

The political economy of drugs: conceptual issues and policy options (Part I)

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Illicit drugs pose intractable policy problems. Abuse, addiction, and trafficking have inflicted enormous costs on the United States. Annual drug sales in the United States have been estimated at \$110 billion in the late 1980s, more than double the combined profits of all Fortune 500 companies.

The economic toll from drug abuse and drug-related accidents approaches \$60 billion per year.¹ About 200,000 children are born to drug-dependent mothers every year; nearly half of these infants are "crack babies." The costs of law enforcement steadily rise, while violence mounts in major U.S. cities—most

conspicuously in Washington, D.C., but also in Miami, New York, Chicago, Los Angeles.

Within Latin America, especially in producer countries, costs are equally high. The concentration of economic and paramilitary resources in the hands of outlaw trafficking "cartels" has presented a serious challenge to governmental authority. Drug interests have sought to undermine political institutions through bribery, defiance, intimidation, and occasionally through alliances with armed guerrilla movements.

Colombia in particular has experienced the pains of "narco-terrorism," an open war by the Medellín cocaine cartel against the political establishment. Declared in August 1989, this bloody confrontation left at least 550 people dead by the end of 1990; after a series of intricate (and highly controversial)

negotiations, the deadly rhythm of killings finally subsided during 1991.²

Prospects nonetheless seemed bleak. A former president of Colombia, Virgilio Barco, has somewhat ruefully observed that "the only law the narco-terrorists do not break is the law of supply and demand."³ And ex-Florida governor Bob Martinez, who became head of the U.S. Office of National Drug Control Policy in early 1991, interpreted the drug epidemic as a deadly threat to democratic tendencies within the Western Hemisphere.

"Deep down," proclaimed Martinez, "the American people were aware that this situation was not simply a public policy crisis, but a profound moral crisis. There was a sense that the substance of American society was at stake. The drug crisis raises questions not only about our productivity and efficiency, but about our national character and our fitness to lead the world. Had our ancestors fought valiantly for liberty only to see it squandered in crack houses and back alleys? Was blood spilled at Gettysburg and in the Argonne and at Normandy to make the world safe for bongs and cocaine parties and marijuana smoke-ins? Were our great cities becoming the world portrayed in *Lord of the flies*? Were we descending into barbarism and into a world governed only by appetite and instinct?"⁴

The governor's hyperbole underscored the frustration of policymakers. Consumption continues, trafficking persists, costs multiply, and political stakes are on the rise. What can governments do?

Customs, laws, and substances

The fundamental source of the drug problem, of *narcotráfico* in the Americas, is the presence and power of consumer demand. Demand for drugs is most conspicuous in advanced industrial countries, in Europe, and —especially important

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for Latin America—in the United States. Demand is what creates the market for drugs. So long as demand continues, there will be people engaged in supply.

Tolerance for the consumption of drugs has developed more from social convention than from scientific deduction. At least two major drugs are permitted under U.S. law: alcohol and tobacco. These two products have had enormous and negative impacts on the physical, psychological and social health of U.S. citizens. Directly and indirectly, their use has led to hundreds of thousands of deaths every year. But because of history, custom, tradition—and economics—they are legal, and these two drugs are certain to stay that way.

By an equally arbitrary standard, other drugs have been declared illegal. It is essential to distinguish among illicit drugs because their markets, problems, and potential solutions differ.⁵ These substances include marijuana, cocaine, heroin, and the so-called dangerous drugs.

This logical inconsistency has spawned continuing arguments in favor of legalization, particularly of marijuana, and also some pressure to tighten restrictions on alcohol and tobacco.

Dimensions of demand

There is considerable uncertainty about the level and location of consumer demand in the United States. Government reports estimate the number of users through a periodic survey conducted by the National Institute of Drug Abuse (NIDA), an official agency whose representatives

administer a questionnaire to willing respondents about drug use by household members.

As shown in table 1, approximately 37% of U.S. citizens (age twelve and older) have used illicit drugs at one time or another. Roughly one-third of the population has tried marijuana, by far the most widely used of the illicit drugs. Between 11% and 12% have experimented with cocaine.

