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THE NATIONAL DRUG CONTROL STRATEGY
A REALITY CHECK

BY

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United States Army

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A REALITY CHECK

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CLASSIFICATION (N/A)
During the past decade the United States has steadily increased its efforts to curb drug abuse and drug trafficking. Counterdrug operations have become a major area of concern in the formulation of our National Security Strategy and National Military Strategy. However, the United States international drug policies have not been able to produce evidence of success. Despite unprecedented coordination and involvement by the U.S. military, federal, state and local law enforcement agencies, the amount of illegal drugs being smuggled across our borders has continued to increase. The international community has failed to stem the dramatic worldwide increase in the production of opium, marijuana and coca. Compounding this problem is the rise and popularity of drug use among America's youth. The economics of the illicit drug industry combined with a lack of international cooperation have been the root causes of the failure of the U.S. international drug control strategy. Our international policies are weighted heavily on the supply side tactics of eradication and interdiction and have had little impact on the flow of drugs into the United States. A historical review clearly indicates that the ways and means of our National Drug Control Strategy need to be adjusted.
## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Source Country Policies</td>
<td>2</td>
</tr>
<tr>
<td>A Matter Of Economics</td>
<td>2</td>
</tr>
<tr>
<td>Eradication</td>
<td>8</td>
</tr>
<tr>
<td>Alternative Development</td>
<td>10</td>
</tr>
<tr>
<td>A Lack Of Resolve</td>
<td>12</td>
</tr>
<tr>
<td>Interdiction: The Departure Zone</td>
<td>15</td>
</tr>
<tr>
<td>Interdiction: The Transit Zone</td>
<td>17</td>
</tr>
<tr>
<td>Role Of The Military In Interdiction</td>
<td>20</td>
</tr>
<tr>
<td>Conclusion</td>
<td>21</td>
</tr>
<tr>
<td>Endnotes</td>
<td>25</td>
</tr>
<tr>
<td>Bibliography</td>
<td>27</td>
</tr>
</tbody>
</table>
THE NATIONAL DRUG CONTROL STRATEGY
A REALITY CHECK

INTRODUCTION

During the past decade the United States has steadily increased its efforts to curb
drug abuse and drug trafficking. Counterdrug operations have become a major area of
concern in the formulation of our National Security Strategy and National Military
Strategy. However, the United States’ international drug policies have not been able to
produce evidence of success. Despite unprecedented coordination and involvement by
the U.S. military, federal, state and local law enforcement agencies, the amount of illegal
drugs being smuggled across our borders has continued to increase. New measures
adopted by the international community have failed to stem the dramatic worldwide
increase in the production of opium, marijuana and coca. Compounding this problem is
the rise and popularity of drug use among America’s youth driven by a steady
disinclination to acknowledge the risks and harm of drug use.

The economics of the illicit drug industry, combined with a lack of international
cooperation, have been the root causes of the failure of the U.S. international drug
control strategy. Our international policies are weighted heavily on the supply side
tactics of eradication and interdiction and have had little impact on the flow of drugs into
the United States; nor have they had much impact on reducing drug abuse in this country.
A historical review clearly indicates that the ways and means of our National Drug
Control Strategy need to be adjusted.

This study will explain why our international drug control strategy has been
unsuccessful by focusing on some of the underlying economic, social and political
aspects of the illicit cocaine drug trade and how they impact the United States
counterdrug strategies of eradication and interdiction in the Latin American source
countries of Bolivia and Peru.

SOURCE COUNTRY POLICIES

In general, source country policies are designed to accomplish one of three goals:
create scarcity by preventing the movement and sale of drugs, prevent production by
destroying the inputs to production and provide economic alternatives to lure people
away from the business of cultivation, production and drug trafficking. Interdiction,
eradication, and development assistance have been used to achieve these objectives. The
ultimate goal of the source country strategy is to drive up the retail price of the illegal
drug so that people will consume less, that is, to reduce the supply of drugs available to
U.S. users.

A MATTER OF ECONOMICS

Throughout the last two decades the United States has largely ignored the
socioeconomic impact of the illicit drug industry. We focused instead on a strategy that
was weighted heavily on supply related solutions. The economics and social structure of
the drug trade vitiate the source country supply side solutions of eradication and
interdiction.

