

55. Rethinking the International Drug War

Congress should

- repeal the Anti-Drug Abuse Acts of 1986 and 1988 and all legislation requiring the United States to certify drug-source countries' cooperation in counternarcotics efforts,
- declare an end to the international war on drugs, and
- remove U.S. trade barriers to the products of developing countries.

Washington's international drug control campaign exhibits every flaw inherent to the worst forms of central planning. The war on drugs—a program whose budget has tripled over the last 10 years—has failed remarkably in all aspects of its overseas mission. Most telling, illicit drugs continue to flow across U.S. borders, unaffected by the more than \$20 billion Washington has spent since 1982 in its supply-side campaign. The purity of cocaine and heroin, moreover, has increased, while the prices of those drugs have fallen dramatically during the same period.

The U.S. government has not only federalized the social problem of drug abuse by treating narcotics use as a criminal offense; it has intruded into the complex social settings of dozens of countries around the globe by pressuring foreign governments to adopt certain laws and policies. In the process, Washington has severely aggravated the political and economic problems of drug-source nations. Counternarcotics strategy thus conflicts with sound foreign policy goals, namely the encouragement of free markets and democracy in developing countries. For countless reasons, the international drug war is both undesirable and unwinnable.

Failure on Three Fronts

One component of the supply-side campaign, heavily emphasized by the Reagan and Bush administrations, has been interdiction of drug traffic

coming into the United States. That approach has been ineffective at reducing the availability of cocaine and heroin because authorities seize only 5 to 15 percent of drug imports and because traffickers easily adapt to such disruptions by using new smuggling innovations and routes. In an implicit recognition of the failure of interdiction efforts, the Clinton administration began favoring strategies that focus on drug-producing countries. "It is more effective to attack drugs at the source of production where illicit production and transportation activities are more visible," former Clinton drug czar Lee Brown contended, "and thus more vulnerable."

Yet there was little reason to believe that an approach that emphasized eradication, crop-substitution, and interdiction efforts in drug-source countries would be more successful than interdiction of drugs along transit routes. Indeed, by early 1996, Gen. Barry McCaffrey, soon to become Clinton's new drug czar, conceded that the new strategy had not made "an operational difference."

A principal reason that supply reduction efforts cannot be expected to affect the use of cocaine, for example, lies in the price structure of the illicit drug industry. Smuggling costs make up only 10 percent of the final value of cocaine in the United States. Those costs, combined with all other production costs outside of the United States, account for only 13 percent of cocaine's retail price. Drug traffickers thus have every incentive to continue bringing their product to market; they view eradication and interdiction as a mere cost of doing business. Moreover, even if such efforts were successful at raising the price of coca paste or cocaine in drug-source countries, their effect on the final price of cocaine in the United States would be negligible. As analyst Kevin Jack Riley has observed, "Using source country price increases to create domestic scarcities is similar to attempting to raise glass prices by pushing sand back into the sea."

The efforts of international drug warriors are also routinely frustrated by drug traffickers' dynamic responses to counternarcotics policies. Already expecting interference in their business, traffickers build redundant processing facilities in case current ones are destroyed, for example, or stockpile their product inside the United States in case of smuggling interruptions. The massive resources available to the \$300 billion global illicit drug industry also enable it to react to counternarcotics strategies with ease. At best, drug war "victories" are ephemeral as the industry accommodates itself to new conditions. That situation has reduced U.S. officials to citing

drug seizure figures or expressions of political will by foreign governments as important gains in the U.S.-orchestrated war on drugs.

The evidence from the field is less compelling. According to the State Department's annual *International Narcotics Control Strategy Report*, the total area cultivated in coca from 1987 to 1995 grew from 175,210 hectares to 214,800. The area planted in opium poppy, mostly in South Asia, more than doubled from 112,585 hectares to 234,214 hectares during the same period. Eradication schemes—under which the U.S. government pressures source-country governments to eliminate drug crops by spraying pesticides, slashing illegal plants, or burning peasants' fields—appear to have had little effect on the spread of such crops.

Just as damning are the State Department's estimates of net production of illicit drug crops. From 1987 to 1995, coca leaf production increased from 291,100 metric tons to 309,400 metric tons, and opium production grew from 2,242 metric tons to 4,157 metric tons. Despite coercive drug control schemes, it is obvious that peasant farmers still view illegal drug cultivation as advantageous.

Less coercive schemes have also been tried. Crop-substitution and alternative development programs, for example, seek to encourage peasants to join the legal market in agriculture or other sectors. U.S. aid finances infrastructure projects, such as roads and bridges, and subsidizes the cultivation of legal agricultural goods, such as coffee and corn.

Here too, serious obstacles and unintended consequences undermine the best laid plans of Washington and the governments of drug-source countries. Coca plants, for example, grow in areas and under conditions that are thoroughly inhospitable to legal crops, making a switch to legal alternatives unrealistic. (Only 5 to 10 percent of the major coca-growing regions in Peru and Bolivia may be suitable for legal crops.)

