



Ridiculous Sums of Money: Why the War on Drugs Has Failed

By Patrick Gathara



Nairobi, Kenya - CONSUMERS IN FINAL MARKET COUNTRIES HAVE NEVER HAD IT SO GOOD

The war on drugs has failed. It has failed to stop, or even slow, the production, trafficking and consumption of drugs. The specific aim to destroy and inhibit the international drug trade — making drugs scarcer and costlier, and thus unaffordable, has only been partially achieved.

Most experts agree that the drug war has prevented some drug abuse by making forbidden substances less readily accessible. It has made drugs like heroin and cocaine vastly more expensive than similar agricultural-based psychoactive products such as coffee or tea. One study shows that the increase in price per gram as cocaine moves down its distribution chain is up to 100,000% that of coffee. Also, the fact that illegal drugs are not readily available at your local chemist or supermarket has undoubtedly meant fewer users are able to access them.

However, this is only part of the story. In fact, consumers in final market countries have never had it so good. Overall, the price of most illegal drugs has actually plummeted while the drugs have become even more potent.

A [study](#) published in the British Medical Journal's *BMJ Open* found that in the nearly two decades between 1990 and 2007, the purity of cocaine available in the United States increased by 11% while its price collapsed by 80%; the purity of heroin shot up by 60% while its price fell by a precipitous 81%; marijuana saw more than a tripling in purity accompanied by a similar drop in price to that of

heroin and cocaine. The trends were similar across the Atlantic. In 18 European countries, the street price of cocaine halved over the same period. At the same time, in the decade between 2003 and 2013, the value of the global drug trade grew by over 35% from \$320 billion to \$435 billion, and, according to the UN, the drug business continues to be the third biggest in the world after oil and arms.

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The number of people using drugs appears largely unaffected by the war on drugs. It is true that increased seizure and crop eradication, coupled with alternative development aimed at reducing the incentives for illicit cultivation, have reduced the amount of cocaine on offer.

TRAFFICKERS ARE FINDING NEW MARKETS AROUND THE WORLD

Still, although the 2016 UN World Drugs Report cautiously concluded that 'the global cocaine market has indeed been shrinking,' this is attributable both to declining production as well as changing consumption patterns across the globe, not to a reduction in the total numbers of drug users. Essentially, traffickers are finding new markets around the world even as consumption in the US and Europe stagnates, even declines. 'The drug trade is becoming truly more global,' Vanda Felbab-Brown, senior fellow at the Brookings Institute, [told CNBC](#) in 2013. However, while in mature markets a small proportion of users buy the bulk of the product, their new customers tend to take less cocaine less often. Similarly, the huge fluctuations in the availability of opium - whether due to increased enforcement or not - have not led to dramatic changes in the number of opiate users though for different reasons.

The rub of it is that rather than reduce the number of people on drugs, the drug war has instead funnelled massive amounts of money into the pockets of drug barons and cartels. The global cocaine trade, though utilising a fraction of [the land and labor resources required by the coffee industry](#), rakes in an estimated \$85 billion annually from supplying [under 20 million consumers](#) with about half a million kilos of the drug. Compare that with the roughly \$100 billion the coffee industry shares from providing about [9 billion kilos](#) to the hundreds of millions of coffee lovers. At its peak, the Medellín Cartel in Columbia supplied 80% of the worldwide cocaine market and is estimated to have been generating at least \$60 million a day in revenue. In fact, illicit proceeds from the drugs trade now account for half of all income from international organised crime.

In Latin America, drug interdiction efforts are associated with increasing murder rates, not just in the countries where the interdiction is carried out but, when it is successful, in the countries to which the traffickers are displaced

Such ridiculous sums of money make drug dealers immensely powerful and menacing figures. In fact, the war on drugs amounts to a transfer of the economic, political, social and environmental costs of prohibition from rich consumer countries to poorer producer and transit countries in return for a few dollars in aid. These costs include violence, corruption and the loss of legitimacy of state institutions, population displacements and environmental degradation.

In Latin America, drug interdiction efforts are associated with increasing murder rates, not just in the countries where the interdiction is carried out but, when it is successful, in the countries to

which the traffickers are displaced. For example, in Colombia, the war against the Medellin cartel in the late 1980s and early 90s saw the homicide rate nearly double between 1985 and 1991. Some 16 years later, a fresh wave of interdiction in Colombia displaced the cartels and associated violence to northern Mexico which, combined with the effect of local policies, saw the homicide rate there triple between 2006 and 2010.

