

IMF, State Dept. back Bolivian drug czar

by Cynthia Rush

Bolivia's July 14 presidential elections show no clearcut victory for any major contender, as we go to press. Final results will not be available before July 31. But if Henry Kissinger and the U.S. State Department have their way, the next President will be Gen. Hugo Banzer Suárez, candidate of the Nationalist Democratic Action party (ADN).

Banzer built the infrastructure for the expansion of Bolivia's cocaine trade under his repressive 1971-78 dictatorship. He is the man Kissinger thinks can restore the power of the drug mafias, curbed under the recent Siles Zuazo government, and use the same kind of terror he used in the 1970s to further impose the International Monetary Fund's policies on Bolivia's working and peasant population. With the help of the Kissinger wing of the Republican Party, Banzer is trying to hide his dirty past, and take power through "democratic" means. But if this fails, a military coup is not to be ruled out.

Based on early returns from Bolivia's urban centers, where Banzer has his support among middle class and business sectors, the former dictator proclaimed himself the winner. But the National Electoral Court reported widespread irregularities; and returns coming in from rural areas have reduced Banzer's initial 20-point lead over his opponent, former president Victor Paz Estenssoro. If no candidate wins a majority, the final decision will be made in the new national Congress, to be installed in early August. Leaders of Bolivia's powerful trade union confederation, the COB, and other organizations, say they will oppose Banzer, should he reach the presidency.

Country ungovernable

All of this boils down to a recipe for chaos.

Presidential elections were scheduled to take place in 1986, at the end of the four-year term which President Hernán Siles Zuazo began in October 1982. But the instability resulting from the IMF's policy of starving Bolivia to death, following the government's May 1984 decision to halt payment on its foreign debt, forced Siles to call for early elections to avoid being overthrown. Strikes and constant shutdown of factories to protest the economic situation made the country virtually ungovernable.

On a recent visit to Bolivia, an IMF team announced that this Andean nation is suffering one of the worst crises on the continent, and reportedly agreed to back the government in debt negotiations with foreign creditors.

The sudden "generosity" is a fraud. In the year since Siles suspended debt payment, the IMF has done everything possible to punish Bolivia for its debt moratorium, including trying to oust Siles from office. The international press helped by portraying Siles as a "communist," even suggesting he was involved in the drug trade. Paula Hawkins, the conservative Republican senator from Florida, authored an amendment earlier this year to cut financial aid to Bolivia on grounds that Siles had not been vigorous enough in combatting the drug trade.

At the time of the debt suspension, Siles announced that the country had no foreign exchange to pay for imported foodstuffs and medicines, let alone service its debt. Creditors demanded a tough austerity program, which the government acceded to. It received no new credits in return, but it did get an expanded drug trade, growth of the "informal economy," and the degradation of its population, increasingly forced to live off this drug-and-contraband economy, as other productive sources of employment disappeared.

Today, 60% of Bolivia's infants suffer from some form of malnutrition, up from 40% in the 1970s, according to a recent study by UNICEF. Over the past few years, the income of Bolivian families have fallen by 25%; 100,000 children leave school permanently each year, a crisis whose full effects "will be visible over the next 15 years," according to one researcher.

With an inflation rate that, by mid-June, had reached 2,300%, the most lucrative "business" is speculation in the U.S. dollar. In La Paz and other major cities, street vendors sell milk, flour, butter, and imported medicines for dollars only. Pesos are no longer accepted.

The government has repeatedly imposed severe austerity measures in an effort to keep prices under control. In mid-June, when the value of the black-market dollar suddenly zoomed, the government suspended credit allocation and dramatically reduced money supply—even though 75% of the official money supply is in the hands of the drug-related "informal economy." But prices have gone through the ceiling just the same. The cost of the average monthly market-basket is approximately 47 million pesos. The average head-of-household earns only 10 million monthly. Bread has become a luxury item. Other products, such as meat, eggs, and flour, are only available on the black market. The country's five milk-producing plants are close to bankruptcy, unable to meet costs of production.

