Eternal hope: America’s quest for narcotics control

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THROUGHOUT THE TWENTIETH century, the government of the United States has maintained that the solution to the American drug abuse problem lies with the foreign nations that produce the most important illicit drugs. This has been the view of administrations as different as John Kennedy’s and Ronald Reagan’s and it has been held about drugs as different as heroin and marijuana. The tone of the official statements on this matter has become somewhat less accusatory over the years—the government no longer suspects Communist governments of attempting to corrupt American moral fiber and fighting power through drug exports, though the Bulgarians, North Koreans, and Cubans have in fact been caught in minor facilitating roles from time to time. But there has been no change in the view that cutting exports from countries such as Burma, Colombia, and Pakistan is the best method for reducing U.S. consumption of heroin, cocaine, and marijuana. As the White House stated in 1982, “elimination of illegal drugs at or near their foreign source is the most effective means to reduce the domestic supply of these substances.”

This notion became a genuine part of American foreign policy when President Nixon, under heavy congressional pressure, initiated a series of bilateral agreements with source countries to assist
them in reducing their exports. These agreements have become a standard component of battles between the State Department and Congress, Congress generally charging that the Department gives too little high-level attention to the drug problem. But there is no political dispute about the centrality of these international programs to American drug policy. The only dispute concerns the appropriate levels of expenditure and the intensity of pressure to be exerted on other nations.

The notion of production control, as it is usually called, is indeed an appealing one: Enough of the band-aids of interdiction and domestic law enforcement; we shall strike at the fundamentals, namely drug production itself. I think it fair to say that the appeal is peculiarly strong for Americans. The rest of the world is much more resigned to band-aids, if not to the ailment itself.

Unfortunately, there is plenty of evidence that U.S. foreign drug control efforts have been unsuccessful. In recent years, U.S. consumption and world production appear to have increased somewhat for heroin, and greatly for the other two drugs; prices have been declining in the United States.

The failures of U.S. international programs are not the result of incompetence or inadequate resources; they are inherent in the structure of the problem. The producer countries jointly lack either the motivation or the means to reduce total production. Even if such reduction were possible, it is unlikely that U.S. imports from each of these countries, apart from Mexico and Turkey, would be affected. Just as important, the set of source countries is readily expandable. The international programs serve a useful function in curbing illicit drug use in some major source countries. But they will do little to reduce drug abuse in the United States.

**Dubious data**

Numbers play a critical role in discussions about drug policy, both domestically and internationally. The numbers usually cited are impressively large. A recent *New York Times Magazine* article by Matheal Falco, the first Assistant Secretary of State for International Narcotics Matters (during the Carter Administration), provides most of the standard ones. "In the United States, Exxon is the sole corporation with annual revenues in excess of the $79 billion that, according to the Drug Enforcement Administration's last estimates, is generated every year by the sale of illicit drugs." "In many less developed countries of the third world, drug trafficking . . . is
transforming whole economies. In Colombia... marijuana and cocaine, together, produce more foreign exchange than coffee and cut flowers, that nation's chief lawful exports.” “Bolivia's lawful foreign-exchange earnings... account for $800 million; cocaine is estimated to generate as much as ten times that.”

None of these figures is well-founded or plausible. The best study of the total expenditures on illicit drugs in this country, by Ken Carlson and his associates, points to a total of less than $27 billion (for marijuana, heroin, and cocaine).\(^1\) Even that may be too high, since it includes a very dubious estimate of the total number of heroin addicts.\(^2\) The official estimate of $79 billion that Falco referred to was based on extremely questionable estimating procedures and has been, as of 1983, effectively disavowed by the Drug Enforcement Administration. Unfortunately, high-level political rhetoric clings to the old, inflated figures. The visible lobbies in this area (law enforcement, treatment providers, citizen anti-drug groups, etc.) demand high, rather than accurate, estimates.

