

SECURITY THROUGH DEVELOPMENT

U.S. sanctions don't stop Russian anti-drug proposal

by Rachel Douglas

March 30—One can hardly mourn the demise of the G8, which ended its existence on March 24 when Barack Obama and the other heads of state or government of seven of the group's members announced they would boycott this year's summit in Sochi, Russia, as part of a sanctions package aimed against Russian policy on Ukraine. After all, the group was formed as the G6¹ at a 1975 summit in Rambouillet, France, held to endorse and consolidate the floating-exchange-rate system that had come into being since the termination of the old Bretton Woods agreements on Aug. 15, 1971. The post-1971 financial system that was the G6/G7/ G8's *raison d'être* is the cause of many of the world's troubles today.

Russia's accession in 1997, making it the Group of 8, served only to hitch the largest post-Soviet nation to the policies of that speculation-dominated trans-Atlantic financial system, something that was no healthier for the Russian economy than it has been for that of any other member country. "Russia was invited to join the G7 after the Cold War ended, in an effort to facilitate Moscow's Western orientation, but the effort failed," an International Institutions and Global Governance official at the New York Council on Foreign Relations pronounced sourly this week.

What is regrettable about the G7 walkout on preparations for the June 2014 Sochi summit, however, is that at a moment when those leaders have nothing to offer in the face of the world's grave economic and strategic crises, Russia was bringing a groundbreaking initiative to the G8 meeting. In the framework of confronting the fast-growing plague of Afghan drug production and trafficking, Russia planned to put on the agenda a program for international cooperation on the physical economic development of Afghanistan and surrounding nations. Especially in light of China's New Silk Road perspective, this Central Asia development initiative would become part of the transformation of all Eurasia.

Victor Ivanov, director of the Russian Federal Drug Control Service (FDCC) announced this planned focus back on Nov. 29, 2013, speaking in Minsk, Belarus, at a meeting of the Collective Security Treaty Organization (CSTO)² Coordinating Council of the Heads of Competent Bodies on Countering Illegal Drug Trafficking. He said that the security of all Eurasia had been undermined by Afghan dope, while NATO and the EU paid no attention to this crisis during their "reckless" eastward expansion. Russia would make the "planetary drug threat" a top issue during its G8 chairmanship in 2014, Ivanov revealed.³ He proposed that the CSTO promote a new, improved version of Russia's 2010 Rainbow-2 plan for wiping out Afghan drug production.

The FDCC subsequently set a schedule of three preparatory meetings of experts on aspects of fighting drugs, to have been followed by a ministerial meeting in May. The first expert session did take place on Feb. 25, dealing with the role of law enforcement agencies in fighting the illegal trade. The March 25 second Moscow meeting was dedicated to "Alternative Development for Drug-Producing Regions," using the Unapproved term "alternative development," traditionally associated chiefly with crop-substitution programs. This experts' event was the first one hit by the sanctions: The invited law enforcement agencies, foreign ministries, and ministries of economics of the G7 countries ignored it, failing even to send regrets. The European Union, which is normally represented at G7/G8 events by departments of the European Commission, likewise ignored the gathering.

Crash program for Afghanistan

Victor Ivanov presided over the March 25 meeting in Moscow, despite the cancellation of G8 preparations and his own inclusion on the U.S. sanctions hit-list of Russian officials. It was a landmark event in both attendance and content. Gathered at the meeting were over 100 experts from 27 countries, including all the CSTO members, all the BRICS countries (Brazil, Russia, India, China, South Africa), Iran, Pakistan, Colombia, Ecuador, and Finland. Afghanistan itself sent a government delegation including three deputy ministers.

In his keynote presentation, Ivanov set forth an integrated strategic conception—"Security Through Development." This was the title of the speech, excerpted below, in which Ivanov declared that "raising countries out of a state of economic depression and developing them is becoming the main resource for security in our time." Therefore, he said, the idea of security through development must be grasped as "a fundamental concept or doctrine."

Implicit in the "Security Through Development" doctrine, as elaborated by Ivanov, is a total transformation of the international financial and economic system.⁴ He said that nations must be independent and sovereign in financial and credit matters, in order to direct investment into earmarked projects, uplift the population, and employ the youth.

Of the two main approaches to eliminating the drug-producing economy, namely law enforcement and the restoration of healthy economic development, Ivanov said that the latter is primary. Insisting that drug production is "the flip side of the global economic crisis," Ivanov confronted the audience with what *EIR* readers know as "Dope, Inc.": the fact that the international financial bubble depends on drug-money flows and thus drives the murderous drug consumption epidemic worldwide, while also destroying economies. "The question of 'how to clear up the financial bubble' is the same as 'how to defeat global drug-related crime,'" he said, and "that is why, already back in January 2012 at the World Economic Forum in Davos, I proposed that solving the Afghan drug production problem would allow us to cure the global economy."

