

EIR Feature

'Free market' drug barons in Colombia switch to heroin

by Andrea Olivieri

Colombian drug traffickers have been given the free trade opportunity of a lifetime. In exchange for bringing their vast drug profits back home, they have been offered tax amnesties, benevolent handling by the legal system, the explicit protection of the state, and an invitation to buy up the Colombian banking system at bargain-basement prices. At the same time, the government of President César Gaviria gets to show hefty dollar reserves (\$7 billion and growing, at last count) and a punctual debt repayment schedule to its international creditors.

What the Colombian population gets is quite another story. Thanks to betrayal by such "democratic" political leaders as former President Alfonso López Michelsen and current President Gaviria, Colombians have seen their country turned into a dictatorship, run jointly by treasonous elements of the political elite and by drug cartels serving the interests of the international financial oligarchy. Such national institutions as the Congress and Supreme Court have been terrorized into impotence, the Armed Forces are under attack at home and abroad, the Attorney General's office has become a rubber-stamp for narco-terrorism, and even the Constitution has been rewritten to better serve this model of George Bush's new world order.

And with all that, violence in the country continues unabated and the Colombian people suffer in silence the humiliation of seeing the murderous chieftains of the Medellín Cartel live it up—courtesy of the Gaviria government—in five-star bunkers built with their tax money and protected by the Colombian Armed Forces. Mafia bank accounts, properties, and private armies remain untouched. Colombian narcotics trafficking is, of course, heartier than ever, and is expanding into new turf: the heroin trade.

Presidential 'abuse of office'

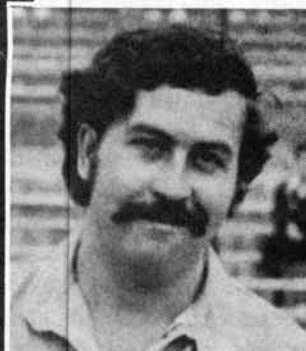
Former Colombian Justice Minister Enrique Parejo González, one of the few surviving voices of conscience in the country, publicly charged in a Dec. 8 newspa-



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El Espectador

Former Colombian President Alfonso López Michelsen (left) engineered the truce whereby drug kingpin Pablo Escobar (right) can continue to run the dope trade from his luxurious five-star prison.

per column that President Gaviria had “abused his office” in striking this shameful pact with the cartels, and warned that a “narco-dictatorship” now ruled Colombia. Parejo declared that “loss of employment” was the only punishment for such presidential treason. Acknowledging that he is under a continuing death sentence by the drug cartels, Parejo nonetheless offered himself as a 1994 presidential candidate, “under the banner of morality and dignity of New Liberalism,” referring the political movement of Luis Carlos Galán, who was murdered by the drug mafia at the height of his own 1988 presidential campaign.

Parejo’s denunciations took on special significance when they were seconded by a highly respected military figure. In early December, a best-selling book entitled *Mi Guerra en Medellín* (*My War in Medellín*) hit the streets, detailing Gaviria’s sellout to the drug cartels. Written by Col. Augusto Bahamón (ret.), the former second-in-command of the Fourth Army Brigade in Medellín, the book’s appearance hints at the potential for a civil-military resistance to Gaviria’s narco-dictatorship (see review, below).

Parejo has been running a virtual one-man campaign against the Gaviria government’s corruption since his return to Colombia last year, after years of protected “exile” abroad under ambassadorial status. His courageous exposés of government complicity with the drug mob are written clandestinely, as he was stripped of government protection upon his return home. In offering himself as a pole of resistance for the nation, Parejo is keeping hope alive. However, in failing

to identify *the policies* behind the corruption, and in particular the role of the Bush administration and of the international financial institutions in sponsoring President Gaviria’s deal with the cartels, Parejo has limited his effectiveness, while dangerously increasing his own vulnerability to counterattack by the enemy.

In April 1991, *EIR* issued a Special Report entitled “Bush’s Surrender to Dope, Inc.: U.S. Policy Is Destroying Colombia,” which detailed how official U.S. policy fostered Colombia’s “truce” with the narco-traffickers and helped turn Colombia into a testing ground for a global drug legalization strategy. The report identified, in particular, how the international banking system is hooked on the \$500 billion or more per year in drug cash it needs to stay afloat, and targets the individuals, the institutions, and the policies employed to feed that habit.

Bush’s ‘free trade’ means dope

Ironically, it was a mouthpiece of the U.S. liberal establishment, the *Washington Post*, that gave a broad hint as to the real responsibility for the Colombian narco-dictatorship. A Dec. 31, 1991 article on the flood of drug dollars pouring into Colombia observed, “This repatriation of drug profits is being facilitated—in a dash of market-economics irony—by the affirmative response of Colombia to U.S. urgings to open up the economy here.” Similarly, the London *Financial Times* of Dec. 6 noted that the U.S.-prompted “policy of *apertura* [opening] has also brought its share of problems—

most disturbingly, through the re-entry of drug money." Neither newspaper suggested that a reversal of such policies would assist the war on drugs.