Longitudinal comparison shows a substantial decline in the number of current users (defined as those who have taken drugs within the past thirty days) from approximately 23 million in 1985 to 12.9 million in 1990. This implies a drop of 45% in overall drug usage, with an even greater reduction in current use of cocaine (from 2.9% to 0.8%—an estimated 660,000 current users).

There are problems with such an assessment. First is a question of measurement. Candor in response might vary over time: the greater the level of social intolerance about drugs, the less likely it is that people will give accurate reports about consumption levels to government investigators. Moreover, the NIDA survey deals only with households, which means that it concentrates on people in relatively stable family situations. The NIDA survey misses the homeless, the prison population, students in dormitories, and downtrodden segments of society that are most likely to be engaged in “doing” drugs.

The other standard instrument used to estimate drug use is an annual survey of graduating high-school

Table 1
Prevalence in use of selected drugs
in the United States, 1985-1990
(by percent, among population age twelve and older)

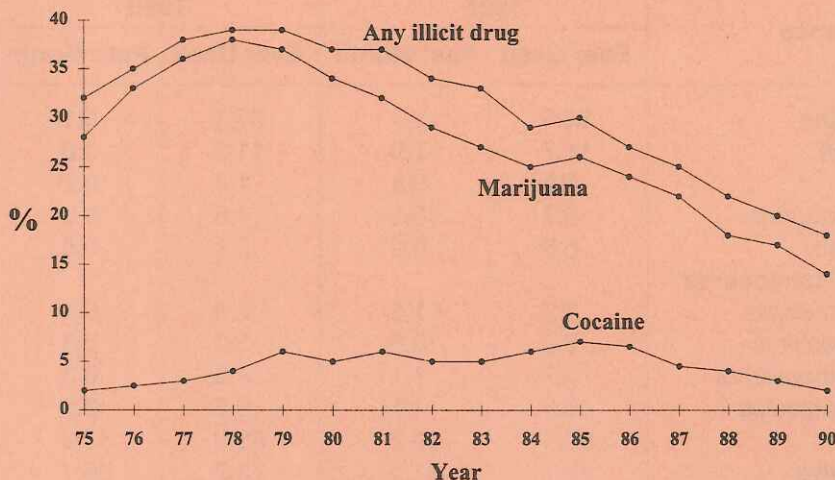
Substance	1985		1990	
	Ever Used	Past Month	Ever Used	Past Month
Marijuana	32.5	9.4	33.1	5.1
Cocaine	11.7	2.9	11.3	0.8
Crack	NA	NA	1.4	0.2
Hallucinogens	6.7	<0.5	7.6	0.3
Inhalants	6.8	0.9	5.1	0.6
Psychotherapeutics ^a				
Stimulants	9.2	1.3	6.9	0.5
Sedatives	6.0	0.8	3.7	0.3
Tranquilizers	7.7	1.1	4.3	0.3
Analgesics	6.6	1.1	5.7	0.8
Alcohol	86.1	59.2	83.2	51.2
Cigarettes	75.7	31.5	73.2	26.7
Any illicit drug	36.9	12.0	37.0	6.4

NA = not available.

^a Indicates nonmedical use.

Source: Based on data in National Institute on Drug Abuse, *National household survey on drug abuse: population estimates, 1985* (Washington D.C., U.S. Government Printing Office, 1987); and NIDA, *National household survey on drug abuse: population estimates, 1990* (Washington D.C., U.S. Government Printing Office, 1991).

Figure 1
Trends in drug use by U.S. high-school seniors,
1975-1990
 (percent who used in past thirty days)



Note: Beginning in 1984, figures for "any illicit drug use" include statistical adjustment to exclude inappropriate reporting of non-prescription stimulants.

Source: Based on data in press release, University of Michigan News and Information Services (January 23, 1991).

seniors around the United States. As displayed in Figure 1, overall consumption trends appear to have peaked in the late 1970s, at which time nearly 40% of graduating seniors acknowledged current use of illicit drugs—most commonly marijuana. Cocaine shows a mildly cyclical pattern—rising in the late 1970s, declining slightly in the early 1980s, rising in the mid-1980s to usage rates of more than 6%, then declining sharply after that.

