

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

Peter H. Smith *

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Policies and wars

Antidrug policies produce complex and contradictory results. In this issue-area, more than in many others, political language has come to have a decisive effect on policy options and outcomes. Repeated public declaration of a “war” on drugs has had a remarkable impact on policy debates and discussions. It has led to calls for “total victory” (whatever that might be), prompted appeals for enlistment of the military, and encouraged ostracism of those who disagree with current policy—as though their patriotism were in doubt.

In September 1990, the metaphor prompted the then-chief of the Los Angeles police, Daryl F. Gates, to proclaim that casual users of drugs “ought to be taken out and shot.” The police chief’s reasoning was that the United States has proclaimed a war on drugs; thus, users of drugs are committing the equivalent of treason, and execution is standard wartime treatment for traitors.¹ Rarely has a metaphor had such pronounced effects on public discourse and debate.

¹ *Los Angeles Times*, September 6 and 7, 1990.

* Director of the Center for Iberian and Latin American Studies, University of California, San Diego.

Campaigns of repression have erupted in organized violence between armed groups, including the military and the police. These are genuine “wars,” and they come in multiple forms. To provide a sense of this complexity, Table 1 outlines the anatomy of drug wars being waged in Latin America in the early 1990s. (Note that I am not referring to educational or therapeutic campaigns, although politicians frequently describe such activities as part of the antidrug “wars.” I am referring to organized violence.)

cartels who use terror, violence, and intimidation to assert raw political power. (This has been most clearly apparent in Colombia.)

In the third drug war, Latin American governments engage in struggles with armed guerrilla movements including such forces as Sendero Luminoso in Peru. In the fourth kind of war, Latin American governments wage armed campaigns against narco-traffickers—those who produce and export illicit drugs but do not engage in systematic political terrorism.

“There are at least seven simultaneous drug wars in Latin America”

As the table suggests, there are at least seven simultaneous drug wars in Latin America. In the first, the United States takes on drug suppliers in one way or another, most conspicuously through agents of the Drug Enforcement Administration (DEA). In the second, Latin American governments respond to challenges by narco-terrorists—agents of drug

In the fifth kind of war, drug cartels fight among themselves, usually over market share. This explains some of the violence in Colombia, where the Cali and Medellín cartels have skirmished over control of the New York cocaine market. It is this kind of war that has reached into the cities of the United States, where rival dealers and distributors have been

waging campaigns of attrition against one another.

In the sixth confrontation, drug traffickers engage in conflict with their sometime-allies, armed guerrilla groups. This often occurs once the *traficantes* begin to purchase significant amounts of real estate, especially in rural areas, thus gaining entry into the landowning class and joining the socio-economic establishment—against which the guerrillas took up arms in the first place. Alliances between traffickers and guerrillas tend to be fragile at best—arrangements of convenience rather than principle—and they can fall apart for many reasons.

In the seventh and last kind of war, unique to Colombia at this point, *narcotraficantes* declare war against ideological opponents—in this case the political left. To the extent that the Medellín cartel has had any political purpose, it appears to consist of a primitive, reactionary, semi-fascist project.

This tendency has been exacerbated in the case of one well-known ringleader, Fidel Castaño (nicknamed “Rambo”), whose father died while held hostage by guerrillas and who promptly unleashed a violent campaign of retaliation against all left-wing groups. This may help explain the otherwise inexplicable attacks on leaders of the Unión Patriótica and other radical movements in Colombia in 1989-1990.

These wars often overlap with one another, and they can appear in varying combinations. Mexico presents a battleground for the United States to fight against suppliers (war 1) and for its own government to challenge traffickers (war 4). Peru combines a U.S.-led fight against suppliers (war 1) with a government campaign against guerrillas (war 3).

Colombia has suffered multiple wars: a fight between the government and narco-terrorists (war 2), between two groups of narco-traffickers (war 5), between narco-traffickers and

some guerrilla groups (war 6), and between some narco-traffickers and the political left (war 7). At various times, too, Colombian authorities have waged campaigns against guerrilla movements (war 3).²

The diversity in drug wars underlines the range and variability of interests involved in public policy: the “drug problem” in Colombia is markedly different from the “drug problem” in Peru, Bolivia, or Mexico (not to mention the United States).

“The diversity in drug wars underlines the range and variability of interests involved in public policy”

The goals of governmental policy as well as the choice of instruments therefore are likely to vary, as are the prospects for success.

