

Andean Report by Gretchen Small

Sachs maniac wins Bolivian elections

President-elect promises to legalize drug trafficking and sell off country to speculators, as bankers gloat.

Winning the largest share of the vote in the June 6 elections, Gonzalo Sánchez de Lozada is now scheduled to become Bolivia's next President in August. Once he won the elections, Sánchez de Lozada moved quickly to push a political agenda he had left unspoken until now: the legalization of the drug trade. Efforts to crush the drug trade are futile, he told Spain's *Tiempo* magazine after the election. "Prohibition has never achieved anything. . . . It is terrible to say it, but taxes should be placed upon the drug trade."

That stunning declaration was quickly promoted around the continent. The newest President on the block "supports legalizing the sale of drugs," newspapers from Peru to Mexico reported June 22.

Drug legalization is not some personal opinion of the new President. Sánchez de Lozada is a member of the Inter-American Dialogue, the leading policy body of the Anglo-American bankers, which first began its campaign for the drug trade to be legalized back in 1986. The Dialogue stated that year that the drug proceeds are needed to pay foreign debts. In Bolivia, for example, "cocaine earnings have been estimated at three times the value of all other exports of the country," they wrote. "Drug profits . . . are substantial for strapped economies carrying large burdens of external debt."

By 1993, the Dialogue could brag that its members held cabinet posts in at least four governments in the Americas; now they are ready to seize a presidency, and they plan to ram their evil agenda through fast.

A mining executive raised in the United States and trained at the University of Chicago, Sánchez de Lozada learned Spanish as a second language and still speaks it with an English accent. He was economics minister for the government of Paz Estenssoro (1985-89), when he implemented the savage austerity program of Harvard whiz kid Jeffrey Sachs which destroyed Bolivia's legal economy, but sent the cocaine trade soaring.

On June 10, London's *Financial Times* called his election "living proof that radical economic reform can bring political rewards." In Lima, *Ex-preso* director Manuel D'Ornellas had written hopefully on June 7 that this election proves that "ministers who administrate spartan shock policies are not only not unpopular but they can aspire to be elected President." He suggested that the architect of Peru's most vicious economic program, Carlos Bologna, could now aspire to the presidency.

It was not his popularity which elected Bolivia's leading Sachs maniac to the presidency, however. A last-minute intervention in the elections from the United States was required to pull this one off.

The race was fairly close throughout the campaign; all three top candidates were doing badly in the polls, but evenly so. No candidate generated much enthusiasm. Then, on June 3, *three days before the election*, the U.S. embassy in La Paz issued a statement accusing Guillermo Capobianco, the vice-presidential candidate of Sánchez de Lozada's top opponent,

Gen. Hugo Banzer, of having accepted \$100,000 from drug traffickers. The bribe had allegedly been made in 1991, but the U.S. embassy chose this moment to make its announcement.

Banzer's party charged the embassy with intervening in the elections, noting that Capobianco had never been formally charged, much less been tried on these suddenly uncovered charges, but the damage had been done. Sánchez de Lozada scraped up a plurality with 37% of the vote.

If the U.S. embassy were really concerned about stopping drug trafficking, Sánchez de Lozada should have been its target. The shock program he implemented as economics minister, written by Jeffrey Sachs, cut off credit to the legal economy. Per capita Gross Domestic Investment, rising before 1985, fell by almost 50% under their program; two-thirds of the work force at the state-run tin and oil companies was thrown out of work.

In this wreckage, the cocaine trade rapidly took over the economy. The number of workers employed in coca leaf growing and processing leapt from about 350,000 (or 17% of the work force) before the Sachs/Sánchez program, to over 700,000 after—a third of Bolivia's labor force! The two economic architects knew full well what they were doing: Sachs acknowledged in his 1988 study, *Bolivia: 1952-1986*, that many of the workers fired under his program "are still unemployed, or only marginally employed, or have gone to the coca-growing region to find work. The mining towns themselves have been decimated."

Where Bolivians were poor before, after Sánchez and Sachs had finished, their living standards were driven down to the levels of sub-Saharan Africa. Now the man responsible for that is being hailed for promising to set up an "anti-poverty program."