

Target the bankers behind Dope, Inc.

by Valerie Rush

The only way to win the war against the East-West condominium which runs the international narcotics trade, as *EIR* warned in its 1978 book, *Dope, Inc.*, is to target its financiers, the leading banking institutions of London, Geneva, Hong Kong, and Wall Street, which make the investments and launder the profits.

Since we first issued that report, the value of the dope trade has risen from \$100 billion worldwide to more than \$500 billion today. Despite pious sentiments expressed by one U.S. administration after another, Washington has never yet employed its influence and authority to interrupt the flows of dope profits going in and out of Wall Street's vaults.

Now, with the breakthrough in Colombia's anti-drug war represented by the capture and extradition of Carlos Lehder, the Colombian government has discovered that Dope, Inc. is not invincible. From its own courageous escalation of the war on drugs, the Barco administration has drawn the authority to demand an end to U.S. protection of the dope banks. In a Jan. 29 speech to the diplomatic corps in Colombia, President Virgilio Barco declared:

"As long as the consumer countries do not adopt effective measures and the sale of narcotics continues as if it were an item of necessity . . . as long as the producer countries lack the capacity to eradicate plantations . . . and as long as some countries continue to permit financial and banking institutions on their territory to serve as refuge for blood-stained money, the profit of crime, the battle against this scourge will not be won in Colombia."

Putting teeth into Barco's call was a proposal, made public two days later by Attorney General Carlos Mauro Hoyos, for the investigation of Colombia's "overnight millionaires." Said Mauro Hoyos, "With police measures alone, one cannot conduct a war against the drug trade. . . . It is time that the government began to consider economic measures for detecting [the traffickers'] funds." And on Feb. 9, the attorney general insisted: "To study the origin of many fortunes is today, for us and the entire world, the only viable and certain path—apart from simple repression—to battle the drug trade and the bribery of public officials."

The government's newly proposed focus for expanding the war on drugs was embraced by the daily *El Espectador*, whose publisher Guillermo Cano was murdered by the mob

in December 1986. Cano's sons wrote in the paper's lead editorial Feb. 6: "It is necessary that the tax authorities complement . . . the repressive action of law enforcement by investigating the immense fortunes that appear from one moment to the next, and, in view of the entire country, stand exposed [as operating] through apparently legal business and industrial activities which are in fact the product of money laundering obtained by criminal design and without the slightest scruples."

Regan and Weld: the U.S. connection

Colombia's aggressive anti-drug effort led to the capture of 2,011 people during the 45-day state of emergency which ended hours before Lehder's capture. In a total of 1,899 raids, 750 kilos of pure cocaine were seized, 18 laboratories dismantled, and 140,000 coca bushes and 180 tons of marijuana destroyed.

This stands in stark contrast to the U.S. "war on drugs," whose ineffectiveness is the most devastating obstacle to a global victory over the forces of Dope, Inc. Like the monkey which cannot withdraw its paw from a trap because it refuses to drop the bait inside, so has the Reagan administration been snared by its "free enterprise" obsession, into virtual paralysis on the anti-drug front, giving free rein to such power brokers of Dope, Inc. as White House Chief of Staff Donald Regan.

The November 1984 report of the President's Commission on Organized Crime, entitled "The Cash Connection," named the Merrill Lynch investment house, over which Regan had presided as chairman for 12 years, as one of the premier Wall Street financial institutions to open its doors to the drug mafia. Instead of seizing the opportunity to purge his government of Regan's influence, President Reagan moved his treasury secretary into the pivotal White House post.

In the name of defending "free enterprise," Regan has sabotaged money-laundering law enforcement efforts and protected known offshore havens for dope money, while his budget-slashing mania is directly responsible for the current proposal to cut 25% from the government's \$4 billion anti-drug budget. During his stint at Treasury, Regan was a key influence on economic and financial policies which ensured that the collapsing U.S. banking system would be forced to depend on a margin of liquidity acquired from illegal drug revenues.

