

THE INTERNATIONAL WAR ON DRUGS

Polymakers should

- recognize that the war on drugs has stimulated an increase in violence in drug source and transit countries while producing few intended results;
- recognize that prohibition creates a huge black-market premium and potential profit from drug trafficking that terrorist groups will exploit;
- end federal marijuana prohibition;
- cease military and financial aid to foreign countries based on supply-side campaigns against narcotics and institution building; and
- accept the legalization, decriminalization, and harm-reduction strategies adopted by the Netherlands, Portugal, Uruguay, and other countries as a better model for dealing with the problem of drug abuse.

Drug trafficking is one of the most resilient and lucrative industries in the world, with estimated annual revenues of between \$426 billion and \$652 billion according to a recent study. Despite the tens of billions of dollars that Washington and other governments spend every year trying to disrupt them, drug-trafficking organizations have shown tremendous ingenuity and adaptability to satisfy over a quarter billion customers worldwide.

The debacle of the war on drugs is obvious to any independent observer. In 1998, the United Nations set itself the goal of achieving a “drug-free world” by 2008. This utopian vision failed to materialize; moreover, it is evident that, in many cases, drug use has remained constant or even increased during the past decades. According to the National Survey on Drug Use and Health, 1.7 percent of U.S. adults ages 26 and older had used cocaine in the past 12 months in 2019, compared to 1.8 percent in 2002. In the case of marijuana, use among adults more than doubled from 7.0 percent in 2002 to 15.2 percent in 2019.

Even the U.S. government admits its own failures in stopping the flow of drugs: the 2021 National Drug Threat Assessment by the Drug Enforcement Administration (DEA) states that “a steady supply of cocaine was available throughout domestic markets” in 2019 and even in 2020, apparently despite the COVID-19 pandemic.

Heroin availability also remains high, the report adds, as Mexican transnational criminal organizations “are responsible for the production and trafficking across the Southwest Border of the overwhelming majority of heroin available” in the United States. The DEA also found an overlap in “the domestic markets for heroin, fentanyl, and other illicit synthetic opioids.” In the case of methamphetamine, it not only is widely available, but “has become more prevalent in more areas that historically were not major markets for the drug, particularly the Northeast.” None of these findings are surprising to those who, during the past 50 years, have viewed the drug war through the lens of economics.

As early as the 1970s, leading economists such as Milton Friedman and George Shultz were among the first to point out the futility of drug prohibition, citing the laws of supply and demand. These lessons have only become more relevant as drug violence reached gruesome levels in Mexico and Central America in the past two decades. Former Mexican president Felipe Calderón kicked off his presidency in December 2006 by launching an all-out military assault against cartels that claimed 125,000 to 150,000 lives between then and 2018, but even he had to acknowledge the futility of his efforts. Describing the economic dynamics of illicit drug trafficking, Calderón said: “If the price goes up [thanks largely to interdiction efforts] and the demand is the same, you will increase profits, so you are creating more incentives for participants in the market. And it’s clearly a textbook case of an unstable economic system in which the more successful you are, the more criminals you are creating.”

The dynamics of drug trafficking are best illustrated by what happens to a kilogram of cocaine from its production in the Andes to its distribution and sale in the United States. In 2017, the nearly 350 kilograms of dried coca leaves required to produce 1 kilogram of cocaine in Colombia cost approximately \$266, while the paste or base to produce cocaine cost \$563 per kilogram. Once produced, a kilogram of Colombian cocaine cost \$1,682 in that country. Once it reached the United States, however, the product would have increased in value to a wholesale price of \$28,000, but it could be sold at a retail price, adjusted for purity and inflation, of \$160,000—a 60,000 percent markup from the raw product.

The logic behind prohibition is that the more the price of a drug goes up, the less consumption there will be. However, research shows that the demand for drugs is inelastic—that is, even if the price goes up, consumption remains

more or less the same. Therein lies the problem with Washington's supply-side campaign against narcotics: it significantly inflates the price of drugs, but it does not reduce demand meaningfully. The result is that the value of the market increases—hence its appeal to violent criminals.

