

The politics of usury: The banks' role in narco-terrorism

In May of 1986, Virgilio Barco was elected President of Colombia. In July, Pope John Paul II visited Colombia, and made an open appeal to the Colombian leadership to take personal, moral responsibility for the defeat of usury and narco-terrorism. President Barco, a former World Bank officer, devoted his administration instead to demonstrating his country's credit-worthiness in the eyes of the international banking community.

Thus, in October of 1986, he announced a tax reform/amnesty proposal to permit the repatriation of billions of narco-dollars, "no questions asked." In a Jan. 10, 1988 press conference on the narco-controlled island of San Andrés, Barco told reporters, "Thanks to a good administration, we are respected worldwide for our handling of our debt, for our handling of our finances. We have made a revolutionary tax reform to defend those who work." He also submitted Colombia to formal monitoring by the International Monetary Fund. A leading newspaper was later to editorialize: "The Colombian economy in 1986 had an exceptional performance, thanks to improved prices for coffee and the increase in services income, apparently derived from the drug trade" (*El Espectador*, Jan. 18, 1987).

Colombia has become a prime example of the "symbiosis" that exists between the international narcotics trade and an international banking system currently kept afloat by the billions of dollars in debt repayment and illicit funds pumped through the world financial pipeline. The International Monetary Fund and World Bank have, in fact, repeatedly singled out Colombia as an exemplary debtor nation—the only one in Ibero-America which continues to service both capital and interest on its foreign debt. It is now openly acknowledged that the primary source of Colombia's exchange earnings is the illegal narcotics trade.

While the Colombian drug trade has helped to keep alive an insolvent world banking system, it has also served to create a fabulously wealthy and politically powerful elite inside Colombia, which has threatened the very sovereignty of the country. Before his death, Attorney General Carlos Mauro Hoyos had gone on record urging the government to trace the laundering of drug traffickers' funds, and to shut down those mechanisms within the banking system which permitted the incorporation of the drug trade within legal

national economies.

Hoyos knew whereof he spoke. Investigations following the Jan. 13, 1988 bombing of a fortified stronghold in Medellín, belonging to cartel boss Pablo Escobar, revealed at least 96 properties belonging to Escobar, including 16 with heliports. Since 1982, he and his wife have registered at least 135 apartments in the city of Medellín alone, not counting his luxury hotels, his holdings in sports teams, or his extensive villas in various coastal cities. And that, of course, does not include his 452 possessions in the state of Florida alone, some of which have been recently confiscated.

According to author Fabio Castillo, in his just-released book, *The Horsemen of Cocaine*, Then Justice Minister Arias Carrizosa "also revealed that the [Barco] government had rejected a proposal of his, made to the Council of Ministers, in which he urged issuing a legislative decree (under State of Siege provisions) to punish illegal or unexplained enrichment, as well as the front-men. And what would we then do with tax evaders? was the first objection posed in the [cabinet] meeting by Finance Minister Luis Fernando Alarcón Mantilla." Minister Alarcón, President Barco's current finance minister, is the foremost mouthpiece for the International Monetary Fund within the Barco government.

No amount of repression alone can defeat the international cartel known as Dope, Inc. With the proper international collaboration, however, its financial lifeline can be permanently shut off. The domestic mop-up, including confiscation of the mob's vast wealth and the rooting out of mob protectors in high places, is the complementary sanitary procedure.

Documentation: Bankers promote dope

- On Nov. 3, 1983, the Swiss bankers' newspaper, *Neue Zürcher Zeitung*, commented: "Colombian products are of limited interest for the industrialized countries. 1983 is expected to result in an all-time low for exports. . . . In the past decade, Colombia could annually depend upon \$2 to \$3 billion from uncontrolled exports [i.e., the drug trade], which 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."

- In 1974, Alfonso López Michelsen became President

of Colombia, and authorized the opening of the infamous "sinister window" at the central bank, which laundered unidentified dollars, no questions asked. Millions of dollars from the so-called "marijuana bonanza" entered the Colombian economy through that window. In its first year of operation, 1974, it laundered half a billion dollars. By 1976, it was accepting \$873 million. By 1981, with the take-off of the cocaine "bonanza" under President Turbay Ayala, it officially took in more than \$1.7 billion under the rubric of "services." The 1987 figure, through the month of October alone, had already reached \$1.5 billion.

