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## INTERVIEW: Frederick Wills, former Foreign Minister of Guyana

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# 'International Monetary Fund forces the Third World into the drug trade'

*Frederick Wills, the former Foreign Minister of Guyana, was interviewed in New York City Nov. 16 by EIR's Carlos Wesley. A founding member of the Club of Life, Wills is a leading fighter for a New World Economic Order.*

**EIR:** Mr. Wills, you were foreign minister, minister of justice, and minister of foreign trade of Guyana for many years. In those capacities you had to deal with the International Monetary Fund and other international lending institutions. Could you relate to me some of your experiences with these institutions and the kinds of conditions they demand from Third World countries?

**Wills:** I have experience in other countries dealing with the IMF. In the case of Guyana, I lacked the experience of dealing with the IMF because that was the major issue of the constitutional crisis which saw my departure.

Let me say first of all that independence gained by Third World countries after the Second World War was within the terms of the Bretton Woods system. From negotiating independence at Chatham House in London during that time, I remember the unspoken and unwritten law that you had made a commitment to join the international monetary system, Bretton Woods, which meant that from the start you were in the IMF. It also meant that you acceded to some treaties to which you did not originally contract.

The difficulty comes from the fact that the whole debate on development was cast in the mold that the precondition of development was to resolve the balance of payments disequilibrium. It was considered a precondition before you could start to develop. This was accepted by the Third World countries, even those which got their independence in the century before the Second World War—Brazil, Argentina—they accepted the idea that the precondition to any development planning was to keep their balance of payments in order.

The difficulty was that the prices for your exports, which were largely raw materials and food, were not controlled by you. Except for oil, the commodity prices were always low, sometimes lower than the cost of production. This means that you never earned enough from your export receipts to cover your import bill. So structurally there was always a balance

of payments deficit, which meant that you had to negotiate with the IMF, because the banks told you that you couldn't get any loans or credits unless you got the seal of approval of the IMF.

So whether you wanted to or not, you dealt with the IMF. When you got there, you would get too little, too late. Secondly, their strategy was to make sure that you were in a worse condition after you joined than when you entered, because the IMF was formed to reconstruct the world as perceived by [John Maynard] Keynes and Harry Dexter White. They required cheap raw materials for the processing economies of Western Europe. Therefore the recovery of Western Europe was premised on cheap raw materials, so that you couldn't get increased prices for your raw materials.

The IMF is a very harsh negotiator. It virtually allows an intelligence operation to come into your country, and the officials sit down in your government offices and they know more about the economy than the ministers do. . . .

**EIR:** If the premise was to get a balance of payments before you could have development, and if the IMF would give too little and too late, how then do you balance your payments?

**Wills:** You don't! The problem is that all these mechanisms aggravated the problem rather than solving it. For instance, the first thing they tell you is to devalue. Sometimes they used the word "devalue," sometimes they used the word "alignment," but they meant devaluation. And that meant that imports became more expensive, which increased the debt, and it also meant that the debts increased automatically, because the value of your money depreciated. So the balance of payments deficit increased! The hypothesis of negotiation with the IMF revealed a particular perception of how to treat an economy, which was inconsistent with the development of the Third World.

**EIR:** What kind of solution do the countries themselves adopt?

**Wills:** The countries hope that, by getting the IMF seal of approval, this will open the gates for credit from other countries and private banks. But the IMF seal of approval requires



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Frederick Wills

successful acceptance of the IMF program. And since you didn't succeed, the flow of funds from money markets and banks is dried up.

This means that, first of all, the government ministers started to think, "What export drive could we have which could realize a quick cash flow, to stem this balance of payments gap?" There is only one commodity that satisfies that requirement: dope, heroin, marijuana.

**EIR:** Are you saying then that the International Monetary Fund, the World Bank, and other lending institutions were pushing and promoting the production of drugs, illegal narcotics?

**Wills:** I am saying that they pursued policies which meant that the only chance of recovery, if the policies were accepted, was to do something like the exportation of dope, heroin and marijuana, to get quick cash flows to close the balance of payments gap.

