

Governments back the international drug trade and narcodollar market

Independent presidential candidate Lyndon LaRouche made the following reply on Aug. 11 to a series of questions from an EIR correspondent in Europe.

I'll answer in three parts: first on narcodollars, which I think is the first subject which should be taken up, in order to put the whole thing in perspective; second, the U.S. drug policy in the light of narcodollar features; and third, the drug policy problem today as it faces Italy, for example, and the mafia in Germany.

The narcodollar system is a result of several developments over the course of the late 1960s and 1970s, which came to a head in 1982. It's important to review those aspects of the financial side of the drug trafficking, in order to have a proper balance in understanding the problems associated with international narcotics trafficking in general in this period.

The crisis, of course, begins in the middle of the 1960s, at which point sections of the Anglo-American establishment, which includes the Frankfurt School ideologues, launch (approximately 1963-64) an attempt to destroy western civilization from within, along the lines proposed by Georg Lukacs in the early 1920s at the time that Lukacs was speaking as an official of the Communist International.

The counterculture

This policy, which involved the Alistair Crowley ideologues with their Lucifer cult and other branches of the Lucifer-worship cults in the United States, formed first of all the rock-drug-sex counterculture, which is an attempt to use sex, and sex as a part of this orgiastic drug-rock ritual, as a means of destroying the youth, and thus of destroying western Christian civilization from within. This is a repeat of the old Cybeline-Phrygian cult of Dionysus, sometimes known as the Bacchic cult, and it had added to it the dogmas dating from the Emperor Diocletian's decrees, his so-called socialist decrees, which established a neo-malthusian limit on population and a fascist anti-technological feature called the post-industrial society ideology.

These were imposed generally, initially, on the Johnson

administration about 1966 and on. The result was that, over the latter part of the 1960s, the United States, egged on by the corrupt Harold Wilson government in England, sent the world careening on a course which led into the present widespread chaos and destruction of the world today.

The turning point in U.S. net growth was reached in about 1970, after which the losses each year for depletion and depreciation of infrastructure, exceeded replacements. After the 1971 crisis, the establishment of the floating exchange-rate system in 1971-72, and then the looting of the world economy, especially developing nations, by the Kissinger-led oil price hoax of 1973-74, on behalf of the London petroleum cartel, the world economy has been in a tailspin generally ever since.

Debt financing

The petrodollar economy, which emerged from the combination of deindustrialization, opposition to nuclear energy done on behalf of the oil policy, and the trade imbalances arising from the oil price hoax of 1973-74, created temporarily what was called a petrodollar market. That is, especially Third World countries which required imported oil, because they were denied the right to have nuclear technology or to develop their own petroleum resources, had to pay prohibitive prices suddenly for their basic minimal energy needs. They had to finance this with debt.

A great portion of the debt came through the refinancing of surplus earnings by members of the Organization of Petroleum Exporting Countries (OPEC) and others involved. These earnings were placed on deposit—not actual deposit, but in trust, in custody, of Swiss and other banks by, for example, the Gulf oil-exporting states. These amounts of money placed in custody of Swiss and other banks, although not at the liability of the bank for the money as such, were then loaned by institutions such as New York City banks, which would loan these monies on behalf of, say, the Saudis or a Gulf state, to a Third World country which required the loans in order to continue to buy oil.

This process led to the emergence of what was called the petrodollar market, and the growth of off-balance-sheet

liabilities by the banks in the Eurodollar market, and it was interfaced, of course, with the growth of the low-reserve or reserve-free system within the British Commonwealth banking system, as typified by, for example, the Cayman Islands banks, or, later, the Bank of Credit and Commerce International (BCCI).

Volcker's controlled disintegration

This went along merrily until 1979, and in October 1979, two changes were introduced by the Carter appointee as Federal Reserve chairman, Paul Volcker, which brought into being in short order the narcodollar market.

What Volcker did, was to break the U.S. banking system's ability to audit or trace by audit large amounts of illegal drug money and other illegal money, coming into the United States banking system through U.S. subsidiaries of foreign international institutions. This was broken by means of allowing the HongShang Bank to take over the Marine Midland Bank of New York City, without audit transparency by relevant U.S. agencies against the HongShang mother bank. Once that was established, then the United States was wide open to drug-money laundering, or proceeds of drug-money laundering, to take over the U.S. economy.

The second thing that happened, was the disastrous policy launched by Volcker the same month, which Volcker himself had called the "controlled disintegration of the economy," which most people know as the high interest rate policy of that period, particularly into 1982.

That wrecked U.S. domestic policy, and moved the United States completely away from a productive investment orientation into a speculative orientation. It also collapsed the Eurodollar market and petrodollar market back upon the U.S. banking system—those high interest rates.

The United States is looted

So what happened to replace the petrodollar, but in much the same mode as the petrodollar, or in a mode pioneered by the petrodollar, was the narcodollar. *Hundreds of billions of dollars a year of marijuana, opiates, and cocaine sales, largely into the United States itself—were laundered by various means into international markets, where they became relatively or putatively anonymous.* And through the new international financial arrangements, the breaking of banking regulation, and the elimination of audit transparency at crucial points, these monies flooded back into the United States in particular, so that today, the people who own the United States are directly or indirectly the beneficiaries of large-scale drug-money laundering operations, run under the advice of law firms such as Skadden Arps and run through people like the Henry Kravis of the Kohlberg Kravis Roberts operation and the Michael Milken operation.