Also striking is the ubiquity of unintended consequences. It is not always easy to foresee results of public policies. Colombia’s crackdown on the Medellín cartel produced a temporary decline in the price of coca leaf in Peru and Bolivia; most observers thought, and many hoped, this would convince coca producers to start cultivating licit crops.

On the contrary, however, it encouraged Bolivian peasants to integrate their operations, processing their own products (thus increasing value added) and exporting coca base instead of coca leaves. According to economic logic, this response was entirely rational.

This episode demonstrates that a “success” in the Colombian drug war could exacerbate the problem in

Bolivia—or in other neighboring countries. Indeed, it appears that the Colombian crackdown has accelerated the dispersion of drug trafficking activities throughout the continent, from Chile and Argentina to Costa Rica and Belize, especially as transit routes and as sites for money laundering.

“Latin America as a whole is sliding into the drug war,” according to Ibán de Rementería of the Andean Commission of Jurists. “Argentina and Brazil can see their future in Bolivia.

Bolivia sees its own (future) in Peru, Peru in Colombia, and Colombia in Lebanon. It’s an endless cycle.”³

Ironically, too, the dismantling of the Medellín cartel may have made trafficking more difficult to stop. By 1991 the Cali group handled 70% of the cocaine that came to the United States through Colombia, up from 25-30% in 1989. And the Cali group, it turns out, is much more sophisticated than the rough-and-tumble Medellín gang.

According to the head of the DEA, in fact, “The Cali cartel is the most powerful criminal organization in the world. No drug organization rivals them today or perhaps any time in history.”⁴ Meanwhile the Medellín cartel moved much of its operation to Venezuela. In short, the Colombian crackdown led to a transference, a dispersion, and an upgrading of trafficking activities.

Nor have the U.S.-sponsored drug wars achieved the goal of reducing

² See Peter H. Smith, “Drug wars in Latin America,” *Iberoamericana*. Sophia University, Tokyo, 12, No. 1 (Summer 1990): 1-16, especially 6-10.

³ Cited in “A widening drug war,” *Newsweek* International Edition (July 1, 1991: 9).

⁴ “New kings of coke,” *Time* (July 1, 1991: 29).

Table 1
Anatomy of the drug wars

War	Combatants
1	United States vs. suppliers
2	Latin American governments vs. narco-terrorists
3	Latin American governments vs. guerrillas
4	Latin American governments vs. narco-traffickers
5	Narco-traffickers vs. narco-traffickers
6	Narco-traffickers vs. guerrillas
7	Narco-traffickers vs. political left

supply and raising prices for illicit drugs in the U.S. market. As plainly suggested by Table 2, campaigns for eradication and interdiction of cocaine merely encourage additional production: more and more *campesinos* become involved in cultivating coca leaves, and the total quantity of cocaine available for export to the U.S. market remains about the same. And because the cost of replacing seized shipments is relatively modest (perhaps 5% of the street value), interdiction has little if any observable impact on price.⁵ In this respect, drug wars have almost no chance of success.

Yet the wars have altered society and politics in important and far-reaching ways. First, they have subjected the countries and peoples of Latin America to staggering levels of violence and intimidation. The human

toll of antidrug campaigns has been extremely high—not only in Colombia but also in Peru and Mexico. Both the power of the drug trade and the violence induced by government efforts to fight that trade have created a widespread sense of fear among the general public. Ominously, too, antidrug campaigns have produced large-scale violations of human rights.⁶

Second, drugs and drug wars have exposed national institutions to increased temptations of corruption. One of the lessons of antidrug campaigns around the world is that law enforcement agencies risk corruption by drug traffickers and lords; increased contact with *traficantes*, even in an

⁶ See Americas Watch, *Human rights in Mexico: a policy of impunity* (New York and Washington D.C., Americas Watch, 1990); Minnesota Lawyers International Human Rights Committee, *Paper protection: human rights violations and the criminal justice system* (Minneapolis, Minnesota Lawyers International Human Rights Committee, 1990); Americas Watch Committee, *The "drug wars" in Colombia: the neglected tragedy of political violence* (New York, Americas Watch, 1990); and Peter H. Smith, "Human rights, democratization, and U.S. policy toward Latin America in the 1990s," paper presented to conference "Setting the North-South agenda: United States-Latin American relations in the 1990s," at the North-South Center (University of Miami, June 1991).

adversarial manner, increases the possibility of compromise and subversion. This can have a particularly deleterious effect on Latin American police forces, local and national, and on the armed forces as well.