Analyst and economic project organizer Yuri Krupnov, head of the Development Movement, a Russian NGO, and Supervisory Board chairman of the Institute for Demography, Migration and Regional Development (IDMRD),⁵ then presented a new report elaborating a plan for Afghanistan and neighboring countries, with worldwide implications. Titled *A New Generation of Alternative Development Programs for the Elimination of Drug Production in Afghanistan*, the report was prepared for the meeting by the IDMRD and the Center for Strategic and Foreign Policy Studies, based in Belarus. In their proposal, the "new generation of alternative development," means going far beyond crop substitution programs such as organizing farmers to grow pomegranates instead of opium poppies. Krupnov called for international cooperation on a "crash industrialization program" for Afghanistan. He urged the experts to think not merely in terms of available financing, but rather about "the enormous political, local, and economic resources at the disposal of our countries." That includes human resources, among them the people who survive from among the 200,000 Afghani technical specialists trained by the Soviet Union in the 1970s and 1980s.

Krupnov situated the Russian development proposals for Afghanistan within Eurasia as a whole, noting the proximity of China, as well as access to Europe and to other parts of Asia. He detailed projects for hydroelectric power stations on the Panj River, which forms much of the border between Afghanistan and Tajikistan, as well as plans to develop the country's already prospected and confirmed mineral resource base, and a railway network (Figure 1).

This programmatic approach was inspired five years ago, Krupnov said, by a conversation with the Italian military attaché in Afghanistan. Asked how he thought drug production could be eliminated, the Italian admiral replied, "Through electrification." "In my view," Krupnov elaborated, "this reply from an experienced, world-class professional expressed the fundamentally new approach that is needed for the drug-production situation in Afghanistan. If we do not organize the country's crash industrialization on the basis of electrification, and with this electricity make it possible to organize mass production both in agriculture and in the cities, we won't be able to provide jobs for the huge number of young people, who make up nearly half the population."

For Russians, that discussion brings to mind the famous Soviet GOELRO, the national electrification plan launched by Lenin in the 1920s, less than a hundred years ago. For Americans, the same idea should evoke images of the transformation of the United States through the Tennessee Valley Authority and the Rural Electrification Administration under President Franklin Roosevelt, also within the past century; but, no American officials were at this conference to hear the report and have such thoughts.

The participating officials from Afghanistan proposed to hold a follow-up meeting in Kabul in the near future. A positive response was also quick in coming from Tajikistan, where, the Asia-Plus news group reported, Sayfullo Safarov, deputy director of the official Center for Strategic Studies, told a March 27 conference on Central Asian security that industrialization of Afghanistan is impossible without completion of the Roghun Hydroelectric Power Plant and construction of the Dashti Jum HPP. These are the first two dams in the Panj River cascade project proposal of the IDMRD, which Safarov explicitly cited.

In closing remarks at the Moscow conference, Deputy Director of the FDCS Oleg Safonov brought up the need for Russia to move ahead quickly with creation of a Central Asia Development Corporation (CACD). This scheme was proposed by Victor Ivanov in early 2012,⁶ in line with President Vladimir Putin's advocacy of setting up state-led corporations for large, integrated economic development programs in key geographical areas. Safonov said that the government-owned VEB Bank, one of Russia's largest financial institutions, should play a key role in the CACD.

Washington cuts anti-drug cooperation

One of the participating Russian experts assessed Ivanov's March 25 speech as "essentially a political declaration, defining Russia's policy for the period ahead." The conference, he added, demonstrated "essentially a new approach to choosing allies and areas of work in the fight against drugs, and a fundamental shift in the approach taken to global drug production."

The presentation made by Member of the European Parliament Pino Arlacchi, one of the few people in attendance from Western Europe, stirred the audience's interest, as he called the U.S.-NATO military presence an "occupation" of Afghanistan, which was impeding the country's development. Arlacchi is the former Executive Director of the UN Office of Drug Control and Crime Prevention who, as the European Parliament's Afghanistan Rapporteur, in 2010, collaborated with Ivanov on a European-Russian plan to eliminate the opium/heroin economy, at the same time as Russia put forward Rainbow-2; the Arlacchi initiative was quashed in the European Commission.