The price structure of the drug market severely limits the potential impact of
interdiction and eradication. American taxpayers have spent about $30 billion a year on
domestic and international drug control. Yet drug supplies have increased substantially
both at home and abroad. From 1984 to 1994, cocaine production almost doubled, being
supplied by Bolivia, Colombia, and Peru—the world’s largest coca producers. Meanwhile drug prices in the United States have fallen precipitously, despite increased pressure on drug traffickers.

By far, the largest drug-trade profits are made at the level of street sales in the United States. The total cost of cultivating, refining, and smuggling cocaine to the United States accounts for less than 12 percent of retail prices here. Wholesale cocaine prices have declined since 1985 from a range of $30,000-$50,000 per kilogram to as low as $10,500-$36,000 in 1995. Drug dealers have been able to keep the street price of cocaine relatively stable. In 1986 a gram of cocaine was selling between $80-$120 as compared to a 1995 price range of $30-$200. So much cocaine is smuggled into the United States that if we were able to interdict or eradicate half the cocaine coming from Latin America, the price of cocaine in U.S. cities would increase by less than 5 percent.

The amount of capital poured into the illicit drug industry is staggering. In 1993 Americans spent an estimated 49 billion on illegal drugs: 31 billion on cocaine, 7 billion on heroin, 9 billion on marijuana and 2 billion on other illegal drugs.

The increased demand for cocaine has been the market catalyst. Even though there is indication that the number of new cocaine users is slowly declining, more people use cocaine than a decade ago, and individual consumption rates are higher. In 1972 total annual U.S. cocaine consumption was less than 50 metric tons as compared to 1992, when U.S. annual consumption increased to approximately 300 metric tons.

Helping fuel the demand and sustain the Latin American cocaine industry is the international appetite for illicit drugs. The United States consumes a relatively small
portion of worldwide drug production. The U.S. cocaine consumption is less than one-third of total global production with our heroin habit less than 4 per cent of worldwide production.\textsuperscript{11}

The production of coca in Latin American countries is inextricably linked to long-term structural poverty and underdevelopment. During the 1980’s, Bolivia was caught in the throes of deep economic crises caused by hyperinflation, drought, failing of the tin mining industry and economic mismanagement by the Bolivian government.\textsuperscript{12} Bolivian Gross Domestic Product (GDP) declined by an average of 2.2 percent annually from 1980 to 1986. From 1980 to 1985, per capita consumption declined by over 30 percent, family income by 38 percent, and the purchasing power of wages by 50 percent.\textsuperscript{13} The rising demand for cocaine in the United States created a safety net for Bolivia. Displaced labor from the collapsed mining and rural peasant agricultural centers now found the cultivation, production and trafficking of cocaine a very lucrative and profitable alternative. In addition, the liberal banking policies of the Bolivian government helped establish Bolivia as a major money laundering center, drawing in millions of illicit drug money from all over the world. The improvement of the Bolivian GDP after 1986 is directly related to the maturation of the cocaine industry within the country. It is estimated that the cocaine industry contributed 12 to 26 percent of the GDP in the late 1980’s.\textsuperscript{14}

Peru underwent a very similar economic crisis. The Peruvian Gross Domestic Product during the period of 1981-1992 had a average cumulative variation of -11.4 percent.\textsuperscript{15} In 1988 Peru had a GDP of -8.8 percent. Had there been no foreign exchange
revenue from drug trafficking in 1988 the drop in GDP that year would have been a -12.6 percent.16 During this time period Peru showed significant food deficits and zero growth in per capita food production leading to major increases in food imports and donated international food aid. In energy production and consumption, manufacturing and gross domestic investment, Peru demonstrated serious declines.17 As in Bolivia, the illicit drug industry grew to become a major contributor to the economic sustainment of Peru.