Third, prosecution of the drug wars places increasing autonomy and authority in the hands of the Latin American armed forces. To put it bluntly, drug wars encourage militarization. This can pose a substantial threat to still-fragile democracies, especially in Bolivia and Peru, and alter the political course of the region as a whole.⁷

Finally, the drug wars have created major complications for U.S.-Latin American relations. For reasons of its own, the United States has strongly encouraged Latin American governments to enlist in the antidrug wars. And Latin American leaders respond, also for reasons of their own. Sometimes, as in the case of Bolivia, they are reluctant to precipitate what they regard as all-out wars against the peasantry. Sometimes, as in the case of Colombia, they react to challenges from drug cartels with considerable force—but even then, they are not waging the same war the United States advocates.

The U.S. government has been asking Latin American governments to join ranks in a war against the narco-traffickers and thus to forge an alliance with the United States. But as successive Colombian presidents have expressed, the concern in Colombia is not so much with narco-trafficking as with narco-terror. This entails different purposes, strategies, and policies.⁸

⁷ See Washington Office on Latin America, *Clear and present dangers: the U.S. military and the war on drugs in the Andes* (Washington, D.C., Washington Office on Latin America, 1991); and "The newest war," *Newsweek* (January 6, 1992: 18-23).

⁸ On Peru, see Gustavo Gorriti, "Misadventures in cocaland," *New York Times*, September 8, 1991.

⁵ Peter Reuter and associates have shown that interdiction can have only a minor effect on retail price because it is likely to account for no more than 8% of the total price of cocaine. See Reuter, "Quantity illusions and paradoxes of drug interdiction: federal intervention into vice policy," *RAND Note N-2929-USDP* (April 1989: 11), and Peter Reuter, Gordon Crawford, and Jonathan Cave, *Sealing the borders: the effects of increased military participation in drug interdiction* (Santa Monica, California, RAND Corporation, 1988).

Table 2

**Worldwide cocaine production:
quantities available for export to the United States
1986-1990
(metric tons)**

Cocaine production	1986	1987	1988	1989	1990
Worldwide production	606	635	714	776	824
Eradicated	- 2	- 8	- 26	- 21	- 80
Interdicted	- 13	- 45	- 62	- 98	- 152
Consumed overseas	- 50	- 55	- 60	- 65	- 75
Available for export to United States	541	527	566	592	517

Source: Unpublished estimates supplied by U.S. Office of Management and Budget (1990).

This incongruity in antidrug campaigns leads not only to confusion but also to missed opportunities. As a result of the inevitable tension that accompanies misunderstanding, the United States and Latin America have often found it difficult to collaborate on other pressing issues—such as debt, trade, and development. Drugs have been a particularly conspicuous flashpoint in U.S. relations with Mexico,⁹ but the issue has affected other countries as well.

Policy options

What are the policy alternatives? There is no quick-fix solution, no cost-free outcome. In a sense, policymakers can seek only least-bad solutions. For the sake of simplicity, I present three basic possibilities.¹⁰

⁹ See González and Tienda, *The drug connection in U.S.- Mexican relations*.

¹⁰ For the sake of this discussion I am assuming that antidrug policy will not be distorted by other policy considerations, especially foreign policy considerations, which has not always proven to be the case. See Peter Dale Scott and Jonathan Marshall, *Cocaine politics: drugs, armies, and the CIA in Central America* (Berkeley and Los Angeles, University of California Press, 1991).

One entails intensification and escalation of the current drug wars. This accepts at face value the claim that the present strategy is starting to work. According to this scenario, Colombia should continue its fight, Peru should redouble its efforts, and Bolivia should enter the fray.

The U.S. government might increase its overall antidrug investment from \$10 billion a year to \$20 billion or even \$30 billion, but the focus of the effort would remain as it is. The question is whether the alleged benefits of such a course would outweigh the costs. Some analysts and most policymakers in Washington believe this would be the case.¹¹

A second alternative has been called "legalization" of the drug trade. In fact, most such proposals do not envision the straightforward legalization of existing practices; instead, they call for decriminalization of consumption and for governmental regulation of wholesale and retail markets.