Figure 1. Broken lines on the map show existing (black) and proposed (red) railroads. A "dry port" logistics hub at the Pakistan-Afghanistan border, along a new Indian Ocean-to-Siberia rail corridor, would include switchover between narrow and wide-gauge railroads. The "HPP cascade" is the proposed series of hydroelectric power plants on the Panj River, which forms the Afghanistan-Tajikistan border.

Not only was the United States officially absent from these deliberations in Moscow, but on March 27, the White House Office of National Drug Control Policy (ONDCP) ended collaboration with the FDCS altogether. The FDCS, in a press release that day, reported that Acting Director of the ONDCP Michael Botticelli has declined an invitation to visit Moscow in May 2014, when he was expected to attend a meeting of the Working Group on Drug Trafficking of the Russian-American Bilateral Presidential Commission. ONDCP spokesman Rafael Lemaitre confirmed that cooperation on fighting drugs has been suspended.

A week earlier, Ivanov was included on the list of persons subject to individual sanctions by Washington. The FDCS stated in another press release that the USA, "by barring the director of the Russian FDCS from entering the United States, is effectively breaking off many years of successful and fruitful cooperation with Russia in the fight against drugs." The statement suggested that "the only possible explanation for Washington's whim is unwillingness to cooperate against drugs and fear of being blamed for the explosive, 40-fold increase of drug production in Afghanistan since that long-suffering country was occupied by U.S. and NATO forces in 2001."

The Obama Administration's cancellation of antidrug cooperation with Russia coincided with the declaration of a public health emergency in Massachusetts, where Gov. Patrick Duval cited the dramatic rise of heroin use, addiction, and overdose death rates that have nearly doubled in the past 12 years. While the source of most heroin on the U.S. market is now South America, and Afghanistan largely supplies Eurasia, with a sizeable amount of Afghan heroin going to Russia, the sharing of experience in fighting these drug flows has been a major focus of the now halted Russian-American cooperation efforts. The end of this cooperation is also consistent with Obama's creeping support for drug legalization: The Administration has decided to let the American states decide their own policies, while "adjusting" Federal regulations to allow banks to accept deposits from drug sales (which are still—for the moment—illegal under Federal law).

Other international outreach by the FDCS has included discussions with European law enforcement agencies, especially those of Germany, whose police train policemen in Afghanistan. Some German military strategists have sought to bring Europe on board with Ivanov's economic-development approach to the problem.

The head of the FDCS has spoken with increasing bluntness

about sabotage of these international efforts against Dope, Inc. On Feb. 5, Ivanov said that NATO forces were directly responsible for the surge in poppy plantings in Afghanistan. "According to the U.S. House Foreign Affairs Committee, Washington has no antidrug strategy for Afghanistan after international troops pull out of the country," he told the Russian State Anti-Drug Committee.

In the wake of the March 27 suspension of cooperation and his own blacklisting, Ivanov said, "By Washington's logic, the FDCS and its director are more dangerous than Iran's nuclear program," since the United States at least formally continues anti-drug cooperation with Iran, despite imposing sanctions on that country for having a nuclear power program.

The official news agency Itar-TASS reported Ivanov's "surprise" at Washington's linking the fate of cooperation against drug

trafficking to the situation around Ukraine. Ivanov pointed out that Russian and American narcotics police have jointly destroyed dozens of drug labs and tons of pure heroin, which was bound for the Russian, European, and even U.S. markets. "It is regrettable that the Washington politicians are pulling the rug out from under their own professionals," he said. "Whom does this benefit? The drug cartels of Afghanistan and South America." The latest decisions, Ivanov added, "in effect mean that information on drug labs in Afghanistan will be withheld from Russia."

In an interview to Anna Nemtsova for *Foreign Policy*, Ivanov suggested one more reason for the sanctions aimed at him and his agency: "The American Democratic Party is against me for criticizing the ongoing process of marijuana legalization in the United States."

Footnotes:

1. France, Germany, Italy, Japan, the United Kingdom, and the United States. Canada joined in 1976, making it the G7.
2. Armenia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, and Russia.
3. "After Ukraine's EU Refusal: Eurasian Development vs. Collapse and Chaos," *EIR*, Dec. 6, 2014.
4. Ivanov told a conference at the Center for Strategic and International Studies in Washington on Nov. 18, 2011, that the "revival of the logic of the Glass-Steagall Act" on banking separation was a first step toward the needed "drastic transformation of the international financial system" (see *EIR*, Dec. 2, 2011).
5. Excerpts from the IDMRD's report *The Path to Peace and Concord in Afghanistan Will Be Determined by the Position Russia Takes* appeared in *EIR*, Feb. 27, 2009.
6. "Afghan, Central Asian Development on Agenda," *EIR*, March 23, 2014.

