



Cato Handbook for Policymakers

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58. The International War on Drugs

Policymakers should

- greatly de-emphasize counternarcotics activities in Afghanistan, since they undermine America's much more important struggle against al Qaeda and the Taliban;
- stop pressuring the government of Mexico to escalate the war on drugs, since that policy is leading to a dangerous upsurge in violence that threatens to destabilize the country;
- recognize that the "supply-side" campaign against cocaine and other drugs from the Andean region has produced few lasting gains, an inevitable outcome since global demand for such drugs continues to grow;
- accept the decriminalization and harm-reduction strategies adopted by the Netherlands, Portugal, and other countries as a better model for dealing with the problem of drug abuse; and
- move toward abandoning entirely the failed prohibitionist model regarding drugs.

The global trade in illegal drugs is a vast enterprise, estimated at more than \$300 billion a year, with the United States as the largest single retail market. It would be a mistake, though, to assume that the only relevant demand factor is U.S. demand. The American market is actually a relatively mature one with overall consumption not substantially different from what it was a decade or two ago. The main areas of demand growth are in eastern Europe, the successor states of the former Soviet Union, and some portions of Latin America. The bottom line is that demand for illegal drugs on a global basis is robust and will likely remain so.

That sobering reality has ominous implications for the strategy that advocates of a "war" on drugs continue to push. Their strategy has long had two major components. The first is to shut off the flow of drugs from

drug-source countries, through various methods of drug crop eradication, developmental aid to promote alternative economic opportunities, the interdiction of drug shipments, and the suppression of money-laundering activities. The second component is to significantly reduce demand in the United States through a combination of criminal sanctions, drug treatment programs, and anti-drug educational campaigns.

At best, efforts at domestic demand reduction have achieved only modest results, and the supply-side campaign has been even less effective. Moreover, with global demand continuing to increase, even if drug warriors succeeded in their goal of more substantially reducing consumption in the United States, it would have little adverse effect on trafficking organizations. There is more than enough demand globally to attract and sustain traffickers who are willing to take the risks to satisfy that demand. And since the illegality of the trade creates a massive black-market premium (depending on the drug, as much as 90 percent of the retail price), the potential profits to drug-trafficking organizations are huge. Thus, the supply-side strategy attempts to defy the basic laws of economics, with predictable results. It is a fatally flawed strategy, and Washington's insistence on continuing it causes serious problems of corruption and violence for drug-source and drug-transiting countries.

Ideally, the United States should lead an international effort to abandon the entire prohibitionist model, which would eliminate the black-market premium and allow legitimate businesses to enter a trade that would then have more "normal" profit margins. If Washington is unwilling to embrace such a far-reaching reform, it should at least stop browbeating and bribing drug-source and drug-transiting countries to try to do the impossible: shut off the supply to a robust global market.

The supply-side campaign continues to cause the most problems in three arenas: Afghanistan, the Andean countries of South America, and Mexico.

Afghanistan

The war on drugs threatens to interfere with the U.S.-led effort to combat al Qaeda and the Taliban in Afghanistan. U.S. officials want to eradicate drugs as well as nurture Afghanistan's embryonic democracy, symbolized by the pro-Western regime of President Hamid Karzai. Under pressure from Washington, Karzai has called on the Afghan people to wage war against narcotics with the same determination and ferocity that they resisted the Soviet occupation in the 1980s. Given the economic and

social realities in Afghanistan, that is an unrealistic and potentially very dangerous objective.

There has been some skepticism in U.S. military circles about the wisdom of pursuing a vigorous war on drugs in Afghanistan. U.S. military leaders in that country clearly believe that such an effort complicates their primary mission: eradicating al Qaeda and Taliban forces. That is a legitimate worry.

There is little doubt that al Qaeda and other anti-government elements profit from the drug trade. What drug warriors refuse to acknowledge is that the connection between drug trafficking and terrorism is a direct result of making drugs illegal. Not surprisingly, terrorist groups in Afghanistan and other countries are quick to exploit such a vast source of potential funding. Absent a worldwide prohibitionist policy, the profit margins in drug trafficking would be a tiny fraction of their current levels, and terrorist groups would have to seek other sources of revenue.

In any case, the United States faces a serious dilemma if it conducts a vigorous drug eradication campaign in Afghanistan in an effort to dry up the funds flowing to al Qaeda and the Taliban. Those are clearly not the only factions involved in drug trafficking. Many of Karzai's political allies are warlords who control the drug trade in their respective regions. They use the revenues from that trade to pay the militias that keep them in power in their fiefdoms and give them national political clout. Some of these individuals backed the Taliban when that faction was in power, switching sides only when the United States launched its military offensive in Afghanistan in October 2001. Anti-drug campaigns might cause them to change their allegiance yet again.

