

Banks Need Drugs More Than Cartels Need Banks

Dec. 14—Victor Ivanov, head of the Russian Federal Drug Control Service (FDSC), made a three-day visit to the Boston area this week for the Seventh Session of the Working Group on Illegal Drug Control, under the U.S.-Russia Bilateral Presidential Commission. In a speech after the meeting, and, in response to a question from *EIR*, Ivanov once again presented his devastating briefing on how the “ultimate beneficiary” of the drug trafficking that kills millions is the international banking system, voraciously seeking liquidity.

The Working Group session, convened at the John F. Kennedy Presidential Library, was co-chaired by Ivanov and his U.S. counterpart, Director of the Office of National Drug Control Policy Gil Kerlikowske. The agenda covered drug trafficking as such, demand-reduction measures, the fight against drug money-laundering, and online promotion of narcotics.

The recent wave of pro-legalization actions in the U.S.A. was not officially on the agenda, although Ivanov remarked on the influence of “new, pro-drug quasicultural models.” Ivanov cited several successful joint FDSC and U.S. Drug Enforcement Agency operations with Afghanistan’s anti-drug forces during 2010-12, as exemplary of international cooperation against dope.

On Dec. 12, Ivanov and Kerlikowske addressed a public meeting on Drugs and Security, held at the Belfer Center of Harvard University. In his speech, Ivanov said that “the entire globe is covered with drug-trafficking routes and logistics infrastructure for deliveries and sales.” The raw drugs are produced in only a few countries, while dozens of countries are involved in transit. In the world today, he went on, “no processes can be viewed apart from drug flows: not political processes, military, or even cultural ones, since new pro-drug quasicultural models are constantly being developed.”

Mentioning the scandalous drug-money cases of Wachovia and HSBC, Ivanov showed his now-famous slides of a huge financial bubble crushing the real econ-



World Federation Against Drugs

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omy (see *EIR*, Dec. 2, 2011). He emphasized that the international banks need criminal drug-money flows more than the drug cartels need the banks.

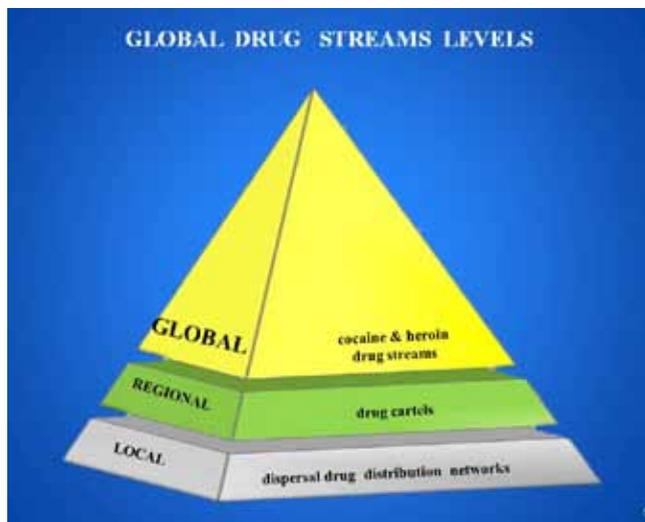
An Enormous Shadow Over the Planet

Ivanov further elaborated this idea, in response to a question from Myles Robinson of LaRouchePAC and *EIR*, concerning how the drug trade props up the financial system:

“If we look at the financial component of drug crimes, there are indeed several different areas. Taking a producer country, Afghanistan, it produces heroin which is sold in foreign markets for about \$100 billion annually. No more than \$4 billion of that remains in Afghanistan, while the remainder represents sales abroad. The peasants in Afghanistan receive around \$1.5 billion. The Taliban exacts on the order of \$150 million. All the rest is sold in either the distribution countries or the transit countries, but the result is that the ultimate beneficiary is the world banking system.

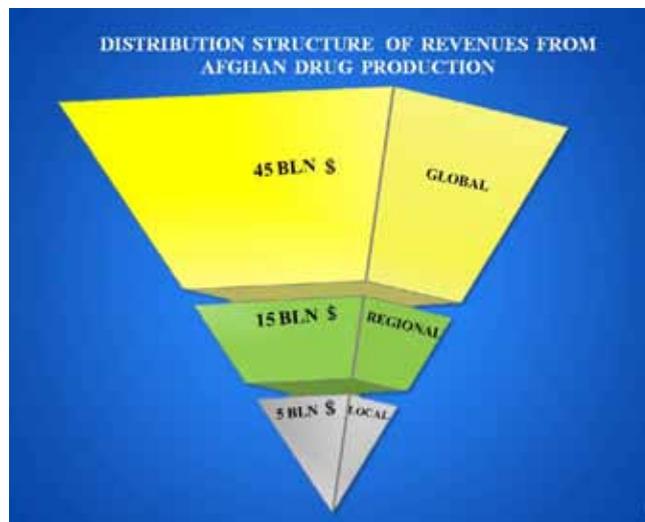
“If we look at a pyramid showing the distribution of the flows of the narcotics themselves (**Figures 1 and 2**), we can see that on the distribution level we have a broad layer, then regional transit involving the drug cartels, and then above are the global drug streams. If we take the distribution of the monies involved, you have exactly the reverse proportionality. The pyramid is turned

FIGURE 1



FDCS

FIGURE 2



FDCS

upside down. Here you can see that the smallest portion of the money remains in Afghanistan, then further up you have the multiplication of these criminal-origin monies.

“Thus the producer, who receives a relatively small amount of money, essentially organizes a process of exporting instability, criminal monies, and the growth of organized crime itself. If the world community expresses concern over what is going on, but focusses efforts not here at the point of the pyramid, but here [where it’s global], then we have to see that this is an enormous shadow being cast over a huge region of the planet, and it clearly becomes extremely difficult to eliminate this problem. But if, from the outset, we focus our efforts on the very heart of the matter, on the duck’s egg of ‘Koshchey the Deathless’ [a Russian fairy tale monster who can only be killed by accessing his “death,” which resides in a needle inside a duck’s egg—ed.], and take it and crush it, then we’ll have things completely free of criminal monies.

“Nonetheless, we are working in all areas at once. And, in that sense, the question also arises of interdicting money flows and catching criminals by following their money through the banking system where it circulates and is laundered. But this is a laborious task, because the level of seizures is no greater than 1% of the money being laundered. This has to do both with banking secrecy and with the way the entire financial system is organized.

“So, we are working closely with our American partners, which allows us to uncover certain specific features of the primary phases of the money-laundering, and to try and go after it more effectively.”

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