'Narco-money is the foundation of the modern financial system'

by Victor Ivanov

Victor Ivanov is the head of the Federal Drug Control Service of Russia. He gave the speech that we excerpt here at an international experts conference on "Alternative Development for Drug-Producing Regions," which was held in Moscow on March 25. Subheads have been added.

I call to your attention that the West's disbanding of the G8 was done even while Russia, as part of its Presidency of the G8 this year, has made the fight against narcotics a priority; and that it is hard to evaluate this as other than a radical way for the USA and NATO to evade responsibility for the explosive growth of drug production in Afghanistan that has occurred since the occupation of that long-suffering country by U.S. and NATO armed forces in 2001... (Figure 1)

Global Destabilization

During its Presidency of the G8, Russia had intended to propose a comprehensive strategy to address the problem, in which, following UN policy, modern alternative development programs would be the top priority, as well as the focus of our present expert meeting.

This is because a key problem facing the international community is the existence of huge planetary drug-production centers, where production of heroin and cocaine has become truly industrial in nature, and has clearly turned into a powerful generator of an entire spectrum of threats, a systemic factor of political destabilization in both hemispheres.

The slide shows two centers of drug production—heroin in Afghanistan and cocaine in Latin America—that have become a global problem, common to both hemispheres. (Figure 2)

This global problem can only be solved through the combined efforts of a large number of advanced countries—of course, we are talking about members of the Group of Eight—but our experience shows that it makes more sense to rely primarily on the BRICS countries [Brazil, Russia, India, China, South Africa] and those countries that are neighbours of regions of drug production, free of the commitments and secret decisions of the NATO military Politburo.

The negative consequences of the planetary drug production centers are enormous. This is particularly obvious in Afghanistan, which has become the main victim of large-scale drug production. Thus, for 14 years, since the start of Operation Enduring Freedom, more than a million people in Eurasia have died because of Afghan heroin, at least half of them Russian



Figure 1. The production of heroin has increased more than 40-fold since the start of "Operation Enduring Freedom" in October 2001.

citizens.

Intensive transit of drugs from Afghanistan, estimated at \$80 billion annually, means the proliferation of paramilitary drug gangs, an increase in violence, and the involvement of several million people in the region in transshipment, which overall distorts the political landscape of Central Asia, the Caucasus, and the Middle East.

In other words, Afghanistan's drug production is a fundamental factor of destabilization for the whole of Eurasia, and means the assured destruction of the future of Russia and Europe, with respect to their security, demography, gene pool, and economic development.

Nevertheless, the eradication of Afghanistan's drug production is still not seen as a priority task by the world community, as shown by analysis of basic international documents.

For Russia, this is unacceptable—the more so, since a solution to the problem exists. That is, to place before all mankind the challenge of completely eradicating Afghan drug production.

There Are Solutions

There are two key ways of solving the problem. The first is police methods—destruction of drug crops; planning and conducting Strategic Anti-Narcotics Operations (SANO), whereby the Federal Drug Control Service, in conjunction with the Collective Security Treaty Organization (CSTO), is currently creating a Center for Strategic Counter-Narcotics Operations.

The second method is the alternative development of Afghanistan on the basis of a crash program, accelerated industrialization of the country.

The second method should be the principal focus. Drawing countries out of depression conditions and generating development are becoming the main resources for security. For this, we should adopt the idea of “Security Through Development” as a fundamental doctrine. Let me remind you that Russian President V. Putin proposed this approach to the international community in his speech on Jan. 1 of this year.

“Security Through Development” means that development is the main resource and factor for security...

The best experiences in alternative development show that modern programs for countries in which coca, opium poppy, or other narcotic plants are grown, should have three levels:

First is the creation of infrastructure for advanced agriculture, including stable markets, a system to extend loans to farmers at low interest rates, technical and technological support to agriculture (scientific and industrial seed growing, fertilizers, agricultural machinery), education and training of agronomists and other professional agriculturalists, as well as strict protectionist measures to protect farmers who are cultivating legal crops.

The second level is the creation of conditions for diversification of employment, with the goal of reducing the proportion of families whose well-being directly depends upon agriculture, in particular, the formation of national high-tech industry that can employ the local population. Malaysia is an example, in which a backward agrarian country became, over a few decades, a leading high-tech country.