Administered by a top university research team, the high-school surveys nonetheless suffer from doubts about their veracity: everything else being equal, teenagers are reluctant to report how often they violate the law. Moreover, these studies focus only on graduating seniors, whereas the biggest problems exist among those young people who drop out of school and do not reach the point of graduation.

By definition, therefore, the two most widely used instruments for measuring drug consumption in the United States fail to assess the most relevant sectors of the U.S. population. What they suggest is that drug consumption appears to be declining within the U.S. middle class, especially the white suburban middle class. But they shed little light on trends or levels within the inner cities, especially black-dominated ghettos.

Despite their imprecision, the NIDA data convey instructive implications. One concerns the much-touted argument that use of so-called soft drugs, particularly marijuana, provides a "gateway" to the consumption of such hard drugs as heroin and crack cocaine. According to this theory, one addiction leads to another; unsatiated appetites lead to intensified cravings and desperate quests for increasing toxic effect.

Confirmation of this hypothesis would seem to require a significant increase in cocaine consumption over time, because substantial numbers of the 18.2 million marijuana users current as of 1985 would move on to cocaine by 1990. And that is not what happened. At best, the gateway hypothesis requires modification and revision.⁶

Further insight emerges from an intriguing but little-noticed fact: there is a large number of former drug users in the United States. Measured by the difference between lifetime and current users, this population reached approximately 61.5 million in 1990.⁷ How were so many Americans able to stop using drugs? Only a small fraction received medical treatment and therapy. A considerable portion may have been persuaded, through publicity and awareness campaigns, about hazards to health and well-being.

Let me advance an additional hypothesis: drug use and abuse may respond to stages of the life cycle. As George Vaillant has shown, alcohol abuse among U.S. men tends to peak during their thirties and forties, and then decline thereafter.⁸ Something similar might happen with illicit drugs. Different drugs may show different rhythms, but the underlying process may be fairly uniform.⁹

Drug consumption has its own dynamic in other parts of the world. Europe and Japan offer major markets for drug-trafficking operations.¹⁰ And in Latin America, demand for illicit drugs is substantial—and almost certainly rising. Beyond the traditional and ceremonial use of peyote, coca leaves, and other natural substances, new processes are at work.

One, especially notable in Mexico's northern border areas, is the direct influence of the United States. Mexican citizens who have worked in the United States show significantly higher rates of consumption than those who have not.¹¹ About one-third of heroin users

and one-quarter of cocaine users in northern Mexico report that their first experience with these substances came in the United States.

A second dynamic, prevalent throughout the Andes as well as Mexico, derives from proximity to production and transit routes. Thus, heroin is often used by young people in poppy-growing areas of northern Mexico, and—in contradiction to the gateway hypothesis—it is sometimes the drug of initiation.¹²

Third, and perhaps most disturbing, is the increasing consumption of inhalants by children, especially street children. This does not entail an “illicit” drug in the legal or conventional sense of the term, but it poses a social challenge of considerable magnitude.

Sources of supply

Over the years, especially since the 1970s, the United States has taken the lead in promoting a policy designed to suppress the production of illicit drugs throughout the hemisphere. According to this logic, a reduction in supply from Latin America will provoke an increase in the street price of illicit drugs throughout the United States—and this in turn will lead to a reduction in demand. Without supply there can be no demand; it is as simple as that. In pursuit of this goal, the United States has advocated two basic approaches: first, elimination of the sources of supply by destroying crops and laboratory facilities; and second, interdiction of shipments bound for the U.S. market by conducting surveillance at the border and on the high seas. The idea has been to reduce the flow of illicit drugs into the United States, drive prices upward, harass the traffickers, and push the users out of the market.¹³

During the 1980s public concern over drug abuse and drug-related violence mounted steadily until, characteristically, the United States chose to declare a “war on drugs.”

Table 2
Latin American production of coca leaf and marijuana,
1987 and 1990
(metric tons)

Country	1987	1990
Coca leaf^a		
Bolivia	79,200	81,000
Colombia	20,500	32,100
Peru	191,000	196,900
Ecuador	400	170
Totals	291,100	310,170
Marijuana^b		
Mexico	5,933	19,715
Colombia	5,600	1,500
Jamaica	460	825
Belize	200	60
Others	1,500	3,500
Totals	13,693	25,600

^a Figures for “mature cultivation estimates.”