That estimate is critical to the second set of numbers, namely the foreign exchange earnings of the producer countries. If total marijuana expenditure is $7 billion (Carlson's estimate) rather than $22 billion (the official estimate), and we take account of the fact that the exporter receives barely 8 percent of the retail price (see table), then we start to see much less frightening figures for producer country earnings. Total producer country earnings are probably about $500 million for marijuana; for cocaine the comparable figure is probably $300 million. Colombia's coffee exports in 1980 earned $2.4 billion, and since there is a fair amount of smuggling of coffee, this figure is an underestimate. While earnings from drugs are large, they simply do not overwhelm producer economies.

Export and Retail Prices of Drugs, 1980\(^a\)

<table>
<thead>
<tr>
<th>Drug</th>
<th>Export Price(^b) (Per pure kilogram)</th>
<th>Retail Price (Per pure kilogram)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heroin</td>
<td>$70,000</td>
<td>$1,900,000</td>
</tr>
<tr>
<td>Cocaine</td>
<td>20,000</td>
<td>650,000</td>
</tr>
<tr>
<td>Marijuana</td>
<td>135</td>
<td>1,700</td>
</tr>
</tbody>
</table>

\(^a\) Source: Adapted from Narcotics Intelligence Consumers Committee, Narcotics Intelligence Estimate (Washington, D.C.: Drug Enforcement Administration, 1982).

\(^b\) As it leaves the source or final transshipment country.

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2 See “The (Continuing) Vitality of Mythical Numbers,” Peter Reuter's article in The Public Interest No. 75 (Spring 1984), pp. 135-147.
Of products and producers

While all three drugs are derived from foreign plant sources, each presents a distinctive problem which can best be understood after a brief description of the sources and circumstances of production.

Heroin is derived from opium, itself a simple product of the poppy plant (papaver somniferum), grown for centuries throughout Asia and the Middle East. Opium has many legitimate uses, both for the farmer (cooking oil, cattle feed, and fuel) and for pharmaceutical companies (pain killers). There is a large, and apparently effectively controlled, legal production of opium in a number of countries (India, Turkey, Australia, and France are the most prominent). For illicit consumption, either of opium or the more refined heroin, the major producers are peasant farmers in Afghanistan, Burma, Iran, Mexico, Pakistan, and Thailand. The U.S. heroin market receives supplies from all of them.

Cocaine is produced from coca leaves that are grown in only four countries: Peru, Bolivia, Colombia, and Brazil. Peruvian and Bolivian coca growing is long established, and a significant share of the leaves is consumed domestically as a mild stimulant. Peruvian leaves are also refined, legally, for pharmaceutical and flavoring purposes. Colombian and Brazilian production, which has developed only in the last few years, is solely for illicit refining into coca base and, eventually, cocaine hydrochloride, for foreign (predominantly U.S.) consumption. A significant fraction of Peruvian and Bolivian production is also destined for illegal markets. Again, the producers are peasant farmers.

Marijuana grows throughout the world, under a wide variety of horticultural and climatic conditions. Currently, the major producers are Colombia, Jamaica, Mexico, Morocco, and the United States. The American market is supplied predominantly by Colombia and Jamaica; it is possible that Colombian production is more organized, by entrepreneurs who finance farmers and have developed better strains of the crop.

Each drug is associated with significant corruption in most of the producer countries. The U.S. government has obtained indictments, though not extradition, against senior cabinet ministers in the former Bolivian regime of General Garcia Meza. The marijuana export trade in Colombia may at times have been run by military officials, and the Thai government has admitted widespread corruption in its narcotics control efforts.
Two other preliminaries are necessary before we consider the efficacy of U.S. programs. First, the price of the illegal drug at the point of export to the United States is a very small percentage of the final price paid by the U.S. consumer. The table presents figures on the export and final prices for all three drugs in 1980. The export price is less than 10 percent of final price in each case. Most of the final price is compensation to dealers for legal risks incurred in domestic distribution. Even very large increases in the producer country prices will have but a negligible impact on the U.S. price and hence consumption. The international programs can work only by creating an absolute scarcity of the drugs for U.S. consumption.

Second, the U.S. probably consumes only a small share of the total world production of opium, which is estimated at between 1,000 and 2,000 tons annually. (U.S. heroin consumption accounts for only about 40 to 50 tons.) Given that even poor U.S. heroin addicts are more affluent than other user populations, it is likely that they should be regarded not as the marginal but the first consumers. Even quite a large reduction in the total world production of opium might not make it difficult for U.S. heroin addicts to acquire heroin. While estimates of world marijuana and coca leaf production are far more uncertain than for opium, it appears that U.S. consumption accounts for less than half of the total.