The third level is the sovereign development of the state, including its independence in financial and credit matters. States must have the right to sovereign development. The existing world monetary and financial system, built on the destruction of national economies and the exhaustion of resources needed for development, is the main reason for the spread of the global drug trade.

The development of the power industry, electrification, and energy self-sufficiency are of fundamental importance...

Narco-Money

I would like to draw your attention to the fact that the planetary drug-production centers are inevitably the flip side of the global economic crisis.

The extremely negative consequences of Afghan and South American drug production are well known and obvious. Liquid narco-money is killing the economy of the Eurozone and is even significantly affecting the Chinese yuan. Investigations on money laundering show that major banks depend for their very existence on dirty, but liquid money from the drug traffic.

Just recall the high-profile case of the American bank Wachovia, which, according to official data alone, handled \$378 billion in operations controlled by the Mexican drug cartels' money-changers (*casas de cambio*). Two other banks, American Express Bank and HSBC, were also under suspicion and were fined in the United States.

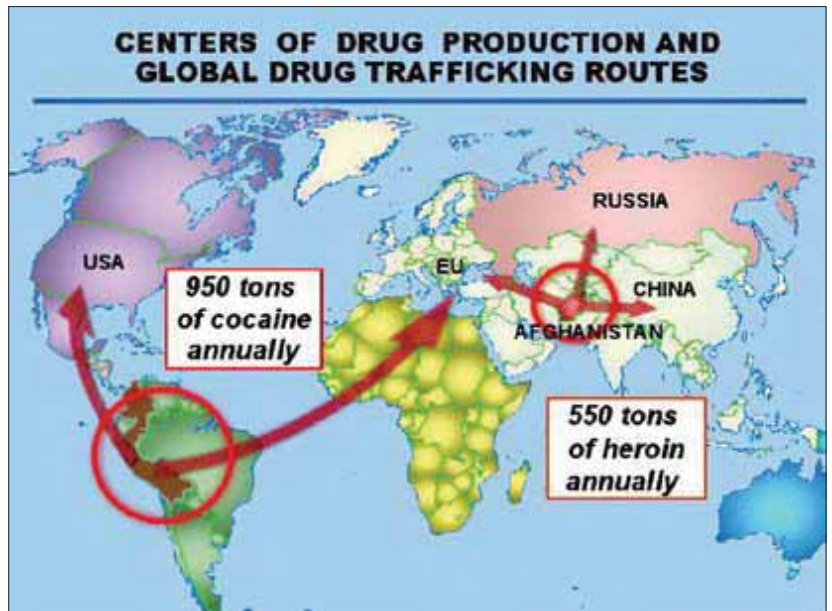


Figure 2.

What does that mean?

First of all, not only do narco-money and the global drug trafficking that it generates supply scarce liquidity to their sponsors, but they are also, in fact, a vitally necessary part of the entire monetary system, one of the components of the current financial crisis.

Moreover, it is this possibility of permanently supplying much needed liquidity, that is in many ways the driver of the financial, economic, and social demand for continuing narcotics production.

The very existence of the global financial bubble, in turn, is based on precisely this opportunity for banks to attract liquid narco-money. In fact, this garbage fertilizes the present economic system.

And considering that, according to generally accepted estimates, including by UN experts, the narco-money in the world is on the order of \$800 billion per year, and the negative consequences for the real economy are double to triple that level, the annual damage to the world economy is at least \$2 trillion, which is equal to the GDP of countries such as France or the United Kingdom.

And this allows us to confidently assert that narco-money is the foundation of the modern financial system. It is not surprising that during the first peak of the financial crisis of 2008-09, the Deputy UN Secretary-General, Executive Director of the UNODC Antonio Costa, announced that the top banks in the world dumped in around \$352 billion of narco-dollars to use for interbank borrowing, to address the critical shortage of liquidity.

This means that the entire global economic system is not only dysfunctional, but headed for self-destruction.

Thus the world economy has become, in a way, hostage to drug production, while Afghanistan, in turn, is held hostage to the ailing global economy.

So the question of “how to clear up the financial bubble” is the same as “how to defeat global narco-crime,” and, above all, eradicate Afghan production.

The priority in eradicating global drug production is transforming the existing economy and shifting toward an economy that eliminates criminal money and guarantees the reproduction of net liquid assets—that is, an economy of development, in which decisions are based on development projects and targeted long-term loans.

In this way, properly organized alternative development will be able to lead the world out of the global crisis. That is why in January 2012, at the World Economic Forum in Davos, I suggested that solving the problem of Afghan drug production would make it possible to heal the global economy.