**EIR:** It has been estimated that right now at least half of the Gross National Product of Latin America as a whole is derived from the so-called illicit black economy, which includes the production of drugs. Could you tell us an example of how this process works?

**Wills:** I prefer not to name a country. But in several countries, things like this would happen: Officials from the IMF and the Bretton Woods system would come down and say "your future lies in agriculture." But in agriculture you have the following problems: High technology is expensive, that increases your import bill. So you have to use the "appropriate technology" that you do have. You have to use the appro-

priate technology to produce those goods which can satisfy your local market and a bit for export. You cannot compete with the great agricultural countries like Argentina, Canada, the United States, and Australia. Therefore, the kind of crop you have to produce for *export* has to be one in which you have the edge and they don't, and that's dope.

**EIR:** One of the things the IMF pushes is what they call "non-traditional exports." Are they aware of the fact that these actually include illicit drugs?

**Wills:** Oh yes, they are aware. But there is a certain conspiracy of silence. Nobody puts down in a government balance sheet or an IMF balance sheet "Export of Dope." You put down "Agricultural Exports"! This is to cover up a multitude of sins.

but nobody puts down the word. The banks advance money, because the return on investment is very large; it is not "risk capital."

**EIR:** The United States Congress is considering whether to give more money for the International Monetary Fund. Does this mean that the Congress will be giving funds to promote an increase in illicit narcotics, to continue to decimate the population of the United States?

**Wills:** Put it this way. If that bill is passed, it will give a new lease on life to a system which the vast majority of people feel has not served any useful purpose in advancing mankind to a higher stage of existence. It will in effect mean that credit will be subjected to IMF conditionalities, and the credit squeeze is the thing which naturally moves an economy, logically, as a question of survival and malnutrition politics, toward dope. And the richest market for dope is the American market. So by progression you can see that supporting the IMF bill means *in the long run* that countries will bring more dope into America, in order to earn the necessary foreign exchange.

**EIR:** So in other words, giving money to the IMF not only destroys the economies of the countries of the Third World, but also destroys the capacity of the youth of this country to make something of themselves?

**Wills:** That's it, because the kind of credit squeeze that the IMF imposes upon semi-agricultural and agricultural countries leaves them no other option than to develop a market in the sense of Adam Smith, a Benthamite pleasure market. Most third world countries have two economies, some call it the "black economy," some call it the "parallel economy."

And with the dope come cults, the malnutrition cults which say that people should accept the present, and live in some Benthamite pleasure syndrome. I am strongly against this. To give more money to the IMF, I would submit strongly, would be to endorse not only the dehumanization of American youth, but to endorse the imprisonment in history of peoples of the Third World, by forcing them to accept backward technology, backward agriculture.

**EIR:** Not long ago, the Interamerican Development Bank was considering a loan to Guyana for irrigation projects to increase rice production. This loan was turned down. These institutions are proposing policies which lead to the production of illicit drugs, yet they reject the production of useful goods such as rice. How do you feel about this?

**Wills:** The official reason given was that there was a technical problem in the plan submitted by Guyana. I would have thought that any person of rational intelligence would agree that the production of staples like rice would be important. But we know that the maxim that there is no politics in food is a lie. Food is one of the biggest instruments of politics. We know now too, that if you have a simplistic view of the world—"good guys" and "bad guys"; all so-called socialists are bad, all so-called capitalists are good—then you end up with this kind of nominalist decision, that you help friends and injure enemies (and Guyana would be considered an enemy in that context).

They should not be asking who are the friends of America, but who are the friends of the *American System*, as devised by Hamilton, Franklin, John Quincy Adams, Lincoln, Franklin Roosevelt. That is what the question should be.

So my answer to you in short is this: To me it is paradoxical that anyone should encourage as a developmental process, in the long run, the import of dope into America, while at the same time take steps which will retard the growth and export of things like rice. This is ludicrous. It bespeaks a basic assumption about human life and the quality of human existence which I find to be totally unacceptable.