In addition to the need to placate cooperative warlords, the U.S.-led coalition relies on poppy growers as spies for information on movements of Taliban and al Qaeda units. Disrupting the opium crop alienates those vital sources of information.

The drug trade is a crucial part of Afghanistan's economy. Afghanistan accounts for more than 90 percent of the world's opium supply, and opium poppies are now grown in most provinces. According to the United Nations, some 509,000 Afghan families are involved in opium poppy cultivation. Even measured on a nuclear-family basis, that translates into about 14 percent of Afghanistan's population. Given the role of extended families and clans in Afghan society, the number of people affected is much greater than that. Indeed, it is likely that at least 35 percent of the population is involved directly or indirectly in the drug trade. For many of those people,

opium poppy crops and other aspects of drug commerce are the difference between modest prosperity by Afghan standards and destitution. They do not look kindly on efforts to destroy their livelihood.

Despite those daunting economic factors, the U.S. government is putting increased pressure on the Karzai government to crack down on the drug trade. The Afghan regime is responding cautiously, trying to convince Washington that it is serious about dealing with the problem without launching a full-blown anti-drug crusade that will alienate large segments of the population. It has tried to achieve that balance by focusing on high-profile raids against drug-processing labs—mostly those that are not controlled by warlords friendly to the government in Kabul. The Karzai government has been especially adamant in opposing the aerial spraying of poppy fields—a strategy that Washington has successfully pushed allied governments in Colombia and other South American drug-source countries to do.

Washington's pressure on the Karzai government is a big mistake. The Taliban and their al Qaeda allies are rapidly regaining strength, especially in Helmand and Kandahar provinces, perhaps not coincidentally the areas of the most vigorous anti-drug campaigns. If zealous American drug warriors alienate hundreds of thousands of Afghan farmers, the Karzai government's hold on power could become even more precarious. Washington would then face the unpalatable choice of risking the reemergence of chaos in Afghanistan, including the prospect that radical Islamists might regain power, or sending more U.S. troops to stabilize the situation beyond the reinforcements already contemplated in the summer of 2008.

U.S. officials need to keep their priorities straight. Our mortal enemy is al Qaeda and the Taliban regime that made Afghanistan a sanctuary for that terrorist organization. The drug war is a dangerous distraction in the campaign to destroy those forces. Recognizing that security considerations sometimes trump other objectives would hardly be an unprecedented move by Washington. U.S. agencies quietly ignored drug-trafficking activities of anti-communist factions in Central America during the 1980s when the primary goal was to keep those countries out of the Soviet orbit. In the early 1990s, the United States also eased its pressure on Peru's government regarding the drug eradication issue when President Alberto Fujimori concluded that a higher priority had to be given to winning coca farmers away from the Maoist Shining Path guerrilla movement.

U.S. officials should adopt a similar pragmatic policy in Afghanistan and look the other way regarding the drug-trafficking activities of friendly

warlords. And above all, the U.S. military must not become the enemy of Afghan farmers whose livelihood depends on opium poppy cultivation. True, some of the funds from the drug trade will find their way into the coffers of the Taliban and al Qaeda. That is an inevitable side effect of a global prohibitionist policy that creates such an enormous profit from illegal drugs. But alienating pro-Western Afghan factions in an effort to disrupt the flow of revenue to the Islamic radicals is too high a price to pay.

The Andean Region

The major drug-source countries of the Andean region—Colombia, Peru, and Bolivia—have long been an arena for Washington’s supply-side initiatives against drugs. Indeed, Washington made the reduction of drugs coming out of that region a major priority during the Reagan administration. More recently, the Clinton administration launched Plan Colombia, which eventually turned into a multiyear program with a price tag exceeding \$5 billion.

Some good news has been coming out of the largest of the Andean drug-source countries, Colombia. During the presidency of Álvaro Uribe, the level of violence in that country has declined substantially—a refreshing contrast to the carnage that was so typical during the 1980s and 1990s. One reason for that decline has been Uribe’s successful counterinsurgency campaign against radical leftist forces, especially the Revolutionary Armed Forces of Colombia. The FARC is much weaker today than it was even a few years ago, and that weakness is likely to intensify with the death of the organization’s longtime leader.

Another reason for the decline in violence is a less ruthlessly competitive environment among drug-trafficking organizations. The battles over market share have subsided, and the ferocious turf battles of the past are noticeably less prominent. Major U.S. cities have experienced similar patterns. The extent of violence typically drops off once the battles over territorial distribution of the trade are (at least temporarily) resolved. (If new entrants emerge, though, violence can surge again with dramatic suddenness.)

The decline in violence in Colombia, however, has not been accompanied by a significant decline in either drug crop cultivation or the overall exports of drugs—especially the most prominent export, cocaine. A June 2008 report by the United Nations’ Office on Drugs and Crime indicated that coca cultivation in Colombia in 2007 had surged 27 percent from 2006, to some 245,000 acres.