Neither Bolivia nor Peru has had a broad based agricultural development strategy benefiting its peasant producers. Peasants receive negligible state investment in their communities and endure considerable discrimination. Over the last three decades both the governments of Peru and Bolivia focused the majority of agricultural subsidies and development programs on large corporate and influential family owned farms. This discrimination deprived the peasant farmers of the technology, capital and crops desperately needed to improve their small production and marketing capacity.18

The Peruvian state policy caused the large corporate farms to displace some important Andean food crops in urban areas. Peasant-grown potatoes dropped from 46 percent to 11 percent of the total share of the urban markets.19 The dire economic conditions in Peru caused a migration of peasants and other victims of failed industries toward the profits of coca farming, production and trafficking in the Upper Huallaga Valley. By 1990, some 700,000 or 5 percent of the Peruvian workforce participated in the coca-cocaine industry.20

The Bolivian government has favored the financing of commercial agriculture in the lowland Santa Cruz region. Since the 1950’s, credit, exchange rate, investment,
pricing, agricultural research and export policies have supported the Santa Cruz agricultural elites. These policies, unfavorable to peasant agriculture, combined with the poverty in Bolivia, caused a major migration of peasant farmers to the Chapare region which is the country’s primary coca growing area. By 1990 approximately 250,000 or 7 percent of the work force were involved in the cocaine industry.

Peasants of both Bolivia and Peru quickly discovered the advantages of coca growing. Using Bolivia as an example: at the peak of the coca trade in the early 1980’s, the average farmer in the Chapare could expect at least $5,000 a year from growing coca as compared to $500 a year from the second most profitable crop in the Chapare at that time: citrus fruit. Even when coca prices were at an all time low in late 1989 and early 1990, the average coca farm was still earning between $816 and $2,940 a year.

Other advantages of coca are that it is relatively easy to grow, it has a high yield and it requires very little overhead to cultivate and harvest. It flourishes on steep slopes, in infertile acidic soils, and in conditions that restrict the growth of other crops. A farmer can expect to have some sort of income within twelve months of planting coca, full production after two to three years, and an average plant lifespan of fifteen years. Coca gives four crops a year, requires less attention and investment than other crops once it has been planted, and requires only manual labor to pick. It is also easy to pack and transport, not requiring a well developed transportation infrastructure, which many of the coca growing regions lack. It can provide ready and guaranteed liquidity into cash virtually at any time of the year.
In contrast are the difficulties associated with the production and sale of other common crops. Rice, citrus fruits, bananas, and papaya all suffer from quick spoilage and the absence of a good infrastructure to get them quickly to market. For papaya, a farmer is lucky to achieve a profit of $50 after six months of labor. In 1990 a truckload of oranges fetched around $75 in La Paz, roughly the same as the cost to transport them there. A 1990 USAID study indicated that only macadamia nuts and rubber would have given a farmer greater income than coca that year. However, there is a wait of seven and ten years respectively before these commodities are ready for commercial production.25

Geographical remoteness is another problem in the coca-growing regions. Poor transportation infrastructures make trips to urban markets long, dangerous and unprofitable. The principal consequence of the undeveloped road and rail networks is high transport costs averaging 60 percent of the value of products from the Upper Huallaga Valley and 85 percent of the value of Chapare products.

The ecological problems with switching from coca to other crops are considerable. Excessive rainfall, extremely acidic soils and steep slopes that limit mechanization are the normal agricultural conditions in many jungle regions of South America.26 Crop substitution for many Andean farmers now cultivating coca means migrating to more fertile zones within a region or leaving the region altogether. At best, only 10 percent of the upper Huallaga Valley in Peru and 5 percent of the Bolivian Chapare Valley are suitable for legal farming according to USAID and Andean officials.27
ERADICATION

Most drug producing crops, especially coca, can be grown very cheaply almost anywhere. Only a very small portion of potential growing area is currently being used in Peru and Bolivia. Combined, Bolivia and Peru cover more than 900,000 square miles of territory. Of this, coca farming occupies only 900 square miles. To manually eradicate the relatively small areas that are under cultivation would take considerable manpower: 10,000 people working full-time can eradicate about 400 square miles a year. Given the remote territory where most of the coca is cultivated, transportation and sustainment of such a labor force would be extremely difficult. In addition, eradication efforts require a substantial defense force to protect laborers from the often violent reprisals of drug cartels, guerrillas and the local populace. The Sendero Luminoso’s (Shining Path) control over local peasants and its alliance with drug traffickers were, until late 1993, such major obstacles that both the Peruvian military and U.S. drug control efforts found them difficult to overcome. Even after much of the Sendero’s senior leadership was finally eliminated, the remnants continue to force drug control officers into “armed secure bases” in the Upper Huallaga Valley.

