This article is published as:

**Author:** O. Villar
**Title:** US Narcocolonialism? Colombian Cocaine And Twenty-first Century Imperialism
**Journal:** Research in Political Economy **ISSN:** 0161-7230
**Year:** 2007
**Volume:** 24
**Issue:** Spring
**Pages:** 97-128

**Abstract:** For Colombia, cocaine is a product that is sold for profit in the United States. Mainstream political economy, let alone the other social sciences, has little to say about the process of extraction of surplus value in the production and distribution of cocaine, in other words, how cocaine is exploited for profit. The paper argues that the conventional framework, which locates profits generated from the cocaine trade in an economic model of crime shields a much deeper reality than simply "money laundering as a "legal problem. The central argument is that the cocaine trade in general, and the cocaine economy in particular, are a vital aspect of U.S. imperialism in the Colombian economic system. The paper tackles a critical problem: the place of cocaine in the re-colonization of Colombia -" defined as "narcocolonialism -" and the implications of the cocaine trade generally for U.S. imperialism in this context. The paper evaluates selected literature on the Colombian cocaine trade and offers an alternative framework underpinned by a political economy analysis drawn from Marx and Lenin showing that cocaine functions as an "imperial commodity -" a commodity for which there exists a lucrative market and profit-making opportunity. It is also a means of capital accumulation by what could be termed, Colombia's comprador "narcobourgeoisie; dependent on U.S. imperialism. It is hoped that by analyzing cocaine with a Marxist interpretation and political economy approach, then future developments in understanding drugs in Colombia's complex political economy may be anticipated.

**Author Address:** ovillar@csu.edu.au

**URL:** http://dx.doi.org/10.1016/S0161-7230(07)24003-9
http://researchoutput.csu.edu.au/R/-?func=dbin-jump-full&amp;object_id=14513&amp;local_base=GEN01-CSU01
http://unilinc20.unilinc.edu.au:80/F/?func=direct&amp;doc_number=000102026&amp;local_base=L25XX

**CRO Number:** 14513
Title: US Narcocolonialism? Colombian Cocaine and Twenty-First Century Imperialism
Name: Oliver Villar
Affiliation: University of Western Sydney (UWS) – Australia
Address: 18 Somerset Street Minto NSW 2566 Australia
Email: o.villar@uws.edu.au
Phone: +61 437 448 270
Fax: +61 2 9603 2596

Abstract: For Colombia, cocaine is a product that is sold for profit in the United States. Mainstream political economy, let alone the other social sciences, has little to say about the process of extraction of surplus value in the production and distribution of cocaine, in other words, how cocaine is exploited for profit. The paper argues that the conventional framework, which locates profits generated from the cocaine trade in an economic model of crime shields a much deeper reality than simply 'money laundering' as a 'legal problem.' The central argument is that the cocaine trade in general, and the cocaine economy in particular, are a vital aspect of US imperialism in the Colombian economic system. The paper tackles a critical problem: the place of cocaine in the re-colonization of Colombia - defined as 'narcocolonialism' - and the implications of the cocaine trade generally for US imperialism in this context. The paper evaluates selected literature on the Colombian cocaine trade and offers an alternative framework underpinned by a political economy analysis drawn from Marx and Lenin showing that cocaine functions as an 'imperial commodity'-- a commodity for which there exists a lucrative market and profit-making opportunity. It is also a means of capital accumulation by what could be termed, Colombia's comprador 'narcobourgeoisie;' dependent on US imperialism. It is hoped that by analyzing cocaine with a Marxist interpretation and political economy approach, then future developments in understanding drugs in Colombia’s complex political economy may be anticipated.

1. Introduction

For Colombia, cocaine is a product that is sold for profit in the United States. Mainstream political economy, let alone the other social sciences, has little to say about the process of extraction of surplus value in the production and distribution of cocaine, in other words, how cocaine is exploited for profit. Rather its surplus value is analyzed as 'money laundering,' a 'process' associated with globalization, market integration, and technological innovation that have reshaped both the 'formal' and 'informal' economies (or 'illegal,' 'underground' economies) of developed and developing countries and of the international economy itself (Hinterseer, 2002). Investigative journalists draw attention to the 'global' rise of 'organized crime' and the 'Mafia.' In a nutshell, the profits generated from the cocaine trade are seen as criminal finance derived from 'money laundering' - the financial side of virtually all crime for profit. But Colombian cocaine is a
much more complicated process. The drug trade in general, is as old as the 'Great Powers' of Spain and Britain.

Long before processed cocaine, the 'Great Power' of Spain made great fortunes from the commercial exploitation of the coca plant. Spanish chronicler, Pedro Cieza de Leon, wrote:

'There has never been in the whole world a plant or root or any growing thing that bears and yields every year as this does . . . or that is so highly valued' (Hargreaves, 1992, p. 42). The advantages of preserving coca were realized in 1573 when the colonizers taxed the 'sinful' commodity. Another chronicler, Hernando de Santillan wrote: 'Down there [in the coca plantations] there is one disease worse than all the rest: the unrestrained greed of the Spaniards' (Ibid).

In the late 1800s, North American missionaries on the other corner of the globe lamented the moral and social degeneration wrought by the British colonial opium trade (Bertram, Blachman, Sharpe, Andreas, 1996). 'One Chinaman was both producer and consumer, and worth two Indians and four Malays, in value to the state' (Turnbull, 1975, pp. 109-10). Sir Cecil Beadon (1872, p. 10), commenting on Indian finances in 1871 when the Indian government was making £9,000,000 annually from opium, pointedly observed:

Indian finances are in this position that, in a majority of years, you have very serious deficits, and you are constantly borrowing . . . . Shall we sacrifice the whole or any portion of the opium duty? And it seems to me that the present state of the Indian finances is such as to prevent us giving any answer but one to that question-that we cannot give up any of the opium revenue; we cannot afford to do so.

Carl Trocki (1990) argues that the decline of the British Empire might have even begun when the British left the opium business. Like nineteenth century British imperialism in China, India, and Singapore with opium, is cocaine a vital aspect of twenty-first century US imperialism in the Colombian economic system in its capitalist form?

Since the Spanish conquistadores, the region's economies have been shaped by the demands of foreign markets. From silver and gold in the Spanish era, to the rubber, cotton, tin, and sugar booms of the past century, the rise and fall of world demand for primary commodities has determined the fate of the Colombian people (Mintz, 1989; Kawell, 1989). Cocaine has resulted in a greater degree of regional market integration and incorporation of Colombia into the world market economy than for any previous export commodity (Rabine, 1989). 2 Cocaine is the latest manifestation of a centuries old phenomenon of Colombian dependence on the production of export commodities for foreign consumption and imperialist conquest for profit (see Gibson, Freud’s Magical Drug; Hargreaves, 1992; Mortimer, 1974).
Too much literature on Colombia's political economy has neglected this historical aspect of cocaine. That is not to say cocaine is at the center of everything in Colombia, only that the political economy of cocaine, within Colombia’s political economy, has been important to the social, economic, political, even cultural, development of the country. Like the nineteenth century British colonies linked to the opium trade, it is impossible to read Colombian archival records of twentieth century US imperialism without encountering coca and cocaine over and over. The statistics and facts show it to have been ubiquitous at least since the 'cocaine decade' between 1980 and 1989. Such a factor cannot be ignored or denied if we are to advance our understanding of class and imperialism, as a force in history, that has shaped the social, political, and economic order of the present unipolar world.

For centuries, the peculiar economic activities of the world's ruling classes using underhand methods were understood or dismissed as simply 'bootlegging.' Can the process of extracting the surplus value of cocaine be understood entirely on the basis of 'money laundering?' As the point of analysis, 'money laundering' addresses illegal money generated from the cocaine trade as living in “one world” only, an area of the capitalist economy where unlawful economic activity occurs, and what stands between society and this 'underworld,' is the law, which divides economic activity into acceptable (legal) and unacceptable (illegal) forms of conduct. With increasing 'globalization,' $2 trillion a day is being 'laundered' through capitalism's international mode of circulation, according to a United Nations report (The Internal Auditor, 1998). Are members of the 'underworld' truly the sole beneficiaries?