Farmers can also earn far higher returns from illicit plants than from the alternatives. For that reason, even when they enter crop-substitution programs, peasants often continue to grow drug plants in other areas. Ironically, the U.S. government in such cases subsidizes the production of illegal drugs.

Indeed, programs that pay peasants not to produce coca can have other effects policymakers did not anticipate, as analysts Patrick Clawson and Rensselaer Lee point out: "The voluntary programs are similar to the crop acreage reduction program that the U.S. government uses to raise the income of wheat farmers. It is not clear why Washington thinks that a crop reduction program raises the income of Midwest wheat farmers

but lowers the income of Andean coca farmers. In fact, in both cases, the crop reduction program really is a price support program that can raise farmer income."

The drug industry also benefits from improved infrastructure. One World Bank report reviewed road projects, funded by the World Bank, the U.S. Agency for International Development, and the Inter-American Development Bank, in coca-growing regions in Peru. "While the roads were useful in expanding coca production, they have severely hampered the development of legal activities." It is interesting to note that the major coca-growing regions in Peru and Bolivia—the Upper Huallaga Valley and the Chapare, respectively—have emerged at the sites of major U.S.-funded development projects of previous decades.

Finally, even if alternative development programs were able to raise the prices of legal crops so that they exceeded or were at least competitive with the price paid for illegal crops, that situation could not last. The cost of growing coca, for example, represents such a small fraction of the final value of cocaine—less than 1 percent—that the illicit drug industry will always be able to pay farmers more than the subsidized alternatives could command.

Coerced Cooperation

The main components of the international narcotics control campaign have produced dismal results and hold little promise of improvement. Although that reality may be well recognized by drug-source nations, U.S. law ensures that most of those countries' governments comply, however reluctantly, with U.S. demands. The Anti-Drug Abuse Acts of 1986 and 1988 condition foreign aid and access to the U.S. market on the adoption of narcotics, control initiatives in foreign countries.

That legislation directs the president to determine annually whether drug-producing and drug-transit countries are fully cooperating in the U.S.-led drug war. The certification procedure employs a series of trade and aid sanctions and rewards intended to gain that cooperation. If the president decertifies a country, or if Congress rejects the president's certification, the United States imposes mandatory sanctions that include the suspension of 50 percent of U.S. aid and some trade benefits. Discretionary sanctions may include the end of preferential tariff treatment, limits on air traffic between the United States and the decertified country, and increased duties on the country's exports to the United States.

During the Clinton administration, more countries than ever (30) have come under the certification procedure, and a record number of countries (11 in 1995) have been decertified or granted national security waivers after failing to receive full certification. Most notably, Colombia was not certified in 1996.

U.S. Policy Is Not Just Ineffective

Efforts to "get tough" on drug-producing nations have caused an increase in violence and corruption, distorted economies, and undermined fragile democratic governments and elements of civil society. As long as drugs remain outside the legal framework of the market and U.S. demand continues, the enormous profit potential that results not only makes eliminating the industry impossible but makes the attempts to do so thoroughly destructive.

That Washington's prohibitionist strategy—and not the narcotics trade per se—may be responsible for the problems usually associated with drug trafficking, however, is not something U.S. officials care to acknowledge. Instead, patronizing statements are more typically heard. For example, Robert Gelbard, assistant secretary of state for international narcotics and law enforcement affairs, explained to a subcommittee of the House International Relations Committee in 1995 that, "thanks to U.S. leadership, more governments than ever are aware of the drug threat and have expressed their willingness to combat it."

In a perverse way, of course, Gelbard is right. To the extent that drug-source countries have engaged in the U.S.-led crusade against drugs, they have suffered the consequences. Colombia, the principal target of Washington's international drug control campaign, has over the years seen its judicial, legislative, and executive branches become steadily corrupted by the drug trade. Crackdowns on leading trafficking organizations have produced widespread violence and even dismantled cartels, but they have not affected the country's illicit export performance.

The pervasive influence of the illegal drug industry in Colombian society, and the Colombian government's apparently insufficient efforts to escalate the war against traffickers, led to Clinton's decertification of that country in 1996. Colombia's subsequent efforts to convince the United States it wishes to cooperate in the fight against narcotics led it to undertake coca eradication and other counternarcotic initiatives. Those initiatives have created resentment among peasant populations, who have consequently increased their support of major guerrilla groups, and have rein-

forced the business relationship between drug traffickers and the rebels who protect illicit drug operations. Indeed, Colombia's various guerrilla organizations earn anywhere from \$100 million to \$150 million from drug-related activities.