It is not a coincidence that, according to 2020 figures published by the United Nations Office on Drugs and Crime, 8 of the 10 countries with the highest intentional homicide rates in the world were located precisely along the cocaine route from the Andes to the United States. These include Central American transit countries (El Salvador, Honduras, and Belize) and the island nations that serve as jumping points along the transit routes to the U.S. mainland: Jamaica, St. Kitts and Nevis, St. Vincent and the Grenadines, and the U.S. Virgin Islands.

The international war on drugs has also weakened allied nations in Latin America while serving to support terrorist groups and rogue anti-American narco-regimes that benefit financially from the cocaine trade's enormous profits. Counternarcotics strategy thus conflicts with sound foreign policy goals—namely, bolstering allies, encouraging peace, and strengthening the institutions of democracy and civil society.

The war on drugs even causes considerable environmental destruction as collateral damage. According to Colombia's Institute of Hydrology, Meteorology and Environmental Studies, coca growers have deforested nearly 8,000 hectares (19,768.4 acres) of land in the country's natural reserves, including in the Amazon region, where eradication efforts cannot take place. Encroaching into these supposedly protected areas is a means for growers and traffickers to evade the state's enforcement.

Around the world, there is a growing realization that the current prohibition on most drugs needs to be replaced with more effective policies. Despite this mounting consensus, the nature of the "drug problem" is still hotly debated, and thus the alternative policies have yet to be agreed on.

Assessing Alternatives

The predominant view in Washington is that the present strategy fails not because drug laws are flawed, but because of weak institutions in producing and transit countries. The solution, according to this analysis, is greater security and intelligence cooperation among nations; more expenditure in the security and judiciary apparatuses; and tougher laws dealing with corruption, gun trafficking, and money laundering. Inevitably, this approach involves needless meddling with, and involvement in, other countries' internal affairs, all at a huge cost to the American taxpayer.

According to the Biden administration, for example, its “new, holistic U.S.-Colombia counternarcotics strategy” includes “robust investment in rural development, citizen security, and access to justice” in Colombia. But sending robust amounts of money to that country is nothing new. As a 2021 Congressional Research Service report states, “Since 2000, the U.S. government, with largely bipartisan congressional support, has provided about \$12 billion in bilateral aid to implement Plan Colombia and its successor strategies.” In the early 2000s, part of that aid did help the Colombian government from falling to the Revolutionary Armed Forces of Colombia (FARC), a communist guerrilla group that became the world’s largest drug cartel. But since then it has done nothing to halt the spread of coca crops, illicit drug production, and the constant flow of cocaine to the United States. In fact, in 2020, coca cultivation in Colombia reached a new record of 212,000 hectares (523,863.4 acres) according to the White House, while there were fewer than 200,000 planted hectares (494,210.8 acres) in the year 2000, when then president Bill Clinton inaugurated Plan Colombia.

Drug war proponents in both the United States and Colombia argue that the sharp rise in coca crops since 2013—when 48,000 hectares (118,610.6 acres) were cultivated—is due to the suspension of aerial fumigation with glyphosate in 2015. In fact, producers have adapted to aerial spraying efforts by increasing their capacity to obtain cocaine for every hectare planted with coca. On the other hand, the costs of aerial spraying are prohibitive. According to one study, the marginal cost of removing one kilogram of cocaine from the retail market with glyphosate amounts to \$240,000. Since the retail price stands at around \$160,000 per kilogram, it would be a great relief to the American taxpayer’s pocket if the federal government simply bought each kilo from the narcotraffickers outright.

Although developing countries do suffer from weak institutions, the burden of strengthening them should not fall on U.S. taxpayers. The problem, however, is that drug prohibition in the United States actually exacerbates this institutional problem by inflating the profit margins of organized crime to stratospheric levels, thus increasing its corrupting and violent power. For example, a study by the United Nations Development Programme pointed out that, in 2010, the seven Central American governments spent a combined \$3.97 billion on security and their justice systems. That sum represented a 60 percent budget increase since 2006. Yet the figure falls short of the drug cartels’ estimated revenues. According to one estimate, Colombia’s cocaine production and trafficking business produced more than \$5 billion in 2018, a sum that amounted to around 1.5 percent of that country’s gross domestic product and dwarfed

the annual expenditure of anti-narcotics efforts. In 2010, another report from the U.S. Justice Department concluded that Colombian and Mexican drug trafficking organizations sent up to \$39 billion annually in bulk currency from the interior of the United States to the southwestern border, with “billions of U.S. dollars [being] sent back to Mexico.”

