

States' television viewers.

Above all, it is futile for Ibero-American heads of state to gather together to discuss a war on drugs with the man directly responsible for having installed in Panama—through military aggression—a government intimately tied to the laundering of money from the drug-trafficking cartels.

In fact, the U.S. occupation forces are in Panama to support a triumvirate of narco-politicians. The scandal is so outrageous that it has even reached the front-page of the *New York Times*, which published on Feb. 6 a portion of the evidence linking Guillermo Endara, Ricardo Arias Calderón, and Billy Ford to drug-money laundering and, specifically, to the Cali Cartel and its chief, Gilberto Rodríguez Orejuela.

This is not to say that the war on drugs directed by Colombian President Virgilio Barco has not won some important

victories. It has delivered some magnificent blows to the drug trade. It has dislocated a portion of its logistical and communications apparatus, it has considerably damaged its military capability, and it has managed to extradite to the United States a number of the drug traffickers demanded by that country.

But while Colombia's soldiers and police officers are giving and risking their lives in that war, U.S. diplomatic spokesmen are openly sabotaging it. For example, U.S. Ambassador to Colombia Thomas McNamara told the press that "the solution to the drug trafficking problem is not extradition," a statement which constitutes nothing less than a transparent offer to negotiate the issue with the drug mafias, just as they have been demanding.

In Peru, Political Attaché to the U.S. Embassy Mark

Bush economics keeps Peru hooked on cocaine production

President George Bush's Feb. 15 "war on drugs" summit with the Presidents of Colombia, Peru, and Bolivia was bound to be a cruel joke. While Colombian President Virgilio Barco is indeed waging a war to the death against the traffickers, the other three Presidents are, at best, trying to limit the world's \$600 billion a year narcotics economy. Behind the media show of military interdiction and the substitution of coca fields by other export crops lies a cynical toleration for drug production, money laundering, and consumption.

Peruvian President Alan García stated in the Feb. 12 *Caretas* magazine, "After 10 years, we know that police repression and penal sanction have failed against the economic profits" brought by the drug economy. He contended, "Although illegal, the sale of coca brings in foreign exchange and resources to society." He warned that if Peru stopped producing cocaine, its currency would lose more than three-quarters of its current value. He thus embraced the logic economist Guido Pennano uses to conclude that the narcotics trade should be legalized. García also approved Feb. 12 "free enterprise" advocate Hernando de Soto's idea of legalizing the 200,000 coca leaf growers.

García even brought three leaders of the coca growers with him to negotiate with Bush's delegation at the Cartagena "war on drugs" summit, with the acquiescence of

National Security Advisor Brent Scowcroft. Scowcroft evidently is seeking a backroom deal with the cocaine cartels, similar to the one he and his "former" boss Henry Kissinger cut with the world's biggest heroin traffickers, the Chinese Communists.

Washington's bipartisan brain defect may be seen in a year-long study by a Senate subcommittee headed by Sen. Sam Nunn (D-Ga.) and William Roth (R-Del.). Its report approvingly states, "The democratically elected governments of Peru and Bolivia are and will continue to be preoccupied with problems that pose a more immediate threat to their countries than drugs." The State Department openly accepts Peru's line that coca growers should not be antagonized until terrorism is defeated.

Nunn and Connecticut Democrat Joseph L. Lieberman wrote a piece entitled, "Hooked on Coca" in the *Washington Post* Feb. 14. They say no Andean country can stop farmers from planting coca. "This failure stems from two factors: the desperate economic conditions in that part of the world and the consequent political instability. . . . All three countries have become financially hooked on the foreign exchange from their drug trade."

Cocaine causes economic cancer

Poverty and drugs do go together. But the big lie that poverty causes drugs is used by Nunn and the U.S. media to fool people into thinking legalization is the only solution. The Peruvian and Bolivian experiences prove the opposite: Drug money flows are a cancer to national economies. They can bring a certain kind of "growth," but they twist and destroy the organism's whole metabolism in the process. You don't fight cancer by replacing it with something else to keep the organism as it is. It is absurd to think countries in which the cocaine economy is as big as the legal one can be helped by gradually replacing coca

Dion gave a press conference to explain why the war on drugs must be put off indefinitely. According to Dion, it is more appropriate for Peru to dedicate itself "first to solving the economic crisis, and to the defeat of terrorism." As if the Peruvian economic crisis and that of other nations in the region were not in great measure a result of the decomposition sown by the drug economy! As if terrorism and the drug trade were not intimately linked!