Narco-traffickers are able to corrupt governments and law-enforcement agencies and purchase political influence and even political power. Pablo Escobar, head of the Medellin cartel, created a Robin Hood image for himself in the 80s by building houses and public facilities for the poor. He even got himself elected to the Colombian House of Representatives in 1982. In the Kenyan Parliament, in December 2010, five legislators, Harun Mwau, William Kabogo, Hassan Joho, Simon Mbugua and Mike Mbuvi, were named in connection with the trafficking of narcotics. Two of those have since gone on to become county Governors and one a county Senator. In Guinea-Bissau, which the UN branded Africa's first narco-state, the value of the drugs trade is greater than the national income. 'You walk in, buy the services you need from the government, army and people, and take over,' was the way one senior official at the US's Drug Enforcement Agency put it.

Further, drug money distorts the economies it washes through, creating huge inequalities and devastating local living standards. According to [a 2009 report by the Financial Transactions and Reports Analysis Centre of Canada](#), drug traffickers have laundered approximately \$100 million per year through the Kenyan financial system. 'The proceeds of drug trafficking move through the [Kenyan] banking system,' John Githongo, the veteran anti-corruption campaigner, [told Investigative Reporting Project Italy in 2015](#). 'In terms of movement of drug money, Kenya now rates higher even than Nigeria due to the rise of narcotics moving in and through the country, but also because of the country's sophisticated financial system.' The effects of such flows are not hard to discern.

The drug money is a significant part of the illicit money entering Kenya from fraudulent trade invoicing, crime, corruption and shady business activities, which by 2013 roughly equalled 8% of Kenya's economy. Much of this money ends up in the country's real estate, where it has inflated prices and made decent and safe housing unaffordable for the vast majority of the urban population.

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Neither has the war on drugs spared populations in the West where it has contributed to mass incarcerations, and the virtual criminalisation of large segments of the citizenry. In the US, the war on drugs mostly targets minorities, particularly African Americans who, though not more likely than others to use or sell drugs, are much more likely to be arrested and incarcerated for drug offenses.

Further it has led to the increased militarization of police forces and new police powers such as asset seizures - meant to turn drug dealers' ill-gotten gains against them - have in many cases undermined civil liberties. [As detailed in The Economist](#), in the wake of a sharp rise in drug-related violence in the US, in 1990 Congress 'allowed the Defence Department to transfer military gear and weapons to local police departments if they were deemed suitable for use in counter-drug activities.'

A WAR DOOMED FROM THE START

The war on drugs was perhaps doomed from the start as it was built on dubious philosophical, moralistic and even racist foundations and made assumptions that those bearing the most costs would continue to be happy to do so.

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International drug control efforts can be traced back to the 1912 Hague Opium Convention that entered into force in 1919 and targeted opium, morphine, cocaine and heroin. Over the next half century, a series of international agreements would expand the scope of the anti-drugs effort to include restrictions on cannabis (1925), synthetic narcotics (1948) and psychotropic substances (1971). Drug trafficking was made an international crime in 1936.

The treaties negotiated prior to 1945, while imposing some restrictions on exports, did not actually criminalise drug use or cultivation or, indeed, the substances themselves. Rather, despite fierce debate, they were predominantly concerned with regulating the licit trade and ensuring the availability of a range of drugs for medical purposes. (Heroin was created by chemists working for the German company Bayer, and marketed alongside aspirin as a remedy for coughs, colds and 'irritation' [in children](#). Cocaine, was first isolated in 1859 by German chemist Albert Niemann, made its debut in toothache drops marketed to children and was famously an ingredient in Coca-Cola.)

While the US increasingly pushed the issue of recreational and traditional use of drugs, it was primarily dealt with through attempts to prevent the leakage of licit drugs into illicit channels. In 1925, the two most 'prohibitionist' countries at the time, US and China, withdrew from negotiations on the International Opium Convention, because they considered it insufficiently restrictive.

