

when he was financially stretched as a result of a commitment to drastically expand his tanker fleet, Ludwig poured \$5,600,000 to dredge the harbor for Wallace Groves in Freeport, Bahamas. Coming into the deal was Charles Allen of Allen & Company, the Wall Street investment house which bought 25 percent of the Port Authority. Another 25 percent was taken by Britain's Firth-Cleveland Group, a holding company with vast resources. Charles Allen was well acquainted with the host of Lansky-controlled frontmen-and-bagmen who came in on the deal.

After dredging the harbor, Ludwig went in on a deal resulting in the construction of the scandal-ridden Lucayan Beach Hotel and Casino. Shortly after its opening, an investigation into the Lucayan would bring down the Sands government and expose Lansky's ties to the respectable Allen and Ludwig, i.e., the fact that the hotel-casino's top three employees were Lansky men, hired at Lansky's suggestion on the peculiar basis that they receive 30 percent of the nightly take. Ludwig's other casino-hotel, the Kings Inn, became the Lansburgh-Kings Inn when Ludwig leased it to Morris Lansburgh, who has been identified as a highly paid gobetween for Meyer Lansky.

Although tankers may be Ludwig's first love, following his adventures in Paradise, he began to invest heavily in real estate. The most spectacular venture is the Jari Forestry project in Brazil. The \$4 billion Jari project will take decades to complete and is reportedly in trouble, foundering on the Brazilian government's ambivalence about subsidizing the loss-plagued operation. Ludwig is accused of leaving Brazilians to pick up the pieces now that Jari has defaulted on a sizeable Japanese loan.

By the mid-1970s Ludwig expanded into banking. *Business Week* reported in 1977 that he was "buying and selling California savings and loan associations the way some kids trade baseball cards." In 1980, he bought three Arizona S&L's with \$1 billion in assets. Ludwig is now targeting Colorado's beleaguered savings banks.

Nine-tenths of his fleet is registered in Liberia, the crews are from the Cayman Islands, and the officers are from the United States. Everything Ludwig owns is run through his flagship company, National Bulk Carriers. His fleet, estimated to be the third largest in the world, is surrounded by secrecy. When Max Fisher and Carl Lindner took over United Brands in 1975, they pressed Bert C. Reiss into service as Vice-President in charge of transportation (see *EIR*, Dec. 8). Reiss, who learned his craft at Ludwig's National Bulk Carriers, immediately excluded all non-company cargo from United Brands' banana boats and from its extensive New Orleans port facilities. The move was seen as beneficial to United Brands' much-rumored dealings in the illicit Latin American cocaine traffic.

## On the Latin America keeps growing for new

A shift in the South American drug trade has emerged during the past two years with serious implications for both the producer nations involved, and the primary consumer nation, the United States. Adding together the Colombian, Peruvian, and Bolivian cocaine equivalents gathered largely from official estimates, *EIR* investigators have come up with the startling conclusion that as much as 200 tons of pure cocaine hydrochloride are being produced in South America's Silver Triangle, a stark contrast to DEA estimates that "19-23 tons of cocaine HCl were exported from Colombia in 1980." The shift entails three interrelated factors:

- 1) Increased domestic cultivation of marijuana in the United States has significantly reduced Colombia's share in the U.S. consumer market, inducing Colombia's dope mafia to expand into coca cultivation and increased cocaine exports;
- 2) New refining capacity and trafficking routes have opened up through Brazil, to accommodate coca cultivation increases in Bolivia and Peru and as an alternate to the traditional route through Colombia; and
- 3) U.S. consumption of cocaine has, partially as a result of these developments, undergone a dramatic and deadly increase.

### U.S. goes 'home-grown'

In the last two years, U.S. "home-grown" cultivation of marijuana has soared, rivaling Colombian marijuana at least in quality if not yet in quantity. Specialists consulted by *EIR* report that marijuana is grown in nearly every state, and in states like California and Hawaii is threatening to become the number one industry! Estimates are that domestic cultivation now supplies as much as 40 percent of the U.S. consumer market. With another 10 percent coming from Jamaican and Mexican sources, Colombia's share in the U.S. market has been reduced to 50 percent or less—a significant drop from the nearly 80 percent Colombia had captured and held for years.

As a result of this fall-off in Colombia's share—a fall-off in *relative* terms, since the *amount* of marijuana Colombia is producing for export has not been substan-

# cocaine trail: how it export waves abroad

tially reduced—Colombia's drug networks have expanded into coca cultivation.

