

## UN Drug Office: Dope Cash Rescued Banks

*Antonio Maria Costa, director of the United Nations Office on Drugs and Crime (UNODC), singled out the role of drug money in propping up the disintegrating financial system, in an interview published in the Jan. 27, 2009 Austrian weekly Profil. Here is an excerpt.*

The drug trade at this time could be the only growth industry, with little unemployment. The money that is being made, is flowing only partly back into illegal activities, in parts of Asia, Africa, and South America, where it is used to bribe politicians, buy elections, or finance insurgents, such as the Taliban in Afghanistan, the Tamil Tigers of Sri Lanka, or the FARC in Colombia, for example. . . .

[The rest of the money] is fed into the legal economic circulation through money laundering. We do not know how much, but the volume is imposing. As such, seen from the macroeconomic effect, this is simply bringing in investment capital. There are indications that these funds also ended up in the fi-

nance sector, which has been under obvious pressure since the second half of last year. . . .

It appears that interbank credits have been financed by money which comes from the drug trade and other illegal activities. It is naturally hard to prove this, but there are indications that a number of banks were rescued by this means. . . .

In many cases, drug money is currently the only liquid investment capital, to buy real estate, for example. In the second half of 2008, liquidity was the biggest problem the banking system had, and therefore, this liquid capital became an important factor. . . .

To get around the electronic surveillance of bank transactions, now criminals stash their funds in cash sums which can be up to hundreds of millions of dollars. This is the way they try to hold these funds liquid. . . .

We have to consider the interdependence of drugs and criminality; anything else would be irresponsible. . . . Legalization would inevitably send abuse way up. . . . [When the British gave out over EU100 million to compensate Afghan farmers for their opium crops] it had the opposite effect. Within one year, the cultivation doubled, because the farmers knew that if the drug traders did not buy their opium, then, "I'll get my money from the British."