

THE BANKSTERS AND THE CARTELS

Two Colombian economists decided to see who's getting money off the illegal drug trade. And they discovered that American and British banks are getting a big chunk of the profits. (h/t Chris from Americablog) That's because the cartels are laundering their proceeds through those banks.

The most far-reaching and detailed analysis to date of the drug economy in any country – in this case, Colombia – shows that 2.6% of the total street value of cocaine produced remains within the country, while a staggering 97.4% of profits are reaped by criminal syndicates, and laundered by banks, in first-world consuming countries.

Mind you, I'm not sure the analysis would be that different for any agricultural export. Even for food, farmers make less than 12% of all the money spent.

But one of the factors, the economists contend, is that the US more stringently polices money laundering in Colombian banks than in US ones.

Colombia's banks, meanwhile, said Mejía, "are subject to rigorous control, to stop laundering of profits that may return to our country. Just to bank \$2,000 involves a huge amount of paperwork – and much of this is overseen by Americans."

"In Colombia," said Gaviria, "they ask questions of banks they'd never ask in the US. If they did, it would be against the laws of banking privacy. In the US you have very strong laws on bank secrecy, in Colombia not – though the proportion of laundered money is the other way round. It's kind of hypocrisy,

right?"

I have noted (as does the Guardian), how banks like Wachovia used drug proceeds to help offset their losses from the mortgage bubble shitpile. I have noted how much less stringent we were in rooting out all the crime than we are with other banks, such as the Lebanese Canadian Bank. And I noted Citi's recent wrist slap for allowing money laundering in the same shitpile period.

This article shows the other side to that: while our banksters get rich off of crime here, Colombia and Mexico and Honduras suffer the violence that results. That really has to change.