Furthermore, the escalation of the drug war has recently provoked a wave of guerrilla violence that has successfully displaced government authority in parts of the country. "If you can single out one act that has played a decisive role," Defense Minister Juan Carlos Esguerra explained, "I have no doubt that it is our frontal offensive against narco-trafficking in the southeast of the country." Guerrilla involvement in the narcotics trade has become so substantial that the government now refers to the country's largest rebel organization, the Revolutionary Armed Forces of Colombia, as the "third cartel," after the Medellín and Cali cartels, two previous drug war targets.

The United States has responded by increasing aid to the Colombian military, renowned for its human rights abuses and links to paramilitary groups. The U.S.-orchestrated drug war in Colombia and elsewhere has thus weakened civilian rule, strengthened the role of the military, and generated financial and popular support for leftist rebel groups. In Peru, for example, the Maoist Shining Path guerrillas received up to \$100 million per year during the 1980s from their marriage of convenience with drug traffickers. That situation prompted Harvard economist Robert Barro to suggest that "the U.S. government could achieve pretty much the same results if it gave the aid money directly to the terrorists."

The crippling of the Shining Path came only after the Peruvian government suspended coca plant eradication programs and concentrated its efforts on anti-terrorist activities and market liberalization. Unfortunately, the administration of President Alberto Fujimori abrogated the constitution in 1992 in a move intended to fight the rebel groups and institutional corruption, problems nourished by the drug war. Peru has since reintroduced democratic rule and initiated further market reforms. Renewed U.S. efforts to get tough on Peru (the country did not receive full certification in 1994 or 1995), however, may compromise those successes. In early 1996, for example, Peru resumed coca eradication and other traditional anti-narcotics efforts despite Fujimori's 1993 statement that long-standing "Peruvian-American anti-drug policy has failed."

Latin American societies are not the only ones threatened by the global prohibitionist model. Illegal opium production takes place in Pakistan, Afghanistan, China, India, Thailand, Vietnam, Burma, and other countries

in South and Central Asia. Many of those nations are struggling to become more market oriented and establish the foundations of civil society. As Gelbard has noted, "Most opium and heroin is produced in areas controlled by semi-autonomous, well-armed groups." U.S. supply-reduction efforts are increasingly focusing on countries that produce those drugs. Yet if aggressive prosecution of the drug war has managed to undermine relatively well rooted democracies such as Colombia's, there is every reason to believe that U.S. drug policy in Asia may be even more reckless.

Mexico provides perhaps the most urgent warning to leaders of Washington's anti-narcotics crusade. Major Mexican drug cartels have gained strength and influence as the U.S.-led interdiction campaign in the Caribbean has rerouted narcotics traffic through Mexico. Unfortunately, the result has been a sort of "Colombianization" of Mexico, where drug-related violence has increased in recent years. The 1993 killing of Cardinal Juan Jesus Posadas in Guadalajara, the assassinations of top ruling party officials, and the discovery of hundreds of millions of dollars in the overseas bank accounts of former president Carlos Salinas's brother all appear to be connected to the illicit drug business.

The destabilization of Mexico is especially unfortunate because of the country's efforts at economic and political liberalization. Unlike Colombia, however, Washington has granted Mexico full certification despite evidence of narcocorruption throughout the Mexican government. The inconsistency of U.S. drug policy toward the region is plain, but the internal contradictions of U.S. foreign policy would probably become too conspicuous were Washington to threaten sanctions against a partner in the North American Free Trade Agreement. An increasingly unstable Mexico also has serious implications for the United States. If Mexico experienced the level of social violence and volatility seen in Colombia or Peru, for instance, the United States would be directly affected—a development that would almost certainly provoke Washington's increased involvement in Mexico's complex domestic affairs.

Finally, Washington has not only created severe difficulties for drug-producing nations; its drug control efforts have helped disperse the narcotics industry to countries that might otherwise have avoided such penetration. Venezuela, Argentina, and Brazil, for example, have seen an upsurge in drug-related activity. Similarly, international disruptions in the various stages of illicit drug production have encouraged local traffickers to be self-sufficient in all stages of production. For example, the recent crackdown on Colombia's Cali cartel, which has temporarily depressed coca prices in

Peru, has prompted the Peruvian industry to enter more advanced stages of cocaine production.

Toward a Constructive Approach

Washington's international drug war has failed by every measure. Production of drugs in foreign countries has increased, and the flow of drugs to the United States has continued. Worse, U.S. narcotics control policies have severely aggravated political, economic, and social problems in developing countries. Attempts to escalate the drug war, even in a dramatic way, will do little to change those realities. Washington should instead encourage the worldwide shift away from statism and toward the creation of markets and civil society by ending its international crusade against drugs and opening its markets to drug-source countries' legal goods. Doing so will hardly affect U.S. drug consumption, but it would at least be a recognition that narcotics abuse is a domestic social problem that foreign policy cannot solve.

Suggested Readings

Boaz, David, ed. *The Crisis in Drug Prohibition*. Washington: Cato Institute, 1990.

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