

# Fighting drugs in 1986: a cultural war with uncertain outcome

by Michele Steinberg

As the year closes, a team of Western intelligence analysts has just completed studies on the involvement of the Soviet Union in international narcotics traffic. It is becoming common knowledge among government and law-enforcement agencies, that flooding the West with drugs targeting youth has been part of the Soviet strategic military gameplan since the 1960s—just as the Soviets sponsor terrorism as irregular warfare. In the latest *Journal of Defense and Diplomacy*, elaborating on sporadic references by government officials since 1982, when incontrovertible proof showed Soviet, Bulgarian, and Cuban support for Ibero-America's narco-terrorists, U.S. defense analyst Dr. Joseph Douglass wrote:

"It is important to recognize that the Soviet Union has had a hand in the growth of international drug trafficking. There is considerable data, which has gone unreported, that sets forth the origins of Soviet interests, formation of their strategy and management of satellite intelligence services for employing drugs as a political weapon against the West."

On Dec. 19, the Paris newspaper, *L'Express*, printed an eight-page dossier by Britain's Brian Crozier, who was with Douglass on a team that interviewed East bloc defectors on the Soviet intelligence services' role in the drug trade.

This information is not new to readers of *Dope, Inc.: Boston Bankers and Soviet Commissars*, the single most authoritative work on the international drug trade, written by an *EIR* investigative team. The publication of the second edition of that book on April 30, 1986, was one of the milestones of the war on drugs. As *EIR* as repeatedly stressed since 1978, when we coined the term "Dope, Inc." and the first edition of *Dope, Inc.* was released, the war on drugs is a *cultural war*, against the drug and rock culture. The drug cult of hedonism, rampant in the West, has served as a strategic weapon in the Soviets' arsenal now for several decades.

Even on the law-enforcement level, detailed accounts of how the Soviets run the opium trade from the occupied zones of Afghanistan, emerged after Dutch authorities seized a Soviet ship, the *Captain Tomson*, in the Rotterdam harbor in May. In July, Italian anti-Mafia prosecutor, Ricardo Boccia, at a meeting with U.S. Attorney General Ed Meese, identified for the first time the *Captain Tomson* as a Soviet vessel, and

elaborated little-known details of official KGB documents, provided by a former high-ranking official of the Bulgarian secret service, that boasted of intentions to "destabilize Western society through . . . the narcotics trade."

## Western collaborators protected

But while one flank of the strategic war on drugs is being exposed, the year ends with a disaster on another front: money laundering. There has been a virtual moratorium on prosecution of the international bankers who have collaborated with Moscow's drug war.

In January 1986, *EIR* completed a study of how the U.S. Justice Department lets U.S. banks laundering drug money off the hook by imposing minimal fines instead of vigorous criminal prosecution. The major banks include Chase Manhattan, Manufacturers Hanover, Chemical Bank, and Bank of America, to name a few. In 1985, U.S. government agencies had up to 170 of the major U.S. banks under investigation for money laundering. But in 1986, not a single national bank has been fingered for the drug money laundering in which they routinely engage. And the legislation that would make money laundering a criminal offense, has died on the vine without sponsorship from the Reagan White House. In fact, as President and Mrs. Reagan announced their personal commitment to the war on drugs with a legislative package in October, mention of fighting money laundering was conspicuously absent.

Instead, the model for non-prosecution became the infamous Bank of Boston case, where then U.S. Attorney William Weld, who himself has family financial ties to Crédit Suisse, negotiated a mere \$500,000 fine for the Bank of Boston for failing to report more than \$1.22 billion in cash transfers with Switzerland.

The compromise in the war on drugs by the U.S. government is directly related to the continued, but now threatened, tenure of White House Chief of Staff Don Regan, whose Merrill Lynch, the company for which he was the chief executive officer for more than 20 years, laundered millions to Switzerland for Sicilian heroin traffickers, and went unprosecuted. Recent revelations show that Regan was also in-

volved in approving the use of contaminated Israeli mafia networks for delivery of arms to terrorist Iran, and that the Justice Department and FBI had quashed and stalled investigations into drug running by the U.S.-funded Nicaraguan Contra forces.

## Factional warfare

Yet, there is good evidence that the dossiers compiled by *EIR* on the Western players in the Soviet drug traffic, have not gone unused by patriotic forces in the United States and other countries, like Israel. During 1986, some of the most significant blows to the international financial cartel that runs drug-money laundering have been made, but have been made "on the side," so to speak, instead of as the declared central feature of the war on drugs.