Marx's method of analysis - the concrete analysis of concrete situations in their historical context and from a class perspective - combined with Lenin's analysis in Imperialism: the Highest Stage of Capitalism (1917) are imperative for understanding Colombian cocaine as a commodity. Lenin showed how the law of capitalist development manifests itself, and how advanced capitalist countries draw the rest of the world into their orbit through the mechanism of imperialism. Capitalism creates rich and poor nations just as it creates rich and poor within each nation by, (1) increasing the concentration of production and creating monopolies, (2) raising the importance of the export of capital above the export of goods, (3) dividing the world among associations of capitalist firms, and (4) dividing the world between the 'great' capitalist powers.

Similar to the colonial opium trade of imperial Britain as documented by historians, the Colombian cocaine trade sustains dominant political and economic interests through imperialism. Throughout the 'cocaine decade' (using the time frame 1980-1989) the global drug trade centered on the United States drew Colombia towards production as an economic relation. The cocaine trade created rich and poor Colombians, as well as rich and poor North Americans (IADB; Knoester, 1998). The increasing concentration of production, which saw the creation (and later
of Colombian drug cartels, abetted the rise of corporate finance capital. The growth of the cocaine trade made cocaine Colombia's premier 'illicit' export commodity. However most of the profits went to the USA, not Colombia. The income divided among the capitalist enterprises involved favored the United States.

As real, although tenuous, as the link between US imperialism and the Colombian cocaine trade may be, proving this is not the intention of the paper. The intention is to move discussion on the subject beyond its conventional understanding. The paper argues that the conventional framework, which locates profits generated from the cocaine trade in an economic model of crime shields a much deeper reality than simply 'money laundering' as a 'legal problem,' where professional criminals outsmart resource-superior authorities and the law. The paper also argues that in order to understand this phenomenon it is necessary to apply Marx's argument that economic activity is social and the economic base of the capitalist system is the means of production, and further, those production relations, depend upon the stage of development of the material productive forces of society. From this perspective, bourgeois law is part of the capitalist superstructure (the legal institutions and its drug policies, for example) reflecting its economic base (allowing the cocaine means of production to thrive in both the 'legal' and 'illegal' world). Moreover, the use of various methods and instruments to shield drug trafficking activities are common practice. The central argument will be that the cocaine trade in general, and the cocaine economy in particular, are a vital aspect of US imperialism in the Colombian economic system.

The paper tackles a critical problem: the place of cocaine in the re-colonization of Colombia - defined here as 'narcocolonialism' - and the implications of the cocaine trade generally for US imperialism in this context. As an unexplained and difficult phenomena to examine and with increasingly outdated empirical evidence available, 're-colonization' and 'imperialism,' therefore, is used interchangeably to “fill the gap.” The paper evaluates selected literature on the Colombian cocaine trade and offers an alternative framework underpinned by a political economy analysis drawn from Marx and Lenin showing that cocaine functions as an 'imperial commodity'-- a commodity for which there exists a lucrative market and profit-making opportunity. It is also a means of capital accumulation by what could be termed, Colombia's comprador 'narcobourgeoisie;' dependent on US imperialism.

The sections which follow, show how the economic development of cocaine production and distribution in Colombia drew the country into the orbit of imperialism and consequently, towards 're-colonization' by the United States, through a 'narcoeconomy,' and a Colombian 'dependency' on US capital and the export of cocaine. It is hoped that by analyzing cocaine with a Marxist interpretation and political economy approach, then future developments in understanding drugs in Colombia’s complex political economy may be anticipated.
2. Towards Cocaine Production

Mainstream economic discussions of illegal drug production are based almost entirely on crime, and, consequently, ‘money laundering.’ It is not that the existing economic literature ignores drug production. It ignores class as the point of analyzing drug production as an economic activity that is also social, in Colombia's case, whether an economic class exploits cocaine for profit. In the interest of political economy, however, one thing is generally acknowledged. Among Bolivia, Peru, and Colombia of the Andean coca-growing zone “Crystal Triangle,” only Colombia, has succeeded in developing very sophisticated drug cartels and international marketing networks (Thoumi, 2003). How did this develop?

The debt crisis of the 1970s and 1980s in Latin America involved a drastic balance of payments and external crises, a sharp increase in unemployment, and a decline in national incomes. For Colombia, what became known as the 'cocaine decade' of the 1980s (officially termed the 'lost decade'), was the beginning of stable economic performance with an increase of drug trafficking activity, despite a history of civil war in the country. 4

An ambitious young Colombian from the outskirts of Medellin named Pablo Escobar Gaviria, became the most successful of the narcotics entrepreneurs. Prior to venturing into the commercialization of cocaine, he was a tombstone thief and dealer in stolen vehicles. While other traffickers remained immersed in the coastal marijuana trade, Escobar with his associates established contacts with coca producers in Bolivia and Peru. Escobar was uniquely positioned to substitute cocaine for marijuana as Colombia's growing premier illicit export commodity (Salazar & Jaramillo, 1992).

The Colombian cocaine trade expanded rapidly. The capos (the heads of large drug-trafficking clans) began to organize meetings to centralize production, distribution, and commercialization of the drug, and to establish large-scale transportation systems and routes. Those who secured control of trade routes to the Untied States became cocaine's monopolists (Ibid). Escobar perfected the cocaine refining technology and developed expertise in cocaine distribution.

A former US Central Intelligence Agency (CIA) operative named Trenton Parker, has alleged that the CIA set up two preliminary meetings during which 'various Colombian drug dealers' organized into a drug trafficking cartel. The first occurred with twenty of the biggest cocaine dealers in Colombia present. The second meeting was held at the Hotel International Medellin attended by two hundred drug dealers. The Medellin Cartel was established in December 1981 (Stich, 2001). A paramilitary organization called Muerte a los Secuestradores (Death to Kidnappers or MAS) was established to assassinate leftists, trade unionists, civil rights activists,
peasants collaborating with left-wing guerrillas and members of the Union Patriótica (UP)-the civilian arm of Colombia's largest Marxist rebel organization, Fuerzas Armadas Revolucionarias de Colombia (Revolutionary Armed Forces of Colombia or FARC). MAS members in the Colombian military liaised with the drug mafia and the army (Lee, 1998; Scott & Marshall, 1998). Israeli and British mercenaries, paid with drug money, organised a death squad paramilitary school. Carlos Castaño, the future leader of MAS's successor, Autodefensas Unidas de Colombia (United Self Defence Forces of Colombia or AUC), was an early trainee (Scott, 2003).

Another former CIA operative, Gunther Russbacher, has made similar allegations concerning the CIA's role in establishing the Medellin Cartel. Russbacher attended the CIA initiated- 1981 meetings (Stich, 2001). According to Russbacher, 'At least half a dozen former CIA, OSS, and DEA personnel gave me many hours of statements over a three year period concerning Central and South America drug operations in which US intelligence agencies and the [Israeli] Mossad participated' (Ibid; The Telegraph, 1990; Contreras & Gavarito, 2002).

Recent allegations published by former CIA operatives, Kenneth C. Bucchi and Al Martin, detail covert drug trafficking operations involving the CIA. Bucchi tells of a third meeting in Zurich, Switzerland in August 1984, linked to a covert operation named Pseudo Miranda (Bucchi, 2000; Martin, 2002). According to Bucchi, Vice-President George Bush and CIA Director William Casey were behind OPM (Bucchi, 2000). The aim was to centralize the cocaine trade in Colombia by neutralising Bolivia and Peru as rivals (Ibid). Bucchi attended the Zurich meeting and was tactical commander of OPM. In an interview on CNN (see The Drug War: Where Should the Battle Lines Be Drawn?, 2001) he stated:

> We could save a lot of money if the government just went to Colombia and asked, 'How much for all the cocaine?' It's not that farcical. The cost would be tremendous, but it would still be less than what we are spending now for the Drug War. But then we would not be able to justify giving weapons to governments. If we bought it all, the drug dealers would have the same amount of money as the people in power. The CIA doesn't want leftist guerrillas or Pablo Escobar's having the same power as the people they help put in power.  