Regan's chairmanship of Merrill Lynch—which was denounced by the London Stock Exchange in 1986 for "disreputable practices"—oversaw the firm's 1978 merger with the New York- and Boston-based White Weld Securities, and with the Zurich-based *Crédit Suisse*, a combination that today dominates the \$140 billion-a-year Eurobond market which serves as a haven for drug revenues, among other forms of "hot money."

If one follows the trail of *Crédit Suisse*, considered by U.S. federal prosecutors one of the world's dirtiest banks,

and White Weld Securities, one arrives at the doorstep of William Weld, the head of the Criminal Division of the U.S. Justice Department, whose family founded the White Weld investment house. When, in 1985, Crédit Suisse was caught in a multibillion-dollar money-laundering scheme with Bank of Boston, then U.S. Attorney Weld oversaw the investigation which led to a mere \$500,000 fine for the bank—and no action whatsoever against the nine foreign correspondent banks cited in the case, prominently including the Weld family's business partners at Crédit Suisse. Weld's complicity in whitewashing the activities of the drug banks is only surpassed by the zeal with which he has prosecuted the enemies of Dope, Inc.

With the likes of Regan and Weld squatting over the executive and judicial systems of the United States, is it any wonder that the besieged government of Colombia is demanding to know, in the words of Interior Minister Cepeda Ulloa, "Why are we bleeding alone?"

Debt and drugs

It is hardly a coincidence that the Colombian anti-drug developments are occurring just as the Vatican released a document on the injustice of the Third World's foreign debt, and as Attorney General Mauro Hoyos's proposed action against illicit fortunes received the endorsement of Colombian Cardinal Alfonso López Trujillo—a papal confidant and one of the most powerful clerics in Ibero-America. The creditor banks could not collect their usurious interest charges on the foreign debts, were it not for that percentage of laundered drug profits which make their way into the international reserves of the debtor countries. On the other hand, drug production could not survive except in the environment of desperation and economic crisis fostered by the murderous austerity conditions of the International Monetary Fund and other debt-collection institutions.

Exemplary of this symbiotic relationship between dope and the debt, is the matter-of-fact commentary published in the Colombian daily *El Espectador* of Jan. 18, based on an official central bank report: "The Colombian economy in 1986 had an exceptional performance, thanks to improved prices for coffee, and the increase in services income, apparently derived from the drug trade, after two years of adjustment monitored by the International Monetary Fund."

While the Colombian case is by no means unique in this way, it does serve to clinically demonstrate where the roots of Dope, Inc. lie. The Colombian economy was adapted to the exigencies of the burgeoning dope trade during the 1974-78 presidency of Alfonso López Michelsen, through the expert advice of then Finance Minister Rodrigo Botero Montoya (today, an executive vice-chairman of the pro-drug legalization Inter-America Dialogue). A drastic reform of the country's taxation system was undertaken, facilitating an explosion in speculative investment, and the infamous "sinister window" (*ventanilla siniestra*) was created at the central



Donald Regan's Merrill Lynch: named by the President's Commission on Organized Crime for drug-money-laundering.

bank to accept "service" dollars for pesos—in any amount—with no questions asked as to origin or owner.

The most obvious beneficiary of the new tax changes was the Grancolombiano Group, the largest financial entity in the country headed by López Michelsen's cousin, banker Jaime Michelsen Uribe. During the first six months of 1976 alone, the assets of the Grancolombiano group tripled as Colombia's first drug "bonanza" (marijuana) took off. Although never openly charged with links to the drug trade, the Grancolombiano "Octopus," as it was affectionately known in Colombian circles, was known to be up to its neck in dirty financial practices.

After several public scandals surrounding the Grancolombiano's asset-stripping and raiding practices in the Colombian business world, the government of then-President Belisario Betancur decided to call a halt to the group's orgy of economic destruction. In a private session with the President on Dec. 31, 1984, the all-powerful head of "The Octopus" was presented with an array of potential charges against him, and asked to resign his Grancolombiano posts. By New Year's Day, Jaime Michelsen, his family, and most of his Grancolombiano vice-presidents were in Miami, fugitives from Colombian justice. In July 1985, the first hard evidence of Michelsen's links to Carlos Lehder's drug-trafficking fortune came to light—but has yet to be officially added to the outstanding warrants against the fugitive banker.