

Soros Wins Bolivia Round; Area Slides Toward Drug Empire

by Dennis Small

In the two weeks after Bolivian President Gonzalo Sánchez de Lozada's forced resignation on Oct. 17, articles and editorials in the *Financial Times*, *Washington Post*, *Wall Street Journal*, *Miami Herald*, *New York Times*, Mexico's *Reforma*, and the *London Observer*—among numerous others on every continent—have all reported, give or take a phrase or nuance, that:

- Sánchez de Lozada was overthrown because his aggressive, U.S.-sponsored anti-drug campaign was threatening to wipe out the country's ancestral coca leaf cultivation among Bolivia's peasants;
- This once again proves that such a war on drugs cannot succeed—not in Bolivia, nor in Peru or Colombia, the other two major world producers of coca leaves and refined cocaine—and it is therefore necessary to “rethink” drug legalization as an alternative.
- The International Monetary Fund (IMF) “failed” in Bolivia, because it made Sánchez de Lozada adopt neo-liberal economic reforms which alienated the population and drove them to support *cocalero* leader and drug legalizer Evo Morales.

Monotonously repeated dozens, if not hundreds, of times, these three points are *all false*; in fact, they are, in most cases, intentional *lies* propagated through the influence of the world's leading drug legalizer, George Soros. Soros works both sides of the legalization street: Inside the United States on the consumer side, he bankrolls drug-legalization referenda, and is moving aggressively to buy up Democratic Party candidates; on the producer side, he finances the *cocalero* movement and allied political movements across South America (see box).

Arguing Lie #1, Mike Mulligan wrote in the Oct. 23 edition of the London *Financial Times*, that the prime cause for the overthrow of the Sánchez de Lozada government was: “The eradication of much of the country's illicit coca—the



One of drug-legalizer George Soros' bailed-out assets, Forbes magazine, celebrates.

plant used to produce cocaine—[which] has cut domestic output by \$240 million, or 3% of GNP, according to conservative estimates.” The bombshell contained in this laconic City of London commentary, is that coca production is matter-of-factly considered to be part of GNP; i.e., part of national economic wealth. The more coca there is, the more the economy grows. Drug eradication, by this logic, is bad for the economy. *EIR*, in its July 16, 1999 edition, revealed that on June 9 of that year, the Colombian government had just announced that they had made “methodological changes” for calculating GNP, to reflect “inclusion of illicit crops in agricultural production.” Colombia had done this *at the insistence of the IMF*. *EIR* warned at the time that, de facto, “this is the legalization of the drug economy”; and that this precedent-setting practice would soon spread. And now it has, to Bolivia.

Soros' Army of Legalizers

"Many *cocalero* brothers . . . after what happened in Bolivia . . . are asking to take up arms," Peru's leading *cocalero* Nelson Palomino told *Correo* daily Oct. 27. Palomino's Peruvian Federation of Coca Growers coordinates tightly with Evo Morales, the leader of the Bolivian uprising. Last February, representatives of Morales and Palomino met with Soros' drug-legalization team at a conference in Merida, Mexico, billed as a strategy session to map out the next phase of the legalization war throughout the Americas. The conference was made possible by Soros' money, and a featured speaker was Ethan Nadelman, director of his Drug Policy Alliance, who said the Merida meeting "shows us that opposition to drug prohibition is popular and widespread in Latin America. And it has begun to unite."

Since the mid-1990s at the latest, Soros' apparatus has financed and directed the Andean Council of Coca Leaf

Producers (CAPHC), which joins Morales and the Peruvian coca-growers, with Ecuadorian, Colombian, and Brazilian assets of the drug cartels. And the Soros-financed Andean Commission of Jurists is one of the leading drug-legalization lobbies in Ibero-America. That commission functions as a de facto branch of Human Rights Watch/Americas; both target government officials and military officers involved in fighting the drug cartels as human rights violators.

