

Dateline Mexico by Carlos Cota Meza

Mexico's economy addicted to drugs

The drug trade has increased dramatically, which has prompted some to argue for legalization.

In his third state of the union address on Nov. 1, 1991, President Carlos Salinas de Gortari reported that the value of drugs confiscated during his three years in office was equivalent to twice the value of the country's foreign debt, which is now \$104 billion. He discussed the topic again during the Feb. 26-27 drug summit held in San Antonio, Texas.

In the aftermath of the President's remarks, a very dangerous game of manipulating statistics has emerged, implying that drug legalization might have significant benefits for the national economy, and could generate the income needed to pay the foreign debt. Some analysts here say Salinas's statements were no accident, that they were calculated to encourage such a debate.

The drug trade has increased in such an alarming manner in the country during the past three years, that it is now the largest "economic activity." The laundering of a percentage of its earnings is done through the mechanism of privatizations and reprivatizations of state-sector companies and through "repatriation of capital." All of these are the result of Salinas's British-inspired policies of free trade and "flea market" economics.

According to information released by the office of the attorney general, the value of drugs confiscated within the country between 1989 and 1991 was \$182 billion. The value of drugs confiscated in 1991 is calculated at \$70 billion, the equivalent of 25% of the total value of national production for that year.

Specialized studies used by government authorities say that at least 350,000 people are directly or indirectly involved in drug-related activities. But unofficial statistics estimate conservatively that the figure is as high as 1 million people, thus making the drug trade the country's largest "employment generating activity."

Reports from the coal-producing region of Coahuila, where 10,000 miners have been fired, exemplify the situation. The former Nayarit miners earn a minimum wage of 100,000 pesos, but now they sow marijuana. The Peñoles company reports that 203 small and medium-sized mining concerns have been forced to close their doors.

The \$70 billion in drug profits for 1991 is larger than the economy's most speculative activity, the Mexican Stock Market, which registered a growth worth \$50 billion for the same year.

But the value of the confiscated drugs is only an unspecified portion of what is really produced (as well as what enters the country from the south of the continent), consumed, and exported to the United States.

The document produced by the attorney general's office, *Drug Control in Mexico, the 1989-94 National Program, Evaluation, and Followup*, which was presented to Salinas just prior to the San Antonio summit, recognizes that the financial resources currently allocated to the anti-drug fight make it impossible to deal effectively with the problem, given its magnitude. Government authorities

also note a significant increase in the amount of drugs entering the country from the southern cone of South America.

According to the attorney general's office, during the last three years, 71% of the total amount of cocaine, 60% of all heroin, and 51% of all marijuana which goes from Mexico to the United States has been confiscated. However, government officials admit that during the same period, the sowing of poppies and other mind-altering drugs has increased annually by 20%. The primary cultivation areas are located in Sinaloa, Chihuahua, Durango, Nayarit, Guerrero, and Oaxaca. "In Guerrero, more than 30% of the hectares cultivated were destroyed, but the threat of recultivation is great, as is the case in Chihuahua, Sinaloa, and Durango," the report explains.

Money laundering is so open in Mexico that the attorney general is demanding drastic changes in national legislation. "The recycling of financial products is classified as a fiscal crime, such that the authorities empowered to pursue this crime can only act on the basis of a complaint by a Finance Ministry official," something which Finance Minister Pedro Aspe has never thought of doing. The attorney general's office recommends establishing a system of detection, verification, and persecution of drug-related financial operations and changing legislation to make money laundering a crime.

These recommendations deserve support, being the only sane proposals to come out of the Salinas government in three years, and go to the heart of the problem. If they were to be implemented, rest assured that the Stock Market, newly rich bankers, and more than one government official in the area of finance will start to scream as loudly as the drug addict demanding his fix.