
COLOMBIA

War on drugs brings down Swiss wrath

by Valerie Rush in Bogotá

Alongside his campaign to eradicate the drug trade, Colombia's President Belisario Betancur has ordered that the condition on the \$225 million loan organized by a Chemical Bank-led syndicate of private banks, that "applicable law will be British," be changed to read that "applicable law will be Colombian." The loan was signed in London in October, and only one participant—Morgan Guaranty Trust—withdrew from the syndicate in protest against the change. But Colombia's recalcitrance was noted by the international banking community.

One response came in the Nov. 3 issue of the Swiss oligarchy's newspaper of record, the *Neue Zürcher Zeitung*, which warned that without its illicit drug revenues, Colombia faces total economic crisis. "Colombian products [are] of limited interest for the industrial countries . . . 1983 is expected to result in an all-time low for exports. Comparing its export earnings to its approximately \$9.6 billion foreign debt . . . the stretched currency situation, and the low level of reserves at the central bank are already reflected in the exchange rate on the parallel market. . . . In the past decade, Colombia could lean annually upon \$2 to \$3 billion, which, following uncontrolled exports [the drug trade], were available to the country. Were the moralizing campaign of the government to reduce [this source of funds], Colombia would . . . find itself . . . no longer in a position to earn the foreign exchange necessary for its economy. . . ." Soon Colombia, which has consistently paid its debt service obligations, will face a crisis as grave as Venezuela's, concluded the *NZZ*.

Since stepping up his campaign to eliminate the drug trade—Colombia is the biggest supplier of drugs to the East Coast of the United States—after the appointment of Justice Minister Rodrigo Lara Bonilla several months ago, Betancur has ordered thousands of soldiers to destroy coca and marijuana plantations with paraquat. At the same time, Betancur has challenged the austerity measures dictated by foreign creditors; following abrupt, dramatic increases in public service rates at the end of October, Betancur called an urgent meeting of the public service directors to chastise them for the increases which, he charged, serve as "objective agents of subversion." He warned that recently passed Colombian laws prohibit increases in public service rates as a condition

for receiving foreign loans.

Further, in a recent meeting with the executive committee of the UTC labor federation, Betancur gave the union leaders authorization to publicize his rejection of the finance minister's recent declarations limiting 1984 wage increases to only half the current inflation rate. Betancur said, the ceiling on wage hikes "is only the opinion of technocrats, not the official position of the government."

Economic warfare against Colombia has already begun. At a recent gathering of the Colombian Banking Association in Cartagena, foreign bank observers accused the Colombian government of not paying a \$22 million liability of the liquidated Banco Nacional—whose owner is now in a Colombian jail on fraud charges—to Morgan Guaranty. Morgan's initial association with the Chemical Bank syndicate was in the hope of linking its claim on the defunct Banco Nacional to the new \$225 million syndicated loan under City of London arbitration—and thus forcing the Colombian government to guarantee the debt. The alternation in the Chemical contract will make Morgan's efforts far more difficult.

In late October, a representative of the World Bank, visiting Cartagena to study a possible loan for port expansion, abruptly cancelled discussions and left without explanation. The following week, the British government ordered all assets of the Colombian embassy in London frozen while a British company sued the Colombian government for alleged non-payment. In mid-October, \$13.5 million sitting in a Republic of Colombia bank account in Chase Manhattan's London branch had been illegally transferred to Morgan Guaranty in New York, and then to a numbered Swiss bank account. Chase Manhattan has denied responsibility for the theft and has refused to refund the money, thus forcing the Colombian government to sue for redress.

In response, the national daily *El Siglo* published a cartoon in the first week of November asking, "Will the president of Chase Manhattan be extradited to face Colombian charges?" and prominent labor leader Jorge Carillo called on national radio for breaking relations between Colombia and Britain.

Colombia's drug mafia has not stopped at economic warfare. The leaders of the Colombian Anti-Drug Coalition, a political organization committed to eliminating the production and use of drugs and the power of the financial circles that control much of the world economy through the drug trade, Fausto Charris and Maximilian and Patricia Londoño, have been the objects of death threats and physical assaults.

The harassment against the Anti-Drug Coalition leaders coincides with a campaign of attacks by the narcotics networks against Justice Minister Lara Bonilla. In mid-October a plot by national and international drug traffickers to assassinate Lara Bonilla was discovered. The Colombian government dismantled the plot with the help of the U.S. Drug Enforcement Agency. Dr. Lewis Tambs, U.S. ambassador in Bogotá, has declared the U.S. government's full support for the Colombian government's war on drugs.