¹¹ A statement on current (1990) policy appears in Office of National Drug Control Policy, *National Drug Control Strategy 2* (Washington, D.C., U.S. Government Printing Office, 1990).

Most versions would place an age limit on people who purchase drugs, and some advocate state-run monopolies on retail sales. Some would begin only with marijuana; others would embrace virtually all currently illicit substances.

One major goal of these schemes would be to curtail the levels of violence and criminality that currently surround drug trafficking and sales. Another would be to reduce health hazards stemming from adulteration or impurities in drugs. As *The Economist* once asserted in a widely quoted editorial, "The worst policy is the present one of making the supply of noxious drugs illegal, so that only dreadful illegals engage in their supply."¹²

In the unlikely event that the United States were to opt for legalization, it should do so only in close consultation with key countries of Latin America. After all this promotion of drug wars, it would be politically and morally untenable to decide on unilateral legalization and thus proclaim that Colombia and other countries had made their sacrifices in vain.

It would also be important for the United States to develop a capacity for treatment and therapy sufficient to respond to increased use of currently illicit drugs. (Proponents of legalization generally concede that consumption

¹² *The Economist* (April 2, 1988: 12). On this subject see the many writings of Ethan A. Nadelmann, especially "The case for legalization," *The public interest* 92 (Summer 1988: 3-31), and "Drug prohibition in the United States: costs, consequences, and alternatives," *Science* 245 (September 1, 1989: 939-947), "Thinking the unthinkable," cover story in *Time* (May 30, 1988: 12-18), a series of op-ed articles in the *Los Angeles Times* (March 12-21, 1990), Richard J. Dennis, "The economics of legalizing drugs," *Atlantic monthly* (November 1990:126-132), and Robert J. MacCoun, "Would drug legalization 'open the floodgates'? Examining the effects of legal sanctions on psychoactive drug consumption," unpublished paper (RAND Drug Policy Research Center, March 1991).

would rise: the question is how much and for how long.) As things now stand, the United States can provide treatment for only one-third of those who need it.

Responsible proposals for legalization present serious and thoughtful alternatives to the course of current policy. The entire idea is far

alternatives for *campesino* growers and to the reduction of demand now incipient in drug-producing countries.

This type of approach has been advocated by the Inter-American Commission on Drug Policy, a blue-ribbon group of experts and policymakers that after two years

One comes from the apparent decline in the number of illicit drug users within the United States, at least within the middle class—a trend that demonstrates the workability of demand-reduction programs.

Second is the formation of an international consensus against drug trafficking, particularly through the 1988 United Nations (UN) Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances—a document that provides the first coherent set of norms and standards for multilateral collaboration.

Third is the development by the U.S. government of an Andean Strategy, a policy that budgets sizeable and increasing sums for international programs over the next several years.

The challenge is to assure that public resources are employed in constructive, effective ways. With considerable candor, the Inter-American Commission (composed largely of former policymakers)

“Antidrug campaigns have produced large-scale violations of human rights”

out of favor with the U.S. public and political establishment, however. It is also inconsistent with the international regime codified in the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. At least as of the early 1990s, there is virtually no chance of the adoption of legalization within the foreseeable future.

For a third alternative, the United States (and Latin America) could embark on a major rearrangement of priorities. Instead of devoting most resources to supply control and law enforcement, governments could concentrate on the long-term reduction of demand through prevention and treatment programs—education, rehabilitation, and assistance.

Instead of allocating 70% of its antidrug budget to supply control and law enforcement and 30% to demand reduction and prevention, as in recent years, the United States could reverse these percentages—or go even farther—allocating 80-85% to treatment, prevention, and the long-term reduction of demand.

Ultimately, it is decline in demand that will bring about a decline in supply—and in the power of the Latin American drug cartels. Similarly, the United States could devote assistance not so much to the prosecution of the drug wars as to the creation of viable economic

of study released a policy report in June 1991, entitled *Seizing opportunities* (see *Voices of Mexico* No. 18, pp. 6-14). Basing its analysis on many of the essays in this book, the commission formulated three fundamental premises:

1. Demand, not supply, is the most powerful force underlying the market for illicit drugs.

“Drugs and drug wars have exposed national institutions to increased temptations of corruption”

2. Drugs and drug trafficking present a multilateral challenge, and nations of the hemisphere must develop a coordinated, multilateral response.
3. Efforts and resources should be devoted to strategies that are truly effective. As a practical, political matter, legalization (in any form) does not offer a plausible choice.¹³ In the commission's judgment, the early 1990s present policymakers with a special set of opportunities.