Human Rights Watch/Americas is Soros' "baby." He gave it start-up capital, sits on its board, and has poured money into it ever since, as a central part of his drug-legalization project. Jorge Castañeda, Mexico's former Secretary of Foreign Relations and an outspoken advocate of legalizing dope, was named to the executive board of HRW earlier this year. Argentina's former Montonero terrorist leader, Horacio Verbitsky, a member of the HRW advisory board, co-authored the prologue to a new book pushing drug legalization, with none other than Argentina's newly-named Supreme Court judge, Eugenio Zaffaroni.—Gretchen Small

Disproving the Lies

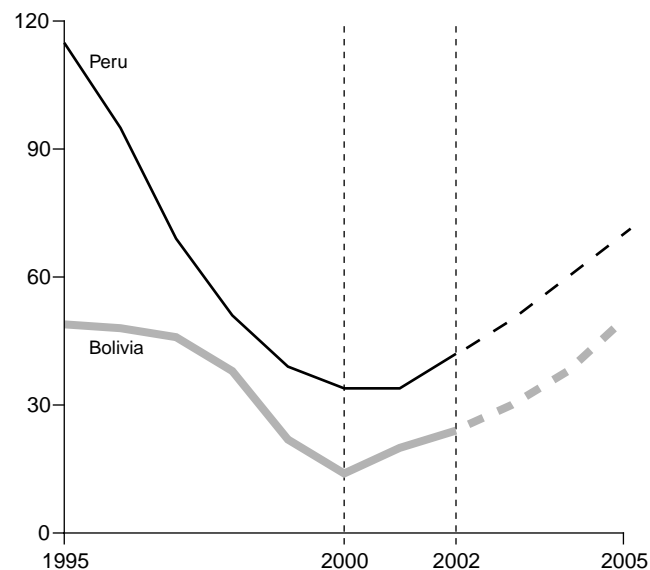
Lyndon LaRouche said of the *Financial Times* commentary: "This is pushing drugs. We caught them dead to rights. They're pushing drugs, which is what George Soros is doing. And Soros is trying to buy the Democratic Party with the proceeds of his policy."

As for the line that Sánchez de Lozada cracked down on drugs, it just isn't so. **Figure 1** shows that coca cultivation dropped dramatically in Bolivia from 1997-2000, by 70%, under the August 1997-August 2001 Presidency of General Hugo Bánzer. When Bánzer left office because of advanced cancer in mid-2001, cultivation began to increase again under interim President Jorge Quiroga, and maintained its upward trajectory when Sánchez de Lozada became President in August 2002. Over two years, it rose from about 14,000 to 24,000 hectares, a 70% rise. This trend can be expected to continue, and worsen, in the coming years, as IMF policies in Bolivia have destroyed other sources of livelihood, and consequently strengthened the hand of *cocalero* leader Evo Morales, who could well become President of Bolivia in the months ahead.

The dramatic increase in drug production under Sánchez de Lozada's should come as no surprise. Back in June 1993, when he was elected President of Bolivia for the first time, he told Spain's *Tiempo* magazine: "Prohibition has never achieved anything. . . . It is terrible to say it, but taxes should be placed upon the drug trade." Nor is promoting drug legalization merely some personal opinion of his. Sánchez de Lozada is a member of the Inter-American Dialogue, a leading Washington think-tank of the Anglo-American bankers, which first began its campaign for legalization back in 1986,

FIGURE 1
Coca: Net Area Cultivated, 1995-2005

(Thousands of Hectares)



Sources: U.S State Department, United Nations, *EIR*.

arguing that drug proceeds were needed to pay foreign debts: "Drug profits . . . are substantial for strapped economies carrying large burdens of external debt."

Figure 1 also shows a parallel process in Peru. Since leading anti-drug President Alberto Fujimori was driven from office in November 2000, coca cultivation has grown there as well—by about 25% over the past two years. Who toppled Fujimori? Wall Street, the U.S. State Department, and a cool \$1 million that George Soros admits he gave in mid-2000 to opposition leader Alejandro Toledo, now Peru’s President. Judging by the coca-cultivation trend shown, Toledo is now returning the favor to Soros and his dope pals. And if these policies continue in Peru—and all opposition to them is now being smashed by the Soros-funded Truth and Reconciliation Commission—coca cultivation will continue to rise there as well.

The second Big Lie is that Bolivia once again proves that you can’t win the war on drugs, and so it is time to legalize. Our attention here turns first to Jeffrey Sachs, the “Harvard punk” economist who is now head of the Earth Institute at Columbia University. Sachs wrote in the Oct. 26 *Washington Post*: “The roots of Bolivia’s upheaval . . . was the U.S. demand in recent years that Bolivia eradicate tens of thousands of hectares of coca, thereby robbing 50,000 or so peasant farmers (and perhaps five times as many dependents) of their livelihoods.” Brilliant development economist that he is, Sachs elaborated that coca is just a commodity like any other: “Investors in Bolivia have . . . always been interested in commodities with a high value per weight—gold, silver, tin, oil, natural gas, and coca leaf.”