U.S. control efforts

U.S. efforts to suppress foreign production of illicit drugs go back at least to the Shanghai Treaty of 1909. Believing that the instability of China was very much bound up with the widespread use of opium, supplied through much of the 19th century from India by British merchants, the United States sought a treaty system that would require all nations to control the production of opium and its derivatives. Other nations were a great deal less enthusiastic, but, in 1913, 34 nations signed a fairly comprehensive agreement. In that more innocent era, there was enough faith in treaties per se (later extended, again at the urging of the U.S., to cocaine and marijuana) that no program of assistance for enforcement was established. The Drug Enforcement Administration's predecessor, the Federal Bureau of Narcotics—despite the notorious political aggres-

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3 Alternatively, one might note that the source country price is a small share of total price for American heroin users and a large portion of the total price for source country users of either opium or heroin. Thus, it is plausible that the elasticity of U.S. heroin demand, with respect to source country opium price, is lower than that of source country users.
siveness of its long-time head Harry Anslinger—remained a small agency. It had less than 450 employees in the early 1960s and only five agents posted in Europe, which was even then the site of most heroin refining for the U.S. market. Little attention was given to drugs other than heroin.

The growth of heroin use in the late 1960s changed U.S. policy markedly. No longer content to work through the international treaty system, the United States for the first time began to seek bilateral agreements, involving the use of U.S. resources and personnel, to strike at production in nations deemed particularly important to the American heroin problem. These efforts have been expanded since 1979 to include cocaine and marijuana.

The U.S. has tried a number of approaches. Some efforts focus on production itself. Resources are provided to aid local law enforcement agencies to eradicate crops, either through the spraying of a herbicide (as was done in Mexico for opium poppies) or by manually uprooting plants (as is occasionally done with coca plants in Peru). A number of projects have been funded, either by the United States directly or through multilateral agencies (such as the United Nations Fund for Drug Abuse Control), that aim at providing alternative commercial crops for farmers growing coca (in Peru) or poppies (in Burma).

Since 1978, the State Department's Bureau of International Narcotics Matters (INM) has been responsible for foreign production control efforts, through diplomatic efforts and targeted economic assistance programs. INM had a budget appropriation of $38 million in Fiscal Year 1983.

The Drug Enforcement Administration also assists foreign governments in law enforcement activities aimed at refining and distribution, particularly in source countries. It trains foreign police at U.S. facilities, and has offices in major source and transshipment countries to help target traffickers particularly significant for the U.S. Its international activities were budgeted at $31 million in FY 1983. Total federal expenditures on all drug programs were about $1 billion that year.

The small expenditures on the international programs have sometimes led Congress to charge that the Executive Branch is not taking the problem seriously enough. Indeed, in 1980 Congress forced the State Department to allocate $7 million to Colombia, at a time when INM believed, correctly as it turned out, that the Colombian drug enforcement agencies would not accomplish much with the money. Generally, INM has been consistent in its view that the most important tools are diplomatic rather than financial. The second
head of INM, Dominick DiCarlo, asserted, with the concurrence of
the head of DEA, that one dollar spent overseas on crop reduction
was worth ten dollars spent domestically on the enforcement of
drug laws. But he seems also to have understood that this may be
the result of picking foreign opportunities carefully. It does not
mean that there are many remaining opportunities for productive
expenditures overseas.

Officials in INM base their optimism on the apparent success of
diplomatic efforts. They claim that there is increased interest on the
part of senior U.S. officials in raising these issues with their foreign
counterparts, and that those counterparts are more willing to follow
up on promises of action. The recent success of the Pakistani gov-
erment in greatly reducing the illicit cultivation of poppies in some
areas of the country is cited as an instance of effective diplomatic
pressure. Though a total national ban on opium production has not
been implemented, new laws, increased police efforts, and low pro-
ducer prices had reduced estimated production levels to less than
45 tons in 1984, compared to 800 tons in 1979.