^b Figures for 1987 and 1990 not directly comparable because of change in estimation procedures.

Source: Based on data in U.S. Department of State, Bureau of International Narcotics Matters, *International narcotics control strategy report, March 1991* (Washington D.C., U.S. Government Printing Office, 1991: 22).

At stake was not only the health of drug users.

As William J. Bennett, then head of the Office of National Drug Control Policy, declared in his September 1989 pronouncement of a National Drug Control Strategy, it was a matter of national sovereignty: “The source of the most dangerous drugs threatening our nation is principally international. Few foreign threats are more costly to the U.S. economy. None does more damage to our national values and institutions and destroys more American lives. While most international threats are potential, the damage and violence caused by the drug trade are actual and pervasive. Drugs are a major threat to our national security.”¹⁴

To be sure, Bennett and the Bush administration devoted somewhat more attention to the demand for drugs in the United States than had the Reagan administration. In actual practice, however, even under Governor Martinez, U.S. international policy on drugs has retained its longstanding emphasis on controlling supply.

Almost by definition, this U.S. strategy has focused mainly on Latin America. Countries in this region produce or transship over 80% of the cocaine and 90% of the marijuana that enter the United States.¹⁵ (It should be observed that the United States produces at least one-third of the marijuana consumed in the United States and is one of the world’s leading producers of

methamphetamines and so-called “designer” drugs. Many experts therefore believe that a sharp distinction between “producer” and “consumer” nations is misleading and fallacious.¹⁶)

In particular, the concern with cocaine prompted U.S. authorities to devote special attention to coca-leaf production in nations of the Andes—Bolivia, Peru, Colombia, and Ecuador to a lesser extent—and to the processing and trafficking “cartels” residing in Colombia. By U.S. government estimates, displayed in table 2, coca-leaf production nonetheless continued to increase in most countries in the late 1980s. Despite expanding output within the United States, marijuana cultivation in Latin America increased as well.¹⁷

Mexico and Guatemala also produce a minor share of the world supply of opium, although they provide perhaps one-third of the market in the United States. From the standpoint of the U.S. government, the major foreign threat comes from the 700 to 890 metric tons of cocaine (HCl) produced in South America. All in all, figures on illicit drug output in Latin America emphasize a basic point: the scale of production is immense, and eradication campaigns face an overwhelming task.

Traffic and trade

Efforts to reduce supply reveal two key aspects of the international drug market. First, even the production of natural materials for illicit drugs is extremely mobile. Under strong pressure from the United States, for instance, Colombia undertook massive efforts in the late 1970s to eradicate marijuana production—with considerable success. One of the principal effects of this achievement was the expansion of production in Mexico.

Then the United States put pressure on Mexico, which intensified its own “permanent campaign” against marijuana production. And one of the most conspicuous responses to

Mexico’s success in eradication was the rapid growth of marijuana production in the United States, where domestic production now fills over one-third of demand. A similar process took place in the heroin market: after the disruption of the infamous “French connection” in the early 1970s, large-scale production of opium poppies moved from Turkey to Mexico.

Second, product adaptation in the illicit drug market is rapid and tends to generate new versions with greater toxic effect and lower price, thus finding markets among new groups—especially the young and the poor. The migration of marijuana production from Colombia to Mexico and from there to the United States resulted in the development of more potent strains of the plant. Likewise, the appearance of “crack” cocaine has reflected efforts by producers and distributors to reach a larger market by offering a more powerful product at a lower price.

Product development in Latin America has followed its own course with essentially the same result—broader availability to domestic users of cheaper, more dangerous forms of drugs earlier produced for export. Typical of the hazardous forms of cocaine now marketed in Andean countries are cigarettes laced with cocaine base consumed by poverty-stricken adolescents and homeless street children under various names—*basuco* in Colombia, *pistolas* in Peru, *pitillos* in Bolivia, *pitillos* in Brazil. Almost inevitably, domestic production of drugs leads to domestic demand.