The Medellin Cartel systematically outmanoeuvred its competitors, particularly the Florida based Cuban mafia and others involved in the trade (Bagley, 1988). By eliminating these middlemen and installing their own, the Colombians not only improved their profit margins, but also disposed of many Cuban-American informants working with the CIA and other US law enforcement agencies, thereby lowering the risk (Ibid).

The Medellin's cocaine traders gained a reputation as 'violent thugs', whose leader, Pablo Escobar, would stop at nothing to maintain control of the market, including mounting a military campaign against the Colombian State. For the urban poor, 'El Patron', as Escobar became
known, had popular appeal with his defiant 'Robin Hood' image (*Frontline*, 1997). In contrast, rival narcotics traffickers from Cali, consolidated their share of the market through a management and marketing strategy (Salazar & Jaramillo, 1992).

As the United States government pursued the Medellin Cartel, the primary source of raw coca and cocaine paste was Bolivian. Bolivia enjoyed a near monopoly in coca production-80 percent of the world's cocaine came from this Andean nation in the early half of the 1980s (Cockburn & St. Clair, 1998). Stephen Crittenden, a CIA veteran of Southeast Asia and Latin America, has alleged that the Bolivian Air Force flew numerous CIA flights destined for the United States. According to Crittenden, the CIA's airlines, *Southern Air Transport* and *Evergreen*, distributed cocaine for the DEA as well. In the US, Colombian and Bolivian drug cartel figures landed their Cessna Citations and Lear jets at Marana airport, Arizona (Ibid; Stich, 2001; Robbins, 1988).

Salomon Kalmonovitz, an economist from Colombia's Central Bank observed, “cocaine stopped the balance of payments from collapsing, which would have pushed us into the spiral of hyper-devaluation and hyper-inflation that shook most of the rest of the continent, for which the 1980s were a 'lost decade.' ” (Strong, 1995, p. 184). The 'cocaine decade' demonstrated the dynamic and 'imperialistic' nature of the drug trade driven by apparently 'ruling class interests' in the USA. With the establishment of the drug cartels, coca was exploited, reinforcing existing economic trends generated by the capitalist system with repercussions reaching beyond the “Crystal Triangle” to the whole of South America and indeed the entire Western Hemisphere (Smith & Thongtham, 1992). Colombia became dependent on the export of cocaine.

### 3. Towards Re-colonization

The 'cocaine decade' drew Colombia into the orbit of the global drug trade, and in particular, towards cocaine production. According to a United Nations report, the global drug trade is a “self-generating engine” of economic growth shaping the international economy despite drug seizures and interdiction measures. The report states: “Drug traffickers introduce new products into an untapped market, buyers are found, and once users become addicted, a minimum level of demand is virtually guaranteed” (UNDCEP, 1994). The UNDCEP notes the drug trade “has been characterized by a trend towards globalization and proliferation of trafficking routes” (Ibid). The 'trends,' associated with 'globalization' and market integration noted above, indicate that by entering the global drug trade with cocaine, Colombia was effectively driven into the orbit of imperialism.

The “self-generating engine” of the global drug trade, as described by the UN, traces back to the United States. Involved in this economic relation are two main classes in Colombia. The poor
campesino (peasant) and the wealthy compradore landlord, our main focus. The compradore is directly involved through ownership of the cocaine means of production (farms on which cocaine is grown, cocaine processing plants), exchange (safe houses, travel agencies, contraband, real estate, front companies) and distribution (routes and networks, and conveyances used to transport narcotics) (Woods, 1998). The poor campesino has no choice but to grow coca in order to survive but is indirectly involved. The process of extraction in the surplus value of cocaine begins with the exploitation of the campesino.

Specifically, a powerful strata of the comprador class is the 'narcobourgeoisie.' Nazih Richani describes this class as an emerging social group of drug traffickers who not only managed to accumulate vast economic resources by investing in the 'legal economy,' but who struggled to legitimate themselves politically - moving from being 'a class in itself to a class for itself', that is, conscious of its common class and political interests (Richani, 2002). The narcobourgeoisie are owners of economically significant means of production and the extractors of considerable surplus from the peasantry and wage workers including those working in their processing plants. They occupy the commanding economic position in the illicit drug industry (Ibid, p. 181, n. 54) and arguably in the whole Colombian economy.

The secretive and dangerous nature of the cocaine trade makes it difficult to accurately calculate the size of the industry and its economy. The existing available data derives from secondary sources that only provide approximations and not exact figures making any evaluation on the size of the 'cocaine economy' a debatable topic. This is due to the conventional framework, which identifies cocaine, not with imperialism, but with 'organized crime,' the 'Mafia' (which according to former agents of the imperial State were organized by US imperialism), or to use the official-diplomatic terminology properly, 'narcoterrorists.' Putting an end to the productive forces of the drug trade has never been the goal of imperialism (see, for instance, McCoy, 2003; Valentine, 2004; Scott, 2003). If material productive forces for cocaine production exist, one can see how fighting 'crime' at the super-structural level, is not enough to deter the narcobourgeoisie, its lucrative cocaine market in the United States, and its profit-making opportunities globally.

Francisco Thoumi (1995, p. 95) argues that Colombia has an 'underground economy' where differences between 'legal' and 'illegal' income appear not to result in a black and white division, but rather in a continuum of grey. Hernando De Soto (1986) (once an advisor to former President of Peru Alberto Fujimori), in his well known study of Peru's 'underground economy,' argues that there are 'good' and 'bad' laws that regulate and control economic activity. From this 'underground-informal economic' perspective, 'individuals' who break 'bad' laws in their economic endeavors may nevertheless generate 'good' illegal income. Economic activity that breaks 'good' laws creates 'bad' income. This 'illegal' economy is defined as part of the legal one's
'legitimate' economic activities, but where activity is performed illegally because of 'bad' laws and government regulations that make legal activity nonviable because of the expense and regulatory burden incurred by many low-income entrepreneurs. De Soto (1989, pp. xvii-xxi) explains low-income 'entrepreneurs' lose out in this 'process' because they are excluded by the 'legal system.'

The conventional framework ignores the class basis of the cocaine trade but suggests quite sympathetically that low-income 'entrepreneurs' should be 'legally' included in the process of extraction in the surplus value of cocaine. From a Marxist perspective, laws are made by the ruling class for the ruling class and individuals from this class go largely unpunished if they generate any type of revenue for their economy. 'Low-income entrepreneurs' must be punished if the ruling classes wish to remain the main beneficiaries of the cocaine trade. In a 'cocaine economy,' they are above concerns about 'good' or 'bad' laws or sources of income. Colombian 'democracy' is clearly an unusual 'process' and does not constitute 'normal' liberal economic development. The striking continuity of economic performance by the Colombian ruling class demonstrates a considerable amount of 'good' but 'illegitimate' capital for corrupt 'individuals' to accumulate in an apparent 'liberal democracy.' It also demonstrates how economic activity is social and the economic base of Colombia is its means of production where cocaine plays a vital part in the process. Many liberal economists like Thoumi and De Soto agree, the 'underground economy' is very important in Latin America, but what it ultimately achieves politically; it does so economically through capitalist growth - namely the cocaine trade.

There is a serious methodological problem when a quantitative assessment of cocaine in Colombian economics or finance is attempted. The 'illegality' of the drug business means that the collection of data may be speculative and politically motivated. RAND Corporation economist Peter Reuter (1985) notes:

> Officials often use the drug issue to build public support for their own agendas. Every statistic on drugs-prices, volume, earnings, arrests, numbers of users and addicts—must be interpreted in this light. But although drug statistics are imprecise, they can point toward reasonable generalizations.