Herbicidal eradication techniques have proven to be more efficient and effective. This is precisely why most Latin American governments have been reluctant to use them. If vast areas of coca were to be quickly eradicated, it would create significant negative impacts on the economy, not to mention the popularity of many fledging Latin American democratic governments.
In Bolivia and Peru, coca production has assumed considerable cultural and political significance. Use of the coca leaf has been legal for centuries in both countries to alleviate fatigue and pain and to curb the affects of high altitude.

In both countries the illicit-drug industry is politically connected from the bottom up. In Peru hundreds of coca farmers are represented by a national labor federation which is in turn connected to the rural elites and urban organizers. Peruvian officials fear that forced eradication will radicalize peasants and lead to armed conflict between eradication teams and farmers. Peruvian rural elites, particularly ranchers, farmers and merchants whose wealth and income are derived primarily from sugar cane, cotton, soy-sugar and rice mills, control much of the country's capacity to manufacture and distribute cocaine base.

In Bolivia, coca cultivation and trade is even more socially and politically intertwined. Five peasant federations account for all but a small portion of coca production. They act similar to small governments and are the most powerful political pressure groups in the country. The upper class, political groups and labor unions have been very effective in blocking crop eradication agreements made between the United States and the government of Bolivia.

Voluntary eradication programs have been equally unsuccessful. In Bolivia, the U.S. will compensate peasants $2000 per hectare for land removed from coca production. Compensation for voluntary eradication in many cases acts as insurance for those who decide to undertake coca farming. When coca prices exceed $2000, the farmers have no economic incentive to eradicate. When prices are below the floor, the compensation
provides the farmers with additional income. The only way a farmer will not benefit is if he grows no coca at all. From 1987 to 1993, the Bolivian government dedicated $48 million in U.S. aid to pay farmers to eradicate 26,000 hectares of coca. During the same period, Bolivian farmers planted more than 35,000 new hectares of coca. Even in areas where alternative crop substitution is working, farmers usually rotate between legitimate crops and coca, depending on the price structure.

**ALTERNATIVE DEVELOPMENT**

In Bolivia and Peru, coca-growing has maintained a tremendous economic advantage over all other forms of commerce. Past U.S. policies of eradication and development assistance have been inadequate to overcome this leverage. To have significant impact on drug production in the Latin American countries, the economic development process must include a broad rural development strategy. The only way alternative development will have long term success is to combine crop substitution with initiatives that promote economic development throughout all coca producing countries, to include urban as well as rural areas. Recent efforts of crop substitution by the United States Agency for International Development (USAID) have shown promise. It is too early to tell if these successes will compete effectively with coca farming in Bolivia and Peru. These efforts focus on five interrelated elements that are required to make crop substitution effective:

1. Introducing replacement crops. When combined with the other elements described below, some crops have shown promise. In the Chapare, black pepper, pineapple and bananas have at times been able to compete with the profits of coca. In
many cases farmers had to be convinced to relocate to more fertile areas that could support legal crops.

(2) Developing markets for legal produce. The goal here is to reduce the transport costs to markets. Some of the initiatives include growing crops that have a high value per pound, building or upgrading roads and bridges, constructing packing sheds and storage facilities, and providing trucks to haul produce to major markets at a lower price than is charged by commercial truckers.

(3) Industrialization. This critical element requires the construction of processing facilities that improve the marketability and increases the value-to-weight ratio of alternative cash crops. Fans for drying coffee beans, dehydration facilities for yucca, to sophisticated juice making and canning plants. So far, little investment toward industrialization has taken place, discouraging farmers from expanding to legal crops. Facilities that have been built have had considerable success: in the Chapare region the price of bananas rose in 1994 from 7 bolivianos per 720 bananas (Chipa) to 18 bolivianos when the produce was packed in boxes that kept it from being mangled en route to La Paz.