Today, the United States is looted. How? The leverage buyout money comes in backed by drug money, or laundered

drug money; a firm is taken over in a hostile buyout; the firm is loaded with debt. The purchase of the firm is not paid for with real money, but with debt, such as junk bonds. The firm is looted by this takeover; the looting of the firm by the takeover becomes the profit return on the funds which are used to force the leverage. So the United States is being parasitized by this evil succubus, the international narcodollar market. When we say "narcodollar," we mean not only narcodollars, of course; we mean also weapons-trafficking money which is laundered in much the same way and through the same channels. The British Commonwealth Bank, the BCCI, which is actually much more interesting than certain lawsuits and accusations would make apparent, is exemplary of this process.

So that's the narcodollar system.

The greatest speculative bubble in history

The narcodollar system was turned full loose in 1982 by two events: one, the crushing of Mexico in October 1982 by breaking Brazil and Argentina from support of Mexico in its restructuring of debt policy, forcing Mexico to capitulate, with the result that Mexico has been ruined and looted ever since by this policy. At the same time, although the United States banking system was technically bankrupt by old standards, without such a reorganization, the system was saved by radical deregulation of the type which has generated, on the basis of the Anglo-American transactions but generated as a succubus on the world economy, the greatest speculative financial bubble in all history, which is now on the verge of collapsing.

Under these conditions, the narcodollar profits, which ran well over a half-trillion dollars a year, out of the United States predominantly, with a great portion of that going into the international financial markets, became necessary, together with the weapons-trading profits, to keep the system, this great speculative bubble, going. This became the cash to fund the whole process, and that peculiar kind of process dominated up to the present time.

The point being, that it is a fact, that under George Bush as vice president, in particular, through operations which included the infamous Lt. Col. Oliver North, Felix Rodriguez, Israel's Amiram Nir, Robert Vesco of the Zionist lobby interests in the United States, and so forth and so on, that vast amounts of drugs were processed into the United States, to generate revenue, not for purchase of arms to the Contras as such, not for the personal advantage of people like North (though people in that track may have had personal advantage from it), but *in order to keep the narcodollar system pumped up.*

Drug trafficking protected

I know personally, from the fall of 1985 and early 1986, that the U.S. Department of Defense was officially operating

upon a policy of political alliance with Israeli-coordinated drug pushers such as the famous murderous cartels of Cali and Medellín in Colombia. There is no question of that. That is not an inference, that's a plain fact based on direct observations made by associates of mine of the people doing these things under our noses at the time. It was U.S. policy to support the propping up of the narcodollar system.

Now, U.S. policy is conflicted. Probably 70% of the U.S. population, at least in recent time, was opposed to this drug problem, and demanded that something be done, to check the problem as it affected their social circumstances.

What the United States did, was to declare a war on drugs which it never fought, which was based on the following.

A drug dealer is a person who is generally buying from a government agent or someone who is directly or indirectly a government agent, or otherwise what's called a snitch, an informant. These informants—large-scale drug dealers—are kept in business in order to control this whole process.

The informant (the drug dealer) sells to dealers. The dealer, all the way down to the street dealer, sells to people who are largely informants, so that you have a great number of idiots, called drug dealers, who are buying from government informants or agents, and selling to people who are government informants, or become so readily.

So what the government does, with its so-called war on drugs, is that it goes out and makes arrests of the small percentile of the total population of drug dealers, with the effect that while the drug trafficking and the number of dealers in the population increases, the number of arrests and incarcerations also increases. So on the one hand, the Department of Justice and other agencies run a bounty system under which, for every agent in place and every dollar invested in this, a certain number of convictions, incarcerations, and so forth are effected, at the same time this arresting and so forth does nothing to prevent the continued growth of the absolute volume and the number of people involved in the trading in these narcotics substances.

So that's the nature of the beast, and that has been U.S. drug policy and is today.

Flooding Europe with drugs

What we face today, is the attempt by many in the United States and elsewhere, the Anglo-American system, and the Israelis, who are involved in this also, since the U.S. market is weakened, to turn the drug war or the drug trafficking, the narcodollar operations, more heavily against Europe.

There are two purposes involved in this. One is the purpose of Georg Lukacs and other backers of the Frankfurt School and similar evil institutions, to destroy western Christian civilization from within, by aid of a Dionysian cult, a rock-drug-sex counterculture cult; and to destroy the ability of nations to function.

The other, is to loot the last remaining major markets for

growth in the world, i.e., Europe and Japan—immediately Europe—by an invasion of the drug-trafficking operations which had been run against the United States, now to be run against Europe as such.

So when one talks about the drug mafias in Frankfurt or Hamburg, or in Italy, you're not talking about a native Italian operation or a native German operation in some direct relationship with the Middle East drug lords or with the Israeli-controlled Cali or Medellín cartels; what you're talking about, is international interests—the highest level, including the level of people like Oliver North and much higher—who are fostering the drug trafficking as a drug war against Europe, the use of drugs as a war weapon against Europe's economy and people.

When you talk about a mafioso involved in drugs in Sicily, you should ask, for example, does he carry U.S. intelligence credentials. When someone is killed, ostensibly over the drug issue, by a very sophisticated assassination, you should ask: Perhaps Anglo-American, Israeli, or similar kinds of intelligence services have done that in the name of the mafia. This is big business. It is policy; it is strategic-historic; it is not spontaneous organized crime from the base up. It is governments, and agencies behind governments, which are behind this drug trafficking.

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