The US, then in the throes of domestic alcohol prohibition, had hoped to entice the rest of the world into quitting, not just drugs, but booze for good. In fact, the aim of the US was to extend its prohibitive domestic laws across the globe. It was the US that had convened the 1909 Shanghai Opium Commission - which laid the groundwork for the 1912 convention, just 15 days after Congress had passed the Act to Prohibit the Importation and Use Of Opium for Other Than Medicinal Purposes, the first in a long line of prohibitive drug legislation. However, it was opposed by France, Great Britain, Portugal and the Netherlands, whose colonies were then turning a handsome profit from legal as well as illicit sales of opiates to Europe and the US.

According to the [report](#) *America's Habit: Drug Abuse, Drug Trafficking, & Organized Crime*, issued by the President's Commission on Organised Crime in 1986, most of the opium reaching the US in the 1920s and 30s was coming from France, Asia and the Mideast.

US efforts to interdict the supply of cocaine - which the US had outlawed in 1914 - and to a limited extent, opium, also included trying to entice its southern neighbours to adopt similar policies. However, few were interested. As detailed by Maria Celia Toro in her book, *Mexico's 'War' On Drugs: Causes and Consequences*, 'Those early attempts to enlist the co-operation of Latin American governments in suppressing the drug market were for the most part unsuccessful.' Some were happy to sign agreements but balked at actually implementing anti-drug policies.

A LUCRATIVE, ANCIENT AND LEGAL COCA LEAF MARKET

Further, Peru and Bolivia, then the largest producers of coca leaf and whose participation Washington prized most, 'had little interest in curtailing a lucrative, ancient and legal coca leaf market.' Only Mexico accepted. But not because it particularly agreed with the policy. According to Toro, 'Rather than trying to appease the US or reduce drug consumption at home, Mexico was trying to influence US conduct regarding antidrug law enforcement.'

In 1916, the Mexican Revolution was still raging. The country had just emerged from a year-long civil war and was still battling an insurgent guerrilla group. The last thing it needed was conflict

along its border. And border conflict is exactly what the US bans on cocaine and opium (and later alcohol) created. 'What at the beginning of the century constituted legal exports of minimal value soon became a significant smuggling activity,' writes Toro. Citing historian F. Arturo Rosales, Curtis Marez in his book *Drug Wars: The Political Economy of Narcotics*, describes it thus: 'In the 1910s and 1920s, liquor and drug wars involving competing smugglers and US police ... rivalled the border battles fought by political factions during the revolution. These contraband wars left numerous smugglers and border agents dead.'

But by joining the American prohibition bandwagon beginning with a ban on opium imports in 1916, Mexico created the very conditions for the violence and instability it was trying to avoid. Toro writes that smuggling 'later turned into a black market problem after different Mexican administrations outlawed trade and production of opium and other drugs.'

John Ehrlichman: We knew we couldn't make it illegal to be either against the war or black, but by getting the public to associate the hippies with marijuana and blacks with heroin, and then criminalising both heavily, we could disrupt those communities

Further, a distinctly racist attitude and fears of economic competition by minority groups informed US approaches to the regulation of drugs. In 1875, it was racist hysteria over accounts of Chinese immigrants luring white women into opium dens that led to California passing the first anti-opium law. Cocaine was similarly criminalised for its [association with black communities](#). The white community's economic fears of freed slaves gaining a foothold in the economy following the US civil war provided fertile ground for racist rumours of a drug that had the capacity to incite them to violence. With the *New York Times* running headlines warning 'Negro Cocaine Fiends are a New Southern Menace,' New Orleans became the first city to enact laws against cocaine in the early 1900s and the trend quickly spread. The banning of marijuana was a reaction to the influx of low-wage Mexican immigrants in the 1920s, sparked in part by the Mexican revolution. With the Great Depression creating massive unemployment, the 'evil weed' was the subject of lurid national campaigns that linked it to violence, crime and other socially deviant behaviours. By 1931, some 29 states had outlawed marijuana.

HOW PROHIBITION INCENTIVISED VIOLENCE AND DRUG SUPPLY

There are a number of things to note here. First, the US has been the primary driving force behind global prohibition efforts and has essentially sought to use international conventions to impose its drug puritanism on the globe and to export the problems drugs caused at home. Second, there was little appetite in the West, at least in Europe, for criminalising drugs when they were the countries that were benefiting from their illegal trafficking. Third, other countries initially resisted US-style prohibition and when Mexico caved in, it was for reasons other than the utility of prohibition in fighting drugs. Fourth, the effect of prohibition on drug prices immediately incentivised both violence and increased drug supply. In fact, the President's Commission on Organised Crime acknowledged, 'Heroin trafficking in this country first became big business in the 1920's.' And finally, the prohibition of drugs is fuelled at least as much by economic fears and cultural prejudice as by concerns over health effects and the social harm they cause.