(4) Providing social infrastructure. This requires facilities and services to improve the quality of life in the regions that grow coca. Schools, roads, clinics, potable water systems and auditoriums are a few of the indirect methods that must be linked to convince farmers to grow legal crops.

(5) Organizational development. This entails promoting farm cooperatives to strengthen farmers’ bargaining power in the markets and improve their agricultural
technical skills. These associations help to foster self respect and a stronger sense of connection to the legal economy. A challenge is to convert the existing politically connected peasant syndicates that strongly support coca farming.

To demonstrate how a combination of economic and agricultural improvements can impact the illicit drug trade, Bolivia’s legal economy has picked up, and the relative weight of cocaine in the economy has declined. According to a recent World Bank report, the value added of the coca-cocaine industry declined from 26 percent of the GDP in 1987 to only 6 percent in 1991.33

Latin American countries must be committed to a fundamental reorganization of their national and regional agricultural priorities that will enable economic development to play an effective role in drug reduction. This would also require a major cultural and political transformation. Most Latin American governments favor the rich elite, accept the illicit drug industry as a means of economic stability and discriminate against the poor. Hopefully, the development of democracy will continue to alleviate this discrimination and abuse of power.

A LACK OF RESOLVE

If the international strategy of the United States is to be effective, long term multinational cooperation and firm commitment are required by all Latin American countries. The perceived threat of drug trafficking varies among the Latin American countries and issues of nationalism and sovereignty hamper the international cooperation that is so desperately needed. This was highlighted during the October 1996 Second Annual Conference of the Defense Ministers from Latin America held in Bariloche,
Argentina. During the conference, drug trafficking became a major issue of debate. The following proposals to increase coalition efforts were rejected:

- Panama’s proposal to create a multinational center to fight drug trafficking. Although Panama proposed the center, most participants saw it as a US initiative.

- The U.S. proposal to create a Inter-American Center for Defense Studies. This initiative failed to gain support. The center would educate civilians in defense and security matters in order to strengthen civilian control over defense establishments in a region where military rule has been the norm. This initiative would help strengthen democracy in Latin America and reduce the chances of corruption by the military and civilian leaders. Several Latin American delegates expressed concern that the U.S. is pushing military involvement in the drug war, and see creation of a new training center as linked to that effort.

- The United States proposal to create a multinational force. The Defense Ministers of Uruguay, Argentina, and Mexico all voiced strong opposition to the multinational force initiative and viewed it as a violation of the principle of self-determination. The majority of the Latin American delegates stressed the importance of autonomy in each country’s fight against illegal drug trafficking.

The lack of cooperation between Latin American countries and concerns over protection of their national sovereignty demonstrate that many of these nations do not consider the cultivation, production, and trafficking of illegal drugs a serious threat to their national security. They believe that the drug problem is caused by the United States and should be solved in the United States, not inside their own countries.
The military, law enforcement and political structures of the Latin American countries are fraught with corruption. Drug traffickers have infiltrated and continue to gain support at the highest levels in the military and government. President Alberto Fujimori of Peru recently suspended all commercial operations by its navy and air force following a string of drug seizures that have confirmed that they are involved in the drug trade.36 In 1996 President Clinton decertified Colombia for alleged Government cooperation with Colombian drug cartels. The certification process requires that producer, processing, and trafficking nations be recognized annually by the State Department, the President and Congress as contributing to the United States counterdrug efforts.37

Narcocorruption within the Latin American governments has also led to human rights violations that have alienated the civilian population, hampering counterdrug efforts. There are numerous documented incidences of Latin American police and military forces abusing the population through terrorism and murder.

All of this is especially frustrating to the United States whose supply side strategy requires honest, trustworthy international cooperation to be successful. Without close intergovernmental cooperation, there is little hope that any government acting by itself can effectively curtail the flow of drugs.

Source country strategies should be focused on “Nation Building” programs designed to enhance the democratic process and economic growth tailored to each country's particular needs. President Clinton has acknowledged the importance of this by directing that more emphasis be placed on source countries, focusing on programs that
promote alternative development, dismantling trafficking organizations, and
interdiction.\textsuperscript{38} However, international programs comprise only 3 percent of the total U.S.
government drug control budget in FY 1997, of which only a very small portion is
directed toward alternative development.\textsuperscript{39} We need to insure that the priority of limited
financial resources are put more toward economic development and less toward the
traditional supply side solutions of eradication and interdiction. It is critical that we work
to foster an economic and political base that will eventually allow source countries to
sustain a greater share of the effort.