Annual profits from the drug trade are estimated to be $500 billion; $250 billion (50 percent) is estimated to go to US banks and is not hard to monitor. The US Federal Reserve System registers any deposit over $10,000 (US Department of Treasury 2000). Colombia's Central Bank estimates only $76 billion (15 percent) goes to Colombia; less than half of US annual profits from the drug trade and 30 percent of Colombia's total wealth (see www.unam.mx/cronica/1996/a8096/int006.html). Conservatively, the total revenue for the commercial export of cocaine for Colombia is estimated to be $3.5 billion (close to $3.75 billion made from oil and more than two and a half times the earnings made from coffee), while North America's gross revenue from sales to consumers is $11 billion (Livingstone, 2003; Anonymous,
By any standard, Colombia's premier 'illicit' export commodity is pivotal to the business partnership of the comprador and his associates in the United States. 'Cocaine has created wealth and jobs, “It has provided the vital capital for economic expansion and in that sense has been an undeniable boon for Colombia.”' (Strong, 1995, p. 185).

There is conclusive evidence that Latin America exported large quantities of illegal drugs to the United States, Canada, and Europe over the past 25 years, creating a massive cocaine economy in the West. Cocaine production has increased so much that it has become the most important economic activity in the “Crystal Triangle” (Henman, 1990). With its revelations of CIA drug trafficking, The “Iran-Contra scandal” partially exposed the economic interests of the imperial-comprador relationship being discussed here (Scott & Marshall, 1998; The Kerry Report, 1989).

Colombian dependency on cocaine was a 'turning point' for Colombian capitalist development. It has implications for US imperialism generally because it makes economic development rather 'unique' if compared with a 'normal' Latin American country. It has a 'narcoimperialist' qualitative feature that could be defined as 'narcocolonialism.' It aims to foster a deeper Latin American dependency through a 're-colonization' process of traditionally imperialist 'illegal' means. This merits a closer look.

4. Towards a Narcoeconomy

The place of cocaine in the re-colonization process carries with it 'new' or 'unusual' qualitative features of US imperialism in Colombia. With Colombia's move towards cocaine production, the imperial-comprador partnership made profound changes in the structure of the Colombian economy, which is why the 'cocaine decade' must be seen as a historically significant event. The structure of Colombian capital generated from cocaine (or 'narco-capital') established a 'narcoeconomy.' The Colombian narcoeconomy differs from the 'illegal-informal-or-underground' economies described by liberal economists because cocaine is pervasive and institutionalized into almost every aspect of Colombian life (USGPO, 1999, p. 15). Colombia does not have ‘two-economies’ but a narcoeconomy shaped by US imperialism. The narcoeconomy may not be shaping the country’s political economy, but all economic life in Colombia, both legal (oil, coal, coffee) and illegal (drugs, arms, contraband), is dependent on cocaine, allowing that commodity to shape Colombia’s political economy socially and politically than no other commodity before it. The Colombian narcoeconomy is an “imperialist-generated engine” of the “Crystal Triangle,” not a self-generating one, it supplies 100 percent of the cocaine consumed on North American streets (Lee, 2002).
Surging US demand for cocaine in the 1980s saw the opening of Colombia to a 'cartel-system narcoeconomy.’ From 1970 to 1987 Peruvian coca production rose from 15,000 to 191,000 tons while Bolivia's production rate kept pace. Indicative of the rapid economic impact of processed cocaine in Colombia, the number of 'seized' laboratories recorded by the US government rose from 275 in 1984 to 725 the following year (McCoy, 2003, p. 443). By the late 1980s, cocaine grew into a major export commodity organized by drug cartels and institutionalized into the Colombian economy, and hence, into legitimate Inter-American economic relations (Lee & Clawson, 1998).

The cartel system was a regionally based grouping of different trafficking organizations that coalesced to rationalize the system of production, smuggling, and marketing of cocaine (Lee, 2002). Management was left to contacts in the national military intelligence network, or, according to former DEA and CIA operatives, to advisors of the CIA (see Stich, 1999; Stich, 2001; Levine & Kavanau-Levine, 1993; Levine, 1990; Bucchi, 2000; Valentine, 2004; Castillo & Harmon, 1994; Cockburn, 1987; Collins, 1993), depending on the importance of matters, such as details on transportation, exchange, distribution, and policy issues. The aim was to maximize export volumes and profits while reducing risk to each participant. This included various co-financing and co-insurance schemes, as well as the pooling of certain business services—for instance, financial advisors, lawyers, counterintelligence and security operatives, and assassins. The major participating organizations either owned trafficking assets such as planes, cocaine laboratories, shipping companies, even submarines, or enjoyed exclusive access to them (see Lee & Clawson, 1998; The Drug Trade in Colombia: A Threat Assessment, 2002).

The principal coalitions centered in Medellin and Cali at one time controlled 80 percent or more of the cocaine exported from Colombia. (Other quasi-independent groupings centered in Bogotá or the Atlantic Coast maintained loose associations with Medellin and Cali and tended to follow their lead on policy issues). At their zenith around the late 1980s, the cartels earned combined annual revenues of at least $6 billion, of which $3-4 billion was profit, and coordinated a trafficking infrastructure of 8,000-10,000 skilled workers and professionals (Lee & Clawson, 1998; Castillo, 1996; Zabludoff, 1997). This represented an enormous concentration of economic power in this sector of the narcobourgeoisie. To some extent this was directed power; a leadership structure of sorts existed within Colombia's cartel-system narcoeconomy, exercised by the heads of the dominant trafficking organizations in each coalition. This included Pablo Escobar Gaviria in Medellin and the Rodriguez-Orejuela brothers (Gilberto and Miguel) in Cali. Cartel leaders played a vital role in the national strategy of Colombia's narcoeconomy and its representation in mainstream politics. The cartel system, in other words, was not simply a group of gangsters who ran around shooting people—it was a system of organization for Colombian cocaine, crucial for the economic stability of the nation dependent on its export.
For the cartel system, Colombia's ongoing civil war between the state and the FARC, Latin America's longest running Marxist insurgency, represented and represents an economic disaster, a threat to the 'smooth' functioning of Colombian capitalism and foreign investment. FARC is largely a peasant army and in areas where the guerrillas exercise political and military control, all capitalist life is hijacked and exploited for their revolutionary campaign. All businesses in the liberated zones, including cocaine, are taxed accordingly (Goff, 2002).

The narcobourgeoisie capitalized on Colombia's long tradition of smuggling and trading in contraband goods dating back to Spanish colonial rule. It industrialized the trafficking process to include large-scale smuggling by boats, planes and containers. Cocaine could then transform itself into a lucrative commercial commodity and center of entrepreneurial activity. This was truly the world's first 'industrial revolution' in cocaine.

The narcobourgeoisie had to rely heavily on the drug cartels. Drug traffickers and 'money-laundering specialists' had almost free rein to deposit their funds into banks. Under pressure from the US Money Laundering Control Act of 1986, the narcobourgeoisie was forced to act. Signs of a major restructure and possible amalgamation in the narcoeconomy forced many Colombian traffickers to move almost completely to contracted 'money laundering services' from 'unrelated organizations' (Grosse, 2001).

In contrast to the model of organized crime, which emphasizes a hierarchical system of centralized control, the cartel system provided an 'unusual' degree of order and control in terms of structure and organization. When the US backed Colombian State moved successfully against the Medellin Cartel the narcobourgeoisie barely flinched. The narcobourgeoisie's existence is linked to a moment in Colombia's development of productive forces (including the drug cartel, new methods and technology, innovations in exchange and distribution) which occurred sometime in the early period of the 'cocaine decade'.

Narcocolonialism institutionalized the political and economic preconditions for the cocaine trade, permitting the 'invisible hand' of imperialism to reign. The demise of the Medellin Cartel did not affect the overlapping class interests between the narcobourgeoisie, sectors of the ruling class, and the military, particularly in regions where the FARC contested Medellin's control: in Middle Magdalena, Uraba, North Santander, Bolivar, Putumayo, Antioquia, Cauca, and Caqueta.

Business analysts and management consultants emphasize that networks are far superior to traditional hierarchies in terms of organizational effectiveness, especially when it comes to innovation and teamwork (Williams, 1998). Without the consent of the imperial-comprador partnership, the cartel system created a network. Network structures are resistant to disruption
and have a degree of resilience that other forms of organization lack. The cartel system implied considerable coordination and control of cocaine trafficking functions but relied too heavily on the industry's representatives. This was a problem for sections of the narcobourgeoisie loyal to US imperialism. As an instrument of the comprador bourgeoisie, the Colombian State took appropriate measures to ensure a change in the organization of cocaine production. The imperial-comprador partnership turned to the Cali Cartel.

