decision to transform Peru into a drug-based economy in the mid-1970s, to enable Peru to continue servicing its foreign debt. However the drug traffickers were temporarily thwarted by the government of Gen. Juan Velasco Alvarado. The nationalist revolution led by Velasco in 1968 not only sought to transform backward Peru into a modern industrialized nation, but also to stamp a strong sense of morality on Peruvian society. When the rock group Santana arrived at the Lima airport, Velasco put them on the next plane out, and he refused the Rolling Stones permission to enter the country. His reason was that both were spreaders of the disease of drug usage among youth.

Until 1975, the year Velasco was overthrown, the use of drugs in the country was restricted to the children of the jetset oligarchy and the underworld. Today, every social stratum is poisoned with narcotics.

Velasco’s overthrow was the first step toward making Peru into a cocaine country. With the rise to power of Gen. Francisco Morales Bermudez, who made the coup against Velasco, and who is rumored to be a cocaine addict, the destruction of the productive capacity of the country also began through the application of IMF-dictated economic policies. These created the conditions which allowed the drug-pushers to move in.

In 1979 Morales complied with one of the IMF’s conditionalities for approving the refinancing of Peru’s debt by issuing a decree which opened up the national forests to “exploitation” by foreign capital. Under this euphemistic cover, huge expanses of the Peruvian jungle were handed over to the international narcotics mafia. The largest forest concessions were given to the mafia or its local frontmen.

For example, the Forestal Chapala concession in the Tarpoto region is under the control of the Italian mafia, long headed by GianFranco Bonnoni and linked to Italy's subversive Propaganda-2 masonic lodge. Forestal Cities Service in the Madre de Dios department was granted to the family of the late Nicaraguan dictator Anastasio Somoza. Forestal Huallaga was given over to the Italian mafiosi, the Dimitri brothers.

The mafia plans to make Peru into a "jungle paradise," one of the world's biggest cocaine-consuming centers. When the huge tourist complexes now under construction in the middle of the jungle open their doors, these will offer the "exotic pleasures of the jungle," with a sophisticated hotel infrastructure and airports exclusively for the international jet set.

The quality and quantity of coca leaves produced in Peru are an added attraction for the dope kings. Coca cultivation is not prohibited, although it is supposed to be under the supervision of the National Coca Enterprise (ENACO). An estimated 50,000 hectares are sown under such government supervision—most of this crop going to the legal pharmaceutical industry, to produce the non-narcotic flavoring for Coca-Cola, and to destitute Indians who chew wads of unprocessed leaves to kill sensations of fatigue and hunger.

The legal plantations provide a camouflage for illegal plantings, currently estimated to exceed half a million hectares. Coca leaves grown there are processed into cocaine sulfate and cocaine chlorhydrate. One-half-million hectares are being utilized for drug cultivation in a country which barely has 2.8 million total arable hectares and which suffers from chronic shortages of food production!

The net income to Peru from cocaine production is estimated at \$6 billion annually. With a GNP of about \$20 billion, this makes the dope trade far and away the most profitable business in the land.

International banking is the keystone of any drug operation, and Lima has become a drug banking center for South America. In 1980 Banco Ambrosiano Andino, a branch of Italian bank which financed the Propaganda-2 lodge, was founded with the help of Banco de la Nación president Alvaro Meneses, who had negotiated Peru's refinancing with its private creditors and the IMF. This operation was designed to serve as the central narcotics bank for the Andean region, with the official participation of central banks from drug-producing countries and protection granted by corrupted military officers in each country. Banco Ambrosiano Andino financed frigate acquisitions by the Peruvian Navy, whose rebellion had contributed to the 1975 ouster of Velasco and the subsequent defeat of his anti-drug military faction. The bank also served to funnel the Somoza family fortune out of Nicaragua.

The majority partner in the Peruvian coca trade is beyond doubt the Italian mafia, although the Israeli and California mafias are also involved. The Italian mafia's takeover of Lima reached the point that, in 1982, the local press com-

pared the city with Al Capone's Chicago. Every morning bodies of Italians and their local agents could be found dead on the streets. The mafia uses local front men for its dummy corporations, particularly revenge-seeking members of the Peruvian oligarchy. The Dimitri brothers, for example, were represented by one Emilio Rodríguez Larraín, a relative of the Miró Quesada family whose daily *El Comercio* was nationalized by Velasco and returned by the present Belaúnde regime.

Belaúnde's former prime minister, Manuel Ulloa, also deserves close scrutiny. For decades Ulloa has represented the Rockefellers in Peru. During the Velasco years (1968-75), when he had to stay out of Peru because he was implicated in a multi-million dollar fraud against the nation, Ulloa moved most of his fortune to Madrid, where he founded the Iber-Europa consortium. Iber-Europa is financing the Laguna Azul tourist complex in the jungle, which is administered by Marianito Prado, another oligarch whose illicit banking businesses were expropriated by General Velasco. He also had to steer clear of prosecution for embezzling funds in Peru until the Belaúnde government quashed the charges.

Manuel Ulloa is also linked to Alvaro Meneses, Banco Ambrosiano Andino co-founder, who denies accusations that he bribed military officers to make the 1975 coup which brought Morales Bermúdez to power. Meneses is reportedly financing his former boss Morales Bermúdez's aspirations to regain the presidency.

Under the government of Fernando Belaúnde, elected in May 1980, the drug mafia has encountered few obstacles. Belaúnde's program since his first presidency (1963-68) has been to create "free market zones" in the jungle. Today these zones in the jungle and the border regions are floodgates through which the drug traffic pours out and the contraband moves in.

Belaúnde traveled throughout the jungle region during his campaign in a plane named "Blanquita" (Snow White), belonging to an infamous narcotics trafficker called "Mosca Loca" (Crazy Fly), who later magnanimously proposed to the Belaúnde government that he would pay Peru's entire foreign debt "if they let him work in peace for a year."

A number of prominent leaders of the ruling Popular Action Party, including Senator Parodi from Ayacucho, are also drug-linked. Parodi owns an immense latifundia in the upper jungle called La Luisiana, which produces mountains of coca leaves. Early in his first government, Belaúnde had a public road cut right to the edge of La Luisiana as a political patronage favor to the Parodi family. By 1964, Parodi's barracks were serving as a base for jungle survival training for the University of Huamanga professors and students belonging to the Sendero Luminoso Marxist cult, who later emerged as terrorists. Sendero's first bloodletting operation in 1979 was the cold-blooded assassination of the police stationed along Parodi's access road; today Sendero stands guard over the massive cocaine traffic out of that jungle region.