In some countries that produce opium, local increases in heroin
use may have increased the willingness of governments to imple-
ment crop reduction and traffic control programs. While estimates
of the addict populations in countries such as Thailand and Pakistan
are extremely unreliable, it is clear that these countries believe they
have a substantial problem. INM cites an estimate of 50,000 Paki-
stani heroin addicts, where there were almost none ten years ago.
With a certain amount of skepticism, INM cites a figure of 400,000
to 600,000 Thai addicts, again an entirely new phenomenon. Domes-
tic Colombian use of a dangerous combination of marijuana and
cocaine residue is a cause of concern in that country.

Down on the farm

Despite the increasing concern with local drug use, there are
many impediments to successful crop reduction efforts in producer
countries. The first is that farmers usually do not have an easy alter-
avative commercial crop. Currently, poppies may indeed be the only
crop that can be produced in remote areas of Burma and Thailand
to provide steady cash income. Everyone recognizes that increased
law enforcement efforts against farmers will have little effect unless
other productive opportunities are provided. This takes many years.
The basic strategy of the UN Fund for Drug Abuse Control (UNFDAC)
and the Thai government is to develop these alternative cash crops.

In most cases, this requires, among other things, the creation of
a new infrastructure (roads in particular) to permit the efficient delivery of bulkier and more perishable crops to distant markets. Farmers must also learn how to produce crops entirely new to their regions, such as cacao in the Upper Huallaga valley of Peru and kidney beans in the Chiang Mai area of Thailand. Whether these efforts will turn out to be sufficient is a matter of speculation. (Indeed, subsidized irrigation and fertilizer might have the perverse effect of increasing the productivity of illicit farming.) The programs in Thailand show promise but encompass a population of only a few thousand, and there are no instances in which crop substitution has actually been achieved on a large scale.

It should be noted that there is little talk of crop substitution for marijuana producers; enforcement alone is supposed to deal with the problem. Two arguments have been made for this policy. First, marijuana is grown solely for illicit commercial purposes, whereas poppies and coca have licit uses as well. Thus, one can simply spray all marijuana fields without worrying whether one or another might in fact be legal. This would not work in Peru, where there are some 9,000 licenses for coca production. Second, producers of marijuana are "mercenary"; they are not peasant farmers without a cash crop alternative. As one official suggested, it would scarcely be good policy to reward new marijuana source countries by granting them agricultural development assistance.

A second major obstacle to crop reduction is the generally weak control of governments in the producing areas. The Thai and Burmese governments have long been fighting insurgent movements in the hills that are home to the poppy growers. The Peruvian government has little effective control in some of the very remote regions that produce coca leaves. Similar statements are true for Afghanistan, Pakistan, Bolivia, and Laos, at least. Even where governments are strongly motivated and have sensible plans, they are likely to have great difficulty in implementing them.

Third, some major source countries, notably Iran and Afghanistan, have hostile relations with the United States. Though they may adopt policies to reduce domestic consumption, they are unconcerned about U.S. imports. Fourth, U.S. relations with most of the other countries involved in opium production are very complex. The United States would like Pakistan to adopt certain policies with respect to Afghanistan. It seeks to retain bases in Thailand. It would like Colombia to take particular positions with respect to Central America. A DEA official explaining the relatively light pressure being exerted on Jamaica was quoted in the New York Times as say-
Some analysts believe that if you came in with a severe narcotics program, you could affect the existence of the present government... Drugs are a serious problem. But communism is a greater problem." Given all these considerations, and the disinclination of diplomats and policymakers to concern themselves with such unseemly matters as the drug trade, it is difficult to put consistent pressure on source country governments.

Finally, and perhaps most important, the set of producer countries is not fixed. New producers emerge all the time. Brazil is apparently witnessing a rapid growth in coca and marijuana production. Until five years ago, these crops were minor and were used only for peasant consumption; by 1983, the Brazilian authorities claimed to have destroyed or seized nearly 2,000 tons of marijuana (almost 30 percent of the best estimate of U.S. consumption). Belize, an enclave of 150,000 people in Central America, may have produced 700 tons of marijuana in 1983, all for export, where there was none five years earlier. Pakistan had little opium production prior to 1948, the British being concerned to protect the markets of opium farmers in other parts of British India. Yet by the mid-1950s, there was substantial licit and illicit opium production in the North West Frontier Province. There is no reason to believe that other countries, with large impoverished peasant populations and weak central governments, would not soon become significant producers if the current producers greatly cut back. A large or traditional local market turns out not to be essential. In the instance of marijuana, we must also note the rapid growth of very high quality domestic U.S. supplies.