Another challenge is the disparity among countries in their institution-building efforts, which leads to the balloon effect of criminal activities. This is perhaps the main feature of the drug business: its ability to adapt to changing circumstances. For example, in the early 1990s, as pressure grew on coca growers in Peru, those crops were moved to Colombia. After a decade of eradication programs in that nation, coca growers moved back to Peru. Now Colombia has retaken its spot as the world’s leading coca producer. Despite the back and forth, the Andean region continues to produce the same amount of cocaine as it did 20 years ago.

Over the years, the most common approach to the war on drugs has been the attempt by governments in producing and transit countries to export the problem to their neighbors. Greater cooperation, harmonization of efforts, and same-pace institution building seems unrealistic.

In some countries, the challenge is even greater, given the active presence of terrorist organizations. In Colombia, the FARC went from being a small, largely irrelevant insurgency of around 800 troops in the late 1970s to a potent, cash-rich force of 20,000 armed men at the end of the 1990s. The FARC’s precipitous growth was not due to the sudden popularity of its Marxist-Leninist ideology, but rather to its strategic decision—made in 1982—to participate fully in the cocaine trade. In 2016, *The Economist* reported that the FARC’s fortune, amassed mainly from the cocaine industry, amounted to a staggering \$10 billion.

Although the Colombian government negotiated with a much-weakened FARC from 2012 until 2016, granting its leaders impunity for their crimes and 10 unelected seats in Congress, the group still retains its armed power, as its many “dissident” remnants, which did not take part in the negotiations with the state, number as many as 5,000 insurgents (the government originally hoped to demobilize around 6,500 combatants). The fallout from the negotiations, moreover, created a dangerous power vacuum. Other armed groups—among them trafficking organizations with strong links to Mexican drug cartels and the National Liberation Army (ELN), another Marxist, Cuba-backed guerrilla force—joined the struggle to control coca-growing areas and cocaine export routes. Despite the billions of American taxpayer dollars spent there during the past decades, the country is certainly not at peace, and it is now common to read headlines such as “War Returns to Colombia’s Countryside.”

Colombia, however, is not an exception. In Afghanistan, the Taliban was reaping about \$100 million per year from the poppy and heroin trade in 2011, according to one estimate. These funds were used to maintain the fighting capability that eventually led to the fall of the U.S.-backed Afghan government. Clearly, the huge black-market premiums that result from drug prohibition undermine the federal government's efforts to support democracy around the globe.

An alternative is for one country or a group of countries to turn a blind eye to drug distribution, without legalizing or decriminalizing the drug trade, while focusing their police resources on violent crimes. However, as long as the drug trade remains illegal, such a policy wouldn't likely avoid the effects of prohibition.

In Mexico in the 1970s and 1980s, the authorities tacitly accepted drug trafficking: the federal government looked the other way while drugs were shipped to the north. But drug trafficking at that time was conducted mostly by a single organization; today, several powerful and violent Mexican cartels fight each other for control of trafficking routes. Even if the Mexican government were to adopt a hands-off approach to drug smuggling, that would not prevent the cartels from engaging in bloody turf wars. Drug violence might decline, since government intervention adds volatility to a changing cartel landscape, but Mexico would likely remain a violent country.