In spring 1986, a Commission of Inquiry under Supreme Court Justice Moshe Bejski, an independent investigative body commissioned under the government of Israeli Premier Shimon Peres, issued a report accusing Israeli banks, including the Israeli Discount Bank, Bank Leumi, and Bank Hapoalim, of engaging in massive financial irregularities, stock manipulation, and fraud. The report of the commission recommended that several Israeli banking luminaries, including Raphael Recanati, chairman of the board of IDB, and Ernst Japhet, chairman of the board of Bank Leumi, resign from positions of authority in those banks. Without stating so, the Bejski Commission was attacking the heart of the Israeli mafia—that faction of Israeli intelligence and "elite" including Edgar Bronfman, Armand Hammer, and the "Millionaire's Club" that lined up behind the effort to give citizenship and safe-haven to mobster Meyer Lansky in the early 1970s. The failed Lansky Plan (furious opposition by press and citizens caused him to be denied citizenship) was intended to turn Israel into a Mediterranean Hong Kong, a free-zone center of drug-money operations. Despite Lansky's absence, the London-Swiss-Wall Street financial cartel linked to the drug trade established a virtual stranglehold on the Israeli economy.

The Bejski Commission report echoed a special *EIR* study on the Israeli mafia three years earlier which stated: "The nature of the Israeli economy is typified by its banking. Fully 90% of Israeli banking is controlled by merely three banks—Bank Hapoalim, the Israeli Discount Bank, and Bank Leumi. All three of these banks can be readily demonstrated to be controlled by British narcotics interests, such as Jardine Matheson, which publicly ran Britain's opium trade in the Far East for several centuries.

"An astounding 60 to 70% of Israeli official exports has historically been in arms and diamonds. Both items are an integral part of the international black economy and commonly used means of exchange for the narcotics trade."

At the same time, a series of prosecutions brought by U.S. Attorney in New York, Rudolph Giuliani, hit at other elements of this Western drug apparatus. Giuliani success-

fully prosecuted American businessman Victor Posner for tax evasion. Posner, long rumored to have been the replacement for Meyer Lansky in organized crime, was somewhat mysterious, having once been investigated by U.S. intelligence as having gotten his "seed money" from the KGB. In November, Giuliani nailed Ivan Boesky for insider trading, fining him \$100 million. Not only is Boesky the holder of the lion's share of Wall Street's "junk bond" trade—well known among money laundering insiders as a fertile ground for moving drug money, but he also plays a significant role in the Israeli arms trade, having arranged the financing for arms companies involving Jacob Nimrodi, the top Israeli mafia figure and intelligence agent who delivered arms to Iran, before, during, and since the deliveries involved in Irangate.

## National security issue

Despite the fact that agents of influence of the Soviet narcotics strategy continue to try to protect their assets like Don Regan, the drug plague became clearly defined as a "national security" problem.

At a press conference in Houston, Texas on June 7, Vice-President George Bush announced President Reagan had signed an April 8 National Security Decision Directive which said that "international drug trade is a national security concern."

The specifics of the Reagan directive were virtually identical to a proposal for a hemispheric war on drugs, issued by Lyndon H. LaRouche, Jr. at an *EIR*-sponsored press conference in Mexico City in March 1985, particularly in the demand that U.S. military technology and trained military personnel play an expanded role in the war against production of drugs. Reagan's directive also clearly defined the importance of "narco-terrorism," stating, "It is the policy of the U.S., working in cooperation with other nations, to halt the production and flow of illicit narcotics, reduce the ability of insurgent and terrorist groups to use drug trafficking to support their activities, and strengthen the ability of individual governments to confront and defeat this threat."

By July 18, the first news surfaced that implementation of the April 8 directive was under way in Bolivia, code-named, "Operation Blast Furnace," where a joint operation involving the Bolivian government, 160 U.S. Army troops, and 15 DEA agents providing technical services and six U.S. Army Black Hawk helicopters, launched a concerted attack on the high technology laboratories and warehouses of the cocaine mafia.

But even as the U.S. military was engaging in serious and effective military actions against drugs, government studies showed that the United States itself had become one of the largest producers of marijuana, and one of the largest refiners of coca paste. And with the liberal media and drug lobby screaming that a U.S. "Blast Furnace" would violate civil rights, drug consumption continues to be at the highest level ever in the United States.