\textbf{INTERDICTION: THE DEPARTURE ZONE}

Compared to eradication, interdiction has less of a political and socioeconomic
impact. Interdiction is focused on processors and traffickers who are considered
criminals. This contrasts with eradication, in which the farmer is regarded as a helpless
victim of the drug industry that must be helped and not punished. Interdiction is directed
at cocaine which is acknowledged throughout Latin America to be an illegal product.
Eradication is directed at coca, which over the centuries has gained significant cultural
importance to large populations of Latin America.

Interdiction of illegal drugs starts in the source country through efforts to locate
and destroy refining laboratories, and to track and interdict shipments into and out of
departure zones. According to the economic theory of source country interdiction, if the
processing plants and refining laboratories are destroyed and traffickers caught and jailed,
local demand for coca leaves will decline as will prices paid to the farmer. There have
been few successful interdiction operations, all have been limited in impacting coca leaf
prices. One example is Operation Blast Furnace, in 1986, which used a series of military raids against Bolivian cocaine laboratories and airstrips causing a collapse in coca leaf prices from an average of $2.30 per kilogram to 30 cents per kilogram. The effects of Operation Blast Furnace were fleeting in nature. Farmers were not thwarted from growing coca and prices recovered six months later. The operation had very little, if any effect, on street prices in the United States.

Source country interdiction has failed for a variety of reasons: First, it affects short-term prices, but has not been able to change the farmer’s expectation of prices that will prevail over the long term.

Second, traffickers and farmers are creative at finding new ways around restrictions. When flights out of the Chapare are interdicted, traffickers take the product out by road, trails or by boat across the borders of Argentina, Chile or Brazil. When controls are placed on chemicals used in processing, traffickers use recycling techniques. When prices drop, farmers tend to cut their overhead by using family members to harvest the coca and rely on legal crops to sustain themselves until coca prices rise again. Some farmers are now capable of processing coca themselves when traffickers’ laboratories are interdicted.

Third, the demand for cocaine is so great and the illicit industry so well established that it would take a massive, internationally coordinated interdiction effort, coupled with viable economic alternatives in order to have any long term affect.
Despite the poor record of source country interdiction, the President’s 1995 National Drug Control Strategy called for a gradual shift in interdiction focus from drug transit areas to countries that primarily serve as a source of supply for illegal drugs.\textsuperscript{41}

**INTERDICTION: THE TRANSIT ZONE**

Just as German Forces outflanked the French Maginot Line, drug traffickers have managed to circumvent the interdiction barrier established by the United States. The Drug Transit Zone is a huge area which includes the international waters and airspace spanning the Venezuelan - Colombia border on the east, Mexico on the west, the Colombian coastline on the south, and U.S. territorial limits on the north.\textsuperscript{42} Virtually all of the cocaine that ends up in the U.S.- whether it is shipped by land, air or sea - passes through the Transit Zone. Further, illegal drug operations are masked by the sheer volume of ship traffic, ground transportation, commercial flights and legal visitors that enter the United States.\textsuperscript{43}

Effectively interdicting the flow of cocaine into the United States in order to raise street prices is exceedingly difficult not only because of the large area that must be covered, but also because U.S. consumption seems to be relatively small as compared to the huge amounts of cocaine that are smuggled into the United States. While it is impossible to accurately measure the total amount of cocaine that is actually smuggled into the U.S., we do know that in 1994 authorities seized more than 220 metric tons of cocaine in transit to the United States or at the U.S. border. The U.S. annual cocaine habit is equal to 300 metric tons and could be carried by three Boeing 747 cargo planes or
12 trailer trucks. Considering this and the enormous area to cover, it is a wonder that interdiction works at all.

Some observers and analysts believe these seizures indicate successful interdiction; they contend that we are getting our money's worth. But taking the seizure figures at face value is to take them out of context, for what the seizure data fail to convey is how much cocaine actually gets into the United States. There is absolutely no evidence that suggests interdiction has created long term shortages and prevented demand from being met.