Presidents Alan García and Jaime Paz Zamora argue that to eradicate the drug trade, one must concentrate on crop substitution and not on military operations. They point to the fact that there are thousands of impoverished peasants who dedicate themselves to coca cultivation to survive, and suggest that these be given the resources to earn their living another way. What they overlook is the reality that it is not

the impoverished peasant who has organized the lucrative drug trade, nor who is its beneficiary.

It is not a matter of waging war against the peasant. What must be destroyed is the entire military, logistical, banking and communications apparatus of the drug trade, which exercises control over the peasants, exploiting them and degrading them by forcing them into an illegal activity that is destroying the lives of millions of human beings while ruining their own nation. Destroy the drug mafias' apparatus and you shut down the flow of narcotics to the drug markets; the mafias can no longer exercise their power over the peasants; and then there can be crop substitution. A total war by each sovereign nation against the drug-trafficking mafias is also a war of liberation for the oppressed peasant.

Nothing should be expected of George Bush and his ad-

bushes with coffee or cocoa trees, as García and Nunn propose.

At least \$2.5-3 billion a year is paid to Peruvians for cocaine. The bigger traffickers launder their money through the big Lima banks and transfer it directly into their accounts in the United States, Cayman Islands, etc. Part of the cash is paid out in the jungle. Peruvian financiers fly daily to the jungle towns with suitcases full of Peruvian intis and return to Lima with a load of dollars.

The whole economy now revolves around those dollars. The Lima banks open at 9 a.m. At 10, bank employees go out to the street with wads of intis and buy dollars, pushing the dollar's value up a bit. Before the bank closes at 12:30, they are back out, buying back their depositors' intis, perhaps at a small profit. A few years ago, black market operations were concentrated on Lima's Ocoña Street; now there are black markets in every business district.

The exchange rate fluctuates wildly. Everytime the dollar goes up, so do prices of everything. This "free market" of narco-dollars guarantees that no government economy policy could save the real economy.

In 1985 and 1986, when García was chasing the drug traffickers out of the country and repressing Ocoña Street, Peru's production of the food and industrial products needed for its society's consumption grew 8% and it had a healthy surplus for export. Since García capitulated to the drug money launderers in 1988, the economy has gone into free-fall. Last year, production fell another 12% and consumer prices increased 2,775%, by official count.

García responded to the economic crisis by sacrificing more and more of the real economy to International Monetary Fund policies supported by President Bush. He propitiated the international narco-bankers by paying the IMF \$42.3 million in arrears in December. There is 26% less

money, in real terms, circulating in the economy today than a year ago, according to the bank association. The illiquidity has driven up interest rates, harming industry, mining, and fishing.

Sachs shock

García's disastrous attempts at IMF austerity are not enough for Washington, which makes clear that only a government which gains full IMF approval will get even the token economic aid to help crop substitution discussed at Cartagena.

Peruvian neoliberal ideologue Hernando de Soto penned a commentary in the *Wall Street Journal* Feb. 13, championing the legalization of coca growing peasants in the jungle. De Soto, financed by the National Endowment for Democracy and praised as a model by George Bush, advocates Peru receiving the same Nazi shock policies Harvard University professor Jeffrey Sachs applied to Bolivia starting in 1985. A reporter for Peru's *Clave* magazine agreed with de Soto that Sachs's policies had reduced inflation in Bolivia, "but with 25,000 unemployed miners working growing coca." De Soto responded, "You are telling me about costs, but the objective—lowering inflation—is achieved."

Clearly, Bush economics drives 10 workers into cocaine trafficking for every one who might be taken out by "crop substitution" programs. By usurping much of Peru's best land and agricultural capital, the cocaine boom has thrust Peru into the world's 15 worst nourished populations. Every year, 85,000 children die of malnutrition alone. Do García, Bush, or Nunn propose the great projects which could double Peru's food production? Hardly. García suggests that the U.S. aid production of chocolate and instant coffee in the jungle for export to the United States.—Mark Sonnenblick