At the same time, conventional wisdom holds that drug-producing nations—especially Colombia, Peru, and Bolivia—are addicted to the foreign exchange they obtain through the drug trade. One of the most widely quoted estimates came from Rensselaer Lee III:

“In the mid-1980s, South American cocaine traffickers probably

earned between \$5 and \$6 billion dollars annually from international sales in the U.S. market. Perhaps \$1.5 to \$2 billion flowed back to the cocaine-producing countries. Viewed in terms of repatriated dollars, cocaine exports are equivalent to an estimated 10-20% of Colombia’s 1987 legal exports, 25-30% of Peru’s, and 50-100% of Bolivia’s (corresponding dollar figures are, respectively, \$500 million-\$1 billion, \$600-\$700 million, and \$250-\$400 million). Cocaine is almost certainly the most important export in Peru and Bolivia, although in Colombia it probably earns less than coffee and petroleum.”¹⁸

From an economic standpoint, coca-cocaine is yet another agricultural commodity for Latin America, except that it is uncommonly profitable. Similarly, marijuana and heroin exports provide substantial foreign exchange for Mexico.¹⁹

What is the magnitude of earnings from drug exports? Estimates have varied widely. As shown in table 3, for example, experts and media analysts have proposed a broad range of figures. Whereas Rensselaer Lee calculates Colombia’s annual intake from coca-cocaine at \$500 million-\$1 billion, the U.S. media have repeatedly suggested a figure as high as \$4 billion.

Projections also differ for Peru and Bolivia. In every instance *The Economist*, a respected British journal, falls somewhere between Lee and the U.S. media. No matter what the estimates, however, the policy problems remain. For poverty-stricken and crisis-ridden economies, such windfalls can only seem to be a blessing. Local governments can hardly be expected to implement eradication with enthusiasm.

Employment appears to be another beneficial consequence of drug production and trafficking. As Lee has argued, cocaine provides jobs: “In Bolivia, where one-fifth of the population is officially

Table 3
Estimated national incomes from coca-cocaine,
mid-1980s
 (U.S. millions \$)

Country	Lee	Economist	U.S. media
Colombia	\$ 500-1,000	\$ 1,000	\$ 4,000
Peru	600-700	750	1,500
Bolivia	250-400	750	1,500

Source: Based on data in Rensselaer Lee III, "Dimensions of the South American cocaine industry," *Journal of Interamerican Studies and World Affairs* 30, nos. 2-3 (Summer/Fall 1988: 89), *Economist* (October 8, 1988: 21), and for U.S. media Mathea Falco, "Beating the next drug crisis," *Christian Science Monitor Monthly* (February 1990: 52-54).

unemployed, cocaine employs an estimated 350,000 to 400,000 people (5 to 6% of the population); however, this is just direct employment. There are also incalculable numbers of South Americans in licit occupations—lawyers, accountants, bankers, construction workers, and the like—who benefit from the multiplier effect of the cocaine industry; they prosper by selling goods and services to the industry."²⁰

For the Andes as a whole, *Newsweek* has proclaimed that "as many as 1.5 million Colombians, Peruvians and Bolivians are involved in growing coca, smuggling coca paste, or producing finished cocaine."²¹ And employment, like foreign exchange, is especially welcome at a time of economic crisis. Some analysts have even maintained that because of its impact on job creation, cocaine has a more positive impact on income distribution than such traditional export crops as coffee, tobacco, sugar and bananas.²²

Distribution systems vary according to the drug. Largely because production has been concentrated within one geographic region, the processing and distribution of cocaine have fallen under the control of centralized organizations—especially

the notorious Colombian cartels based in Cali and Medellín.

Heroin has been controlled by a number of gangs, from the *mafiosi* of the 1940s and 1950s to Asian gangs in the 1980s and 1990s. Because of its far-flung and fast-moving production sites, marijuana has been distributed through a large number of channels and organizations. The same holds true for "dangerous drugs," where unscrupulous medical and health professionals have sometimes played a prominent role in production and distribution.

The allocation of profits varies according to distribution channels. In the case of cocaine, earnings tend to be highly concentrated in the hands of the cartels. In 1987, for instance, the price of coca leaves sufficient to produce one kilogram of cocaine oscillated between \$500 and \$750. As cocaine paste, it was worth \$500 to \$1,000; as cocaine base, it would fetch \$1,000-\$2,000. After processing in laboratories, typically within Colombia, the kilo of cocaine would be worth \$3,000-\$6,000.