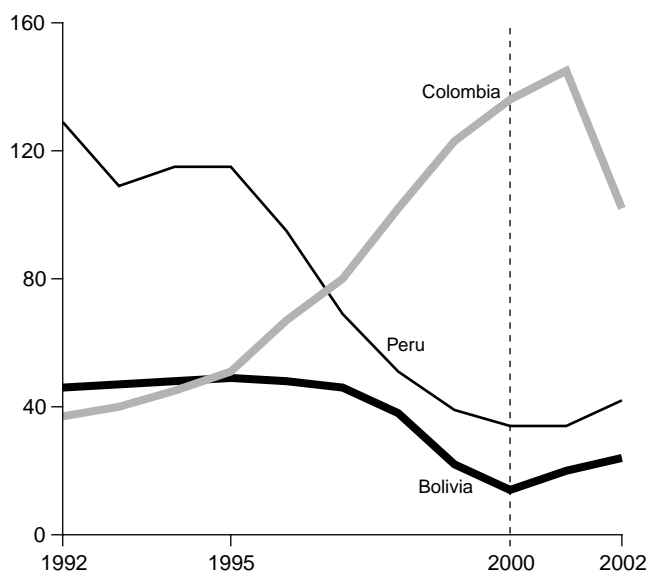
Sachs included high praise for the toppled President of Bolivia: “20 years ago . . . as a new planning minister, Sánchez de Lozada designed a bold economic strategy based on a restoration of democracy, market reforms, and increased social investments.” But Sachs omitted from this account, that *he* was planning minister Sánchez de Lozada’s top economic advisor from 1985-1987, and that his policies *intentionally* destroyed Bolivia’s productive economy and unleashed coca production. Sachs himself proudly related the story in his 1988 study, *Bolivia: 1952-1986*: “To preserve fiscal balance, the government had to launch a brutal battle to reduce payrolls in Comibol [the state tin company] and YPFB [the state oil company]. . . . Many of these workers are still unemployed, or only marginally employed, or have gone to the coca-growing region to find work. The mining towns themselves have been decimated.”

As a result of his Bolivian achievements, Sachs was brought into post-Communist Poland in 1989-90 by—George Soros, presumably to bring about similar results there. As Soros put it, “I joined forces with Professor Jeffrey Sachs of Harvard University, who was advocating a similar program, and sponsored his work in Poland through the Stefan Batory Foundation.”

Wall Street Journal Americas Editor Mary Anastasia O’Grady on Oct. 24 left less to the reader’s imagination in her promotion of drug legalization: “Bolivia’s ‘indigenous’ movements ironically draw much of their power from *cocaleros* clamoring for free markets and property rights. By deny-

FIGURE 2
Coca: Net Area Cultivated, 1992-2002

(Thousands of Hectares)



Sources: U.S. State Department, United Nations, *EIR*.

ing farmers the opportunity to sell the crop that yields the best return, the government effectively confiscates their property. One can argue about the merits and costs of prohibition.”

And then there is former Mexican Foreign Minister and current Presidential hopeful, Jorge Castañeda, a member of the executive board of Soros’s Human Rights Watch, and an ardent advocate of drug legalization. Castañeda wrote an op-ed in the Oct. 22 edition of Mexico’s *Reforma* daily in which he called for Bolivia to hold a referendum on whether or not to legalize coca production, intoning sanctimoniously that “you can’t eradicate a traditional crop such as coca without proposing an alternative . . . because entire populations depend on this activity.”

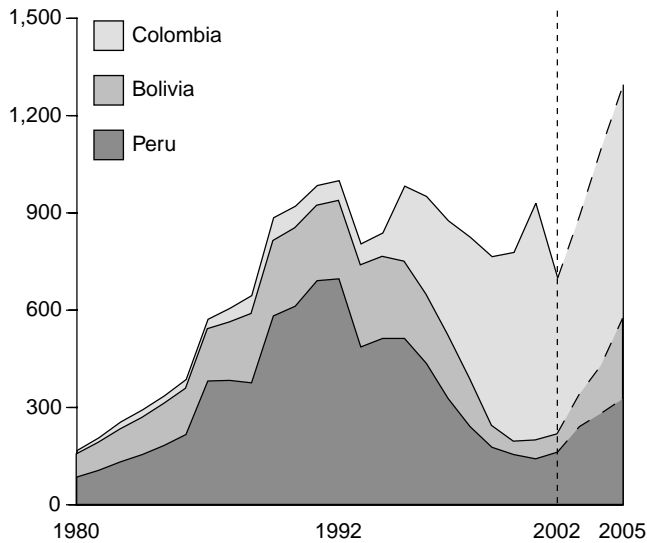
Figure 2 shows how patently false is the argument that the war on drugs cannot work. While Colombia’s coca cultivation rose almost four-fold from 1992-2000, under one pro-drug President after another, Peru under Fujimori cut cultivation by 75% in that same period; and Bolivia’s dropped almost as dramatically, especially under Bánzer. It was only when Soros and the IMF managed to get rid of these leaders and their policies, that cultivation began to rise again in the two countries.