Moreover, there is the case of a large transit nation that decided not only to abandon the fight against drug trafficking altogether, but to fully take part in it. Venezuela became not only a safe haven for kingpins, but also a full-blown narco-state that is actively hostile to the United States and Latin America's liberal democracies. The Maduro regime sponsors the so-called Cartel of the Suns. A 2021 report by Insight Crime refers to this "shadowy group inside Venezuela's military," whose different elements "essentially function as drug trafficking organizations." Closely linked to Colombia's FARC and ELN guerrillas, the Cartel of the Suns arose in the mid-2000s, when cells in Venezuela's security forces "began to purchase, store, move, and sell cocaine themselves," whereas they had previously extorted cocaine shippers. According to a U.S. official quoted by CNN, 240 metric tons of cocaine transited through Venezuela in 2018, which amounted to nearly 28 percent of Colombia's production potential for that year. The enormous windfall that cocaine profits bring to the Maduro regime allows it to survive the U.S. economic sanctions imposed because of human rights abuses and other crimes. Thus, Washington's obstinacy with prohibition has strengthened a rogue regime that actively undermines American interests across the region.

Finally, there is the increasingly accepted assessment that the problem with the international war on drugs is not the illicit substances but prohibition. In

recent years, a growing number of high-ranking officials around the world, including sitting and former presidents, have called for the adoption of a legal market for certain drugs, starting with cannabis. There are already well-known precedents: in 2013, Uruguay became the first country to fully legalize marijuana. In 2018, Canada followed in its path, becoming the first nation in the G20 to allow the recreational use of cannabis. Mexico also legalized recreational cannabis consumption in 2021.

In the United States, 36 states have legalized the medical use of marijuana and 18 states have legalized its recreational use as well, with more states surely poised to do so in the near future, especially since it is in their financial interest to do so. According to one study, states collected a total of \$10.4 billion in taxes from legal recreational marijuana sales between 2014 and 2021. Additionally, a group of scholars found that, as a result of cannabis legalization in the United States, the Mexican cartels that had previously dominated the marijuana trade suddenly “had difficulties competing and in making profits in the marijuana market because the demand for illegal marijuana started to decrease.” They also found evidence for a drop in drug-related violent crime as a result of decreased profitability. Clearly, this is a better approach to fighting crime and weakening the cartels than the traditional prohibitionist stance.

Some European countries—such as the Netherlands and Portugal—have opted for implementing harm-reduction policies, either *de facto* or *de jure*. In 2001, Portugal decriminalized all drugs, including cocaine and heroin. Not only have the predicted spike in drug use and a public health crisis failed to materialize, but Portugal’s drug-usage rates also compare favorably with many other European states that have maintained a more severe approach, and in some cases, its usage rates have dropped.

As the terms of the debate have shifted significantly in favor of legalization as an alternative to the war on drugs, the discussion has focused on marijuana. Indeed, a Pew Research poll in April 2021 showed that 60 percent of Americans favor legalizing the drug for both medical and recreational purposes. Lawmakers should prioritize ending the federal ban on marijuana and allow a full range of both recreational and medical cannabis imports from abroad.

Although the positive effects of marijuana legalization are already evident, the fact remains that the countries besieged by drug violence do not suffer under marijuana trafficking, but rather under the prohibition of other drugs, especially cocaine and heroin. Given the failure of the international drug war to stop the flow of narcotics into the United States, and given the benefits of the harm-reduction approach that treats drug addiction as a social problem rather than a criminal problem, the end of prohibition clearly must include the whole range of narcotics.

Toward a Constructive Approach

Washington's international drug war has been disastrous. Production of drugs in foreign countries has increased, and the flow of drugs to the United States has continued. As Tom Wainwright from *The Economist* wrote in 2016, "The 'all-out war' approach has failed to cut the number of consumers, while it has driven up the price of a few cheap agricultural commodities to create a hideously violent, \$300-billion global industry." The impact of the U.S. war on drugs has severely aggravated political, economic, and social problems in developing countries, all at a tremendous cost to the American taxpayer. Attempts to spend even more and escalate the drug war, even in a dramatic way, will do little to change those realities.

As the world's largest consumer of illicit drugs, it is the responsibility of the United States to encourage the worldwide shift away from prohibition toward the creation of markets and civil society by ending its international crusade against drugs. Doing so will hardly affect U.S. drug consumption, because of the inelasticity of demand, but it would at least acknowledge that narcotics abuse is a domestic social problem that foreign policy cannot solve.

Suggested Readings

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