The lack of motivation may be equally important. The national governments in many of these countries believe that the political costs of reducing the cash income of farmers are very high. Indeed, in describing the recent Bolivian crack-down on coca producers in the Chapare region, involving the moving in of troops, the New York Times reported: "On August 17, less than a week after the Chapare occupation, the government was forced to drop the peso's official value by more than half, from 2,000 to $1 to 5,000. And in Bolivia, the world's most politically unstable country, that is enough to start talk of a coup."

Governments dealing with the enforced stringencies of the IMF are likely to give pause to efforts that will add to their domestic economic worries. The extent to which foreign exchange earnings from drug exports matters is unclear: In most situations only a small share of these earnings enter the official accounts, but some certainly does.
The international pipeline

Crop reduction is touted as a goal by the United States because it is assumed that the less each source country produces, the less will be exported to America. Clearly, if none is produced, then none can be exported. But it is also plausible that quite large reductions (or increases) in any particular country’s production will have little impact on exports to the U.S.

We start with the observations on the price of opium in source countries relative to the price of heroin in the U.S. As we have seen the ten kilograms of opium in Thailand needed to make one kilogram of heroin cost, at most, $1,000. If that price fell to $100 or rose to $5,000, it would have little effect on the price of heroin delivered to the U.S. (roughly $200,000 per kilogram at the importation level). Yet the effect of crop reduction, short of elimination, is simply to raise local prices.

Moreover—and contrary to what we would expect in a smoothly working international market—it appears that quite large differences in source country prices for particular drugs have little effect on the composition of U.S. imports from country to country. For example, in the oil market Nigeria has only to raise its price by 1 percent to lose a large share of its sales; its customers have little hesitation in shifting to other suppliers. Yet the bazaar price for opium in Burma can be half that in Pakistan without any great shift in the origins of American heroin imports.

One plausible explanation for this is that the price of a drug from a particular country is not determined chiefly by source country price, but by the availability of efficient international distribution networks. This is certainly consistent with the fact that most of the export price of drugs represents payments to couriers and dealers for incurring risks. For example, the essential characteristic of relatively cheap Mexican opium and heroin was not the price of opium in Mexico (which was high relative to other producer countries), but the efficient Mexican networks for distribution. Reducing the supply in Mexico—as was achieved—did have the effect of shutting off the pipeline. But if it were easy to smuggle heroin into Mexico, the loss of this local production would have been of little consequence for the U.S.: The cheap distribution networks would remain. As it turns out, the Mexican government is reasonably effective at making it risky to bring heroin into that country, so the trafficking networks have been thwarted.

Similarly, the increased availability of Southwest Asian heroin in Western Europe and the U.S. shortly after 1979 may have had
less to do with the price of opium in the local markets than with the growing density of traffic from Southwest Asia to Western Europe. Pakistan has substantial expatriate communities in Britain and West Germany. There are also large communities of Armenians and Lebanese in Europe and Iranian immigration to the U.S. suddenly increased after 1977. These provide broad pipelines, so to speak, within which to hide the movement of drugs.

These broader pipelines have three important advantages for drug smuggling. First, they make it more likely that the courier will not be detected, because surveillance decreases in intensity as the general traffic from a particular source country increases. If there is only one flight each day from Karachi to London, then it is possible to scrutinize every vaguely suspicious looking passenger; if there are ten per day, this becomes much more difficult and expensive.

Second, the probability of finding a courier able and willing to carry the drugs increases with the size of the pipeline. When the only Pakistanis travelling to London are well-to-do tourists, it will probably be hard to find a courier. The lone peasant on a plane filled by the wealthy might well get caught. But when there is a steady flow of poor migrants, it will be easy to find and conceal a courier within the flow.