¹³ It should be reported that most (but not all) members of the commission objected to the idea of legalization in principle.

begins its recommendations with a direct call for the U.S. government to terminate or reduce programs that are ineffective or counterproductive.

These programs include interdiction of drug supplies at the U.S. border, which costs a good deal of money and has no observable impact on retail prices for drugs; diplomatic pressure in favor of militarization, which endangers human rights and the consolidation of democracy; advocacy of herbicidal spraying as a primary means for eradication of coca production, which poses excessive environmental (and political) hazards; and congressionally mandated “certification” by the U.S.

government of antidrug efforts by other countries, which is demeaning and counterproductive.

Instead, the commission advocates a cooperative and integrated effort throughout the Americas to reduce consumer demand for illicit drugs. Positive steps toward this goal should include the provision of drug treatment in all penal systems (which have large drug-afflicted populations in both the United States and Latin America); publicly funded programs for drug-impaired youth, especially those who have dropped out of school; and the training of specialists (perhaps through the Pan-American Health Organization or the Organization of American States) to provide technical assistance to Latin American countries.

Especially important, in the view of the commission, is an emphasis on prevention: the promotion of education, counselling, and awareness in all elementary and secondary schools, in community organizations, in the media, and in the workplace.

Mexico confiscates more cocaine than the U.S. and Canada

The National Anti-Drug Institute, affiliated to Mexico's Attorney General's Office, reported that in the last four and a half years Mexico has confiscated 200 tons of cocaine, and that in the first six months of this year it seized more cocaine than the U.S. and Canada combined, despite the fact that Mexico is neither the place of origin nor the main destination of this drug.

Raquel Villanueva
Staff Writer.

This entails the withdrawal of incentives for illicit cultivation; practically speaking, this means lowering the market price for such crops. (This can best be achieved by interruption of demand at both the wholesale and retail levels and by the encouragement of market gluts; in actual practice, crop eradication programs have the counterintuitive consequence of supporting prices for coca leaves.)

This strategy also calls for the expansion and intensification of rural

coordination. Here the Organization of American States could play an especially constructive role —by guiding the efforts of governments with legal analysis and model legislation and by supporting regional commissions of jurists to consider such crucial issues as the status and security of judges.

These recommendations do not call for increased expenditures of public funds by governments throughout the Western Hemisphere. Instead, they call for a major reallocation of public expenditures, away from interdiction and supply control and toward demand reduction.

"In the unending campaign against drugs," the commission concludes, "governments must be flexible enough to draw appropriate lessons from their own experience. They should support the programs that work, not those that do not. It is in this fashion, and only in this fashion, that countries of the region can gain genuine benefit from the increased levels of funding foreseen in the U.S. Andean Strategy. And it is only through effective regional collaboration that the nations of the Americas will be able to meet the multiple challenges posed by drug abuse and trafficking"¹⁵ ❧

“Drug wars encourage militarization”

Funding for such efforts could come from two sources. One would be through savings from high-cost but ineffective programs, such as border interdiction; amounts spent on such programs run into billions of dollars per year.¹⁴ Second, the commission proposes the innovative creation of a multilateral fund based on the pooling of economic assets seized from drug traffickers in the United States and in other countries of the hemisphere.

To dissuade *campesinos* from engaging in illicit production of drugs, especially coca leaves, the commission calls for a realistic economic approach.

development programs based on hard-headed evaluation of commercial prospects for specific agricultural products. Only through such efforts will it be possible to offer meaningful economic alternatives to hard-pressed *campesinos* in Latin America.

Law enforcement would have a key role in the commission's strategy. Instead of concentrating efforts on producers and consumers, however, the Inter-American Commission calls for intensified campaigns against the middlemen: the cartels, the trafficking networks, the wholesale distributors, white-collar criminals engaged in money laundering.

By definition, such efforts would require enhanced international cooperation, intelligence-sharing, and

¹⁴ The commission calls for a reduction in the allocation of funds for border interdiction, not for their complete elimination.

¹⁵ *Seizing opportunities: report of the Inter-American Commission on Drug Policy* (La Jolla, California, Institute of the Americas and Center for Iberian and Latin American Studies, University of California, San Diego, 1991: 41).