Coca is the bush whose leaves provide the raw material for producing cocaine. Bolivia and Peru have traditionally been the growers; their moist mountainous highlands provide the ideal climate for the hardy bush. Bolivian and Peruvian Indians pick the leaves and dry them, selling them to middlemen by the tons. Sometimes, however, the Indians will treat the leaves themselves with kerosene and other easily acquired chemicals, turning the leaves into a thick paste which they will then sell to the Colombian traffickers and their chemists. In clandestine labs scattered in Colombia's main cities, the coca paste is turned first into a cocaine base (which often sells on the streets of Latin America in cigarettes mixed with marijuana), and then into cocaine hydrochloride, the familiar white powder. The value of the drug multiplies dramatically at each step.

While the level of coca cultivation inside Colombia is a matter of educated guesswork at the present time, it has unquestionably soared over the last two years, and today it is believed that entire sections of the Llanos Orientales (eastern plains), the south and southwest of Colombia have been planted over with coca, bringing a boom to historically poverty-stricken areas inhabited by largely indigenous populations. Between 30 and 40 tons of pure cocaine are the expected yield from domestic cultivation alone, an entirely new phenomenon for Colombia.

## The Brazilian connection

With this expansion of the cocaine trade, Brazil has been opened up as a major refining and distribution capability. While it is rumored that Bolivians and Peruvians are seeking alternate routes to try to break the Colombian monopoly on cocaine refining and trafficking, it is more likely that Colombians—and their powerful international financial backers—are in fact running the Brazilian routes themselves, as an adjunct to their swollen domestic networks.

The new Brazilian route that has opened up is centered in the booming free port of Manaus in the

Amazon, and is expected to develop into a major trunk of the Latin American drug trafficking/contraband web.

Manaus first came into the public eye in August 1980, when a huge Federal police bust netted three major refining labs, their crews and evidence linking the trade to the city's 20 most illustrious families. The mafia chieftains who were snared in the bust were subsequently released by the city's equally illustrious federal judge. The extensive manufactures in this free-port zone have not only made the chemicals available for vast cocaine-refining capabilities, but have brought a proliferation of transport facilities—air, land and water—to facilitate the development of the area as a prime new drug route.

As one U.S. State Department official just returned from Bolivia remarked earlier this year: "The Brazilian connection is becoming stronger. Bolivia used to supply paste to Colombia. . . . Now Bolivia is sending refined coke out. It is easier to send it to Brazil. From Brazil, they send it straight to Europe by way of São Paulo and Rio. Nobody checks in Europe when you get off a plane from Brazil. And then from Europe it goes to the U.S. Who would expect cocaine on a BOAC flight?"

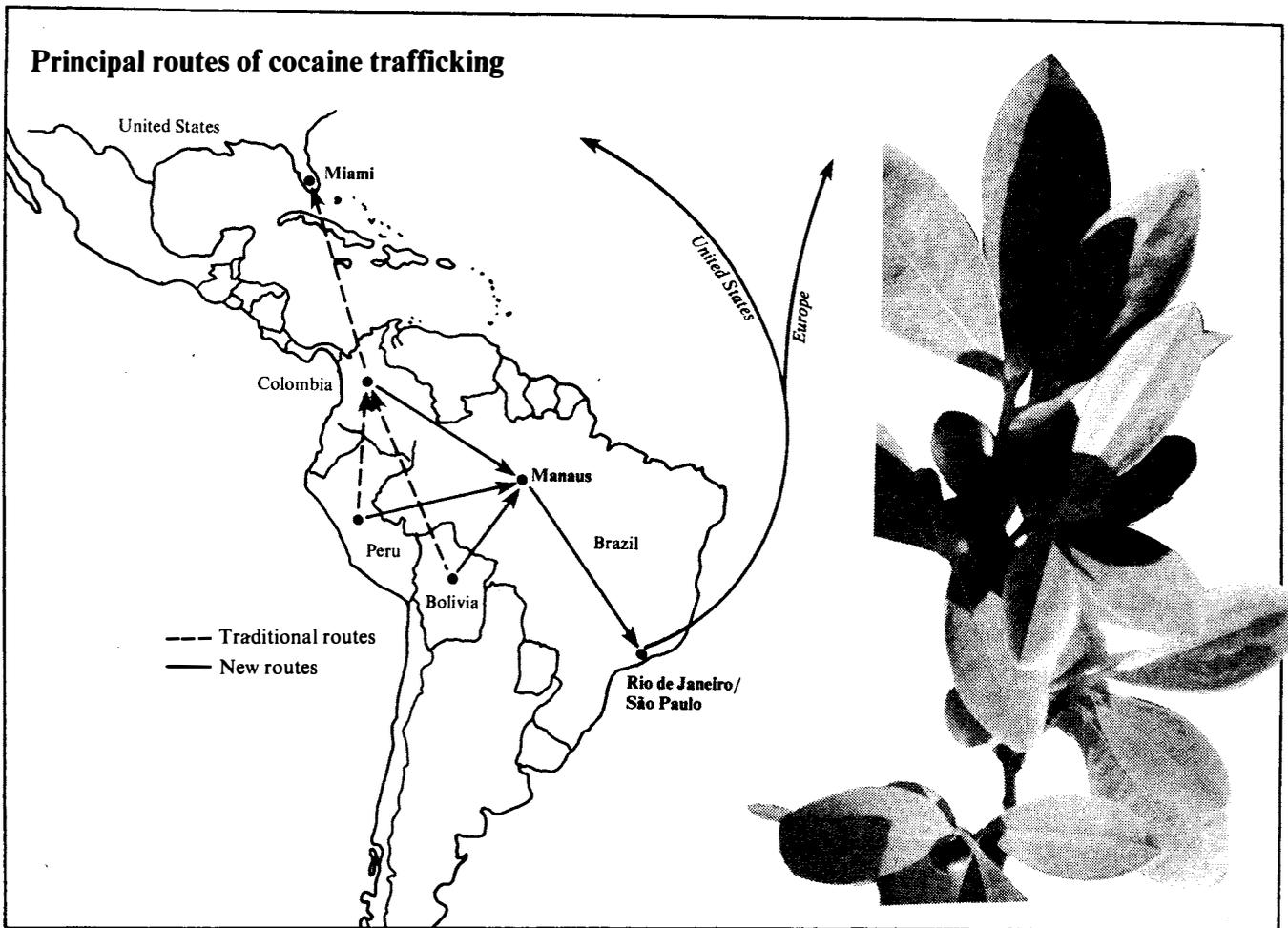
With the addition of Brazil to the cocaine network, the dope trade can be expected to grow significantly,