Our National Drug Control Strategy highlights that interdiction is a visible sign of our Nation's commitment to fight drugs, symbolic of our national will and real value as a deterrent raising the perceived risks faced by traffickers. It states six reasons why interdiction must remain an important component of the drug strategy:

1. "Interdiction results in drug seizures which reduce the amount of cocaine available internationally to supply the U.S. markets." The data previously presented shows that the demand is being met and our current methods of interdiction have had very little impact.

2. "Interdiction disrupts the production and distribution pipeline, making smuggling operations more risky and costly, cutting profits of established traffickers, and deterring potential traffickers from entering the market." The data previously presented shows that prices have fallen, profits are still acceptable and risk is relative depending on the individual and the value of the profit to be made.
3. "Interdiction helps law enforcement agencies attack narcotics trafficking organizations, arrest traffickers and seize assets." This statement is true but so far our efforts have not been good enough to have made an impact.

4. "Interdiction efforts provide critical intelligence." Intelligence collection is probably the most important and cost effective aspect of interdiction in order to catch and prosecute drug lords and narco-terrorists. However, intelligence gathering is usually a by-product of our current interdiction techniques of search, arrest and seizure.

5. "Interdiction disrupts trafficking patterns, making work of smuggling, money, drugs and precursor/essential chemicals more difficult." This is a true statement, but the production and availability of illicit drugs are increasing or holding steady.

6. "Interdiction helps to keep the availability and price of drugs at a level beyond the means of our nations youth, thus promoting an environment in which drug reduction efforts may have a greater impact." As mentioned above, street prices of drugs have remained constant over the last two decades. Even the National Drug Control Strategy acknowledges that that the rate of drug use among youth has continued to climb and that the use of all drugs among youth aged 12 to 17 increased by the rate of 50 percent between 1992 and 1994.

The only real advantage interdiction seems to have is to demonstrate resolve and to increase the perceived risks of drug traffickers. Even though interdiction is a very small portion of the Federal drug control budget, (approximately 10 percent), the data clearly demonstrate that we can reduce it even more and put the money toward more proven programs such as domestic demand reduction or international programs geared
toward economic and alternative development. An area of potential savings and resource reallocation is the U.S. military's involvement in interdiction.

**ROLE OF THE MILITARY IN INTERDICTION**

The United States Military's role in interdiction has two purposes. The first is to provide training and assistance to source country police and military organizations. The other is to serve as the lead agency in the detection and monitoring of aerial and maritime drug smuggling routes.

Despite numerous success stories of the United States Military inside the source countries, most have been mitigated by conditions within the Latin American countries that are beyond the control of the United States. Corruption, culture, sovereignty, politics, abuse of power through human rights violations and, above all, the economics of the drug trade have frustrated the best efforts of military solutions.

As discussed earlier, the volume of traffic entering the U.S. is too large to permit effective detection and interception. In 1994, during the height of military interdiction operations in the transit zone, more cocaine was smuggled across U.S. borders than in preceding years. All we can hope to accomplish is to send a clear signal of our resolve that there is a chance traffickers can get caught and to make it difficult for those who choose to accept the risk. The real question is how much do we want to spend in order to send this signal? Interdiction becomes very expensive as a consequence of the cocaine industry's resilience. Resources for interdiction have increased by 7.3 percent, from 1.3 billion in 1996 to 1.4 billion in 1997. In 1996, the Department of Defense received $432 million to be spent on interdiction efforts. The more interdiction that takes place, the
more it costs to seize each additional unit of cocaine. For every dollar spent on interdiction there is one less dollar available to spend on demand reduction or economic development programs.

The low rate of return on DOD’s counterdrug efforts mandates closer scrutiny of the current level of involvement of our armed forces. Even though DOD’s share of the total federal drug control budget has been reduced from 840.2 million in 1995 to 814.1 million in 1997, more cuts (or at least a reallocation of funds) may be justified.\footnote{48}

DOD’s limited success in drug interdiction combined with an increased operational tempo in other more pressing world crises justify a significant reduction in military counterdrug operations. It is time to shift most of the military interdiction responsibilities to those federal and state agencies whose charter is law enforcement. Just because trafficking and abuse of illicit drugs are a threat to our national security does not mean use of the U.S. military is the solution.