With the 'destruction' of the cartel-system narcoeconomy, the Colombian cocaine industry was decentralized into as many as 80-300 (according to widely varying official estimates) distinct private enterprises (Semana, 2001). Its restructure did not hurt cocaine exports (see Lee, 2002) but enabled businesses including corporations to find their place in the sun without taking too many risks, by adopting a management strategy of moving into 'legal' business activities, even negotiating with Mexican organizations to hand over parts of their export networks to the United States. One such organization that emerged from this arrangement is the Henao Montoya organization, with which the AUC, an umbrella right-wing paramilitary network, is affiliated (see DEA, Traffickers from Colombia www.usdoj.gov/dea/traffickers/colombia.htm; Ricardo Rocha www.odccp.org:80/colombia/rocha.html).  

From an imperialist perspective, Colombia is the most advanced cocaine producing country in the Crystal Triangle with the best opportunities. Two factors made this possible, (1) the institutionalization of the cocaine trade in Colombia, and (2) Colombia’s proximity to neighbouring Crystal Triangle countries Peru and Bolivia; service country Panama; transit countries Mexico and the Caribbean (Jamaica and the Dominican Republic); and consumer and distribution countries the US and Spain (as a gateway for smuggling operations in Europe).

The Medellin Cartel failed to take advantage of the imperial-compradore partnership. It attempted to establish monopoly control over the cocaine trade without taking US imperialism into consideration. The idea that the Cali Cartel posed a threat to the Colombian State is an official myth. The Cali Cartel assisted State efforts to liquidate the Medellin Cartel from the cocaine trade (Carrigan, 2002; Lee & Clawson, 1998; Bowden, 2000; The Washington Post, 1996). The various components of the industry were then left for the Cali Cartel, to link together as a corporate style transnational trafficking organization with opportunities to branch out into other markets such as heroin and amphetamines.  

According to a United Nations report in 1994 (a year after Pablo Escobar's death and the end to the cartel system of cocaine production),

In spite of the rise of licit transnational corporations in developing countries, the Cali Cartel remains, in effect, the developing countries most successful transnational corporation. That is not only a comment about the importance of the
drug-trafficking industry, but is also a reflection of the continued economic problems that face developing countries. In that connection, some researchers credit the Colombian cartels and their huge monetary base with providing much of the economic stability and even prosperity that Colombia enjoyed throughout the 1980s and early 1990s (Williams, 1994).

The 'post-cartel narcoeconomy' (1994 to the present) system involves a complex network of banks, corporations and professionals, with offices in New York, Miami, the Caribbean, and throughout Latin America. This rise of 'licit' transnational corporations coincided with the rise of a new kind of drug trafficker, the 'white collar' trafficker in the era of 'globalization,' market integration, and technological innovation. Colombian dependence on cocaine for export was intimately linked with the export of capital, which dictated close contact with the United States. The US and Colombia now shared a 'mutual-dependency' on the export of cocaine and an interest in preserving the existing status quo of class structure and economic relations. Narco-capital acquired continually greater proportions and assumed greater significance. As is well documented, most of the profits went to the United States as 'illegal' money to be laundered in CIA-linked banks. These banks include the Bank of Credit and Commerce International (BCCI); Nugan Hand Bank; J. P. Morgan; Chase Manhattan; World Finance Corporation; Castle Bank of the Bahamas; Citibank; Citicorp; Bank of America; and the Federal Reserve Bank (Stich, 2001; Scott, 2003; Grosse, 2001; Ehlers, 2001; Petras, 2001; Dwyer, 1998).

Christian de Brie describes the complex network of banks, corporations and professionals as a 'service industry in which the Americans have a considerable lead over their competitors, not only in know-how, but also in the vast financial and logistical resources they are able to make available to their multinationals; these include the secret services of the world’s most powerful state apparatus [i.e. the CIA and other US intelligence services], which, with the Cold War over, have moved into economic warfare.' De Brie lists a number of US corporations from the Fortune 500 he considers experts in the matter: Lockheed Martin, Boeing, IBM, General Motors, Exxon, General Electric and Texaco (De Brie, 2001; De Brie & De Maillard, 2000). Michael Ruppert concludes that there is an inextricable relationship between the CIA and Wall Street in this arrangement. Since Clark Clifford (who wrote the US National Security Act in 1947, which established the CIA), a number of senior CIA officials have sat on the Boards of the largest, richest and most powerful corporations in the United States (Ruppert, 2001; Citigroup, 2001; The Narco News Bulletin, 2000; Federation of American Scientists, 1992). Criminologists William J. Chambliss and Gary W. Potter describe this imperial phenomenon as 'state-organized crime.' (Chambliss, 1988; Potter, Eastern Kentucky University).

As noted earlier, the annual profits from the drug trade are estimated to be $500 billion; US banks handle half. Stanley Morris, Director of the Financial Crimes Enforcement Network suggests that the smart thing to do, 'the smart business decision' with drug money, is to 'put it in New York'
Catherine Austin Fitts concludes that $250 to $300 billion from the importation of drugs goes to Florida, New York, Texas, and California. These 'money-laundering' states are those which provide 80 percent of all presidential campaign funds (Ruppert, 1999; www.solari.com). Fitts states that corporations trading on Wall Street have stock values that are based upon annual net profits. Known as 'price earnings' or 'the pop,' Fitts explains that it is a word used in Wall Street to describe the multiple of income at which a stock trades (stock value). The multiplier effect in stock values can be a factor of thirty. She gives the figure (x6) of $250 billion laundered resulting in an estimated $1.5 trillion dollars per year in US cash transactions from the drug trade (www.solari.com; Fitts, 2001; Fitts, 1999).

Capital accumulated from the drug trade is almost too high and ongoing to control. The 'coca decade' saw a flooding of the crystalline white power onto American streets (known as the 'coca epidemic'). Cartels accumulated huge sums of money in a short period of time. Although politically necessary to begin the recolonization process, the early cartel system was not economically viable for a more 'competitive' post-cartel system, where the surplus value of cocaine could be invested into international markets, principally the US market, its banks and corporations. US banks came into close contact with the cocaine industry and became intermediaries for the narcobourgeoisie by turning narco-capital into 'legitimate' bank capital. 'Money laundering schemes' involving the CIA and Cali Cartel included the purchase of real estate and corporations and loans amongst other schemes (Stich, 2001; MacGregor, 1993; Richani, 2002). Narco-capital fused together with bank capital (industrial capital) is called finance capital, and therefore, the amalgamation of bank capital with the drug trade became a distinctive economic feature of US imperialism in Colombia.

The US 'Fortune 500' benefits from narcocolonialism. The 'black market peso exchange' of Colombia's narcoeconomy eliminates the trade deficit with Colombia (see US Companies Tangle in Web of Drug Dollars, 2000; Zill & Bergman, 2000; Reason, 2001). Raymond W. Kelly, a US customs commissioner, suggests the market 'is the ultimate nexus between crime and commerce, using global trade to mask global mone laundering.' The narcobourgeoisie can exchange US dollars for Colombian pesos, buy American goods for sale back at home which according to US federal officials is worth approximately $5 billion a year, and can direct billions of dollars in narco-capital into 'legitimate' commerce and trade (US Companies Tangle in Web of Drug Dollars, 2000). According to Mike Wald, who runs a consortium of law enforcement agencies in Florida, “This is positive for US business, there is no doubt about it. The Colombian comprador, if he pays less for his dollars, can buy more goods. That's a pretty obvious economic fact” (Ibid). The US-Colombian mutual dependency on cocaine is an economic demonstration of how the cocaine trade is enmeshed in the process bourgeois liberal scholars call 'globalization' and Marxists imperialism.
The post-cartel system narcoeconomy amalgamated the cocaine trade into the corporate world. By establishing an economic hegemony for 'criminal' financial groups in the global economy, US imperialism with its enormous economic and political power, injected and 'legitimized' cocaine into the global economy and revolutionized the way of doing business for liberals and agents of corporate globalization through 'money laundering,' shaping the 'legal' and 'illegal' economies of developed and developing countries and of the international economy itself. How does narcocolonialism manifest in Colombia?