## Why cocaine is a dangerous drug

Cocaine, the most powerful organic stimulant known, has been portrayed to the public as a relatively harmless "recreational" substance by the media and the drug lobbyists. Actually, it is an extremely dangerous substance, to be regarded as on a par with heroin, PCP, and amphetamines. That cocaine is highly addictive has been extensively documented.

The symptoms are very similar to those seen in chronic users of amphetamines and PCP. With sustained use, cocaine causes mental and personality damage with such regularity that the effects are known in the medical literature as "cocaine psychosis."

Cocaine apologists have attempted to argue that cocaine is not addictive on the grounds that the drug is not technically a narcotic with a definite physical withdrawal syndrome. In fact, however, there is clear evidence that stimulants such as cocaine and amphetamines physically alter the biochemistry of the brain.



not only to facilitate increased cultivation in Colombia, but in Bolivia and Peru as well.

### A green light for Bolivia

In Bolivia, the U.S. State Department must share the blame for a dope trade run wild. By clearing the new caretaker Torrelio government in Bolivia of involvement in the drug trade and appointing a U.S. ambassador as a show of confidence, the Haig State Department has given a virtual green light to the cocaine epidemic now raging in the United States.

A *Newsweek* article the week of Nov. 23 points out that the Bolivian "cocaine coup" of 1980 did not end when Gen. García Meza stepped aside this August to make room for his less-tainted underling, Gen. Celso Torrelio. In fact, *Newsweek* reports that the "Colonels' Syndicate," or "Black Eagles Syndicate" led by García Meza's Interior Minister is still running the show. Included in the syndicate is the former chief of army intelligence under García Meza, now in charge of customs under Torrelio.

According to testimony from State Department

official Stephen M. Block at recent hearings of the Senate Permanent Investigations Subcommittee (SPIS), Bolivia's coca cultivation in just one region alone is the equivalent to a "hypothetical" 100 tons of pure cocaine. The *Newsweek* article cited also says Bolivia's 1980 production was 80 tons and that 1981's harvest is expected to be the "biggest in Bolivia's history."

In Peru, recent intelligence estimates of that country's Guardia Civil reveal that illegal coca cultivation amounts to 55,000 hectares, yielding some 60,000 tons of leaves for processing. The standard conversion rate of 2 kilos of pure cocaine hydrochloride per ton of leaves means a figure of 120 tons of cocaine from Peru. Allowing for less than optimum refining conditions, the fact remains that Peru is currently capable of producing enough leaves for somewhere between 80 and 120 tons of cocaine. Thus the Colombian, Peruvian, and Bolivian cocaine-equivalent total of roughly 200 tons of pure cocaine hydrochloride.

Even if only half that 200 tons of cocaine are entering American shores, the U.S. population is facing a deadly assault which the Reagan administration cannot afford to ignore.