CONCLUSION

Overwhelming evidence indicates that our source country and interdiction strategies have not been effective. The cocaine industry can be viewed in traditional business terms: it enjoys access to low-cost resources (land and labor), and has short recovery times between policy implementation, (interdiction and eradication), and industry response. The economics of the drug industry require that a massive interdiction must take place before retail prices are significantly affected. Even then, the shortage will last for only a short period of time. In the long run, interdiction in the Departure and
Transit Zones - especially by the U.S. military - will work no better to curb cocaine production and use than the source country policy of eradication.

A supply side strategy which fails to incorporate a source country’s political and socio-economic structure will be doomed to the same frustrating results of the past decade. If the United States intends to discourage Latin American countries from cultivating drug producing crops and to encourage their cooperation in eradication programs, we must focus more on economic solutions rather than on traditional methods of eradication and interdiction. Even successful eradication programs cannot prevent peasants from recultivating unless they can turn to viable crops, gain access to markets and sell their produce for a profit. U.S.-sponsored eradication efforts should only be used in conjunction with long term economic development plans that are underwritten by the source country governments.

We must continue to build international agreements between the industrialized nations and Latin American countries in order to commit more resources toward multinational operations, to include tighter controls over money laundering and sharing of information and intelligence. Use of established international organizations such as the United Nations, Organization of American States, and the Inter-American Defense Board can help the United States gain the international cooperation that is critical for our strategy to be effective.

There is now enough historical evidence to justify a shift of resources away from our supply oriented strategy toward other programs that show promise in reducing the cultivation, production, and trafficking of illegal drugs. However, the Clinton
Administration's 1997 budget is still heavily weighted toward the traditional supply strategy that has been a legacy of failure. Interdiction, eradication, and law enforcement, to include DOD support, represent 67 percent of the total drug control budget, an increase of 2% over 1996. International and alternative development programs account for less than 3% of the 1997 budget.

Our current strategy is costly and inefficient. A recent study estimated that it would take 800 million dollars in supply reduction programs (interdiction and source country policies) to achieve a one percent reduction in cocaine consumption. The same results could be achieved by allocating 34 million dollars to demand reduction programs such as treatment and prevention. Studies have yet to be done to compare the cost effectiveness of economic and alternative development programs as they relate to the reduction of cocaine consumption.

While there is no guaranteed solution to the drug problem in America, we can at least look at what has failed in the past and adjust. Only a real shift in resources toward priorities at home and abroad will put us on the road to recovery.
ENDNOTES


4 Clinton, 12.


6 ibid, Reports for the years of 1990 and 1996, 7,1.

7 ibid.


9 Clinton, 2.

10 Clinton, 24.


13 ibid, 6.

14 ibid, 56,140.


17 World Bank, 218.

18 Rapheal Perl., *Drugs and Foreign Policy.* (Boulder Colorado: West View Press, 1994),136.


21 Perl, 137.

22 ibid, 134.

23 Painter, 10.

24 ibid,11.
25 ibid, 13
27 ibid, 148.
28 ibid, 142
29 LaMond Tullis, Unintended Consequences: Illegal Drugs and Drug Policies in Nine Countries (Boulder Colorado: Lynne Rienner Publishers, 1995), 70.
30 ibid, 72.
31 Falco, 126.
33 Lee, 53.
35 ibid 3.
37 Perl, 51.
38 Clinton, 65.
39 Clinton, 60.
40 Clawson & Resselar, 224.
41 Clinton, 65.
42 The transit zone covers over 1.5 million square miles, an area slightly larger than the country of India.
43 In an average year more than 300 million visitors, 8 million containers, 100 million vehicles and 300,000 private and commercial flights enter the United States.
44 Falco 127.
45 Clinton, 60.
47 Riley 208.
48 Clinton 58.
49 ibid.
50 Clinton 60.
51 ibid.
52 C. Peter Rydell and Susan S. Everingham, Controlling Cocaine, Supply Versus Demand Programs, (Santa Monica, CA, RAND, 1994) xiv