The key industries, mining and agriculture, are also close to bankruptcy. The only employment for many workers is the drug trade. The president of the Federation of Sugar Workers of Santa Cruz, Edgar Talavero, recently reported that because the government had stalled on authorizing the 1985 sugar harvest, many workers were forced into the production of coca. He charged that "vested political interests" were trying to destroy the industry, and had influenced the government's decision.

It is in the midst of this economic and social holocaust that Gen. Hugo Banzer Suárez launched his campaign as the "democratic alternative" to Siles Zuazo, and promised to restore economic stability through a tough policy of dismantling the state sector and encouraging free enterprise. He hired a team of Harvard-educated "whiz kids," like the crew that ruined Argentina between 1976 and 1983, and told the population to "forget the past."

Banzer's past one might prefer to forget. He took power in 1971, in a bloody military coup that overthrew nationalist Gen. Juan José Torres. He retained power through a savage terror apparatus. By the time he was deposed in 1978, he had put into place the infrastructure for the 1980 "cocaine coup" by Gen. Luis García Meza.

Klaus Barbie, the "butcher of Lyon" now on trial in France for Nazi war crimes, was a "security consultant" to Banzer's regime. It was Banzer who granted Barbie Bolivian citizenship, and the diplomatic passport which allowed him to travel freely in Europe to make arms purchases for the Bolivian army. From his home in La Paz, Barbie coordinated the activities of former SS officers and other mercenaries from the Nazi International who flocked into the country and guaranteed the success of the 1980 military coup.

The best-known figures in Bolivia's drug and terror apparatus, including cocaine kingpin Roberto Suárez Gómez, the butcher Colonel Arce Gómez, or death-squad leaders like the Razuk brothers, all got their start with favors or official posts under the Banzer dictatorship. Banzer himself, and members of his immediate family—daughter and son-in-law, cousin, and wife—have all been implicated directly in drug-trafficking.

This is the man that the Kissinger wing of the Republican Party, wants to install as Bolivia's next president. Even Sen. Paula Hawkins, who claims to oppose Bolivia's drug trade, is supporting Banzer through her participation in the National Republican Institute for International Affairs (NRIIA), a private foundation set up ostensibly to help political parties in other nations "function more effectively in democracies."

NRIIA has urged Republicans to support Banzer, and even provide financial assistance to his campaign. NRIIA literature portrays Banzer as the candidate of "private enterprise, individual initiative, equal opportunity respect for the law and moral values of our Western heritage." The NRIIA's 1985 annual report says, "Any donation given to the Institute is tax deductible, and will be used to help the ADN [Banzer's party] and Mr. E. Galindo's campaign." Eudoro Galindo is Banzer's running mate, whose brother Ramiro "is active in Texas and national Republican Party fundraising activities," according to NRIIA.

In August 1984, Banzer traveled to Dallas with a large delegation to attend the Republican National Convention. Like members of Mexico's National Action Party (PAN), who also went to Dallas, Banzer met with Republican officials to seek backing for his electoral efforts.

More Dangerous Than Nuclear War



If IMF policies continue, the deadly tse-tse fly

may be ruling the world by the 1990s!

That's what *EIR's* new Special Report, "Economic Breakdown and the Threat of Global Pandemics," shows.

An exclusive presentation of the causal relation between economic policymaking and the outbreak of new deadly diseases.

- Features the world's only handbook for the general policymaker, on how pandemics are being generated and where they will next break out;
- Over 70 pages, including charts, maps, and graphs demonstrating the U.S. vulnerability to biological warfare;
- Prepared by the *EIR* scientific task force which 11 years ago forecast the precise location and time of the currently erupting epidemics in Africa.

Price: \$100

Order from:
EIR News Service
P.O. Box 17390
Washington, D.C. 20041-0390