Third, if there is a large population of immigrants from the source country in the consuming country, it is more likely that the exporter can find a local high-level distributor. The more Pakistanis resident in London, the higher the probability that a Pakistani exporter can find someone there who will know an English distributor.

If this is so, then we must ask why there are relatively sudden changes in the distribution patterns to source countries. After all, the immigrant flows and the heaviness of traffic from source to consuming countries change relatively slowly; the middle-class Iranian exodus of 1978-80 was unusual. There was not a sudden increase in the number of Pakistanis in Western Europe around 1980, which might explain the great increase in the flow of heroin along that path.

The pipeline effect is likely to be nonlinear. There are thresholds—in number and composition of travellers and in the size of the local community—which, once passed, may lead to rapid changes in the efficiency of the distribution through a particular pipeline. The international cocaine market provides some evidence consistent with this view. Most cocaine entering the U.S. comes from Colombia, though the raw material is produced mostly in Peru and Bolivia. The advantage of Colombia as an export source is partly that it is the largest South American source of migrants to the U.S. On the
other hand, most cocaine exported to Europe leaves from Brazil, which has the largest migrant population in Europe.

Pyrrhic victories

With this view in mind, let us turn to two of the "success stories" in the U.S.'s international drug control program:

Turkey was believed to be the source of 80 percent of the opium used for American heroin supply in the late 1960s. The U.S. government offered to provide compensation for licit Turkish poppy growers if the Turkish government would prohibit all poppy farming. An agreement was signed in 1971, committing the U.S. Treasury to pay $35 million to Turkey. It appears that the ban was successful and that little opium was grown in Turkey during the period it was in force.4

The ban lasted less than two years. The U.S. delivered about $23 million, but Turkey's internal politics led it to abrogate the ban in 1974. Instead, the Turkish government then imposed stringent controls, designed to assure that there was little leakage from the legal opium market. The controls, unhindered by American notions of due process and individual justice, seem to have been successful. A major instrument is the threat to destroy the authorized poppy crops of all members of a village if even one member is found to be growing unauthorized poppies. This provides a strong incentive for self-policing at the village level. Certainly, though Turkey remains a major transshipment country for heroin from Southwest Asia, there is a widespread belief that it produces negligible amounts of opium for the illicit market.

What was the consequence for the United States of the successful Turkish ban? The immediate effect was significant; purity declined and prices rose. However, it appears that this shortfall in supply was quickly offset by the development of Mexican heroin production. It is quite plausible that this was a simple coincidence, but most observers believe that it was a response to the opportunity provided by the Turkish ban. There is no evidence that the ban led to more than a very brief reduction in the availability of heroin in the United States, and it has been estimated that by 1974 Mexican heroin accounted for 80 percent of total U.S. consumption. Particularly alarming was the fact that Mexico had no domestic opium or heroin market; production was intended solely for export to the U.S.

4 The tangled web of events surrounding the Turkish poppy ban is well-described in James Spain, "The United States, Turkey, and the Poppy," *The Middle East Journal*, 1983.
The second success story concerns the subsequent U.S. efforts with Mexico. In 1973, the United States and Mexico entered into an agreement. The U.S. provided assistance to the Mexican government to eradicate poppy fields, mostly located in mountainous and isolated areas in the north of the country. The United States thus supplied equipment, principally helicopters and planes, training, and some herbicide, and the result was that heroin production in Mexico fell 75 percent from 1976 to 1980.

This does appear to have had an impact on the availability of heroin in the U.S. A number of indicators point to a decline in heroin use from 1975 to 1979: The official estimate of the number of addicts fell by 20 percent, prices rose sharply, and purity fell. It is difficult to identify any difference in domestic enforcement that might account for the changes. Not until 1980 did U.S. heroin consumption approach its former levels.

At its peak, Mexico never produced more than 5 percent of world opium supplies. It was, moreover, a very high-cost producer, with farmgate prices at least ten times those of other source countries. But it was a low-cost source country for U.S. heroin addicts, because the costs of bringing heroin into the U.S. were so low. This was a function of the porousness of the U.S.-Mexican border and of the density of the cross-border traffic within which the heroin moved.