All these trends have come to define the international drugs war in the decades after World War II. The US emerged from that conflict as the most powerful country in the world and the global prohibition of drugs was embedded into the DNA of the post-war order it crafted. However, unlike 20 years prior, it could now apply the necessary pressure to impose it on other countries via the United Nations system.

In 1961, the US initiated the United Nations Single Convention on Narcotic Drugs, which sought to consolidate the various international agreements into one regime governing the global drugs trade. But more than that, it included provisions that were not in previous treaties including controls over the cultivation of plants from which narcotics are derived, which placed a heavy burden on producer countries in the developing world where the cultivation and widespread traditional use of opium poppy, coca leaf and cannabis were concentrated at the time. The Single Convention institutionalised prohibition and targets for abolishing traditional and quasi-medical uses of opium, coca and cannabis within 25 years. The Convention was also notable, for it was the first time that penal provisions were included in a widely accepted international drug control treaty. Further it required countries to regulate not just production, manufacture and export, but also possession of drugs.

A decade after the Single Convention was signed, a parallel process started to emerge with the signing of the 1971 Convention on Psychotropic Substances. Replicating the trends witnessed during the pre-war treaties, Western countries attempted, according to the President of the International Association of Penal Law, Cherif Bassiouni, 'to impose strong controls over the cultivation, production and traffic of natural drugs originating in the developing countries, [but] were unwilling to impose the same types of control over their own chemical and pharmaceutical industries.

THE TARGET: ANTI-WAR HIPPIES AND BLACKS

That same year, President Richard Nixon famously declared what came to known as the 'war on drugs' in an address to Congress. Drug abuse, he said, was America's 'public enemy number one,' despite the fact that consumption was not any worse than at any other time in history. What Nixon and his henchmen didn't tell the public was that the 'war' was little more than a cynical ploy to fire up their political base using the tried and tested methods of the 1930s, and to curtail domestic dissent. John Ehrlichman, Nixon's domestic policy chief who served time for his role in the Watergate scandal, made [this](#) stunning admission to journalist Dan Baum in 1994: 'The Nixon campaign in 1968, and the Nixon White House after that, had two enemies: The anti-war left and black people. You understand what I'm saying? We knew we couldn't make it illegal to be either against the war or black, but by getting the public to associate the hippies with marijuana and blacks with heroin, and then criminalising both heavily, we could disrupt those communities. We could arrest their leaders, raid their homes, break up their meetings, and vilify them night after night on the evening news. Did we know we were lying about the drugs? Of course we did.'

Seeing its political effectiveness, subsequent US presidents prosecuted the fake war, culminating in Ronald Reagan, who launched a period of mass hysteria over crack cocaine in the 1980s. As in the 1930s, the media painted crack users as violent, poor urban and most significantly, black. Crack and powder cocaine are the same drug. Crack is basically powder cocaine mixed with water and baking soda and the person who has the crack actually has less pure cocaine overall. For this reason, it is cheaper and preferred by low-income users. However, Congress, driven by the racist hysteria, concluded that crack was indeed the more dangerous drug and deliberately imposed much harsher penalties. The 'Negro Cocaine Fiends' of half a century before had become 'crack-fiends,' and mothers of 'crack-babies.' In three decades, the country quadrupled its prison population — all with no change in the rates of crime or drug use.

JUST LEGALISE IT, FOR GOD'S SAKE

Still, as discussed earlier, it has been producer and transit nations that have paid the highest price for the war of drugs. But many have begun balking at this and are openly questioning whether prohibition has been worth the cost. In 2009, three former presidents, Ernesto Zedillo of Mexico, César Gaviria of Colombia and Fernando Henrique Cardoso of Brazil declared that prohibition was

simply not worth it. 'Prohibitionist policies based on eradication, interdiction and criminalisation of consumption simply haven't worked,' they said. 'The revision of US-inspired drug policies is urgent in the light of the rising levels of violence and corruption associated with narcotics.'