The data in the UN report reflected a problem that has plagued U.S. drug warriors for more than two decades. Concerted anti-drug campaigns will from time to time lead to a decline in drug cultivation and production in one or two of the Andean countries, but that decline is invariably accompanied by increases in one or more of the others. For example, a strong effort from the late 1980s to the late 1990s caused a decline in drug output in both Peru and Bolivia. But that same period saw an explosion of output in Colombia. (Indeed, panic regarding that surge was a major reason why Congress approved Plan Colombia.) When output then declined in Colombia, it revived in Peru and Bolivia. That is known as the “balloon,” or “push-down, pop-up” effect. Moreover, concerted anti-drug efforts in the traditional Andean drug-producing states have led to a greater prominence of the trade in such previously minor players as Ecuador, Brazil, and Venezuela.

The 2008 UN report showed the balloon effect. Cultivation remained relatively flat in Peru and Bolivia, but surged in Colombia, reversing the pattern earlier in the decade. The bottom line was that total cultivation in the region increased by 16 percent. Even the most tenacious drug warriors must have been disappointed at that outcome in the ninth year of a program that has cost American taxpayers \$5 billion.

Matters may get even worse for Washington’s anti-drug campaign in South America. Bolivia’s leftist president, Evo Morales, has been reluctant to cooperate with the United States on the drug issue. Indeed, his core political constituency consists of coca farmers. Ecuador’s equally leftist government is even less cooperative than Bolivia’s has been. In July 2008, Quito refused to renew Washington’s 10-year lease on Manta Air Base, one of the three major U.S. counternarcotics bases in Latin America. The loss of Manta will be a severe blow to drug interdiction efforts.

Washington faces trouble on another front. Venezuela’s leftist president, Hugo Chávez, has virtually severed ties with the United States on anti-drug issues. Indeed, there are indications that his regime is actively involved in the drug trade.

U.S. leaders need to face the reality that the Andean supply-side campaign is a failure. That strategy has been tried for more than two decades, and the quantity of drugs coming out of the region is as great as ever.

Mexico

Mexico is a major source of heroin, marijuana, and methamphetamine for the U.S. market, as well as the principal transit and distribution point

for cocaine coming in from South America. For years, people both inside and outside Mexico have worried that the country might descend into the maelstrom of corruption and violence that plagued the chief drug-source country in the Western Hemisphere, Colombia, from the early 1980s to the early years of this century. There are growing signs that the “Colombianization” of Mexico is now becoming a reality.

That tragic prospect is a direct result of Washington’s policy of drug prohibition. The enormous potential profit attracts the most violence-prone criminal elements. It is a truism that when drugs are outlawed, only outlaws will traffic in drugs.

If Mexico goes down the same path that Colombia did, the consequences to the United States will be much more severe. Colombia is relatively far away, but Mexico shares a border with the United States and is closely linked to this country economically through the North American Free Trade Agreement. Chaos in Mexico is already spilling over the border and adversely affecting the United States—especially the southwestern states of Arizona, New Mexico, and Texas.

The prominence of the drug trade in Mexico has mushroomed over the past 15 years. One consequence of the increased prominence of the Mexican cartels is a spike in violence. Even supposed victories in the drug war prove to be mixed blessings at best. As Stratfor, a risk-assessment consulting organization, notes: “Inter-cartel violence tends to swing upward after U.S. or Mexican authorities manage to weaken or disrupt a given organization. At any point, if rival groups sense an organization might not be able to defend its turf, they will swoop in to battle not only the incumbent group, but also each other for control.”

The turf battles have been ferocious. In 2005, more than 1,300 people perished in drug-related violence. By 2007, the yearly total had soared to 2,673. And it continues to get worse. By mid-August 2008, the carnage for that year already exceeded the number of fatalities in all of 2007. The U.S. State Department warned American travelers in June 2008 that battles between drug-trafficking gangs (and between those gangs and Mexican military and police) in portions of northern Mexico were so severe that they constituted “small unit combat operations.”

In addition to the extensive violence reminiscent of Colombia in the 1980s and 1990s, another Colombian pattern is also emerging in Mexico—the branching out of the drug gangs into kidnapping and other lucrative sources of revenue. Some reports suggest that the kidnapping problem in Mexico is now more severe than it is in Colombia.

U.S. officials concede that the drug-related violence in Mexico does not respect borders. According to John Walters, the director of the U.S. Office of National Drug Control Policy under President Bush: “The killing of rival traffickers is already spilling across the border. Witnesses are being killed. We do not think the border is a shield.” A Dallas narcotics officer reaches a similar conclusion: “We’re seeing an alarming number of incidents involving the same type of violence that’s become all too common in Mexico, right here in Dallas. We’re seeing execution-style murders, burned bodies, and outright mayhem. . . . It’s like the battles being waged in Mexico for turf have reached Dallas.”