Why did no other producer country take Mexico's place during these four years? There are some special circumstances that may have had a role. Most important was the final departure of U.S. armed forces from South Vietnam, which shut down a particularly efficient pipeline for Southeast Asian heroin into the U.S. The Turkish opium ban and the end of the trafficking system known as the French Connection also combined to eliminate an important distribution network. Certainly it was not the lack of opium in world markets from 1976 to 1978 that led to the relative tightness of the U.S. heroin market: Pakistan, for example, already had a bumper crop in 1978, well before the new influx of the Southwest Asian heroin into the United States.

The third success story concerns Mexican marijuana, which dominated the U.S. market in the early 1970s. Paraquat spraying, with the same equipment that the U.S. had provided for opium eradication, dried up U.S. demand for Mexican marijuana, since there was some evidence that smoking cannabis that had been sprayed with that pesticide was seriously harmful to the user's health. The share of the U.S. marijuana market supplied from Mexico fell dramatically. However, once again a new producer, Colombia, appeared
on the scene, this time so rapidly that there was no detectable inter-
ruption in supplies. Moreover, Colombian marijuana turned out to
be of significantly greater potency.

The success of the Mexican and Turkish efforts suggests that rapid
debates in individual source country production can be achieved. How-
However, I think there are two important distinctions between Tur-
key and Mexico, on the one hand, and most other source countries
on the other. First, in both nations the central government’s author-
ity in the growing areas was very strong. In the seven provinces of
central Turkey—the traditional opium producers—the national
government could enforce laws with little risk of revolt. The same
cannot be said, for example, of the coca producing areas of Peru—
currently the operating territory of the Shining Path guerrillas—
or the opium regions of Burma, controlled by insurgent armies.
Though the northern provinces of Mexico are rugged and difficult
to police, there was no political threat arising from more stringent
enforcement.

Second, the illicit drug revenues were not very important to the
national or major regional economies of Turkey and Mexico. The
Turkish government has been very careful to prop up prices for licit
opium, creating thereby an enormous stockpile in order to maintain
farm income. But the illicit market accounted for a relatively small
share of the total revenues of the producing areas. The same was
true for Mexico, but is not true for major areas of Peru, Bolivia,
Burma, and Afghanistan, at least.

There are some surprising features of the ultimate failure of the
Turkish opium ban and the Mexican marijuana spraying. First, new
crops came on line elsewhere with unexpected speed. While we lack
sufficient data to estimate how large an expansion took place in the
relevant period, it appears that thousands of peasant farmers in
Mexico (opium) and Colombia (marijuana) increased their acreage
under drug cultivation within a few months in response to new
income opportunities. This is rather sobering testimony to the
adaptability and energy of these farmers, perhaps as encouraged by
drug entrepreneurs.

Second, new export-import channels developed very rapidly.
Prior to 1970, there seems to have been a trivial amount of Mexican
heroin exported to the United States; by 1974, such trafficking net-
works were able to accommodate a very substantial amount of her-
on. In the case of Colombian marijuana, it is possible that the
already substantial cocaine trade provided a base for the sudden
expansion of the marijuana exporting. However, the two drugs usu-
ally travel by different routes; cocaine is typically flown in, while marijuana most often comes in by small boat. Trafficking organizations, at least at the export level, seem to specialize in just one of the drugs, along with minor quantities of the other for personal use.

Third, locational advantage does not seem to be very important. Mexico is ideally placed for the export of marijuana, which is bulky: The border is long and no specialized equipment is necessary. Yet Colombian marijuana supplanted Mexican with no apparent loss of marketing efficiency.

The sad fact is that real long-term success stories have had nothing to do with international aid and law enforcement. Vastly more important is political and economic development. Macedonia was, prior to World War II, a significant producer of opium, mostly for domestic consumption. By the early 1970s, opium production had fallen to about 5 percent of its previous level. Some analysts plausibly attribute this to general economic progress in the producing area, which made the relatively labor-intensive crop less economically attractive. On the political side, we have the success of China in its southwest provinces. Though some minority groups still produce for their own consumption, the major production areas have been eliminated since the establishment of the present regime. That is probably the result of the central government’s repugnance for all symptoms of decadence in the old culture. It is hard to draw any but the most pessimistic lessons from these two examples, at least for the design of drug enforcement assistance programs.