It is not surprising; Latin America, the region that perhaps more than any other, has suffered the consequences of prohibition. To understand how they feel, consider this thought experiment related by Daniel Mejia and Pascual Restrepo in their essay, *Why Is Strict Prohibition Collapsing?* 'Suppose for a moment that all cocaine consumption in the US disappears and goes to Canada. Would the US authorities be willing to confront drug trafficking networks at the cost of seeing the homicide rate in cities such as Seattle go up from its current level of about five homicides per 100,000 individuals to a level close to 150 in order to prevent cocaine shipments from reaching Vancouver? If your answer to this question is 'perhaps not,' well... this is exactly what Colombia, Mexico and other Latin American countries have been doing over the past 20 years.'

Across the continent, many are rethinking their approach to drugs and rolling back prohibition. In 2010, Argentina's Supreme Court ruled it unconstitutional to punish people for personal use of marijuana. Mexico has legalised limited amounts of all drugs for personal use. But it is probably in Europe that the greatest challenges to the prohibition orthodoxy have emerged.

The Dutch famously decriminalised cannabis in the early 70s and it has been available for recreational use in certain 'coffee shops' since 1976. Though technically illegal, possession of up to 5 grams for personal use is decriminalised. Italy too has decriminalised possession of less than half a gram of most illegal substances. Switzerland, Germany, and the Netherlands have successfully made heroin legally available to addicts through networks of government-run dispensaries.

However Portugal provides the most extensive, and most successful, example of decriminalisation. In July 2001, the country decriminalised all drugs, including cocaine and heroin. As is the case in several other European jurisdictions, purchase and possession for personal use and drug usage itself are still legally prohibited, but are dealt with as administrative, not criminal violations. Drug trafficking, however, is still a serious criminal offense.

No other country has gone so far, and Portugal is still the only country in the EU with a law explicitly declaring drugs to be 'decriminalised.' The results have been jaw-dropping. The expected tsunami of drug tourists never arrived. In a white paper for the libertarian think tank Cato Institute, constitutional lawyer and journalist Glenn Greenwald cites empirical data indicating that 'decriminalisation has had no adverse effect on drug usage rates in Portugal, which, in numerous categories, are now among the lowest in the EU, particularly when compared with states with stringent criminalisation regimes.'

Dan Baum writes that 'the lifetime prevalence of adult drug use in Portugal rose slightly, but problem drug use — that is, habitual use of hard drugs — declined after Portugal decriminalised, from 7.6 to 6.8 per 1,000 people. Compare that with nearby Italy, which didn't decriminalise, where the rates rose from 6.0 to 8.6 per 1,000 people over the same time span. Because addicts can now legally obtain sterile syringes in Portugal, decriminalisation seems to have cut radically the number of addicts infected with HIV, from 907 in 2000 to 267 in 2008, while cases of full-blown Aids among addicts fell from 506 to 108 during the same period.'

Prohibition, and its misbegotten offspring, the war on drugs, have failed to bring about the promised drug-free world and have instead visited misery upon millions of the poorest people on the planet

Prohibition is under attack even in the US itself, though to a much lesser extent. Several states, including the District of Columbia, have allowed a legal trade in marijuana though at the federal level it remains prohibited. 'We're confronted now with the fact that the US cannot enforce domestically what it promotes elsewhere,' a member of the UN's International Narcotics Control Board, which monitors international compliance with the conference's directives, told Baum.

GOOD RIDDANCE TO BAD LAWS

It is clear that prohibition, and its misbegotten offspring, the war on drugs, have failed to bring about the promised drug-free world. That they have instead visited misery upon millions of the poorest people on the planet is a fact that is only now starting to dawn on global policy makers. However, there is no consensus on how to move forward and in places like China and various Muslim nations where drug offences still attract draconian sanctions including the death penalty, there is little to suggest a changing mindset.

Still, the growing recognition of the failure has opened up the policy space and given reformers the room to imagine different approaches to dealing with drugs. No country is yet willing to experiment with full legalisation, but a broad spectrum of policy choices now exists under the banners of decriminalisation and de-penalisation (which eliminates jail terms for drug offences). One thing we can say for sure - the days of a simplistic, moralistic, one-size-fits-all solution to the challenge posed by the availability of drugs are very much over. Good riddance!

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