U.S. law enforcement officials along the border are increasingly the targets of violence. A Homeland Security Committee report notes that at one time, smugglers “would drop the drugs or abandon their vehicles when confronted by U.S. law enforcement.” That is no longer the case. “In today’s climate, U.S. Border Patrol agents are fired upon from across the river and troopers and sheriff’s deputies are subject to attacks with automatic weapons while the cartels retrieve their contraband.” Some of the attacks have come from Mexicans wearing military uniforms. It is uncertain whether they are smugglers with stolen uniforms or whether rogue elements of the Mexican military are attacking U.S. law enforcement personnel on behalf of traffickers.

U.S. policy seems to be based on an assumption that if the Mexican government can eliminate the top drug lords, their organizations will fall apart, thereby greatly reducing the flow of illegal drugs to the United States. Washington has now backed up that policy with a lucrative aid package, the Merida Initiative, to help fund law enforcement reforms and other anti-drug efforts. In the summer of 2008, Congress approved the first installment (\$400 million) of what will likely be a multiyear, multibillion dollar program modeled after Plan Colombia, the initiative that began in 2000 for Colombia and its Andean neighbors.

U.S. officials have rejoiced at the willingness of Mexican President Felipe Calderón’s administration to make the drug war—and especially the capture of major drug-trafficking figures—a high priority. Since Calderón took office in 2006, the Mexican government has even given the military a lead role in combating the traffickers. The principal outcome of that strategy, however, has been an even greater level of violence, with military personnel increasingly being targets. The military has also now been exposed to the temptation of financial corruption that had previously compromised Mexico’s police forces so thoroughly.

The belief that neutralizing Mexican drug kingpins will achieve a lasting reduction in drug trafficking is the same assumption that U.S. officials made with respect to the crackdown on the Medellín and Cali cartels in Colombia during the 1990s. Subsequent developments proved the assumption to be erroneous. The elimination of those two cartels merely decentralized the Colombian drug trade. Instead of two large organizations controlling the trade, today some 300 much smaller, loosely organized groups do so.

More to the point, the arrests and killings of numerous top drug lords in both Colombia and Mexico over the years have not had a meaningful effect on the quantity of drugs entering the United States. Cutting off one head of the drug-smuggling Hydra merely results in more heads taking its place. Jorge Chabat, a Mexican security and drug policy analyst notes: “For years, the U.S. told Mexico’s government, ‘The problem is that the narcos are still powerful because you don’t dismantle the gangs.’ Now they’re doing just that . . . and the narcos are more powerful than ever.”

Mexico can still avoid going down the path to chaos, but time is growing short. Washington had better pay far more attention to the problem than it has to this point, and U.S. officials need to come up with better answers than the ineffectual and discredited policies of the past. If drug prohibition continues, violence and corruption will become a dominant and permanent feature of Mexico’s life. The illicit drug trade has already penetrated the country’s economy and society to an alarming degree.

U.S. officials need to ask whether they want to risk a chaotic, embryonic narcostate on America’s southern border. If they don’t want to deal with the turmoil such a development would create, the new administration needs to abandon the prohibitionist strategy and do so quickly.

A New International Drug Policy Is Needed

When the United States and other countries consider whether to persist in a strategy of drug prohibition, they need to consider all the potential societal costs. Drug abuse is certainly a major public health problem, and its costs are considerable. But as we have seen over the decades in Colombia, Mexico, Afghanistan, and other drug-source countries, banning the drug trade creates economic distortions and an opportunity for some of the most unsavory elements to gain tenacious footholds. Drug prohibition leads inevitably to an orgy of corruption and violence. Those are very real societal costs as well. Indeed, those costs exceed any possible benefits that prohibitionist policies could achieve.

Some countries have apparently begun to understand that reality and adjust their policies accordingly. The Netherlands was one of the first to do so with marijuana consumption. The recreational use of cannabis in Amsterdam and other cities, although technically still illegal, is openly tolerated by Dutch authorities. Portugal has gone even further than the Netherlands, changing its laws to decriminalize the simple possession and use of a wide array of recreational drugs. Both countries have risked the disapproval, and at times the diplomatic wrath, of the United States to institute such reforms. And the results have been encouraging. Both countries have seen a reduction in overall crime, especially violent crime. Cristina Fernández de Kirchner, the president of Argentina, endorsed the decriminalization of drug use in August 2008, as did the second-largest party in Mexico. It is an idea that seems poised to spread.

Washington should respect the right of countries who wish to pursue drug policy reforms and not exert pressure to make them adhere to the prohibitionist model. Indeed, U.S. policymakers might profit from their example.

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