5. Towards Dependency on US Capital and the Export of Cocaine

The process of extraction in the surplus value of cocaine by its general economic law (the imperial-comprador partnership) has made profound changes in the structure of Colombian capital, turning huge amounts of profits from the cocaine trade into an 'unusual' form of 'narco-capitalism' that is organized through a narcoeconomy. From the imperialist perspective, Colombian cocaine must be plundered. The narcoeconomy has impacted the macroeconomic performance of Colombia affecting savings, inflation, and employment, and public debt is close to 54 percent of the Gross National Product (GNP). But the threat of an Argentinean-style collapse is warded off by the strength and competitiveness of cocaine exports. Beyond the bulletproof windows of government registered SUVs, outside the gated communities where the bourgeois classes live under siege stands a four-decade peasant based insurgency led by the FARC.

 Colombian dependency on the export of cocaine must be understood as a negotiated relationship between the compradors and imperialists. Colombia provides American and Colombian capitalists with a cheap labour force and access to narcotics. It is done with the help of paramilitaries and transnational groups linked to big business concerned with drugs, arms, and oil. People in Colombia refer to this openly as 'mega-projects,' a fairly recent imperialist development.

The key to the narcobourgeoisie is not whether they are involved in mega-projects associated with cocaine, but their access to and involvement in the global market which tie them to international capital flows, and principally, US capital (for comparative analyses, see Lenin, 1917; Naylor, 1987). US investment in Colombia and its economic growth depends on this. It is the comprador who organizes cocaine production locally and is financially linked to US capital. However, the comprador's relationship with the imperialists is not merely economic but also political.
The historical events in Latin America that facilitated the growth and reproduction of the cocaine trade were the ascendancy of a series of military and civilian regimes committed to 'free-market' policies (to name a few examples; Argentina's military junta of 1976; Bolivia's 'Cocaine Revolution' of 1980; the Nicaraguan 'Contras;' Manuel Noriega in Panama; the Honduran military; Alberto Fujimori in Peru; Costa Rica; and the ARENA party of Col. Roberto d'Aubuisson in El Salvador) (see Petras & Morley, 1990; Gugliotta & Leen, 1989; Bagley, 1988; Association d’Etudes Geopolitiques des Drogues, 2000; The Kerry Report, 1989). The institutionalization of the cocaine trade in Colombia had a profound impact on the Colombian economy and the social structure of its society creating a powerful transnational class of businessmen and investors (Andreas & Coletta, 1989). As Alfredo Rangel (1998, p. 189) notes, 'The notorious frequency with which the [paramilitaries] situate themselves where drug dealers are active-or where there are mega-projects such as hydroelectric dams or new highways pushing up land values-indicates that behind paramilitarism there is something other than an altruistic interest in counterinsurgency'.

To protect and secure operations of US capital in Colombia, US imperialism must promote and protect agents of economic operations inside Colombia, one of which is capital accumulation and profit making via drug money laundering banks and US finance capital. But to secure cocaine for American markets, the narcobourgeoisie must rely on large sums of US capital for a counterinsurgency effort under the guise of 'drugs,' 'terrorism,' or any other pretext, to serve as a justification to secure US imperialism’s own ruling class interests.

Behind the rhetoric of fighting drugs and Post-September 11th terrorism in Colombia there is a hidden agenda: to secure military victory over FARC and eliminate obstacles to massive US and international investment in mega-projects including mines, dams, roads and canals for efficient exploitation of Colombia's rich natural resources (Gedicks, 2002). Automated factories with no need for unskilled labour, many of them multinational, relocate to state-declared tax-free zones called 'industrial parks.' These developments include several mega-projects that plunder natural and genetic resources: gold, platinum, silver, bauxite, manganese, radioactive cobalt, zinc, chrome, nickel, copper, exotic wood and large fishing resources (Megaprojects and Neocolonialism in Colombia, 2001; Colombia-Country Profile www.nadir.org/nadir/initiativ/agp/free/colombia/colombia.htm). Oil resources in Colombia are as enormous as cocaine. Colombian compradors pronounce: 'We want to turn this region into a giant enterprise!' (Colombia-Monthly Report, 1997, p. 4).

To secure Colombia's resources for American markets the police, military, and paramilitary forces carry out a US led counter-insurgency. The narcobourgeoisie's interests coincide with those of the rest of the bourgeoisie as a whole, to exploit for profit in a united class front.
counterinsurgent incumbent Colombian State relies upon the support given to it by the exploiting classes: cattlemen, businessmen, agricultural exporters, industrialists, traditional large landowners, the military, and particularly US multinationals. A strategy to take control of territory strategically valuable to economic interests of the imperial-comprador partnership is imperative (Reyes, 1989).

Rebel strongholds of the FARC and Colombia's second largest Marxist insurgency, the National Liberation Army (ELN) contest the counterinsurgency (Murrillo, 2004). One displaced activist from the department of Choco explains, 'it's simply a war about land and resources, and the people living in these lands happen to be in the way.' Right-wing paramilitaries target not only guerrillas but also social, labor, popular, or peasant movements that happen to question the development of mega projects and the consolidation of economic interests (Collective Corporation of Lawyers Jose Alvear Restrepo, 2001). A prime objective of the counterinsurgency is establishing and consolidating citadels of capital derived from the cocaine trade.

Colombia's role as the leading supplier of cocaine to the United States and the presence of US multinational investors in the country are important factors in the buildup of US capital in Colombia. AUC paramilitaries serve as US proxies to protect tons of cocaine manufactured and transported off the Pacific coast of southwest Colombia to Mexico for distribution in the United States (Silvestrini, 2004).

'Technological innovation' makes surplus value extraction possible (see, for example, Kaihla, 2002; IT Myths, 2003). The process of exploiting coca for cocaine profits generally involves two main steps. The narcotic must be extracted from the coca leaves. Initially the leaves are dried then soaked in a solution of sulphuric acid and water. The liquid is drained off from large soaking vats and mixed with an alkaline solution of calcium oxide or sodium carbonate. A thick, alkaloid, whitish fluid is the result. This fluid is mixed with kerosene to take out impurities, and as it settles, the kerosene separates from the top of the mixture. The second stage of processing the mixture is placed into another solution of water and sulphuric acid, producing a clear liquid. Sodium carbonate is again added to the liquid, and a dirty white substance settles from this process-coca paste (Grosse, 2001). The paste is then placed on a fine cloth mesh to allow the liquid to drain off. The coca leaves are run through this process two or three times to ensure that the maximum amount of coca paste is produced. This is the raw material from which cocaine is subsequently distilled and on which campesinos survive.  

The second step is dominated by agents of economic operations who are also connected to the counterinsurgency campaign. In areas under state control, particularly in the north of Colombia, AUC paramilitaries operate freely, in conjunction with the nation-wide intelligence network.
They collect the coca paste and deliver it to the facilities, protected by the police or military. In what is known as the 'shell game' strategy, sectors of the business elite from the chemical industry provide essential chemicals for processing cocaine through 'third or fourth level distributors' (see The Drug Trade in Colombia, 2002; Flounders & Gutierrez, 2003). In areas under guerrilla control, the paramilitaries, like the army and their US 'advisors,' are military targets. Traffickers themselves must approach the campesino and pay the price that is demanded. The guerrillas provide the security and enforce a handsome tax.

Professional chemists turn the coca paste into cocaine hydrochloride. This requires sophisticated laboratory techniques and industrial volumes of ether, acetone, and hydrochloric acid. According to DEA intelligence, while typically not manufactured in Colombia, essential chemicals required for cocaine processing have become available in vast quantities throughout South America. In Colombia alone, about 4,500 companies are registered to handle these essential chemicals. Colombian chemical companies that have lost their chemical permits for trafficking controlled chemicals have been involved in their purchase and distribution, such as potassium permanganate and n-propyl acetate, diverted for use in cocaine processing (The Drug Trade in Colombia, 2002).