Once exported to the United States, this same quantity would bring increasingly astronomical prices: \$14,000 to \$21,000 at the wholesale level, and more than ten times those

prices—\$160,000 to \$240,000—at the retail level (where it would often be diluted with other substances).²³ From farm gate to street sale, the market value of this shipment increased by a factor of more than 400.

Such figures reveal key features of the trafficking phenomenon. First, economic values of drug shipments correlate with perceived levels of risk, which in turn respond to illegality and law enforcement. Second, most of the profits stay in the hands of distributors, or middlemen, rather than the producers. Third, most profits accrue outside of Latin America—in this instance, in the United States—which suggests that a large share of drug money probably remains in the United States.

It is for this reason that money laundering is such a central issue. The retail sale of drugs constitutes a multibillion-dollar business—and almost all transactions are in \$5, \$10, and \$20 bills. As a result, some distributors accumulate 1,000 to 3,000 pounds of bills (quite literally, tons of money) on a monthly basis.

The challenge is finding a safe and accessible place for this cash. This leads to a constant and clandestine search for discreet banks and bankers, for ways to transship the money from one country to another, for respectable means of investing the funds. Shipments of cash move by the suitcase, by the trunkful, and by industrial cargo containers.²⁴

Finally, trafficking and distribution routes are extremely flexible. In response to new challenges or opportunities, traffickers switch routes from one country to another or from one form of transportation to another. Increased risk of apprehension in the Caribbean led the Colombian cartels to move transit routes from Florida to Mexico.

During much of the 1980s, substantial shipments entered the United States on low-flying aircraft using clandestine landing strips. By the

late 1980s, distributors were frequently using elaborate hiding devices (such as hollowed-out lumber), cargo containers and, in many cases, individual "swallowers" who carried stashes inside their body—often in condoms filled with cocaine or heroin—while traveling on commercial airlines.

Thus, a "Nigerian connection" for heroin traffic appeared early in the 1990s. Although ethnic Chinese remained the dominant importers and wholesale distributors of heroin, with networks from the Golden Triangle through Bangkok and Hong Kong to California, highly organized Nigerian groups reportedly controlled as much as 40% of the U.S. supply.²⁵ A new transit route and a new cartel thus emerged almost overnight.

(To be continued)