Former banker Ignacio Umaña de Brigard wrote in 1980: "Of the \$2.4 billion that it is estimated moves annually through the underground economy, \$1.6 billion comes from marijuana and \$800 million from other drugs and contraband. It is estimated that the Central Bank buys \$800 million a year, with which it issues nearly \$35 billion pesos, which produce distortions in the economy. . . . An extremely powerful parallel market is being created which, without any control or limit, without a reserve ratio or registration, has begun to replace the financial sector."

- The Barco government outdid earlier administrations in welcoming mafia money. Colombian administrations have traditionally employed so-called "tax amnesties" to garner the funds for financing campaign promises and various favorite projects. In a single stroke, not long after taking office, the Barco government brought into existence 19 different kinds of tax amnesties. On Oct. 21, then-Finance Minister César Gaviria openly acknowledged to reporters that illicit drug fortunes could be incorporated into the local economy, if only traffickers were permitted to repatriate their dollars "without having to pay taxes."

- Fabio Castillo, author of *The Horsemen of Cocaine*, describes in his book various other methods employed during the period of the Barco administration, to launder drug money into national economies. "The discovery of a multimillion-[dollar] current account in the Bank of Bogota, which was believed to be the funds of a presidential campaign, offered clues as to the links between Colombian industry and the mafia. . . . The operation was simple: the drug traffickers gave dollars to industrialists outside the country for the purchase of their raw materials, and the industrialists paid them back in Colombia with capital goods, which they could buy back if they wished. . . ."

"At least two resolutions of the [Barco government's] Monetary Council were issued, which presumably facilitated the entrance of drug traffickers' dollars into the country. In one of these, the Exchange Office of the Bank of the Republic was authorized to accept foreign credits to meet the working capital or investment needs of agricultural, industrial, or mining companies, with the latter exporting no goods.

"The second resolution virtually authorizes the entrance of unexplained dollars, without any requirements other than that they go exclusively to finance agro-industrial companies

in a specific zone of [the province of] Antioquia. More than 80% of the land of southwestern Antioquia is believed to be under the control of the Medellín Cartel. Who then, other than the mafiosi, could be the beneficiary?"

- On Nov. 26, 1987, central bank director Francisco Ortega wrote a letter to every banking institution in Colombia prohibiting the issuance of any new credit, until further notice. He pointed to the "unacceptable" 33% annual growth rate in the money supply as the reason for his unprecedented request. The Barco government had promised the IMF that growth of the money supply would not exceed 27% in 1987.

Former head of the Latin American Banking Federation (Felaban) Fernando Londoño Hoyos responded to the announcement: "The decision of the government to suddenly and totally contract credit is absolutely irresponsible. Credit is a source of working capital that operates normally in any civil society. . . . To shut this off from one moment to the next will place thousands of companies in an emergency, feeding speculation, encouraging non-bank credit, rewarding the foreign exchange black market and, finally, removing from the productive sector all confidence in normal business procedure."

All of this, concluded Londoño, "will lead the resources originating in the drug trade to link themselves somehow to the economy."

- In a Dec. 13, 1987 letter to the daily, *El Espectador*, banker Fernando Londoño Hoyos identified the Barco government's IMF-dictated measures as designed to promote the narcotics trade:

"... \$1.06 billion [the amount of a recent international loan extended to Colombia] is less than this year's income from the 'sinister window,' and much less than the total profit from cocaine if one takes into account the very high portion of its value which circulates through the black market—all of which gives rise to various reasons for perplexity and amazement. That the banks of the world, all together, contribute to the salvation of our economy with half, or something less, than that contributed by certain famous cartels, is baffling, because of the measliness of the [bankers'] contribution as compared to the enormity of the other business.

"One can well ask if drug money is involved in these flows of funds, which reflect the repayment capacity of the new credit. As it does not seem possible that they have been omitted, we face the unusual case of an international banking agreement which presupposes the well-being of the mafia for its compliance. Should the route of the poison be changed, or the police and judges be successful in their efforts, or the business be harmed simply by some synthetic product, a more aggressive provider, or authorization of retail sales, then the possibility of what the financiers call repayment of the debt goes to the devil. How could the 'Extraditables' have imagined that in all the powerful countries of the world, are gathered so many people as powerful as one supposes bankers to be, to toast their health and fortunes!?"