This final process of refining is extremely corrosive. High-quality containers and expensive processing equipment are needed. Glass or porcelain containers are commonly used to process the coca paste but the latest technology and equipment for the sheer volume of cocaine that is actually exported must be anticipated. The paste is first dissolved in acetone and then heated to evaporate the acetone, and hydrochloric acid. From this process a whitish sludge appears. It is then heated by placing light bulbs or other heat-generating devices above the mixture (Smith & Thongtham, 1992). When it dries, the semi-processed material becomes the crystalline white salt necessary for inhaling-cocaine hydrochloride, ready for packaging and transport for the American market.

Cocaine is exported to the United States by air from remote airstrips or by sea from Colombia's northern and western coasts. Paramilitary helicopters fly to army garrisons to collect the cocaine to be transported to Antioquia and then exported. In the areas to the south of Bolivar and Catatumbo, the helicopters that load the cocaine come from the military bases (Flounders & Gutierrez, 2003, pp. 132-33). Transporting routes change often and are kept secret.

In 2000 US President Bill Clinton authorized 'Plan Colombia,' a $1.3 billion US package of mostly military assistance (helicopters, planes, and training, a massive chemical and biological warfare effort, as well as electronic surveillance technology) (Storrs & Serafino, 2002; Villar,
Cottle, Keys, 2003). Under the legal banner and drug policies of the Colombian plan, Clinton militarized the nation and financed the counterinsurgency (Livingstone, 2003). In 2001 US President George Bush added $550 million renaming it the 'Andean Initiative' (Giordano, 2001). Between 1996 and 2001, US military 'aid' to Colombia increased fifteen-fold, from $67 million to $1 billion (see US Military and Police Aid www.ciponline.org/colombia/aidprop.htm). During this same period raw coca cultivation grew 150 percent, from 67,200 to 169,800 hectares (1 hectare = 2.471 acres) (Tickner, 2003). A leaked Colombian government document in 2000 estimated that Colombia produced 800 to 900 tons of cocaine annually, not the 580 tons announced by the US State Department and the DEA (Revista Cambio.com, 2001; Web, 2001). Colombian President Alvaro Uribe Velez and the Bush administration are now working out details for a 'Plan Colombia II' that would last until 2009. Uribe has talked up advances in the 'War on Drugs plus War on terror,' claiming that US capital injected into Colombia has succeeded in making Colombia a safer country (Anonymous, 2004). For comprador dependence on US imperialism, he is correct, as bourgeois law (particularly US) allows cocaine to be produced in the narcoeconomy with the complicity of Colombia's legal institutions and fraudulent 'drug policies.'

The imperial-comprador relationship has established citadels of capital by developing mega-projects, industrial parks, and clandestine infrastructure to protect its cocaine means of production, exchange, and distribution. In the countryside land is 'cleared' and oil, wood, water, and cash crops are extracted. Communities and neighbourhood beaches are replaced with large hotels. In major cities a disciplined, desperate, repressed working class and peasantry live off starvation wages, without protections or services (Podur & Rozental, 2002). Uribe's Law 50 has dismantled labour laws and protections of workers rights. Law 100 has privatized social security.

According to conservative estimates, in centers of coca crop production like Guaviare, Putumayo and Caqueta, as much as 50 percent of Colombia's work force are employed in the cocaine industry (Anonymous, 2002). Fortune (1988) magazine has described it as 'probably the fastest growing and unquestionably the most profitable' industry in the world.

Ordinary Colombians know where the narcobourgeoisie live, in Bogotá, Medellin, Cali and Barranquilla, protected by the Colombian State (Leech, 2000). The Colombian ruling class is dependent on US capital for the economic war but also for the political war with which the counterinsurgency is associated, with International Monetary Fund (IMF) structural adjustments, privatization, and the Free Trade Area of the Americas (FTAA) supported by President Uribe. A high level of US capital for the export of cocaine strives to meet its imperial objectives for recolonization. Meanwhile, the process of imperialism drives workers and peasants into the FARC and the ELN.
6. Conclusion: Cocaine as Imperial Commodity

Will US imperialism's current need for oil mean an intensification of the imperial-comprador partnership in Colombia and their mutual dependency on cocaine and other drugs like heroin and amphetamines? Will similar patterns manifest in opium rich Afghanistan where US capital, let alone capitalism, has yet to fully take hold? Cocaine is an imperial commodity that relies on 'legitimate' financial institutions for its production and sale, regardless of the bourgeois legislature in place. Commodification makes a lucrative market and profit-making opportunity possible for the narcobourgeoisie. The dominant conventional framework says a lot about the legal and financial problems associated with the investment of drug profits outside of Colombia but says little about the class relationship between the compradores and US imperialism in Colombia. Honore de Balzac's famous quote that 'behind every great fortune there lay a great crime' is probably an accurate assessment of the political economy of contemporary Colombia. It is true that both capital and drugs were exported even before the epoch of imperialism. But then it was the practice of mainly one country - England - and it proceeded on a relatively small scale in its colonies.

We say that Colombian dependency on US capital and the export of cocaine is typical of 'narcocolonialism,' first, because it has now come to play a much more important role than any other export commodity, and second, because the export of cocaine and narco-capital to the US is both a result and a manifestation of the power of the comprador narcobourgeoisie. Apart from the main purpose of obtaining profits via drug 'money laundering' banks and US finance capital, however, the export of capital is an important instrument for expanding and controlling marketing outlets; exploiting a country through a process of recolonization; and of course, to fight a revolutionary movement. Let us recall the 'loans' throughout history in which many regimes around the world (particularly comprador ones in similar circumstances) were given to suppress social insurrections and national liberation struggles.

Throughout the 'cocaine decade,' the imperial commodity penetrated Colombia's political economy, intensifying the struggle between the monopoly absentee landlords and landless peasants (the FARC's main support base). Like the nineteenth century British colonies, Latin America suffered not only from the development of capitalist production, but also from the incompleteness of that development due to a new form of recolonization.

Within this 'free' economy, cocaine lent itself to monopoly control. The institutionalization of cocaine into the Colombian social order revealed the drug to be truly an imperial commodity, generating a lucrative market for huge profits in a class system driven by imperialism.
The development of the cocaine trade and role of US imperialism in this 'process' has been almost totally neglected. Understandably, American historians have not been eager to probe deeply into what must now seem an entirely shameful aspect of the imperial adventure. For similar reasons, mainstream political economy has failed to approach this subject as well. Applying class and imperialism in its historical context to a specific item of private property offers new ways through which to learn about the economic development of Colombia and its premier 'illegal' export cocaine; the nature and formation of the Colombian ruling class and State; and their relationship with US imperialism.

The international bourgeoisie and its organizations seek to disguise the illicit nature of cocaine revenues by introducing them into the stream of state-monopoly capitalism through 'legitimate' commerce and finance with their dominant neoliberal free trade policy. From a Marxist perspective, imperialism profits from criminal finance--the financial side of virtually all bourgeois crime for profit, where new qualitative features sometimes 'unique' even 'unusual' have taken form throughout moments in imperial history. The cocaine trade in general, and the cocaine economy in particular, is a vital aspect of US imperialism in the Colombian economic system. This may well be a 'new' brand of US imperialism for the twenty-first century, but one with 'old' shades of neo-colonial nostalgia.

1 The United States Financial Crimes Enforcement Network (FINCEN, 2000, p.2) describes 'money laundering' as the 'process' by which criminals or criminal organizations seek to disguise the illicit nature of their proceeds by introducing them into the stream of legitimate commerce and finance.

2 As Peru's current president Alan Garcia admitted during his first term in office between 1985 and 1990: 'The only successful transnational enterprise originating in our countries is narcotics trafficking. The most successful effort to achieve Andean integration has been made by the drug traffickers . . . ' Quoted in Rabine (1989, p. 94).

3 According to the Inter-American Development Bank, 48 percent of Colombian land is owned by wealthy absentee landlords who comprise 1.3 percent of the population. Poor peasants, accounting for 63 percent of the population, own less than 5 percent of the land. Wealth and influence are concentrated in the hands of those with land in Colombia, 42 percent of the arable land is owned by the ‘drug Mafia’ allowing drug traffickers to buy social acceptance in Colombian agribusiness, military defence, and politics. See IADB website http://www.iadb.org/.