Placebo policies

Congress has been frequently indignant about the lack of progress in curtailing foreign production and exports to the U.S. Statutory restrictions have been placed on U.S. aid to those nations involved in drug production, but it has been difficult to implement these restrictions. The complexity of U.S. relations with most other nations, as well as the difficulty of determining just how seriously these foreign governments are in fact taking the problem, have combined to prevent effective use of other aid programs to encourage crop reduction overseas. Only one country has ever been denied aid as a consequence of its failure to cut back drug production: In late 1980, aid to the corrupt Bolivian regime of General Garcia Meza was suspended, to be resumed in 1983 following the election of President Siles Zuazo.

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Official documents—the 1982 White House Drug Strategy, the 1984 INM report to Congress—say all the right things. There are no illusions about the will and power of most of the relevant governments. It is noted that the United States is not on friendly terms with some of the critical producer countries. There is an awareness that the problem for individual countries is a long-term one; peasant farmers are understandably unconcerned about American drug use and are likely to be rather more efficient at opium, marijuana or coca production than at producing other, newer crops. But documents continue to advocate the same strategies—treaties, crop replacement, and so on.

It is unlikely that such policies will be successful in reducing American drug consumption. They ignore the realities of the world drug market. Many countries are sources for U.S. consumption, and exports to this country are affected at most only slightly by their total production. (In the case of Mexican opium, U.S. efforts were able to reduce total production so substantially that there was simply too little heroin to deliver. But Mexico is distinct from most major source countries: the absence of an indigenous market meant that there was no local consumption base from which to bid for export material.)

In general, if it is the cost of distribution that determines a nation's exports to the United States, then two consequences must be noted. First, INM programs should focus on those countries that are the major sources for U.S. markets, not those that are simply the largest producers. There has already been some implicit recognition of this; the attention given to Mexico represented its importance to U.S. consumption, not to world production. Second, except where U.S. consumption is the bulk of the market, programs should focus on distribution to a greater extent than they do. Unfortunately, we have little idea of how to make distribution a more risky and expensive activity in other countries.

There are, despite this, good arguments for maintaining an international production control program. First, some success cannot be ruled out. The right set of ecological and political events might make it possible, through effective diplomacy, to cause a major short-term disruption in the U.S. drug market. For example, a drought in Afghanistan, continued success in crop substitution in Pakistan, and the installation of a more authoritarian regime in Thailand might make heroin somewhat scarce in the United States for two or three years, this being a good guess as to the time needed to increase production elsewhere and to establish the necessary traf-
flickering routes. Estimates of the annual social cost of drug abuse in the United States are highly speculative, but a figure in the tens of billions is not unreasonable. Spending a few million dollars annually for even a 1 percent probability of reducing that cost by $10 billion or so is not unwise.

Second, the vast array of international treaties that attempt to restrict the diversion of licit production into illicit markets is worth preserving. Note here an important distinction between the U.S. and the source countries: Because the U.S. is wealthy and populated with recent immigrants from many different countries, it has relatively smoothly functioning traffic flows to a number of producer countries. That is not true for many of the source countries themselves. A drying-up of heroin supplies in Bangkok is unlikely to bring a flow of drugs to Thailand from Pakistan, let alone Mexico. Consequently, the major beneficiary of U.S. efforts at curtailing Thai drug production is Thailand itself, along with other countries in the region (most notably Malaysia, whose drug users are dependent on Thai opium). The U.S. commitment to reducing illicit production is important in these regions. Its abandonment might greatly increase the availability of drugs for illicit markets throughout the world, the social costs of which, for the source countries, are likely to be substantial.

These are arguments for maintaining the existing programs. They are also arguments for lowering the level of rhetoric, particularly in Congress, concerning the importance of these programs in helping deal with the domestic drug abuse problem. They are best seen as part of America's general foreign aid policy. They should be seen only secondarily as (very speculative) investments in the long-term reduction of the availability of drugs in the U.S.