**EIR:** You mentioned that there is a close linkage between the drug culture and the cults. Could you expand on that?

**Wills:** Poverty, malnutrition, disease, starvation, credit squeezes produce a kind of world outlook where you lose confidence in rationality, where if you don't know where the next meal is coming from or the next medicines are coming from, you tend to feel that chance is involved, good fortune, Father Christmas, whatever. Therefore, life is irrational: that becomes your world outlook. And since life is irrational, you must pay obeisance to whatever forms of social activity create irrationality—you must pay obeisance to cults. So you get cults which go back to eating fruits and greens, not because they are good for you, that's a rationalization—the fact is you cannot get animal protein. And you have to have a ritual to justify this, symbol, myth. In all of this, the *sacrament* is marijuana, cocaine, heroin.

**EIR:** Are these cults a spontaneous result of the collapse of the economy, or is there a deliberate process to bring them into being?

**Wills:** I think that, on the ground, on the level of the guys who join the cults, it is a spontaneous overflow of powerful feelings of irrationality. Life is irrational, and you may as well find social comfort in this. But there are also people who manage cults, who control the worldview, who interpret the

meaning of the cults, who can press the pedals of conservatism if they want to, or can press the pedals of radicalism, who can get them to accept the present, or get them to fight the present in an irrational way. These are the deliberate, conscious, rational promoters of cults. . . .

There is a large operation in Latin America based on the word "heritage." "Heritage" means a balkanized notion of Colombian heritage, Guyanese heritage, Venezuelan heritage, Jamaican heritage, Grenadian heritage, Peruvian, Panamanian. That normally means that particulars are taken out of history in order to suit a political purpose of perpetuating backwardness and imprisonment in history: the growing of the coca in Colombia, the Jordanites in Guyana, which is a religious cult based on fundamentalism. You saw, I am sure, the example of Prime Minister [Edward] Seaga [of Jamaica—ed.], holding a pint of goat's blood and speaking about "our heritage." One leader in the Caribbean once said that the banning of opium was "cultural imperialism." That is what is permeating the area, and people are being asked to *identify* with it, for the reason that once you identify with that, you can accept this bucolic stupidity of dope agriculture and malnutrition ethos. "This is my thing and my way. I will not move toward a rational ascent to a higher hypothesis of existence."

**EIR:** Many will argue—Milton Friedman is the most noted exponent of this view—that drugs, like anything else, are a product of the marketplace, and therefore it is the market which must decide whether they are purchased or not. By the same token, many argue on the basis of cultural relativism that heritage is a personal issue, that each country and each group can do its own thing. Do you find that view objectionable?

**Wills:** I find it strongly objectionable. It is this business of *demand*, where any Benthamite sort of fleshy carnal pleasure is an economic "demand," and man must remain in a bestial condition because his demands as a beast are good for the marketplace. There is no such thing as a value judgment. If it can be done, it is right. If you can push a needle into your hand, it is right. If you can drink the blood of a goat, it is right. No moral or rational interposition of judgment.

But it is judgment in the long run which distinguishes man from beast, and therefore human demands must reflect that rational divinity in man. To say that anything that man asks for in the marketplace is an economic demand is to return man to the prehistoric age. Even the British, who spawned Adam Smith, abandoned him very quickly, and resorted to imperial protection. Yet to find that someone in 1983 is trying to resurrect the dead ashes of Adam Smith! There is another aspect to this. Even if man's carnal desires were conceded to be a "demand"—and this is not so—they don't become an economic demand, because the IMF makes sure that he cannot pay the price to satisfy such a demand. And all attempts to bring people from below subsistence to surplus, so they can generate *rational* demand, is destroyed.

**EIR:** What else has resulted from the conditions imposed by the IMF and the World Bank?

**Wills:** There is a proliferation of malnutrition-based disease. If you cannot pay, you do not get food. And the alternative is to use "appropriate" food that is near you, which has no scientific basis for prolonging life. And to compound the misery, you are now being told that you are *right* to do so, because that is your *culture*, your *heritage*.