4 For analyses of the continuity and success of Colombian macroeconomic policies and the relative economic stability they produced see Reveiz & Perez (1986) and Garcia (1991).

5 According to Bucchi’s book, in attendance was Bucchi, John Hull (a CIA asset in Costa Rica), a Peruvian drug lord named Luis Porto, and representatives from the Medellin Cartel and 'La Corporacion' organization of Bolivia. Bucchi's book tells of secret meetings with George Bush,
William Casey, Medellin Cartel leaders Pablo Escobar and Fabio Ochoa, Panama's Manuel Noriega, a CIA agent named Claire George, and mid-level officials from different government agencies that included the DEA, DIA, FBI, and DOD. Bucchi claims he spent three years in OPM where the CIA negotiated with the heads of the dominant cartels. This deal would allow the cartels to operate under the condition they gave up half of their cocaine exports to the Agency. Al Martin writes of first hand knowledge of covert drug trafficking operations by the CIA.

6 Bucchi has said his task was to fund the drug lords and provide cover for their distribution routes where one operation flew drugs from Colombia to a 'CIA airstrip' in Texas.

7 Escobar's image as a modern Robin Hood was born in the slums that surround Medellin. In a place known as Barrio Pablo Escobar, it is believed that masses have gathered to pray for his soul in a church he built where music from the steeple drifts over 200 homes where he also built for the poor. People in Barrio Pablo Escobar prefer to forget Escobar's violent reputation. His brother, Roberto Escobar, says they called him 'El Patron', 'the boss,' because in Colombia, people who own a company are called Patrones. The poor people began to call him El Patron because he would bring two or three trucks to the poor barrios and he'd distribute food to people who didn't have any'.

8 Crittenden described how CIA money was flown from CIA headquarters at McLean, Virginia to the heavily guarded Marana airport, sometimes using a Boeing 707 aircraft with 'NASA' markings flown by CIA pilots including himself. Crittenden alleges that part of this money paid for drug shipments arriving where music from the steeple drifts over 200 homes where he also built for the poor. People in Barrio Pablo Escobar prefer to forget Escobar's violent reputation. His brother, Roberto Escobar, says they called him 'El Patron', 'the boss,' because in Colombia, people who own a company are called Patrones. The poor people began to call him El Patron because he would bring two or three trucks to the poor barrios and he'd distribute food to people who didn't have any'.

9 In a list of A-Z case studies featuring countries involved in 'money laundering,' the United States is not included in this source.

10 Cited in Richani (2002, p. 181, n. 54). This web page has been taken down.

11 Colombia's National Association of Financial Institutions (ANIF) estimated the nation's total 1999 income from the illegal drug trade to be $3.5 billion. The ANIF estimate was based on an assumption that somewhat less than 10 percent of total earnings from illicit drug sales are repatriated to Colombia each year, and on reported total world retail level sales of Colombian cocaine, heroin and marijuana of $46 billion. The figures are based on a 1999 study. Based on these estimates, Colombian drug earnings would be considerably higher today if we consider current productive forces and relations of production.

12 A major DEA report in 1999, reported heavy involvement in pervasive 'drug-related corruption' in 'all branches of the [Colombian] government' including the military.

13 According to US intelligence estimates, the FARC tax on agricultural production which includes coca (not cocaine) is $30 million a year.
In 'Marx to Joseph Weydemeyer in Frankfurt Am Main,' June 27, 1851, Marx points out that long before him bourgeois historians had described the historical development of class struggle and bourgeois economists the economic anatomy of the classes; what he did was demonstrate: (1) that the existence of classes is merely linked to particular historical phases in the development of production, (2) that class struggle necessarily leads to the dictatorship of the proletariat, and (3) that this dictatorship itself only constitutes the transition to the abolition of all classes and to a classless society.

The Henao-Montoya organization is also known as the 'Norte de Valle cartel' located in Cali. See also www.usdoj.gov/dea/briefingbook/page34-48.htm.

This had to do with their class origins and Pablo Escobar's own left-wing populism which greatly influenced the Medellin Cartel's politics. A study of 20 middle and top-ranking drug traffickers from Antioquia in 1988 revealed: 70 percent were of peasant origin (40 percent from the rural middle and lower classes) and 30 percent from the urban lower class. 55 percent had only primary education, 35 percent secondary and 10 percent had been to university. The study was cited in Jenny Pearce (1990, p. 114).

Other myths include: (1) cocaine is not important to Colombia, (2) the importance of cocaine to Colombia is often exaggerated, (3) the killing or imprisonment of cartel leaders makes a difference, (4) the cocaine trade exists because of "corruption" and 'criminal organizations' which outsmart resource-superior authorities and the law, and (5) the CIA has never (or hardly ever) trafficked in drugs and drugs are not important to US political economy.

Heroin is not a new industry to Colombia, small-scale opium cultivation and heroin processing has existed for approximately 30 years. Most recently, a similar process has developed, paving the way for new drug markets in amphetamines such as speed and ecstasy. Cocaine however remains to be Colombia's premier illicit export.

Fitts is a former Managing Director of the Wall Street investment bank Dillon Read before becoming Assistant Secretary of Housing under George Bush Sr.

Grosse (2001) describes this process in Colombia as the 'forex black market.'

This is why imperialism is called the epoch of finance capital. In the interest of the imperial-comprador partnership, these magnates of capital are currently bringing about a great conflict in Colombia, inciting war, suppressing unions and the labour movement, and attempting to crush the popular insurgency.

Only two companies have turned up in US government 'anti-laundering efforts.' One is Phillip Morris for laundering $40 million in Colombian black market pesos in 1995, case closed without prosecution three years later, and again in 2000 for smuggling Marlboro cigarettes into Colombia purchased with black market pesos. The other company is Bell Helicopter Textron. In August 2000, Panamanian officials seized a Bell Helicopter belonging to Victor Carranza, a Colombian property owner and paramilitary leader of the narcobourgeoisie. The helicopter was purchased from Bell Helicopter Textron with the proceeds from a massive cocaine and heroin operation. Bell Helicopter has been a contractor for Plan Colombia. Only $300,000 was seized from its accounts. The bank was Chase Manhattan.
These figures are from Ana Carrigan's (2002) article. See also, United Nations Drug Control Program (UNDCP) survey *Global Illicit Drugs Trends 2002*. The survey estimates the average price of cocaine in 2000: Wholesale (per kg): United States US$20,500 / Europe US$38,000. Retail (per gram): United States US$80 / Europe US$70. These are average prices that remain steady. Prices are lower in some major cities. The quality of cocaine will also affect the price.

The 'laboratories' owned by campesinos in guerrilla-controlled areas are no more than tin sheds, sometimes described as 'kitchens'. This is what is shown in media documentaries. They are located in the rainforest with portable diesel power generators and plastic sheeting. The National Coordinating Committee of Coca and Poppy Growers (COCCA) describes this exploitation by imperialism as 'the fascist project of the ultra-right tied with paramilitarism and with transnational groups linked to both war and megaprojects exploiting national resources and labor'.

According to the DEA, most chemicals enter Colombia by sea from the United States, Europe (particularly Germany and the Netherlands) or China. Most chemicals destined for drug laboratories enter legally through seaports in Barranquilla, Cartagena, and Buenaventura. The chemicals also enter from Ecuador, Venezuela, and Brazil. The highway between San Antonio (Venezuela) and Cúcuta (Colombia) is a major chemical transportation route into Colombia. They also enter Colombia from Venezuela via the Orinoco River and Brazil via Amazon River tributaries.

References


Fitts, Catherine Austin, at www.solari.com.


IADB (Inter-American Development Bank), at http://www.iadb.org/


Marx to Joseph Weydemeyer in Frankfurt Am Main. (1851). Selected Correspondence, Russian edition, June 27.


The Drug Trade in Colombia: A Threat Assessment. (2002). DEA Intelligence Division, March.