Notes

- 1 All estimates about the economic volume of the drug business are rough approximations at best; these figures are from the Office of National Drug Control Policy, *National drug control strategy I* (Washington, D.C., U.S. Government Printing Office, 1989:2).
- 2 *Los Angeles Times*, January 16, 1991; and *New York Times*, March 3, 1991.
- 3 Speech at Institute of the Americas, La Jolla, California, November 1, 1990.
- 4 Remarks by Governor Bob Martinez on the second anniversary of the president's National Drug Control Strategy, National Press Club, Washington D.C., September 5, 1991.
- 5 Technically, only some drugs are "narcotics": those that induce narcosis (sleep, stupor). Many drugs are stimulants.
- 6 Even then, an increase in cocaine use would not positively confirm the hypothesis; it would not disconfirm it. Nor would prior use of marijuana by a large proportion of cocaine users provide direct confirmation. At most, it might show that consumption of marijuana is a necessary but not sufficient prelude to cocaine consumption.
- 7 A more conservative estimate, the difference between lifetime users and those who have used drugs within the past year, would put this population at 47.6 million.
- 8 See the remarkable study by George Vaillant, *The natural history of alcoholism: causes, patterns, and paths to recovery* (Cambridge, Harvard University Press, 1983).
- 9 The life-cycle hypothesis has yet to receive careful testing. The most conclusive examination would come from a longitudinal panel study; cross-sectional surveys could provide at least a partial test, but published NIDA data—which put all people over age twenty-five into one broad category—cannot shed any light on this question.
- 10 For perspectives on these markets, see "Latin America, Europe, and the drug problem: new forms of cooperation?" Dossier 32, Instituto de Relaciones Europeo-Latinoamericanas (Madrid, May 1991); and Peter H. Smith, "Drug problems and drug policies in Japan," unpublished memorandum (Tokyo, August 1990).
- 11 Víctor Zúñiga, "Uso de drogas e interacción transfronteriza en las ciudades fronterizas de Tamaulipas," *Frontera Norte* 2, No. 3 (January-June 1990: 115-135).
- 12 María Elena Medina-Mora et al., "El consumo de drogas en la frontera norte de México," paper presented at the annual meeting of the Asociación Fronteriza de Salud, Laredo, Texas, April 1991; and María Elena Medina-Mora, "Drug abuse in the northern border region," unpublished paper, 1991.
- 13 For a full statement of policy, see James M. Van Wert, "The U.S. State Department's narcotics control policy in the Americas," *Journal of Interamerican Studies and World Affairs* 30, Nos. 2-3 (Summer-Fall 1988: 1-18).
- 14 Office of National Drug Control Policy, *National drug control strategy*, p. 61.
- 15 As reported in Abraham F. Lowenthal, "Rediscovering Latin America," *Foreign Affairs* 69, No. 4 (Fall 1990: 27-41, especially 36).
- 16 It would be equally fallacious to conclude that the United States and Latin American countries therefore have identical national interests with regard to drugs. Considerable variation remains in the relative weight of production and consumption, and, as argued below, the United States and Latin American nations face differing problems and challenges.
- 17 This is due largely to sharply revised estimates for Mexico, which stirred controversy among experts and created friction in U.S.-Mexican relations.
- 18 Rensselaer Lee III, "Dimensions of the South American cocaine industry," *Journal of Interamerican Studies and World Affairs* 30, Nos. 2-3 (Summer-Fall 1988: 87-103, with quote on 89).
- 19 Bilateral Commission on the Future of U.S.-Mexican Relations, *The challenge of interdependence: Mexico and the United States* (Lanham, Md., University Press of America, 1988), Ch. 4, "The problem of drugs," p. 128; see also Guadalupe González and Marta Tienda, eds., *The drug connection in U.S.-Mexican relations* (La Jolla, Calif., Center for U.S.-Mexican Studies, University of California, San Diego, 1989).
- 20 Lee, "Dimensions," p. 89.
- 21 "A mission to nowhere," *Newsweek* (February 19, 1990: 33).
- 22 For additional discussion, see Centro para el Estudio de las Relaciones Internacionales y el Desarrollo and Fondo Fiduciario Manuel Pérez-Guerrero para la Cooperación Económica y Técnica entre Países en Desarrollo, *El impacto financiero del narcotráfico en el desarrollo de América Latina: simposio internacional* (La Paz, Editora Atenea, 1991); Juan G. Tokotlián and Bruce M. Bagley, eds., *Economía y política del narcotráfico* (Bogotá, Universidad de los Andes, 1990), especially part II; Bruce M. Bagley, Adrián Bonilla, and Alexei Pérez, eds., *La economía política del narcotráfico: el caso ecuatoriano* (Quito, Facultad Latinoamericana de Ciencias Sociales, 1991), especially essay by Wilson Miño, "El lavado de dólares en el Ecuador," pp. 106-124; Diego García-Sayán, ed., *Coca, cocaína y narcotráfico: laberinto en los Andes* (Lima, Comisión Andina de Juristas, 1989), especially essay by Humberto Campodónico, "La política del avestruz," pp. 226-258; and Asociación Peruana de Estudios e Investigación para la Paz, *Cocaína: problemas y soluciones andinos* (Lima, Asociación Peruana de Estudios e Investigación para la Paz, 1990).
- 23 U.S. Drug Enforcement Administration, *Intelligence trends*, Vol. 14 (Washington D.C., USDEA, 1987: 6).
- 24 "New kings of cover," *Time* (July 1, 1991: 29-33), "How dirty money gets clean," *San Francisco Chronicle* (July 28, 1991), Statement and Memorandum of James E. Preston before the Committee on Banking, Finance, and Urban Affairs, U.S. House of Representatives, Washington D.C., November 7, 1989; and for background, President's Report on Organized Crime, *The cash connection: organized crime, financial institutions, and money laundering* (Washington D.C., U.S. Government Printing Office, 1984).
- 25 "The Nigerian connection: the newest link in the growing heroin trade," *Newsweek* (October 7, 1991: 43) 