So the IMF is lowering life expectancy, increasing infant mortality, destroying health. The public health systems in the Third World are scandalous! The capacity to take part in the generation of new knowledge in the world is destroyed. The capacity to reach the heights that man can attain as an individual in a given time-frame, the capacity to locate yourself in the land in which you live is destroyed by this. With that goes all kinds of morality. What you do get is the generalized ideology which is called in the Caribbean "hustle." You have to survive, therefore you compromise standards. Prostitution, homosexuality, crime. You seek redistribution of income by those methods, hoping that you might by that means have access to an ever-shrinking supply of production.

**EIR:** In a recent article, the Swiss paper *Neue Zürcher Zeitung* referred to a report from the World Bank which says that the current campaign against drugs being carried out by the Colombian government is going to hurt Colombia's economy, because the economy could not then generate sufficient foreign exchange to pay back its debts. Many leaders of many countries will argue from the practical standpoint: "We agree that the drugs are no good; but the demand is placed upon us to pay our debts." What do you recommend to those governments?

**Wills:** That instead of going in for something as bad as drugs, they should get together, have solidarity, and abandon the IMF! It's anti-life! It's depopulating the Third World, dehumanizing it. And the second thing is, to look for those enlightened leadership circles in the first and second world, which can promote rational development. You call a debt moratorium. In the meantime what you do produce is used for development and for paying something back. Your debt is extended five or ten years, and you float bonds to support it. That is what you have to do. But you cannot live on the basis of having to pay interest and principal on the one hand and having to pay from taxation and export receipts on the other hand, without some immoral mechanism like dope. You can't stop production, but you can remove the credit squeeze. That is in the interest of the Third World, the First World, Second World, all worlds, because then the capacity to pay is revived, along with the capacity to rise above the bestial state, which makes production more rational and better, and therefore makes the capacity to pay again better.

So my recommendation is clear. You declare a debt moratorium; you abandon the IMF; you call a conference and postpone these debts.

## IMF hands Peru to the cocaine mafia

by Luis Vazquez

Peru's transformation during the last few years into one of the world's two primary producers of basic cocaine paste has coincided with the submission of its economic policy to the surveillance of the International Monetary Fund (IMF). The IMF has compelled a bankrupted Peruvian state to hand over its resources to the international oligarchy which runs the world's largest and most lucrative business: narcotics. This "de-nationalization" of the economy in the name of "free enterprise" has created an underground economy controlling 70 percent of Peru's economic life.

The IMF made the decision to transform Peru into a drug-based economy in the mid-1970s, to enable Peru to continue servicing its foreign debt. However the drug traffickers were temporarily thwarted by the government of Gen. Juan Velasco Alvarado. The nationalist revolution led by Velasco in 1968 not only sought to transform backward Peru into a modern industrialized nation, but also to stamp a strong sense of morality on Peruvian society. When the rock group Santana arrived at the Lima airport, Velasco put them on the next plane out, and he refused the Rolling Stones permission to enter the country. His reason was that both were spreaders of the disease of drug usage among youth.

Until 1975, the year Velasco was overthrown, the use of drugs in the country was restricted to the children of the jetset oligarchy and the underworld. Today, every social stratum is poisoned with narcotics.

Velasco's overthrow was the first step toward making Peru into a cocaine country. With the rise to power of Gen. Francisco Morales Bermudez, who made the coup against Velasco, and who is rumored to be a cocaine addict, the destruction of the productive capacity of the country also began through the application of IMF-dictated economic policies. These created the conditions which allowed the drug-pushers to move in.

In 1979 Morales complied with one of the IMF's conditionalities for approving the refinancing of Peru's debt by issuing a decree which opened up the national forests to "exploitation" by foreign capital. Under this euphemistic cover, huge expanses of the Peruvian jungle were handed over to the international narcotics mafia. The largest forest concessions were given to the mafia or its local frontmen.