In Colombia, coca cultivation has declined only in the last year or so, under the Presidency of the anti-drug Alvaro Uribe, who entered office in August 2002. But Uribe last week suffered a stunning political defeat in mid-term elections, largely as a result of his own foolish adherence to highly unpopular IMF economic austerity policies. As a result, former Commu-

FIGURE 3

Cocaine Quantity Produced, 1980-2005

(Tons)

Sources: U.S State Department, United Nations, *EIR*.

nist Party Central Committee member Luis Garzón was elected Mayor of Bogotá—the second most powerful elected post in the country—and he is expected to use his political muscle to force Uribe to negotiate power-sharing with the narco-terrorist FARC, the largest cocaine cartel in the world. Such “dialogue” is a long-standing Soros objective. If these policies prevail, Colombia can be expected to join neighboring Peru and Bolivia in a dramatic renewed expansion of coca cultivation

Total cocaine produced in the region could thus soar over the next two to three years, from some 700 tons in 2002 to almost 1,300 tons in 2005, as reflected in *EIR*’s projections in **Figure 3**.

Are Bolivian developments of the recent period thus to be construed as yet another “failure” for the IMF—as we are being told—having virtually handed the country over to the *cocaleros*? Absolutely not. This is precisely the *intention* of the IMF and the financial oligarchy that deploys it: Bolivia constitutes a *success* for their policy of promoting drug legalization, and creating social and economic institutional chaos on a global scale, in order to maintain political control. Readers should not forget that it is the IMF that has for years insisted that drug production be counted as part of GNP and economic growth. Nor that former New York Stock Exchange president Richard Grasso, in June 1999, met with the FARC cartel’s top financial leader, Raúl Reyes, in the jungles of Colombia, to discuss “mutual investments.” And do not forget that Lyndon LaRouche’s *EIR* has been warning about this reality of *policy intentions*, for decades.

Now, Colombia Is Threatened by Debt Bomb

by Javier Almario

The increase of old taxes and creation of new ones; a brutal reduction of government expenditures; a wage freeze for public employees; ceilings and cutbacks of retirees’ pensions; and other austerity measures contemplated by the Alvaro Uribe government in Colombia to be able to sustain payment on the growing foreign debt, could trigger unprecedented social explosions, much as just occurred in neighboring Bolivia. Ironically, such measures will not prevent Colombia from falling into default.

On Oct. 17, the Colombian Congress approved the 2004 budget, which includes service payments on the foreign debt of some \$12 billion out of a total budget of approximately \$30 billion! More than one-third of the national budget will be spent in subsidizing the nation’s creditors, the majority of them domestic and international speculators, banks, and investment funds that live, literally like parasites, on that national budget.

Worse Than Argentina

The situation is so serious that even former President Julio César Turbay Ayala, in an Oct. 15 interview granted to the newspaper *La República*, stated that Colombia’s situation was more serious than that of Argentina, because in that country the public debt represents 50% of the Gross Domestic Product, while in Colombia, it represents 53% of the GDP.

It is very difficult today to distinguish between foreign and domestic debt, given that national banks are merely branches of international banks, and pension funds—the main buyers of domestic debt—are largely administered by foreign investors. Thus, it comes as no surprise that Colombian pension funds are very worried about the Argentine debt moratorium, and the Argentine government’s proposal to recognize only 25% of the debt. A recent study by one of these funds, Corfivalle, says that those affected in Argentina will largely be Argentine pensioners, who are—courtesy of their international financial managers—the primary holders of public debt. The Argentine pension funds, according to the study, have deposits of \$15 billion, of which \$9.7 billion are public debt paper. “Under the scenario proposed by the government, the outstanding amount of those [Argentine] bonds would be reduced by 75%, and would turn into \$2.4 billion,” as a result of which the pension fund portfolios would end up with half the value they currently hold. In Colombia, 45% of the pension fund portfolios are in state paper.