U.S. Drug Enforcement Administration financial specialist Greg Passic was explicit in identifying the cause of the drug trade's recent stupendous growth in Ibero-America, during a seminar given in late 1991 in the city of Santafé de Bogotá. Passic said that the tax and foreign exchange amnesties, the deregulation of the banking systems, the lifting of restrictions on foreign investment, and all the other free trade policies characteristic of the economic *apertura* programs in Colombia, Venezuela, Ecuador, Peru, and elsewhere "are creating an environment favorable to the laundering of drug money."

The 'sinister window'

When Colombian bankers complained that President Gaviria's severe "anti-inflationary" credit restriction policy was bankrupting them, Finance Minister Rudolf Hommes responded by legalizing private foreign currency exchange. The infamous *ventanilla siniestra* (literally, "sinister window") at the central bank, created in 1974 by the López Michelsen government to accept dollars without question as to their origin, was thus reinstated by the Gaviria government, with the modification that now *every bank in Colombia may have its own "sinister window."* In the past 18 months—that is, during the period of the Gaviria administration—nearly \$2 billion has thus been *legally* laundered through Colombia's deregulated banking system.

At the same time, Hommes has prepared a Financial Reform Plan which involves, among other measures: 1) selling off all state banks; 2) allowing foreign investors to buy up to 100% of any bank; 3) allowing foreign investors to buy stocks on the Colombian Stock Exchange; and 4) allowing foreign investors to remit abroad up to 100% of profits made inside Colombia. Further, the Financial Reform Plan seeks to create onshore "financial paradises" in Bogotá and on San Andrés island, free of government oversight and with total account secrecy.

The Gaviria government has not given up all pretense at fighting crime. In a much-publicized announcement by Finance Minister Hommes Dec. 21, it was revealed that Colombian "financial authorities are imposing drastic controls on the operations of bank branches abroad, to detect tax evaders and drug money launderers." Lest one leap to the conclusion that this is an anti-drug measure, however, Hommes clarified that these bank branches would be expected to inform on the movements of bank accounts suspected of illegal operations, so that they could be appropriately punished *for tax evasion*. Hommes was especially irritated that despite the tax amnesty granted to more than \$1 billion in drug dollars, "the government believes that there still exists unlegalized capital outside of the country, which is not paying the appropriate taxes."

From marijuana to poppy

Just as the cocaine trade of the 1980s has proven more lucrative than the trafficking in Colombia's famous "Santa Marta Gold" during the 1970s "marijuana bonanza," Colombian heroin should prove at least 10 times more so, according to experts. Indeed, with the apparent saturation of the U.S. market with Colombian cocaine and every encouragement from the Gaviria government, the drug cartels have begun to diversify once again. The tonnage of cocaine production is not likely to fall as long as new markets for the stuff keep coming on line in Asia, eastern Europe, and so forth. However, now that the Gaviria government is taxing drug profits rather than preventing them, Colombia's drug cartels have every incentive to move into the heroin trade.

Already, an estimated 4,000 acres of poppy have been discovered and destroyed in at least five Colombian provinces. Colombian heroin has been found on the streets of New York, Los Angeles, Miami, and San Juan. Chinese chemists are being hired by the Colombian cartels to produce a heroin comparable in quality to China White, considered the highest quality heroin in the world. On Jan. 14, the *New York Times* reported that U.S. "federal officials estimate that Colombia may harvest about four tons of heroin this year . . . they expect a rapid expansion of the crop." Colombian soil is considered "ideal" for poppy cultivation. In December, the *Financial Times* of London cited a Colombian security agency report estimating the existence in Colombia of 25,000 hectares (nearly 62,000 acres) of poppy, capable of producing more than 17,000 kilograms of heroin. Kilograms of heroin are currently selling for as much as \$200,000 on the streets of New York.

What is the Colombian government doing about this frightening development? Last November, Gaviria's new agriculture minister gave an inaugural speech which, according to the daily *El Espectador*, "seemed indistinguishable from an invitation . . . to cultivate poppy." He apparently elaborated on the "high profitability" of such a crop for Colombian farmers. The new minister is Alfonso López Caballero, eldest son of former President López Michelsen.

And in December, Colombia's environmental watchdog agency, Inderena, ordered the suspension of experimental fumigation of poppy fields with the highly effective glyso-phate, claiming that a study conducted by experts had determined that "the ecological reserve, the fauna and flora, are affected." And yet it was with glyso-phate that Colombia's extensive marijuana fields were eventually destroyed.

As to environmental concerns, Colombia's anti-narcotics police director Brig. Gen. José Serrano Cadena recently gave his summary of the war on drugs in 1991, in which he warned of severe ecological damage from the poppy cultivation. "To sow poppy, the growers have to find virgin forests in high and remote areas to evade patrols . . . but the mere fact of destroying those forests and then burning them causes immense losses because their surface soil quickly disappears."